

NADA DATA

ANNUAL FINANCIAL PROFILE OF AMERICA'S
FRANCHISED NEW-CAR DEALERSHIPS

2014



www.nada.org/nadadata

Overview

Numbers don't lie, and the numbers for 2014 were very good. This was the fifth year of growth for automotive sales, with the average growth rate up over 9 percent since 2010.

Dealerships have also grown during this time, and employment is now over 1.1 million for new-car and commercial-truck dealers. Dealership wages also increased an average of 3.3 percent since 2011.

Compare that with auto manufacturing—which increased only 0.8 percent in the same period—and dealer employment is higher than any other auto-related industry and continues to lead nearly all other retailing businesses.

Of course, new-car dealers continue to pay one of the highest wages for any retail trade, with workers earning over \$55,000 a year, on average.

Competition among dealers also remains strong. Despite rising wages, downloading costs from the OEMs to retailers and increased regulation, this business continues to attract new entrants. The total number of dealers increased by over 200 from 2013 levels. Net profit margins have remained flat for the third year in a row at 2.2 percent.

The outlook for 2015 is just as robust. Expect total light- and heavy-duty sales to top 17.3 million. NADA does see some challenges ahead, including rising interest

rates and continued lackluster wage growth. But these factors shouldn't derail the growing automobile market.

TWO IMPORTANT NOTES

Yes, this year's *NADA Data 2014* has the same name as last year's *NADA Data 2014*. Problem is, last year's *NADA Data 2014* was using stats from 2013. We've always

named NADA Data based on the year the stats are published, since it takes time to compile year-end results. But this has been confusing. So, going forward, we've made things simpler, which is why this year's *NADA Data 2014* is using...2014 data.

There are a few other changes to *NADA Data*. First, our methodology changed for several statistics, which means previous issues or old copies of *NADA Data* may not be completely comparable with the data here. And NADA is expanding its data offerings through the year, with monthly updates and more commercial-truck coverage.



Steven Szakaly
Chief Economist, NADA

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Average Dealership Profile

Sales for franchised new-car dealerships reached 16.43 million units in 2014. Total dealership revenue—which includes sales of new and used vehicles, as well as service and parts—reached \$806 billion, an 8.6 percent increase from the previous year. For the average dealership, sales in the new-car department were up 8.1 percent and exceeded sales in the used-car department, which was up 6 percent. Net pretax profit was an average of just over \$1 million.

TOTAL GROSS AND EXPENSE

Total dealership gross margins fell for a fifth year in a row to 13.1 percent of total dealership sales from 13.4 percent

the previous year. While total expenses were up 4.7 percent, productivity gains and increased throughput helped to ensure that expenses declined as a percentage of sales to 10.9 percent from 11.2 percent. In addition, increased per-dealership sales caused advertising expenses on a per-vehicle basis to fall to \$608 from \$616. Finally low interest rates helped to keep floor-plan expenses in check for another year.

TOTAL DEALERSHIP PROFITS

For the third year in a row total dealership net profit before tax as a percent of sales was 2.2 percent. Fierce pricing competition and the plethora of available models continued to keep a lid on dealer margins.

Average dealership profile

| | 2010 | 2011 | 2012 | 2013 | 2014 | % change 2013-2014 |
|---|--------------|--------------|--------------|--------------|--------------|-----------------------|
| Total dealership sales | \$33,842,655 | \$38,387,875 | \$41,549,519 | \$45,901,608 | \$49,165,223 | 7.1% |
| Total dealership gross | \$4,920,734 | \$5,515,624 | \$5,704,443 | \$6,151,839 | \$6,459,256 | 5.0% |
| As % of total sales | 14.5% | 14.4% | 13.7% | 13.4% | 13.1% | |
| Total dealership expense | \$4,225,189 | \$4,647,373 | \$4,790,592 | \$5,126,568 | \$5,365,451 | 4.7% |
| As % of total sales | 12.5% | 12.1% | 11.5% | 11.2% | 10.9% | |
| Net profit before taxes | \$695,545 | \$868,251 | \$913,850 | \$1,025,272 | \$1,093,805 | 6.7% |
| As % of total sales | 2.1% | 2.3% | 2.2% | 2.2% | 2.2% | |
| Net pre-tax profit (in constant '82 dollars) | \$317,341 | \$384,740 | \$398,017 | \$439,938 | \$465,822 | 5.9% |
| New-vehicle department sales | \$17,885,259 | \$20,887,855 | \$23,360,626 | \$26,207,080 | \$28,338,621 | 8.1% |
| As % of total sales | 52.8% | 54.4% | 56.2% | 57.1% | 57.6% | |
| Used-vehicle department sales | \$11,205,420 | \$12,424,447 | \$13,192,066 | \$14,376,071 | \$15,232,215 | 6.0% |
| As % of total sales | 33.1% | 32.4% | 31.8% | 31.3% | 31.0% | |
| Service and parts sales | \$4,751,976 | \$5,075,572 | \$4,996,828 | \$5,318,457 | \$5,594,388 | 5.2% |
| As % of total sales | 14.0% | 13.2% | 12.0% | 11.6% | 11.4% | |
| New-vehicle average selling price | \$29,793 | \$30,659 | \$30,910 | \$31,762 | \$32,618 | 2.7% |
| Used-vehicle average selling price | \$16,474 | \$17,267 | \$17,547 | \$18,111 | \$18,846 | 4.1% |
| Average net worth (as of 12/31) | \$2,803,527 | \$3,102,017 | \$3,287,005 | \$3,532,738 | \$3,749,838 | 6.1% |
| Net profit as % of net worth | 24.8% | 28.0% | 27.8% | 29.0% | 29.2% | |

Source: NADA

New-Car Dealerships

New-car dealerships, by state¹ in 2014

| | | | |
|---------------|------|-------------------|---------------|
| Alabama | 268 | Montana | 103 |
| Alaska | 29 | Nebraska | 162 |
| Arizona | 236 | Nevada | 94 |
| Arkansas | 194 | New Hampshire | 136 |
| California | 1296 | New Jersey | 441 |
| Colorado | 241 | New Mexico | 112 |
| Connecticut | 255 | New York | 828 |
| Delaware | 52 | North Carolina | 575 |
| D.C. | 1 | North Dakota | 79 |
| Florida | 820 | Ohio | 709 |
| Georgia | 480 | Oklahoma | 259 |
| Hawaii | 68 | Oregon | 217 |
| Idaho | 93 | Pennsylvania | 857 |
| Illinois | 705 | Rhode Island | 44 |
| Indiana | 384 | South Carolina | 247 |
| Iowa | 291 | South Dakota | 89 |
| Kansas | 210 | Tennessee | 324 |
| Kentucky | 237 | Texas | 1121 |
| Louisiana | 270 | Utah | 137 |
| Maine | 110 | Vermont | 83 |
| Maryland | 287 | Virginia | 455 |
| Massachusetts | 384 | Washington | 305 |
| Michigan | 596 | West Virginia | 133 |
| Minnesota | 328 | Wisconsin | 453 |
| Mississippi | 173 | Wyoming | 52 |
| Missouri | 373 | Total U.S. | 16,396 |

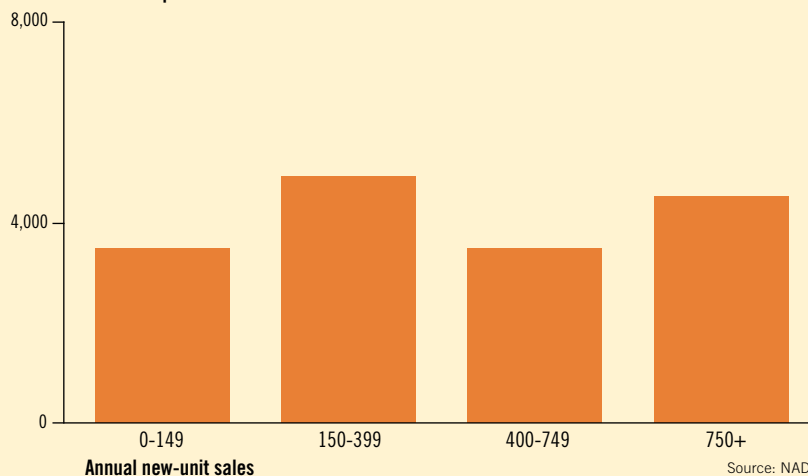
Source: NADA

¹Including District of Columbia (D.C.).

In 2014, the number of franchised new-car dealerships continued to grow, leading to a net increase of more than 200 retail outlets, commonly referred to as rooftops. Rising sales, improving economic conditions, and continued demographic shifts are leading factors in the rising number of new-car dealerships.

