ECONOMIC IMPACT
OF FRANCHISED NEW VEHICLE RETAILERS
ON THE NEW JERSEY ECONOMY

Study Sponsored By New Jersey Coalition of Automotive Retailers
Confidential 2020 report compiled from 2019 data
JUNE 2020
### DEALERSHIP FINANCIAL SUMMARY - 2019

- Average dealership sales: $72,615,000
- Average dealership contributions to charitable causes: $31,200
- Average dealership advertising expenses: $845,000
- Average number of vehicles serviced per dealership: 22,750

### DEALERSHIP VEHICLE SALES SUMMARY - 2019

- Average dealership retail new vehicle sales: 1,065 units
- Average dealership retail used vehicle sales: 810 units

*Shown above is a summary of average dealership financial statistics and vehicle sales results during 2019.*

During 2019, franchised new vehicle dealerships in the State generated a total of nearly 76,000 jobs. Employment at dealerships increased 26% between 2009 and 2018, and was up slightly in 2019 versus a year earlier.

New Jersey residents earned more than $4 billion as a result of automotive dealership operations in 2019. Dealerships compensation to employees increased 4.3% last year.

Average dealership payroll was $5,785 million in 2019, up significantly from just $3,120 million in 2009. Average salary exceeded $75,000.

Dealerships collected or paid a total of more than $1.82 billion in State and local taxes in 2019, up 2.5% from 2018.

Automobile dealerships spent a total of over $430 million on advertising during 2019.

Franchised new vehicle dealerships in the State had total sales of $37.034 billion in 2019, an increase of nearly $16 billion from the 2009 total, and up by almost $1 billion from 2018.

Average dealership sales were $72.6 million in 2019, up from $70.2 million in 2018.

Collectively, automobile dealers contributed nearly $16 million to charitable organizations in 2019.

This report provides a summary of the significant impact that franchised new vehicle dealers have on the New Jersey economy. As clearly illustrated, the automotive retailing industry is critically important to the health of the State’s economy.

The report includes estimates of direct and indirect employment, personal income, and tax collections during 2019. Indirect impact accounts for the residual contribution resulting from 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, Inc.

*Contact information is on the back page.*
As we exited 2019, New Jersey retail auto sales were enjoying a third straight year of increases. Neighborhood new car dealers in New Jersey sold nearly 520,000 new vehicles in 2019, up slightly from the prior year. The retail automotive industry accounted for more than $37 Billion in new and used vehicle, parts and service sales last year, an increase of nearly $1 billion from 2018 and those sales generated more than $1.8 Billion in State and local taxes collected or paid by dealerships. Meanwhile, employment in the retail automotive sector increased slightly to nearly 39,300 men and women earning great pay with generous benefits in local jobs that can’t be outsourced.

2020 sales were expected to face several obstacles — a continued rise in the average price of new vehicles, historically low interest rates beginning to creep up and average monthly payments continuing to climb — just to name a few. Despite these challenges, during the first 10 weeks of 2020, new vehicle sales continued a positive trend...and then everything changed.

The COVID-19 pandemic made its way to the U.S. in mid-March and hit New Jersey particularly hard. In order to mitigate the spread of the virus, Governor Phil Murphy instituted Statewide stay-at-home orders and shutdown most retail businesses, including dealership showrooms. Vehicle sales plummeted 70-80%, thousands of dealership employees were temporarily laid off or furloughed and the stock market cratered in a matter of days.

One silver lining during the crisis was that dealership service departments were deemed essential and allowed to remain open to serve customers in need. Online sales (with contactless delivery) were also permitted. This allowed dealers who chose to remain open, and could quickly adapt, to generate much-needed revenue.

Since mid-March dealerships have worked to follow constantly changing developments and access any capital resources they could to temporarily replace their lost revenue and stay afloat. NJ CAR supported its members with a relentless stream of information that kept dealers up-to-date on a world that seemed to be changing by the hour.

While the retail automotive industry has had an incredible run since 2009, most economists (prior to the pandemic) were expecting retail sales to level-off or decline slightly in 2020. The COVID-19 crisis and resulting retail shutdown has changed that calculation. The crisis is expected to lead to a drop of as much as 20% in vehicle sales when all is said and done in 2020.

THE INDUSTRY WILL RECOVER

The retail auto sector has faced challenges many times before and recovered. This time will be no different. Sometimes the turnaround is quick. Other rebounds can take years. Only time will tell what kind of recovery the industry musters following this latest crisis.

