



# The Economic Impacts of Members of the New Car Dealers Association of BC

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Prepared for the New Car Dealers Association of BC

Executive Summary

May 2022

## Acknowledgments

The New Car Dealers Association of BC and MNP would like to thank the individuals and organizations who generously shared their time and materials for this study.

The New Car Dealers Association of BC acknowledges the support of the Canadian Automobile Dealers Association (“CADA”) in helping fund this report. The CADA is the national association representing new car and truck dealers in Canada. Acting as the voice of the dealers at the national level, CADA serves as an advocate to government, industry and the public. CADA is a federation of provincial and regional dealer associations. Learn more: [cada.ca](http://cada.ca)

The New Car Dealers Association of BC also acknowledges the support of JD power. JD Power’s Power Information Network (PIN) is the largest source for retail transaction data. PIN leverages industry leading sales pricing and analytics, thereby providing the timeliest source of real-time buyer behavior. Learn more: [jdpower.com](http://jdpower.com)

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# Executive Summary

## Background

The New Car Dealers Association of BC ("NCDA") is the industry association that represents new car and truck franchised dealers in British Columbia ("BC"). To demonstrate the contribution its members make to the BC economy, the NCDA engaged MNP LLP ("MNP") to conduct a study of the economic impacts generated by new car dealers in BC in 2021.

2021

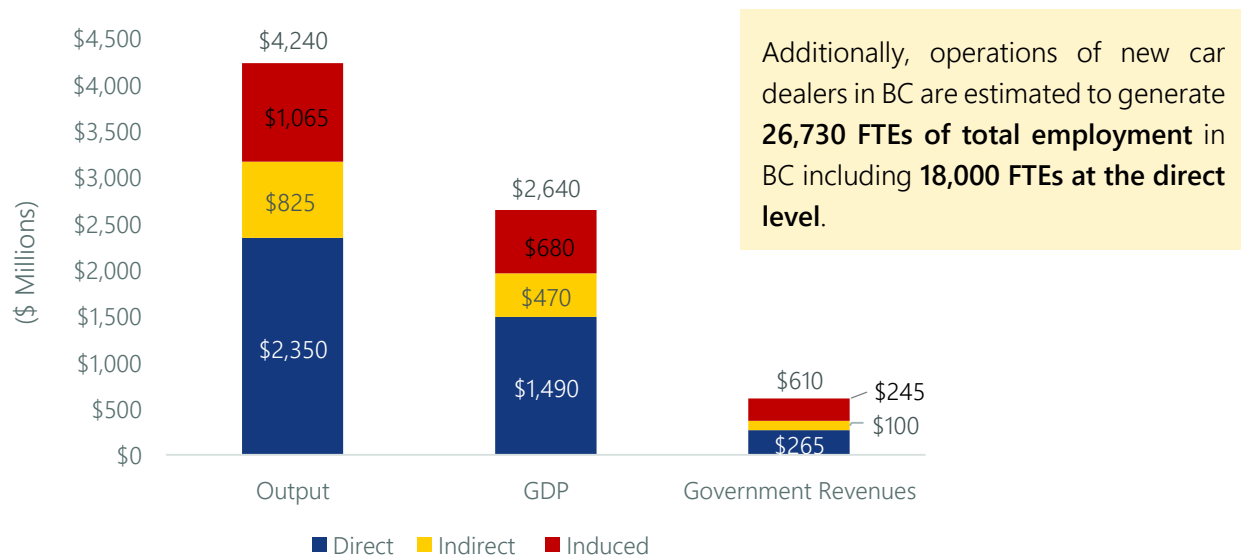
### Key Industry Statistics

- The **total operating revenues** for new car dealers in BC were estimated to be approximately **\$15.6 billion** of which, approximately **63 percent (\$9.8 billion)** was attributable to **new motor vehicle sales**.
- New car dealers in BC **sold 198,581 new motor vehicles**.
- New car dealers in BC employed over **18,000 full-time equivalent ("FTE")** employees.

