



RAY WHITE CAPITAL
SINCE 1902

PAWSITIVE RETURNS:

HOW RISING PET OWNERSHIP IS TRANSFORMING
THE REAL ESTATE MARKET





INTRODUCTION

THE RAPID PACE OF PET OWNERSHIP GROWTH IS A GLOBAL DEMOGRAPHICS MEGATREND DRIVING SIGNIFICANT DEMAND FOR SPECIALISED PET ACCOMMODATION SERVICES.

The global pet boarding industry encompasses a wide array of services designed to care for pets, primarily dogs and cats, in the absence of their owners. This sector includes services such as overnight boarding, daycare, grooming, training, and even pet transportation. Over the past decade, the pet boarding industry has evolved from a simple kennel service to a multi-faceted industry offering a variety of premium services aimed at providing comfort, security, and entertainment for pets.

In response to shift in demand for pet care services, institutional real estate investors are taking a closer look at this sector, which has historically remained highly fragmented, but is now being consolidated into professionalised, multi asset platforms.

The rising trend of pet ownership, particularly in urban areas, has spurred the growth of the pet boarding industry. With an increasing number of people viewing their pets as part of the family, the demand for high-quality pet care services has surged. This industry has also been influenced by the growing awareness of animal welfare and the desire for convenience among pet owners who seek reliable and trustworthy boarding options.

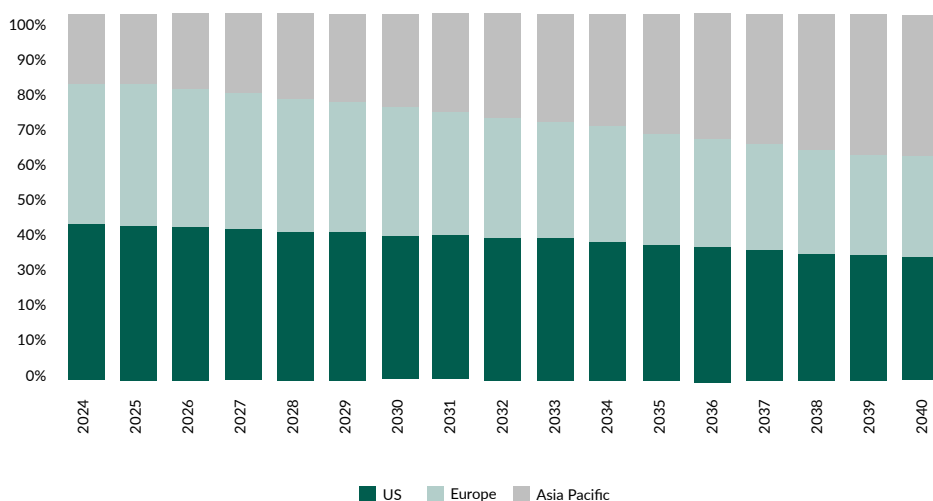
Pet boarding services have become a crucial part of the pet care ecosystem, providing solutions for pet owners who travel frequently or have demanding work schedules. These services ensure that pets receive the necessary care, exercise, and social interaction while their owners are away, thus preventing issues related to isolation, stress, and inactivity.

The importance of pet boarding extends beyond mere convenience. As pet owners become more concerned with the well-being and happiness of their pets, the industry has responded by offering a range of services that cater to these needs. This includes personalised care plans, luxury accommodations, and even pet spa treatments. The emphasis on quality and the ability to customise services have become key differentiators in a competitive market.

The pet resort sector remains highly fragmented, with 98% of the market in Australia, US and Europe in the hands of private operators. The big opportunity for real estate investors in this sector is to consolidate and streamline operations across multiple facilities. Improving their profitability, operational performance and quality of accommodation at scale. Given the high barriers to entry into this sector from a licensing point of view, it is our view that the roll of up existing facilities, in deep, established markets where outsized property returns of over 20% can be found.

The outlook for the sector points to continued demand growth over the next decade, with the industry growing at a compound growth rate of 7% globally. However, there will be significant regional divergence, with Asia Pac generating the lion's share of this growth, as household wealth and pet ownership levels rise faster than in Europe and North America. We are forecasting Asia Pac to become the dominant pet accommodation market by 2040. Closer to home, the Australian pet resort market is anticipated to double in annual revenue by 2030 from AUD 681 million to AUD 1.25 Bn by 2030. Australia will have one of the largest, most sophisticated and professionally managed pet accommodation offerings outside of the USA and Western Europe, making the sector a key target for domestic and international investors.

FORECAST MARKET SHARE CHANGE BY REGION - 2024-20240



In this paper we look at what is driving the demand for pet accommodation, how different regions are operating and responding, and where the growth opportunities lie over the coming decade to capitalise on this trend.

WHAT IS DRIVING THE DEMAND FOR PET ACCOMMODATION SERVICES?

THE RISING COST OF PET OWNERSHIP IS INDICATIVE OF A LARGER CULTURAL TREND WHERE PETS ARE NOW SEEN AS FULLY FLEDGED FAMILY MEMBERS AS OPPOSED TO MERE PETS. PEOPLE ARE MORE LIKELY TO PRIORITISE SPENDING ON THEIR PETS' WELL-BEING AS THEY BECOME WEALTHIER AND MORE URBANISED, WHICH INCLUDES BUYING THEM UPSCALE FOOD, HIGH-QUALITY MEDICAL CARE, GROOMING, AND ACCESSORIES.

Pets provide companionship and emotional support, especially in stressful or solitary moments. More people are realising the advantages of having pets as mental health awareness is increasing, which is expected to drive the spending by consumers on pet-related products and services.



