

RV & BOAT STORAGE

NATIONAL INDUSTRY OVERVIEW



1H 2023



**CUSHMAN &
WAKEFIELD**

SELF-STORAGE ADVISORY GROUP

Overview & Trends

MARKET OVERVIEW

Recreational vehicle (RV) and boat storage is considered a subsector of the self-storage segment that is designed to store major personal recreational equipment such as travel trailers, motorized dwellings, pickup campers, travel trailer, boats and boat trailers, racing and recreational vehicles not licensed for street use, and trailers used to haul any such equipment. Local ordinances and/or homeowners associations (HOAs) often prohibit storage of such equipment on residential streets or driveways, necessitating rented storage. Additionally, most storage facilities are secured by on-site staff, coded or keyed entrances, and surveillance equipment. Modern RV and boat storage facilities offer owners different secure storage types with varying amenities to safely secure these major financial investments.

MACRO TRENDS

The economy continues to recover and evolve from the impacts of the COVID-19 pandemic and the economic crisis that followed. Right now, the Russian invasion of Ukraine, high inflation, the Federal Reserve's interest rate hikes, and continuing supply chain issues are further compounding market volatility. With this, it is important to note that data lags and industry participants are still trying to accurately determine some of the effects these events will, or have had, on the commercial real estate market. Throughout this report, we will discuss these effects and impacts on the immediate market and subject property in as much detail as possible. Keep in mind that some macro trends may not affect the subject property directly in the industry overview analysis.



Characteristics of RV and Boat Storage Facilities

RV and boat storage facilities come in many sizes and types; facilities may be integrated into a traditional self-storage property while others are stand-alone facilities. However, RV and boat storage facilities often share several characteristics. Access is an important feature for RV and boat owners therefore many storage facilities offer 24/7 self-service access to the premises, usually through keypad security

gates or access through smartphone applications. Security features typically include adequate lighting, security cameras, motion detection, and 24-hour recorded video surveillance. Other convenience options especially important for RV owners include a septic dump station, water/ice stations, vacuum stations, air compressors, electricity hookups, wash bays, and propane filling stations.

Major personal recreation equipment storage types:



UNCOVERED OPEN STORAGE:

Uncovered open storage for RVs, boats, and other major recreation equipment can range from graveled or dirt lots enclosed by chain-link fences to fully paved or concrete lots and stalls.



VALET STORAGE:

This type of fully enclosed storage includes concierge parking and vehicle preparation by facility staff.



CANOPY STORAGE:

This type of outdoor covered storage is similar to open storage, but with canopies or roof-only structures to protect equipment from the elements.



ENCLOSED CONDO STORAGE:

These units are similar to internal storage but offer ownership of storage space rather than rental.



INTERNAL STORAGE:

These fully enclosed storage buildings may house numerous vehicles in an open-warehouse environment or single-stall units within a larger building.

Industry Outlook

INDUSTRY DEMAND DRIVERS

Demand for RV and boat storage facilities is driven by ownership of major outdoor recreation equipment. Alongside many leisure and hospitality industries, the outdoor recreation equipment market is heavily dependent on national economic trends and consumer confidence levels. Recent growth in the market has been driven by more U.S. households having disposable income and the subsequent rise in travel, particularly by baby boomers, who are the target demographic of the RV industry. Affordable gas prices support RV travel and the use of other motorized recreation equipment such as all-terrain vehicles, boats and other personal watercraft. Given the industry's reliance on economic trends, the market experienced significant volatility through the pandemic and could do so again in the near-term with fluctuations in income levels and oil prices. The health of the market is particularly dependent on the strength of domestic and automobile travel as well as the sales and shipments of RVs and boats.

RVs account for a significant share of outdoor recreation equipment storage rentals and additional factors drive RV sales. The rising trend of road tripping and camping as a way to escape from the pandemic resulted in a

surge in demand for RVs. Further, expanded remote work opportunities allow people to take advantage of the flexibility to work from anywhere, with many opting to work while on the road. The current post-pandemic period is expected to witness an upsurge in the number of first-time RV buyers, as more people seek to explore new destinations and have unique travel experiences.

