

2019 Greater Pittsburgh Area Economic Impact Report

based on data thru December 31, 2019

The Economic Impact of Franchised New Car Dealerships on the Greater Pittsburgh Area Economy



Sponsored by:





Lisa McIntyre
Chief Executive Officer
Greater Pittsburgh Automobile Dealers Association

CEO's Message

This Automotive Industry Economic Impact Study has been conducted to show the significant contribution our industry makes to the Greater Pittsburgh Area economy.

The Greater Pittsburgh Automobile Dealers Association was formed in 1924 to represent the interests of new car and truck dealers in the area. 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 automotive vehicles.

Dealers provide tens of thousands of jobs to area residents, and are an important component of the regional economy. Greater Pittsburgh Area franchised new vehicle dealers are very proud of their contributions to regional economic growth and development.

Introduction

This report provides an in-depth analysis of the economic impact of new car and truck dealers on the area's economy. It includes estimates of direct and indirect employment, personal income, and tax collections generated by area franchised new vehicle dealerships. 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 Greater Pittsburgh Automobile Dealers Association.

Greater Pittsburgh Automobile Dealers Association

207 Sigma Drive
Pittsburgh, PA 15238

Phone: 412-963-8909
Fax: 412-963-1106

Pittsburgh Area Franchised New Vehicle Dealers
Vital contributors to the area’s economy in 2019:



• Total jobs in Pittsburgh Area attributable to franchised new vehicle dealerships	23,950
• Average number of jobs per new vehicle dealership	73
• Total earnings for area residents attributable to dealership operations.	\$1.53 billion
• Average dealership payroll expense (including fringe benefits).	\$5.05 million
• Total state and local taxes collected or paid	\$556.4 million
• Total federal payroll taxes collected or paid	\$255.0 million
• Total dealership sales (dollars)	\$10.86 billion
• Average dealership sales (dollars)	\$54.83 million
• Total number of vehicles serviced by dealerships	3,573,900
• Total dealership retail new and pre-owned vehicle sales (units)	282,150 units
• Total dealership contributions to charitable causes.	\$5.19 million
• Total dealership advertising expenses.	\$133.2 million

Employment totals for new vehicle retailing industry - 2019 (Direct: at dealerships; Indirect: elsewhere in economy)



Total employment at new car dealerships:

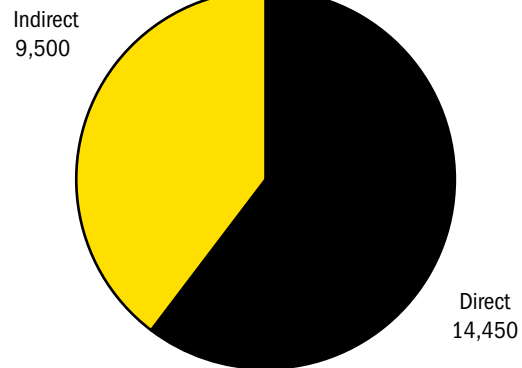
14,450

In 2019, area new vehicle dealerships directly employed a total of 14,450 individuals.

An additional 9,500 were employed due to the indirect impact of dealership operations.

Automobile dealerships accounted for 20.2% percent of total retail employment in the area. (This included both direct and indirect employment.)

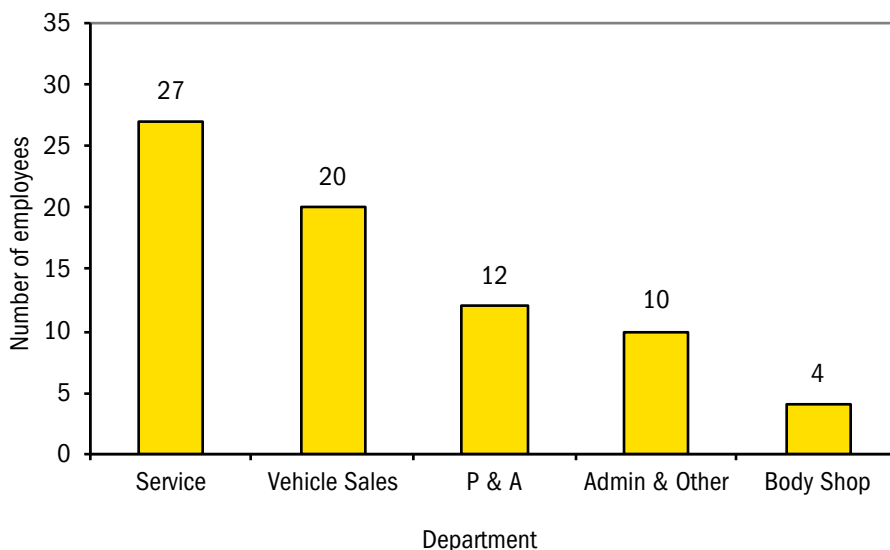
The average dealership employed 73 people.



