Economic Impact

Economic Impact of Franchised New Vehicle Retailers on the New Jersey Economy

Study Sponsored By New Jersey Coalition of Automotive Retailers, Inc.
Confidential 2018 report compiled from 2017 data

MAY 2018
During 2017, franchised new vehicle dealerships in the State generated more than 73,000 jobs. Employment at dealerships increased 18% between 2009 and 2016, and was up by 4.8% in 2017 versus a year earlier.

Employees of New Jersey dealerships earned more than $3.7 billion as a result of automotive dealership operations in 2017. Dealerships compensation to employees increased 4.7% last year.

Average dealership payroll was $5.33 million in 2017, up significantly from just $3.12 million in 2009.

Dealerships collected or paid a total of more than $1.7 billion in State and local taxes in 2017, up slightly from 2016.

Automobile dealerships spent over $420 million on advertising during 2017.

Franchised new vehicle dealerships in the State had total sales of $35 billion in 2017, an increase of nearly $14 billion from the 2009 total, but up by less than $1 billion from 2016.

Average dealership sales were $67.4 million in 2017, up slightly from $67.2 million in 2016.

Collectively, the State’s new vehicle dealerships contributed over $15.2 million to charitable organizations in 2017.

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**Dealership Financial Summary - 2017**

- Average dealership sales: $67,400,000
- Average dealership contributions to charitable causes: $29,300
- Average dealership advertising expenses: $811,000
- Average number of vehicles serviced per dealership: 22,100

**Dealership Vehicle Sales Summary - 2017**

- Average dealership retail new vehicle sales: 1,025 units
- Average dealership retail used vehicle sales: 735 units

*Shown above is a summary of average dealership financial statistics and vehicle sales results during 2017.*
A MESSAGE FROM THE NJ CAR PRESIDENT

The auto retailing sector consistently turns up as the strongest part of the national and New Jersey retail economies. New Jersey's franchised new car and truck dealerships sold more than 514,000 new vehicles in 2017 and generated more than $35 Billion in vehicle, parts and service sales. New car and truck dealerships also collected more than $1.7 Billion in State and local taxes.

Just as important as the size and scope of the dealerships' economic contributions, this report highlights the tremendous value of dealerships as job creators. More than 73,000 individuals are either directly employed or work in jobs that are supported by the 526 franchised new car and truck dealerships that call New Jersey home. These are good-paying, challenging, uniquely local jobs that can't be outsourced overseas or relocated to the sunbelt.

New Jersey's franchised automotive retailers are the economic engine on Main Street, providing significant economic benefits in every city and town in which they operate. The neighborhood new car dealer offers consumers aggressive inter- and intra-brand price competition and ready access to warranty, recall and standard vehicle maintenance and repair service, performed by highly-trained technicians using state-of-the-art equipment.

Most analysts predict yet another high-sales volume year in 2018, with total new car and light truck sales expected to top 500,000 units. And we expect this trend to continue for the foreseeable future, as the average age of vehicles on the road is high and consumer demand to replace aging vehicles remains strong. Attractive interest rates, growth in personal income, readily available credit and high consumer confidence are all expected to drive strong sales for the next few years.

The auto retail industry continues to adapt and change. Consumers have access to more information than ever before and enter dealer showrooms more educated and with higher expectations when it comes to their car-buying experience. Dealers are adapting to new retail technology and adopting new methods that allow them to engage with their customers WHERE they want, WHEN they want and HOW they want.

Automotive retailing has evolved considerably over the past 100+ years and New Jersey's franchised dealerships are, once again, redefining their role in an ever-changing industry. Car-sharing, ride-sharing, autonomous vehicles and more are becoming part of the personal mobility landscape and manufacturers are set to introduce dozens of new electric vehicles and other advanced technology cars and trucks over the next few years. These developments present New Jersey's neighborhood dealerships with many opportunities to innovate and establish creative, new ways to serve their customers.

This report highlights the many positive economic benefits franchised automotive retailers bring to the cities and towns in which they operate. The numbers are impressive, but they only tell part of the story. It is the men and women who work in the auto retailing sector who truly drive its success. Their dedication to affording EVERY customer best-in-class service is what keeps the industry thriving year after year.

