

RV & BOAT STORAGE

2023 INVESTMENT INSIDER



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01 STORAGE BECOMES INVESTMENT

The Journey of RV & Boat Storage Investing

Whether you are cross country RV enthusiast or enjoy the serenity of lake life, you have undoubtedly seen the rise of RV & Boat Storage around the country. No longer a secondary income stream, RV & Boat Storage is finally being recognized as an institutional grade

investment product type. What does that mean? How did we get from point A (farm land lots) to where we are now, point B (Class A, fully amenitized facilities). Though the answers to these tend to be complex, the intent of this paper is to provide a better understanding regarding the functionality of the space with a set purpose to simplify those answers.

What Makes a Facility Work

Location, Location, Location - is a major driver in the traditional self-storage market. REITS, PE firms, Odyssey funds, etc., set their parameters to acquire/develop in major markets with high incomes alongside high barriers to entry and strong population/projected population growth. That standard isn't entirely true for RV & Boat. Though proximity is a highly sought-after metric, RV/Boat Storage locational preferences compared

with traditional self-storage are night and day. Destination is a key metric within the RV & Boat Storage world. Large bodies of water, vacation locales and sporting events are major drivers when choosing location and the path to get there is a top priority. How do we access? Where is the closest major highway? Is it a mountainous region where they are attracting more RV's or a lake side vacation venue attracting more boats?



Lets Take a Ride

30-minute drive time is another key metric. Granted there will undoubtedly be situations where owners of RV's and/or Boats will drive up to an hour or more for a Class-A facility, especially when market occupancy is 100% in that region. That drive time equates to about a 15-mile radius around the immediate facility, considering ancillary roads, side streets, etc. There are numerous examples of such facilities where drive time from a major metro is more than 30 minutes, but the property has superior access to a heavily trafficked, highly visible thoroughfare and is in a path to or from a destination. Love's Storage Solutions at 12502 Apex Great Basin Way, North Las Vegas, NV is a strong example, as well as Happy Wife RV at 3815 S Sossaman Rd, Mesa, AZ.

In conjunction with drive time, access is a huge driver for any location. The ability to have immediate access to a highway or major road for tenants who returning their rigs or boats after a long trip is essential. For the boat enthusiast, immediate access to lakes, rivers or the ocean is high priority and will demand a higher rent basis the closer you are to that particular destination.



01 STORAGE BECOMES INVESTMENT

To Manage or Not To Manage

Another important decision to consider is whether an owner should self-manage, hire a third-party manager, or automate the facility. This choice relies on many different internal layers of thinking that an owner must navigate in order to arrive at the best outcome for their personal goals. It is important to understand that location and size will play a large role in which avenue you consider as well. A smaller, more tertiary facility with limited drive ins and outs may be well-suited for an automated style management platform, while it may be highly advantageous to have a third-party manager for a location with immediate access to boat slips because of the potential for higher traffic volume.

Self-managing allows an owner complete and utter control of their facility. Though this route is arduous, it provides the owner with the ability to be hands on in every aspect of their facility. Seemingly straightforward, this type of management includes tasks one may overlook initially when weighing their options. The day-to-day management of tenants, optimized with management software such as Storage Commander or Sitelink, planning of third-party consultants, landscaping, requests from local municipalities, all fall on the owner's shoulders. This route lowers yearly expenses, eliminating management fees and allowing the owner to see elevated returns on their investment but the dedication of personal time to the facility may be overwhelming for the first time owner/operator.

A consideration of risk vs reward within this structure is essential. Will self-management allow for the best outcome both professionally and personally?

It is important to understand that location and size will play a large role in which avenue you consider well.

Third-party management allows for a more hands off approach while still engaging an owner to be as involved or as absent as they feel necessary. Unplanned or complex issues, which will undoubtedly arise during the life of ownership, is handled by the third party. Hiring a strong management team will save a considerable amount of time and pressure for the owner in both the short and long run when dealing with all aspects of the business. Manipulations of rates, delinquencies, auctions, etc., should all fall under the umbrella of services a third party offers, limiting but not eliminating errors/issues that may arise, coming in at a cost which varies between 4% and 6% of the effective rental income. A caveat to this is the limited number of actual third-party managers that exist for RV & Boat storage currently.

STORAGE BECOMES INVESTMENT 01



Automation of the facility opens up the ability to analyze various time vs money scenarios that could benefit an owner. The implementation of technology is essential for streamlined operations at this kind of facility. Though third-party management may still be quintessential to oversee the property, hiring a part-time manager to visit the facility once a week while relying on equipment for real-time feedback is the underlying theme in this scenario. Janus International, for example, provides numerous automated options for relevant data collection, operations, and oversight with their Noke Smart Entry System while Opentech alliance provides the Insomniac Kiosks, among other products, for automated services and rentals of spaces within the property. Though this option has historically been geared more towards smaller, tertiary facilities, the implementation of automation is shifting into the direction of more Class-A facilities with stronger demographics as the owners needs are catching up with the technology and vice versa.