Number of dealerships, by volume of new-unit sales, 2014

Number of dealerships



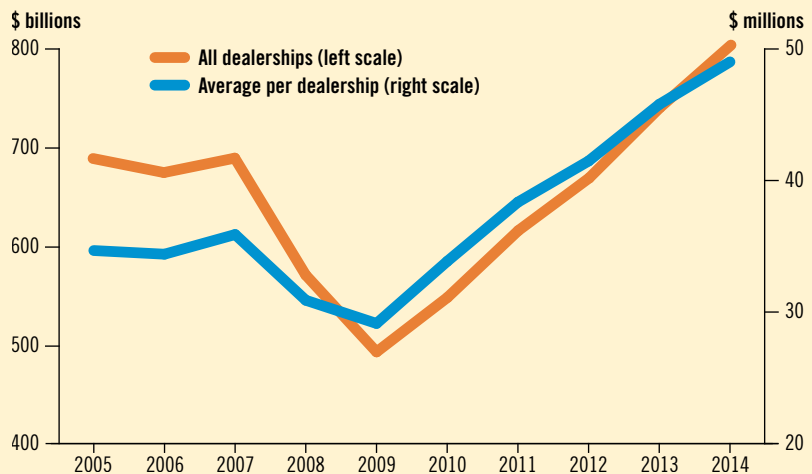
Source: NADA

Total Dealership Sales Dollars

The new-vehicle department had the largest share of total dealership sales dollars (57.6 percent), followed by the used-vehicle department (31.0 percent) and service and parts (11.4 percent).

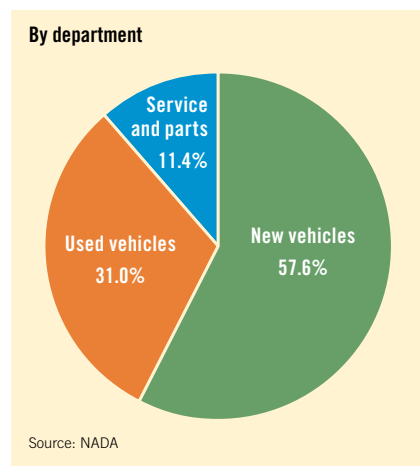
Yet again, Arizona had the highest dollar sales per dealership of all states, while California had the highest dollar sales for all dealerships.

Total sales of new-vehicle dealerships



Source: NADA and U.S. Department of Commerce

Share of total dealership sales dollars, 2014



Source: NADA

Total sales by state, 2014

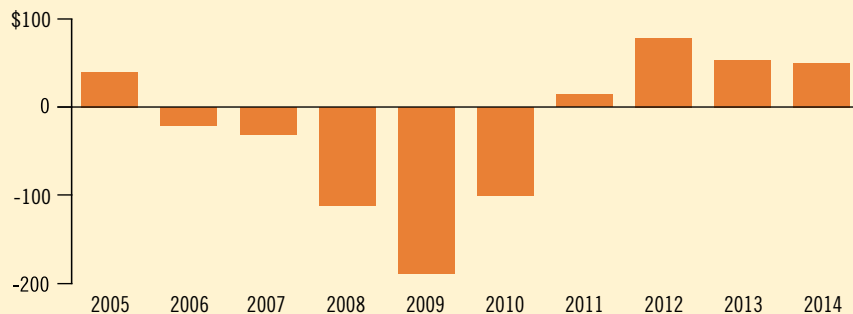
| State | All dealerships (millions) | Average per dealership (thousands) | State | All dealerships (millions) | Average per dealership (thousands) |
|-------------------|----------------------------|------------------------------------|-------------------|----------------------------|------------------------------------|
| Alabama | \$10,994 | \$41,023 | Montana | \$3,228 | \$31,336 |
| Alaska | \$1,377 | \$47,482 | Nebraska | \$5,523 | \$34,092 |
| Arizona | \$18,818 | \$79,736 | Nevada | \$6,147 | \$65,394 |
| Arkansas | \$6,967 | \$35,915 | New Hampshire | \$5,456 | \$40,120 |
| California | \$97,686 | \$75,375 | New Jersey | \$25,875 | \$58,674 |
| Colorado | \$15,121 | \$62,742 | New Mexico | \$4,251 | \$37,958 |
| Connecticut | \$10,214 | \$40,057 | New York | \$45,466 | \$54,911 |
| Delaware | \$2,799 | \$53,824 | North Carolina | \$23,356 | \$40,620 |
| Florida | \$59,628 | \$72,717 | North Dakota | \$3,455 | \$43,730 |
| Georgia | \$24,572 | \$51,191 | Ohio | \$29,629 | \$41,790 |
| Hawaii | \$2,288 | \$33,646 | Oklahoma | \$20,564 | \$79,399 |
| Idaho | \$3,763 | \$40,457 | Oregon | \$8,648 | \$39,852 |
| Illinois | \$31,964 | \$45,339 | Pennsylvania | \$31,068 | \$36,252 |
| Indiana | \$14,402 | \$37,506 | Rhode Island | \$2,256 | \$51,279 |
| Iowa | \$8,421 | \$28,936 | South Carolina | \$10,302 | \$41,710 |
| Kansas | \$6,486 | \$30,885 | South Dakota | \$2,960 | \$33,257 |
| Kentucky | \$7,924 | \$33,433 | Tennessee | \$13,355 | \$41,218 |
| Louisiana | \$10,718 | \$39,694 | Texas | \$81,442 | \$72,652 |
| Maine | \$3,865 | \$35,132 | Utah | \$7,144 | \$52,142 |
| Maryland | \$14,737 | \$51,347 | Vermont | \$2,051 | \$24,712 |
| Massachusetts | \$18,684 | \$48,656 | Virginia | \$18,984 | \$41,723 |
| Michigan | \$17,430 | \$29,246 | Washington | \$14,559 | \$47,735 |
| Minnesota | \$11,068 | \$33,742 | West Virginia | \$4,142 | \$31,140 |
| Mississippi | \$5,516 | \$31,887 | Wisconsin | \$14,067 | \$31,052 |
| Missouri | \$15,217 | \$40,797 | Wyoming | \$1,528 | \$29,382 |
| Total U.S. | | \$806,113 | Total U.S. | | \$49,165 |

Source: NADA

Dealership Financial Trends

New-vehicle department net profit

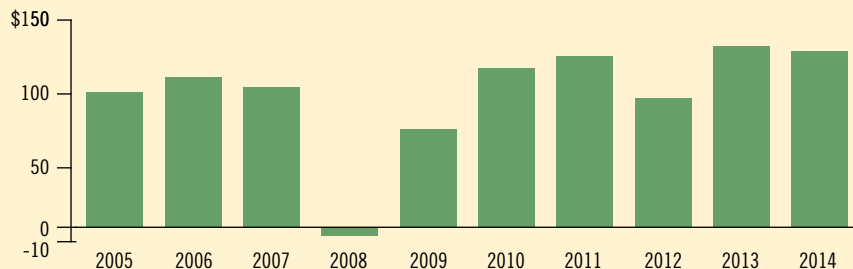
Average dealership, in thousands of dollars, including F&I



Source: NADA

Used-vehicle department net profit

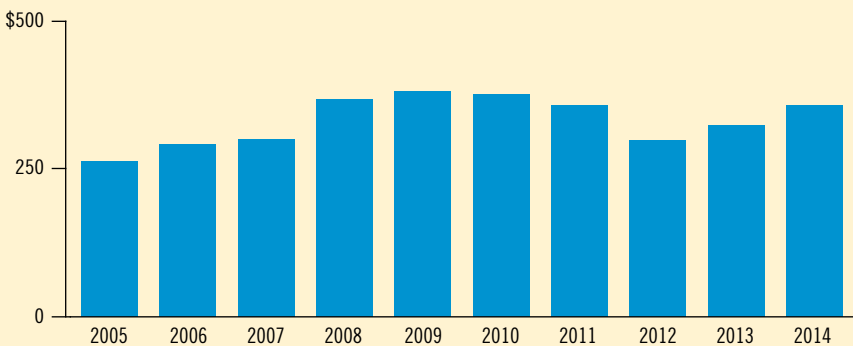
Average dealership, in thousands of dollars, including F&I



Source: NADA

Service and parts department net profit

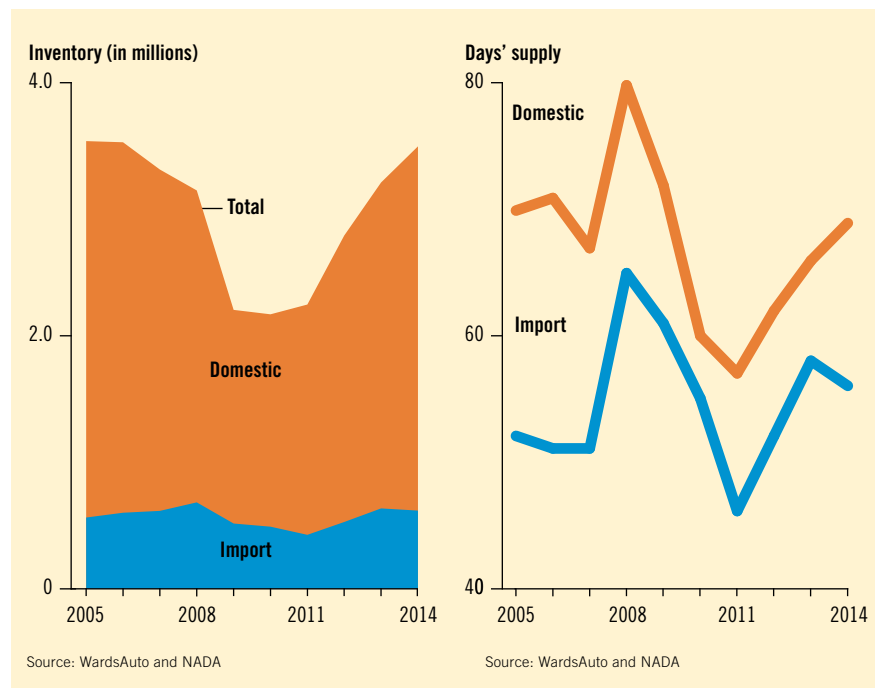
Average dealership, in thousands of dollars



