

# 2025 Texas Economic Impact Report

## The Economic Impact of Franchised New Car and Truck Dealerships on the Texas Economy



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## **President's Message**

For more than a century, the Texas Automobile Dealers Association (TADA) has existed for one simple reason: to give Texas dealers a strong, unified voice. Founded in 1916, TADA serves as the statewide trade association representing franchised automobile dealerships across Texas, advocating for its members before the Texas Legislature, Congress, and regulatory agencies, while also providing legal guidance and other critical resources to help dealers succeed in an increasingly complex industry.

Texas franchised dealers are a powerful economic engine for our state—and their impact is felt by Texans every day. Franchised dealers provide hundreds of thousands of jobs that support families across Texas, generate billions in state and local tax revenue, and invest deeply in their communities through local charitable organizations.

This Automotive Industry Economic Impact Study was conducted to demonstrate how the strength of Texas franchised dealers directly benefits Texans and contributes to a healthy, growing Texas economy.

Darren Whitehurst  
TADA President

## **Introduction**

This report provides an in-depth analysis of the economic impact of Texas new car and truck dealers on the State's economy. It includes estimates of direct and indirect employment, personal income, and tax collections generated by Texas automotive dealers. Also included is a review of dealership financial statistics and operations. This report was prepared by Auto Outlook, Inc., an independent automotive market analysis firm, and was sponsored by the Texas Automobile Dealers Association.

### **Texas Automobile Dealers Association**

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## Texas Franchised New Vehicle Dealers Vital contributors to the state's economy:



- Total jobs in Texas attributable to franchised new vehicle dealerships . . . . . 245,700
- Number of jobs per new vehicle dealership . . . . . 87
- Total earnings for Texas residents attributable to dealership operations . . . . . \$20.4 billion
- Average salary for dealership employees. . . . . \$88,160
- Total state and local taxes collected or paid . . . . . \$7.6 billion
- Total federal payroll taxes collected or paid . . . . . \$3.0 billion
- Total dealership sales (dollars). . . . . \$146.3 billion
- Number of franchised new vehicle dealerships . . . . . 1,450
- Total dealership expenses (excluding cost of goods sold) . . . . . \$15.7 billion
- Total dealership contributions to charitable causes . . . . . \$89.2 million
- Total dealership advertising expenses. . . . . \$1.2 billion

## Average Dealership Profile



- Total sales . . . . . \$100.9 million
- Dealership expenses (excluding cost of goods sold) . . . . . \$10.8 million
- Advertising expenses. . . . . \$832,000
- Contributions to charitable causes . . . . . \$61,500
- Average dealership new and used vehicle sales. . . . . 1,765 units

**Employment totals for new vehicle retailing industry**  
(Direct: at dealerships; Indirect: elsewhere in economy)



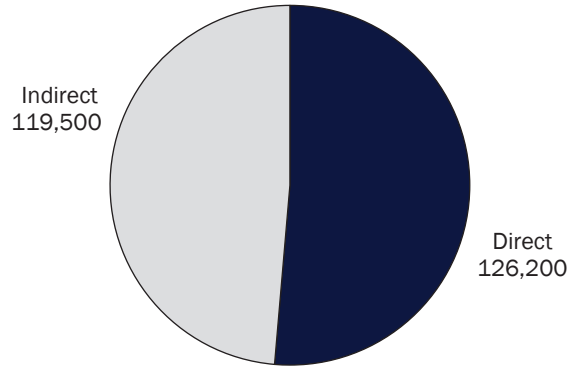
Total employment at new car dealerships:

**126,200**

In 2025, Texas new vehicle dealerships directly employed an estimated total of 126,200 individuals.

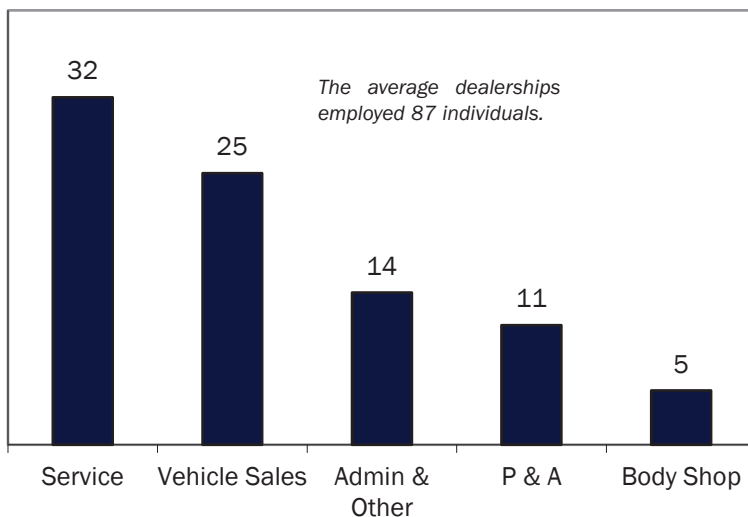
An additional 119,500 individuals were employed due to the indirect impact of dealership operations.