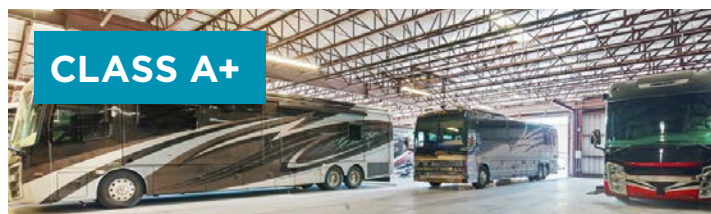
Unlike traditional Self-Storage, which consists of an ample supply of third-party managers with seemingly new groups entering the fray on a daily basis, RV & Boat storage is new to the institutional platform and therefore has not seen the influx of third parties, though the space is evolving with companies such as Atomic Storage Group out of Tennessee and Pink Door Storage from Arizona taking on those responsibilities.



02 FACILITY CLASSES

Let's Get High Class

Integration and the utilization of key amenities should be used as a draw for the type of clientele that you intend to attract. The standards of RV & Boat Storage have shifted over the years, and now we can see the correlation between the amenities offered and the rental rate that can be achieved. Dump Stations, RV wash, air, ice, and dog parks are just a few amenities that are increasingly becoming



CLASS A+

In these properties, you will have all the requirements of Class A, and a step beyond, with full white glove service and automated options including touchless technology such as the "Nokē Smart Access System" that allows tenants to enter the gate and their unit through a phone app. Class A+ sites also include valet services, hand wash, and full temperature controls, just to name a few.



CLASS B

Utilizes canopied structures on most or all of the property and will consist of either dirt or paved drives/spaces or a combination of both. A fortified block wall surrounding the entirety of the facility provides protection for vehicles. In this scenario we see the use of camera systems, mechanical gates, and management software being implemented as part of the overall site plan.

industry standards for Class-A facilities. Taking a step back for a moment, let's define what the difference in Classes are and set a standard moving forward. Essentially there are three set Classes that most facilities will fall into - with outliers both above and below the line.



CLASS A

All Class A storage facilities include the following; built on a paved lot (asphalt or concrete), enclosed with secure fencing, security gate for entering and exiting and canopy structures or fully enclosed units to protect vehicles from the elements. At these sites you will also see the implementation of dump stations, RV wash, air, etc., for the benefit of the end user. Additionally, a light amperage of electricity can be installed at each stall at an additional charge to the renter for their use while prepping the vehicle for travel.



CLASS C

These properties consist of non-striped, dirt lots that may or may not have fencing and lack a canopied structure for protecting vehicles stored. Often, these facilities began as raw land where the owner's park vehicles as an ancillary use while determining the highest and best use for the property.

What do you consider the definition of Class-A facilities?



“There are items that I believe every facility needs to be considered Class-A. Those are security, protection from the elements, and a decent place to park. For security we are including 10-14ft tall perimeter walls, security cameras, possible security guard, etc. Protection from the elements includes canopied and/or fully enclosed spaces Finally, a decent place to park would involve all of the amenities, including but not limited to the following: Wash area, garbage area, dump station, shower, free ice/air/water, sell propane, sell access to electric power, conference room, wifi, waiting area and maintaining the property on a weekly basis. Think of it as having the Four Seasons or Ritz mentality because as the market goes down it does not affect the disposable income of higher net worth individuals.”

- Bob Hayworth, Baja Carports



03 MARKET DATA & DEMAND

Competition and the Market

Whether you are developing or acquiring, it is not only necessary but vital to understand the market that you are entering. Growth is a matter of fact within this industry, with the Sun Belt region leading the charge due to migration, favorable taxations, and proximities to end use. That lead is being tested by regions in the Midwest however, as 7 states are coming in the top 10 for boat/yacht sales per 1,000 people as reported by Toy StorageNation¹, with Minnesota leading the pack.

Understanding your competition is King.

The ability to set and adjust rates accordingly, correctly work through ground up development,

hit or exceed your financial hurdles and lease up targets, all of which rely heavily on in-place and proposed competition as well as demographics based on a radius of that location. Studying your market, doing your due diligence on how big to build if your developing, what can you charge per space - in RV & Boat, we look at price per space, unlike self-storage which looks at price per sf - all fall in line with how competitive you can be coming out of the gate.

Investment and Development Landscape of RV and Boat Storage

The surge in ownership of major personal recreational equipment has created high demand for specialized storage of RVs, boats and other equipment. RVIA² reports that RV owners use their vehicles 25 days annually, while boat owners use their boats 54 days per year, necessitating storage in close proximity to their homes. With low competition, tenants tend to remain in place long term, and the low overhead associated with operating RV and boat storage make this an attractive property type for investors.

Demand Drivers

Boat sales are driven by various factors such as increasing disposable income, a resurgence in travel in a post-pandemic world, and rising interest in recreational activities associated with boating. According to the National Marine Manufacturers Association, nearly 12% of all American households



MARKET DATA & DEMAND 03



recreational equipment in the last several years, economic uncertainty is expected to suppress industry growth in 2023.