## Economic Impacts

The total spending of BC's new car dealers was estimated to be approximately \$15.2 billion in 2021. Of this, approximately \$2.35 billion was spent in BC. Figure A shows the estimated economic impacts generated by the spending in BC in 2021.

**Figure A: Estimated Economic Impacts of New Car Dealers in BC in 2021**



## Workforce Profile

New car dealers provide stable long-term employment in range of occupations. Approximately 56 percent of positions require a post-secondary credential, trade certification or significant experience.

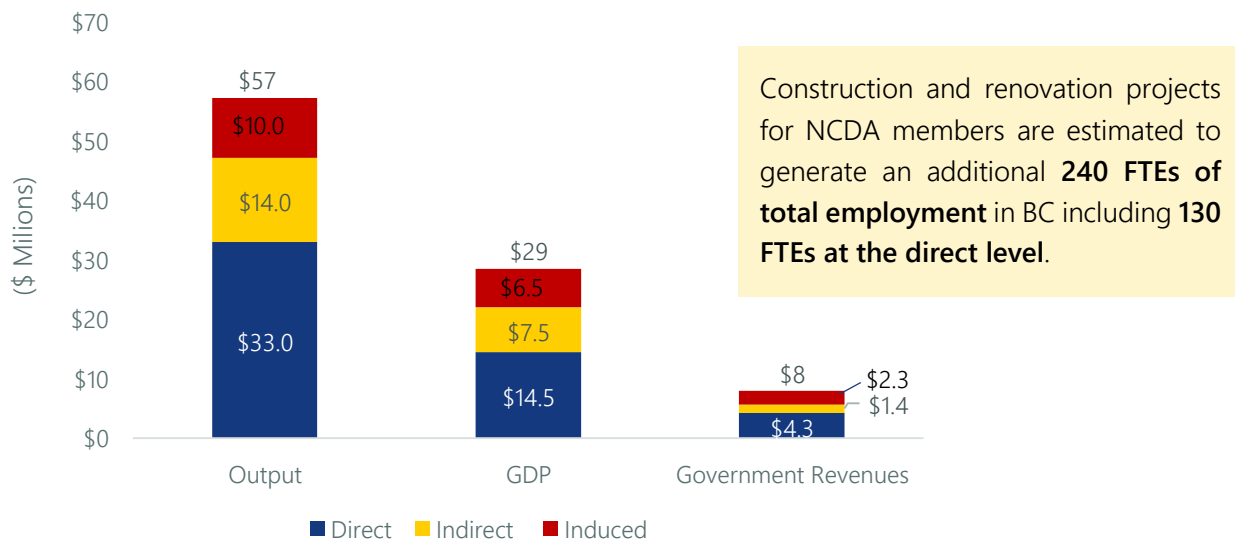
NCDA members that responded to the survey of new car dealers reported that:

- Approximately **27 percent** of their workforce is **women**.
- Approximately **2 percent** of their workforce identifies as **Indigenous**.

Source: Survey of NCDA members

Aside from operational expenditures, NCDA members undertake construction renovation projects at their dealerships throughout the province. Between 2019 and 2023, annual spending on construction and renovations by new car dealers was estimated to be approximately \$33 million. Figure B shows the estimated annual economic impacts generated by construction and renovation projects in BC for NCDA members.

**Figure B: Estimated Annual Economic Impacts of Construction and Renovation Expenditure, 2019 to 2023**



## Comparison with Other Industries

To provide perspective on the size of the economic impacts of new car dealers in BC, it is useful to compare the impacts with those created by other industries and sectors.

