methodology

Dealership financial data (and other information cited in this report) was collected from a detailed survey sent to all automotive dealers in New Jersey. The response rate was sufficient to form a statistically reliable database for financial and operational indicators.

The economic impact of the industry is separated into two main categories: direct and indirect. Direct impact comprises economic activity at automotive dealerships themselves. Indirect impact occurs away from the dealership proper, and takes into account the extended contribution dealerships make to the State’s economy.

The indirect economic impact of automotive retailers was estimated by Auto Outlook, Inc. Estimates were based on previous impact studies that relied upon regional economic computer models. Indirect estimates in this report are intentionally conservative and, therefore, may underestimate the overall contribution automotive retailers make to the New Jersey economy.

Auto Outlook, Inc. is a regional automotive market analysis firm providing market research services to automotive dealers.

Study sponsored by:
New Jersey Coalition of Automotive Retailers
856 River Road
P. O. Box 7510
Trenton, NJ 08628
(609) 883-5056
www.njcar.org

Study produced by:
Auto Outlook, Inc.
5 Great Valley Parkway
Suite 234
Malvern, PA 19355
(610) 648-3805
www.autooutlook.com
This 2005 economic impact study was compiled as an educational tool and designed to highlight the significant contribution the retail automotive industry makes to the New Jersey economy. Within these pages are estimates on employment, payroll, tax collections and industry sales in New Jersey.

The New Jersey Coalition of Automotive Retailers (NJ CAR) has represented the interests of franchised car dealers and the automotive retail industry for more than eight decades. NJ CAR’s members want nothing more than to sell and service new cars and trucks. NJ CAR’s primary goal is to guard against overly restrictive legislation and regulations that negatively impact the industry’s economic growth.

As you will see in the accompanying report, automotive dealerships employ tens of thousands of New Jersey citizens who live in every corner of the state. The industry also contributes more than $1.6 billion to state, local and federal tax revenue. Automotive retail is an important economic engine that powers the Garden State.

Please don’t hesitate to contact me with any questions you may have regarding the importance of the retail automotive industry to New Jersey.

Sincerely,
James B. Appleton
President, New Jersey Coalition of Automotive Retailers
NJ CAR Member List

DISTRICT: 1
Avondale Honda
Bell Motor Corp., Inc.
Gallo GMC Truck Sales, Inc.
Gentile Ford, Inc.
Kindle Ford-Mercy Lincolns
Lillian D'Ippolito Dodge-Jeep-Eagle
Lillian Ford Inc.
Matt Black reviews - Joan Perry-Egan Chrysler
Quality Lincolns-Mercury-Hyundai
R K Chevrolet Inc.
Roundstone Ford
South Shore Auto World
Spirit Chevrolet-Oldsmobile
Team Nissan
Toyota of Vineland
Vorn Dodge Chrysler

DISTRICT: 2
Admiral Nissan, Inc.
Atlantic Chrysler Jeep Audi VW
Bennett Chevrolet Company
Chapman Ford
Gateway Chrysler-Dodge
Holman Lincoln-Mercury-Mazda
Holman Motor Care
Kemper Pontiac-Cadillac, Inc.
Millennium Automotive
Millennium Volkswagen
Royal Chevrolet
Somerset Nissan
Team Welsh Jeep Chrysler
Town & Country Motors, Inc.

DISTRICT: 3
Avis Volkswagen, Inc.
Bob Novick Chevrolet, Inc.
Bobbitt Pontiac - Buick
Chapman Ford Lincoln-Mercury
Country Ford-Mercury
Deaver Motor Company
Eden's Golf Pontiac-Buick-GMC
Jay Fisher Pontiac - GMC LLC
Reece's Ford of Pennington
Spirit Dodge Chrysler

DISTRICT: 4
Elico Chevrolet Inc.
Hitchens Av
Holman Ford-Glascow
Holman Ford-Turner M
Holman Linco-Auto-Turner M
Lassen of Tumwater
Prestige VW - Mitsubishi
Toyota of Tumwater
Tumwater Auto Complex

DISTRICT: 5
Ace Motor Makers, Inc.
After Buick Pontiac GMC
Chrysler Jeep of Woodbury
Echelon Ford, Inc.
La Rame Chrysler
Mount Ephraim Dodge, Inc.
Polemic Chrysler
Poth's Performance Dodge
Torino & Scion of Rumson
Vallely, Inc.
Woodbury Nissan, Inc.

