

# The auto industry

An industry that's been less vulnerable during this recession

By NEAL FRIED

A vehicle is often a person's largest asset, and most Alaskans own more than one. Twenty-two percent of households have three or more. The state had 261,000 households in 2017 and more than 2.5 times as many registered passenger cars and trucks.

Alaska's auto industry employed about 8,000 people last year, and that's a conservative estimate.

The industry includes jobs in auto dealerships, gas stations, auto repair shops, tow truck operators, and auto supply stores. (See Exhibit 1.) It doesn't include contractors or those who maintain the state's road system or sell auto insurance.

*The average U.S. vehicle sells for \$36,270, and the average cost to own one is \$8,500 a year.*

## Dealerships have the most jobs, revenue

Auto dealerships were the largest employers, representing 28 percent of the auto industry total. (See exhibits 1 and 2.) Dealerships also had the highest revenue, at \$1.3 billion of the industry's \$3.1 billion total in 2012, the most recent year available. (See Exhibit 3.) Dealers not only sell and lease new and used vehicles, they also service them and sell parts, and some rent out vehicles.

The other three industry categories with more than 1,000 jobs are auto repair shops, gasoline stations, and auto parts stores. Gas stations have the highest

## 1 Auto Industry Jobs and Wages

ALASKA, 2015 AND 2017

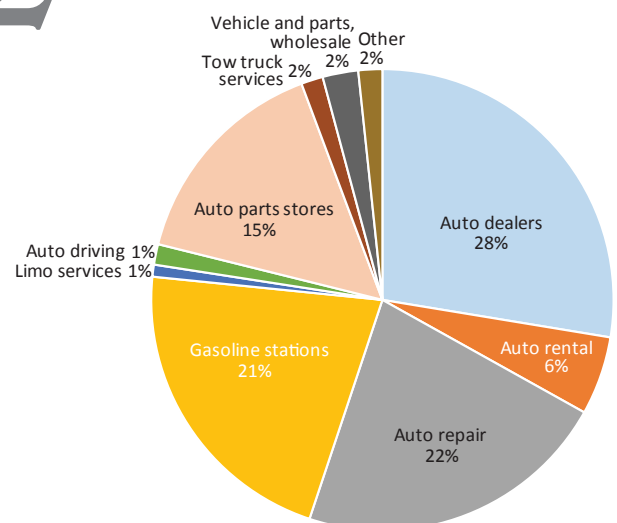
	2015 jobs	2017 jobs	2017 payroll	2017 average
Auto dealers	2,357	2,328	\$123,436,587	\$53,023
Auto repair	1,763	1,856	\$80,138,087	\$43,178
Gasoline stations	1,815	1,813	\$46,864,576	\$25,849
Auto parts stores	1,405	1,301	\$48,878,341	\$37,570
Auto rentals	449	464	\$15,313,185	\$33,003
Motor vehicle and parts, wholesale	164	210	\$10,368,327	\$49,373
Tow truck services	106	129	\$4,617,605	\$35,795
Limousine services	66	71	\$1,956,150	\$27,551
Auto driving schools	23	27	\$712,207	\$26,378
Parking garages and lots	—	—	—	—
Race tracks	—	—	—	—
<b>Total</b>	<b>8,287</b>	<b>8,340</b>	<b>335,930,323</b>	<b>\$40,279</b>

Note: A dash means not disclosable for confidentiality reasons.

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

## 2 Auto Industry Jobs by Type

ALASKA, 2017



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

revenues of the three, but auto repair is the largest employer and easily has the highest payroll at \$80 million. Auto repair is labor-intensive and employs a large number of highly skilled workers.

For average annual earnings, the top three are auto dealers, wholesalers of vehicle parts, and auto repair. Most of the other categories have lower earnings and are in retail, where part-time work and lower hourly wages are both common.

## Holding steady in the recession

Although the state has lost more than 10,000 jobs so far in the recession that began in late 2015, auto industry employment continued to grow moderately through 2017.

