

A close-up photograph of a car's headlight assembly, showing the lens and internal components. A blue line graph is overlaid on the image, with several peaks and valleys. The text 'NADA DATA 2007' is displayed in a stylized, pixelated font across the middle of the image. The background is dark, and the lighting is focused on the headlight.

NADA DATA 2007

ECONOMIC IMPACT
OF AMERICA'S
NEW-CAR AND
NEW-TRUCK
DEALERS

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NADA DATA

THE NATION'S NEW-CAR FRANCHISED DEALERS made 2006 one of the eight strongest years ever for new-vehicle sales. Sales increased in all but the new-car department for the year, and the U.S. economy grew moderately by 3.3 percent in 2006, slightly below the 3.5 percent growth in 2005. The unemployment rate was 5.1 percent in 2005, but averaged 4.6 percent for all of 2006. For March 2007, the unemployment rate stood at 4.4 percent. Consumer confidence measures remained high through the fourth quarter of 2006. In spite of employment gains, energy prices and escalating tensions in the Middle East remained major concerns in 2006. The first quarter of 2007 shows a modest improvement in consumer confidence; fortunately for consumers and dealers, the cost of borrowing remained moderate for the greater part of last year as the Federal Reserve left short-term interest rates unchanged. Short-term rates are expected to remain unchanged for first-half 2007.

In 2006 vehicle sales continued to be driven by generous incentives, such as cash rebates, competitive pricing, and low-rate financing and lease options. New light-duty sales exceeded 16.5 million units in 2006, slightly lower than the 16.9 million units sold in 2005. In 2006, with continued strength in a slowing economy and gains in employment nationwide, new-car dealers were able to sustain lower, but still-strong, light-vehicle sales.

Total dealership dollar sales in 2006 exceeded \$675 billion, down about 3 percent from 2005. This allowed dealers to maintain payroll employment of 1,120,000—a slight decrease from 2005. Total payroll expense in 2006 exceeded \$52.9 billion, up 2.6 percent from 2005. Dealership expenditures, excluding cost of goods sold, reached \$81.5 billion. With many of these expenditures made locally, dealerships provided vital support to the economic well-being of their communities. Franchised dealers were also major payers and generators of federal, state, and local tax revenue, as well as major contributors of both time and money to local and regional charities.

Note: *The NADA Industry Analysis Division (Paul Taylor, chief economist) prepares "NADA Data." For questions or reprints, write to NADA Industry Analysis, 8400 Westpark Drive, McLean, VA 22102, call 800.252.NADA, or e-mail industryrelations@nada.org.*

About this special section

On the following pages, you will find the results of NADA's yearlong analysis of the U.S. car and truck industry, with emphasis on the retail side of the business.

The key segments covered are:

Average Dealership Profile	p. 49
NADA Optimism Index	p. 50
New-Car Dealerships	p. 51
Total Dealership Sales Dollars	p. 52
The New-Vehicle Department	p. 54
F&I, Service Contracts	p. 56
The Used-Vehicle Department	p. 57
Service, Parts, and Body Shop	p. 58
Employment and Payroll	p. 60
Vehicles in Operation and Scrappage	p. 62
Advertising and the Dealership	p. 64
Consumer Credit	p. 65
New-Truck Dealerships	p. 66
Dealership Financial Trends	p. 67