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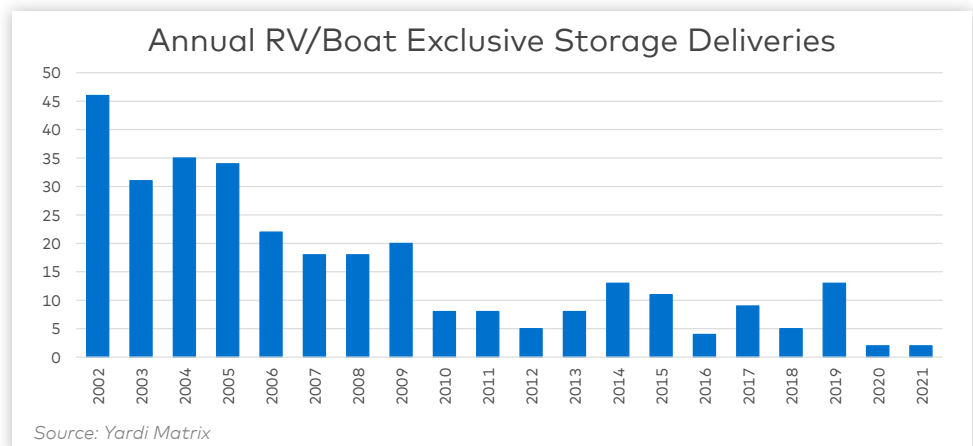
Post-Pandemic Recreation Trends Boost Niche RV/Boat Exclusive Storage

Americans' increasing use of recreational vehicles and boats—in part compounded by the pandemic—is expanding demand for storage facilities that exclusively target that market.

Sales and usage of RVs and boats hit new highs in 2021 as Americans looked for ways to travel and recreate while avoiding crowds. The need to store these vehicles served to increase demand for RV/boat exclusive storage facilities, which are typically on large plots of land to facilitate storage of large objects. The growth in the segment prompted Yardi Matrix to create a database of RV/boat exclusive storage facilities as a supplement to its database of self storage properties, which is the largest in the U.S.

Yardi's database encompasses 786 completed RV/boat exclusive storage properties in the U.S. with 6,850 acres of space and another 35 facilities that are in the development pipeline. Metros with the largest amount of RV/boat storage include Denver, San Francisco, Dallas, Houston and Phoenix. These metros have large populations and are within proximity to parks and campgrounds, RV rental facilities, waterways and large populations.

Although it remains relatively small compared to other niche segments of commercial real estate, the industry registered record-high capital flow in 2021, a sign that investors are increasingly taking notice. Some \$157.7 million of RV/boat exclusive facilities were sold in 2021, almost triple the previous annual high.



RV and Boat Usage on the Rise

Data from industry trade groups demonstrates the growth in ownership and usage of RVs and boats. RV wholesale shipments reached a record 600,240 in 2021, up 39.5% over the 430,412 units shipped in 2020 and surpassing the prior record set in 2017 of 504,599 shipments, according to the Recreational Vehicle Industry Association.

An RVIA study found RV ownership has increased more than 62% over the last 20 years, with a record 11.2 million RV-owning households, split almost equally between those over and under the age of 55. There has been significant growth among 18-to-34-year-olds, who now make up 22% of the market. Some 9.6 million households say they intend to buy an RV within the next five years.