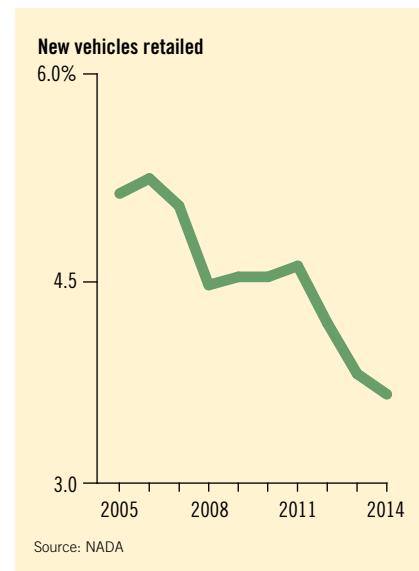
Source: NADA

The New-Vehicle Department

New-vehicle inventories and days' supply



Gross margin as percentage of selling price



New-vehicle sales, by month

| | 2014 Actual | 2014 SAAR* (in millions) | 2013 Actual | 2013 SAAR* (in millions) | % change 2013 to 2014 |
|------------------|-------------------|--------------------------|-------------------|--------------------------|-----------------------|
| January | 1,008,527 | 15.2 | 1,039,201 | 15.2 | -3.0% |
| February | 1,188,839 | 15.3 | 1,188,262 | 15.3 | 0.0% |
| March | 1,530,823 | 16.3 | 1,448,014 | 15.2 | 5.7% |
| April | 1,381,580 | 16.0 | 1,279,690 | 14.9 | 8.0% |
| May | 1,601,276 | 16.7 | 1,436,771 | 15.2 | 11.4% |
| June | 1,414,906 | 16.9 | 1,398,721 | 15.9 | 1.2% |
| July | 1,428,592 | 16.4 | 1,309,997 | 15.6 | 9.1% |
| August | 1,578,925 | 17.5 | 1,498,540 | 16.0 | 5.4% |
| September | 1,238,010 | 16.3 | 1,133,580 | 15.2 | 9.2% |
| October | 1,272,974 | 16.4 | 1,201,341 | 15.2 | 6.0% |
| November | 1,294,390 | 17.1 | 1,238,377 | 16.3 | 4.5% |
| December | 1,498,149 | 16.8 | 1,352,330 | 15.3 | 10.8% |
| Full Year | 16,436,991 | 16.4 | 15,524,824 | 15.5 | 5.9% |

Source: WardsAuto

*Seasonally adjusted annual rate

Number of new vehicles sold and selling price

| Year | New vehicles sold per dealership | Average retail selling price |
|------|----------------------------------|------------------------------|
| 2005 | 852 | \$28,400 |
| 2006 | 840 | 28,450 |
| 2007 | 837 | 28,800 |
| 2008 | 713 | 28,350 |
| 2009 | 615 | 28,966 |
| 2010 | 714 | 29,793 |
| 2011 | 793 | 30,659 |
| 2012 | 896 | 30,910 |
| 2013 | 960 | 31,762 |
| 2014 | 1003 | 32,618 |

Source: NADA

The New-Vehicle Department – continued

New-vehicle sales and market share, by manufacturer

| Year | Fiat Chrysler | Ford | General Motors | Toyota | Honda | Nissan | Volkswagen | Other imports | Total |
|------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|----------------------------|----------------------------|--------------------------|-----------------------------|-------------------|
| 2005 | 2,304,900 13.60% | 3,106,900 18.34% | 4,456,800 26.30% | 2,260,300 13.34% | 1,462,500 8.63% | 1,076,900 6.36% | 307,250 1.81% | 1,969,450 11.62% | 16,945,000 |
| 2006 | 2,142,500 12.98% | 2,848,100 17.26% | 4,067,600 24.65% | 2,542,500 15.41% | 1,509,400 9.15% | 1,019,500 6.18% | 325,300 1.97% | 2,047,900 12.41% | 16,502,700 |
| 2007 | 2,076,100 12.90% | 2,502,000 15.55% | 3,824,550 23.77% | 2,620,800 16.29% | 1,551,550 9.64% | 1,068,500 6.64% | 324,050 2.01% | 2,121,750 13.19% | 16,089,300 |
| 2008 | 1,447,750 10.97% | 1,942,050 14.72% | 2,955,900 22.40% | 2,217,700 16.81% | 1,428,800 10.83% | 951,450 7.21% | 310,900 2.36% | 1,940,050 14.70% | 13,194,600 |
| 2009 | 927,200 8.91% | 1,656,100 15.92% | 2,072,200 19.92% | 1,770,200 17.02% | 1,150,800 11.06% | 770,100 7.40% | 296,200 2.85% | 1,758,900 16.91% | 10,401,700 |
| 2010 | 1,079,700 9.34% | 1,905,400 16.49% | 2,211,300 19.14% | 1,763,600 15.26% | 1,230,500 10.65% | 908,600 7.86% | 358,500 3.10% | 2,096,500 18.15% | 11,554,100 |
| 2011 | 1,361,600 10.69% | 2,110,800 16.58% | 2,503,800 19.66% | 1,644,700 12.92% | 1,147,300 9.01% | 1,042,500 8.19% | 442,000 3.47% | 2,481,500 19.49% | 12,734,200 |
| 2012 | 1,641,500 11.37% | 2,205,500 15.27% | 2,595,700 17.98% | 2,082,500 14.42% | 1,422,800 9.85% | 1,141,700 7.91% | 438,100 3.03% | 2,912,260 20.17% | 14,440,060 |
| 2013 | 1,789,500 11.53% | 2,435,300 15.69% | 2,786,100 17.95% | 2,236,000 14.40% | 1,525,300 9.82% | 1,248,400 8.04% | 407,700 2.63% | 3,096,500 19.95% | 15,524,800 |
| 2014 | 2,076,200 12.63% | 2,418,300 14.71% | 2,935,000 17.86% | 2,373,800 14.44% | 1,540,900 9.37% | 1,386,900 8.44% | 367,000 2.23% | 3,338,900 20.31% | 16,437,000 |
| 10-Year Average | 1,732,086 11.86% | 2,400,141 16.43% | 3,187,850 21.82% | 2,142,923 14.67% | 1,396,750 9.56% | 1,042,686 7.14% | 355,550 2.43% | 2,350,201 16.09% | 14,608,178 |

Source: WardsAuto

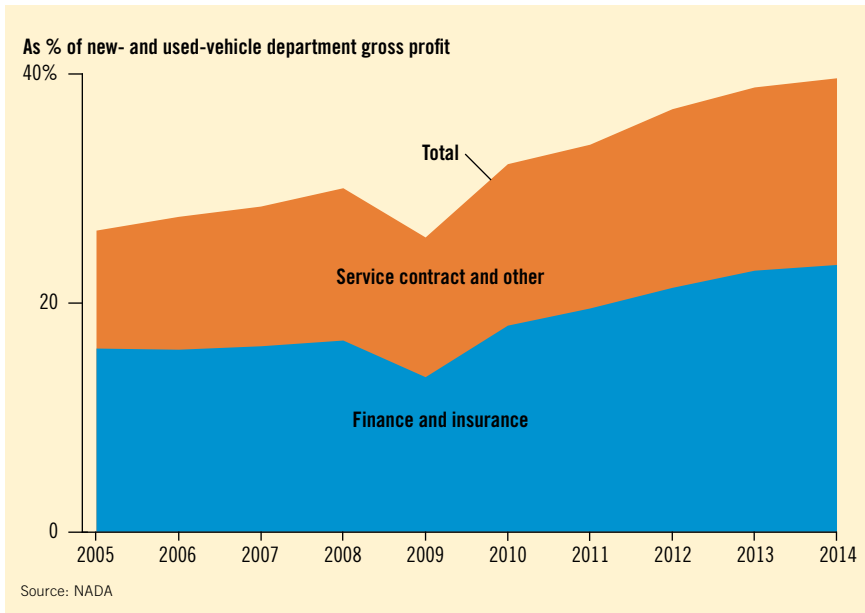
New light-duty vehicle sales, by year

| Year | New cars | Light-duty trucks | Total light-duty vehicles | Light-duty trucks as % of total |
|------|-----------|-------------------|---------------------------|---------------------------------|
| 2005 | 7,666,700 | 9,278,300 | 16,945,000 | 54.8% |
| 2006 | 7,780,800 | 8,721,000 | 16,502,700 | 52.8% |
| 2007 | 7,618,400 | 8,470,900 | 16,089,300 | 52.6% |
| 2008 | 6,813,550 | 6,381,050 | 13,194,600 | 48.4% |
| 2009 | 5,456,300 | 4,945,400 | 10,401,700 | 47.5% |
| 2010 | 5,635,400 | 5,919,100 | 11,554,500 | 51.2% |
| 2011 | 6,089,300 | 6,644,900 | 12,734,200 | 52.2% |
| 2012 | 7,242,800 | 7,199,000 | 14,441,800 | 49.8% |
| 2013 | 7,582,500 | 7,942,300 | 15,524,800 | 51.2% |
| 2014 | 7,688,900 | 8,748,100 | 16,437,000 | 53.2% |

