



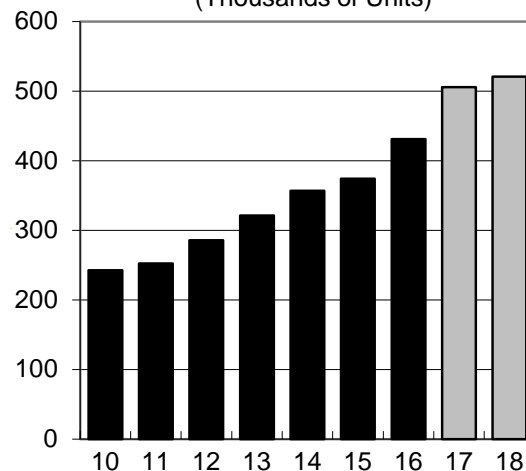
RVs Shipments Sizzle

RV shipments have continued to grow at a record setting pace. RV shipments in the 3rd quarter of 2017 totaled 121,565 units, soaring 24% above last year's 3rd quarter, to the highest level in more than four decades. Moreover, the pace of shipments in the first three quarters of 2017 has been the highest since the early expansion of the industry in 1973. Conventional and fifth-wheel travel trailers accounted for 92% of the year-to-year increase in shipments, although type C motorhomes and truck campers posted large percentage gains from a year ago.

RV shipments are expected to total 505,600 in 2017 and to increase to 520,700 in 2018. This represents an outstanding achievement for the RV industry both in terms of breaking the 500 thousand mark as well as establishing a record number of consecutive years of expansion. Conventional and fifth-wheel travel trailers are expected to account for a record 85% of all shipments in both 2017 and 2018. Shipments of type C motorhomes are expected to top any prior year since 1980 in both 2017 and 2018.

Rising interest rates are expected over the forecast horizon. Although each increase will be

RV Shipments Forecast
(Thousands of Units)



modest, the cumulative impact will become more noticeable by year-end 2018. Job and income prospects are expected to remain favorable even if the unemployment rate edges slightly above its current lows in late 2018. Modest increases in home and stock values can be expected, although the inflation-adjusted gains are anticipated to be smaller in 2018 than in 2017. Geopolitical risks are not anticipated to impact the domestic economy.

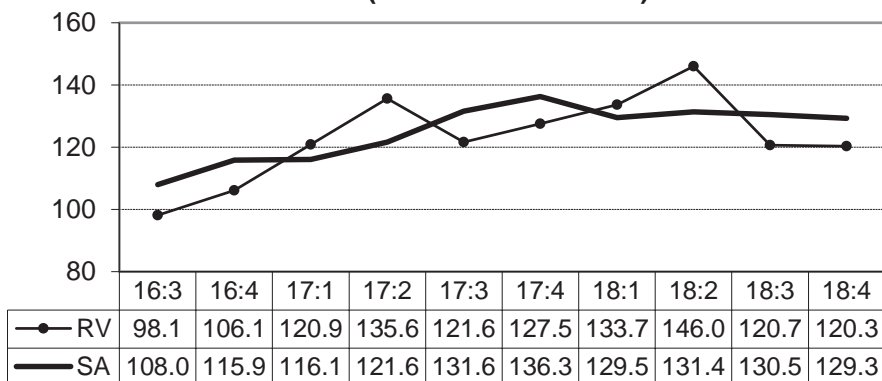
Vigilant Optimism

The economic climate has rarely been as favorable for the purchase of RVs. Economic, demographic, and consumer preferences all point toward a continued expansion in RV sales. This positive outlook is largely due to the ability of the RV industry to produce affordable units that appeal to all generations, meeting a broad array of recreational interests. To be sure, the recent growth rate of 24% will not continue, and economic and political uncertainties cloud the horizon. Some have become increasingly cautious given that the recent lows in interest rate, inflation and unemployment can only increase in the future. The current forecasts incorporate these trends and still produces expected gain in RV shipments in 2018. There is no denying, however, that as the expansion moves into its ninth year an increasing degree of vigilance will be required. The primary challenge will be to maintain the right mix of units with features that match the ongoing shifts in market demand across the generations of established as well as new market entrants. Moreover, such an optimistic but vigilant outlook will become the trademark of successful RV companies as they proactively adapt to changing market conditions in the years ahead.

