

# NADA: 2013 Dealers' Outlook

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NADA Used Car Guide



# U.S. Economic Indicators, December 2012-April 2013



U.S. Economic Indicator	December 2012	January 2013	February 2013	March 2013	April 2013
Real GDP (% change) (Q42012)	0.09			0.62 (Q12013)	
Industrial Production Index (Index 2007=100)	98	98	99	99	99
NFIB Small Business Optimism Index (Index 1986=100)	88	89	91	89	92
Housing Starts (000s)	983	898	969	1,021	853
Housing Prices (S&P/Case-Shiller Index (Index Jan 2000=100)	147	148	150	152	
Unemployment rate (%)	7.8	7.9	7.7	7.6	7.5
Personal Consumption Expenditures (% change) (Q42012)	0.5			0.8 (Q12013)	
Consumer Confidence Index (Index 1985=100)	67	58	68	62	69
U.S. Regular Conventional Retail Gasoline Prices (U.S.\$/gallon)	3.26	3.25	3.61	3.65	3.50
Light Vehicle Sales (m)(YOY% change)	1.4m (9.0%)	1.0m (14.3%)	1.2m (3.7%)	1.4m (3.4%)	1.3m (8.4%)

All data (except U.S. Regular Conventional Retail Gasoline Prices and Light Vehicle Sales): Moody's Analytics (secondary source) (various primary sources)  
 U.S. Regular Conventional Retail Gasoline Prices data source: U.S. Energy Information Administration  
 Light Vehicle Sales data source: WardsAuto

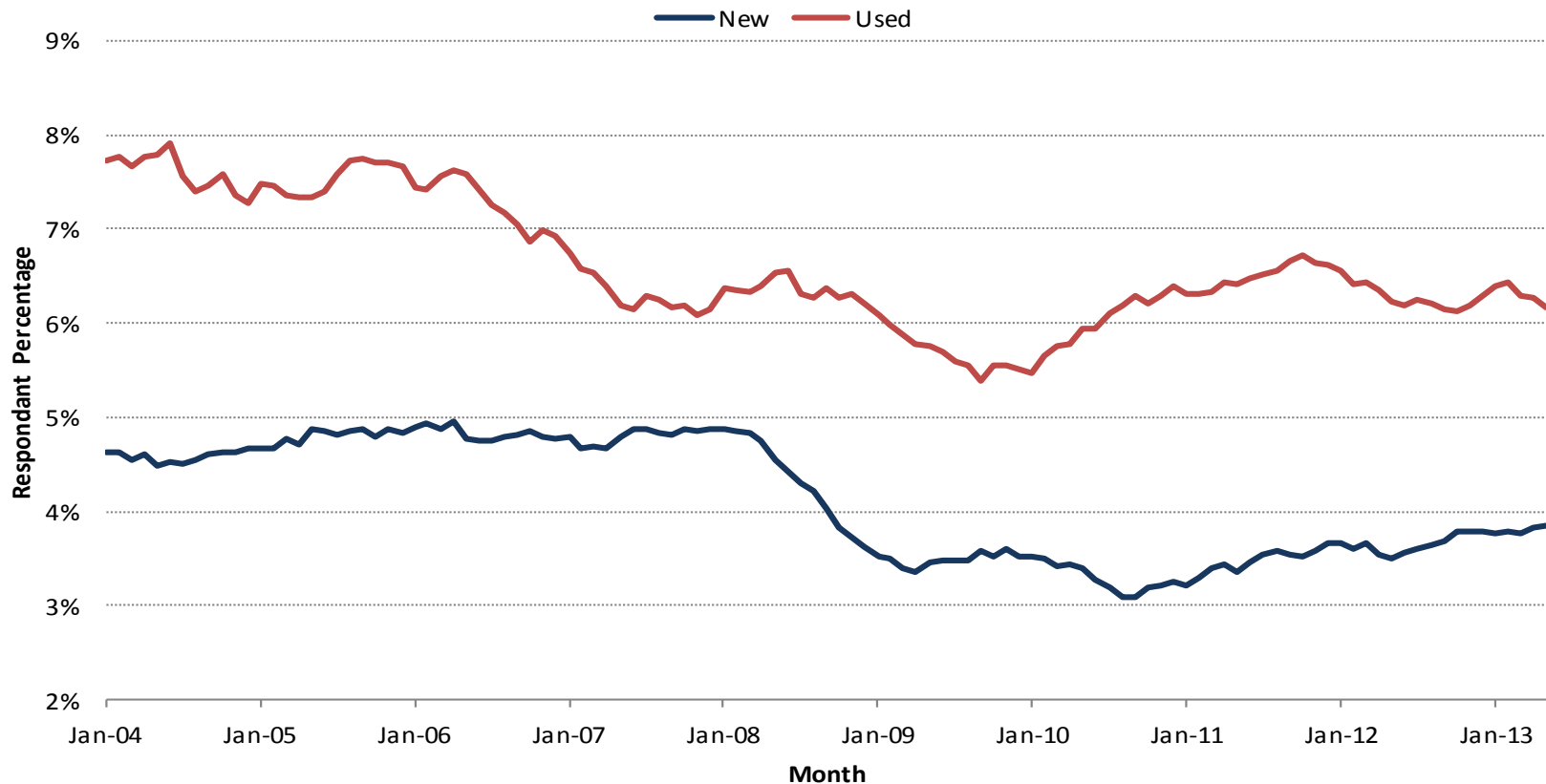
# Consumer Purchase Intentions



Consumer intent to purchase recovered more quickly for used sales than new, however both metrics are well below pre-recession levels.