For instance, in November 2023, the U.S. Bureau of Labor Statistics conducted a study tracking expenditure on pets over 8 years (from 2013 to 2021). The study revealed that there was a 77.9% rise in spending on pets in the U.S. This study also concluded that compared to total spending, average annual income, and other entertainment expenses, pet expenses rose more quickly. Pet expenses increased even as overall spending and average yearly income declined. According to data published by Hepper in January 2024, pet ownership increased during the pandemic, with 59% of UK households now owning at least one pet and many owning two or more.

As a result, an estimated USD 10.1 billion is spent annually on food and treats for pets, in addition to USD 1.3 billion on pet insurance and USD 5.1 billion on veterinary care & other services.

According to the American Pet Products Association, Inc., pet parents spent an estimated USD 37 billion on vet care and product sales in 2023. This number is notably greater than the USD 35.9 billion vet care & product sales estimated in 2022.

Boarding services provide a reliable solution for pet care when owners are travelling or unable to care for their pets due to work or personal commitments. The demand for superior, individualised pet boarding services that attend to owners' particular preferences and pets' needs has increased due to the rise in pet expenses. These services include overnight stays, cage-free pet boarding, and customised care for senior or special needs pets.



A GLOBAL LACK OF PET FRIENDLY TRAVEL OPTIONS

The growing trend of pet humanisation, where pets are seen as family members rather than possessions, combined with a lack of pet-friendly travel options, has significantly increased the adoption of pet boarding services. As pet owners prioritise their pets' well-being and struggle to find suitable travel accommodations, they turn to professional boarding facilities that offer specialised, high-quality care. This shift has led to higher demand for pet boarding services, with many facilities reaching full capacity well in advance of peak seasons, such as holidays and summer. Pet owners are willing to invest in premium boarding options to ensure their pets receive top-notch care, further driving the growth of this market. For example, in developing countries such as India, pet boarding facilities are observing high demand during the festive season, with many pet parents booking stays nearly a month in advance. Owners of pet hostels in metro cities report reaching full capacity well before holidays such as Diwali and Christmas, emphasising the need for early reservations. The lack of pet-friendly travel options often leaves pet parents with no choice but

to use boarding services. To ensure a smooth experience, hostel owners recommend trial stays to help pets adjust, along with sharing essential health and dietary information with the facility.

Furthermore, pet boarding facilities in Ahmedabad, India observed high demand in the summer, with bookings made well in advance due to increased pet ownership post-COVID. The city has observed a surge in professional pet care services, including new dog hostels, reflecting the growing need for reliable pet accommodation. Most facilities are fully booked, especially on weekends, and are operating at near full capacity, with some even adding new rooms to accommodate the influx.

Services now include dedicated kennels, air-conditioned spaces, proper diets, and medical assistance, ensuring pet owners can vacation without concern.

AUSTRALIAN PET RESORT CASE STUDY – PET RESORTS AUSTRALIA EUMUNDI

RWC ACQUIRED THE EUMUNDI PET RESORT IN FEBRUARY 2022 AND ENTERED INTO A MANAGEMENT AGREEMENT WITH PRA TO OPERATE THE SITE, WHICH WAS IMMEDIATELY REBRANDED TO "PET RESORTS AUSTRALIA EUMUNDI-NOOSA".

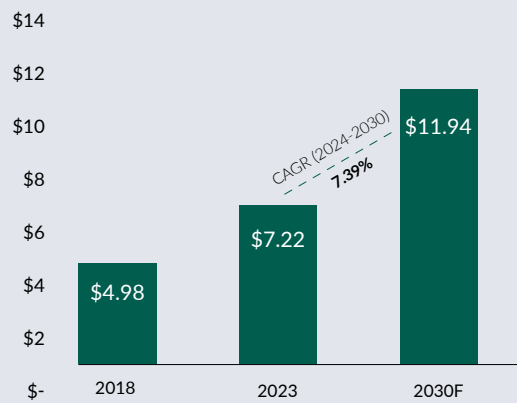
The resort is located in Eumundi Queensland, 17km south-west of Noosa and 18km north-west of the region's main airport at Marcoola. The rationale behind the acquisition of a resort in this location was based on its proximity to Noosa Heads and Sunshine Beach (some of the most affluent suburbs in Queensland), and the lack of premium pet boarding facilities on the Sunshine Coast to cater to this more affluent demographic. There is significant infrastructure spending currently taking place in the region, including: upgrades to the Bruce Highway, the International Broadband Submarine Cable and large master planned communities at Palmview and Caloundra South. Through our partnership with Pet Resorts Australia, they were instrumental in identifying the opportunity for RWC to purchase the site, as pet resorts often trade off market, without the involvement of sales agents. Additionally, through their expertise in managing numerous other locations, PRA was able to articulate the upside potential in the site and devise an operational improvement strategy to grow earnings. This translated to significant financial success in its first year of PRA management and operation. By executing the resorts growth the resort's growth strategy and exceeding RWC's budgeted earnings for its first year of ownership of the site by 93.1%. PRA is also looking at diversifying the facility's income streams, through additional services such as training, daycare and transport offerings.



GLOBAL PET ACCOMMODATION SECTOR OVERVIEW

The global pet boarding market has witnessed significant growth in recent years, driven by the increasing pet ownership rates and the rising disposable income of consumers. According to various market research reports, the industry is expected to continue growing at a healthy pace over the next decade. In 2023, the global pet boarding market was valued at approximately USD 7.22 billion, with projections suggesting it could reach over USD 11 billion by 2030, expanding at a compound annual growth rate (CAGR) of 7.4% from 2024 to 2030.

