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# Investing In RV Parks

Interested in learning how to invest in RV parks? It's not as difficult as it might seem. This type of commercial real estate investment isn't necessarily on the top of most people's minds, but it offers a lot of advantages.

For instance, RV parks can give you good cash flow opportunities, but without the maintenance headaches of being a landlord in the traditional sense. Here are some basics about investing in RV parks, whether you're new to commercial real estate, a seasoned investor, a broker, an agent, or any other real estate professional.

In the past few years, the increasing number of snowbirds and baby boomers, as well as an increase in the average consumer's disposable income have meant that the RV market is getting a lot more active. Over the next few years, you'll probably see the RV industry become a lot more mainstream, as lending markets for commercial real estate go. That means that people investing in RV parks have some great opportunities coming up.

#### Benefits of Investing in RV Parks

You don't have to own the vehicles or housing when you invest in an RV park. That means no repair responsibilities for you. Every tenant in the park is responsible for their own RV. Since ordinary tenant and landlord laws don't apply, you also get more flexibility. Collect rent in advance for the whole summer if you choose, and easily evict tenants who are causing trouble.

Since tenants in an RV park are often running from the cold or on vacation, they tend to be in a good mood. That's an advantage over ordinary renting, where you'll be dealing with people year round, no matter what kind of emotional state they might be in.

#### Downsides of Investing In RV Parks

Since your customers are visitors, they don't have a lease. That means that they can leave whenever they choose, making your income much less stable from month to month than a traditional rental situation. Since most RV users are seasonal, your income will be very different in the summer than it is in the winter, making good budgeting an important part of this kind of commercial real estate enterprise. Some

RV parks just close for half the year, but they still have to pay for insurance and taxes.

You'll also have some responsibilities in the park. Must dos include making sure that all common areas are mowed and kept up, and all curbs and streets are kept clear of vegetation. Have them professionally edged for the best appearance.

If fencing is in bad shape, repair it or replace it, and make sure all dead trees and branches have been removed. Since the state of your asphalt is vital, you'll have to regularly repair and patch potholes in the roads and in the parking pads. If your park provides electrical or sewage services, these will have

to be maintained as well.

#### Before Buying RV Parks

Since income can vary so much, and isn't guaranteed, commercial real estate investors looking into an RV park should take care. Make sure that you get to see records of the actual income earned by the park for several years - not just one. You want to make sure that income from the park is growing, or is at least

steady. Be careful not to buy a business that's on its way out!

To get the safest and truest record of expenses and income, look at tax returns. You can use them to determine net income before debt service, and decide what kind of return you want, as well as what you can invest. Subtract your profit from the net before debt service, which will tell you how much you can pay on loans needed to buy the park.

How much you can borrow and afford to pay back, plus however much you have for a down payment tells you the most you can pay for your property. Remember to account for costs you might have that the current owners won't. Higher property taxes or insurance rates might come into effect after you buy. Base all

calculations on the existing income, even if you expect growth. That's a safer plan.

Not sure how much to pay? Small RV parks might sell for as low as eighty-five thousand dollars. To determine what a given park is worth, check out what the surrounding parks are worth. You'll probably find that a park costs a certain amount per space. RV parks in Arizona, which has a limited season, might sell for as little as eight thousand dollars per space. In places with a long season, a space might be thirty thousand.

Remember that this kind of pricing works only as a rough guide. If a park is managed well, it'll be worth more. That's why you have to check the expenses and income. If you take care, you have a great commercial real estate opportunity in RV parks!

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