- **New Home Construction:** The total employment generated through the operations of new car dealers in BC is equivalent to the direct and indirect employment supported by the construction of between 9,000 and 9,500 new homes in BC.<sup>1</sup> That is equivalent to approximately 20 percent of new home starts in 2021.<sup>2</sup>
- **Transportation:** The employment generated by the operations of new car dealers in BC is equivalent to the employment generated through the handling of 2.9 million containers at the Port of Prince Rupert, or approximately 340 percent of the average annual volume of containers handled at the port.<sup>3</sup>
- **Film and Television Production:** The total employment generated from the operations of BC's new car dealers in 2021 was equivalent to the total employment supported by the filming of between 20 to 25 full season, high-end television series.<sup>4</sup>

## Broader Contributions

In addition to spending, employment, GDP and tax impacts, new car dealers provide contributions to BC that are not readily quantifiable. These include:

**Support for BC's Essential Services.** By providing services related to the provision and maintenance of essential service fleet vehicles, NCDA members play an important role in supporting essential service providers in BC. NCDA members work diligently to provide consistent, and reliable service to essential service vehicles to ensure first responders, tow trucks, transportation providers and delivery services can get to where they need to be.

**Support for BC's Transition to Electric Vehicles ("EV"s).** New car dealers play an important role in supporting the province's transition to EVs by helping to educate consumers about the benefits and misconceptions of EVs. Additionally, NCDA members have undertaken various activities to support the

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<sup>1</sup> Canadian Home Builders' Association. Residential Construction in Canada, Economic Performance Review 2020 with 2021 Outlook. Available here: <https://www.chba.ca/CHBADocs/CHBA/HousingCanada/Information-Statistics/Impacts/2020-21-Economic-Performance-Review-CHBA-web.pdf> (Accessed: April 26, 2022).

<sup>2</sup> Statistics Canada. Table 34-10-0135-01 Canada Mortgage and Housing Corporation, housing starts, under construction and completions, all areas, quarterly (Accessed: May 15, 2022)

<sup>3</sup> InterVISTAS Consulting Inc. Economic Impact of Port of Prince Rupert. July 2021. Available here: <https://www.rupertport.com/wp-content/uploads/2021/09/Port-of-Prince-Rupert-2021-Economic-Impact-Study-1.pdf> (Accessed: April 26, 2021).

<sup>4</sup> Oxford Economics. Economic Impacts of Superman & Lois Season One in British Columbia, A Report for the Motion Picture Association – Canada. December 2021. Available here: [https://www.mpa-canada.org/wp-content/uploads/2021/12/MPA\\_Report\\_Digital\\_061221.pdf](https://www.mpa-canada.org/wp-content/uploads/2021/12/MPA_Report_Digital_061221.pdf) (Accessed: April 26, 2022).

addition of EVs to their product line and service offerings including, installing charging stations, electrical upgrades to their dealerships, and offering specialized training to their staff.

## AN OVERVIEW OF BC AUTOMOTIVE TRENDS FROM J.D. POWER

The BC retail market continues to lead most pricing metrics in Canada in 2021, with the provincial market for mainstream vehicles up to an average vehicle price, less cash rebates, of \$47,200, versus \$44,100 across Canada. Growth was not as aggressive as the nation as a whole due to the typically higher prices in the province to begin with.

The luxury market performed slightly better, outpacing Canada not only in absolute pricing levels, but also in growth. The average vehicle price for a luxury branded vehicle in BC in 2021 was nearly \$79,000, up over 6.2 percent from 2020, versus an average of \$72,500 across Canada, up 5.8 percent.

Other trends of note:

- Retail transactions continue to lessen dependence on leasing, specifically with the luxury brands, both BC and Canada as a whole, down 3 percent and 5 percent, respectively, to 52 percent of the market and 55 percent of the market, respectively.
- Retail velocity increased (sped up) by 45 percent to 50 days to turn, unprecedented change, reflecting the supply shortage in available inventory. Both BC and the country turn at about the same rate on average in 2021 (49-50 days to turn), showing that OEMs have been consistent in ensuring all jurisdictions in Canada were given fair amounts of what vehicle supply was available, and no part of Canada was affected worse than any other, including BC.



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