## The Conference Board: Plans to Buy w/in 6 Months Surveys

New and Used Automobiles (% , SA) - 12 month rolling average



Data source: The Conference Board

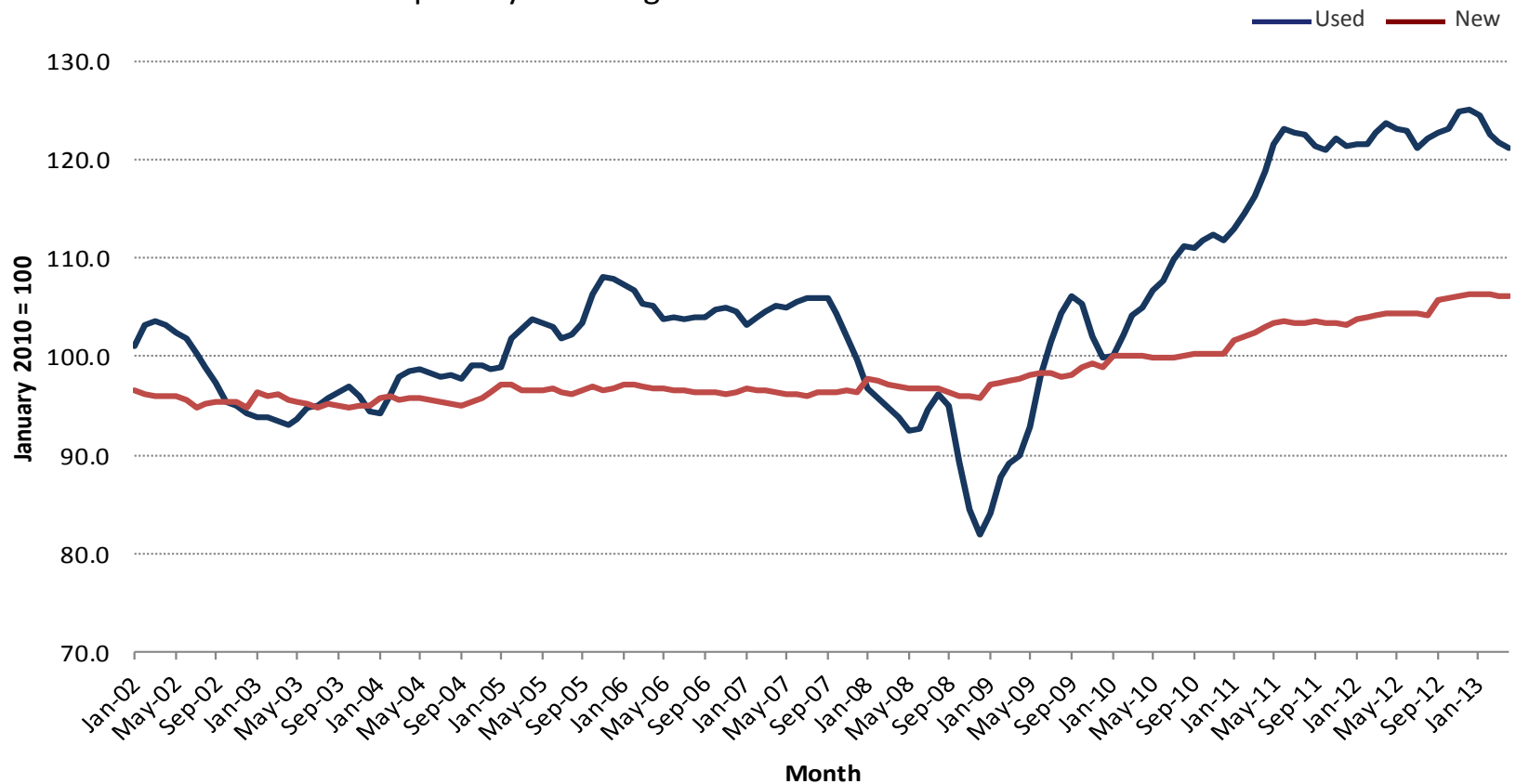
# New and Used Price Performance



Both the new and used markets have experienced price growth driven by stronger fundamentals in the industry.

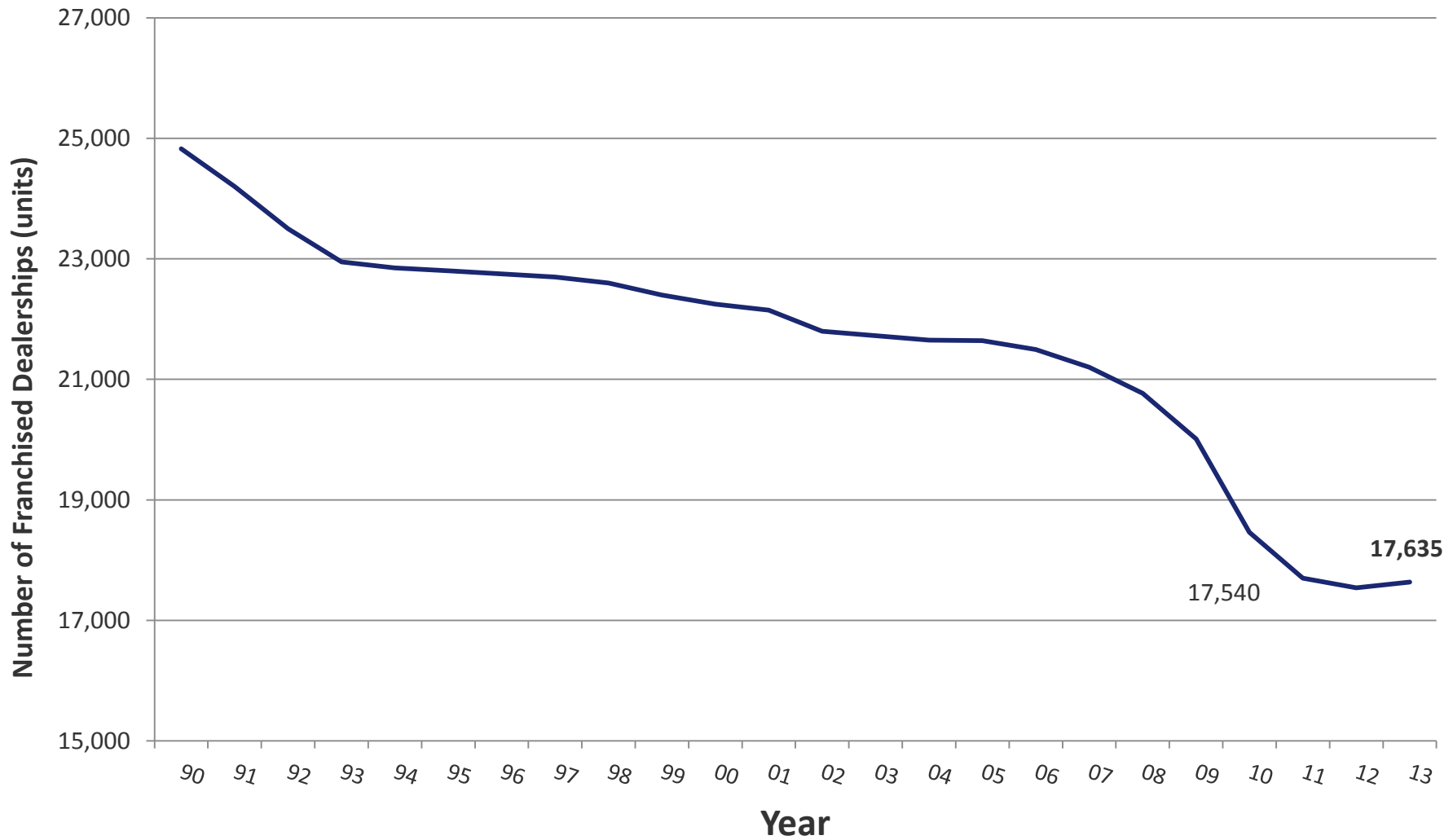
## NADA Vehicle Price Indices: New and Used

