IADA
IDAHO AUTOMOBILE DEALERS ASSOCIATION

"Driving Idaho!"

2018 Economic Outlook & Revenue Assessment Committee

Automotive Industry Analysis

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Data Sources: www.DealerIntell.com & www.NADA.com/economics

Automotive Share of Idaho's GSP

A couple of ways to look at the numbers:

Dealership Sales as a % of Idaho GSP = 5.2%

Franchised Dealership Sales = $3.5B

Idaho's 2016 GSP = $67.3B

Dealership sales = ONLY new franchised dealership sales, including vehicle, service, parts & collision repair sales.

Auto Vehicle Sales as a % of Idaho GSP = 6.2%

All New & Used Vehicle Sales = $4.2B

Idaho's 2016 GSP = $67.3B

Auto vehicle sales = ALL new & used vehicles sold in Idaho, including private parties.

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Idaho Sales Tax Generated from Auto Sales

Estimated for 2018

Estimated Idaho Sales Tax Collections for All New & Used Vehicles

$207,125,929.00

- *That's $207.1 million!*
- *Estimate based upon best available information from NADA & DealerIntell (IADA) sources.*

Forecast for Sales

Estimated for 2018

U.S. New Sales Units:

16.7 M

2.9% decrease forecast of 500k units

Idaho *New* Sales Units:

46,749

1.6% increase forecast of 736 units

Total Dealer Sold Units *(New+Used)*:

170,686

1.0% increase forecast of 1,690 units

Consumer Confidence

2005-2018

Baseline Consumer Confidence: Q1 1996 = 100%

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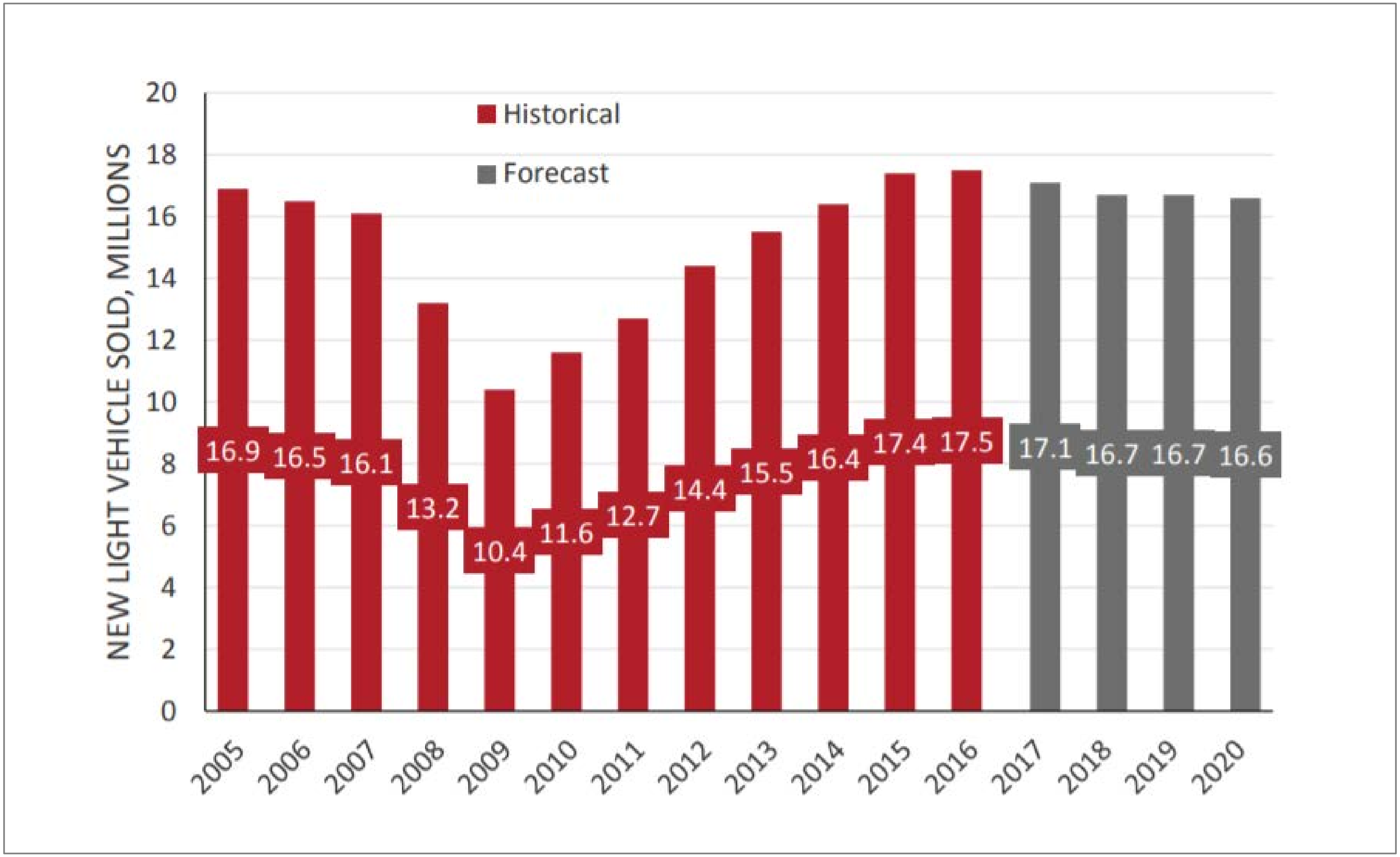
New Vehicle Forecast

