RV Business Indicators

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Prepared by Recreation Vehicle Industry Association

RV Shipments and Sales Data

- **2009 shipments.** RV shipments in November, 2009 were more than double the total shipped in the same month the previous year. On a seasonally-adjusted annual rate, November shipments reached 225,000 units, topping 200,000 units for the fourth consecutive month. Shipments reached their lowest point in the first quarter of 2009, but have improved steadily since then. Lower shipments in 2009 were caused by the longest and deepest U.S. recession since the 1930s, the tightest credit conditions in several decades, job losses, falling household wealth, slower growth in real incomes, and historically low consumer confidence. Shipments are projected to total 159,500 in 2009.

- **2010 projection.** RV shipments are projected to total 203,500 units in 2010, a 27.6% increase from the projected 2009 total, according to RV industry analyst and director of consumer surveys at the University of Michigan Dr. Richard Curtin. Gains are expected as negative financial factors give way to improved market conditions.

- **The RV industry is seeing signs of improvement, and the recovery is expected to strengthen slowly as credit availability, job security and consumer confidence improve:**

    - **Primary demand for RVs remains robust,** as indicated by improving dealer sales due to price discounting and strong RV show attendance. Dealer inventories have been reduced by retail sales, although low consumer confidence and America's struggling economy caused consumers to delay major purchase decisions. A delay in purchasing means future sales potential and renewed growth in shipments.

    - **Despite the economic downturn,** 15 new RV manufacturers began business operations in the past year. In response to shrinking dealer inventories and gradually improving sales, manufacturers and suppliers begun rehiring laid off workers and returning to five-day production weeks.

    - **The credit worthiness of RV consumers remains at the top of all credit seekers.** The delinquency rate on RV loans was 0.95% from 1999-2007 vs. 2.0% for other consumer loans, according to the American Bankers Association Quarterly Delinquency Bulletin. Current limitations on RV credit are expected to gradually diminish over time since RV owners are, on average, excellent credit risks.

    - **Federal economic credit and stimulus packages**, which include provisions to stimulate RV lending and friendly tax treatment for new RV purchases, may help promote sales and aid in the RV industry's economic recovery. One provision in the stimulus bill provides a deduction for sales or excise taxes on the first $49,500 of a new motorhome purchase. Inclusion of RV consumer loans and RV dealer floor plan loans in the Term Asset-Backed Securities Loan Facility (TALF) could ease credit and stimulate RV lending. The Small Business Administration's decision to guarantee loans made to RV dealers could further help the RV industry.

- **Shipments history.** Shipments in 2008 totaled 237,000 units, down 32.9% from 2007. After five consecutive years of record growth, RV shipments dropped 9.5 percent in 2007 as consumers postponed discretionary purchases due to the U.S. economic slowdown. Shipments totaled 353,400 — the fourth highest in the past quarter century. 390,500 RVs were shipped in 2006, the best annual total in the past 25 years. Total RV shipments in 2006 were 1.6 percent higher than 2005 — the fifth consecutive year shipments grew. RV wholesale shipments totaled 384,400 units in 2005. In 2004 RV shipments topped 370,100. For a historical chart showing RV shipments by year, go to: **RVIA Historical Glance.**

RV Travel Trends

- **RV ownership and travel is a great value.** The 2008 PKF Vacation Cost comparison study showed that a family of four can save 27-to-61% on vacation costs by traveling in an RV, after factoring in ownership costs and fuel. Even with higher fuel prices, more than 80% of RV owners say their RV vacations cost less than other forms of vacation.

- **Shorter trips close to home.** Research shows that RVers spend more time enjoying campgrounds and less on the road to save fuel. With more than 16,000 campgrounds nationwide, RVers also save by staying closer to home.

- **Fuel cost analysis.** Analysis of potential fuel cost increases shows that fuel prices would need to more than triple over current levels to make RVing more expensive for a family of four than other forms of travel. "While fuel costs are a component of the overall vacation cost, fluctuations in fuel prices aren't significant enough to affect a family's decision of whether or not to take RV trips over other types of vacations," said Kannan Sankaran, PKF's lead researcher for the study.

- **RV parks and campgrounds across the country report** that reservations in 2009 were 8% better than they were in 2008. RV rentals were up 12% in 2009, according to a survey by the Recreation Vehicle Rental Association.

Other Factors Behind RV Industry Growth

- **IRS tax deduction.** For most RV buyers, interest on their loan is deductible as second home mortgage interest.

- **RV manufacturers are innovating to give consumers an array of product choices.** Manufacturers are producing lightweight towables and smaller, fuel-efficient motorhomes. Green technologies such as solar panels and energy-efficient components are appearing on an increasing number of RVs.

- **Lifestyle trends** continue to spur demand for RVs. RV owners overwhelmingly said in recent surveys that their RV makes it easier to take more frequent weekend getaways or mini-vacations that accommodate busy family schedules.

- **Go RVing ads build demand.** More than two million consumers visited GoRVing.com in 2009 as the industry continued its aggressive outreach. The ads have been updated with a new theme line, "Go Affordably. Go RVing." Details: **GoRVing.com**.

Indicators for Future Growth

- **Population and demographic trends** favor long-term RV market growth. Buyers aged 35-54 are the largest segment of RV owners, according to the 2005 University of Michigan study commissioned by RVIA. The demographic tidal wave of prime RV buyers remains strongly in the strongest RV ownership age groups. Every day, 11,000 Americans turn 50, according to U.S. Census figures.

- **Boomers nearing retirement**. RV sales will benefit as aging baby-boomers continue to enter the age range in which RV ownership is highest. According to Dr. Richard Curtin, director of surveys at the University of Michigan, by the end of the decade, the number of consumers aged 50 to 64 will total 57 million — 38 percent higher than in 2000. Today one-in-10 vehicle-owning households in that age group own at least one RV.

- **RVs are attractive to young buyers**. The fastest growing group of RV owners is young people 18-34. Products such as sports-utility RVs, as well as the Go RVing campaign, have helped attract younger buyers.

- **RV ownership** has reached record levels. Approximately 8.2 million American households now own an RV — a 16 percent increase since 2001 and a 64 percent gain since 1980.

- **In 2010 the RV industry celebrates** its 100th anniversary. A century ago, the popularization of the automobile, improving roads, and America's passion for exploration gave rise to mass-produced, manufactured recreation vehicles, and the RV industry was born. Through war and peace, booms and busts, fuel lines, fads and the cyber revolution, the RV lifestyle has endured.