



Virginia Auto Law

Dealer Shrinkage May Increase New Car Prices

By: Bill Lehner. *This was posted Wednesday, August 11th, 2010*

New car and truck prices start with the MSRP ([Manufacturer's Suggested Retail Price](#)) which federal law mandates to be published and affixed to all new automobiles delivered by the factory to its dealers, and which must remain on the vehicles until sold to the first consumer.

Although, depending on supply and demand, these new vehicles may be sold at above or below the MSRP, higher prices from factory to dealer, generally higher MSRP's, lack of desirable product and the subtly important fact of a reduced number of new franchised dealers portend [higher prices for the consumer and may compromise the upswing in sales](#).

The bankruptcies of GM and Chrysler [may have given those manufacturers new life](#) (at least for the time being), but it came at a cost to many good dealers who were unfairly put out of business, with the predictable result that there will be less competition at the retail level, which will work against consumers overall.

Will fewer choices of where to shop for a new car and the planned increases in pricing slow or stop the fragile recovery now underway for automotive manufacturers?

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