



THE WANADA BULLETIN

NEWS AND INFORMATION FOR AND ABOUT FRANCHISED NEW CAR DEALERS IN THE WASHINGTON AREA

WANADA Bulletin # 20-07

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WANADA AREA SALES REPORT

Met. Wash. Vehicle Sales Off 4% in First Quarter While National Sales Were Up

Composite sales for new vehicles in the first quarter of this year in Metropolitan Washington were down 4% in contrast to composite U.S. sales that were up 5.5% during the same period.

Total car sales weren't off as much, but were down 2.8%. Light trucks were off 5.5%, reflective of high gas prices here. With car unit sales being slightly higher than light truck sales in Metropolitan Washington, more car sales with less sales decline mitigates the 2007 shortfall in composite sales so far. The improvement curve difference between import and domestic cars here, however, is significant with domestic cars being down 14% for the first three months and imports actually coming in a bit higher than the same period in 2006. Nationwide, import cars are significantly less a part of overall car sales at 29% versus 76% in Metropolitan Washington, which is curious, given the up tick in overall U.S. sales in the first quarter.

The complete WANADA Area Report of the

first three months is enclosed with this WANADA Bulletin.

WANADA Area Sales Report 1st Quarter 2007 vs. 2006		
Vehicles	'06 Sales	'07 Sales
(% Change From Previous Year)		
Domestic Cars	9,977	8,540 (-14.4%)
Import Cars	26,724	27,147 (+1.6%)
Total Cars	36,701	35,687 (-2.8%)
Imports as a % of All Cars	72.8%	76.1%
Domestic Trucks	15,548	14,217 (-8.6%)
Import Trucks	15,845	15,464 (-2.4%)
Total Trucks	31,393	29,681 (-5.5%)
Total Cars & Trucks	68,094	65,368 (-4.0%)
Source: R.L. Polk Company, by contract with WANADA		

Nearly 109,000 Auto Retailing Positions Available in the U.S.

Nearly 109,000 career jobs are available at U.S. auto dealerships, according to a new Harris survey sponsored by Automotive Retailing Today (ART). The study found that the highest need was in the South Atlantic region (which includes Delaware, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, Washington, D.C., and West Virginia) which has 25,149 job vacancies.

The study also found that auto dealers have hired nearly 30,000 military veterans since January 2004 and that summer jobs and internships often lead to full-time careers.

"At a time when the auto industry is undergoing significant change, franchise auto dealers have a

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Auto Retailing Jobs

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good news story about thousands of well-paying jobs currently available at dealerships across the country,” said Carter Myers, ART chairman. “Students using internships or summer jobs to get experience have a foot in the door for a lucrative career of their choice. Veterans can parlay their work ethic, technical and managerial training into a variety of careers within dealerships.”

According to NADA, the shortage of employees (108,814 vacancies) is largely due to growing dealership customer services, retirements and strong vehicle sales. Regions of the U.S. with the greatest number of job vacancies, as reported in the ART survey, include the South Atlantic, West South Central and Midwest states.

Sales and Service Jobs in Greatest Demand

According to ART's study, current vacancies by job function include:

- Sales: 45,698 vacancies (Est. Salary Range for Sales Positions \$31,000-\$118,000)
- Service: 36,456 vacancies (Est. Salary Range for Service Positions \$28,000-\$96,000)
- Collision Repair: 7,695 vacancies (Est. Salary Range for Collision Positions \$31,000-\$64,000)
- Parts: 6,491 vacancies (Est. Salary Range for Parts Positions \$22,000-\$63,000)
- Dealership Administration: 5,159 vacancies (Est. Salary Range for Administration Positions \$21,000-\$163,000)
- Other (porters, car washers, detailers, etc): 7,315 vacancies (Est. Salary Range for Other Positions \$21,000-\$33,000)

Details of the 2007 jobs survey, estimated salary ranges (NADA), benefits, and the 2006 attitudes & perceptions survey are available at: www.autoretailing.org/. The study, conducted by Harris Interactive®, March 28 - April 12, 2007, surveyed 742 franchised new car dealers in the U.S. about the estimated number of vacant positions in their dealerships. Details about the more than 40 different careers found in auto dealerships are available at www.autocareerstoday.org.