Used index covers vehicles up to 8 years in age. SA.



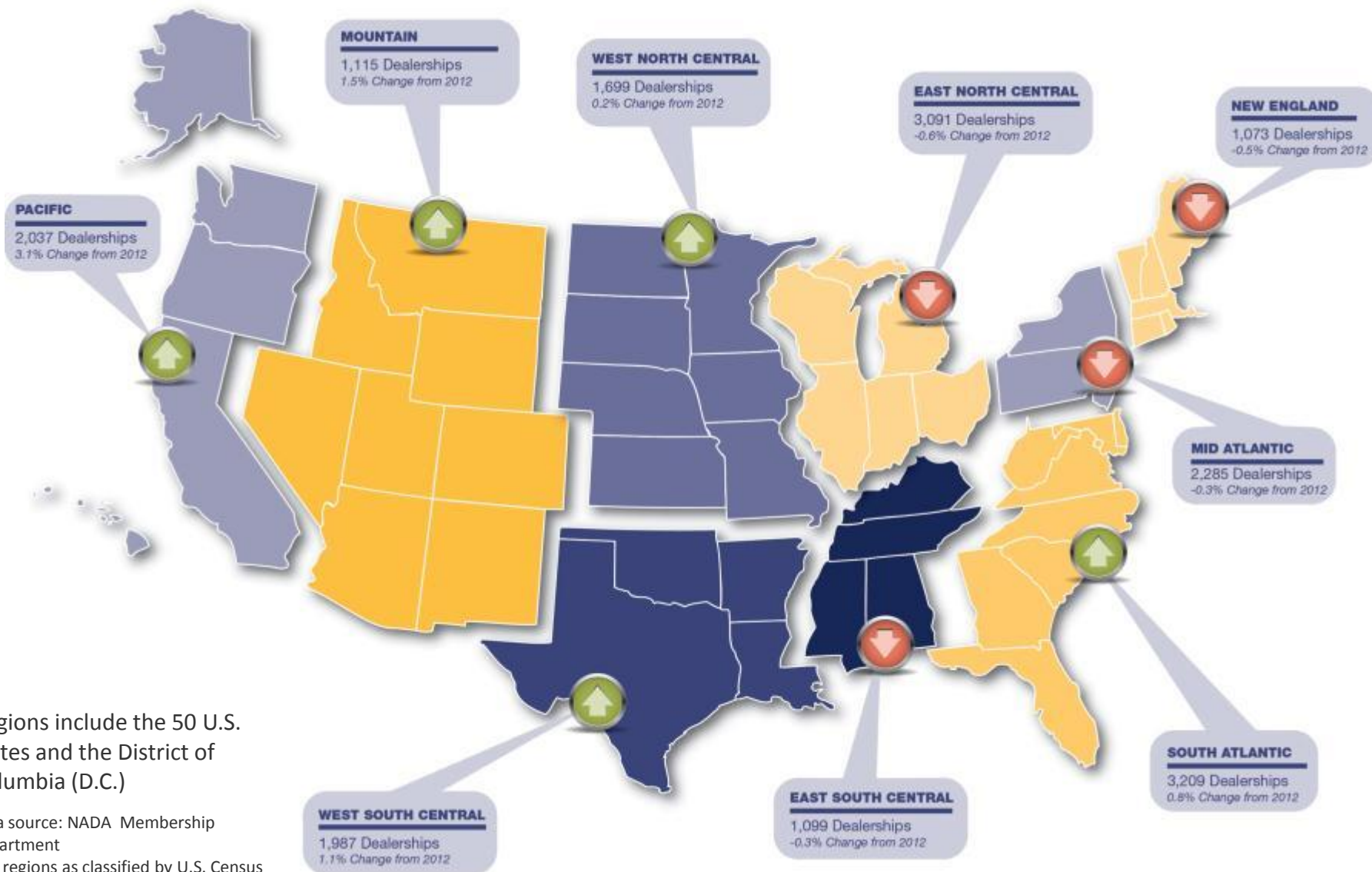
Data source: NADA

# U.S.: Number of Franchised Dealerships, 1990-2013



Data source: NADA Membership Department

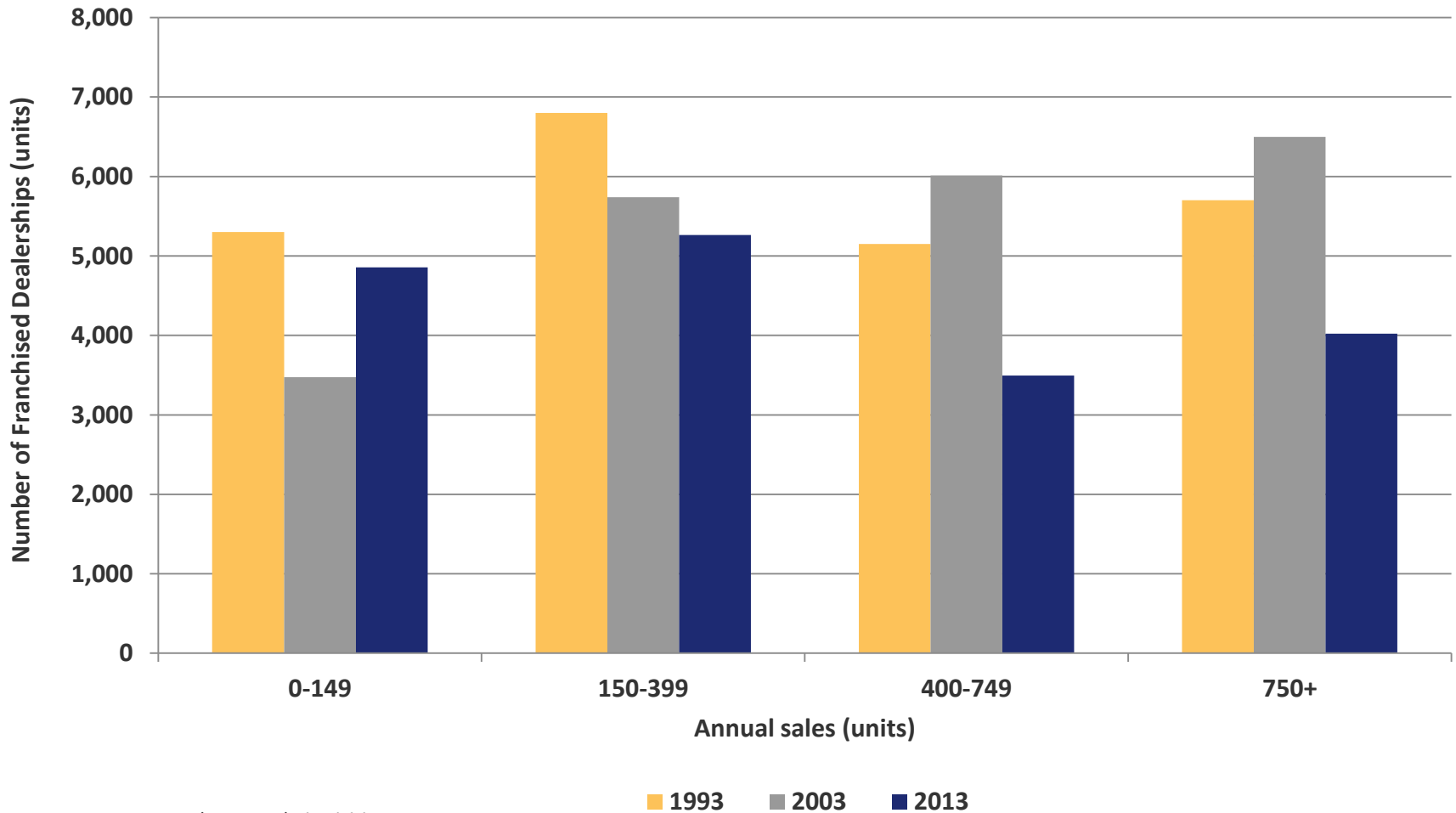
# 2012 U.S. Franchised Dealerships, by region (As of January 1, 2013)



Regions include the 50 U.S. states and the District of Columbia (D.C.)

Data source: NADA Membership Department  
 U.S. regions as classified by U.S. Census Bureau

