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## Washington Area new vehicles sales up nearly 5% in first quarter

New vehicle sales in the Washington Metropolitan Area were up 4.6% through the first three months of this year compared with the same period in 2011, following the national pattern of a quick start to the new year, followed by a slight slowing as the U.S. and world economies vacillated between good and bad economic news. Notwithstanding the vacillating world economy, industry watchers like NADA's chief economist, Paul Taylor, are still projecting 13 million new vehicle sales in the U.S. this year, a 10% increase over last year.



According to the WANADA Area Report, premised upon new vehicle registrations from R.L. Polk, 2012 industry sales here totaled 65,523 through March 2012, suggesting full year new vehicle sale could go beyond 260,000 units. Most of the sales increase came in the first two months of the year, with increases of 17.4% for January and 9.7% in February, with March sales dropping 8%, year-over-year.

The District of Columbia saw the largest sales increase for the period with total sales up 32% for the period; Northern Virginia pretty much tracked last year; and suburban Maryland was up 6.4%.

Sales in the region continue to be dominated by import brands (a good many of which are built in U.S. manufacturing plants) with import cars out-pacing Big Three domestic makes 81% to 19% and import trucks outselling domestics by 60% to 40%.

That said, Big Three new car sales increased a dramatic 21% over the same period a year ago with import car sales increasing 10.9% by comparison.

Fewer light trucks were sold in the first quarter of 2012 than a year ago with trucks comprising 43% of the market this year, compared to 47% last year.

R.L. Polk sales data for the Washington Metropolitan Area covers 12 localities in the region to include the District of Columbia; the Maryland counties of Charles, Frederick, Howard, Montgomery and Prince George's; and the Northern Virginia counties of Arlington, Fairfax, Loudoun, Prince William and Stafford and the city of Alexandria. WANADA dealer members can access the full R.L. Polk Data report at [www.wanada.org](http://www.wanada.org).

## Good News!

### The new vehicle department is profitable again

The National Automobile Dealers Association released its annual NADA DATA Report this week which looks at how dealerships are performing across the U.S. And, for the first time in five years, it indicates the average dealership actually made money in the new vehicle department. The amount was small-- just barely over \$10,000-- but large in significance to the industry.

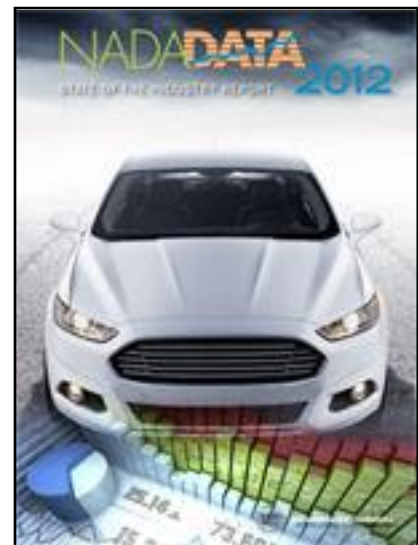
NADA DATA indicates dealerships have put the “*great recession*” in the rear view mirror, largely on the strength of the used vehicle and service and parts departments, which together in 2011 produced an overall net profit (before taxes) of approximately \$786,000 for the average dealership, up 23.6% from 2010. It also showed that net profit as a percent of total sales at the average dealership has continued to improve since 2008 when it was a meager 1.0%. For 2011, the percentage was 2.3%.

Relative to the broader economic picture, employment at franchised automobile dealerships increased by 934,000 in 2011 (an average of three employees per dealership) while total dollar sales increased to over \$609 billion, an increase of 10.2 percent over 2010.

NADA said dealers continue to be optimistic about sales through 2012 with nearly 60% indicating they expect an increase in sales for the year compared to just 8% expecting a decline. The association also reported a leveling in the number of dealerships in operation after three years of decline. There were 17, 540 franchise dealerships in operation at the beginning of 2012. Looking back 20 years, however, there were 23,500 dealerships in the U.S.

In the mid-Atlantic region, there were 301 franchised dealers in Maryland, 489 in Virginia, one in the District of Columbia and 200 in Metropolitan Washington as gaged by WANADA's membership. Dealership sales in Metropolitan Washington are about 15% total retail sales and dealer employees, 7% of total employment.

There are approximately 4.4 million passenger cars and light trucks on the road in Maryland and 6.2 million in Virginia and 267,000 in D.C. In Metropolitan Washington, the number is about 2.7 million.



## Court affirms limits on OSHA violation reporting requirements



In June 2011, the Occupational Safety and Health Administration (OSHA) proposed changes to its rules relating to work-related injuries and illnesses. In addition to more record-keeping and reporting, OSHA's proposal called for new and used car dealerships to keep an injury log (Form 300) for the first time.

A final rule has not been adopted, but even if it is, it now appears that unless a federal court decision is overturned on appeal, dealers will only be exposed to violations for record keeping for six months.

Last year OSHA fined a construction company \$13,300 for record-keeping violations, alone, alleging that the company failed to record a number of injuries and illnesses within the required time period. OSHA looked back more than four years to the earliest recordable injury or illness, as was its practice.

The company appealed the violation, and this week a federal appeals court overturned OSHA's policy of looking back five years for reporting violations, noting that the Occupational Safety and Health Administration Act provides, "No citation may be issued...after the expiration of six months following the occurrence of any violation."

## NADA bulletins cover revised safety and fuel economy info on Monroney labels

NADA has created two new bulletins designed help new vehicle sales staff respond to consumer questions on safety and fuel economy.

The first is a two-page Q/A bulletin issued jointly by NADA and the National Highway Traffic Safety Administration that should help sales staff respond to consumer questions on "stars-for-cars" safety information. This new information is required on Monroney labels starting with MY 2012 light-duty vehicles rated and manufactured after January 31, 2012. The "[Dealer Guide to NHTSA's 5-Star Safety Rating Label](#)" describes how vehicles are rated, what the new labels look like, and how consumers can compare between vehicles.



The second bulletin is a four-page Q/A, "[Revised EPA/NHTSA Fuel Economy Labels](#)," that addresses the revised fuel economy and emissions information required for MY 2013 and later vehicles. This information is designed to allow for better comparisons between vehicles and will be set out on light-duty vehicle Monroney labels.

NADA says the bulletins are for informational purposes only and work best when used electronically, though they can also be printed double-sided for distribution to new-vehicle sales personnel and interested customers.

## Flag Day – June 14

The origins of Flag Day date back to 1777 when on June 14 the Continental Congress proposed that the United States have a national flag instead of the British Union Jack and that 13 stars of the flag represented the 13 new states.



The flag has had much iteration since then, having been changed 26 times, to include standardization in 1912; the flag was last changed in 1959 with the admission to statehood of Alaska and Hawaii. It needs 64 pieces of fabric to make it. The current flag has 13 red and white alternating stripes (representing the original 13 states) and 50 stars, one for each state, on a blue background. It has been said that the white between the red stripes symbolizes the U.S. separation from Great Britain in the American Revolution. The red stripes are attributed to George Washington, but this has never been corroborated.

The first major public ceremony honoring the Stars and Stripes occurred in 1877, when on June 14 it was flown from every government building in honor of the centennial of the adoption of a national flag. The first official Flag Day was observed in Philadelphia in 1893, with New York following suit in 1897. President Harry S. Truman officially proclaimed June 14 as Flag Day in August, 1949, and it has been commemorated nationwide on that day ever since.