NADA DATA REPORT

2006 Auto Sales 8th-Strongest

The nation's franchised new-car and light-truck dealers recorded their eighth-strongest year on record in 2006, selling more than 16.5 million vehicles, down from 16.9 million in 2005, according to *NADA Data*, a comprehensive annual analysis compiled by NADA.

Light trucks outsold cars in 2006 for the sixth consecutive year, 8.7 million to 7.8 million respectively, but the gap closed somewhat. Light trucks made up 53 percent of total new-vehicle sales in 2006, down from 55 percent in 2005. Crossover utility vehicles, small cars, and large domestic sedans led the gains in sales last year, growing by 9.1 percent, 4.7 percent, and 1.8 percent respectively.

In contrast, pickup trucks fell 10.6 percent and SUVs dropped 11.7 percent for the year. In addition, NADA chief economist Paul Taylor projects that overall light-vehicle sales in 2007 will hold steady at nearly 16.5 million units.

“Strong car and CUV sales resulted from many attractive new products and quality customer service provided by franchised new-car dealers,” Taylor said. “Customer incentives appear to be rising along with the stock market, and that should help sales in the second half of 2007.”

“Interest rates will remain stable, and that will help sustain light-vehicle sales. But higher gasoline prices will change the mix of vehicle selling, which will be led by sedans and CUVs once again,” he added.

Other highlights in *NADA Data*:

- The average retail selling price of a new vehicle increased to \$28,451 in 2006, from \$28,381 in 2005.
- The average dealership annual payroll was \$2.5 million in 2006, up from 2.4 million in 2005.
- The total industry payroll was \$52.9 billion, up more than \$1 billion in a year's period, representing nearly 14 percent of the nation's total retail trade payroll.
- The number of franchised new-vehicle dealerships in the U.S. dropped by 295, to a total of 21,200, reflecting an ongoing moderate consolidation trend.

ON THE HILL

Global Warming Debate Heats Up Over Emissions

Pressure is mounting on the Bush Administration to allow states to impose their own regulations on vehicle emissions that opens the door to treating carbon dioxide (CO₂) as an emission which, in turn, could get states into the business of regulating corporate average fuel economy (CAFÉ). Hiking CAFÉ, environmentalists argue, reduces CO₂ "emission" which reduces global warming. Eleven states, including Maryland, have implemented emissions standards set by California that has and will continue to compel the auto industry to change how it makes cars. To continue or expand state authority requires EPA's involvement, to include regulating CO₂. At a hearing last Tuesday, officials from California and other states urged the EPA to grant California a waiver from federal controls so it could apply emissions standards.

Steven Douglas, director of environmental affairs of the Alliance of Automobile Manufacturers, called a waiver unnecessary, according to *The Washington Post*. Douglas said new standards could lead to an unwieldy "patchwork of state and federal rules" on fuel economy. He said automakers are hard at work on technology to curb global warming, including the rollout of ethanol-powered vehicles and gas-electric hybrids.

NADA says it will file comments against the states' waiver. In lieu of the waiver, NADA proposes tax incentives that would harness consumer demand for higher fuel economy vehicles. In a commentary recently published in *Automotive News*, NADA President Phil Brady outlined the details of the proposal. (See <http://www.nada.org/Advocacy+Outreach/LegislativeAffairs/CAFE/Brady+Commentary+4-23-2007.htm>.)

Resisting Higher CAFE

Led by Detroit's Big Three and Toyota Motor Corp., the industry launched print and radio ads over the Memorial Day warning consumers that fuel regulations under consideration by the U.S. Senate would lead to higher vehicle prices and *smaller, less safe vehicles*. The ads feature rural pick-up owners and SUV-driving soccer moms making the case that the Senate proposal would limit consumer choice and tie the hands of automakers, *The Detroit News* reported.

The Alliance of Automobile Manufacturers ran two radio ads in more than ten states urging people to contact Congress to oppose "extreme fuel economy mandates." Separately, GM and DaimlerChrysler said they are sending letters to retirees, employees and dealers

warning them of the downside of dramatically higher fuel economy standards, according to *The Detroit News*.