# U.S.: Franchised Dealerships, by annual sales (1993, 2003, 2013)



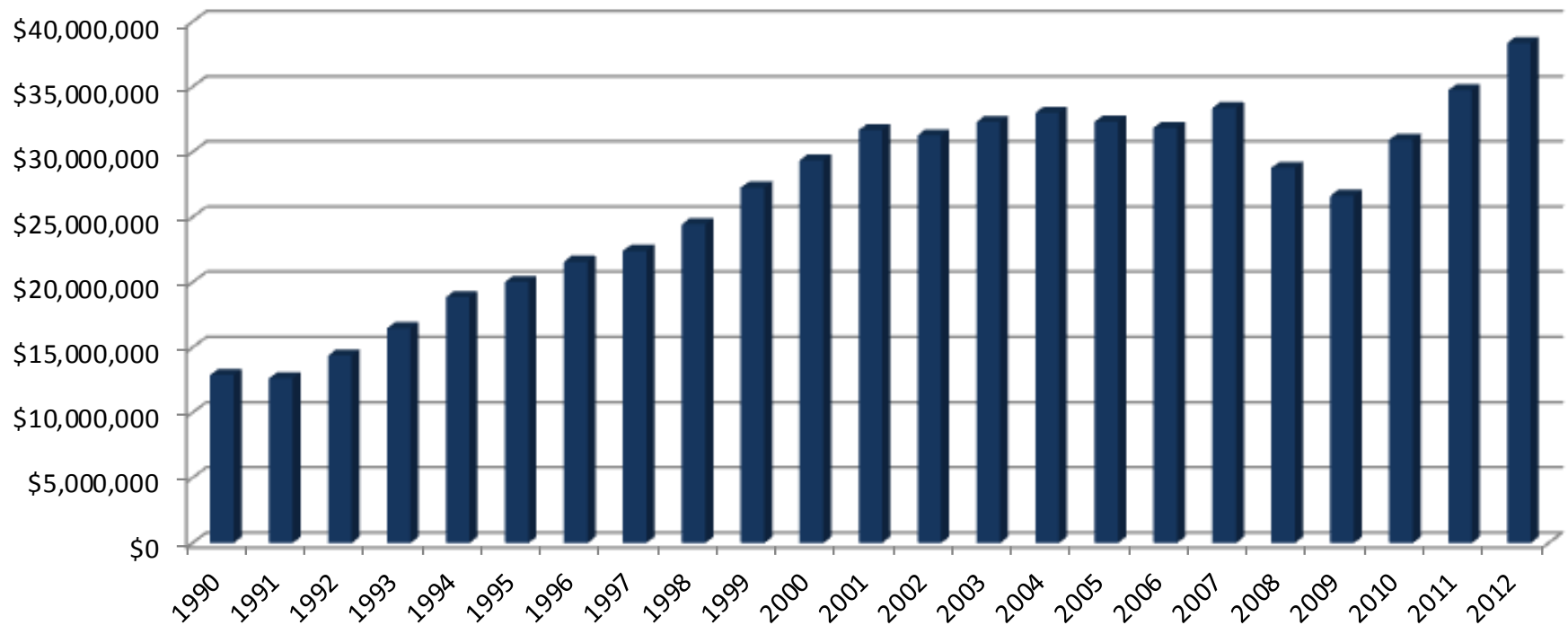
Data source: NADA Industry Analysis Division; NADA Membership Department

# Franchise Dealers: Sales Breakout



Dealership sales have quickly recovered from the trough in 2009 and have reached record levels from our sample.

## NADA 20 Group Franchise Dealers: Total Dealership Sales in Dollars



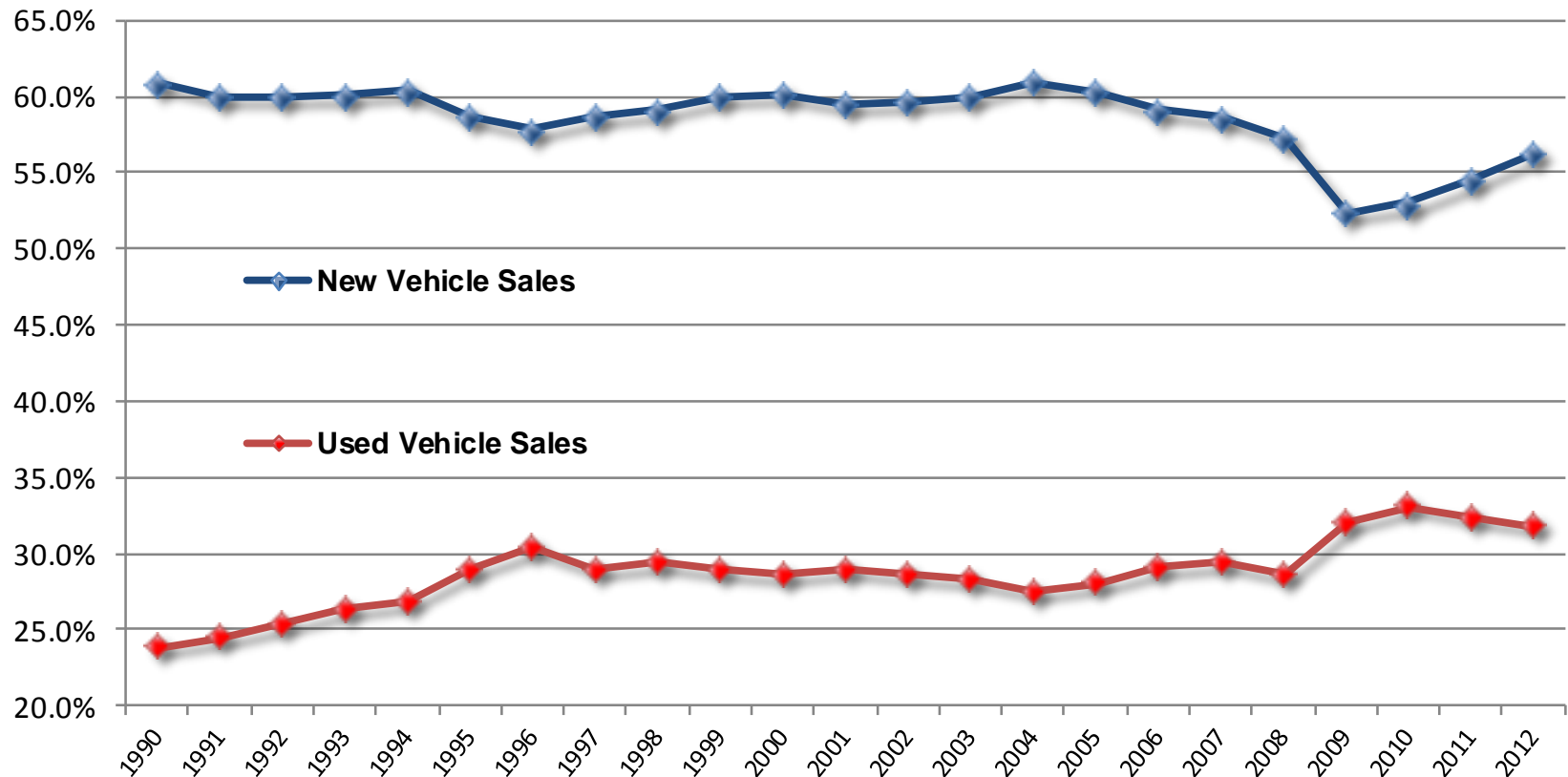


# Franchise Dealers: Sales Breakout



Used vehicle sales supported franchise dealers during the recession and have remained important even in light of dramatic new sales improvements.