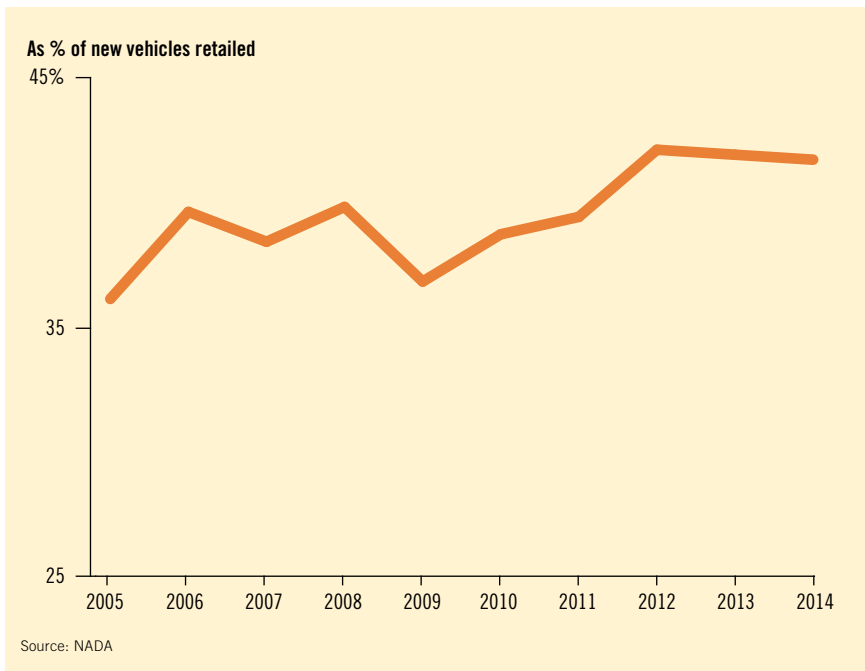
Source: WardsAuto

F&I, Service Contracts

Aftermarket income

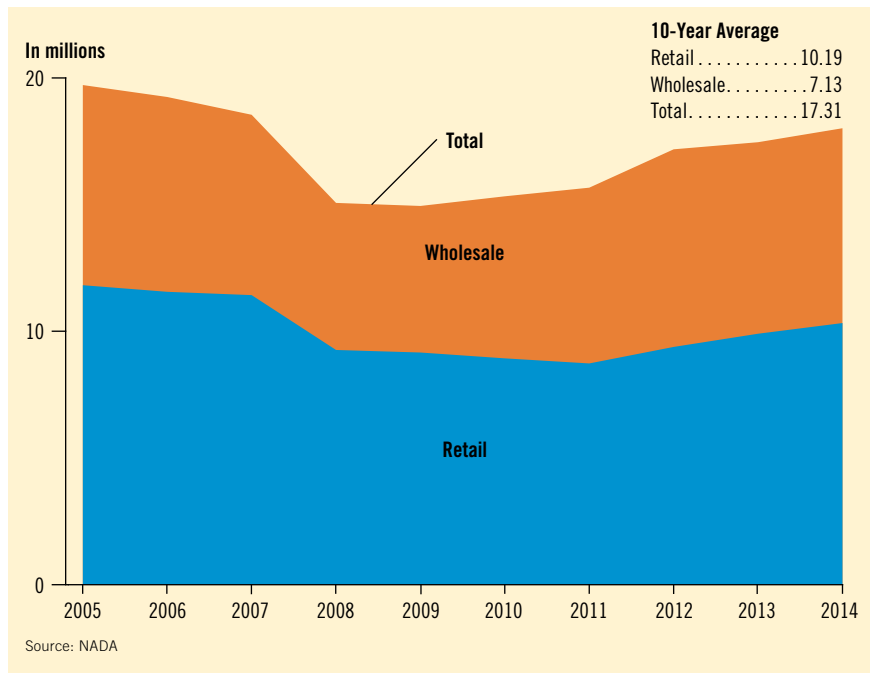


Service contract penetration rates

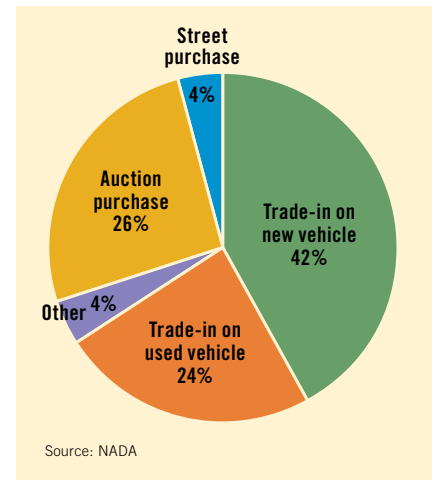


The Used-Vehicle Department

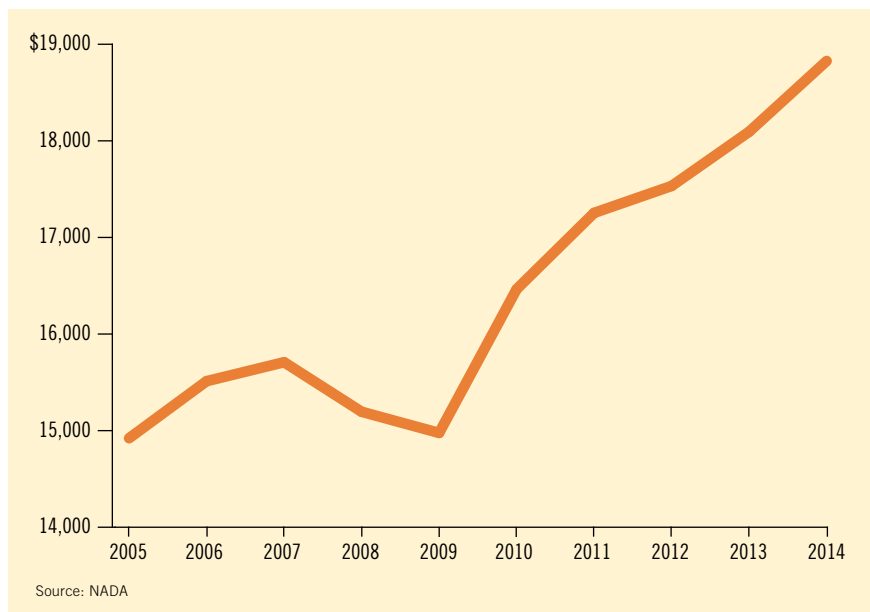
Used-vehicle sales by new-vehicle dealerships



Sources of used vehicles retailed by dealerships, 2014



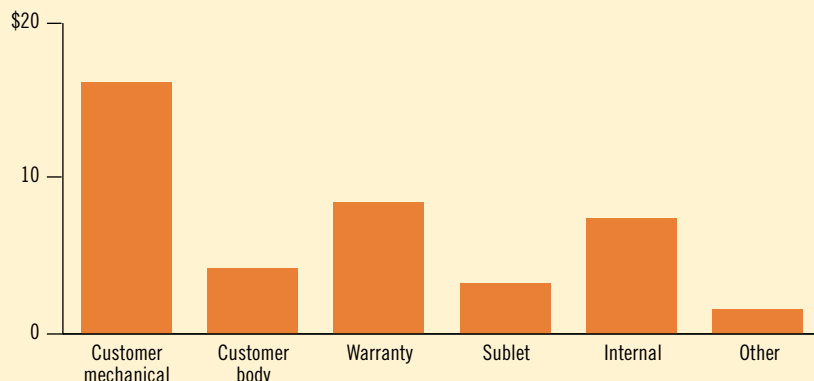
Average retail selling price of used vehicles retailed by new-light dealerships, 2014



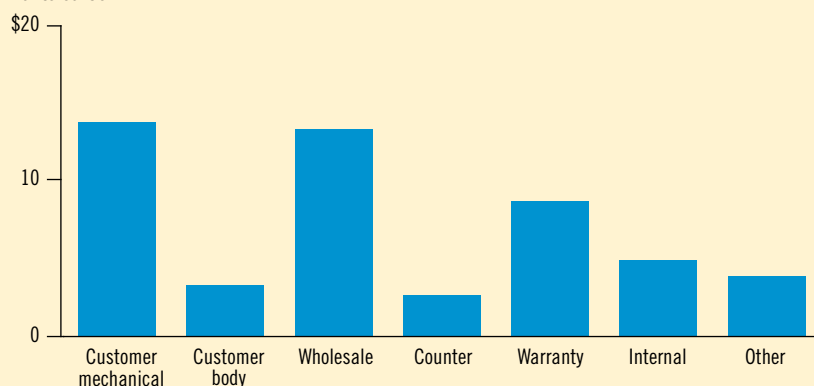
Service, Parts and Body Shop

Dealerships' total service and parts sales, 2014

In billions of dollars
Service labor sales



Parts sales



Source: NADA

Dealerships' service and parts sales, 2014

In billions of dollars

Service labor sales

| | |
|----------------------------|----------------|
| Customer Mechanical | \$16.17 |
| Customer Body | 4.19 |
| Warranty | 8.45 |
| Sublet | 3.23 |
| Internal | 7.40 |
| Other | 1.60 |
| Total service labor | \$41.03 |