Automobile dealership operations accounted for 17.2% percent of total retail employment in the state. (This included both direct and indirect employment.)



Dealership Contribution to Retail Employment in Texas - 2025	
Total estimated employment resulting from auto dealerships	245,700
Total retail employment in Texas	1,425,000
<b>Dealership percent of State retail employment</b>	<b>17.2%</b>

**Dealership employment by department**



Percentage of Dealership Employment by Department	
Service	36%
Vehicle Sales	29%
Administration & Other	16%
Parts & Accessories	13%
Body Shop	6%

## Estimated tax revenue generation



Total state and local taxes collected or paid by new car dealerships:

**\$7.6 billion**

In 2025, new franchised automobile dealerships in Texas collected or paid more than \$7.6 billion in estimated state and local taxes, an average of \$5,256,000 per dealership. Federal payroll taxes for the industry exceeded \$3 billion.

Tax Category	Average Per Dealer	Industry Total
State sales tax collected*	\$4,850,000	\$7,032,500,000
Local property taxes	\$158,000	\$229,100,000
Other state and local taxes	\$248,000	\$359,600,000
<b>Texas Total</b>	<b>\$5,256,000</b>	<b>\$7,621,200,000</b>
Federal Payroll Taxes	\$2,080,000	\$3,016,000,000

\* Includes motor vehicles sales taxes.

## Employee compensation due to new vehicle retailing industry



Total compensation at new car dealerships:

**\$12.2 billion**

In 2025, the average Texas dealership paid an estimated \$8.4 million to its employees (including fringe benefits). Including both direct and indirect sources, the new vehicle retailing industry resulted in more than \$20.3 billion of total compensation to Texas residents!

Estimated Industry Total	Direct	Indirect	TOTAL
Payroll	\$11,121,500,000	\$7,451,405,000	\$18,572,905,000
Fringe Benefits	\$1,080,250,000	\$723,767,500	\$1,804,017,500
<b>TOTAL</b>	<b>\$12,201,750,000</b>	<b>\$8,175,172,500</b>	<b>\$20,376,922,500</b>

Average Dealership Payroll	Direct
Payroll	\$7,670,000
Fringe Benefits	\$745,000
<b>TOTAL</b>	<b>\$8,415,000</b>

## Departmental Sales (dollars)



Total sales by new car dealerships:  
**\$146.3 billion**

Estimated total sales for franchised new vehicle dealerships in Texas during 2025 exceeded \$146 billion. Average dealership sales were \$100.9 million, with \$57.1 million resulting from new vehicle sales.

Department	Estimated Average Per Dealer	Estimated Industry Total
New vehicle	\$57,100,000	\$82,795,000,000
Used vehicle	\$27,300,000	\$39,585,000,000
Service and parts	\$14,570,000	\$21,126,500,000
Other	\$1,930,000	\$2,798,500,000
<b>Total</b>	<b>\$100,900,000</b>	<b>\$146,305,000,000</b>