SIZE OF THE GLOBAL PET BOARDING SECTOR (USD BILLIONS)



The market's growth is underpinned by several factors, including the expansion of the middle class in emerging economies, the aging population in developed countries who seek companionship in pets, and the growing trend of treating pets as family members. Additionally, the COVID-19 pandemic played a role in boosting pet adoption rates, which in turn has increased the demand for pet boarding services.

The pet boarding industry can be segmented based on service type, pet type, and region.

1. SERVICE TYPE

The industry offers a variety of services, including:

Overnight Boarding: The most common service, where pets are housed in facilities for one or more nights.

- **Daycare:** Daytime care for pets, providing them with socialisation and activities.
- **Grooming and Spa Services:** Additional services that enhance the pet's experience.
- **Training:** Behavioural and obedience training offered by professionals.
- **Pet Transportation:** Services that help transport pets to and from boarding facilities.

2. PET TYPE

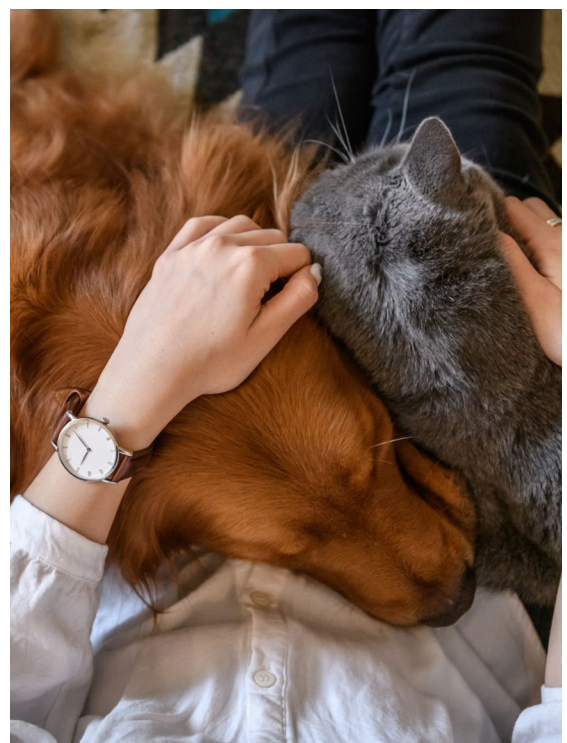
While the majority of services cater to dogs and cats, there is also a growing segment for exotic pets, such as birds, reptiles, and small mammals.

PET OWNERSHIP TRENDS AND IMPACT

PET OWNERSHIP TRENDS HAVE A SIGNIFICANT IMPACT ON THE PET BOARDING INDUSTRY. IN MANY DEVELOPED COUNTRIES, THE TREND OF "PET HUMANISATION" HAS LED TO INCREASED SPENDING ON PET CARE SERVICES, INCLUDING BOARDING.

In the United States, for example, nearly 70% of households own a pet, with dogs and cats being the most popular. This trend is also gaining momentum in emerging markets, where rising incomes and changing lifestyles are leading to higher pet adoption rates.

Moreover, demographic changes, such as the increasing number of single-person households and the aging population, are contributing to the growth of the pet boarding market. Older adults and single professionals often seek pet companionship but require boarding services due to travel or work commitments. This demographic shift is expected to continue driving demand for pet boarding services in the coming years.





INDUSTRY TRENDS

RISING DEMAND FOR PET SERVICES

One of the most significant trends in the global pet boarding industry is the rising demand for a broader range of pet services. As pets are increasingly viewed as family members, pet owners are willing to spend more on ensuring their well-being. This has led to the growth of ancillary services within the boarding industry, such as grooming, training, and even pet-friendly travel packages.

The demand for premium services, including luxury boarding facilities that offer spacious accommodations, high-quality food, and personalised care, is particularly strong among affluent pet owners. These services cater to the needs of pets with specific dietary or health requirements and those who require special attention due to age or behaviour.

IMPACT OF TECHNOLOGY ON PET BOARDING

Technology is playing an increasingly important role in the pet boarding industry. Many boarding facilities have adopted digital tools to enhance customer experience and streamline operations. Online booking systems, mobile apps, and live video streaming are becoming standard offerings, allowing pet owners to monitor their pets remotely and book services conveniently.

Moreover, technology has enabled the rise of pet tech devices, such as GPS trackers and activity monitors, which are now being integrated into boarding services. These devices provide valuable insights into a pet's health and behavior, allowing boarding facilities to offer more tailored care. The use of artificial intelligence (AI) and data analytics is also emerging, helping businesses optimise their operations and improve service quality.

PET HUMANISATION AND PREMIUM SERVICES

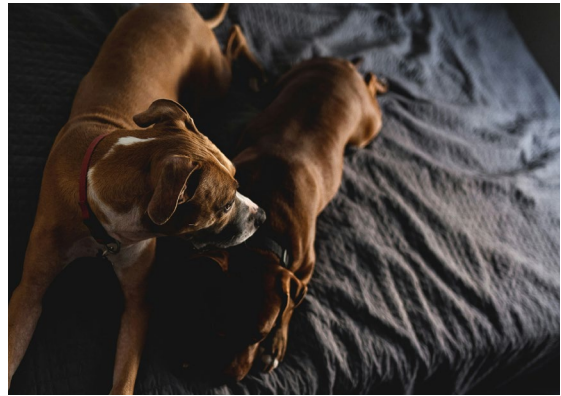
The concept of pet humanisation—treating pets as members of the family—has significantly influenced the pet boarding industry. This trend has led to an increased demand for premium services that go beyond basic care. Luxury pet hotels, which offer amenities such as climate-controlled suites, gourmet meals, and spa treatments, are becoming more popular, especially in urban areas.

