American Recreation Coalition

Dedicated to the protection and enhancement of everyone's right to health and happiness through recreation.

OUTDOOR RECREATION OUTLOOK 2008

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Outdoor recreation is a large and varied force in the leisure choices of the American public. Generating at least $300 billion in estimated annual spending, outdoor recreation is shaped by America's public lands and waters – covering one-third of the surface of the nation. The outdoor recreation industry is dominated by small, responsive businesses providing a large variety of recreation products and services, ranging from campsites to marinas, from fishing guide services to whitewater rafting.

In general, recreation spending has climbed more rapidly than the CPI and most other core economic measures for a generation, although participation in specific outdoor recreation activities has been more mixed. Traditionally, participation has been influenced short term by weather and the economy, but longer trends – including an aging population and growth in the proportion of minority populations – have also shaped participation.

The following information provides an overview of key recent trends and expectations:

National parks: While national parks are regarded as the icons of outdoor recreation in America, the nearly 400 park units actually receive less visitation (less than 300 million visits annually) than other federal recreation systems such as recreation sites managed by the U.S. Army Corps of Engineers (some 400 million visits) and the Forest Service (more than 300 million visits). Nonetheless, national park visitation is an important indicator of public interest in the outdoors. After flat and declining levels of visitation for two decades, 2007 visits are running slightly ahead of the prior year and forecasts for 2008-2010 are for increased visitation. Factors influencing this prediction include increases in international visitation to the US – in part fueled by the valuation of the dollar versus other currencies – and increasing international promotion efforts of the US tourism industry. Overnight stays in parks are up, according to the businesses managing accommodations in parks as concessioners. Moreover, there is excitement about planned significant increases in park spending on visitor services between 2008 and 2016, the centennial of the National Park Service. The Bush Administration has proposed an increase of 3,000 seasonal employees to add more interpretation and other visitor services and a 10-year boost in spending that could total $4 billion, including encouragement of new matching-dollar spending by foundations, non-federal governments and corporations – and the Congress seems very likely to deliver needed authority for the spending boost.

Other federal, state and local recreation sites: Federal land managers have reacted strongly to the warnings of author Richard Louv in ***Last Child in the Woods*** and are actively encouraging visits by children and families to counter a warning of diminished health and lowered interest in the environment as a consequence of the increasingly indoor pattern of leisure time use by America's youngest age group. From podcasts for national parks available on line from iTunes to matching grants to help underwrite outreach programs for youth, we are seeing evidence of active efforts to stimulate visitation. Similar efforts at the state and local levels are also occurring – such as Connecticut's Great Park Pursuit, modeled after the television show Amazing Race –

and successful programs are expanding. The incentive in many cases is obvious: many state and local park agencies depend upon collected fees for operational budgets. At the same time, public and nonprofit entities interested in healthcare and healthcare costs are also encouraging additional recreation site usage.

Private recreation facilities: Private campgrounds are experiencing a very strong 2007 and project continued strength for the next two years. There appear to be changes underway – including a trend toward close-to-home destinations and longer stays. Overall, industry data suggest a 3-5% climb in campsite occupancy rates. Industry leader KOA reports important technological advances in reservations and forecasting ability and, for 2007, the highest revenues and revenue growth in its 45 year history. Camper nights for same camps are up 3.2% over 2006 through August with the highest growth in the Mountain North, with growth exceeding 10%. KOA concludes: “Campers camped more, traveled to both local and distant locations and expressed no overriding travel restrictions due to fuel prices [in 2007] ... Of significance, 15% of our campers were first timers to KOA, a 16 year high!” And the campground industry foresees continued strength through 2012, citing RV industry research at the University of Michigan predicting continued growth in the RV/camper population segment. Moreover, the industry anticipates a significant climb in 2008 in visitors from Canada due to the advantageous exchange rates – a trend which will be most noticed in the “snowbird camper belt” of southern states.

Winter was once a season to flee or hide from. No more. Tens of millions of Americans now welcome the availability of better insulated clothing and exciting destinations in the snowbelt for outdoor fun. United States ski areas hosted 55.1 million visits, the 6th highest year ever. While down 6.5% from the previous year, skier visits over the past 10 years have remained at a new higher plateau. Encouraging signs include continued participation much later in life by today’s skiers and growth in snowboarding, which attracts a younger and more culturally diverse clientele. The growth in winter destinations continues strong, leading to optimism about the next two years. Concerns about snowfall, though, remain high and have led the ski and snowmobile industries to be active in discussions about global warming. For snowmobiling, the industry dollar sales volume was up slightly in 2006-2007, although unit sales were down 8%. Industry sources note that new environmental controls have boosted average prices on new units above $8,000 – and have created a vigorous used snowmobile market and boosted sales of parts and accessories. State registrations of snowmobiles remain over 1.6 million – showing a first-ever drop from 1.7 million and largely reflecting big drops in the Northeast, where snow conditions were very poor until late in the season. The network of snowmobile trails continued to climb, exceeding 200,000 miles in maintained public trails in the US. 2007-2008 preseason sales and attendance at early consumer shows have been up strongly, leading industry execs to forecast a good year in 2008.

RVs and Boats: One of the largest segments of the recreation industry is recreation vehicles. The industry hit a 30-year record in 2006 of 390,500 units. 2007 units are projected at 361,400, and 2008 forecasts are for shipments of 372,700 units. The RV industry has enjoyed a strong decade of sales driven by the nation’s demographics. Moreover, the industry experience is that higher fuel prices, volatility in real estate markets and rising credit standards have had only a limited impact on the market for RVs. The emergence of new hybrid vehicles with significant towing capacity is seen as another positive sign for this industry over the next five years. Unquestionably, the industry's award-winning Go RVing campaign is also a positive force in the marketplace, increasing consumer awareness of the diversity of units and the range of leisure pursuits enhanced by RVs. One noteworthy shift has occurred in recent years: the fastest growth segment has been in units often referenced as "toyboxes" – where a rear compartment of the RV houses additional recreational equipment ranging from mountain bikes to ATVs to kayaks and personal watercraft.

Boats, too, are a big force in the recreation business and, after several years of essentially stagnant sales, there are emerging signs generating optimism. As with RVs, boat manufacturers have underway multi-million dollar promotional campaigns. The first focuses on fishing, through the Recreational Boating and Fishing Foundation, while the second is Discover Boating and is run by the industry trade association. Moreover, the National Sporting Goods Association's survey of recreational participation placed power boating as the highest gaining activity in 2006 – up 6.2%

Adventure Sports: The pattern in active travel has been for stronger demand for adventure and active travel in areas with strong destination appeal or near growing urban population areas. In 2006, raft trips in Colorado had rebounded to within 4% of the peak years of the late 90's. Demand is weaker for remote, rural trips. Some companies are bucking this trend by promoting specialty tours that are off the beaten path to undiscovered areas. International travel to Central and South America continues to grow, with demand outpacing many similarly priced U.S. trips. Costa Rica leads the way with Panama, Peru and Chile all developing strong destination appeal. Those countries are aggressively seeking U.S. travelers and tour operators and often seem more open and inviting than federal lands managers in our own country.

Summary: The general outlook for the outdoor recreation industry in 2008 is good, with expectations that participation in most recreation activities, including those involving travel, at or above 2007 levels. Sales of certain recreation products may be constrained by economic factors, including erosion of real estate wealth in some markets and higher credit standards, but recent actions by the Federal Reserve are likely to have a positive impact on both interest rates and consumer attitudes toward purchases of recreation items such as boats and RVs.

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