## New Retail Car and Light Truck Registrations in Texas - 2020 thru 2025

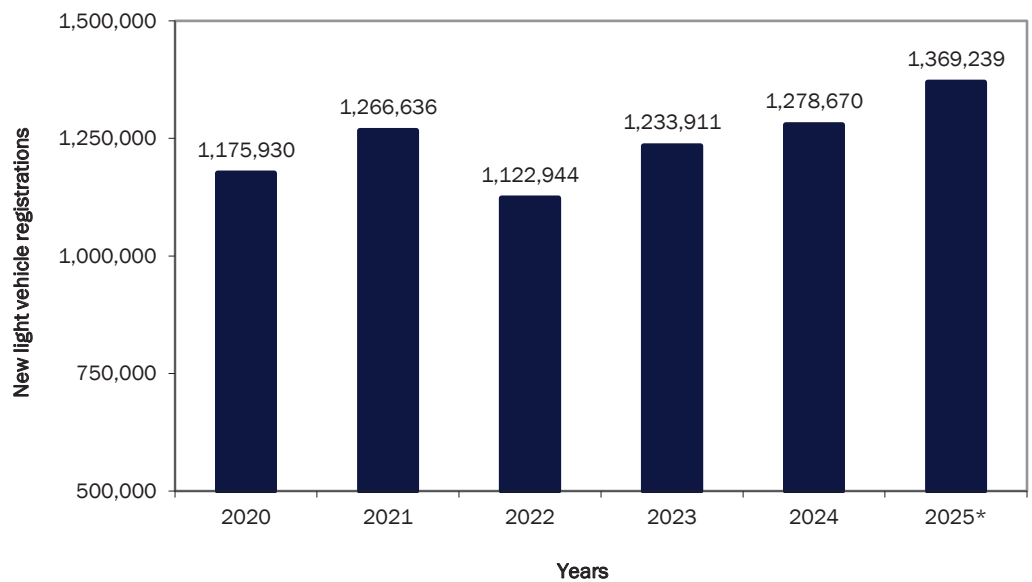


New retail registrations in state during 2025\*:  
**1,369,239**

As shown on the graph, combined new retail car and light truck registrations fell below 1.2 million units in 2020 due to the pandemic. The market improved in 2021, and then fell 11.3% in 2022 as supply chain issues impacted vehicle production. Registrations increased over the next three years as vehicle inventories recovered.

\*Registrations for 2025 are annualized based on data through November.

Data sourced from Experian Automotive.



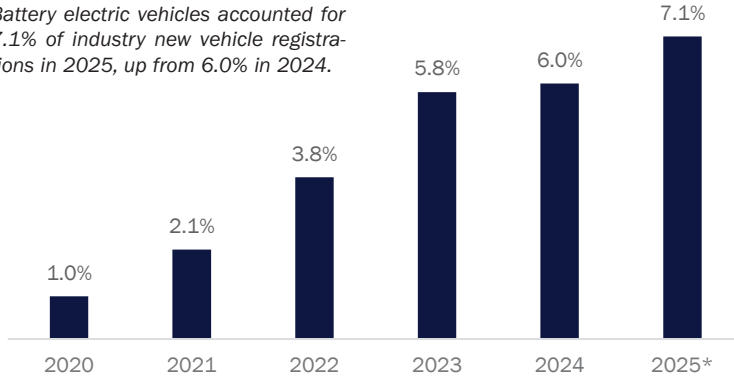
**Texas franchised new vehicle dealerships:  
Leading the way for electric vehicle sales**



**Battery electric vehicle (BEV) sales in Texas increased steadily between 2020 and 2025. BEV market share in 2025 exceeded 7%. Franchised dealerships are accounting for a significantly larger share of the market:**

**BEV Share of Texas New Retail Light Vehicle Market**

Battery electric vehicles accounted for 7.1% of industry new vehicle registrations in 2025, up from 6.0% in 2024.

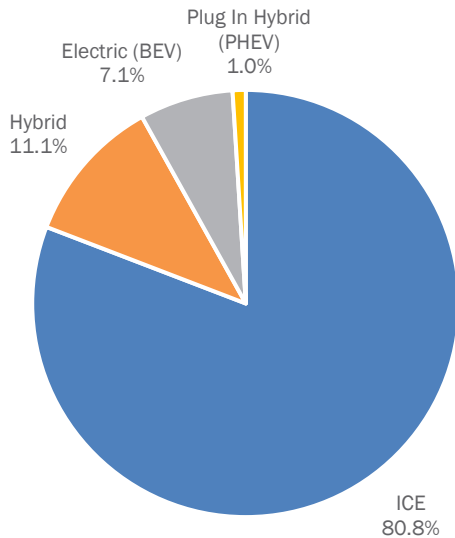


Franchised Dealership Share of State BEV Market in 2020: **14.7%**

Franchised Dealership Share of State BEV Market in 2025\*: **45.0%**

Data sourced from Experian Automotive. \* 2025 is year to date through November.

**Market Share for all Powertrain Types - 2025\***



ICE (internal combustion engine) market share was 80.8% in 2025, down from 97.2% in 2020.

Combined share for BEVs, PHEVs, and hybrids was 19.2% in 2025, up from just 2.8% in 2020.

Data sourced from Experian Automotive. \* 2025 is year to date through November.

**Dealerships are making large scale investments to prepare for the sale and service of electric vehicles:**

Average number of electric vehicle chargers installed at new vehicle dealerships by the end of 2025:

**3.2**

Total estimated dealership expenses between 2020 and 2025 to prepare for the sale and service of electric vehicles:

**\$291,450,000**

## **Background and Methodology**

Dealership financial data (and other information cited in the report) was collected from a detailed survey sent to all new vehicle automotive retailers in Texas. Other sources include Bureau of Labor Statistics and National Automobile Dealers Association. Economic impact is separated into two main categories: direct and indirect. Direct impact comprises economic activity at automotive dealerships themselves, such as dealership employment and compensation to employees. Indirect impact occurs away from the dealership, and takes into account the extended contribution dealerships and their employees make to the Texas economy.

This report was prepared by Auto Outlook, Inc., a regional automotive market analysis firm providing market research services to automotive dealers. Jeffrey Foltz, the President of Auto Outlook, Inc., obtained a Masters Degree in Economics from the University of Delaware and has conducted many research projects analyzing state and regional economies.



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