Pet humanisation has also driven the growth of specialised services, such as behavioural training, pet therapy, and even pet fitness programs. These services are designed to cater to the emotional and physical well-being of pets, reflecting the growing awareness of animal welfare among pet owners.

MARKET STRATEGIES

The competitive landscape of the pet boarding industry is shaped by various market strategies employed by key players to differentiate themselves and capture market share. Some of the common strategies include:

- **Franchising:** Many companies, such as Dogtopia and Camp Bow Wow, have adopted a franchising model to expand their presence. Franchising allows these companies to rapidly scale their operations and establish a strong brand presence across different regions. Franchisees benefit from established brand recognition, operational support, and marketing resources provided by the parent company.
- **Diversification of Services:** To cater to the evolving needs of pet owners, many pet boarding facilities have diversified their service offerings. In addition to traditional boarding, companies are expanding into related areas such as grooming, training, and pet transportation. This not only provides additional revenue streams but also enhances customer loyalty by offering a one-stop solution for pet care needs.
- **Technology Integration:** The integration of technology has become a key differentiator in the pet boarding industry. Companies are investing in digital platforms that allow for online booking, real-time updates, and live video streaming of pets. This enhances the customer experience and builds trust by providing transparency. Additionally, some companies are using data analytics to personalise services and improve operational efficiency.
- **Premium Services and Amenities:** As the trend of pet humanisation continues to grow, many companies are focusing on offering premium services and amenities. Luxury pet hotels, for instance, provide spacious accommodations, gourmet meals, and even spa treatments for pets. These high-end services cater to affluent pet owners who are willing to pay a premium for the comfort and well-being of their pets.
- **Strategic Partnerships:** Partnerships with other businesses, such as veterinary clinics, pet supply stores, and travel agencies, are common in the pet boarding industry. These partnerships allow companies to cross-promote services and reach a wider audience. For example, a boarding facility might partner with a veterinary clinic to offer health checks or with a travel agency to provide pet-friendly travel packages.
- **Market Consolidation:** 98% of the pet resorts in the USA, Australia and Europe are owned by individual or small operators with fewer than five locations. Rolling up existing facilities with licensing in place, into a larger operational platform covering staffing, marketing, finance and administration can achieve significant scale synergies and boost resort operating margins.



BARRIERS TO ENTRY

While the pet boarding industry presents significant growth opportunities, there are several barriers to entry that new players must consider:

- **Capital Investment:** Establishing a pet boarding facility requires significant capital investment. Costs include acquiring or leasing property, constructing or renovating facilities, and purchasing necessary equipment. Additionally, there are ongoing operational costs, such as staffing, utilities, and maintenance, which can be substantial.
- **Regulatory Compliance:** Getting a new boarding license is very time consuming and expensive in nearly all jurisdictions. The pet boarding industry is subject to various regulations related to animal welfare, health and safety, and business operations. Compliance with these regulations can be complex and costly, particularly in regions with stringent standards. New entrants must navigate these regulatory requirements and obtain the necessary licenses and permits.
- **Competition:** The industry is highly competitive, with established players having a strong presence and loyal customer base. New entrants may struggle to differentiate themselves and attract customers, particularly in markets where large chains dominate. Additionally, the rise of online platforms like PetBacker has increased competition from peer-to-peer services.
- **Consumer Trust:** Building consumer trust is crucial in the pet boarding industry, as pet owners are highly concerned about the safety and well-being of their pets. New entrants must establish a reputation for high-quality care and reliability, which can take time and effort. Negative reviews or incidents can quickly damage a company's reputation and hinder its ability to attract customers.

CONSUMER BEHAVIOUR

PET OWNERS' PREFERENCES

Understanding the preferences of pet owners is essential for success in the pet boarding industry. Pet owners today are more informed and discerning than ever before, and their expectations for pet care services are high. Key preferences include:



- **Quality of Care:** Pet owners prioritise the quality of care provided by boarding facilities. This includes the cleanliness of the facility, the attentiveness of staff, and the overall environment in which their pets are housed. Facilities that offer personalised care and attention to each pet are particularly favored.
- **Safety and Security:** Safety is a top concern for pet owners when choosing a boarding facility. They look for facilities that have robust security measures in place, such as secure fencing, surveillance cameras, and 24/7 supervision. Additionally, pet owners are interested in the health and safety protocols followed by the facility, such as vaccination requirements and emergency procedures.
- **Comfort and Amenities:** As pet humanisation continues to influence consumer behavior, there is a growing demand for comfort and luxury amenities. Pet owners are willing to pay more for facilities that offer spacious accommodations, comfortable bedding, climate control, and access to outdoor play areas. Some pet owners even seek out facilities that provide special services, such as pet massages or gourmet meals.
- **Transparency and Communication:** Transparency is highly valued by pet owners, who want to stay informed about their pets' well-being while they are away. Facilities that offer regular updates, photos, and videos of pets, as well as live video streaming, are particularly appealing. Effective communication, including clear policies and responsive customer service, is also important to pet owners.
- **Convenience:** Convenience plays a significant role in the decision-making process for pet owners. They prefer facilities that are easily accessible and offer flexible drop-off and pick-up times. Online booking systems, mobile apps, and the ability to schedule services quickly and easily are increasingly expected by consumers.