### NADA 20 Group Franchise Dealers: Percentage of Total Sales

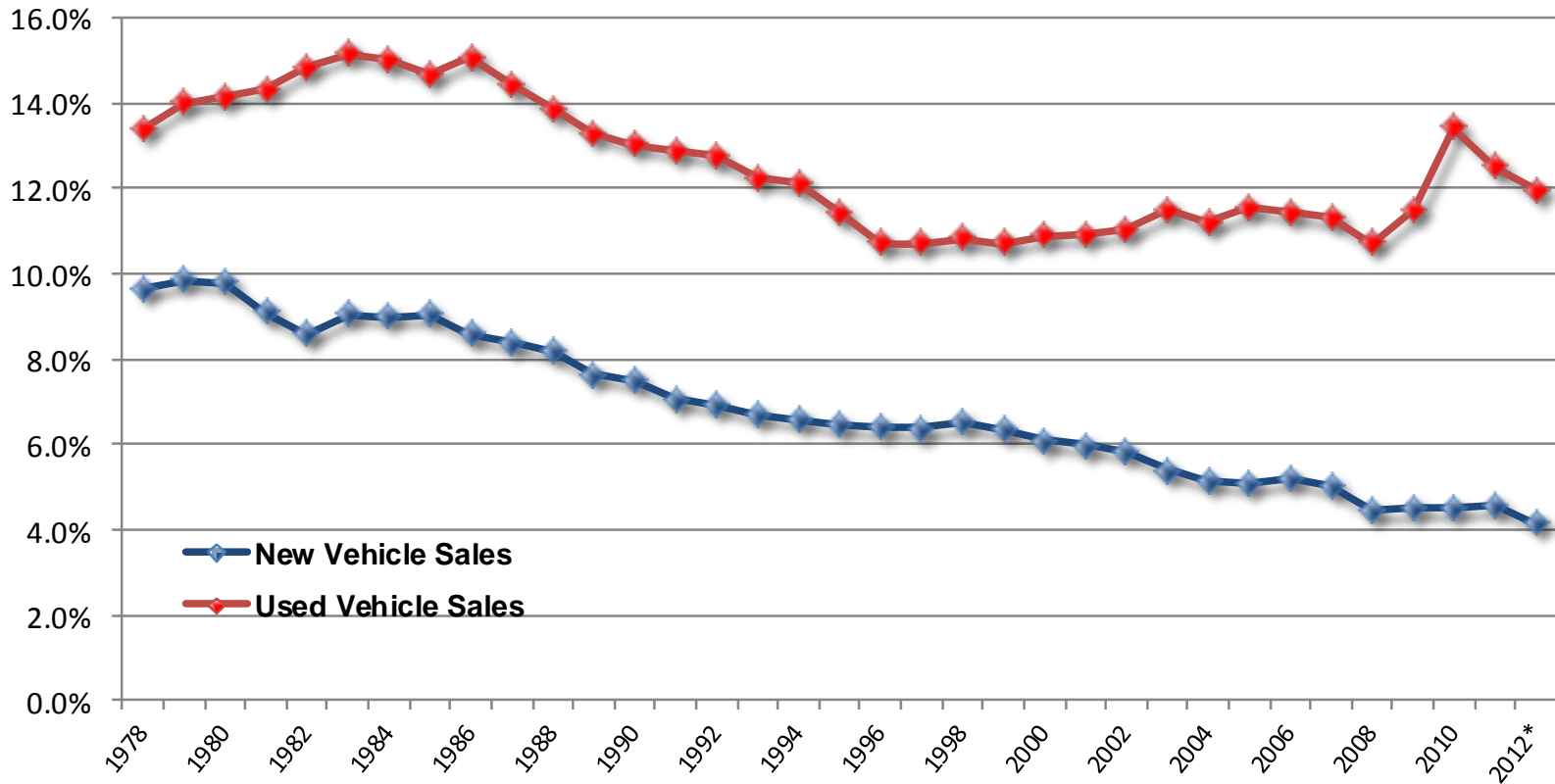


# Franchise Dealers: Gross Profits



The viability of maintaining a strong used vehicle program is evident in the strong gross profit between the two channels.

