



Car dealerships continue to close in 2010

By Brent Snavely
August 12, 2010

The pace of dealership consolidations slowed during the first half of this year but is still higher than normal.

As of July 1, there were 18,223 dealers in the U.S. after 258 dealers closed their doors through July 1. The industry is on pace to see a 2% to 3% decline for the year, according to Detroit-based Urban Science, a firm that specializes in analyzing retail networks.

That would bring the industry closer to its historical 1% annual declines in dealership numbers.

In 2009, the number of U.S. auto dealerships fell 8% as both General Motors and Chrysler restructured their dealership networks as part of their bankruptcies.

A record 1,603 dealers closed in the United States last year, helping to give General Motors and Chrysler a healthier dealership network today, said Randy Berlin, global practice director for the consulting firm.

Because of the cutbacks, the sales volume per dealership is increasing, which boosts the profitability of both the automakers and dealers, Berlin said.

"It allows them to compete more efficiently with their true competitors — not themselves," Berlin said. "So that they can fight the imports and other domestics rather than fighting the same brand dealer that was five miles down the road."