RV roadsigns

RV Quarterly Shipment Forecast

(Thousands of Units)



RV Shipment Forecast By Category

Year	Travel Trailer	Fifth Wheel	Folding Camping	Truck Camper	Motorhome Type A	Motorhome Type B	Motorhome Type C	Total RV
2014	222.6	76.4	10.8	3.0	21.9	3.0	19.1	356.8
2015	239.3	75.1	9.2	3.3	21.9	3.3	22.1	374.2
2016	282.3	80.4	10.2	3.1	22.7	4.1	28.0	430.7
2017	338.0	94.0	9.1	3.0	23.0	5.3	33.2	505.6
2018	346.6	96.4	9.0	3.2	24.6	5.6	35.3	520.7

Forecasting Shipments of Supplier Industries

Suppliers and other businesses related to the RV industry can utilize the data to forecast their own quarterly shipments. Multiply your total 2016 shipments by the “Forward Forecasting Factors” for an estimate of your quarterly shipments. If you supply production related material you may need to advance your forecasts by one or two quarters; if you supply after-market materials, you may need to lag your forecasts. To determine if this method is suitable to your business and the timing of your forecast, use 2016 shipments to “backcast” your shipments based on the “Backward Forecasting Factors.” A reasonably close approximation means that this method is appropriate for forecasting your shipments.

Forward Forecasting Factors

Qtr.	2017	2018
1	0.281	0.311
2	0.315	0.339
3	0.282	0.280
4	0.297	0.279

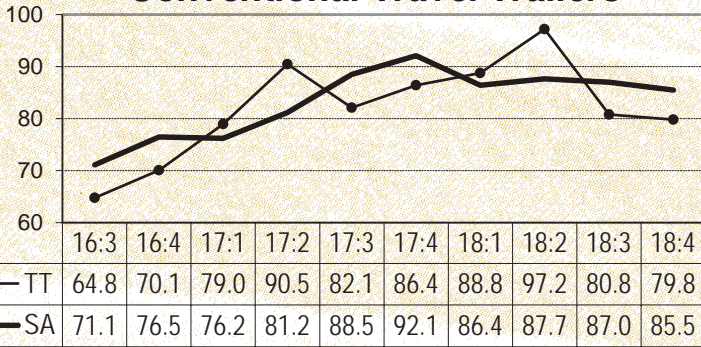
Backward Forecasting Factors

Qtr.	2014	2015	2016
1	0.209	0.225	0.251
2	0.237	0.245	0.274
3	0.184	0.191	0.228
4	0.198	0.207	0.247

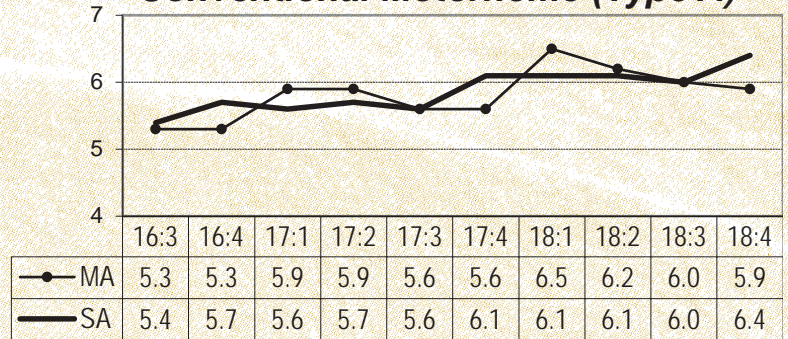
Quarterly Shipment Forecasts By Type of RV

(Actual: 2016:3 – 2017:2. Forecast: 2017:3 – 2018:4. Thousands of Units.)