PRICE SENSITIVITY

While many pet owners are willing to pay a premium for high-quality care, price sensitivity remains a factor, particularly in competitive markets. The willingness to pay varies based on factors such as income level, the type of pet, and the specific services offered.

- **Tiered Pricing Models:** To cater to different segments of the market, many pet boarding facilities offer tiered pricing models. Basic services are offered at a lower price point, while premium services come at a higher cost. This allows facilities to attract a broader customer base while maximising revenue from those willing to pay more for additional amenities.
- **Discounts and Packages:** Price-sensitive consumers often look for discounts and packages that offer better value for money. Facilities that offer multi-day packages, loyalty programs, or discounts for repeat customers can attract budget-conscious pet owners. Additionally, seasonal promotions or discounts for early booking can help fill vacancies during slower periods.
- **Perceived Value:** Even price-sensitive consumers are willing to pay more if they perceive the value to be high. Factors that contribute to perceived value include the quality of care, the range of services offered, and the overall experience provided by the facility. Pet owners are more likely to choose a higher-priced facility if they believe their pets will receive superior care.

QUALITY AND SAFETY CONCERNS

Quality and safety are paramount concerns for pet owners when choosing a boarding facility. The industry must address these concerns to build trust and ensure customer satisfaction.

- **Facility Standards:** High standards of cleanliness and hygiene are critical in maintaining a safe environment for pets. Facilities must implement rigorous cleaning protocols, including regular disinfection of kennels, play areas, and common spaces. Additionally, facilities should be well-ventilated and designed to minimise stress for pets.
- **Staff Training and Expertise:** The expertise and training of staff are crucial in ensuring the safety and well-being of pets. Staff members should be knowledgeable about animal behaviour, first aid, and emergency procedures. Continuous training and certification programs can help maintain high standards of care and build customer confidence.

- **Health and Vaccination Policies:** To prevent the spread of disease, many boarding facilities require pets to be up-to-date on vaccinations. Facilities should have clear policies in place regarding vaccination requirements and should conduct health checks on all incoming pets. Additionally, facilities should have protocols for handling sick or injured animals, including access to veterinary care.
- **Emergency Preparedness:** Preparedness for emergencies, such as natural disasters or medical emergencies, is essential in the pet boarding industry. Facilities should have comprehensive emergency plans in place, including evacuation procedures, backup power supplies, and access to veterinary services. Clear communication with pet owners during emergencies is also critical.

PRICE SENSITIVITY

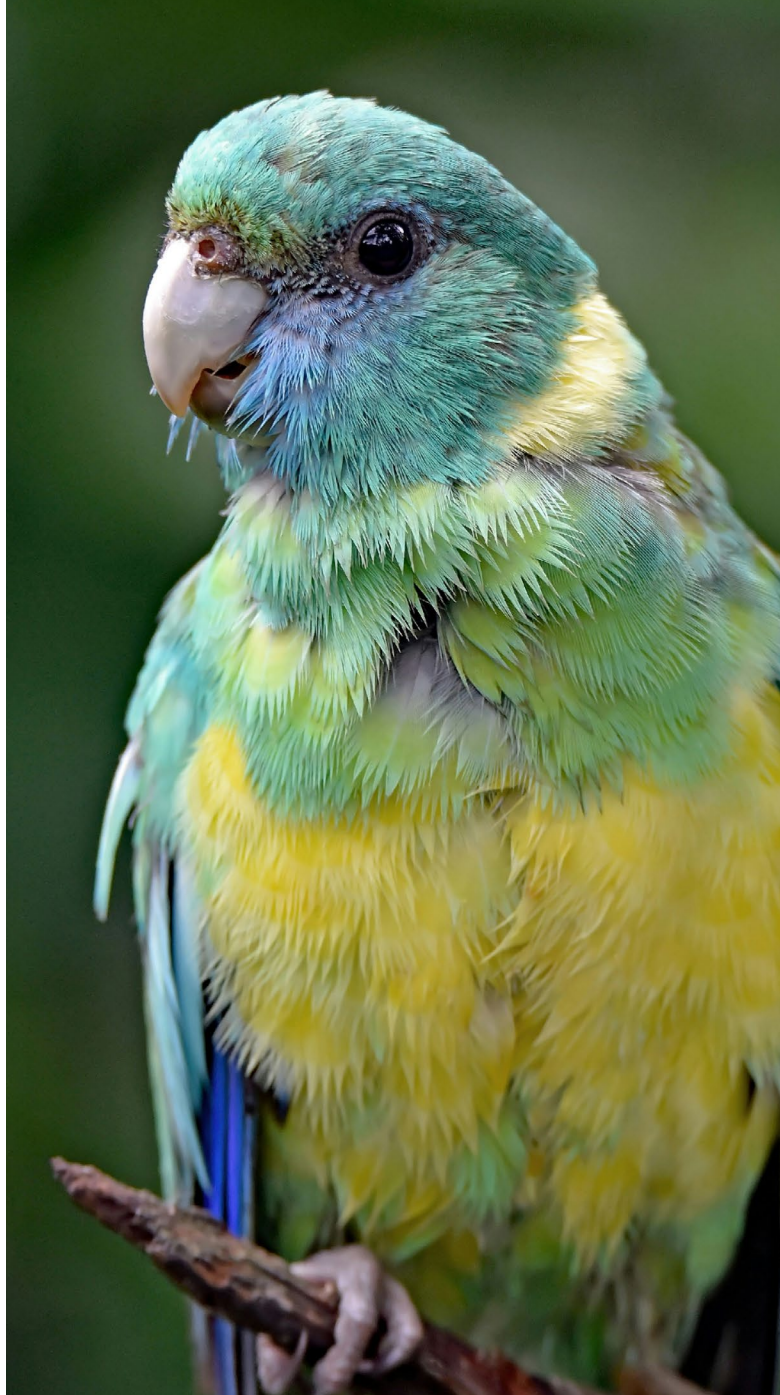
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CONSUMER BEHAVIOUR

REGULATORY ENVIRONMENT

The pet boarding industry operates within a complex regulatory environment that varies significantly by region. Regulatory compliance is essential for maintaining the safety and well-being of pets, but it also presents challenges for industry players.