DISTRICT: 6
Agrace Pontiac Buick GMC
Bernt Chrysler
Cherry Hill Classic Cars
Cherry Hill Dodge, Inc.
Cherry Hill Imports
Cherry Hill Lincoln-Mazda
Cherry Hill Nissan
Cherry Hill Subaru-Scion/IA
Cherry Hill Toyota
Cherry Valley Volvo
Chevrolet of 73, Inc.
Chrysler Dodge

Introduction

This report provides a summary of the significant impact that franchised new automobile dealers have on the New Jersey economy. It includes estimates of direct and indirect employment, personal income and tax collections. Due to 2004, indirect impacts account for the residual contribution that occurs as the result of dealership operations (frequently referred to as the “multiplier effect.” This report was prepared by Auto Outlook, Inc., an independent automotive market analysis firm, and is sponsored by the New Jersey Coalition of Automotive Retailers. Contact information is listed on the back cover.

Primary Conclusions

- During 2004, franchised new vehicle dealerships in the State generated a total of over 64,500 jobs.
- New Jersey residents earned over $2.5 billion as a result of automotive dealership operations.
- Average dealership payroll approached $3 million.
- Dealerships collected or paid over $1 billion in State and local taxes.
- Automobile dealerships spent over $412 million on advertising during 2004.
- Franchised new vehicle dealerships in the State had total sales of nearly $26.5 billion in 2004.
- Average dealership sales exceeded $42 million.
- Collectively, automobile dealers contributed over $14.8 million to charitable causes.

Dealership Quick Facts

- Average dealership sales: $42,077,000
- Average dealership contributions to charitable causes: $23,500
- Average dealership advertising expenses: $655,000
- Number of vehicles served by average dealership: 15,100

Number 2 is a summary of average dealership financial statistics and vehicle sales results during 2004.
Franchised new automobile dealers in New Jersey had total sales exceeding $26.5 billion during 2004. Average dealership sales were more than $42 million, with the new vehicle department accounting for more than two-thirds of the total.

**Dealership Sales Summary**

Average Dealership Sales: $42,076,543

TOTAL AUTOMOTIVE RETAILING SALES IN NEW JERSEY: $26,508,222,090

**New Retail Light Vehicle Registrations in New Jersey**

**Light Truck Market Share in New Jersey**
Automobile dealerships spent over $412 million on advertising during 2004. (This amount does not include mandatory dealership contributions to manufacturer subsidized advertising programs.)

New retail registrations of cars and light trucks in New Jersey have exceeded 500,000 units from 2000 through 2004. Light truck market share in the State has increased from 30% in 1997 to 51% in 2004.

Employment Total for New Vehicle Retailing Industry (Direct: at dealerships; Indirect: elsewhere in economy)

Dealerships’ Contribution to Statewide Retail Employment

Total employment resulting from auto dealerships: 64,581
Total retail employment in the State: 470,000
Dealerships’ % of retail Statewide total: 13.7%

Automobile dealerships in New Jersey employed a total of 42,210 individuals, with an additional 22,371 positions resulting from the indirect economic impact. The average dealership employed 67 people.
The average automobile dealership in New Jersey had payroll of more than $3,000,000. Payroll for the entire new vehicle retailing industry was over $1.9 billion; with the total (including indirect impact) exceeding $2.5 billion.


Employee Compensation

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total payroll (including fringe benefits) for AVERAGE dealership in New Jersey</td>
<td>$3,054,480</td>
</tr>
<tr>
<td>Total number of franchised new vehicle dealerships in New Jersey x 630</td>
<td></td>
</tr>
<tr>
<td>TOTAL EMPLOYEE COMPENSATION AT DEALERSHIPS</td>
<td>$1,924,322,400</td>
</tr>
<tr>
<td>Additional indirect employee compensation resulting from dealership operations</td>
<td>$577,296,720</td>
</tr>
<tr>
<td>TOTAL EMPLOYEE COMPENSATION TO NEW JERSEY RESIDENTS DUE TO FRANCHISED DEALERSHIP INDUSTRY</td>
<td>$2,501,619,120</td>
</tr>
</tbody>
</table>

Total Dealership State and Local Tax Revenue Generation

$1,023,074,010

Federal Tax Summary for All Dealerships

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Payroll Taxes</td>
<td>$586,800,270</td>
</tr>
<tr>
<td>Federal Business Income Taxes</td>
<td>$44,730,000</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$631,530,270</td>
</tr>
</tbody>
</table>

State and Local Taxes Collected and/or Paid by Dealerships

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Sales</td>
<td>$892,721,970</td>
</tr>
<tr>
<td>Real Estate and Other Local</td>
<td>$46,342,170</td>
</tr>
<tr>
<td>State and Local Payroll</td>
<td>$84,009,870</td>
</tr>
</tbody>
</table>