The new shipment forecast by the RV Industry Association projects RV wholesale shipments to rise above 350,000 units. For example, in the Fall 2023 issue of RV RoadSigns³, the quarterly forecast prepared by ITR Economics for the RV Industry Association projects wholesale RV shipments to range between 363,700 units and 375,700 units, representing a 22% to 24% increase in a year-over-year comparison. Additionally, the Fall 2023 quarterly forecast expects year-end shipments to range between 287,200 and 307,000 units.

own a recreational boat. The trend towards boat ownership remains strong as consumers seek a more personalized and exclusive leisure experience. While there has been a surge in the sales of outdoor



RV dealership industry's economic performance between 2018 and the forecast through 2027:

Recreational Vehicle Dealerships										
Key Industry Statistics										
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Revenue (millions)	\$34,767.5	\$35,488.6	\$42,072.2	\$49,685.7	\$47,545.4	\$47,829.6	\$47,752.6	\$48,769.2	\$49,865.1	\$50,697.1
Percent Change	7.7%	2.1%	18.6%	18.1%	-4.3%	0.6%	-0.2%	2.1%	2.2%	1.7%
Industry Value Added (millions)	\$4,547.9	\$4,510.8	\$5,274.8	\$6,608.8	\$6,410.4	\$6,487.5	\$6,514.5	\$6,664.2	\$6,823.2	\$6,946.3
Percent Change	2.6%	-0.8%	16.9%	25.3%	-3.0%	1.2%	0.4%	2.3%	2.4%	1.8%
Number of Establishments	6,516	6,579	6,680	7,197	7,144	7,206	7,267	7,400	7,549	7,690
Number of Employees	51,826	52,811	56,381	64,054	63,178	64,256	64,946	66,540	68,203	69,662

Source: IBISWorld and Cushman & Wakefield Valuation & Advisory Storage Sales Links

<https://www.yardibreeze.com/blog/2023/01/rv-boat-storage-breaking-records/>, <https://www.matthews.com/thought-leadership-boat-and-rv-storage/>

Boat dealership and repair industry's economic performance between 2018 and the forecast through 2027:

Boat Dealership and Repair										
Key Industry Statistics										
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Revenue (millions)	\$27,408.7	\$28,425.9	\$32,208.7	\$33,265.0	\$34,217.1	\$35,001.2	\$35,512.0	\$36,022.9	\$36,545.3	\$37,042.5
Percent Change	7.2%	3.7%	13.3%	3.3%	2.9%	2.3%	1.5%	1.4%	1.5%	1.4%
Industry Value Added (millions)	\$5,137.2	\$5,312.0	\$5,916.3	\$6,090.9	\$6,261.9	\$6,414.7	\$6,514.7	\$6,615.5	\$6,704.6	\$6,788.1
Percent Change	7.3%	3.4%	11.4%	3.0%	2.8%	2.4%	1.6%	1.5%	1.3%	1.2%
Number of Establishments	92,933	93,732	93,940	95,528	96,889	98,260	99,528	100,622	101,896	103,185
Number of Employees	131,418	132,379	133,418	136,821	139,872	142,592	144,696	146,636	148,746	150,837

Source: IBISWorld and Cushman & Wakefield Valuation & Advisory

Boat Sale Stats: <https://toystoragenation.com/2022/06/14/boating-statistics-in-2022-incl-covid-millennials/>

RV wholesale shipments by type and month through February 2023:

RV Wholesale Shipments by Month												
Previous 12-Month Sales												
Type of Institution	Aug 22	Sep 22	Oct 22	Nov 22	Dec 22	Jan 22	Feb 23	Mar 23	Apr 23	May 23	Jun 23	Jul 23
Travel Trailers	21,417	17,599	21,036	15,756	12,958	12,122	16,109	21,098	20,394	20,595	15,657	13,293
Fifth Wheel Trailers	5,509	4,528	5,247	3,879	3,145	3,332	3,331	5,250	5,421	5,170	4,342	3,987
Folding Camper Trailers	670	514	590	355	355	416	529	711	682	500	336	161
Truck Campers	430	462	456	512	313	247	295	345	363	334	335	257
Total Towable RVs	28,026	23,103	27,329	20,502	16,771	16,117	20,264	27,404	26,860	26,599	20,670	17,698
Motorhome (Type A)	1,294	1,212	1,235	1,101	822	928	977	1012	935	908	740	595
Motorhome (Type B)	1,651	1,371	1,466	1,047	768	995	1,348	1,126	1,303	1,035	951	766
Motorhome (Type C)	2,812	2,647	2,622	1,795	1,546	2,365	2,314	2,327	2,118	2,377	1,734	1,461
Total Motorhomes	5,757	5,230	5,323	3,943	3,136	4,288	4,639	4,465	4,356	4,320	3,425	2,822
ALL RVs	33,783	28,333	32,652	24,445	19,907	20,405	24,903	31,869	31,216	30,919	24,095	20,520

Source: The Recreational Vehicle Association and Cushman & Wakefield Valuation & Advisory

WHAT MAKES A DEVELOPMENT WORK 04



Uncovered Open Storage

Uncovered open storage for RVs, boats, and other major recreation equipment can range from graveled or dirt lots enclosed by chain-link fences to fully paved or concrete lots and stalls.



