



RV Business Indicators

February 3, 2006

Prepared by Recreation Vehicle Industry Association

RV Shipments and Sales Data:

- **RV shipments.** Factory-to-dealer shipments reached a 27-year high in 2005, rising 3.9% over the previous year. A total of 384,400 RVs (motorized and towable) were shipped in 2005, according to RVIA market data. During December 2005, RV wholesale shipments increased 12.4% over the same month a year prior.
- **RV retail sales.** High fuel prices and periods of weak consumer confidence have had a short-term impact on the RV industry, the same way they've impacted many other industries. Although RV retail sales were down slightly from 2004, 2005 was the second-best year for RV retail sales in 25 years. Source: Statistical Surveys, Inc.
- **Long-term forecast.** Growth rates in the RV marketplace are likely to continue in the long-term. "I would not be surprised to report 500,000-unit annual shipment totals within the next five to 10 years," stated RV industry forecaster Dr. Richard Curtin, director of surveys of consumers, University of Michigan.
- **Industry size and revenues.** The \$14 billion-a-year RV industry earned record revenues in 2005 (as measured by the retail value of RV wholesale shipments).
- **Shipments history.** RV wholesale shipments totaled 384,400 units in 2005—a 27-year high. In 2004 RV shipments topped 370,100. For an historical chart showing RV shipment by year, go to: <http://www.rvia.org/media/ShipmentsData.htm>

RV Travel Trends

- **Winter travel intentions.** A strong majority of RV owners intend to continue traveling this winter, reveals RVIA's Campfire Canvass survey of RV owners. RVers say they will adjust their plans by driving fewer miles and spending more time at the campground to conserve fuel, the research reveals.
- In times of high fuel prices, the research shows RVers spend more time enjoying the campground experience and less on the road. With over 16,000 campgrounds nationwide, RVers have the flexibility to save fuel and cut costs by staying closer to home. Whether they travel five miles or 500, their outdoor experience can be the same.
- **RV vacation costs remain lowest.** RVing remains the least expensive mode of travel even when fuel prices increase. According to new research by travel and tourism firm PKF Consulting, a family of four can spend 26-74% less on RV trips compared to other vacation types. These savings can more than make up for higher gas prices. Details: <http://www.rvia.org/media/newsreleases/breakingnews/p0533.htm>
- There's an economic impact on all forms of travel during cyclical hikes in fuel prices, according to PKF. But RV trips have the continued edge on savings, even factoring in RV ownership and fuel costs. The study reveals that RV vacations are more economical than those taken by personal car, commercial airline or cruise ship.
- According to the recent PKF study, fuel prices would need to triple 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. Details: <http://www.rvia.org/media/newsreleases/breakingnews/p0533.htm>

Other Factors Behind RV Industry Growth:

- **IRS tax deduction.** For the vast majority of RV buyers, the interest on their loan is deductible as second home mortgage interest.
- **Lifestyle trends** continue to spur demand for RVs. In an age of over-scheduled families and busy lives, 96% of RV owners surveyed feel they have greater flexibility and control with RVs, making it easier to take more frequent, shorter, or less structured getaways. Reflecting the family-friendly nature of RVing, 97% of respondents feel that RVs enable their family to spend more quality time together, according to RVIA's Campfire Canvass survey.
- **eBay.** Online auction website eBay reported that "RV" was the most popular search term in 2004 among its 125 million users. As a barometer of societal trends, eBay's search rankings show the preference for comfortable leisure travel among families and retirees, observers say.
- **Go RVing ads spur sales.** Seeking to boost the RV sales market, the Go RVing Coalition will launch its fourth ad campaign this month during NBC's Olympics telecast. The campaign, with the voice of actor Tom Selleck, will continue to target adults age 30-64. The \$66 million effort, featuring national broadcast and cable television, print, Internet and radio advertising, enhances the industry's market expansion program and will reach millions more potential buyers. Details: GoRVing.com.

Indicators for Future Growth:

- **Population and demographic trends** favor long-term RV market growth. Buyers aged 35-54 are the largest and fastest growing segment of RV owners, according to a new University of Michigan study commissioned by RVIA. Every day, 11,000 Americans turn 50, according to U.S. Census figures.
- **Boomers nearing retirement.** The enormous baby boomer generation is reaching retirement age and is expected to continue dominating the RV market. Baby boomers have begun entering the prime age range—55 to 64—with the highest ownership rates, according to the Michigan study. Today one-in-10 vehicle-owning households in that age group own at least one RV.
- **RV ownership** has reached record levels. Nearly one in 12 U.S. vehicle-owning households now owns an RV. That's nearly 8 million households--a 15% increase over the past four years and a stunning 58% gain since 1980.
- **Vast potential market.** By 2010, RVs will be owned by 8.5 million households—an 8 percent increase, outpacing overall U.S. household growth of 6 percent, the Michigan study forecasts.
- **Purchase intentions are higher now** compared to what the Michigan study found in 2001 and 1997. Two-thirds of current owners plan to purchase another RV. Among households that have never owned an RV, more than one-in-six expressed interest in buying one in the future. Among all U.S. households, nearly one quarter (23 percent) intend to purchase an RV in the future.

WEBSITES: www.rvia.org www.GoRVing.com