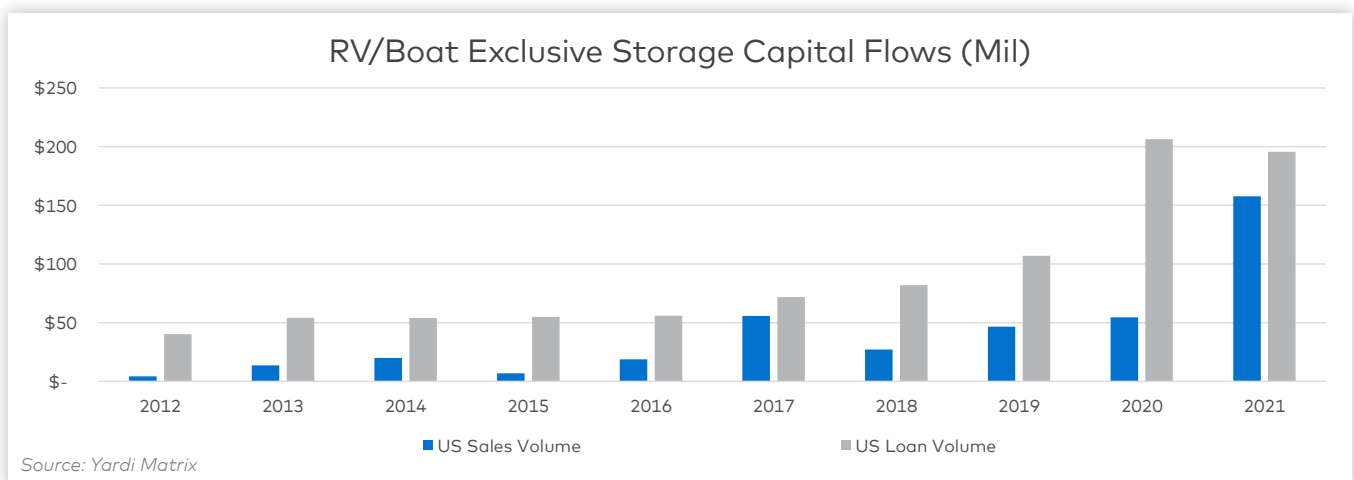
Nearly a third of the respondents in the RVIA study (31%) are "first-time owners," underscoring the growth of the industry in the past decade. Ownership is spread widely across age levels, genders, household income and education. RV usage has traditionally been thought to be concentrated in older Americans, but an increasing number of Millennials and Gen Z Americans are participating. The survey found 84% of 18-to-34-year-olds planning to buy another RV, with 78% preferring to buy a new model.

Likewise, the acquisition and use of boats is growing. According to the National Marine Manufacturers Association, new powerboat retail unit sales are expected to surpass 300,000 units for the second consecutive year in 2021. Sales in 2021 are expected to be down slightly from 2020, the previous record high, but will be 7% above the five-year average. The NMMA projects 2022 sales will surpass 2021 totals by as much as 3%.

Consumer interest and demand for boating are rising as Americans seek out accessible outdoor and leisure activities, with travel still impacted by COVID-19. "The pandemic created shifts in how Americans prioritize their time, and boating is an activity they're doing with family and friends to escape from stresses on land, all while creating fun and adventure," NMMA president Frank Hugelmeyer said.

Pandemic Exacerbated Trends

Americans have long had a love affair with RVs and boats, and the RV/boat exclusive storage segment has been around for decades. But like many other developments involving work and migration, the pandemic has created behavioral changes and exacerbated some existing trends.



Foremost among the reasons is the desire to travel and have recreational experiences without crowds. Over the last two years, many Americans avoided airplanes and other forms of public transportation in favor of ground travel. RVs provide the ability to go places and see things without crowded transportation or hotels.

Another driver of the growth in RV and boat sales is the healthy balance sheets of households as people stopped spending while sheltering in place and collected stimulus checks from the federal government. Gross household savings climbed by several trillion dollars in 2020 and 2021, giving people the wherewithal to buy big-ticket goods. Rising home prices also helped provide significant nest eggs for downsizing empty-nesters and retirees, long the prime demographic for RVs, who sold homes and used the windfall to buy smaller homes, sometimes paired with recreational vehicles for vacations.

Younger Americans also got into the act. The pandemic helped stoke a growing appreciation for recreation and travel to rural settings. What's more, some found that they could work from remote locations, which means they can live in RVs and work, not just use them for travel. "This is indicative of the changing attitudes towards remote work and the ability for more people to be able to work from a destination more frequently than traditional vacation days afforded in the past," according to the RVIA.

