

THE WANADA BULLETIN

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

WANADA Celebrating 100 Years of Service (1917-2017)

WANADA Bulletin # 45-17

****Happy Thanksgiving!****

November 21, 2017

Headlines...

WANADA Annual Meeting draws record crowd; Baier gives insider view

Area sales down 4.7% in third quarter, down 10.4% year to date

Keith Crain to receive Lifetime Achievement Award at 2018 Auto Show

Cordray to leave as director of CFPB by Nov. 30

30% of recalled cars remain unrepaired; MD to start notification program

By 2040, vehicle miles traveled will soar, but car sales will slow

51 million Americans to travel over Thanksgiving, most in 12 years

Thought for the week...

WANADA Annual Meeting draws record crowd; Baier gives insider view

This year's Annual Meeting and Luncheon drew a record crowd to the Ritz-Carlton in Tysons Corner. Attendees got the chance to hear Fox News chief political anchor Bret Baier give an insider view of the doings in Washington and in the Fox newsroom. He also spoke movingly of the first few days of his son's life, when the baby needed open heart surgery. The boy is healthy now.

Look for a detailed report and photo gallery from a stellar Annual Meeting in next week's *Bulletin*.

Area sales down 4.7% in third quarter, down 10.4% year to date



Crossovers such as the Lexus RX 350 helped bring up sales numbers for light trucks.

Like the rest of the country, the Washington area has seen new-vehicle sales drop in recent months. The latest R.L. Polk report commissioned by WANADA shows sales down 4.7 percent in the third quarter and down 10.4 percent year to date through September.

Sales fell much less nationally, by 1.7 percent year to date. One reason for the discrepancy for Washington area versus U.S. sales is that sales in our region started out better, as Washington has long been known for weathering a recession better than most parts of the country because of

the relative stability of the federal workforce. This year some of that stability has started to crumble, as many federal positions go unfilled. Lower and middle level federal workers may have felt the need to be more cautious in their spending in preparation for an unknown future.

WANADA's Area Report for the third quarter is based on R.L. Polk new-vehicle registration data for the 12 major localities that make up the metro Washington area market. U.S. sales data are from *Automotive News*.

Area sales for the third quarter totaled 81,637 in metro Washington, with the most sales in August (27,920), followed by September (26,535) and July (25,043). The year-to-date sales of 228,695 again positioned the metro area to *probably* surpass 300,000 new vehicle sales for the year. Dealers nationwide are anticipating strong manufacturer incentives to close out the year, as automakers have already shown a fondness for them this fall.

Car and truck sales in the Washington area fell by about the same percent from a year ago – 10.5 percent for cars and 10.38 percent for trucks. What's startling is the continued strong showing by trucks in a region that until fairly recently showed a strong preference for passenger cars. Light trucks made up 56.2 percent of Washington area sales through September, the same proportion as in 2016. The national figure was even higher, at 63.5 percent.

“Trucks” is a diverse category that in this case includes many SUVs and especially crossovers. Gas remains fairly cheap, and people want a vehicle that can carry their children and haul their stuff.

The Washington area preference for imports (non-Detroit Three vehicles) is stronger than ever. They made up an impressive 72.7 percent of sales through September, up from 67 percent a year earlier.

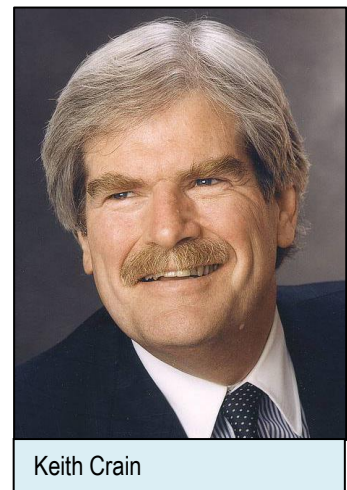
For the complete copy of the WANADA Area Report on third quarter Washington area new vehicle sales, click [here](#) and log in with your user name and password-or call WANADA office to obtain.

Keith Crain to receive Lifetime Achievement Award at 2018 Auto Show

Keith Crain, chairman of Crain Communications and editor-in-chief of *Automotive News*, will be honored with the Washington Auto Show's Lifetime Achievement Award on Thursday, Jan. 25, 2018.

Crain has had a central role in the auto industry for close to 50 years as a reporter, editor and publishing executive. Today he leads a team of employees in 13 locations around the world, producing 54 different publications with 880 team members. He is a member of the Michigan Journalism Hall of Fame and the Automotive Hall of Fame.

Despite his many years of leadership as a publisher, he is perhaps best known as a hands-on journalist who still writes a regular weekly column for *Automotive News*. He is a familiar sight at meetings in the *Automotive News* Detroit headquarters building and takes his duties as editor-in-chief with the utmost seriousness.



Keith Crain

“Keith Crain is an auto industry icon, with legendary longevity and an encyclopedic knowledge of the car business,” said John O'Donnell, WANADA president and CEO, in announcing the

award. “Few have personally interacted with more industry leaders than he, or had a more distinguished automotive career.”

The Washington Auto Show Lifetime Achievement Award will be presented on the evening of Jan. 25, the second Industry/Media Day, at the Walter E. Washington Convention Center. Full details on the award dinner can be found at www.washingtonautoshow.com.