Parts sales

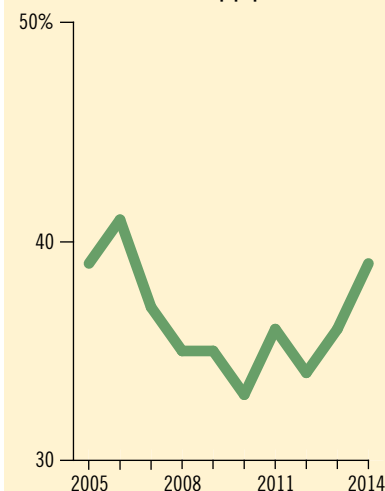
| | |
|---------------------|----------------|
| Customer Mechanical | \$13.79 |
| Customer Body | 3.34 |
| Wholesale | 13.35 |
| Counter | 2.69 |
| Warranty | 8.69 |
| Internal | 4.92 |
| Other | 3.90 |
| Total parts | \$50.69 |

Total Service & Parts \$91.73

Source: NADA

Dealerships operating on-site body shops

Percent of total dealership population



Source: NADA

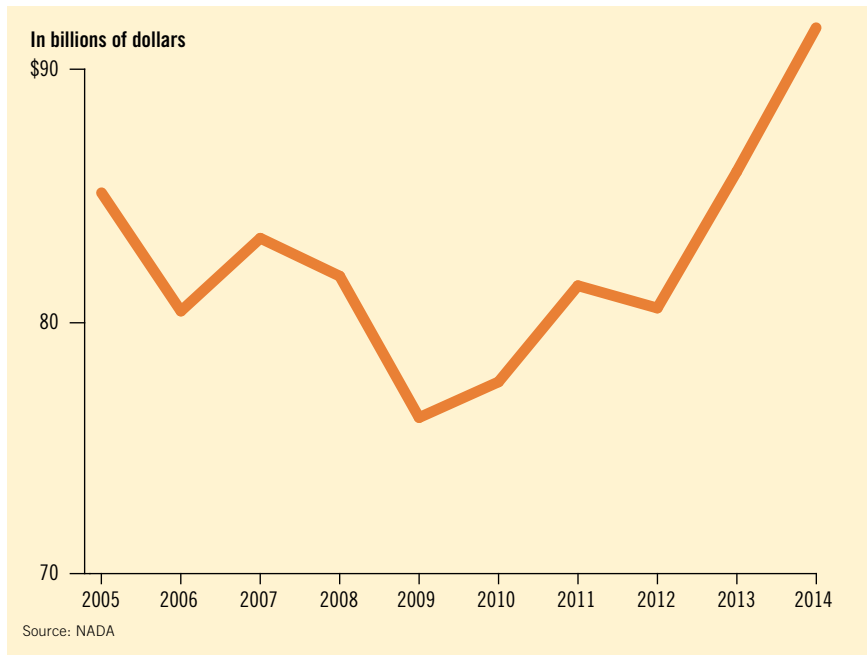
Profile of dealerships' service and parts operations, 2014

| | Average dealership | All dealers |
|--|--------------------|-----------------|
| Total service and parts sales | \$5,594,388 | \$91.73 billion |
| Total gross profit as percent of service and parts sales | 46.14% | |
| Total net profit as percent of service and parts sales | 6.39% | |
| Total number of repair orders written | 17,070 | 280 million |
| Total service and parts sales per customer repair order | \$255 | |
| Total service and parts sales per warranty repair order | \$230 | |
| Number of technicians (including body) | 17 | 274,984 |
| Total parts inventory | \$328,114 | \$5.38 billion |
| Average customer mechanical labor rate | \$135 | |

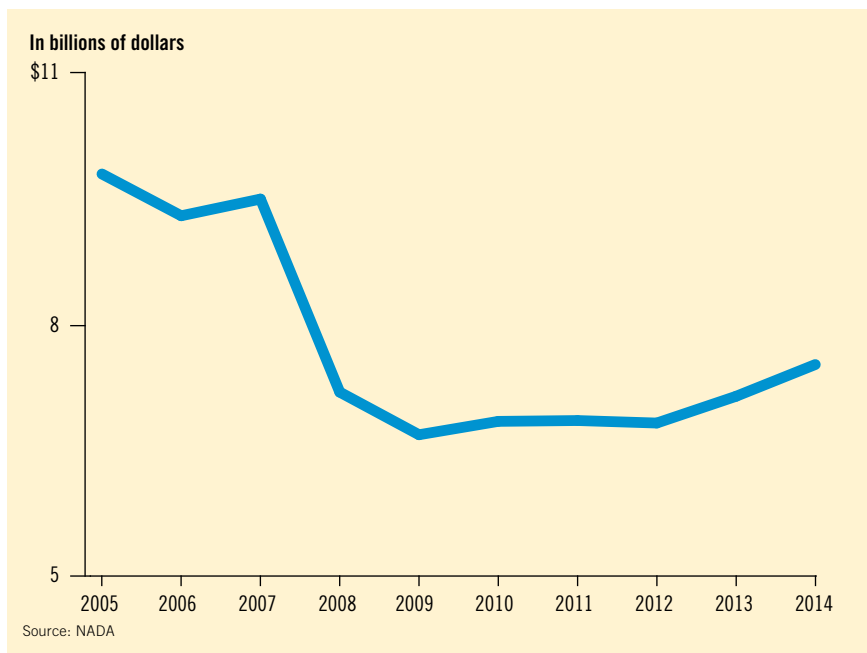
Source: NADA

Service, Parts and Body Shop – continued

Dealerships' total service and parts sales



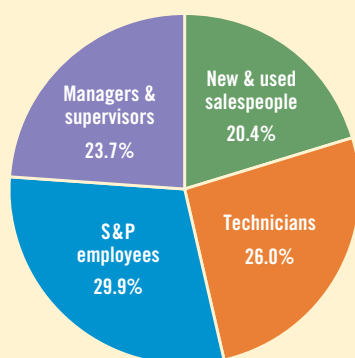
Total dealership body shop sales



Employment and Payroll

Dealership employment by position in 2014

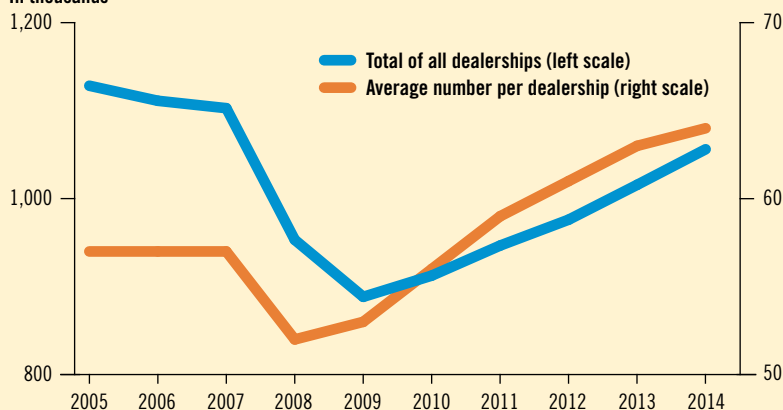
Percent of total



Source: NADA and U.S. Bureau of Labor Statistics

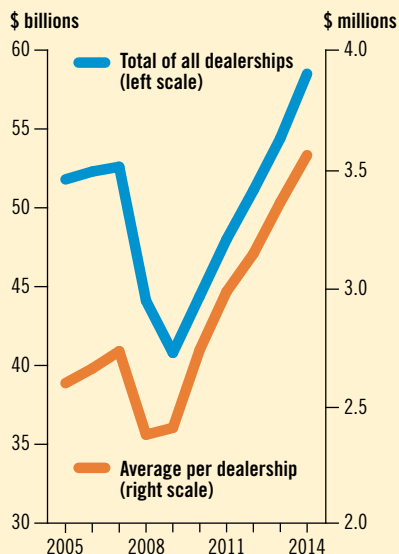
Estimated number of employees in new-car dealerships