Baseline Forecast 2017-2020



2017 forecast 17.1 M but actual units delivered was 17.2

Idaho's Auto Industry

Idaho's Auto Retailers' Contributions	2014	2017 *	% Change
Total Dealership Sales $'s	$3.8 B	$3.5 B	- 8%
Total # of New Vehicle Dealerships	109	110	+ 1%
Total # of New Vehicles Sold in Idaho	45,062	46,013	+ 2%
Total Annual Payroll of Idaho Dealerships	$260 M	$296 M	+ 14%
Total # of Employed in Idaho Dealerships *this does not include 5,406 "indirect" jobs*	5,427	5,610	+ 3%
Avg. Annual Wages per Dlrship Employee	$47,908	$52,155	+ 9%
Avg. Annual Payroll per Dealership	$2.4 M	$2.7 M	+ 13%
Avg. # of Employees per Dealership	50	59	+ 18%

- *Data represents 2017 or 2016, using the most current data available & comparing to 2014.*

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Automotive HEADLINES

"US Auto Sales Slump in 2017, First since '09"

"Fed Rate Hikes Expected to Hurt Car Sales in 2018"

"2017 was 4th Best Sales Year in History"

What does it all really mean?

- Analysts expected auto sales to dip after 2016, and they did. Low gasoline prices, strong jobs numbers and a robust stock market all contributed to strong sales in 2017. Rising rates may have affected consumer monthly payments by $8-20 per month and decreased the affordability of new vehicles.

But alas, all is not lost…….. in the same breath that the journalists breathe doom and gloom into our industry, there are several bright spots that should not be overlooked:

- Fuel Economy standards being reviewed by the feds is a great idea and could soften the ever increasing cost to manufacture vehicles.
- Trump's Tax Plan & the savings to taxpayers & businesses, could help offset interest rate hikes and may allow people to continue to buy new vehicles instead of used cars.
- Auto loan interest rates are at nearly historical lows (even with the fed's increases).
- Continued competition amongst dealers, combined with continued incentive programs, a strong economy and close to record consumer confidence are all 'good things'.

- In Idaho especially, as one of the fastest growing states, our demand will continue to improve.

ALL GOOD NEWS!

U.S. Market Share

By Share of Car vs. Light Truck, 2017 Q3

Light Trucks – 64%

Passenger Cars – 36%

(Compared to 2014 #'s: Light Trucks – 57% and Cars - 43.%)

Proving that Americans continue to feed their appetites toward SUV's, CUVs, & pickups.

By Market Segments:

Crossovers – 34.7%

Small Car -- 15.4%

SUV -- 8.0%

Van -- 5.5%

Pickup -- 15.9%

Midsized Car -- 13.0%

Luxury Car -- 6.0%

Large Car -- 1.5%

The "cross-over craze" continues to build. And the death of the passenger car "looms"…

Idaho vs. Other States

Franchised Automotive Dealerships:

VALUABLE ASSETS IN OUR STATE!

2016
Full Year Data

States Ranked by Total Sales $

State	$ Retail Sales	% of State's Retail Sales	# Dealerships (Rooftops)	# Jobs Created by Dealerships	Direct Dealership Jobs	Avg. # Jobs per Dealership	Annual Payroll	Average Annual Earnings	Income Taxes Paid
Washington	$17.3 B	16.4%	314	42,765	21,827	70	$1.3 B	$58,633	$317 M
Oregon	$10.6 B	17.9%	218	27,045	12,987	60	$716 M	$55,800	$305 M
Nevada	$8.4 B	23.9%	97	11,764	9,007	69	$587 M	$65,900	$107 M
Utah	$8.0 B	17.7%	136	22,925	9,599	71	$522 M	$54,253	$206 M
Montana	$4.0 B	17.8%	100	9,036	4,050	41	$206 M	$51,808	$78 M
Idaho	**$3.5 B**	**15.4%**	**110**	**11,016**	**5,610**	**59**	**$296 M**	**$52,155**	**$94 M**
Wyoming	$1.4 B	13.0%	52	6,042	2,396	46	$115 M	$50,248	$35 M

Data provided by NADA

Supplemented by IADA/Dealer Intelligence.

Idaho's Franchised Dealers Really are *"Driving Idaho!"*

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"Guesstimates" about Idaho's Automotive Industry:

1. **<u>As Idaho's population increases</u>**, "urban" areas in Idaho will continue to grow and prosper – the Boise, Idaho Falls/Pocatello, Twin Falls, Lewiston, and Coeur d'Alene areas, along with the greater Treasure Valley – and we'll see more people driving more vehicles.
2. **<u>Autonomous vehicles & so-called "Ride Sharing" are the latest hot topics</u>** – but this means we as Idahoans, if we embrace this technology *(if & when it is perfected)*, will give up the freedom of owning our own car and going anywhere we want, when we want it? Think about that! It remains to be seen if this is a positive or a negative to "units sold" tallies.
3. **<u>Dealership consolidations will continue at a rapid pace</u>**. Individual and family owners feel the need to grow in order to survive or they sell their dealerships and retire early. We expect that more family owned dealerships will be sold to larger private and corporate entities in the future. This is not a good thing, nor is it a bad thing, it's "just a thing". It will certainly change the flavor of "local owners" living, working, worshiping, & shopping in their local communities, but Idaho towns need auto dealers just as auto dealers need to sell to their town's residents.
4. **<u>In the past several years, we've seen multiple, long-time dealers sell and current dealers buy other dealerships</u>**. Dealers have come here from out of state and we've had dealerships sell to out-of-state owners. These things will continue, but in the end, customers will continue to have the freedom to shop and buy from people that live and work in their communities. It just might not be the person who's name is "on the sign".

Thank you!

If you need to buy a new or used vehicle, we happen to know a few nice dealers!