Manufacturers have already begun to roll out incredible incentives to lure customers back to dealer showrooms, and they aren’t expected to end anytime soon. Add in generous New Jersey electric vehicle incentives that were announced just prior to the pandemic and some plug-in EVs could see five-figure savings and be attractive choices for consumers.

And, in a world of social-distancing and a renewed focus on cleanliness, some industry experts say public transportation and ride-sharing may see a decline. Many people are expected to purchase or lease their own vehicle to serve their mobility needs.

Dealers are masters of adaptability and the changes to day-to-day operations that linger, as a result of the COVID-19 crisis, will be just the latest advancement that will become second nature to dealerships and customers alike in the months ahead.

This report highlights the many positive economic benefits New Jersey’s neighborhood new car and truck dealerships bring to the cities and towns in which they operate. It also covers the significant tax revenues collected or paid by dealerships to the State of New Jersey. Dealers have invested billions of dollars in their facilities, directly employ or support more than 75,000 jobs in the Garden State, service hundreds of thousands of vehicles and more.

We encourage you to read this report and reflect on the tremendous value auto retailers bring to the marketplace and how they will lead the recovery from the COVID-19 crisis.
Automobile dealerships in New Jersey employed a total of 39,270 individuals in 2019, with an additional 36,717 positions resulting from indirect economic impact. This total represented 16.4% of total retail employment in the State. Dealership employment (direct only) increased 26% during the past ten years (2009 to 2019), and was up slightly in 2018 versus 2019. Average dealership employment was 77. Prior to the onset of the COVID-19 crisis, the majority of dealerships in the State had planned to increase staffing in 2020. On average, dealerships indicated that they planned to increase employment by four individuals during 2020.

### Dealership Contribution to Statewide Retail Employment 2009, 2018 and 2019

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2018</th>
<th>2019</th>
<th>% change '18 to '19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Employment Resulting from New Vehicle Dealerships</td>
<td>48,065</td>
<td>74,546</td>
<td>75,987</td>
<td>1.9%</td>
</tr>
<tr>
<td>Total Retail Employment in the State</td>
<td>436,100</td>
<td>472,000</td>
<td>463,300</td>
<td>-1.8%</td>
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<tr>
<td>Dealership % of Retail Statewide Total</td>
<td>11.0%</td>
<td>15.8%</td>
<td>16.4%</td>
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### Direct Employment at New Jersey Franchised New Vehicle Dealerships 2009, 2018, and 2019

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<tr>
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<th>2009</th>
<th>2018</th>
<th>2019</th>
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</thead>
<tbody>
<tr>
<td>Employment at New Car Dealerships</td>
<td>31,211</td>
<td>38,625</td>
<td>39,270</td>
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</tbody>
</table>

Total employment at franchised automobile dealerships increased slightly from 2018 to 2019.

### Average Number of Dealership Employees by Department – 2019

- **Service**: 20
- **Vehicle Sales**: 27
- **Admin & Other**: 12
- **Parts & Accessories**: 10
- **Body Shop**: 3

*Total employment at franchised automobile dealerships increased slightly from 2018 to 2019.*
The average automobile dealership in New Jersey had payroll of $5.785 million in 2019, up 85% from 2009, and $240,000 higher than in 2018. Payroll for the new vehicle retailing industry was nearly $3 billion, with the total (including indirect impact) exceeding $4 billion.

<table>
<thead>
<tr>
<th>EMPLOYEE COMPENSATION - 2009, 2018 and 2019</th>
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<tr>
<td></td>
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<tr>
<td><strong>2009</strong></td>
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<tr>
<td>Total Payroll (including fringe benefits) for Average Franchised New Vehicle Dealership in New Jersey</td>
</tr>
<tr>
<td>TIMES</td>
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<tr>
<td>Total Number of Franchised New Vehicle Dealerships in New Jersey</td>
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<tr>
<td>EQUALS</td>
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<tr>
<td>TOTAL EMPLOYEE COMPENSATION AT FRANCHISED NEW VEHICLE DEALERSHIPS</td>
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<tr>
<td>PLUS</td>
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<tr>
<td>Additional Indirect Employee Compensation Resulting from Franchised New Vehicle Dealership Operations</td>
</tr>
<tr>
<td>EQUALS</td>
</tr>
<tr>
<td>TOTAL COMPENSATION TO EMPLOYEES OF NEW JERSEY’S NEW VEHICLE RETAILING INDUSTRY</td>
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</table>
Automobile dealerships collected or paid a total of more than $1.82 billion in State and local taxes during 2019, up 2.5% from 2018. State sales tax revenue exceeded $1.5 billion. Federal tax revenue generated by dealerships was higher than $860 million.
New franchised automobile dealerships spent a total of over $430 million on advertising during 2019, up from $301 million in 2009. Internet accounted for the largest percentage of dealership advertising (52%).

