

RV Park Operational Strategy: Navigating Capital Intensity to Reach Profitability

A roadmap to bridging the 25-month gap between initial capital outlay and stabilised positive cash flow.

Confidential Investment Memorandum | 2024



High Barriers to Entry Protect Long-Term Operating Margins

The Hurdle (Risk)



Initial CapEx: \$700k+ (Utilities & Buildings)

Debt Service: \$180,000 annually (\$15k/month)

Time to Profit: 25 months to break-even

Starting IRR: Negative 0.02%

The Reward (Stabilisation)



Year 5 EBITDA: \$409,000 projected

Asset Status: Stabilised, diversified revenue mix

Revenue Target: Site rentals hitting \$960k by 2030

Key Insight: The primary challenge is not market demand, but surviving the initial cash crunch to reach the Year 5 stabilisation point.

Initial Infrastructure Costs Create a Deep Negative Starting IRR

\$0

\$450k
Utility Hookups
(Hard Costs)

\$250k
Site Buildings

Total Initial
Outlay:
\$700,000+

Current Starting IRR: -0.02%

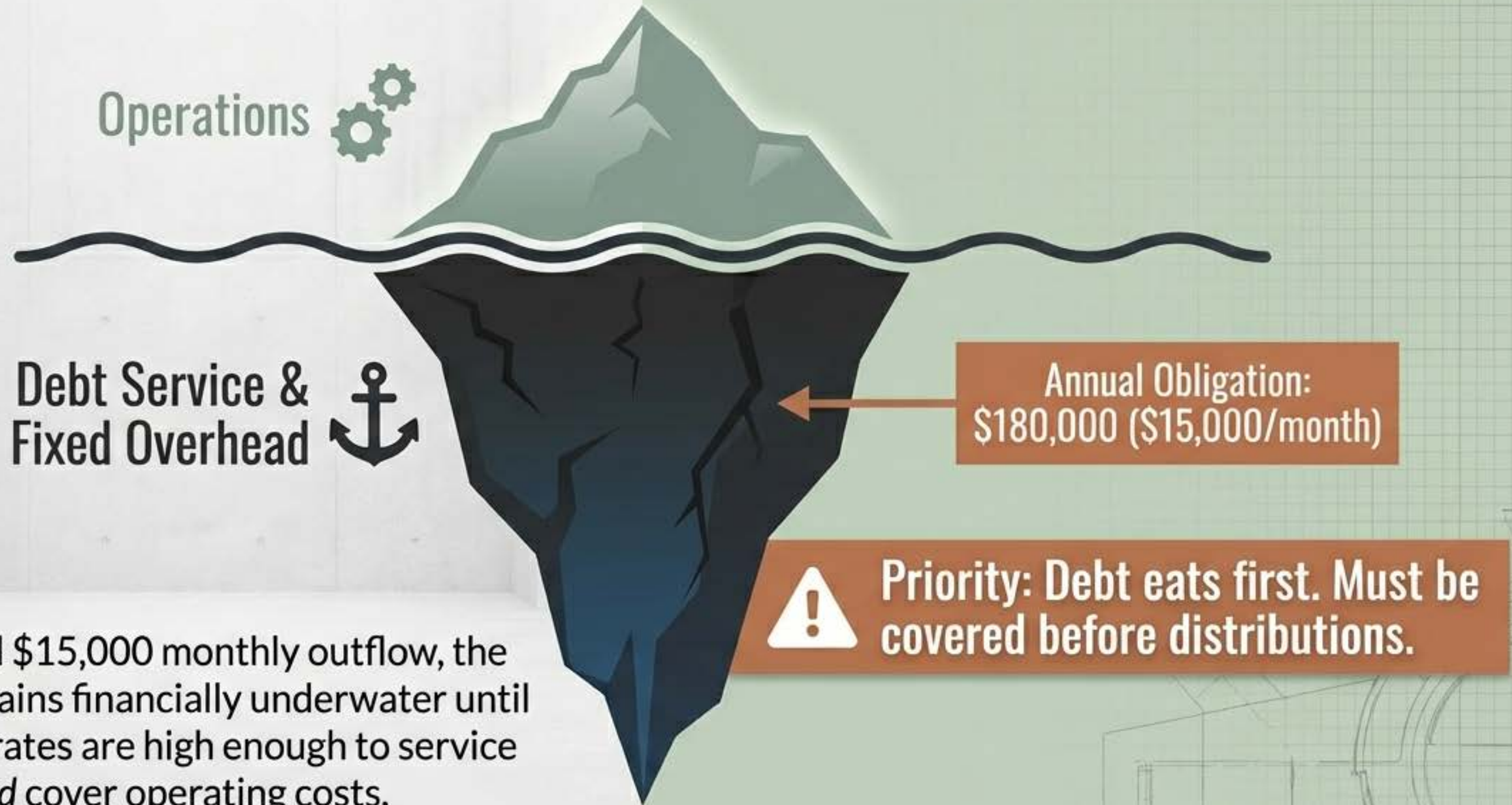


Mitigation Strategy

Phase site development over two years and utilise modular/prefabricated structures to reduce immediate cash drag.

Key Insight: The primary infrastructure costs create a significant negative starting IRR. To mitigate this, phase site development over two years and utilise modular/prefabricated structures to reduce immediate cash drag.

Fixed Debt Service is the Primary Drain on Early Cash Flow



With a fixed \$15,000 monthly outflow, the project remains financially underwater until occupancy rates are high enough to service this debt *and* cover operating costs.