James B. Appleton
President
New Jersey Coalition of Automotive Retailers
Franchised automotive dealerships in New Jersey employed a total of 38,480 individuals in 2017, with an additional 34,632 positions resulting from indirect economic impact. This total represented 15.3% of total retail employment in the state. Dealership employment (direct only) increased 18% from 2009 to 2016, and was up by 4.8% from 2016 to 2017. Average dealership employment was 74.
The average automotive dealership in New Jersey had payroll of $5.33 million in 2017, up 70% from 2009, and $140,000 higher than in 2016. Payroll for the new vehicle retailing industry was more than $2.7 billion, with the total (including indirect impact) exceeding $3.7 billion.

### EMPLOYEE COMPENSATION – 2009, 2016 and 2017

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<thead>
<tr>
<th></th>
<th>2009</th>
<th>2016</th>
<th>2017</th>
<th>% change ‘16 to ‘17</th>
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</thead>
<tbody>
<tr>
<td>Total Payroll (including fringe</td>
<td>$3,120,000</td>
<td>$5,190,000</td>
<td>$5,330,000</td>
<td>2.7%</td>
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<td>benefits) For Average Franchised</td>
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<td>New Vehicle Dealership in New</td>
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<td>Jersey</td>
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<td>TIMES</td>
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<tr>
<td>Total Number of Franchised</td>
<td>529</td>
<td>510</td>
<td>526</td>
<td>2.0%</td>
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<tr>
<td>New Vehicle Dealerships in New</td>
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<td>Jersey</td>
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<tr>
<td>EQUALS</td>
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<tr>
<td>TOTAL EMPLOYEE</td>
<td>$1,650,480,000</td>
<td>$2,646,900,000</td>
<td>$2,771,600,000</td>
<td>4.7%</td>
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<tr>
<td>COMPENSATION AT FRANCHISED NEW</td>
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<td>VEHICLE DEALERSHIPS</td>
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<td>PLUS</td>
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<tr>
<td>Additional Indirect Employee</td>
<td>$478,639,200</td>
<td>$931,708,800</td>
<td>$997,776,000</td>
<td>7.1%</td>
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<tr>
<td>Compensation Resulting from</td>
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<tr>
<td>Franchised New Vehicle</td>
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<tr>
<td>Dealership Operations</td>
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<tr>
<td>EQUALS</td>
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<tr>
<td>TOTAL COMPENSATION TO EMPLOYEES</td>
<td>$2,129,119,200</td>
<td>$3,578,608,800</td>
<td>$3,769,376,000</td>
<td>5.3%</td>
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<tr>
<td>OF NEW JERSEY’S NEW VEHICLE</td>
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<td>RETAILING INDUSTRY</td>
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Automotive dealerships collected or paid a total of more than $1.7 billion in State and local taxes during 2017, up slightly from 2016. State sales tax revenue exceeded $1.45 billion. Federal tax revenue generated by dealerships was nearly $842 million.

### State and Local Taxes Collected and/or Paid by Franchised New Vehicle Dealerships – 2017

- **State Sales Tax:** $1,456,000,000
- **State & Local Payroll Taxes:** $160,160,000
- **Other Local Taxes:** $97,760,000

### State and Local Taxes Collected and/or Paid by Franchised New Vehicle Dealerships – 2009, 2016 and 2017

|                       | 2009       | 2016       | 2017       | % change
|-----------------------|------------|------------|------------|------------
| **State Sales Tax**   | $925,750,000 | $1,438,200,000 | $1,456,000,000 | 1.2%       
| **State and Local Payroll Taxes** | $99,981,000 | $150,450,000 | $160,160,000 | 6.5%       
| **Real Estate and Other Local Taxes** | $55,016,000 | $93,330,000 | $97,760,000 | 4.7%       
| **Total Dealership State and Local Tax Revenue** | $1,080,747,000 | $1,681,980,000 | $1,713,920,000 | 1.9%       

### Federal Tax Summary for All Franchised New Vehicle Dealerships – 2009, 2016 and 2017

|                                | 2009           | 2016           | 2017           | % change
|-------------------------------|----------------|----------------|----------------|------------
| **Federal Payroll Taxes**     | $471,868,000   | $744,600,000   | $785,200,000   | 5.5%       
| **Federal Business Income Taxes** | $38,617,000 | $54,570,000 | $56,680,000 | 3.9%       
| **Total**                     | $510,485,000   | $799,170,000   | $841,880,000   | 5.3%       

Advertising

Franchised new vehicle dealerships spent over $421 million on advertising during 2017, up from $301 million in 2009. The Internet accounted for the largest percentage of dealership advertising (49%).