Yet another development advantageous to RV/boat exclusive storage demand is the growth in Airbnb-type online apps, which enable RV owners to rent vehicles that are parked in storage facilities. The RVIA notes that median annual usage of RVs is 25 days a year, which means that many vehicles are in storage the vast majority of the year. Renting stored vehicles can generate significant income for owners.

RV/Boat Exclusive Properties by Metro

Market	RV/Boat Storage Property Count
Denver	47
Houston	45
San Francisco	39
Inland Empire	36
Los Angeles	35
Dallas	34
Phoenix	24
Sacramento	20
Tampa	18
Seattle	17
Atlanta	15
Orlando	14
San Antonio	13
Austin	13
Charleston	12
Portland	12

Source: Yardi Matrix

RV/Boat Exclusive Acreage by Metro

Market	RV/Boat Storage Total Acreage
Denver	596.6
San Francisco	420.4
Dallas	345.7
Houston	302.9
Phoenix	299.3
Inland Empire	246.5
Los Angeles	202.3
Atlanta	198.0
Sacramento	184.2
Charleston	183.4
Orlando	172.3
San Antonio	99.4
Seattle	92.9
Portland	81.5
Tampa	80.7
San Jose	75.8

Source: Yardi Matrix

Yardi's Property Database

RV/boat exclusive storage facilities have different characteristics than traditional self storage properties. They cover more territory, given the need to store large vehicles, so Yardi tracks them by acreage. Many RV/boat exclusive facilities have canopies and structures for storage, but not all do. Some facilities house both RVs and boats, but others focus on one or the other. It depends to some degree on location. Facilities on waterways naturally cater more to boats.

Storage facilities that cater to RVs tend to be located on the outskirts of metro areas, in part because the amount of space needed would not be cost effective in areas where land costs are high. Also, RV users like to pick up their vehicles on their way to their destinations so they can avoid crowded suburban roadways. Some properties have facilities that allow RV owners to live on site.

Yardi's national database of RV/boat exclusive storage facilities covers 786 properties with 6,850 acres of land. Newer facilities generally have more structures and amenities. Deliveries of RV/boat exclusive properties was highest in the 2000s decade. Some 224 properties in the Matrix database were delivered between 2002 and 2009, and only 88 have been delivered since 2010.

The decline in new supply can partly be attributed to the lack of financing available in the wake of the global financial crisis. Between 2012 and 2017, financing activity for RV/boat exclusive facilities averaged \$55 million per year, according to Matrix. Since then, however, an average of \$147 million

has been financed, including roughly \$200 million per year in 2020 and 2021. Property sales totaled \$157.7 million, well above the record \$55.8 million in 2017, per Matrix.

Yardi's database finds that Denver leads metros in RV/boat exclusive storage in acreage with 596.8, followed by San Francisco (420.4), Dallas (345.7), Houston (302.9) and Phoenix (299.3). Denver also leads with 47 properties, followed by Houston (45), San Francisco (39), the Inland Empire (36) and Los Angeles (35).

Growing Niche Sector

Recreational vehicles and boats are a durable part of the American experience, and economic and social trends indicate that is likely to intensify in coming years. As sales of RVs and boats grow, the demand to store the vehicles is likely to increase. Traditional self storage facilities have limited space and amenities to store RVs and boats, which means that demand for RV/boat exclusive facilities will likely grow as RV and boat sales rise.

Growth of RV/boat exclusive facilities might be constrained by the cost of land, the amount of acreage needed to house vehicles and the fact that the facilities are geared toward specific objects as opposed to general usage. At the same time, the growing demand from RV and boat sales combined with the limited amount of supply means the segment's fundamentals should remain healthy, even in volatile economic times.

Paul Fiorilla, Director of Research

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