

2015 Colorado Economic Impact Report

based on Data thru December 31, 2014

The Economic Impact of Franchised New Car Dealerships on the Colorado Economy



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Colorado Automobile Dealers Association

INTRODUCTION

President's Message



Tim Jackson
President

This Automotive Industry Economic Impact Study has been conducted to show the significant contribution our industry makes toward the Colorado economy, based on job creation, sales tax generation, income taxes, and geographically diverse development.

The Metro Denver Automobile Dealers Association was originally founded in 1914. The Colorado Automobile Dealers Association was formed in 1933 to represent the interests of new car truck dealers in the state. The two associations merged in 2009. The primary purpose then and now has been to make it as easy as possible for dealers and their customers to buy, sell, and maintain new and used motor vehicles.

Dealers provide tens of thousands of jobs to Colorado residents, and are an important component of the state's economy. Colorado franchised new vehicle dealers are very proud of their contributions to economic growth and development throughout the state.

Consumers are well-served by Colorado's new car dealers with the quality, safety, and emissions of new cars all having dramatically improved over the past 10 to 20 years. Colorado's new car dealers are ready to continue community service and economic development into the future.

Introduction

This report provides an in-depth analysis of the economic impact of Colorado new car and truck dealers on the State's economy. It includes estimates of direct and indirect employment, personal income, and tax collections generated by Colorado automotive dealers. Also included is a review of dealership financial statistics and operations. This report was prepared by Auto Outlook, Inc., an independent automotive market analysis firm, and was sponsored by the Colorado Automobile Dealers Association.

Colorado Automobile Dealers Association

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Colorado Franchised New Vehicle Dealers

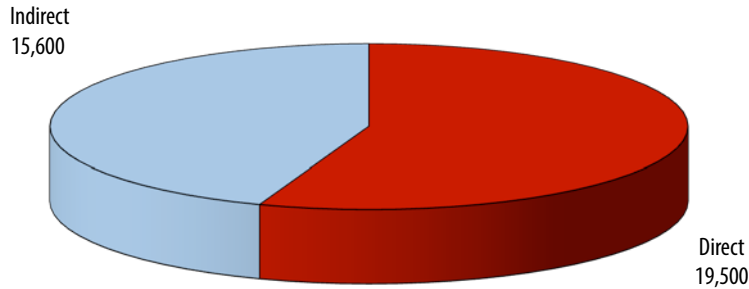
Vital contributors to the state's economy in 2014:

- Total jobs in Colorado attributable to franchised new vehicle dealerships35,100
- Number of jobs per new vehicle dealership75
- Total earnings for Colorado residents attributable to dealership operations \$1.89 billion
- Average dealership payroll expense (including fringe benefits)\$4.69 million
- Total state and local taxes collected or paid \$616 million
- Total federal payroll taxes collected or paid \$289 million
- Total dealership sales (dollars) \$15.24 billion
- Average number of vehicles serviced by each Colorado dealership.....17,700
- Average dealership sales (dollars).....\$58.6 million
- Average dealership retail new and used vehicle sales (units) 1,610 units
- Average dealership expenditures on capital improvements in 2013 and 2014 \$605,000
- Total dealership contributions to charitable causes\$8.1 million
- Average dealership advertising expenses \$659,000

EMPLOYMENT



Employment totals for new vehicle retailing industry - 2014 (Direct: at dealerships; Indirect: elsewhere in economy)