In thousands



Source: NADA and U.S. Bureau of Labor Statistics

Annual payroll of new-car dealerships



Source: NADA and U.S. Bureau of Labor Statistics

Estimated number of new-car dealership employees in 2014, by state

| State | Total number (all dealers) | Average number (per dealership) | State | Total number (all dealers) | Average number (per dealership) |
|---------------|----------------------------|---------------------------------|-------------------|----------------------------|---------------------------------|
| Alabama | 14,271 | 53 | Montana | 4,000 | 39 |
| Alaska | 2,192 | 76 | Nebraska | 6,996 | 43 |
| Arizona | 22,608 | 96 | Nevada | 8,593 | 91 |
| Arkansas | 8,783 | 45 | New Hampshire | 7,019 | 52 |
| California | 113,596 | 88 | New Jersey | 30,555 | 69 |
| Colorado | 17,741 | 74 | New Mexico | 7,016 | 63 |
| Connecticut | 13,588 | 53 | New York | 48,437 | 58 |
| Delaware | 4,132 | 79 | North Carolina | 32,092 | 56 |
| Florida | 73,997 | 90 | North Dakota | 3,816 | 48 |
| Georgia | 31,922 | 67 | Ohio | 41,049 | 58 |
| Hawaii | 4,215 | 62 | Oklahoma | 16,194 | 63 |
| Idaho | 5,427 | 58 | Oregon | 12,232 | 56 |
| Illinois | 43,587 | 62 | Pennsylvania | 47,178 | 55 |
| Indiana | 21,154 | 55 | Rhode Island | 3,002 | 68 |
| Iowa | 11,922 | 41 | South Carolina | 14,633 | 59 |
| Kansas | 9,922 | 47 | South Dakota | 3,857 | 43 |
| Kentucky | 12,402 | 52 | Tennessee | 17,433 | 54 |
| Louisiana | 15,688 | 58 | Texas | 97,650 | 87 |
| Maine | 5,691 | 52 | Utah | 8,749 | 64 |
| Maryland | 22,060 | 77 | Vermont | 3,080 | 37 |
| Massachusetts | 22,846 | 59 | Virginia | 28,999 | 64 |
| Michigan | 35,835 | 60 | Washington | 21,064 | 69 |
| Minnesota | 18,919 | 58 | West Virginia | 6,145 | 46 |
| Mississippi | 7,083 | 41 | Wisconsin | 22,917 | 51 |
| Missouri | 21,488 | 58 | Wyoming | 2,226 | 43 |
| | | | Total U.S. | 1,056,000 | 64 |

Source: NADA and U.S. Bureau of Labor Statistics

Employment and Payroll – continued

Average weekly earnings of new-car dealership employees in 2014, by state

| | | | |
|---------------|---------|-------------------|----------------|
| Alabama | \$1,002 | Montana | \$914 |
| Alaska | \$1,069 | Nebraska | \$973 |
| Arizona | \$1,079 | Nevada | \$1,167 |
| Arkansas | \$986 | New Hampshire | \$1,102 |
| California | \$1,148 | New Jersey | \$1,244 |
| Colorado | \$1,096 | New Mexico | \$964 |
| Connecticut | \$1,168 | New York | \$1,169 |
| Delaware | \$1,042 | North Carolina | \$982 |
| Florida | \$1,063 | North Dakota | \$998 |
| Georgia | \$1,059 | Ohio | \$953 |
| Hawaii | \$1,116 | Oklahoma | \$1,034 |
| Idaho | \$924 | Oregon | \$967 |
| Illinois | \$1,025 | Pennsylvania | \$976 |
| Indiana | \$929 | Rhode Island | \$1,077 |
| Iowa | \$935 | South Carolina | \$970 |
| Kansas | \$966 | South Dakota | \$1,001 |
| Kentucky | \$957 | Tennessee | \$1,057 |
| Louisiana | \$1,023 | Texas | \$1,182 |
| Maine | \$928 | Utah | \$970 |
| Maryland | \$1,067 | Vermont | \$975 |
| Massachusetts | \$1,200 | Virginia | \$1,041 |
| Michigan | \$1,075 | Washington | \$1,043 |
| Minnesota | \$955 | West Virginia | \$890 |
| Mississippi | \$960 | Wisconsin | \$833 |
| Missouri | \$995 | Wyoming | \$999 |
| | | Total U.S. | \$1,058 |

Source: NADA and U.S. Bureau of Labor Statistics

2014 annual payroll of new-car dealerships, by state

| State | Total all dealerships (\$ billions) | Average per dealership (\$ millions) |
|-------------------|-------------------------------------|--------------------------------------|
| Alabama | \$0.74 | \$2.77 |
| Alaska | \$0.12 | \$4.19 |
| Arizona | \$1.27 | \$5.36 |
| Arkansas | \$0.45 | \$2.32 |
| California | \$6.76 | \$5.22 |
| Colorado | \$1.01 | \$4.19 |
| Connecticut | \$0.82 | \$3.23 |
| Delaware | \$0.22 | \$4.30 |
| Florida | \$4.08 | \$4.98 |
| Georgia | \$1.75 | \$3.65 |
| Hawaii | \$0.24 | \$3.59 |
| Idaho | \$0.26 | \$2.80 |
| Illinois | \$2.32 | \$3.29 |
| Indiana | \$1.02 | \$2.65 |
| Iowa | \$0.58 | \$1.99 |
| Kansas | \$0.50 | \$2.37 |
| Kentucky | \$0.62 | \$2.60 |
| Louisiana | \$0.83 | \$3.08 |
| Maine | \$0.27 | \$2.49 |
| Maryland | \$1.22 | \$4.26 |
| Massachusetts | \$1.42 | \$3.70 |
| Michigan | \$2.00 | \$3.35 |
| Minnesota | \$0.94 | \$2.86 |
| Mississippi | \$0.35 | \$2.04 |
| Missouri | \$1.11 | \$2.97 |
| Montana | \$0.19 | \$1.84 |
| Nebraska | \$0.35 | \$2.18 |
| Nevada | \$0.52 | \$5.53 |
| New Hampshire | \$0.40 | \$2.95 |
| New Jersey | \$1.97 | \$4.47 |
| New Mexico | \$0.35 | \$3.13 |
| New York | \$2.94 | \$3.55 |
| North Carolina | \$1.63 | \$2.84 |
| North Dakota | \$0.20 | \$2.50 |
| Ohio | \$2.03 | \$2.86 |
| Oklahoma | \$0.87 | \$3.35 |
| Oregon | \$0.61 | \$2.83 |
| Pennsylvania | \$2.39 | \$2.79 |
| Rhode Island | \$0.17 | \$3.81 |
| South Carolina | \$0.74 | \$2.98 |
| South Dakota | \$0.20 | \$2.25 |
| Tennessee | \$0.96 | \$2.95 |
| Texas | \$5.99 | \$5.34 |
| Utah | \$0.44 | \$3.21 |
| Vermont | \$0.16 | \$1.88 |
| Virginia | \$1.57 | \$3.44 |
| Washington | \$1.14 | \$3.74 |
| West Virginia | \$0.28 | \$2.13 |
| Wisconsin | \$0.99 | \$2.19 |
| Wyoming | \$0.12 | \$2.22 |
| Total U.S. | \$58.11 | \$3.54 |

Source: NADA and U.S. Bureau of Labor Statistics

Vehicles in Operation and Scrappage

Vehicles in operation—scrappage, by year

| | Total vehicles in use | New-vehicle registrations | Scrappage | Scrappage as % of registrations |
|------|-----------------------|---------------------------|------------|---------------------------------|
| 2005 | 243,037,561 | 16,761,113 | 13,464,030 | 80.3% |
| 2006 | 246,334,644 | 16,574,314 | 13,596,815 | 82.0% |
| 2007 | 249,312,143 | 16,023,380 | 13,441,309 | 83.9% |
| 2008 | 251,894,214 | 13,217,544 | 12,953,514 | 98.0% |
| 2009 | 252,158,244 | 10,350,687 | 13,077,026 | 126.3% |
| 2010 | 249,431,905 | 11,480,471 | 11,438,229 | 99.6% |
| 2011 | 249,474,147 | 12,658,592 | 13,411,806 | 106.0% |
| 2012 | 248,720,933 | 14,315,338 | 14,186,825 | 99.1% |
| 2013 | 248,849,446 | 15,383,651 | 11,632,150 | 75.6% |
| 2014 | 252,600,947 | 16,356,054 | 11,046,823 | 67.5% |