NEW VEHICLE MARKET

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, and remaining well above 500,000 from 2017 through 2019. The COVID-19 pandemic will likely result in a decline of more than 20% in 2020.
New franchised automobile dealerships in New Jersey had total sales exceeding $37 billion during 2019. Average dealership sales were $72.6 million last year, up by more than $32 million from 2009, and higher than in 2018.
New Jersey franchised new car and truck dealerships are best positioned to lead the electric vehicle revolution.

% of franchised car and truck dealerships that will offer EVs for sale in 2020: **90%**

Number of EV and plug-in hybrid models currently available at franchised new car and truck dealerships: **38 vehicles**

% change in EV sales at franchised new car and truck dealerships (2018 versus 2019): **88%**

Incentives available for EV Buyers:
- State sales tax exemption
- State EV incentive (up to $5,000)
- Federal tax credit (up to $7,500)
- Manufacturer incentive
- Dealer incentive
| DISTRICT 1 | Action Hyundai of Millville |
| Benwell Chevrolet |
| 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- Egg Harbor Twp. |
| Mercedes-Benz of Atlantic City |
| Nissan of Atlantic City |
| Shore Toyota |
| Sport Hyundai Dodge |
| DISTRICT 2 | Atlantic Chrysler Jeep Volkswagen |
| Cherry Hill Imports |
| Cherry Hill Imports Cherry Hill Dodge Chrysler Jeep |
| Bergey's Truck Center-Pennsauken |
| Bentley Truck Services Maple Shade |
| Cherry Hill Dodge Chrysler Jeep |
| Cherry Hill Imports |
| Cherry Hill Kia |
| Cherry Hill Mitsubishi |
| Cherry Hill Nissan |
| Circle BMW |
| Circle Chevrolet Company |
| Circle Infiniti |
| Coast Cities Truck Sales, Inc. |
| DCH BMW of Freehold |
| DCH Ford of Evesham |
| DCH Freehold Toyota |
| DCH Kay Honda |
| Freehold Buick GMC |
| Freehold Chrysler Jeep |
| Freehold Dodge, Inc. |
| Freehold Ford |
| Freehold Hyundai |
| Freehold Nissan |
| Freehold Subaru |
| Galaxy Toyota |
| George Wall Ford Lincoln |
| Gold Coast Cadillac |
| Honda of Freehold |
| Irwin Lincoln Mazda |
| Jaguar Land Rover Cherry Hill |
| Jaguar Land Rover Monmouth |
| Lester Glenn Ford |
| Maurice Schwartz & Sons, Inc. |
| Mini of Monmouth |
| Nissan World of Red Bank |
| Platinum Mitsubishi |
| Porsche Monmouth |
| Raceway Kia of Freehold |
| Ray Catena Lexus of Freehold |
| Ray Catena Nissan of Freehold |
| Ray Catena Maserati |
| Ray Catena Mercedes-Benz |
| Freehold Red Bank Volvo, Inc. |
| Sansone Jr.'s 66 Auto Mall |
| Sea Coast Chevrolet |
| Sea View Auto Corp. |
| Shrewsbury Motors |
| World Chrysler Dodge Jeep RAM |
| World Subaru |
| World Volkswagen |
| DISTRICT 3 | Bayshore Ford of Pennsville, Inc. |
| Bentley Truck Services Logan Twp. |
| Bob Novick Auto Mall |
| Freightliner of Bridgeport |
| Liberty Kennow of South Jersey |
| Matt Blatt Glassboro Imports Mitsubishi |
| Pellegrino Chrysler Jeep |
| Points Buick GMC |
| Spirit Chrysler Dodge Jeep |
| Volkswagen of Salem County |
| Acura Turnersville |
| Audi Turnersville |
| VW 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 4 | Ace Ford |
| Barlow Buick GMC-Woodbury Mount Ephraim Chrysler Dodge Ram |
| Pellegrino Chevrolet Performance Dodge Ram Toyota of Runnemede Woodbury Nissan, Inc. |
| DISTRICT 5 | Alfa Romeo & Fiat of Maple Shade Bentley Truck Services Maple Shade |
| Bergery's Truck Center-Pennsauken Cherry Hill Dodge Chrysler Jeep |
| Cherry Hill Imports |
| DISTRICT 6 | Cherry Hill Kia |
| Cherry Hill Mitsubishi |
| Cherry Hill Nissan |
| Circle BMW |
| Circle Chevrolet Company |
| Circle Infiniti |
| Coast Cities Truck Sales, Inc. |
| DCH BMW of Freehold |
| DCH Ford of Evesham |
| DCH Freehold Toyota |
| DCH Kay Honda |
| Freehold Buick GMC |
| Freehold Chrysler Jeep |
| Freehold Dodge, Inc. |
| Freehold Ford |
| Freehold Hyundai |
| Freehold Nissan |
| Freehold Subaru |
| Galaxy Toyota |
| George Wall Ford Lincoln |
| Gold Coast Cadillac |
| Honda of Freehold |
| Irwin Lincoln Mazda |
| Jaguar Land Rover Cherry Hill |
DISTRICT 20
Maplecrest of Union
Maxon Buick GMC
Maxon Hyundai Mazda
Open Road Chevrolet
Open Road Subaru
Planet Honda
Ray Catena of Union
Rydel Volkswagen of Linden
Route 22 Honda
Route 22 Nissan
Route 22 Toyota