Operational Fixed Costs Set the Break-Even Floor



Total Fixed Overhead: \$281,600 / Year

Key Takeaway Box

Efficient management of this \$281,600 spend is non-negotiable. We must lock in multi-year maintenance contracts and audit marketing channels monthly to prevent profit leakage.

Crossing the Gap: A 25-Month Runway to Profitability

Required Cash Reserve: \$502,000

Funds operating losses and covers initial CapEx deficit during ramp-up.

Launch Phase (Loss Accumulation)

Stabilisation Phase

X-Axis
Month 1
Month 2
Month 3
Month 4
Month 5
Month 6
Month 7
Month 8
Month 9
Month 10
Month 11
Month 12
Month 13
Month 14
Month 15
Month 16
Month 17
Month 18
Month 19
Month 20
Month 21
Month 22
Month 23
Month 24
Month 25
Month 26
Month 27
Month 28
Month 29
Month 30

**January 2028:
Break-Even Point**

Success depends on securing a \$502k reserve to prevent premature cash crunches while occupancy grows toward the break-even target.

Lever 1: Aggressively Driving Core Site Rental Revenue



Target ADR:
\$26.30 across
100 sites
to stabilise.



Digital Nomads:
Require high-speed
internet to justify
premium fees.



Snowbirds:
Provide baseline
revenue certainty via
monthly stays.



Tiered Pricing:
Dynamic rates for
Peak vs Shoulder
seasons.



Lever 2: Ancillary Streams Defend Margins Against Seasonality



Risk Note: Do not allow store operations to bloat the fixed overhead through unnecessary staffing.

Lever 3: Rigorous Control of Variable Costs

Industrial Dashboard



CRITICAL: If variable costs hit 150% of revenue, contribution margin becomes negative.