- **Animal Welfare Regulations:** Many countries have specific regulations governing the treatment and care of animals in boarding facilities. These regulations may cover aspects such as space requirements, exercise routines, and feeding practices. Compliance with these regulations can be costly and time-consuming, particularly for smaller operators.
- **Licensing and Permits:** In addition to animal welfare regulations, pet boarding facilities may be required to obtain various licenses and permits to operate legally. These may include business licenses, health department permits, and zoning approvals.



The process of obtaining and renewing these licenses can be bureaucratic and may pose a barrier to entry for new businesses.

- **Insurance Requirements:** Liability insurance is a critical consideration for pet boarding facilities. Insurance policies can protect businesses against claims related to injury, illness, or loss of pets in their care. However, obtaining comprehensive coverage can be expensive, particularly for facilities with a high volume of animals or those offering specialised services.
- **International Standards:** For companies operating in multiple countries or regions, navigating different regulatory environments can be particularly challenging. International players must adapt to varying standards and requirements, which may involve modifying facilities, staff training, and operational procedures.

OPERATIONAL CHALLENGES

Running a pet boarding facility involves a range of operational challenges that can impact profitability and customer satisfaction.

- **Staffing Issues:** Recruiting and retaining qualified staff is a significant challenge in the pet boarding industry. The job requires a combination of skills, including animal handling, customer service, and operational management. High turnover rates and the need for continuous training can increase operational costs and affect the quality of care provided.
- **Seasonal Demand Fluctuations:** The pet boarding industry often experiences fluctuations in demand based on seasonality. For example, demand typically peaks during holidays and vacation periods, leading to overbooking and strain on resources. Conversely, off-peak periods can result in underutilised facilities and reduced revenue. Managing these fluctuations requires careful planning and marketing strategies to maintain a steady flow of business.
- **Facility Maintenance and Upgrades:** Regular maintenance and upgrades are necessary to ensure the safety and comfort of pets. This includes maintaining clean and functional kennels, play areas, and grooming facilities. However, the cost of repairs and upgrades can be substantial, particularly for older facilities. Operators must balance the need for ongoing investment with the goal of maintaining profitability.
- **Customer Expectations:** Meeting and exceeding customer expectations is crucial in the pet boarding industry, where word-of-mouth and online reviews play a significant role in attracting new business. Facilities must deliver consistent, high-quality care and communicate effectively with pet owners to build trust and loyalty. Managing customer expectations, particularly during peak periods or emergencies, can be challenging but is essential for long-term success.



GROWTH OPPORTUNITIES

Despite the challenges, the pet boarding industry offers numerous growth opportunities, driven by changing consumer behaviour, technological advancements, and emerging markets.

- **Expansion into New Markets:** Emerging markets in Asia-Pacific, Latin America, and the Middle East & Africa present significant growth opportunities for the pet boarding industry. Rising pet ownership rates, increasing disposable incomes, and changing social attitudes towards pets are driving demand for pet care services in these regions. Companies that can establish a foothold in these markets stand to benefit from early-mover advantages and long-term growth potential.
- **Diversification of Services:** The growing demand for specialised services, such as pet therapy, fitness programs, and eco-friendly care options, offers opportunities for differentiation and revenue growth. Facilities that can offer unique, high-value services tailored to specific customer segments can attract new business and increase customer loyalty.
- **Technology Adoption:** The adoption of new technologies, such as AI-driven pet care solutions, mobile apps, and smart devices, can enhance the customer experience and improve operational efficiency. Companies that invest in technology can gain a competitive edge by offering more personalised, convenient, and transparent services.
- **Sustainability Initiatives:** The increasing focus on sustainability in the pet care industry presents opportunities for facilities to differentiate themselves by adopting eco-friendly practices. This can include using sustainable materials, reducing energy consumption, and offering organic or cruelty-free products. Facilities that prioritise sustainability can attract environmentally conscious consumers and build a positive brand reputation.

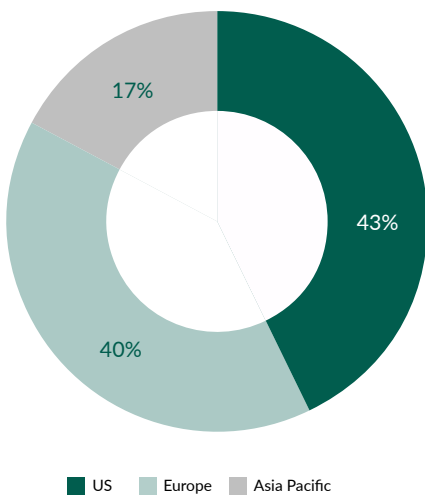
REGIONAL ANALYSIS

There is a wide diversification in the performance of pet accommodation providers on a regional basis. North America has the deepest market, by revenue, representing 43% of the global spend on pet accommodation services. However, Europe sees a comparatively similar sized market with 40%. Asia Pac has lagged this growth, despite having the deepest population and therefore pet ownership,

utilisation of pet accommodation services is inherently linked to the affluence of a market as Asia Pac has lagged these other regions in the growth of its middle class, it is rapidly catching up and is forecast to grow at over 12% CAGR annually, compared to a global average of 7% over the next decade due this increase in household wealth.