Senate Committee Approves Car Safety Bill

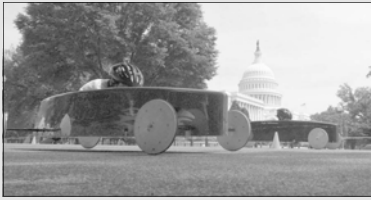
The Senate Commerce, Science, and Transportation Committee passed a measure last week that would require automakers to manufacture cars with additional child-safety features. The bipartisan bill, S. 694, sponsored by Sens. John Sununu, R-N.H., and Hillary Clinton, D-N.Y., requires automakers to produce new cars with equipment to alert drivers if a child is in a blind spot behind a vehicle. The requirement would take effect within three years after the bill is signed into law. Additionally, the legislation compels the National Highway Traffic Safety Administration to evaluate the feasibility of child-safe power windows that automatically reverse when the window hits an obstruction. Third, the bill mandates that MY2011 automatic transmission vehicles include anti-rollaway technologies that require drivers to apply the brake before shifting into gear.

The bill represents a compromise between the auto industry, NHTSA, and consumer safety groups. While the bill passed out of committee unanimously, Senate leadership has not indicated when or if the bill would be considered by the full Senate. A House companion bill has been introduced by Rep. Jan Schakowsky, D-Ill., but has not moved in committee.

EPA Issues New Asbestos Brochure

The Federal Environmental Protection Agency (EPA) has recently issued a new brochure that describes best practices for preventing asbestos exposure among automotive technicians who repair brakes and clutches. Although asbestos is no longer used in most automotive products, some brake pads or shoes may still contain the mineral. The EPA's brochure suggests that dealership service technicians and others working on brakes use an Occupational Safety and Health Administration (OSHA)-listed method for controlling dust even where asbestos may not be present. It also describes the procedures for properly disposing of asbestos-containing wastes. You can obtain a copy of the EPA brochure at the following website: <http://www.epa.gov/asbestos/pubs/brakesbrochure.html>.

Soap Box Derby Set for Capitol Hill, Saturday, June 16



*"Some hills are higher, some are longer, some are faster but we race on **THE** most powerful hill in the world, Capitol Hill!"*

That's the lead on the website, www.dcsoapboxderby.org, for the 66th running of the Greater Washington Soap Box Derby, which happens Saturday, June 16. As the proud *lead* sponsor of this all-American event for the past 26 years, WANADA encourages its members and friends to join the patrons and participants in cheering on these enterprising young go-cart racers. The competitors, all eight to seventeen years old, will silently roll down a quarter-mile course on Constitution Ave. in their motor-less, hand-built, wildly decorated racers. It's family fun for all in the ultimate great American tradition. And it's an enjoyable way to spend a Saturday afternoon in June in the shadow of the U.S. Capitol.

For more information about the race or sponsorships, contact John O'Donnell at WANADA, (202) 237-7200.

WANADA Kindred-Line Member Appreciation Reception

6:00 p.m. - 7:30 p.m., Thursday, June 7, 2007

Congressional Country Club, 8500 River Road, Potomac, Maryland

In appreciation of the support and invaluable resources provided to dealers by our kindred-line members, WANADA has scheduled the above reception to coincide with our regular Board of Directors meeting. "This gathering will bring people together who know and work with one another and provide the opportunity to meet people and make new acquaintances. The commonality among all attending will be WANADA membership and this is what we are looking to enhance," said WANADA Chairman Jack Fitzgerald.

All WANADA kindred line and dealer members are invited to attend. A registration form is enclosed with this WANADA Bulletin. *Note: club rules call for a jacket and tie for guests at the reception.* For more information, call WANADA's Events Director Kristina Henry at (202) 237-7200.

COMING UP SOON

Get on Board Now for This Premier Summer Event

The Bobby Mitchell Hall of Fame Classic, July 7&8

Sponsorship Opportunities Still Available, Auction Items Needed

The Bobby Mitchell/Toyota Hall of Fame Classic, sponsored by Washington Area Auto Dealers, at the Lansdowne Resort, July 7&8, is the *big summer event* for area dealers. Last year, over 40 sports legends mixed it up with 600 participants who came out for golf and fellowship... and a good cause, having raised \$700,000 for the Leukemia & Lymphoma Society. The goal is higher this year with plans to gain more attendees and high levels of commitment. For more information on participation and sponsorship opportunities for this year's Hall of Fame Classic, contact BMC Chairman Tamara Darvish at (301) 622-0300.

Staying Ahead...

You can't depend on your eyes when your imagination is out of focus.

—Mark Twain

Enclosure

- WANADA Kindred Line Member Appreciation Reception RSVP
- WANADA Area Sales Report, March 31, 2007 YTD (R.L. Polk Auto Sales Figures)