Source: IHS Automotive

Total light vehicles in operation in 2014, by state¹

| State | Passenger cars | Light trucks GVW 1-3 | Total vehicles | State | Passenger cars | Light trucks GVW 1-3 | Total vehicles |
|----------------------|----------------|----------------------|----------------|----------------|--------------------|----------------------|--------------------|
| Alabama | 2,114,269 | 2,569,285 | 4,683,554 | Montana | 408,159 | 819,582 | 1,227,741 |
| Alaska | 177,050 | 479,582 | 656,632 | Nebraska | 783,627 | 1,094,596 | 1,878,223 |
| Arizona | 2,503,894 | 2,992,579 | 5,496,473 | Nevada | 987,025 | 1,120,774 | 2,107,799 |
| Arkansas | 953,986 | 1,579,382 | 2,533,368 | New Hampshire | 573,082 | 655,490 | 1,228,572 |
| California | 14,994,375 | 13,497,108 | 28,491,483 | New Jersey | 3,716,235 | 3,241,173 | 6,957,408 |
| Colorado | 1,915,196 | 2,844,004 | 4,759,200 | New Mexico | 733,629 | 1,093,104 | 1,826,733 |
| Connecticut | 1,529,291 | 1,353,058 | 2,882,349 | New York | 5,692,751 | 5,596,495 | 11,289,246 |
| Delaware | 390,464 | 400,546 | 791,010 | North Carolina | 3,683,366 | 4,210,933 | 7,894,299 |
| District of Columbia | 221,197 | 106,881 | 328,078 | North Dakota | 252,876 | 504,917 | 757,793 |
| Florida | 7,983,096 | 7,418,736 | 15,401,832 | Ohio | 5,077,149 | 5,151,772 | 10,228,921 |
| Georgia | 3,853,283 | 4,444,620 | 8,297,903 | Oklahoma | 1,781,785 | 2,391,445 | 4,173,230 |
| Hawaii | 477,951 | 595,192 | 1,073,143 | Oregon | 1,484,135 | 1,920,342 | 3,404,477 |
| Idaho | 585,526 | 973,034 | 1,558,560 | Pennsylvania | 5,300,803 | 5,645,688 | 10,946,491 |
| Illinois | 5,092,053 | 5,168,189 | 10,260,242 | Rhode Island | 459,767 | 361,598 | 821,365 |
| Indiana | 2,498,412 | 3,094,389 | 5,592,801 | South Carolina | 2,026,168 | 2,377,726 | 4,403,894 |
| Iowa | 1,252,706 | 1,729,218 | 2,981,924 | South Dakota | 339,398 | 572,819 | 912,217 |
| Kansas | 1,125,858 | 1,572,473 | 2,698,331 | Tennessee | 2,441,793 | 3,063,592 | 5,505,385 |
| Kentucky | 1,704,796 | 2,101,450 | 3,806,246 | Texas | 8,778,619 | 12,416,878 | 21,195,497 |
| Louisiana | 1,488,795 | 2,234,908 | 3,723,703 | Utah | 1,049,111 | 1,293,106 | 2,342,217 |
| Maine | 497,379 | 662,480 | 1,159,859 | Vermont | 244,002 | 315,794 | 559,796 |
| Maryland | 2,373,295 | 2,175,413 | 4,548,708 | Virginia | 3,490,818 | 3,685,894 | 7,176,712 |
| Massachusetts | 2,567,354 | 2,439,402 | 5,006,756 | Washington | 2,864,688 | 3,346,835 | 6,211,523 |
| Michigan | 3,686,226 | 4,484,807 | 8,171,033 | West Virginia | 602,462 | 949,586 | 1,552,048 |
| Minnesota | 2,215,122 | 2,670,114 | 4,885,236 | Wisconsin | 2,309,097 | 2,749,300 | 5,058,397 |
| Mississippi | 1,152,461 | 1,503,842 | 2,656,303 | Wyoming | 180,925 | 443,518 | 624,443 |
| Missouri | 2,368,306 | 2,929,469 | 5,297,775 | Total | 120,983,811 | 137,043,118 | 258,026,929 |

Source: IHS Automotive

¹Including District of Columbia (D.C.)

Vehicles in Operation and Scrappage – continued

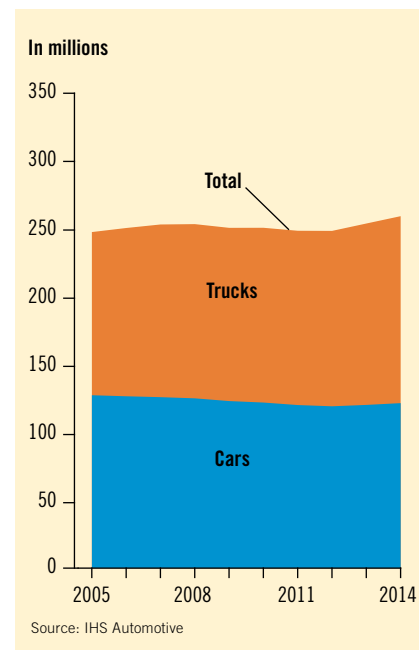
Total new-vehicle registrations, by state¹

| State | 2013 | 2014 | State | 2013 | 2014 |
|----------------------|-----------|-----------|-------------------|-------------------|-------------------|
| Alabama | 199,834 | 207,817 | Montana | 58,129 | 61,897 |
| Alaska | 30,674 | 31,557 | Nebraska | 84,516 | 85,268 |
| Arizona | 349,453 | 358,785 | Nevada | 120,277 | 135,358 |
| Arkansas | 131,080 | 136,559 | New Hampshire | 84,016 | 93,387 |
| California | 1,711,762 | 1,848,389 | New Jersey | 545,613 | 561,409 |
| Colorado | 247,544 | 265,102 | New Mexico | 86,060 | 91,838 |
| Connecticut | 169,999 | 176,295 | New York | 928,475 | 967,751 |
| Delaware | 47,840 | 50,203 | North Carolina | 402,078 | 420,303 |
| District of Columbia | 19,743 | 35,297 | North Dakota | 43,724 | 45,369 |
| Florida | 1,100,893 | 1,224,720 | Ohio | 571,047 | 604,958 |
| Georgia | 435,464 | 464,553 | Oklahoma | 699,406 | 740,579 |
| Hawaii | 67,482 | 73,180 | Oregon | 146,603 | 156,406 |
| Idaho | 49,076 | 54,940 | Pennsylvania | 622,088 | 653,502 |
| Illinois | 611,432 | 662,705 | Rhode Island | 47,289 | 50,156 |
| Indiana | 229,966 | 242,916 | South Carolina | 197,635 | 209,458 |
| Iowa | 133,825 | 135,246 | South Dakota | 38,759 | 39,567 |
| Kansas | 109,562 | 111,818 | Tennessee | 273,138 | 247,414 |
| Kentucky | 139,681 | 145,676 | Texas | 1,423,625 | 1,573,912 |
| Louisiana | 220,987 | 227,269 | Utah | 116,124 | 123,170 |
| Maine | 56,143 | 63,161 | Vermont | 39,043 | 42,745 |
| Maryland | 317,924 | 322,165 | Virginia | 375,262 | 379,853 |
| Massachusetts | 332,786 | 357,584 | Washington | 251,044 | 264,896 |
| Michigan | 540,295 | 599,595 | West Virginia | 84,117 | 85,546 |
| Minnesota | 245,719 | 255,816 | Wisconsin | 233,680 | 245,536 |
| Mississippi | 109,305 | 106,888 | Wyoming | 26,606 | 28,629 |
| Missouri | 273,755 | 288,911 | | | |
| | | | Total U.S. | 15,380,578 | 16,356,054 |

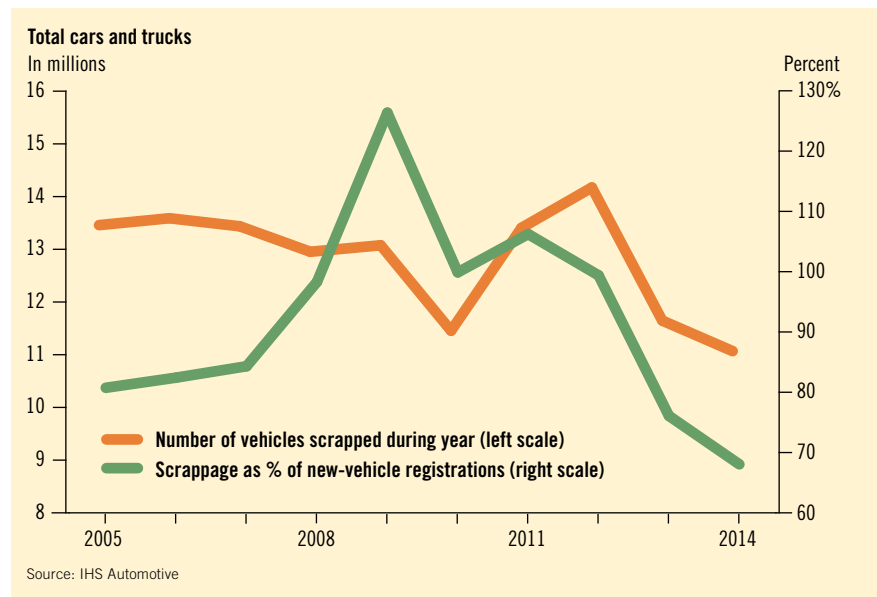
Source: IHS Automotive

¹Including District of Columbia (D.C.)