Valet Storage

This type of fully enclosed storage includes concierge parking and vehicle preparation by facility staff.



Canopy Storage

This type of outdoor covered storage is similar to open storage, but with canopies or roof-only structures to protect equipment from the elements.



Enclosed Condo Storage

These units are similar to internal storage but offer ownership of storage space rather than rental.



Internal Storage

These fully enclosed storage buildings may house numerous vehicles in an open-warehouse environment or single-stall units within a larger building.



04 WHAT MAKES A DEVELOPMENT WORK



What Makes a Development Work

Many of the same points that we spoke to earlier regarding what makes a facility work, relates to what make a development work as well. Competition, Third Parties, Location, etc., all play a major role on how to deduce where and when to build. Additionally, layout and design can make or break a facility for an owner, so performing your due diligence ahead of time will lower your y-o-y costs exponentially in the long run. It is critical to engage with a feasibility professional at the start of your project before you put the property under contract. In an industry where growing competition demands more critical

thinking and teamwork, understanding how to design a facility correctly for your unique tenant base will allow you to realize greater returns from the onset.

How many spaces can the market sustain? Should it be canopied, uncovered or fully enclosed? Should the spaces be north south facing or east west facing? Should we pave with asphalt, concrete or leave as a dirt lot? What rents will allow me to be competitive without realizing major loss to lease situations by overcharging? Engaging with groups such as Development Services Inc, out of California or Storage 101 based in Tennessee will allow you to answer these questions more quickly, and efficiently.



Currently, there is not a concrete standard as to what makes a development work within a set location, however, our intention is to set one here. When analyzing a market to uncover an optimal location for development, understanding market occupancies paired with individual facility waiting lists will assist in uncovering strategic development opportunities. Because of the aggressive development pipeline currently, especially within the Sunbelt states, it is imperative to be cognizant of what type of development does and doesn't work for a specified region, who developing in the market, what does the existing supply look like, where are your renters coming from and what end destinations are in close proximity to the

development opportunities. Rates in the market also serve as a strong baseline of what will work for the facility that is intended to be built. If a developer is proposing a Class A facility within a market that only has Class C properties, then setting rates higher than the market to support overall development costs may be justifiable.

The ability to navigate these questions will allow both a new and experienced owner to select a development site which satisfies a specific development type (Class A, B or C) within that market.

HOA's, Venues, and Where to Go

HOA's have become a major draw for new RV/Boat storage developments because of their stringent rules on parking. Most, if not all, HOA's restrict street parking as part of their CC&R's, requiring owners to rely on storage facilities as an essential option for their larger vehicles. In this setting, HOA's can be defined as an initial destination for owners/developers utilizing the already in place barriers to entry provided by the community.

The ability, as a developer, to select a piece of property that is either in the path of growth or in the "destination line of sight" is key to generating strong occupancy and efficient rate growth. Earlier we mentioned various end-destinations including lakes, oceans, and campgrounds. However, as the space evolves and becomes more dependent on the needs of the end user, these destinations are beginning to evolve as well. NASCAR, college campuses, repeat musical venues, to name a few, are becoming major draws for new developers as they attract repeat clientele resulting in the ability to be able to upcharge during both the on-season and the off-season.



How are Lenders Looking at the Space & What Does Financing Look Like?

Whether you look at it as a positive or a negative, lending in today's market is very fluid. Larger lenders are still struggling to wrap their arms around the product type for various reasons including vehicles are not affixed to the ground, though they are beginning to recognize the upside of providing debt to the space, while more regional lenders seem to be willing to take slightly more of a risk on the space because of their more localized knowledge of the region.

Because of fluctuation interest rates, with evidence of more increases on the horizon, and SOFR being at 5.3% at the time of this writing compared with 2.28% on the same date last year many of the larger institutional investors/partnerships are moving to purchasing with all equity in the hopes of refinancing when rates begin to settle to normal levels in a few years⁴. It's a gamble, yes, but it allows for a group to grow their portfolio in an expedited fashion instead of going to through process of lender approvals and potentially losing a deal, whether that be acquisition or development, because of the extended timeline.

- 1 How have they shifted over the last two years?
- 2 Are lenders becoming more comfortable with the space?
- 3 What type of build is viewed upon more favorably - Class A all enclosed, canopied, asphalt with no canopy or gravel?



"We really price on a deal-by-deal basis but use Prime (as published by WSJ) as our benchmark and will typically lock in for a period of around 3 years. The advantage is that the rate typically re-sets to agreed upon spread after three years, as opposed to, ballooning and coming due in full. The SBA's piece of the project (25-year fixed rate) was 6.54% for loans funding in August."

- Top Boat & RV lender - Anonymous

What is the timing on loan approvals in the current market?

"Our experience in the market is one of the most critical yet overlooked factors when closing a loan. This has always been true but is more critical now than in years past with a smaller field of lenders trying to handle more volume. CMBS deals can still typically close in around 30 to 45 days. On conventional loans, we recommend around 75 days to close. Meanwhile, on an SBA transaction, a minimum of 90 days is required as these deals are heavy on documentation with longer approval processes.