## NADA 20 Group Franchise Dealers: Gross Profit



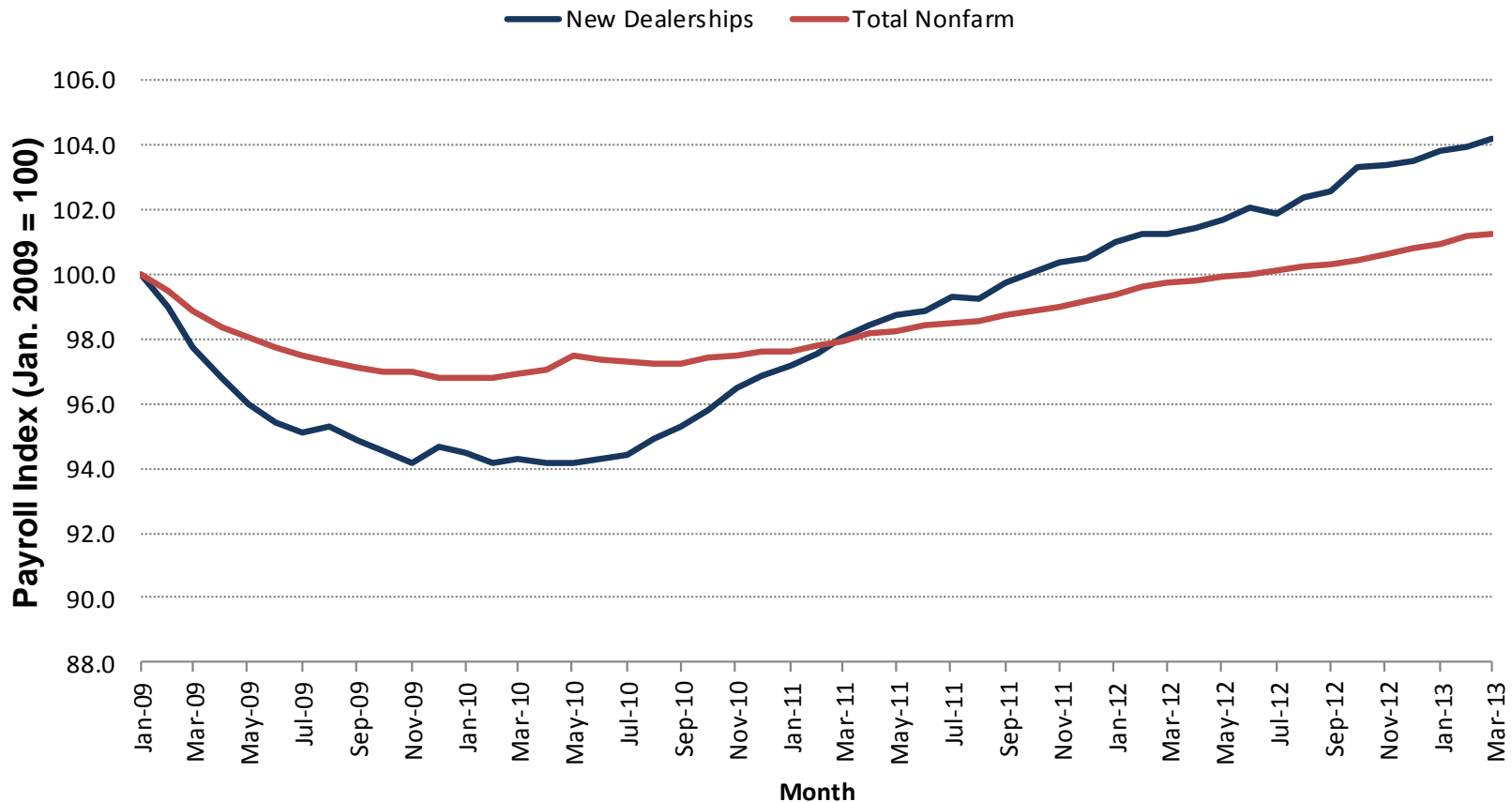
Data source: NADA 20 Group

# Dealership Employment



Not surprisingly dealership employment has outpaced the overall employment rate. There are headwinds to future growth due to political and economic uncertainty.

## Change in Nonfarm Payrolls: New Car Dealers v. Total Nonfarm



Data source: U.S. Bureau of Labor Statistics (U.S. Department of Labor)

# Public Dealership Groups



All four of the nation's top dealer groups reported record earnings from continuing operations for Q1 2013. Many of the public groups emphasized the importance of used vehicle sales as a contributor to their high profitability.