Similarly, boat sales are driven by various factors such as increasing disposable income, a resurgence in travel in a post-pandemic world, and rising interest in recreational activities associated with boating. The National Marine Manufacturers Association reported that new boat sales surged 40% in 2020, and now nearly 12% of all American households own a recreational boat. The trend towards boat ownership remains strong as consumers seek a more personalized and exclusive leisure experience. While there has been a surge in the sales of outdoor recreational equipment in the last several years, economic uncertainty is expected to suppress industry growth in 2023. For example, in the Spring 2023 issue of RV RoadSigns, the quarterly forecast prepared by ITR Economics for the RV Industry Association projects a decline in wholesale RV shipments, estimating a 32% drop year.



INDUSTRY REVENUE

Revenue growth for both RVs and boats has experienced some volatility over the last five years. The outbreak of COVID-19 forced dealers to close up shop. Lockdown orders were put in place to slow the spread of the virus, so consumers were unable to go out shopping for RVs. Also, these restrictions and other pandemic-related disruptions squeezed consumers, leaving them with little disposable income, and reducing the general propensity to spend on RVs. However, lower interest rates and easier access to credit did make this the opportune time to buy for those for whom it was affordable. As restrictions were lifted and the economy recovered, demand for major recreational equipment profit rebounded quickly. Low fuel prices further raised the appeal of RVs, as that reduced the cost of ownership. This resulted in RV dealership industry revenue growing at an annualized rate of 7.4% to \$47.6 billion over the five years to 2022, which included strong spikes of 18.6% in 2020 and 18.1% in 2021. Additionally, revenue in the boat dealership and repair industry grew at an annualized rate of 4.9% to \$34.2 billion over the five years to 2022, which included a strong spike of 13.3% in 2020.



Overall, the RV dealership industry revenue is anticipated to grow at an annualized rate of 1.2% to \$50.7 billion forecasted for 2027. Revenue in the boat dealership and repair industry is expected to grow at an annualized rate of 1.1% to \$37 billion over the same period.

Industry Outlook

RV dealership industry's economic performance between 2018 and the forecast through 2027:

Recreational Vehicle Dealerships											
Key Industry Statistics											
	2012	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Revenue (millions)	\$0.0	\$34,767.5	\$35,488.6	\$42,072.2	\$49,685.7	\$47,545.4	\$47,829.6	\$47,752.6	\$48,769.2	\$49,865.1	\$50,697.1
Percent Change	-100.0%	7.7%	2.1%	18.6%	18.1%	-4.3%	0.6%	-0.2%	2.1%	2.2%	1.7%
Industry Value Added (millions)	\$0.0	\$4,547.9	\$4,510.8	\$5,274.8	\$6,608.8	\$6,410.4	\$6,487.5	\$6,514.5	\$6,664.2	\$6,823.2	\$6,946.3
Percent Change	-100.0%	2.6%	-0.8%	16.9%	25.3%	-3.0%	1.2%	0.4%	2.3%	2.4%	1.8%
Number of Establishments	0	6,516	6,579	6,680	7,197	7,144	7,206	7,267	7,400	7,549	7,690
Number of Employees	0	51,826	52,811	56,381	64,054	63,178	64,256	64,946	66,540	68,203	69,662

Source: IBISWorld and Cushman & Wakefield Valuation & Advisory
Storage Sales Links

<https://www.yardibreeze.com/blog/2023/01/rv-boat-storage-breaking-records/>, <https://www.matthews.com/thought-leadership-boat-and-rv-storage/>

Boat dealership and repair industry's economic performance between 2018 and the forecast through 2027:

Boat Dealership and Repair											
Key Industry Statistics											
	2012	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Revenue (millions)	\$0.0	\$27,408.7	\$28,425.9	\$32,208.7	\$33,265.0	\$34,217.1	\$35,001.2	\$35,512.0	\$36,022.9	\$36,545.3	\$37,042.5
Percent Change	-100.0%	7.2%	3.7%	13.3%	3.3%	2.9%	2.3%	1.5%	1.4%	1.5%	1.4%
Industry Value Added (millions)	\$0.0	\$5,137.2	\$5,312.0	\$5,916.3	\$6,090.9	\$6,261.9	\$6,414.7	\$6,514.7	\$6,615.5	\$6,704.6	\$6,788.1
Percent Change	-100.0%	7.3%	3.4%	11.4%	3.0%	2.8%	2.4%	1.6%	1.5%	1.3%	1.2%
Number of Establishments	0	92,933	93,732	93,940	95,528	96,889	98,260	99,528	100,622	101,896	103,185
Number of Employees	0	131,418	132,379	133,418	136,821	139,872	142,592	144,696	146,636	148,746	150,837