It bears noting the lender is only one side of the equation. I've worked with many borrowers who are hyper focused on a quick close while failing to recognize how important their own organization is in the process. The best way to keep a closing on track and ensure a smooth process is by getting anything a lender requests to them in a timely manner."

- Adam Karnes - The BSC Group

07 WHAT TO AVOID



To Do or Not to Do

Don't be blinded by all the positives that ownership of these facilities offer and mistakenly overlook what should be avoided when pursuing an RV & Boat Storage opportunity.

Oversaturation of any one particular market hasn't been as quite as an epidemic as it has for traditional storage, but we are starting to see the initial signs of potential overbuilding within certain

areas. Per Yardi, they are tracking 1,274 Class A facilities with more being added to their database everyday. However, the number of RV's on the road and boats needing storage far surpasses the number of known facilities within the US – RVIA mentioned in December of 2022 that “results from RVIA’s December 2022 survey of manufacturers determined 2022 total shipments to be 493,268 shipments, the third-best year on record. However, “total shipments for 2022 decreased 17.8% from the all-time record of 600,240 set in 2021.”⁵



The result of oversaturation is multi-layered. Rental rate decreases along-side a drop in occupancy could be seen, affecting overall NOI growth and the potential negative effects on debt service payments. Municipalities may consider a pause or moratorium on new builds, which existing owners may celebrate unless their business plan relied on growing an institutional quality portfolio of new builds within a certain market to meet internal investment requirements or an eventual exit.

Be cognizant of the process of development. The common perception of RV & Boat storage is that it is easy to develop and run. That is the farthest from the truth. Because of the intricacies of development – layout and design, municipality push back/comments, storm water management, etc., – every potential owner needs to either be fully involved in the conversation or partnered with an experienced owner. Any misstep in this part of the process will inevitably lead to decreased returns or a complete pause in the acquisition/development timeline.

One must understand their role. Inexperience is a reality because of how new the space is to institutional investors so precision in every step of the process, whether that be acquisition or development is vital.

Results from RVIA's December 2022 survey of manufacturers determined 2022 total shipments to be 493,268 shipments, the third-best year on record. However, Total shipments for 2022 decreased 17.8% from the all-time record of 600,240 set in 2021.

- Source RVIA



It's The Future

The future within the space is still incredibly strong with a majority of the current operating facilities still consisting of mom & pop owned and operated properties.

That speaks wonders to the upside that can be realized as Class-C, all dirt facilities, in strong locations are converted to Class-A properties, either canopied or fully enclosed, meant to garner higher rent. Additionally, investors, historically focused on more mainstream product types, have started to show interest in the space because of the lack of competition and perceived ease of introduction to the product.

Historically, the Sun Belt states have been the mainstream choice for development and/or acquisition based on travel destinations, migration, tax benefit, etc., but that thought process is shifting considerably as more institutional funds are looking for stronger returns which can be realized in many parts of the U. S. if due diligence is completed prior to purchase. The Pacific northwest, Great Lakes, and southern states, outside of the sunbelt, including Oklahoma, Arkansas, and Missouri, are becoming highly sought-after locales because of the immediate access to highways, lakes and various other drivers that push the speed of stabilization.

In today's market, cost saving is key as long as it benefits the facility. Choosing the right cost saving tactic will make or break a deal. Whether that involves solar benefits, automation of the property, or phasing the build based on lease up projections, it is important to weigh every option that you have at your disposal to maximize returns.

As the space shifts from a typical Class-C facility to more Class-A/A+, investors are increasingly looking in the direction of bringing on a JV partner, acquiring equity or creating a fund to satisfy an acquisition. Because of investor requirements, a more aggressive shift in quality will begin to make itself present, driving rents attracting more eyes unto the space, mimicking traditional storage in the long term.



When looking at competitive properties, what is the most important OR a few important factors to consider when deciding to pursue a development or acquisition in that market?

Get a feasibility study done and follow the data. Work with experts who are experienced in developing RV & Boat Storage projects- it will save you from costly mistakes.

- Amy Bix, President - Toy Storage Nation

New technology is being implemented more often at RV & Boat facilities. What type of technology should an owner add to their facility to boost revenue or make it more streamlined?

Cloud based technology has been trending in the conventional self storage space for quite a while. And it will continue this trajectory in the class A+ boat and RV storage facilities markets. These technologies decrease expenses, increase convenience, security and functionality for both the owner and the tenant. This is a win win for the owners and their customers.

- Troy Bix, President - Janus International (R3 Restore Rebuild Replace)

Why should people join a RV & Boat Storage Membership Program?

A RV & Boat Storage membership program is beneficial because it is meant for RV & boat storage entrepreneurs, developers and operators who are interested in increasing their knowledge and sharpening their skills to run a highly profitable RV & boat storage business. There are huge discounts offered by respected vendor-partners, discounts on Toy Storage Nation Workshops, early access to the Toy Storage Nation Quarterly Reports and a portion of the proceeds will be donated to Wounded Warriors Outdoors. An example of a membership program is Toy Storage Nation. It is the nation's only membership program to unify toy storage operators/investors/developers/vendors etc.