New Vehicle Market Review

New retail registrations of cars and light trucks in New Jersey fell to below 360,000 units in 2009. The market fully recovered, increasing to more than 530,000 units in 2016. New registrations declined slightly in 2017.

Data Source: IHS Markit.
New franchised automobile dealerships in New Jersey had total sales exceeding $35 billion during 2017. Average dealership sales were $67.4 million last year, up by more than $27 million from 2009, but just $200,000 higher than in 2016.
Dealership financial data (and other information cited in this report) was collected from information reported by New Jersey franchised automotive retailers in 2017. The information was sufficiently detailed to allow the formation of a statistically reliable data base 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 dealerships.
NJ CAR MEMBER LIST

DISTRICT 1
Action Auto Group-Millville
Avalon Honda
Burke Motors, Inc.
Gentilini Chevrolet
Gentilini Ford, Inc.
Kindle Ford Lincoln Isuzu
Lilliston Chrysler Dodge Jeep
Lilliston Ford, Inc.
RK Chevrolet Subaru Kia
Rossi Honda
Team Nissan
Toyota of Vineland
Vann Dodge Chrysler Jeep

DISTRICT 2
Atlantic Chrysler Jeep Volkswagen
Bennett Chevrolet, Inc.
BMW of Atlantic City
Boardwalk Acura
Boardwalk Honda
Chapman Ford Lincoln Mazda
Kerbeck Cadillac Chevrolet Buick GMC Subaru
Lexus of Atlantic City
Matt Blatt Kia
Mercedes-Benz of Atlantic City
Nissan of Atlantic City
Shore Toyota
Sport Hyundai Dodge

DISTRICT 3
Bayside Ford of Pennsville, Inc.
Bentley Truck Services
Bob Novick Auto Mall
Freightliner of Bridgeport
Liberty Kenworth of South Jersey
Matt Blatt Glassboro Imports Mitsubishi
Pellegrino Chrysler Jeep
Pointe Buick GMC
Spirit Chrysler Dodge Jeep Volkswagen of Salem County

DISTRICT 4
Acura Turnersville
Audi Turnersville
BMW of Turnersville
Holman Ford Lincoln-Turnersville
Honda of Turnersville
Nissan of Turnersville
Pellegrino Buick GMC
Prestige Volkswagen Subaru
Toyota of Turnersville
Turnersville Auto Mall
Turnersville Chrysler Jeep
Turnersville Kia
Turnersville Mazda

DISTRICT 5
Ace Ford
Barlow Buick GMC-Woodbury
Mount Ephraim Chrysler Dodge RAM
Pellegrino Chevrolet
Performance Dodge Ram
Toyota of Runnemede
Woodbury Nissan, Inc.

DISTRICT 6
Alfa Romeo & Fiat of Maple Shade
Bentley Truck Services
Bergey’s Truck Center-Pennsauken
Cherry Hill Classic Cars
Cherry Hill Dodge Chrysler Jeep
Cherry Hill Imports
Cherry Hill Kia
Cherry Hill Mitsubishi
Cherry Hill Nissan

DISTRICT 7
Barlow Chevrolet
BMW of Mount Laurel
Burlington Chevrolet, Inc.
Burlington Kia
Burlington Volkswagen
Davis Honda
Dodge Chrysler City
F.C. Kerbeck & Sons
Holman Cadillac
Holman Toyota
JR Group
Lexus of Cherry Hill
Liberty Toyota
Lucas Ford
Mini of Mount Laurel

DISTRICT 8
Arena Buick GMC
Burns Buick GMC Hyundai
Burns Honda
Elkins Chevrolet
Hainesport Auto & Truck Center
Lucas Auto Group
Lucas Chevrolet
Lucas Chrysler Jeep Dodge
Medford Ford
Miller Ford Lincoln Subaru
Mount Holly Nissan

