



When is it the best time to sell your portable storage company?

By
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These days, you hear a lot of news about how the portable storage industry is changing. Big companies are buying up smaller companies to increase their presence in key markets. And as population growth creates new opportunities in regions across the country, new players are appearing on the scene, thanks to a supply of available capital and the ever increasing supply of containers.

Timing a sale is one of the biggest challenges any business owner will face. When should I sell? Now? Later? Never? The answer is different for everyone and will depend on a number of factors that go beyond personal circumstances.

For example, there are several larger factors to consider – the political landscape, the economy and the business climate for the portable storage industry – before making a personal decision about the future of your own company.

Politically, the last three or four years have been good for our industry, but with next year's national election on the horizon, a new administration has the potential to lead to changes in the tax laws that could affect business. And on the economic front, the turmoil we've seen in the credit markets in the past three months may have an impact on our industry if growth slows further in the next few months. A situation that slows the wheel of the economy will have a negative effect on most businesses. Historically the portable storage industry has followed the overall economic trends and is likely to continue to do so.

As for local competition, is your market becoming saturated with an increasing number of newcomers to the industry or are you feeling that the rapidly growing portable self-storage companies (PODS, 1-800-Pack-Rat, Go-Mini, etc. ...) are taking away potential customers from you? Other factors like a weak dollar may make the container prices escalate as exports continue to improve, creating a situation that changes the equipment imbalances and decreases the supply of containers available for sale from shipping lines and container leasing companies. Meanwhile, several other issues also are affecting the business climate. Around the country, municipalities gradually have been enacting more stringent restrictions on the use of containers. And this year, a change in Chinese export tax laws created a longer peak pre-holiday storage season than usual, with suppliers announcing that Christmas merchandise would arrive three to four weeks earlier than usual.

But how does all this affect you and the timing of a possible sale of your portable storage company?

An advisor with a solid track record can help you assess these factors and, just as important, to understand the micro-economic climate in your region. Remember, for example, how the construction booms leading up to the Olympic Games in Salt Lake City and Atlanta created local building frenzies that benefited the portable storage industry in those metropolitan areas.

Where your business is located is one of the most important factors in determining how profitable a sale might be at this time. Currently, the biggest companies in the industry are trying to strategically strengthen their presence in local markets so they can guarantee a supply of storage containers to the large, national companies with whom they have business relationships. Are you located in an area that is interesting to any of these companies for one reason or another?

Here is quick thumbnail look at some of the areas where growth is predicted for the portable storage industry:

- Florida, Texas and California: Extreme population growth is expected to continue to create strong, growing demand for the portable storage industry in these states.
- The Carolinas: The mid-Atlantic region is proving to be a welcoming location for businesses that are moving south from the Northeast to take advantage of relatively inexpensive labor, available land and a ready supply of affordable housing.
- Washington, D.C. and surrounding areas: The government subcontractors' segment of the market is growing fast, creating many new jobs and new opportunities for the portable storage industry.
- New Orleans and the Gulf region: Although the future is still very uncertain, this is an area where one could expect to see a strong market. Despite deep turmoil the hurricane damages in area during 2005 has to be repaired somehow.

Take the time to reflect on these different factors that can affect your timing of a sale. Maybe you already have been approached about the possibility of selling your business. Or maybe another owner you know is negotiating with multiple buyers. Or maybe you just want to be prepared, when the time comes, to know that it is the right time. While it can be tempting to try to look in the crystal ball on your own, it may be helpful to get a second opinion. Seek advice from an industry expert, someone who has years of experience of buying and selling companies and who has seen the national political and economic climate develop over time.