DISTRICT 21
Auto Laird Chrysler Jeep Dodge Ram
Auto Laird Toyota
BMW of Springfield
Crown Cadillac, Inc.
Douglas Infiniti
Douglas Volkswagen
HFI Truck Center
Liccardi Ford, Inc.
Luxmoore World of Springfield
Salerno-Duane, Inc.
Smythe Volvo, Inc.
Springfield Acura
Springfield Truck Center, Inc.
Team Welsh Jeep Chrysler

DISTRICT 22
Bell Mitsubishi
Crystal Motors
Global Auto Mall
Green Brook Buick GMC
Liccardi Cadillac
Liccardi Honda
North Plainfield Nissan
VIP Honda

DISTRICT 23
Audi Bridgewater
Autosport Honda
Bill Vinc's Bridgewater Acura
BMW of Bridgewater
Bridgewater Chevrolet
Bridgewater Kia
Clinton Acura
Honda of Hackettstown
Johnson Buick GMC Cadillac, Inc.
Johnson Dodge Chrysler
Lexus of Bridgewater
Motion Kia
Opdyke's Sales & Service
Open Road of Bridgewater
Open Road Volkswagen of Bridgewater
Phillipsburg Easton Honda, Inc.
Ray Catena Infiniti of Bridgewater
Rossi Chevrolet Buick GMC
Route 46 Subaru
Smith Motor Company, Inc.
Toyota World of Clinton

DISTRICT 24
Audi Newton
Franklin Sussex Auto Mall, Inc.
Franklin Sussex Hyundai
Hoover Truck Center
McGuire Chevrolet Cadillac
Mercedes-Benz of Newton
Motion Chevrolet
Nielsen Ford
Nissan of Stanhope
Open Road of Newton
Royal Buick GMC, Inc.
Subaru World of Newton
Sussex Honda
Toyota World of Newton
Volkswagen World of Newton

DISTRICT 25
Acura of Denville
Beyer Chrysler Jeep Dodge Ram
Beyer Ford
Dover Dodge Chrysler Jeep, Inc.
Family Ford, Inc.
Gateway Kia of Denville
H & H Mack Sales
Joyce Honda
Maplecrest Ford, Inc.
Mercedes-Benz of Morristown
Nielsen Chevrolet
Nissan of Denville
Open Road BMW of Morristown
Open Road BMW of Roxbury
Open Road Mazda of Morristown
Open Road Mini of Morristown
Paul Miller Volkswagen of Bernardsville
Performance Ford Lincoln
Rossi Chrysler Dodge Jeep Ram
Salerno Duane Infiniti
Sawyer Lyons Buick GMC of Randolph
Schumacher Chevrolet Buick of Boonton
Schumacher Chevrolet of Denville
Subaru of Morristown
Towne Hyundai
Towne Toyota
Toyoada of Morristown, Inc.
Trend Motors

DISTRICT 26
Bentley Parsippany
DCH Montclair Acura
DeCozen Chrysler Jeep Dodge
Jaguar Land Rover Parsippany
Mercedes-Benz of Caldwell
Ott Miller Chrysler of West Caldwell
Paul Miller Audi
Paul Miller Honda of West Caldwell
Paul Miller Porsche
Paul Miller Subaru
Paul Miller Toyota of West Caldwell
Performance Nissan of Butler
Precision Chrysler Jeep Dodge Ram
Route 23 Auto Mall
Verner-Cadby, Inc.