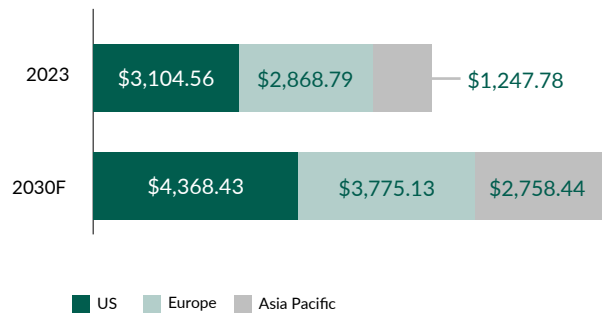


REGIONAL MARKET PENETRATION 2024



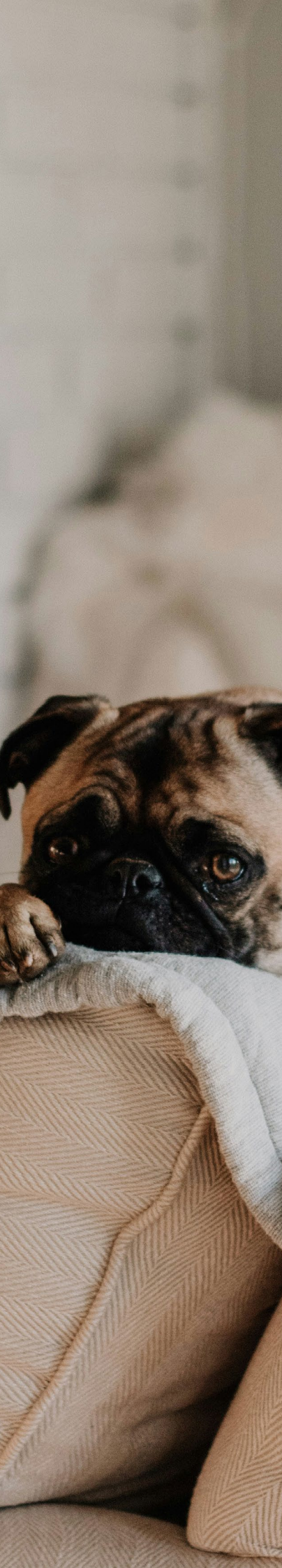
Looking ahead, this means Asia Pac will represent more than 25% of the global spend, potentially overtaking Europe by 2035. The growth in Asia Pac is likely to be primarily driven by India due to increasing regulatory oversight, rising pet ownership, and growing spending on pets. These factors can fuel the demand for pet care services, including pet boarding and the rapid expansion of pet boarding facilities in India.

REGIONAL PET BOARDING MARKET SIZE (USD\$ MILLIONS)



NORTH AMERICA

North America is the largest market for pet boarding services, with the United States leading the region. The high pet ownership rate, coupled with the strong spending power of consumers, has made North America a dominant player in the industry. The region is characterised by a well-established infrastructure of pet care services, including a wide range of boarding facilities, from traditional kennels to luxury pet hotels.



In the United States, the pet boarding industry is highly competitive, with both large chains and independent businesses vying for market share. The increasing trend of pet adoption, driven by the human-animal bond, has fuelled the demand for boarding services. Additionally, the region has seen a rise in the number of pet-friendly workplaces and public spaces, further boosting the pet care market.

The market in U.S. is driven by increasing requirement for pet boarding due to increasing number of pet owners, busy lifestyle and limited time to care for their pets which is expected to drive the pet boarding market.

EUROPE

Europe is another significant market for pet boarding services, with countries like the United Kingdom, Germany, and France leading the way. The region's pet care industry is mature, with a strong focus on quality and safety standards. European consumers are known for their high expectations regarding pet care, which has led to the growth of premium boarding services.

Europe held the second-largest share in the pet boarding services market in 2023. Several factors, including a surge in pet ownership, the trend of humanizing pets, and the emergence of specialized & personalized services, are likely to propel the Europe pet boarding services market. Furthermore, technological advancements, such as the incorporation of technology into pet boarding services, improved safety protocols, and the availability of insurance coverage, can contribute to market growth. The pet boarding services market in Europe is highly fragmented, with numerous individual pet daycare and established pet boarding businesses.

In recent years, the European market has also seen an increase in demand for eco-friendly and sustainable pet care solutions. Boarding facilities that prioritise environmental sustainability, such as those using organic products and energy-efficient practices, are gaining popularity. Additionally, the region's regulatory environment, which emphasises animal welfare, has influenced the development of high-standard boarding services.

ASIA-PACIFIC

The Asia-Pacific region is the fastest-growing market for pet boarding services, driven by rising pet ownership and increasing disposable incomes. Countries like China, Japan, and Australia are leading the region's growth. The pet care market in Asia-Pacific is still in its early stages compared to North America and Europe, but it is rapidly expanding due to changing consumer attitudes towards pets.

The Asia Pacific market is projected to grow at the fastest CAGR of over 9.92% during the forecast period. Changing consumer preferences, greater interest in adopting companion animals, and growing disposable income are increasing the pet industry expenditure in the region. Rising disposable income in many Asia Pacific countries allows pet owners to spend more on their pets' care. This includes paying for premium pet boarding services that offer high-quality accommodations and additional amenities. In addition, the increasing number of local service providers and improved awareness & popularity of pet boarding processes in the region can support market growth. Other regions, such as Europe, Latin America, and the Middle East & Africa, have notable market share owing to their dynamic pet industry.

