

# RV, mobile home park business waiting for Baby Boomers to hit road

With the demographics of the Winter Texan population changing, the Rio Grande Valley RV and mobile home park industry is in a transitional phase.

There are 250 RV and Mobile Home Parks with over 75 sites each. Annually there is \$350 million from upwards of 250,000 people, spent in local businesses, September to May each year. MH and RV park qualities range from a basic parking lot, to full service resorts. The market is very similar to the Florida migration and for good reason; it is almost the same latitude as Fort Lauderdale, Fla.

The Rio Grande Valley has seen its annual visitors faithfully return since the 1920s. Many come from the Midwestern states as well as a few other parts of the country and Canada.

But what is happening now and what can we expect in the future?

Since September 11, 2001, we have seen some changes. Right after 9/11 many were shocked and even though they were packed

for their migration south, there was hesitation. Many ended up coming down but it was not the usual flood of people.

After Christmas the most successful parks were turning away the few that didn't have reservations. However, revenues of the parks and local businesses were still affected.

As RVers left in the spring some park owners noticed fewer reservations for the next season. Park owners were concerned but as the new season began, there were many first timers showing up. Some of the parks saw as many as 15 percent newcomers. These were not only Midwesterners but also visitors from Florida, Arizona, North Texas, and Oklahoma.

Many visitors who had been coming in a trailer now wanted to secure the unit permanently. Parks that have many permanent units are parks that have a higher

degree of older tenants; these tenants are the core that have made the Valley popular. For sale signs on older mobile homes in the parks are increasing. These usually

sell within the parks, to the next generation.

I remember talking with a banker that we do business with, he sometimes gauged the feel for the season by

how full Luby's Cafeteria was. The 2002 season ended slightly down on revenues but were helped by the travelers coming to see if they would like the Valley and the less expensive rents and cost of living that the Valley has a reputation for. Every year we survey the Rio Grande Valley in an unusual way, we charter a small airplane and take photos of many of parks. We photograph about 110 parks from the air and that is a wonderful way to see the real story.

Last year was encouraging - it was a

recovery year from the 9/11 and the terrible stock market that followed. It was one that brought more Canadians down. In 2003 we regained about five percent.

During our photo shoot February 2004 we have noticed some trends from our bird's eye view. The parks that don't have the permanent units have higher revenues, if they have the amenities to suit the 55-year-old traveler. Park investors are taking a closer look at RV parks with fewer fixed/permanent units. Revenues are up at parks with activities and amenities.

We are in between the Baby Boomers and the generation that discovered the affordable tropical Rio Grande Valley. The real boom for the RGV is two to three years ahead when we see the real bulk of Baby Boomers hit the road, and gas prices are not high enough to discourage them from putting those buses in gear.

*Morgan Jay Davis is president of South Texas Parks LLC.*

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## Analysis

### By Morgan Jay Davis

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