- Amy Bix, President - Toy Storage Nation

Q&A

with Chris Koenig
Owner, Rio Vista RV Boat

Q: WHEN WAS THE PURCHASE?

A: We bought the land in June 2019 and the property owner contributed the land into a newly formed LLC to develop and own the covered RV & Boat storage project. This was a good solution for the property owner to pull out some cash and create a residual revenue stream on their equity in the land. This also helped with securing financing.



Q: WHAT IS THE SIZE, UNIT COUNT AND GENERAL LOCATION OF THE DEVELOPMENT/FACILITY?

A: 12 acres. Approximately 500 covered RV Boat storage units. 302 River Rd, Rio Vista, CA 94571 (Northern California)

Q: WHAT WERE SOME OF THE KEY DIFFERENTIATORS THAT LED YOU TO THIS PROPERTY?

A: Rio Vista is a unique city in that it has direct access to the Delta for boats and is in a path of travel for recreating in and around the Delta. Unfortunately, the closest/next town is a 15-20min drive so our market demand is from the small town of Rio Vista and those seeking to recreate in and around Rio Vista. Given our knowledge of the area and the Delta, we were/are confident the project would be successful with good marketing and property management.





Process with SBA to get a construction loan was not much more work compared to a conventional construction loan. I think SBA gets a bad wrap as being 'difficult' but in my experience it wasn't much, if any, more work. The rates were better and the leverage can go higher than conventional. I'd do SBA again.

Q: WERE THERE ANY HURDLES OR PROBLEMS DURING THE DD/BUYER PROCESS? WHAT WERE THEY AND HOW WAS IT SOLVED?

A: *We had issues with an undocumented, removed underground diesel storage tank ~30 years ago. This jeopardized our SBA financing! The prior owner was a bank that had foreclosed on the property so (a) they had no prior knowledge of anything on site and (b) were selling as-is where-is. Essentially all risk was on us. We had to get a \$20k Phase 2 done to sample the soil in the area that, based on hours of research, we believe the tank was installed/removed. We used Ground Penetrating Radar (GPR) and soil samples to confirm the tank was not underground but still found diesel fuel in the soil from 30+ years ago.*

I learned that diesel doesn't 'penetrate' clay soil to get into the ground water and essentially stays in suspension in the dirt.

I thought it would just drain down but that's not so much the case and I hope to never have to deal with that again. We were fortunate that the California Regional Water Quality Control Board Director reviewed our study and granted us a No Action Letter; which satisfied the SBA's requirement. Essentially the RWQCB Director said yes there is minor amounts of diesel fuel in the soil in this small area but based on our use of parking and capping the site with pavement, we were allowed to develop and the Board wasn't going to seek additional remediation.

Q: HOW WAS THE DEVELOPMENT PROCESS AND WHAT WERE/ARE SOME MAJOR HURDLES THAT YOU HAD TO OVERCOME?

A: *Difficult and took 2-5x longer than expected. We got denied by the Planning Commission and had to appeal to the City Council for approval. The City didn't like this use for such a large, industrial zoned property as it could be developed for other 'job creating' uses. Unfortunately, we thought this was the property's highest and best use. We had to educate the City about our use and the community benefits to provide local access to safe and secure covered storage. Local code enforcement had issues giving tickets to residents for illegally parking in the streets/driveways and our project provided storage for those residents. The next, closest covered RV Boat storage was 15-20 min away and inconvenient.*



Cushman & Wakefield has forged a strategic partnership with Placer.ai, a leading location analytics platform, to gather location intelligence and foot traffic analysis for RV & Boat Storage properties. By harnessing Placer.ai's data-driven solutions, Cushman & Wakefield can offer clients a deeper understanding of customer behavior, traffic patterns, and market dynamics, enabling more informed decision-making and targeted strategies for these specialized properties.

Below are two charts that provide valuable insights into the multi-year visitation trends of four sample RV & Boat Storage properties around the United States. These charts offer a concise overview of critical data points related to typical RV & Boat Storage customer, enabling property owners and investors to gain valuable insights into their performance and customer behavior.