Source: IBISWorld and Cushman & Wakefield Valuation & Advisory

Boat sale stats <https://toystoragenation.com/2022/06/14/boating-statistics-in-2022-incl-covid-millennials/>

RV wholesale shipments by type and month through February 2023:

RV Wholesale Shipments by Month												
Previous 12-Month Sales												
Type of Institution	Mar 22	Apr 22	May 22	Jun 22	Jul 22	Aug 22	Sep 22	Oct 22	Nov 22	Dec 22	Jan 22	Feb 23
Travel Trailers	45,707	40,435	35,213	30,409	19,355	21,417	17,599	21,036	15,756	12,958	12,122	16,109
Fifth Wheel Trailers	11,803	10,515	9,065	8,077	4,972	5,509	4,528	5,247	3,879	3,145	3,332	3,331
Folding Camper Trailers	867	756	804	801	529	670	514	590	355	355	416	529
Truck Campers	525	445	526	555	499	430	462	456	512	313	247	295
Total Towable RVs	58,902	52,151	45,608	39,842	25,355	28,026	23,103	27,329	20,502	16,771	16,117	20,264
Motorhome (Type A)	1,453	1,442	1,422	1,412	1,111	1,294	1,212	1,235	1,101	822	928	977
Motorhome (Type B)	1,691	1,443	1,677	1,653	1,197	1,651	1,371	1,466	1,047	768	995	1,348
Motorhome (Type C)	2,408	2,007	1,822	1,886	1,984	2,812	2,647	2,622	1,795	1,546	2,365	2,314
Total Motorhomes	5,552	4,892	4,921	4,951	4,292	5,757	5,230	5,323	3,943	3,136	4,288	4,639
ALL RVs	64,454	57,043	50,529	44,793	29,647	33,783	28,333	32,652	24,445	19,907	20,405	24,903

The Recreational Vehicle Association and Cushman & Wakefield Valuation & Advisory

Industry Outlook

RV SHIPMENTS DATA

The demand for RV and boat storage facilities is in part dependent on the shipment and sales of RVs. The RV dealer industry had a record year in 2021 as dealers averaged roughly 50,000 shipments per month, increasing sales activity. At the end of 2021, shipments of RVs beat the forecast by the Recreational Vehicle Association (RVIA) and total shipments of RVs increased 39.4% over 2020's year-end total of 430,412 units. This would mark an 18.9% increase over the previous historical high of 504,600 set in 2017.

In early 2022, shipments of RVs continue to display robust market trends as millions of consumers head to campgrounds and RV parks across the nation. Through June 2022, RV shipments totaled approximately 324,000, rising by 7.8% over the previous year. However, by year-end, overall shipments were down 17.9% year over year as rising interest rates, elevated fuel costs, and fears of inflation reined in discretionary spending. This downward trend continued through the first two months of 2023, with total RV shipments ending the month with 26,326 wholesale shipments, down -51% from February 2022. To date, RV shipments are down 56.4% compared to the same timeframe last year at 46,731 units.



324,000

SHIPMENTS THROUGH
JUNE 2023

Up 7.8%
from previous year



26,325

SHIPMENTS THROUGH
FIRST 2 MONTHS OF 2023

Down 51%
from previous year



46,731

SHIPMENTS TO DATE

Down 56.4%
from previous year

Investment and Development Landscape of RV and Boat Storage

The surge in ownership of major personal recreational equipment has created high demand for specialized storage of RVs, boats, and other equipment. RVIA reports that RV owners use their vehicles 25 days annually, while boat owners use their boats 54 days per year, necessitating storage in close proximity to their homes. With low competition, tenants tend to remain in place long term, and the low overhead associated with operating RV and boat storage make this an attractive property type for investors.

SALES OF RV AND BOAT STORAGE FACILITIES

While RV and boat storage facilities are traditionally owned by “mom-and-pop” operators, institutional investors are beginning to enter the market. According to data published by Yardi Matrix, which tracks the performance of self-storage properties in the U.S., RV and boat storage properties accounted for \$556.1 million in sales in 2022, marking a year-over-year increase of 46.4%. Yardi Matrix reports that this increase is in part due to rising prices, with the average sale price per acre of these facilities being \$661,000 in 2022, which is a 53.6% increase from 2021.