## AutoNation:

**“We continue to expect industry new vehicle sales to be approximately mid-15 million units in 2013.”**

*~ Mike Jackson,  
Chairman/CEO, April 19, 2013*

## Penske Automotive:

**“Expect revenue to grow by more than 10% (in 2013) through a combination of same-store growth and acquisitions.”**

*~ April 29, 2013*

## Sonic Automotive:

**“Business environment continues to be favorable to retail automotive.”**

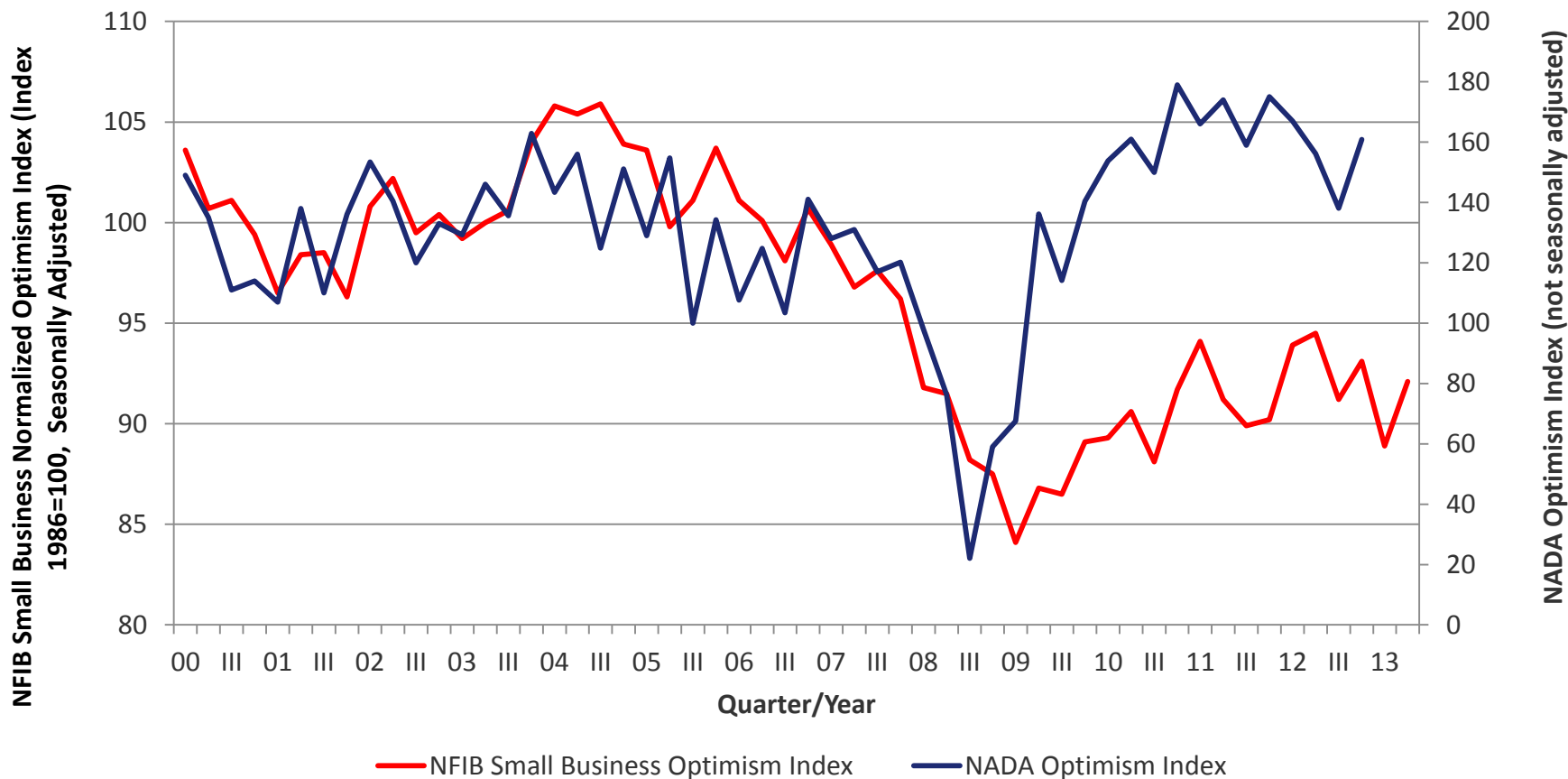
*~ April 23, 2013*

## Group 1 Automotive:

- **Pent-up demand has increased and consumers still intend to buy**