DISTRICT 27
DCH Millburn Audi
Hilltop Nissan, Inc.
Lexus of Route 10
Madison Honda
Masaryki of Morris County
Nielsen Chrysler Jeep Dodge Ram
Open Road Cadillac
Performance Ford of East Hanover LLC
Prestige Volvo
Schumacher Chevrolet of Livingston

DISTRICT 28
DCH BMW of Bloomfield
Lynnes Hyundai
Lynnes Nissan
Lynnes Subaru
Nutfley Kia

DISTRICT 30
All American Ford in Point Pleasant
Coast Honda
Colonial Linc
DiFeo Kia
Honda Universe
Jim Curley Buick GMC
Larson Ford, Inc.
Pine Belt Chevrolet of Lakewood
Pine Belt Chrysler Jeep Dodge Ram
Pine Belt Subaru
Sea Breeze Ford
T & T Coast Buick GMC
Toyota World of Lakewood
Volvo Cars Manasquan

DISTRICT 31
Chevrolet of Jersey City
Hudson Chrysler Jeep Dodge
Hudson Hyundai Solaris
Hudson Nissan
Hudson Toyota
Jersey City Kia
Metro Honda

DISTRICT 32
Audi Meadowlands
Beyer Bros. Corp.
Hudson County Motors
Hudson Honda
McGuire Buick GMC (NB)
United Ford

DISTRICT 33
Fette Ford, Inc.
Fette Infiniti
Garden State Honda-Clifton
Gensinger Motors, Inc.
Schumacher Chevrolet of Clifton

DISTRICT 35
Brogan Cadillac Company
Nissan 46
Route 46 Mitsubishi

DISTRICT 36
Bellavia Chevrolet Buick
East Coast Toyota
Frank's Truck Center, Inc.
MTC Kenworth
Quality Auto Mall
Scheeler Trucks Sales & Service
Teterboro Chrysler Jeep
Three County Volkswagen Corp.

DISTRICT 37
All American Ford, Inc.
Benzel-Busch Motor Car Corp.
BMW of Tenafly
Chrysler Jeep Dodge Ram of Englewood Cliffs
D & O Honda of Tenafy
DARCARS Lexus of Englewood
Ford of Englewood, Inc.
Jaguar Land Rover Englewood
Lexus of Englewood
Parkway Toyota
Preige Lincoln of Englewood
Prestige Volvo Cars Englewood
Quality Chevrolet Buick GMC
Riverside Nissan
Town Motors
Toyota of Hackensack

DISTRICT 38
All American Ford of Paramus
All American Lincoln of Paramus LLC
Chrysler Dodge Jeep of Paramus
DCH Paramus Honda
Elite Nissan of Bergenfield
Glen Toyota
Hawthorne Chevrolet
Jack Daniels Audi
Jack Daniels Kia
Jack Daniels Volkswagen
Jaguar Land Rover Paramus
Kundert Volvo Cars of Hasbrouck Heights
Lamborghini Paramus
Mazda of Lodi
McLaren North Jersey
Mercedes-Benz of Paramus
North Jersey Truck Center
Paramus Chevrolet
Paramus Hyundai
Park Avenue Acura
Park Avenue BMW
Route 17 Nissan

DISTRICT 39
Acura of Ramsey
BMW of Ramsey
Buick GMC of Mahwah
Cadillac of Mahwah
Jack Daniels Audi-Upper Saddle
Jack Daniels Porsche
Joe Heidt Motors
Liberty Hyundai
Liberty Kia
Liberty Subaru, Inc.
Mahwah Ford Sales & Service, Inc.
Mahwah Honda
Maserati of Bergen County
Mini of Ramsey
Prestige Lexus of Ramsey
Prestige Toyota of Ramsey
Ramsey Alfa Romeo Fiat
Ramsey Chrysler Jeep Dodge
Ramsey Infiniti
Ramsey Mazda
Ramsey Nissan
Ramsey Subaru
Ramsey Volvo

DISTRICT 40
Crestmont Toyota Volkswagen
Lincoln of Wayne
McGuire Buick GMC (LF)
Open Road Acura of Wayne
Paul Miller BMW
Route 23 Kia
Route 46 Chrysler Jeep Dodge
Schumacher Chevrolet of Little Falls
Toyota Universe
Tri-County Lexus
Wayne Ford
Wayne Mazda Hyundai
Wayne Subaru, Inc.
Dealership financial data (and other information cited in this report) was collected from information reported by New Jersey franchised automotive retailers in 2019.

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.