The following table detail significant sales of RV and boat storage facilities in the U.S. since 2021:

Notable RV and Boat Storage Sales Transactions						
2021-2023						
Sale Date	Property	City/State	Seller / Buyer	Acres	Units	Sale Price
11/21/2021	RV Storage Depot (601 Hillview Drive)	Altamonte Springs, FL	Hattaway Holdings / RanchHouse, Ramser and Saunders JV	55	1,800	\$25,200,000
11/16/2021	The Boat Rack (3411 Percy Priest Drive)	Nashville, TN	STI Arrington Storage Inc. /BlueGate Boat & RV Storage	9	234	\$10,850,000
02/28/2023	Prime Storage (7013 State Highway 303 NE)	Bremerton, WA	Washington Mini Storage / Prime Group Holdings	10	376	\$8,800,000
10/14/2022	Heartland Logisitics (24105 W 43rd Street)	Shawnee, KS	Fisher Designworks LLC / RecNation	10	725	\$5,500,000
04/13/2023	Class A Storage (26132 US-98)	Elberta, AL	Class A Storage / A-Affordable Boat & RV Storage	16	135	\$1,855,000

Source: CoStar Group Inc. and Cushman & Wakefield Valuation & Advisory



DEVELOPMENT OF RV AND BOAT STORAGE FACILITIES

With limited inventory of properties for sale, developers have broken ground on new RV and boat storage facilities in recent years and new facilities are in the works throughout the U.S. For example, in the West, the Santa Maria Planning Commission in California approved permits in December 2022 for the construction of the 3.3-acre, 129-unit Preisker Lane RV storage facility; and in October 2022, construction commenced on the new five-acre Coppertop Storage boat and RV storage facility in the Puget Sound area of Washington.

Additionally, in the Southwest, National Indoor RV Centers is building a new 130,000-square-foot, 260-unit facility outside of Phoenix, where the company will also have capacity for sales and service. In the Midwest, work on the \$250 million Adelaide Pointe commenced in late 2022. This mixed-use development will include condos, a restaurant, a marina, boat sales, and RV and boat storage on 30 acres in Muskegon, MI.

In the Southeast, construction wrapped up in the first quarter 2023 on a luxury storage development in Vero Beach, FL. This project marks the third completed in the area for owners with luxury RVs, big boats, car collections, and other high-end recreational purchases. Six additional projects are in the works in the immediate market which will bring over 200 more units to wealthy clients of this lower supplied area.



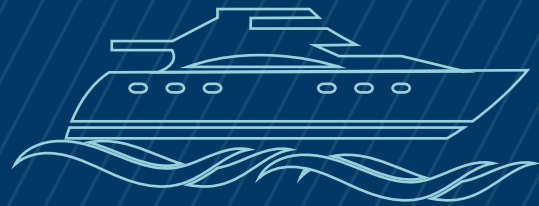
Summary

As RV dealers continue to promote a balanced and active lifestyle, RV ownership has reached a historic level. Over nine million households now own a recreational vehicle, and sales are expected to increase as baby boomers—currently aged 59 to 77 years—continue entering into retirement. Further, younger buyers have embraced the RV lifestyle, with Gen X and Millennial buyers entering the market. Similarly, boat sales increased throughout 2020, 2021, and 2022, increasing the need for storage of this recreational equipment.

Over the five years to 2028, industry revenue is expected to continue to expand for both RV and boat dealerships, albeit at a slower rate, as industry conditions normalize following the historic peaks reached over the years prior to 2022. Growth will likely be mitigated by a combination of factors. Alleviating pandemic concerns are likely to lead to booms in domestic air travel as consumers fulfill pent-up demand for vacations deterred by the pandemic. Additionally, expected interest rate hikes, supply chain disruptions, and threats of inflation are likely to deter purchases of luxury RVs. However, existing owners of RVs, boats, and other large recreational equipment will continue to require storage, making the outlook for RV and boat storage facilities strong.



OVER 9 MILLION
HOUSEHOLDS
now own a recreational vehicle



BOAT OWNERS
use their vehicles

54 *days*
annually



RV OWNERS
use their vehicles

25 *days*
annually

**Source: RVIA*



Questions? Contact us! We're here to help.

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