- **Used vehicle prices remain robust**
  - Helps consumers in terms of trade-in values; allows for more aggressive leasing

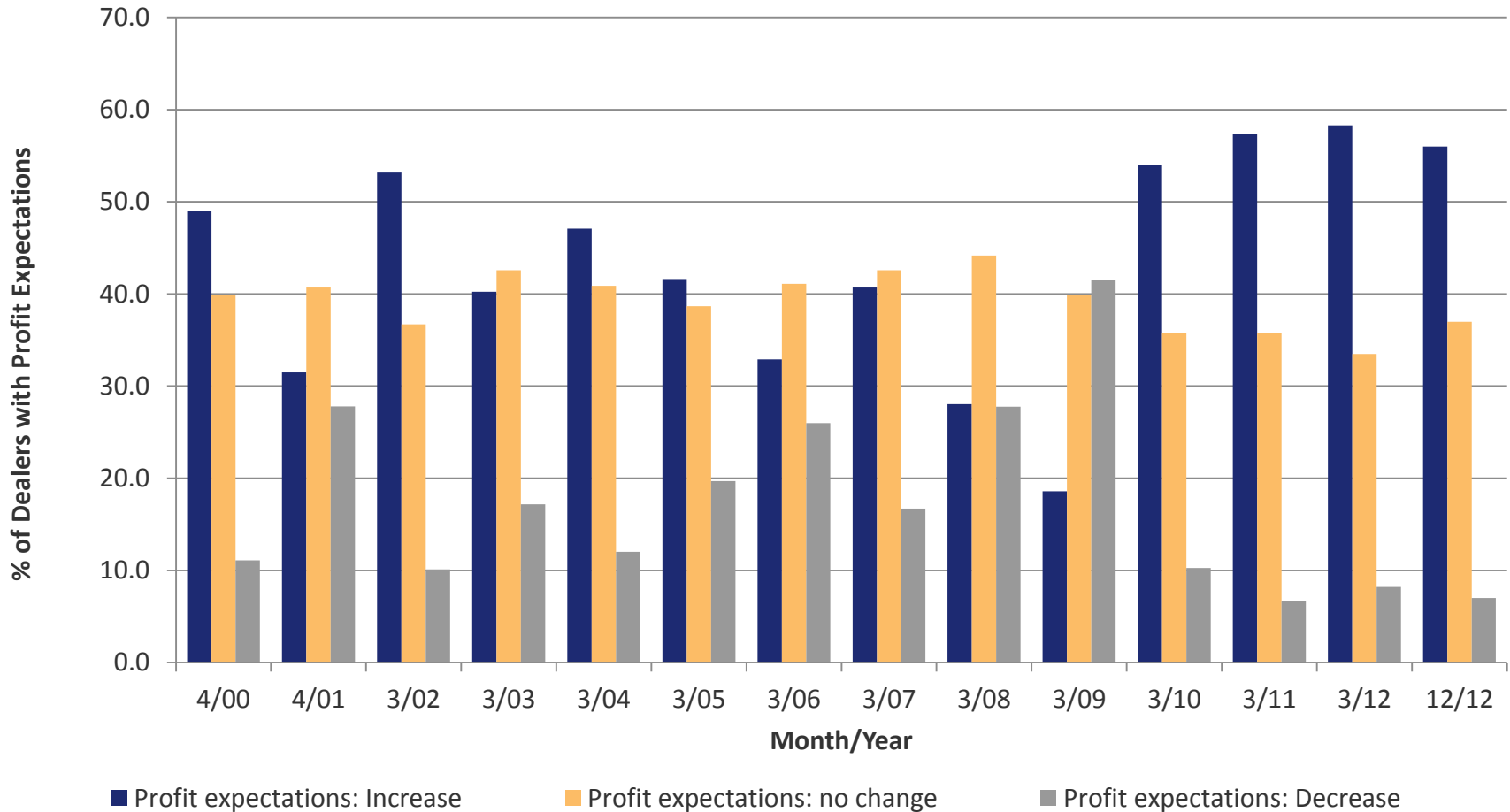
*~ May 2, 2013*

# U.S.: NADA Optimism Index, NFIB Small Business Optimism Index (2000-2013)



NADA Optimism Index data source: NADA Industry Analysis Division  
 NFIB Small Business Optimism Index data source: Moody's Analytics (secondary source), ©NFIB  
 Research Foundation (primary source)

# U.S.: Profit Expectations by Dealers (%), 2000-2012



Data source: NADA Industry Analysis Division