

# NADA Average Dealership Profile

SALES FOR THE NATION'S new-car dealers reached 16.5 million units for 2006. The economy's moderate growth, high energy prices, and political unrest around the globe affected business for the nation's new-car and -truck dealers in 2006. Total dealership revenue exceeded \$675 billion. With overall revenue down by 3 percent from 2005, sales in the new-vehicle department saw a decline. New-car sales revenue was lower than last year; the average dealership saw it drop almost 3 percent. Net profit levels fell from 2005; the typical store generated more than \$489,500 in annual net pretax profit for 2006—down 7.8 percent from 2005.

## TOTAL GROSS AND EXPENSE

Total dealership gross margins improved in 2006 to 13.6 percent of total dealership sales. The previous year's came in at 13.3 percent. Total expense, meanwhile, increased to 12.1 percent of total sales as dealers faced higher costs.

Floor-plan expense increased because of larger inventories and higher interest rates. Compared with 2005, advertising outlays increased less than 2 percent and rent factors rose about 5 percent for the year.

Some major expenses for the average dealership in 2006:

Payroll . . . . .	\$2,500,000
Advertising . . . . .	\$364,600
Rent and equivalent . . . . .	\$332,900

## TOTAL DEALERSHIP PROFITS

In 2006 total dealership net profit before tax as a percent of sales was 1.5 percent, versus 1.6 percent in 2005. Dollar profits fell more than 7 percent. The new-vehicle department operating profit declined at the average store, falling below the 10 percent rate seen in 2005. Used vehicles contributed 29 percent of operating profit in 2006, up from 27 percent in 2005. Service and parts brought in 77 percent of operating profits—a 16 percent increase from 2005.

## Average dealership profile

	2001	2002	2003	2004	2005	2006	% change 2005–2006
Total dealership sales	\$31,670,046	\$31,275,581	\$32,296,859	\$33,009,335	\$32,318,461	\$31,855,768	-1.4%
Total dealership gross	\$ 4,154,469	\$ 4,175,456	\$ 4,315,654	\$ 4,363,870	4,307,479	\$ 4,338,448	0.7%
As % of total sales	13.1%	13.4%	13.4%	13.2%	13.3%	13.6%	
Total dealership expense	\$ 3,535,496	\$ 3,576,246	\$ 3,751,511	\$ 3,804,184	\$ 3,776,446	\$ 3,848,964	1.9%
As % of total sales	11.2%	11.4%	11.6%	11.5%	11.7%	12.1%	
Net profit before taxes	\$ 618,974	\$ 615,673	\$ 564,143	\$ 559,686	\$ 531,033	\$ 489,484	-7.8%
As % of total sales	2.0%	1.9%	1.7%	1.7%	1.6%	1.5%	
Net pretax profit in constant 1982 dollars	\$ 337,272	\$ 339,027	\$ 306,600	\$ 304,177	\$ 288,605	\$ 266,024	-7.8%
New-vehicle department sales	\$18,808,644	\$18,651,091	\$19,359,130	\$20,116,264	\$19,469,000	\$18,795,482	-3.5%
As % of total sales	59.4%	59.6%	59.9%	60.9%	60.2%	59.0%	
Used-vehicle department sales	\$ 9,187,234	\$ 8,942,973	\$ 9,142,647	\$ 9,090,534	\$ 9,067,128	\$ 9,265,366	2.2%
As % of total sales	29.0%	28.6%	28.3%	27.5%	28.1%	29.1%	
Service and parts sales	\$ 3,674,168	\$ 3,681,518	\$ 3,795,081	\$ 3,802,537	\$ 3,782,334	\$ 3,794,920	0.3%
As % of total sales	11.6%	11.8%	11.8%	11.5%	11.7%	11.9%	
New-vehicle average selling price	\$ 25,797	\$ 26,163	\$ 27,565	\$ 28,060	\$ 28,381	\$ 28,451	0.2%
Used-vehicle average selling price	\$ 13,930	\$ 13,840	\$ 13,473	\$ 14,247	\$ 14,923	\$ 15,518	4.0%
Average net worth (as of 12/31)	\$ 2,016,200	\$ 2,230,699	\$ 2,243,589	\$ 2,301,417	\$ 2,258,753	\$ 2,160,181	-4.4%
Net profit as % of net worth	30.7%	27.6%	25.1%	24.3%	23.5%	22.7%	

Source: NADA Industry Analysis Division