Dealership Contribution to Retail Employment in Greater Pittsburgh Area - 2019	
Total employment resulting from auto dealerships	23,950
Total retail employment in Pittsburgh Area	118,500
Dealership percentage of Area retail employment	20.2%

Source for area retail employment: Bureau of Labor Statistics.

Dealership employment by department



Percentage of Dealership Employment by Department	
Service	37.0%
Vehicle Sales	27.4%
Parts & Accessories	16.4%
Administration & Other	13.7%
Body Shop	5.5%

Employee compensation due to new vehicle retailing industry - 2019



Total compensation at new
car dealerships:

\$1 billion

In 2019, the average Pittsburgh Area dealership paid \$5.05 million to its employees (including fringe benefits). Including both direct and indirect sources, the new vehicle retailing industry resulted in more than \$1.53 billion of total compensation to area residents!

Industry Total	Direct	Indirect	TOTAL
Payroll	\$896,940,000	\$475,378,200	\$1,372,318,200
Fringe Benefits	\$103,158,000	\$54,673,740	\$157,831,740
TOTAL	\$1,000,098,000	\$530,051,940	\$1,530,149,940

Average Dealership Payroll	Direct
Payroll	\$4,530,000
Fringe Benefits	\$521,000
TOTAL	\$5,051,000

Tax revenue generation - 2019



Total state and local taxes
collected or paid by new car
dealerships:

\$556.4 million

In 2019, new franchised automobile dealerships in the Pittsburgh Area collected or paid more than \$556 million in state and local taxes, an average of \$2,810,200 per dealership. Federal payroll taxes for the industry exceeded \$255 million.

Tax Category	Average Per Dealer	Industry Total
State sales tax collected	\$2,470,000	\$489,060,000
State and local payroll taxes	\$217,200	\$43,005,600
Real estate and other local taxes	\$123,000	\$24,354,000
Pittsburgh Area Total	\$2,810,200	\$556,419,600
Federal Payroll Taxes	\$1,288,000	\$255,024,000

PITTSBURGH AREA MARKET SUMMARY

**2019
Economic
Impact Study**

Departmental Sales (dollars) - 2019

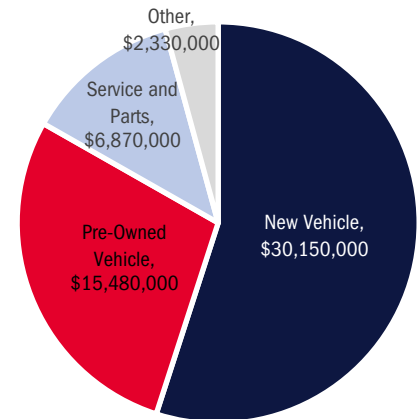


Total sales by new car dealerships in 2019:
\$10.86 billion

Industry Dealership Sales by Department - 2019

Department	Industry Total
New vehicle	\$5,969,700,000
Pre-owned vehicle	\$3,065,040,000
Service and parts	\$1,360,260,000
Other	\$461,340,000
Total	\$10,856,340,000

Average Dealership Sales by Department - 2019



Total sales for franchised new vehicle dealerships in the area during 2019 exceeded \$10.8 billion. Average dealership sales were \$54.83 million, with \$30.1 million resulting from new vehicle sales.

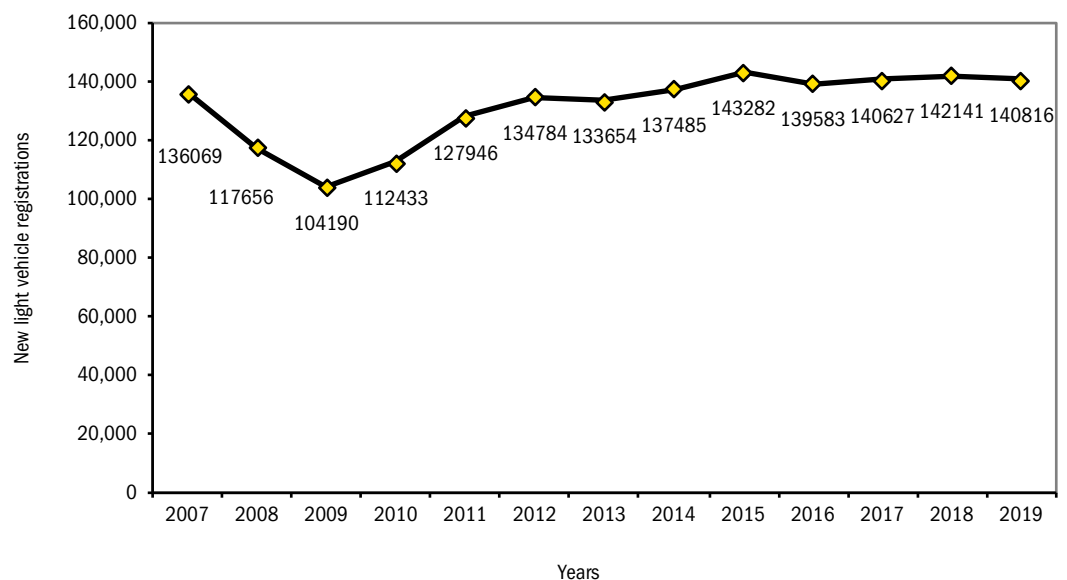
New Retail Car and Light Truck Registrations in Pittsburgh Area - 2007 thru 2019