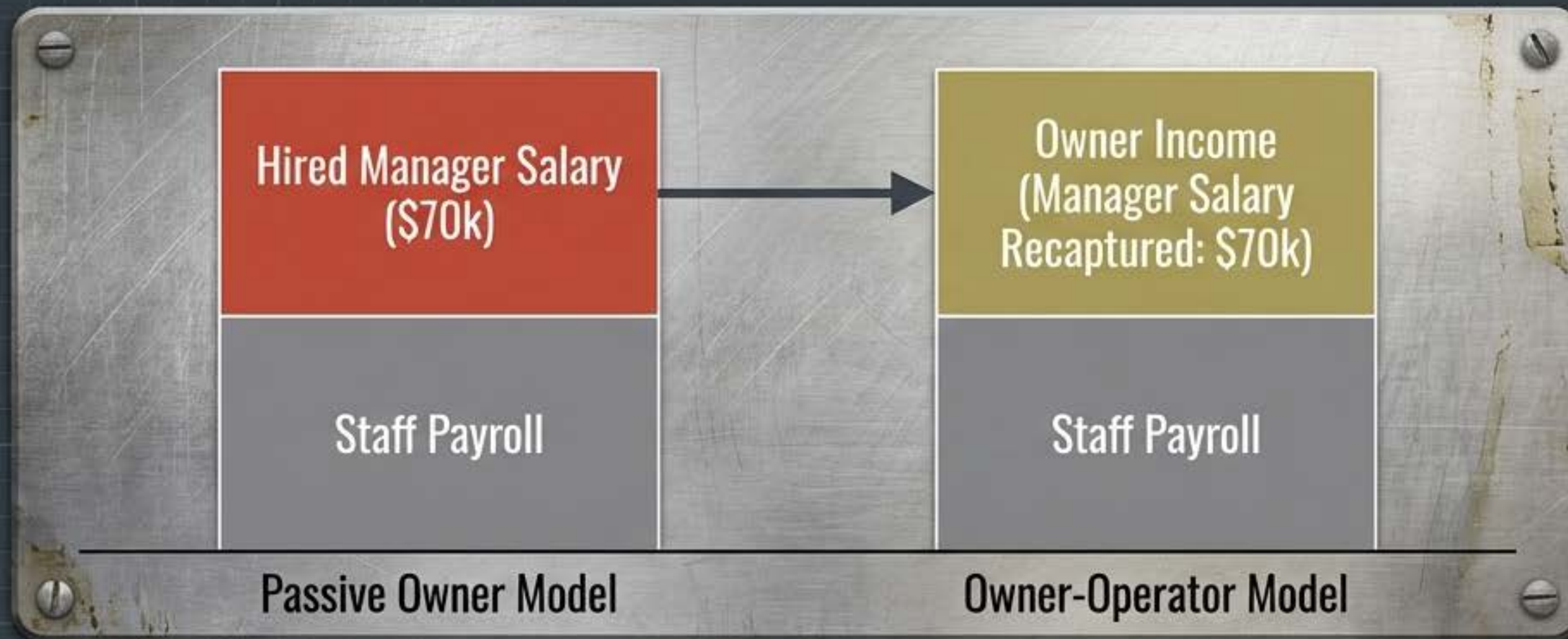
1. Utility usage per occupied site
(Prevent waste)

2. Store inventory turnover
(Daily tracking)

3. Payment processing fees
(Negotiated rates)

Strategy: Keep the variable cost rate low to protect the margin needed to absorb the fixed \$281,600 overhead.

Lever 4: Optimising Labour via the Owner-Operator Model



Payroll Growth: \$201k (2026) -> \$283k (2030)



Role: Owner assumes Park Manager duties

Reduces immediate external hiring needs and converts a business expense into owner income.

The Destination: Year 5 Financial Stabilisation

Financial Scorecard

\$409,000

Projected Year 5 EBITDA



Assumes successful crossing of **25-month** break-even horizon and strict management of **\$281,600** fixed cost base.

Risk Mitigation Matrix

Risk: Seasonality

Mitigation: Aggressive marketing of monthly rentals to “Snowbirds” for baseline winter revenue.

Risk: Economic Downturn

Mitigation: Position as “affordable vacation” alternative; prioritise essential ancillary sales (propane/groceries).

Risk: Capital Risk

Mitigation: Phased build-out of \$450k utility infrastructure; use modular structures to lower initial CapEx.

Risk: Occupancy Lags

Mitigation: Dynamic pricing to capture volume; reliance on high-speed internet to attract long-term digital nomads.

Strategic Checklist for Launch

- Secure Capital:** Raise **\$502,000** cash reserve to cover **25-month ramp-up**.
- Infrastructure:** Obtain site-specific engineering quotes for **\$450k** utility build; implement phased construction.
- Operations:** Hire Owner as Manager initially to save **\$70k/year**.
- Cost Control:** Lock in multi-year maintenance contracts to cap the **\$42k/year liability**.
- Revenue:** Install high-speed internet immediately to secure Digital Nomad segment.

Operational discipline in the first 25 months dictates the long-term yield of the asset.