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RV Parks

SIC: 7033**NAICS:** 721211**Number of Businesses / Units:**
Unavailable

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This U.S. industry comprises establishments primarily engaged in operating sites to accommodate campers and their equipment, including tents, tent trailers, travel trailers, and RVs (recreational vehicles). These establishments may provide access to facilities, such as washrooms, laundry rooms, recreation halls and playgrounds, stores, and snack bars.

General Information

"The Association of RV Parks and Campgrounds estimates the cost of building a new park at between \$15,000 and \$20,000 a space, which is very costly, considering most new parks have as few as 150 spaces.

"The cost of buying an existing park is much less, and most of the sales are structured so that a buyer can make a 10 to 15 percent return on his or her investment when it changes hands.

"The problem for most owners is they want to make improvements when they buy an existing park. That can be costly, depending on the state of the park when it changes hands.

"Modern RVs are much more sophisticated than RVs that pulled into parks even five years ago. Many are outfitted with satellite technology, computers and televisions.

"Modern travelers, too, have different expectations than earlier RVers and like a lot of amenities. To keep up with the times, park owners now have retail outfits where they sell T-shirts and sweatshirts and provisions. Most have upgraded game rooms and pools and offer ancillary services such as RV repair.

"Many owners are eager to add amenities these days because such amenities are great sources of additional revenue. In some parks, they are more lucrative than renting the spaces.

"One owner stated that his good fortune can be attributed to excellent timing and understanding his customers. An avid camper himself, this owner understands well what customers want from an RV park. Neatness counts, as does the continental breakfast he serves and the top-shelf amenities such as cable television and a brand new clubhouse."
Source: www.money.cnn.com

Pricing Tips

"Too variable for rules of thumb. Cap rates of 9 to 15 percent. Urban parks at low end of cap rate spectrums. Destination parks are at higher end. Number of ancillary revenue sources will affect cap rates on destination parks—more revenue sources, lower cap rates. Parks with fewer than 100 sites are very inefficient, and value tends to be exclusively in the real estate, with little or no intrinsic value."

Benchmarks

Expenses as a percentage of sales:

Marketing	10%
Utilities	14%
Payroll	25%
G&A	05%

"According to the study, 10 percent of adults in the United States have taken an overnight trip to a campground or RV park/resort in the past two years—making this segment of the population nearly 23 million adults in the United States alone. These RV owners and campers tend to be Caucasian, married, and have an annual household income greater than \$50,000—all significantly higher than the general population.

"Other key demographic findings include:

"Boomers (aged 41–59) and matures (aged 60+) make up the largest proportions of RV owners, with more than four in ten falling in each generational group. Boomers make up the largest share of campers (nearly 50 percent). Grandparents comprise 63 percent of RV owners and 35 percent of campers. Of these grandparents, approximately 55 percent of both have traveled with grandchildren on one or more trips in the past two years."

Source: The National Association of RV Parks & Campgrounds (ARVC), www.arvc.org

Additional Resources

Trade Publications

- ▶ [Guide to Appraising Recreational Vehicle Parks published by the Appraisal Institute](#)
- ▶ [RV Life—an industry publication](#)

Associations

- ▶ [National Association of RV Parks and Campgrounds](#)

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