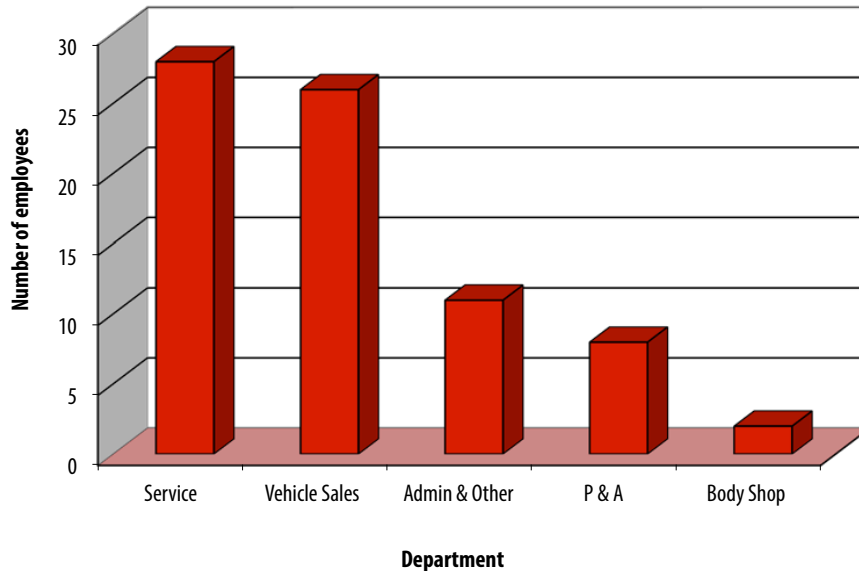


Dealership Contribution to Retail Employment in Colorado - 2014	
Total employment resulting from auto dealerships	35,100
Total retail employment in Colorado	254,300
Dealership percentage of State retail employment	13.8%

Observations

- In 2014, Colorado new vehicle dealerships directly employed a total of 19,500 individuals.
- An additional 15,600 individuals were employed due to the indirect impact of dealership operations.
- Automobile dealership operations accounted for 13.8% percent of total retail employment in the state. (This included both direct and indirect employment).

Dealership employment by department



Observations

- The average dealership in Colorado employed 75 people.
- 37.3% of dealership staff are employed in the Service Department, while 34.7% are in New and Used vehicle sales departments.

Percentage of Dealership Employment by Department	
Service	37.3%
Vehicle Sales	34.7%
Administration & Other	14.7%
Parts & Accessories	10.7%
Body Shop	2.6%

PAYROLL AND TAXES



Employee compensation due to new vehicle retailing industry - 2014

Industry Total	Direct	Indirect	TOTAL
Payroll	\$1,066,000,000	\$586,300,000	\$1,652,300,000
Fringe Benefits	\$153,400,000	\$84,370,000	\$237,770,000
TOTAL	\$1,219,400,000	\$670,670,000	\$1,890,070,000

Average Dealership Payroll	Direct
Payroll	\$4,100,000
Fringe Benefits	\$590,000
TOTAL	\$4,690,000

Observations

- In 2014, the average Colorado dealership paid \$4.69 million to its employees (including fringe benefits). Including both direct and indirect sources, the new vehicle retailing industry resulted in nearly \$1.9 billion of total compensation to Colorado residents!

Tax revenue generation - 2014

Tax Category	Average Per Dealer	Auto Retailing Industry Total
State sales tax collected	\$1,560,000	\$405,600,000
State and local payroll taxes	\$206,000	\$53,560,000
Real estate and other local taxes	\$605,000	\$157,300,000
Colorado Total	\$2,371,000	\$616,460,000
Federal Payroll Taxes	\$1,110,000	\$288,600,000

Observations

- In 2014, new franchised automobile dealerships in Colorado collected or paid more than \$616 million in state and local taxes, an average of over \$2.3 million per dealership.