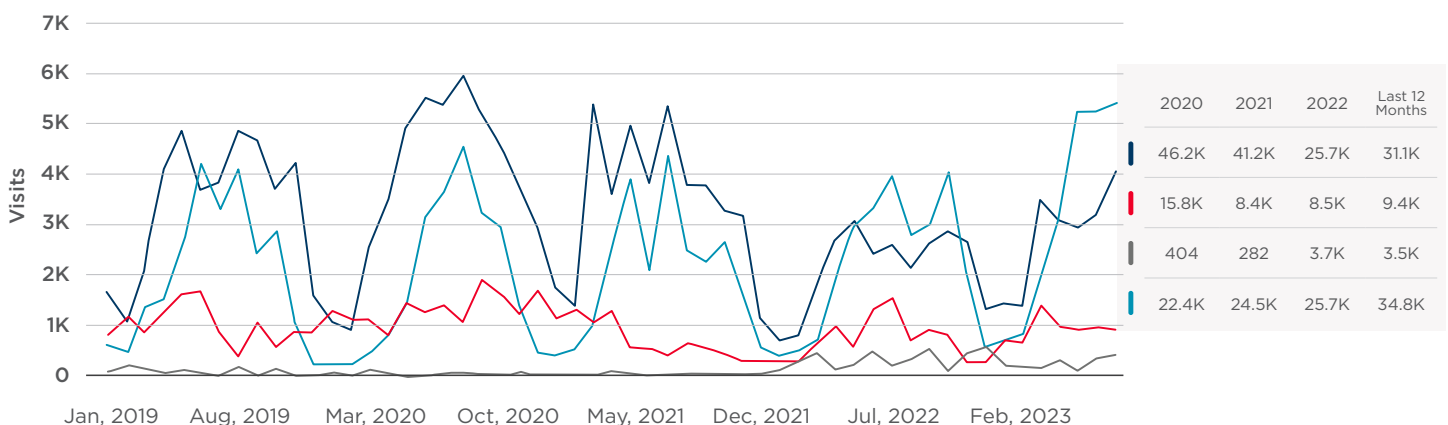
Visits Trend

● **Holly Acres RV Marine and Storage**
13270 Minnieville Road
Woodbridge, VA

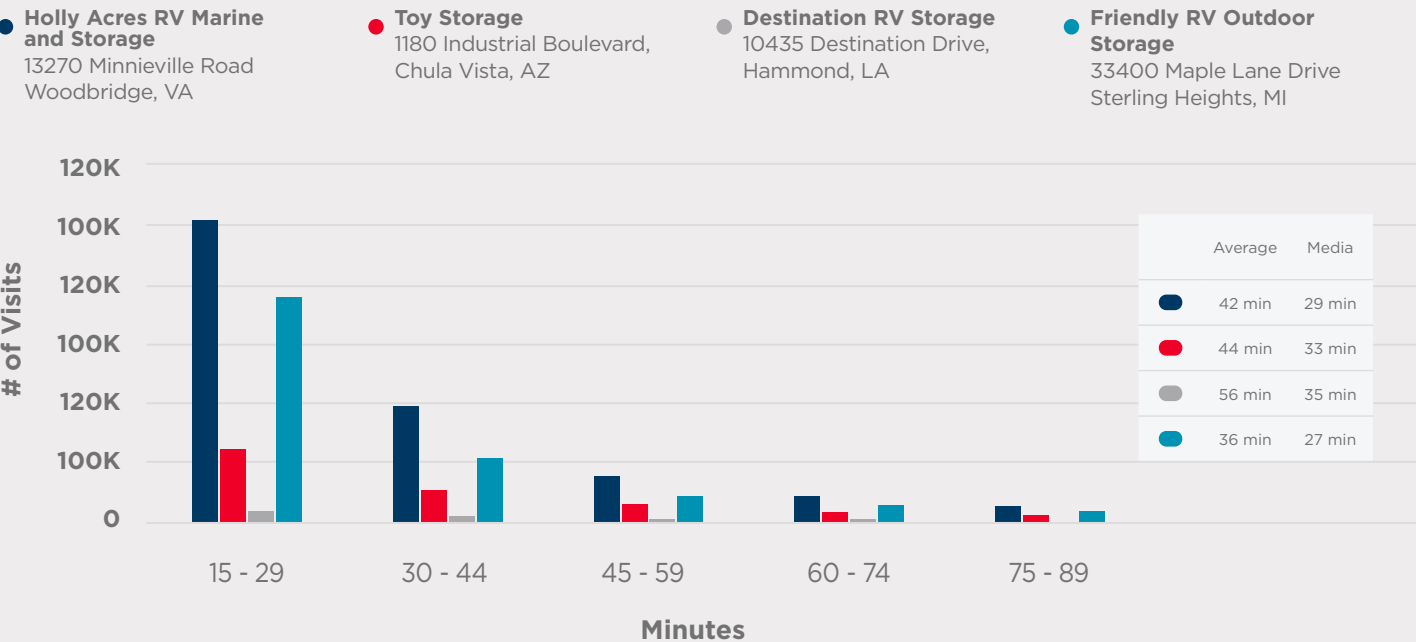
● **Toy Storage**
1180 Industrial Boulevard,
Chula Vista, AZ