DISTRICT 9
Barlow Buick GMC-Manahawkin
Causeway Ford Lincoln
Causeway Honda
Causeway Nissan
Manahawkin Chrysler Dodge
Manahawkin Kia

DISTRICT 10
All American Mazda in Brick
Audi Toms River
Downs Ford
Gateway Toyota
Honda of Toms River
Lester Glenn Auto Group
Lester Glenn Buick GMC
Lester Glenn Chevrolet
Lester Glenn Chrysler Jeep Dodge Ram
Lester Glenn Hyundai-Toms River
Lester Glenn Mazda
Lester Glenn Subaru
Matt Blatt Kia Toms River
Pine Belt Cadillac of Toms River
Pine Belt Nissan of Toms River
Porsche Toms River
Toms River Mitsubishi Motors
Toms River Volkswagen

DISTRICT 11
Acura of Ocean
Audi Eatontown
Audi Freehold
Buhrer Mitsubishi
Causeway Hyundai
Circle BMW
Circle Chevrolet Company

DISTRICT 12
All American Ford Subaru of Old Bridge
DCH Academy Honda
Hunter Jersey Peterbilt-Clarksburg
Quality Chevrolet

DISTRICT 13
All American Chevrolet, Inc.
Buhrler Chrysler Jeep Dodge Contemporary Motor Cars, Inc.
Pine Belt of Keyport
Staub Motors, Inc.
Tom’s Ford

DISTRICT 14
Haldeman Ford of Hightstown
Hamilton Mazda Volkswagen, Inc.
Perrine Buick GMC
Princeton BMW
Route 33 Nissan
Windor Nissan

DISTRICT 15
Ciocca Chevrolet of Princeton
Coleman Auto Group, Inc.
Coleman Buick GMC Cadillac
Davis Hyundai
Haldeman Ford
Haldeman Lexus of Princeton
J & S Mitsubishi
Lawrenceville Ford Lincoln
Mercedes-Benz of Princeton
Porsche of Princeton
Precision Acura
Route 1 Chrysler Dodge Jeep Ram
Team Toyota of Princeton
Volvo Cars Princeton

DISTRICT 16
Acme Nissan
Action Auto Group-Flemington
Action Nissan of Flemington
Audi Princeton
Baker Chrysler Jeep Dodge, Inc.
Bridgewater Nissan
Dayton Toyota
DCN Hyundai
Ditschman Flemingdon Ford Lincoln
Fiat of Somerville
Flemington BMW
Flemington Buick Chevrolet GMC
Cadillac
Flemington Dodge Chrysler Jeep
Flemington Infiniti
Flemington Porsche Audi VW
Flemington Subaru
Fred Beans Kia of Flemington
Fred Beans Toyota of Flemington
Fullerton Automotive Corp.
Fullerton Ford
Gabrielli Kenworth of NJ
Honda of Princeton
Land Rover Princeton
Mercedes-Benz of Flemington
Volkswagen Princeton
Volvo Cars Bridgewater

DISTRICT 17
DCH Brunswick Toyota
Gateway Kia of North Brunswick
Malouf Buick-GMC, Inc.
Malouf Chevrolet-Cadillac, Inc.
Malouf Ford-Lincoln, Inc.
Raritan Valley Truck Sales
Victory Subaru

DISTRICT 18
Bell Audi
Bentley Edison
Cambria Mack
Campbell Freightliner
Edison Nissan
Ferrari Maserati of Central NJ
Lexus of Edison
Open Road Acura of East Brunswick
Open Road BMW of Edison
Open Road Honda
Open Road Mazda
Open Road Mini of Edison
Ray Catena Infiniti
Ray Catena Jaguar of Edison
Ray Catena Motor Car
Reydel Volkswagen, Inc.
Route 18 Chrysler Jeep Dodge Ram
Volvo Cars Edison

DISTRICT 19
Bell Ford
McGuire Cadillac
Miller Buick GMC Corp.
Richard Lucas Chevrolet
Route 1 Mazda-Woodbridge
Route 1 Toyota
Sansone Chrysler Jeep Dodge
Sansone Hyundai, Inc.
Sansone Kia
Sansone Nissan

DISTRICT 20
Cambria Mack Trucks, Inc.
Linden Volkswagen
Maplecrest of Union
Maxon Buick GMC
Maxon Hyundai Mazda
Open Road Chevrolet