COLORADO MARKET SUMMARY



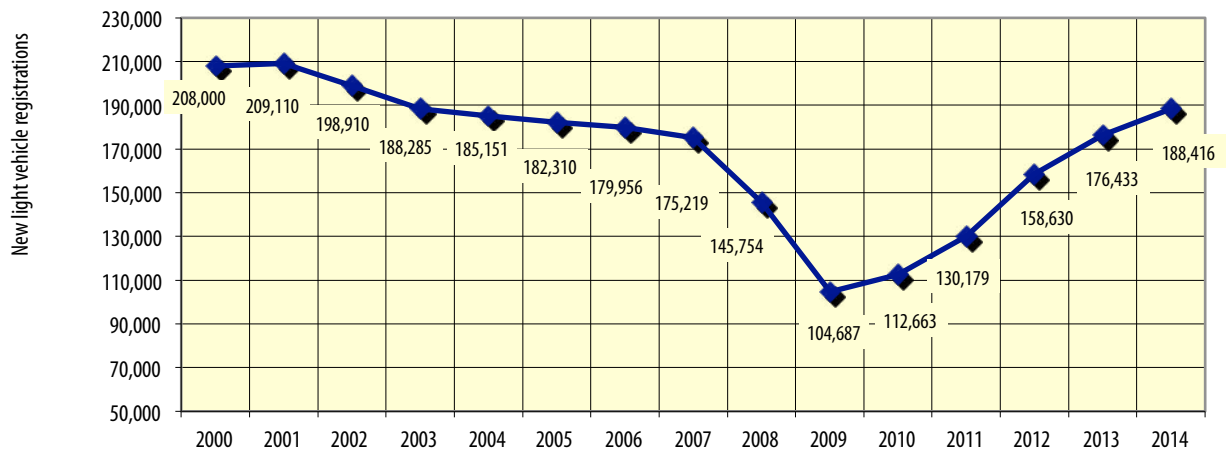
Departmental sales (dollars) - 2014

Department	Average Per Dealer	Auto Retailing Industry Total
New vehicle	\$31,100,000	\$8,086,000,000
Used vehicle	\$18,600,000	\$4,836,000,000
Service and parts	\$6,950,000	\$1,807,000,000
Other	\$1,950,000	\$507,000,000
Total	\$58,600,000	\$15,236,000,000

Observation

- Total sales for franchised new vehicle dealerships in Colorado during 2014 exceeded \$15.2 billion, an average of \$58.6 million per dealership.

New retail car and light truck registrations in Colorado - 2002 thru 2014



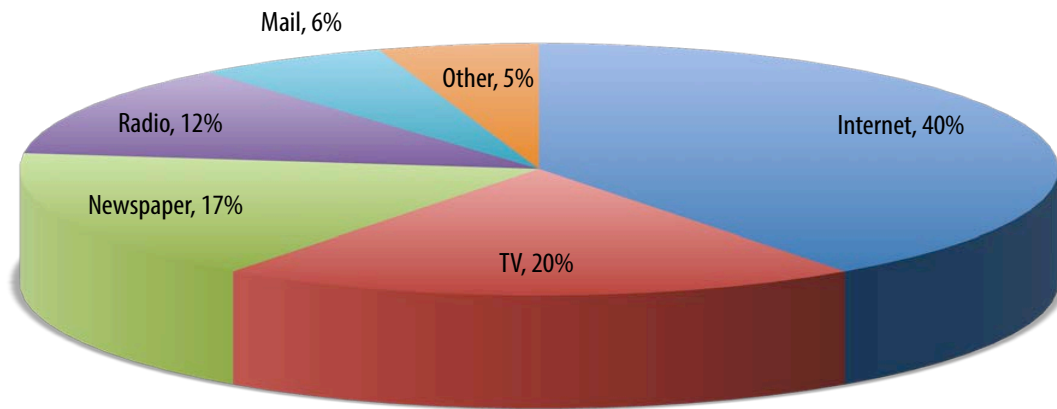
Observation

- As shown on the graph, combined new retail car and light truck registrations in Colorado increased steadily from 2010 thru 2014, following a sharp decline between 2007 and 2009.

ADVERTISING AND DEALERSHIP PROFILE



Percentage of dealership advertising spending by media type - 2014



Observations

- New vehicle dealerships in Colorado had advertising expense of over \$171 million in 2014.
- 40% of dealership advertising expenditures were devoted towards the Internet.

Quick Facts on Colorado Automotive Retailing

Dealership Financial Summary

- Average dealership total sales during 2014: \$58.6 million.
- Average dealership expenditures on capital improvements during 2013 and 2014 combined: \$605,000.
- Average dealership contributions to charitable causes during 2014: \$31,000.
- Number of vehicles serviced by average dealership during 2014: 17,700.

Dealership Vehicle Sales Summary

- Average dealership new and used vehicle sales during 2014: 1,610 units.

Background and Methodology

Dealership financial data (and other information cited in the report) was collected from a detailed survey sent to all new vehicle automotive retailers in Colorado. The response rate (37% of surveys were returned) was sufficient to form a statistically reliable data base of financial and operational indicators.

Economic impact is separated into two main categories: direct and indirect. Direct impact comprises economic activity at automotive dealerships themselves, such as dealership employment and compensation to employees. Indirect impact occurs away from the dealership, and takes into account the extended contribution dealerships and their employees make to the Colorado 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 input-output economic computer models. Indirect economic estimates in this report are intentionally conservative, and therefore, may underestimate the overall contribution automotive retailers make to the Colorado economy. Auto Outlook, Inc. is a regional automotive market analysis firm providing market research services to automotive dealers. Jeffrey Foltz, the President of Auto Outlook, Inc., obtained a Masters Degree in Economics from the University of Delaware in 1985, and has conducted many research projects analyzing state and regional economies.



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