● **Destination RV Storage**
10435 Destination Drive,
Hammond, LA

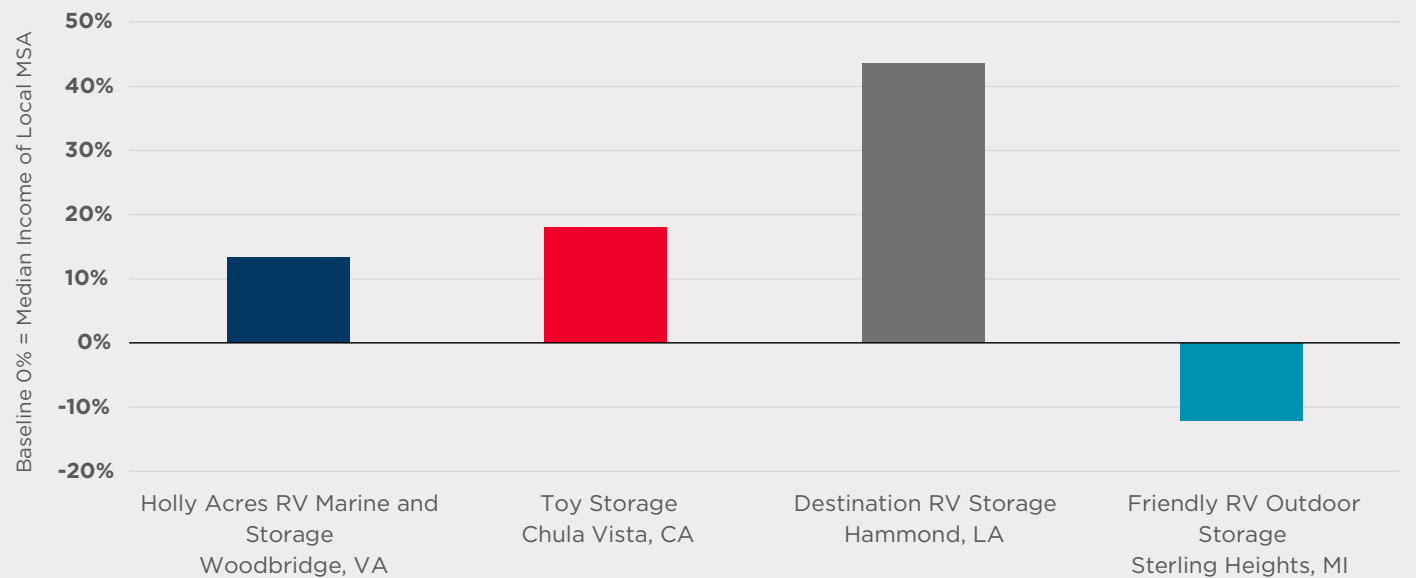
● **Friendly RV Outdoor Storage**
33400 Maple Lane Drive
Sterling Heights, MI



Length of Stay



Median Income of Storage Site Visitors vs. Median Income of Local Metro Area



Data provided by Placer Labs Inc. (www.placer.ai), Esri

11 CONCLUSION SUMMARY

In Conclusion

RV & Boat Storage has traditionally been viewed as an easy, virtually hands-off business - this couldn't be further from the truth. The intricacies involved in running these facilities and/or taking on the development of a RV & Boat Storage property are immense, and it is vitally important to understand and prepare for the nuisances of this niche product type. Our team is here to help in assisting you in every step of the process, from Market Studies and Due Diligence for Acquisitions to Investment Sales and Appraisals/Valuations.

About Us

Backed by 100 years in the real estate industry and the expertise of the Mele Group, we provide the support you need to make sense of the ever-growing RV & Boat Storage market. We are Cushman & Wakefield's RV & Boat specialists, a full-service, real estate team specializing in the RV & Boat asset class, and we are here to help you.

The reach and reputation of a leading global real estate services firm with the intimate knowledge and personal connection of on-the-ground advisors. That's the value of working with the Cushman & Wakefield Mele Group.

Our power lies in both our ability to help clients understand where they are and to get them where they want to be. With experience in all facets of the real estate industry and the RV & Boat storage asset class — from investment sales and advisory to feasibility and market studies — we deliver outstanding results that move our clients forward.



Services



INVESTMENT
SALES



DUE DILIGENCE FOR
ACQUISITION



EQUITY, DEBT, &
STRUCTURED FINANCE



MARKET
STUDIES



APPRAISAL &
VALUATION



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Sources:

¹Source: Toy Storage Nation

<https://toystoragenation.com/2023/08/16/what-states-have-the-most-boats-and-rvs/>

²Source: RVIA

<https://www.rvia.org/reports-trends>

³Source: RV RoadSigns

<https://www.rvia.org/rv-roadsigns-quarterly-forecast>

⁴Source: YCharts

<https://ycharts.com/indicators/sofr#:~:text=Basic%20Info,overnight%20collateralized%20by%20Treasury%20securities%20>

⁵Source: RVIA

<https://www.rvnews.com/2022-rvia-wholesale-shipment-reports/#:~:text=Results%20from%20RVIA's%20December%202022,of%20600%2C240%20set%20in%202021>

About Cushman & Wakefield

Cushman & Wakefield (NYSE: CWK) is a leading global commercial real estate services firm for property owners and occupiers with approximately 52,000 employees in approximately 400 offices and 60 countries. In 2022, the firm reported revenue of \$10.1 billion across its core services of property, facilities and project management, leasing, capital markets, and valuation and other services. It also receives numerous industry and business accolades for its award-winning culture and commitment to Diversity, Equity and Inclusion (DEI), Environmental, Social and Governance (ESG) and more. For additional information, visit www.cushmanwakefield.com.