

Vehicle Dealerships and Services Sector Profile

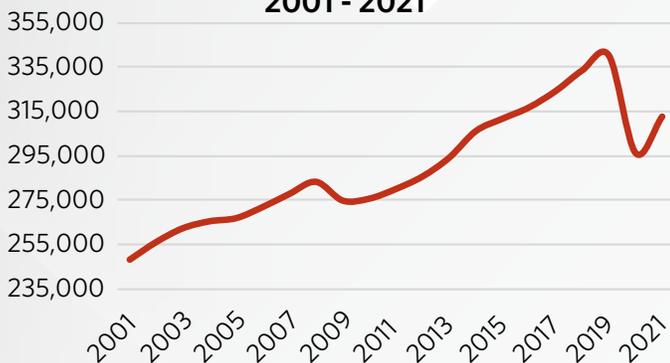
Sector Facts and Figures

Total GDP <i>Share of Canadian GDP</i>	\$16.3 billion 0.83%
Total Employment (2021) <i>Change since 2011</i>	312,700 +11.6%
Real wage growth (2011-2019)	+6.9%
Labour Productivity (2019)	\$34.6/hr
Average Work Hours/Week (2019)	36.2
Union Coverage Rate	7%
Unifor Members in the Industry	5,300
Share of Total Unifor Membership	2%
Number of Unifor Bargaining Units	159
Average Bargaining Unit Size	33

Current Conditions

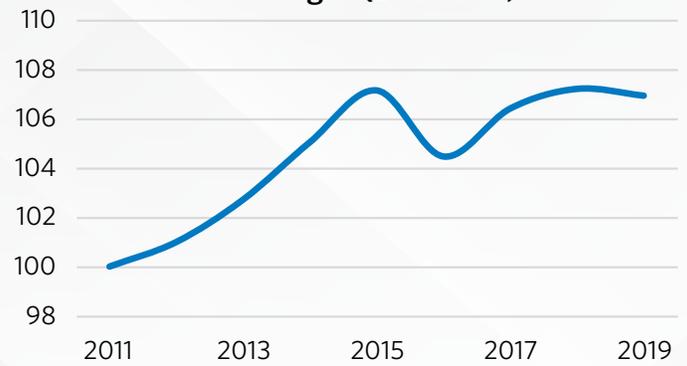
The vehicle dealerships and services sector in Canada comprises an industry that sells new/used vehicles and automotive parts, as well as providing repair services to consumers. In Canada, the sector's market share is divided between the following segments: 52.1% in new vehicles, 30.4% in used vehicles, 12.3% in parts and repair services and 5.2% in other.

Vehicle dealerships & services employment, 2001 - 2021



Demand for vehicles is traditionally driven by strong economic conditions, with robust consumer confidence and low unemployment rates. During the period from 2001 to 2019, there was steady employment growth in the sector. In 2019, a reversal of these trends took place as the COVID-19 pandemic led to high unemployment, which was exacerbated by government lockdowns. This drastic shift created a downward spiral in employment for the industry. Making matters worse were the tough economic

Vehicle dealerships & services: Real wages (2011=100)



conditions during the pandemic, such as supply chain challenges and the inability to obtain new vehicles.

After the height of the pandemic, the vehicle dealerships & services industry bounced back and accumulated \$151 billion in revenue in 2021 (pre-pandemic the sector made \$152.11 billion in 2018). Dealers that were able to offer parts and repair services generated higher profits.

Growth in the sector is expected to accelerate over the next five years leading into 2027, due to the continued recovery of the economy mixed with new product offerings such as increasingly fuel-efficient vehicles.

Global wages in the sector sit at \$12 billion today with an annual growth of 0.9% from 2017 to 2022. In 2020 the average hourly wage in Canada for workers in this sector was \$24.20, with unionized workers making higher than the average across all classifications.

Unifor in the Vehicle Dealerships and Services Industry

Select Unifor Employers	Approx. # Members
Montreal-area dealerships and services	875
Mercedes Benz of Toronto	123
BMW Toronto	80
MacDonald Buick GMC	58
Finch Hyundai	55
Gus Brown Motors	33
Kamloops Dodge	23
Volkswagen Lauzon	18

Unifor's 5,300 vehicle dealership & service members make up 2% of overall union membership spreading out among 159 bargaining units. The average bargaining unit membership is quite small at an average of 33 members. Union membership in this industry is scattered throughout the country, with larger numbers in Quebec and Ontario.

Moving Forward: Developing the Vehicle Dealerships and Services Industry

Total vehicle registrations hit 35.7 million in Canada in 2019 - up 1.8% from the previous year. Gross sales of gasoline hit 38.6 billion litres in 2020 - down 13.9%. New registrations of zero-emission vehicles (ZEVs) hit an important milestone in 2021, with ZEVs comprising 5.3% of all new motor vehicles registered. As gas prices continue to sky rocket, a campaign to support the shift to EVs and new fuel-efficient vehicles

is critical to ensure that automakers are able to reach their zero emission goals.

The COVID-19 pandemic exacerbated supply chain issues for new vehicle manufacturing, including the semiconductor chip shortage. Vehicle dealerships have resorted to paying higher prices for used vehicles while new car lots remain empty. To mitigate further disruptions to the vehicle dealership industry, a thorough analysis of supply chains and unfair trade practices needs to be conducted by the Canadian government.

The cost of living and per capita disposable income plays a huge part in a consumer's ability to purchase a new/used vehicle or to take advantage of the services that dealerships have to offer. Although the Canadian economy has seen an unprecedented recovery after the pandemic, the cost of living continues to be astronomical as inflationary pressures mount. It is important that government tackles inflation while continuing to support the post-pandemic economic recovery and strong jobs growth, as this will sustain consumer confidence and workers' purchasing power.

Major Sector Development Issues

- A campaign to support the shift to EVs and new fuel-efficient vehicles is essential for this sector as energy prices continue to rise.
- Supply chain difficulties need to be addressed and mitigated.
- In order for the vehicle dealerships & services industry to flourish, consumer confidence and workers' purchasing power need to be maintained in the face of strong inflationary pressures.