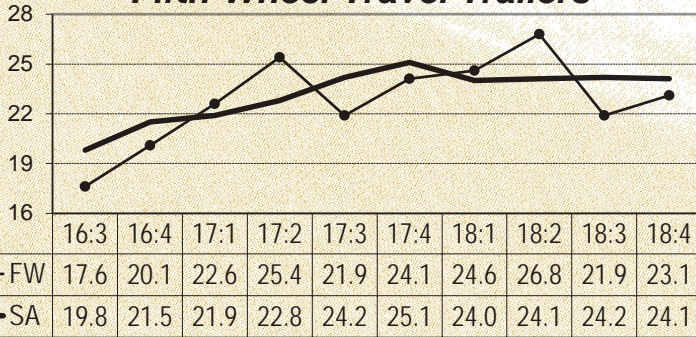
Conventional Travel Trailers



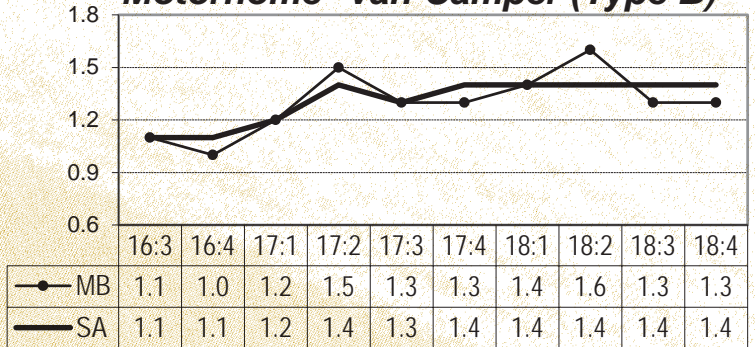
Conventional Motorhome (Type A)



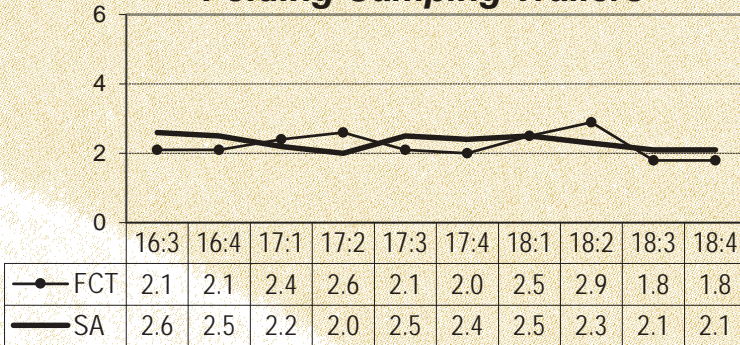
Fifth-Wheel Travel Trailers



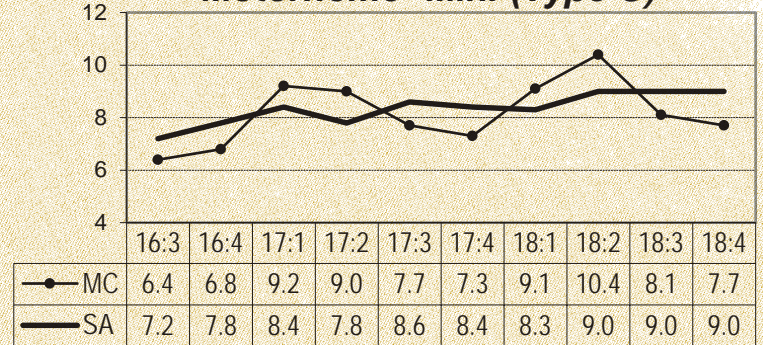
Motorhome--Van Camper (Type B)