New retail registrations in area during 2019:
140,816

As shown on the graph, combined new retail car and light truck registrations in the area improved from 2009 thru 2015, following a sharp decline from 2007 to 2009. Registrations in 2019 were up 35% from 2009.

Source: AutoCount data from Experian.



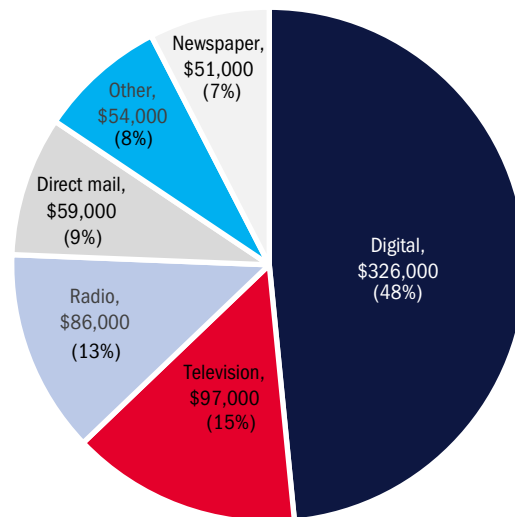
Dealership Advertising (dollars) - 2019



Total dealership advertising expenses:
\$133.2 million

Average Dealership Advertising Expenses by Media Type - 2019

Average dealership advertising expenses in 2019 were \$673,000. Total for the industry exceeded \$133 million. The majority of expenditures were devoted toward digital media.



Dealership Profile



Dealership Financial Summary

Average number of employees: 73

Average dealership total sales during 2019: \$54.83 million.

Average dealership advertising expenses: \$673,000

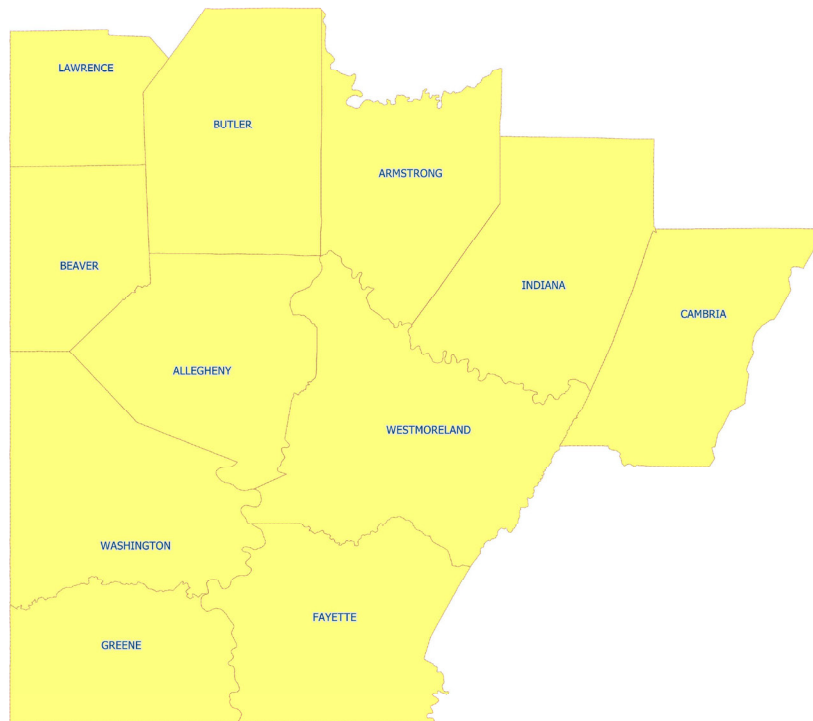
Average dealership contributions to charitable causes during 2019: \$26,200.

Number of vehicles serviced by average dealership during 2019: 18,050

Dealership Vehicle Sales Summary

Average dealership new and pre-owned vehicle sales during 2019: 1,425 units.

Greater Pittsburgh Market Area



Background and Methodology

Dealership financial data (and other information cited in the report) was collected from a survey sent to all franchised new vehicle dealerships in the Greater Pittsburgh Area. 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 Pittsburgh Area 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 Pittsburgh Area 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.



PITTSBURGH INTERNATIONAL AUTO SHOW

