

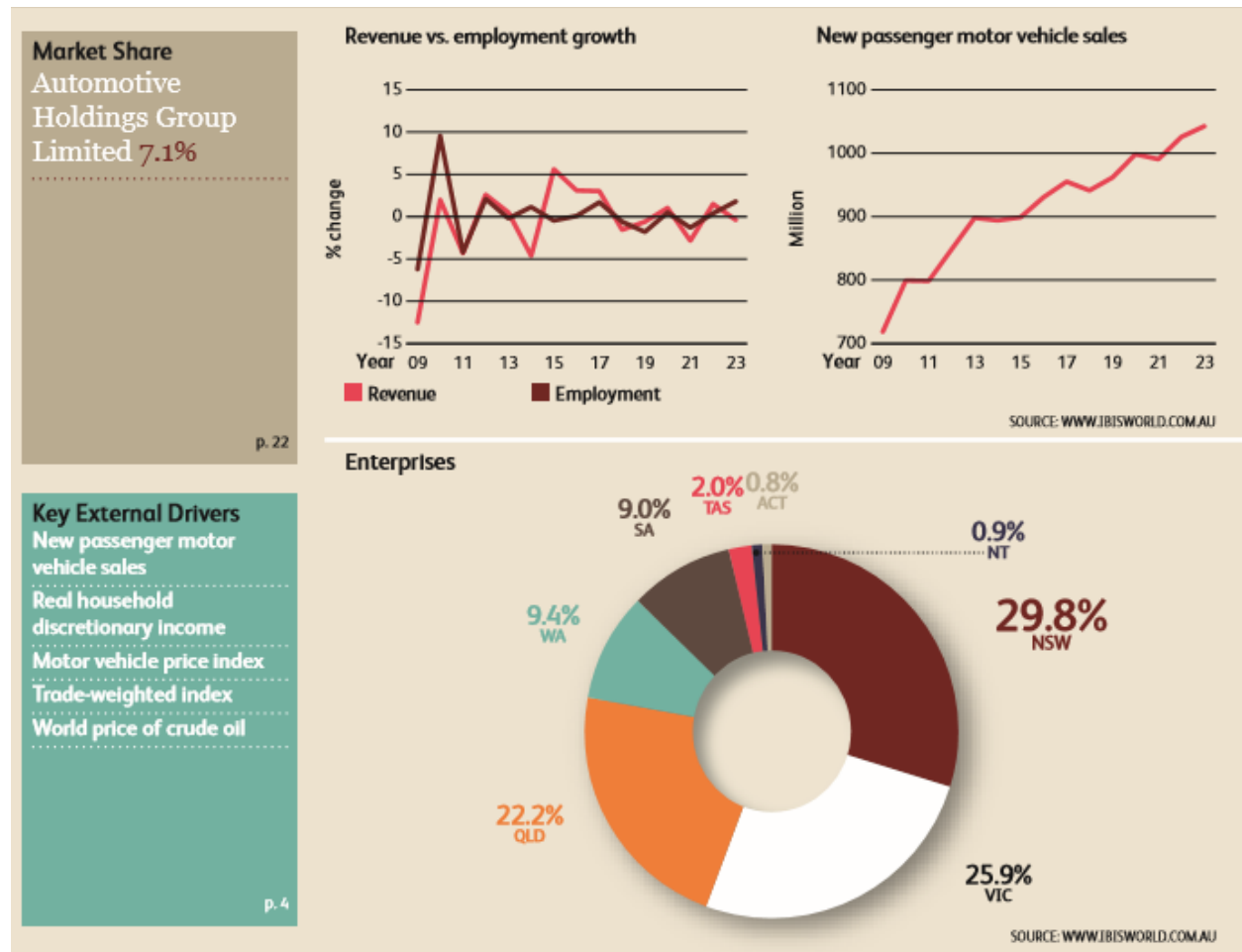
2016-17 Industry snapshot: Motor vehicle dealers in Australia

Industry definition

The motor vehicle dealers industry includes dealerships principally engaged in selling new or used motor vehicles. Their services may include aftersales and financial services and their customers include consumers, companies and government entities. (Source: Windle, P. IBISworld, Feb 2017)

Revenue: \$63.7bn	Annual growth 2012-17: 1.5%	Predicted annual growth 2017-22: -0.5%
Profit: \$1.5m	Wages: \$4.1bn	Businesses: 4,618

(Source: Windle, P. IBISworld, Feb 2017)



(Source: Windle, P. IBISworld, Feb 2017)

Industry summary

- Growing consumer demand for smaller, cheaper and more fuel-efficient cars have resulted in dealerships selling higher volumes of cheaper smaller cars (with a lower per unit cost) at the

expense of more expensive large cars (which often have larger dealer margins). (Source: Windle, P. IBISworld, Feb 2017)

- New car sales are expected to decrease as demand for smaller cheaper cars is expected to reach maturity which is being offset by increasing demand for SUVs (Source: Windle, P. IBISworld, Feb 2017).
- Higher consumer demand and sales numbers has resulted in a 1.5% annualised industry growth for the last 5 years with revenue expected to reach \$63.7 billion in 2016-17 (Source: Windle, P. IBISworld, Feb 2017).
- The reduced supply of vehicles from Japan as a result of the Japanese tsunami resulted in pent up consumer demand which offset some of the negative impact of the weakened Australian dollar on new car demand in 2012-13. The normalisation of the value of the Australian dollar has revenue projected to rebound by 3.0% in 2016-17 (Source: Windle, P. IBISworld, Feb 2017).
- Other economic factors such as sluggish household real discretionary income growth are also negatively impacting on consumer demand (Source: Windle, P. IBISworld, Feb 2017).
- The introduction of free trade agreements (including with Japan and South Korea) have offset some the negative effect caused by government imposed tariffs on new car demand (Source: Windle, P. IBISworld, Feb 2017).
- Industry revenue is forecast to fall at an annualised 0.5% over the five years through 2021-22, to reach \$62.1 billion (Source: Windle, P. IBISworld, Feb 2017).
- There is a lack of growth in vehicle fleet purchases by state governments (Source: VACC 2017).
- Pressure from manufacturers on dealers to clear stock is resulting in lower dealer margins (Source: VACC 2017).

Source: Windle, P (Feb 2017). IBISWorld industry report F3911: Motor vehicle dealers in Australia

Victorian Automobile Chamber of Commerce (VACC) (2017). Directions in Australia's automotive industry: An industry report 2007.