In China, for instance, the one-child policy and the increasing number of single-person households have led to a surge in pet ownership. This trend has created a burgeoning market for pet boarding services, with a growing number of facilities offering a range of services, from basic boarding to luxury care. Japan, known for its aging population, has also seen an increase in demand for pet boarding services, particularly for elderly pet owners who require assistance with pet care.



Asia Pacific still lags the North American and European markets in terms of market share, however we are forecasting this region to overtake Europe by 2035, and the US by 2040 based on current growth trends.

LATIN AMERICA

Latin America is an emerging market for pet boarding services, with Brazil and Mexico being the largest contributors to the region's growth. The pet care market in Latin America is characterised by a strong cultural attachment to pets, particularly dogs.

This cultural factor, combined with rising disposable incomes, has led to increased spending on pet care services, including boarding.

The region's market is still developing, with a mix of traditional and modern boarding facilities. However, there is a growing trend towards more sophisticated services, driven by the rising middle class and the increasing awareness of pet welfare. The market's potential is significant, but it faces challenges such as economic instability and limited infrastructure in some areas.

MIDDLE EAST & AFRICA

The Middle East & Africa region is a niche market for pet boarding services, with growth primarily concentrated in urban centers and among expatriate communities. Countries like the United Arab Emirates, South Africa, and Saudi Arabia are leading the region's growth. The pet care market in this region is still in its infancy, with a limited number of boarding facilities available.

However, the region has seen an increase in demand for pet care services due to the growing expatriate population, particularly in the Gulf countries. The cultural attitudes towards pets in the Middle East are changing, with more people adopting pets and seeking professional care services. In Africa, the market is less developed, but there is potential for growth in countries with a rising middle class and urbanisation.

AUSTRALASIA

Australia and New Zealand have over 1000 facilities, 92% of which are privately owned and operated. Akin to a cottage industry, these assets are typically owned by people with a deep passion and care for animal welfare. Since 2010, there has been a small amount of consolidation within this industry, with 80 of these facilities being acquired, refurbished and reorganised by larger players. We anticipate this level of consolidation will continue in coming years, driven by ageing long term operators selling to fund their retirements, and increasingly large allocations of private and institutional capital entering the sector.

FUTURE PET RESORT MARKET OUTLOOK

The global pet boarding industry is expected to continue its growth trajectory over the next decade, driven by rising pet ownership rates, increasing consumer spending on pet care, and the ongoing trend of pet humanisation. Market research indicates that the industry could reach a value of over USD 11 billion by 2030, expanding at a compound annual growth rate (CAGR) of 7% from 2024 to 2030.

Key drivers of growth include the expansion of the middle class in emerging markets, the aging population in developed countries, and the increasing prevalence of single-person households. Additionally, the growing awareness of animal welfare and the demand for premium pet care services are expected to further boost the industry.



INNOVATION AND SUSTAINABILITY

Innovation and sustainability will be key themes in the future of the pet boarding industry. Companies that can leverage technology to improve the customer experience and optimise operations will be well-positioned for success. Additionally, facilities that prioritise sustainability and adopt eco-friendly practices will attract a growing segment of environmentally conscious consumers.

The integration of AI and data analytics into pet care is expected to become more widespread, allowing for more personalised and proactive care solutions. Smart devices, such as wearable trackers and health monitors, will enable boarding facilities to offer real-time health monitoring and tailored care plans for pets.

Sustainability initiatives, such as reducing carbon footprints, using renewable energy sources, and offering sustainable products, will become increasingly important as consumers demand more environmentally responsible practices from businesses. Companies that can effectively incorporate sustainability into their operations and branding will stand out in a competitive market.

EMERGING MARKETS

Emerging markets, particularly in Asia-Pacific and Latin America, are expected to play a crucial role in the future growth of the pet boarding industry. As pet ownership rates continue to rise in these regions, there is significant potential for the development of new facilities and the introduction of innovative services.

China, in particular, is poised to become a major player in the global pet care market, with a rapidly growing middle class and changing cultural attitudes towards pets. Companies that can successfully navigate the regulatory environment and cater to the unique needs of Chinese consumers stand to gain a significant market share.

CONCLUSION:

THE GLOBAL PET BOARDING INDUSTRY IS ON A PATH OF CONTINUED GROWTH, DRIVEN BY THE INCREASING BOND BETWEEN HUMANS AND THEIR PETS, RISING DISPOSABLE INCOMES, AND THE ONGOING TREND OF PET HUMANISATION.

While the industry faces challenges such as regulatory compliance, operational complexities, and competition, it also presents significant opportunities for innovation, market expansion, and service diversification.

As the demands of increasing pet ownership drive further adoption of pet accommodation services globally, there is a growing, still largely untapped opportunity for astute real estate investors to allocate capital to the boarding sector. The current fragmented nature of ownership of boarding facilities, lack of professionalisation in their management, and the scope to grow a platform level operation means that real estate investors have the opportunity to build significant scale, with superior investment returns in this sector over the coming decades.

WHILE THE INDUSTRY FACES CHALLENGES SUCH AS REGULATORY COMPLIANCE, OPERATIONAL COMPLEXITIES, AND COMPETITION, IT ALSO PRESENTS SIGNIFICANT OPPORTUNITIES FOR INNOVATION, MARKET EXPANSION, AND SERVICE DIVERSIFICATION.

By doing so, they can build trust and loyalty among pet owners and position themselves for long-term success in the global pet boarding market.





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