Cordray to leave as director of CFPB by Nov. 30



CFPB Director Cordray will not be missed by dealers.

Richard Cordray will quit his job as director of the Consumer Financial Protection Bureau (CFPB) by Nov. 30. Speculation is that Cordray plans to run for governor of Ohio, his home state. NADA President Peter Welch left no doubt that dealers will not miss him.

“Cordray’s tenure as CFPB director has been marked by a number of ill-fated attempts to stymie consumer benefits of free market competition, including the CFPB’s attempt to eliminate the ability of auto dealers to discount interest rates for the benefit of their customers,” Welch said in a statement.

The American Financial Services Association (AFSA), which represents automaker captives and other large lenders, offered its own statement about Cordray: “Unfortunately, his decisions were not always completely developed and created undue burdens on consumers’ access to credit that the Bureau is mandated to protect,” said CEO Chris Stinebert.

A report in the *Washington Post* said that President Trump may appoint Office of Management and Budget Director Mick Mulvaney as interim head of the agency. Mulvaney has criticized the CFPB’s independence and lack of accountability in the past.

Republicans in Congress have attacked the CFPB on the same grounds. Created under the Dodd-Frank Finance Reform Law passed in 2010 to rein in Wall Street after the financial meltdown, the CFPB is unique among federal agencies in having a director who can only be fired by the president for cause. The agency gets its money from the Federal Reserve and does not depend on Congress for funding.

Although the CFPB is specifically barred from regulating dealers, many in the automotive community believe the agency often overstepped its regulatory bounds. The most recent example was a CFPB rule requiring lenders under its jurisdiction – dealers’ finance and lease sources – to put a clause in their consumer contracts banning mandatory arbitration in consumer disputes. Congress overturned the rule last month, thanks in part to dealer lobbying.

Whether Trump nominates Mulvaney or someone else to be the next CFPB director, NADA anticipates that person is sure to be friendlier to businesses and banks than Cordray was.

30% of recalled cars remain unrepaired; MD to start notification program

Despite extensive campaigns by automakers and the National Highway Traffic Safety Administration, about 30 percent of recalled vehicles remain on the road unrepaired, according to NHTSA. In a record year, 2016 saw more than 53 million vehicles recalled.

In Maryland, owners of unrepaired recalled vehicles will get another notification starting next year. Under a two-year pilot program, Maryland drivers will be told if their vehicle is under recall when they renew their car's registration. NHTSA asked states to apply for a grant to pay for a notification program, and Maryland was the only state that applied.

Maryland will provide owners and lessees with a brief description of the defect and the nature of the recall, and tell the owner that the vehicle should be repaired immediately at a dealership. At the end of the two-year pilot, the state will provide NHTSA with an evaluation of the notification program.

By 2040, vehicle miles traveled will soar, but car sales will slow

The automotive landscape will look very different by 2040, with more use of ride-sharing services such as Uber, and fewer cars owned by individuals. That's the conclusion of a new report by IHS Markit, *Reinventing the Wheel*. The study looks at four key automotive markets: the United States, China, Europe and India.

"The pace and degree of this dynamic shift will have significant implications for industry, for public transportation systems and for how people get to work and live their lives – and spend their money on transport," said Daniel Yergin, IHS Markit vice chairman.

By 2040, vehicle miles traveled will grow to an all-time high of about 11 billion miles per year in those markets and will keep growing. At the same time, sales growth of new light-duty vehicles will slow substantially.

The competition between the internal combustion engine and electric vehicles, the disruptive force of "mobility as a service" – such as ride-hailing – and the emergence of autonomous vehicles will lead to more profound changes in personal transportation than experienced in the past century, the study says.

Cars powered *solely* by gasoline or diesel will make up less than 50 percent of new car sales by 2031. But cars powered *primarily* by gasoline and diesel will still account for 62 percent of new cars in 2040. Autonomous vehicles will become a significant share of new vehicle sales after 2030.

To keep on top of these important trends, be sure and attend the Washington Auto Show's MobilityTalks International Jan., 23-24, 2018. Click [here](#) for more information.



Sales to individual buyers will be a much smaller part of the market by 2040.

51 million Americans to travel over Thanksgiving, most in 12 years

American Automobile Association (AAA) projects that 50.9 million Americans will travel 50 miles or more away from home this Thanksgiving, a 3.3 percent increase from last year and the most since 2005. Nearly 90 percent of the travelers will take to the highways, up 3.2 percent from 2016.

“A strong economy and labor market are generating rising incomes and higher consumer confidence, fueling a strong year for the travel industry, which will continue into the holiday season,” says Bill Sutherland, AAA senior vice president, Travel and Publishing.

Drivers will pay the highest Thanksgiving gas prices since 2014, at a national average of \$2.54.

AAA says that the worst time to travel in DC will be Tuesday, Nov. 21, from 4:45 to 6:00 p.m., when traffic delays will be twice as long as usual. The worst traffic delay in the area this week is anticipated to be I-95 S at US-17/US-1 in Fredericksburg, VA.

Thought for the Week...

A thankful heart is not only the greatest virtue, but the parent of all the other virtues.

--Cicero

Happy Thanksgiving from all of us at WANADA!