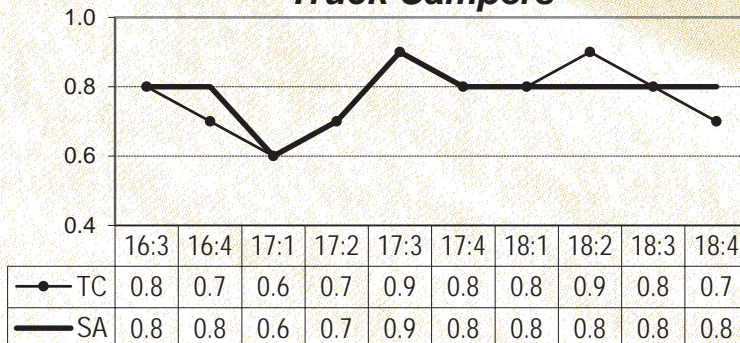
Folding Camping Trailers



Motorhome--Mini (Type C)



Truck Campers



Unadjusted and Seasonally Adjusted Data:

The first row in each table gives the quarterly shipment forecast in thousands of units for each type of RV; the second line gives the seasonally adjusted quarterly estimate. Unadjusted data provides estimates of actual shipment levels, while seasonally adjusted data provides a better gauge of underlying market trends. To calculate the seasonally adjusted annual rate, multiply the quarterly estimate by four.

Other Relevant Forecasts

Gross Domestic Product

Inflation adjusted GDP rose by 3.0% in the 3rd quarter of 2017, between the 3.1% in the prior quarter and 2.8% in last year's 3rd quarter. GDP is expected to rise by 2.3% for 2017 as a whole, and to 2.6% in 2018. Business investment and personal consumption will drive GDP higher in 2018.

Personal Disposable Income

Inflation adjusted personal disposable income rose by 0.6% in the 3rd quarter, well below last quarter's gain of 3.3% and more comparable to the 0.7% in last year's 3rd quarter. Strong gains in employment and modest increases in wages are likely to persist in 2018. Real personal income is expected to grow by 1.4% in 2017 and rise by 2.5% in 2018.

Personal Consumption

Real personal consumption rose by 2.4% in the 3rd quarter of 2017, down from 3.3% in the 2nd quarter and the 2.8% in last year's 3rd quarter. Spending gains were due to a reduced saving rate, falling to 3.4% in the 3rd quarter of 2017, down from 4.8% a year ago. Real personal consumption is expected to grow by 2.6% in 2017 and by 2.7% in 2018.

Housing Starts

Seasonally adjusted housing starts totaled 1.2 million units in both the 2nd and 3rd quarters of 2017, and are expected to remain at that same level for 2017 as a whole, and then rise slightly to 1.3 million units in 2018.

Light Vehicle Sales

Sales of cars and light trucks totaled 17.1 million units in the 3rd quarter of 2017, between last quarter's 16.8 and 17.2 million units in last year's 3rd quarter. Light vehicle sales are expected to total 17.1 million units in 2017 and 17.0 million in 2018.

Population Trends

RV sales will continue to benefit from the aging baby-boomers as well as millennials. The number of consumers between the ages of 55 and 74 will total 79 million by 2025, 15% higher than in 2015, and the number between age 30 and 45 will total 72 million by 2025, 13% higher than in 2015.

RV Shipments Yr/Yr Growth Rates

Some companies utilize yr/yr growth rates (the change in shipments in a 12-month period compared with the prior 12 months). The data below extends those forecasts to the end of 2018. Across all types of RVs, the annual rate of growth remains robust during the forecast horizon. The yr/yr growth rate is projected to rise to 17.4% in 2017 and remain at a still respectable 3.0% by the end of 2018.

RV Shipments Yr/Yr Growth Rates

Qtr.	2016	2017	2018
1	5.9	15.0	17.0
2	8.3	15.8	14.8
3	11.6	17.2	9.0
4	15.1	17.4	3.0

**RV
roadsigns**

Richard Curtin is the Director of the Surveys of Consumers at the University of Michigan. He has conducted research on the RV market since 1979 for the RVIA. Dr. Curtin is solely responsible for the forecasts and opinions expressed in this publication. The RVIA furnished the data on RV shipments and handles the printing and distribution of RV RoadSigns.