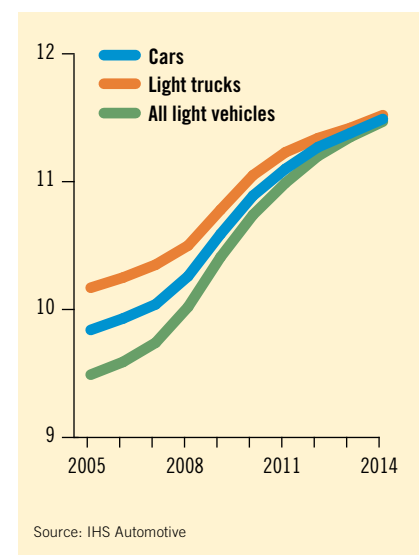
Total light vehicles in operation, by year



Estimated vehicle scrappage, by year

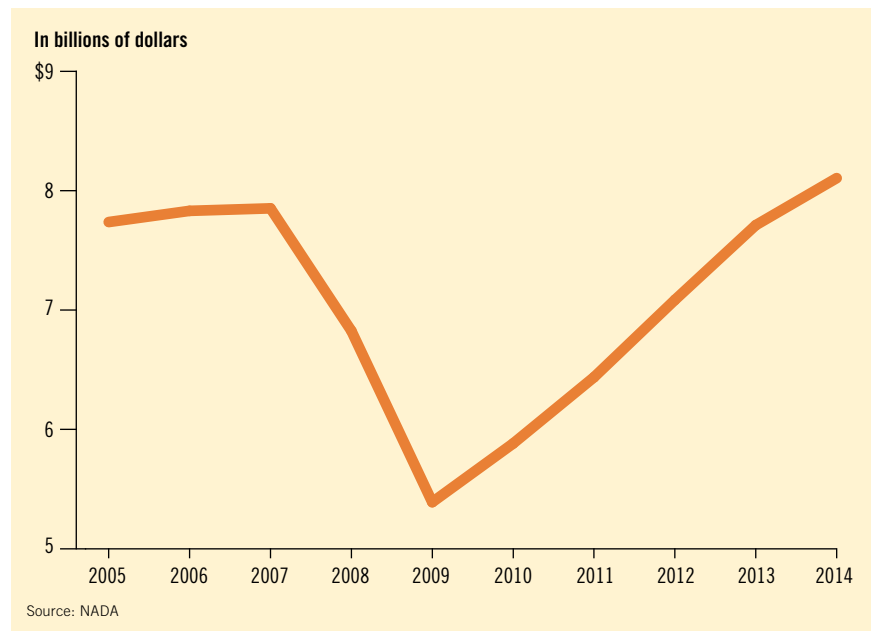


Average age of passenger cars and light trucks, by year

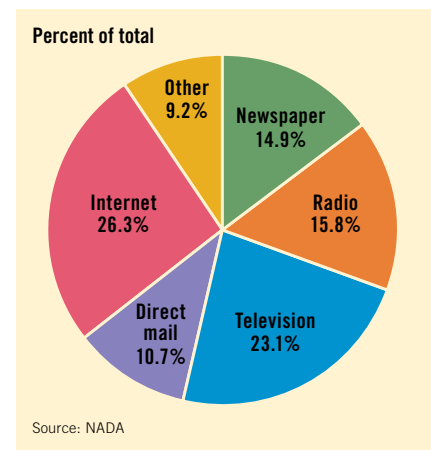


Advertising and the Dealership

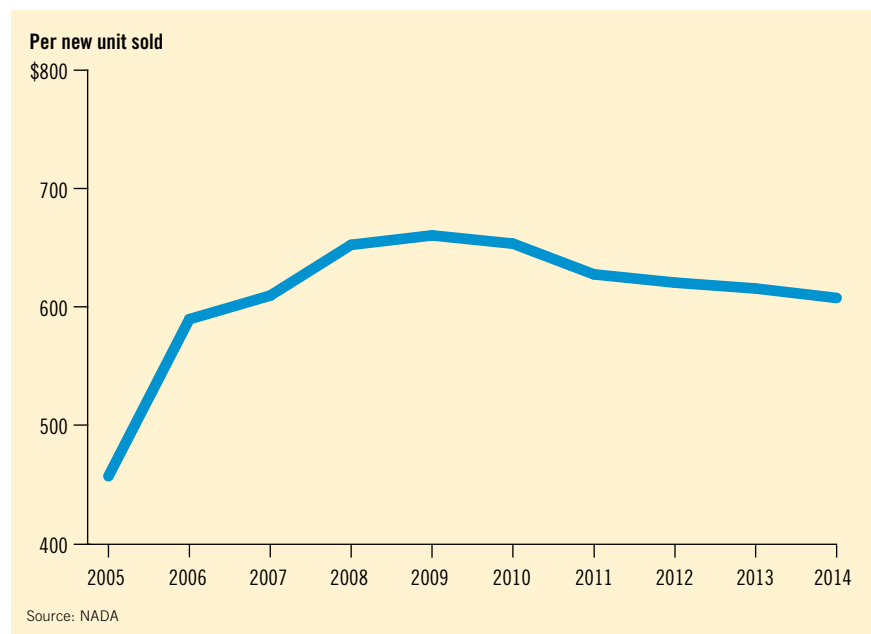
Total dealership advertising expenditures



Advertising expenditures by medium, 2014



Total dealership advertising



Estimated advertising expenses per dealership in 2014

| By number of new units sold | |
|---|----------------------------|
| By media used | Average of all dealerships |
| Newspapers | \$73,771 |
| Radio | \$78,125 |
| TV | \$114,145 |
| Direct Mail | \$53,040 |
| Internet | \$130,324 |
| Other | \$45,371 |
| Total | \$494,776 |
| Total advertising as a % of total sales | |
| | 1.04% |

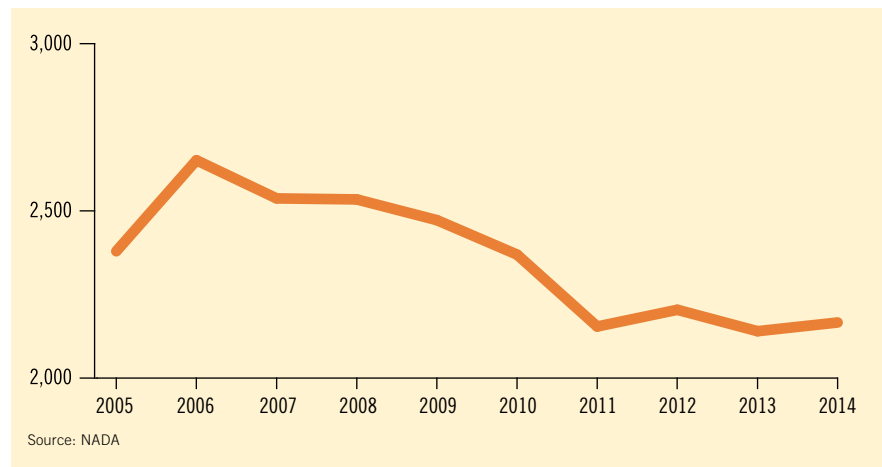
Source: NADA

New-Truck Dealerships

Sales of medium- and heavy-duty trucks (classes 4-8) increased to 406,707 units in 2014—a 15.6 percent gain from 351,737 units the previous year. For all truck classes, Freightliner sold the most commercial trucks, with 30.9 percent of the market.

Rounding out the top three, medium-duty manufacturer Ford had 15.3 percent of the market, while International had 14.1 percent of the market.

Number of medium- and heavy-duty truck dealerships



Truck categories

Trucks are classified by gross vehicle weight

| | |
|---------|---------------------|
| Class 1 | 0 – 6,000 lb. |
| Class 2 | 6,001 – 10,000 lb. |
| Class 3 | 10,001 – 14,000 lb. |
| Class 4 | 14,001 – 16,000 lb. |
| Class 5 | 16,001 – 19,500 lb. |
| Class 6 | 19,501 – 26,000 lb. |
| Class 7 | 26,001 – 33,000 lb. |
| Class 8 | 33,001 and over lb. |

Source: WardsAuto

U.S. retail sales and market share—calendar year 2014

Truck classes 4-8

| Class | 4 | 5 | 6 | 7 | 8 | Total | Percent of market |
|-----------------|---------------|---------------|---------------|---------------|----------------|----------------|-------------------|
| Freightliner | 0 | 3,861 | 18,507 | 24,979 | 78,467 | 125,814 | 30.9% |
| Ford | 3,035 | 39,836 | 16,033 | 3,472 | 0 | 62,376 | 15.3% |
| International | 25 | 2,076 | 9,467 | 14,513 | 31,131 | 57,212 | 14.1% |
| Kenworth | 0 | 30 | 1,579 | 4,282 | 31,162 | 37,053 | 9.1% |
| Peterbilt | 0 | 14 | 264 | 4,929 | 29,726 | 34,933 | 8.6% |
| Volvo Truck | 0 | 0 | 0 | 0 | 26,555 | 26,555 | 6.5% |
| Mack | 0 | 0 | 0 | 0 | 19,652 | 19,652 | 4.8% |
| Dodge/Ram | 0 | 14,401 | 0 | 0 | 0 | 14,401 | 3.5% |
| Isuzu | 9,246 | 5,081 | 0 | 0 | 0 | 14,327 | 3.5% |
| Hino | 0 | 1,272 | 5,855 | 2,003 | 0 | 9,130 | 2.2% |
| Western Star | 0 | 0 | 0 | 0 | 3,645 | 3,645 | 0.9% |
| Mitsubishi Fuso | 1,068 | 514 | 0 | 0 | 0 | 1,582 | 0.4% |
| Other | 0 | 0 | 0 | 0 | 67 | 67 | 0.0% |
| Total | 13,374 | 67,085 | 51,705 | 54,178 | 220,405 | 406,747 | 100.0% |

Source: WardsAuto