Current revenue data aren't available, but they would likely show a decline because of consumer reluctance to buy big-ticket items in a downturn.

Dealership employment was down slightly, but the repair end appears to be faring well. People tend to restrict their purchases to necessities during a recession so are less likely to buy a new car. But having a working vehicle often is a necessity, so that often means spending more on vehicle repair.

## Alaskans like trucks, 'old beaters'

The strength of the industry's repair side is probably partly due to the vehicles we drive. Alaskans stand out not just for the number of vehicles we own but also for their age. According to Auto Alliance, the average age of Alaska vehicles is 13.6 years, with only Montanans and Idahoans driving older vehicles. (See Exhibit 4.)

The same source shows Alaskans love their trucks, and that Alaska's best-selling vehicle is the Ford F-150. Only North Dakota, Montana, and Wyoming have more pickups than Alaska as a percent of all registered vehicles. Still, Alaska has more than twice as many cars as it has trucks.

In 2017, for the first time in a long time, the number of registered pickups in Alaska fell slightly. (See Exhibit 5.) The number of passenger cars declined too, though, which suggests the state's modest population loss is taking a toll on our vehicle count.

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# 3 Revenues and Businesses

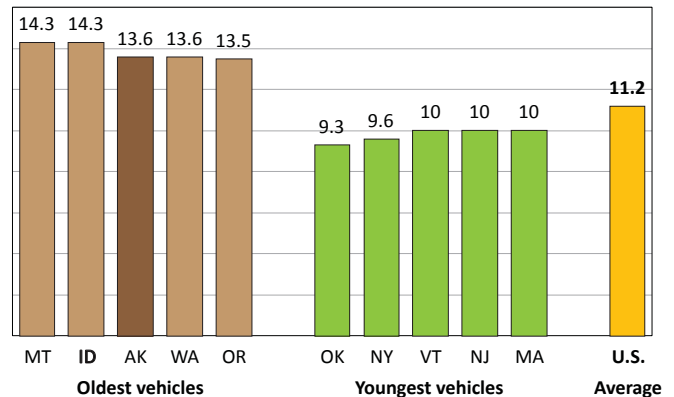
ALASKA AUTO INDUSTRY, 2012

	Revenues	Businesses
Auto dealers	\$1,254,562,000	61
Gasoline stations	\$1,028,843,000	221
Auto parts stores	\$281,223,000	139
Auto repair	\$249,329,000	323
Motor vehicle and parts, wholesale	\$174,033,000	35
Auto rentals	\$90,372,000	47
Tow truck services	\$9,738,000	19
Auto driving schools	\$960,000	3
Limousine services	\$883,000	3
Parking garages and lots	–	7
Race tracks	–	1
<b>Total</b>	<b>\$3,089,943,000</b>	<b>859</b>

Notes: 2012 is the most recent year available.  
A dash means not disclosable for confidentiality reasons.  
Source: U.S. Census Bureau, Economic Census

# 4 Alaskans Drive Old Vehicles

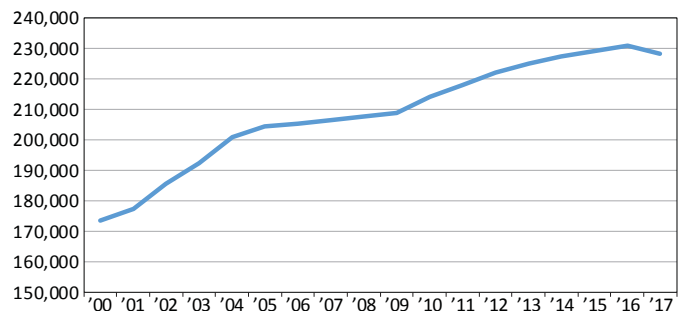
AVERAGE AGE BY STATE, 2016



Source: Auto Alliance

# 5 Yearly Pickup Registrations

ALASKA, 2000 TO 2017



Source: Alaska Department of Administration, Division of Motor Vehicles