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Honda readies area plant for \$200M investment as it faces down parts shortage

By Thomas Gnau (excerpt)
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Even as Honda, one of Ohio's largest employers, wrestles with a worldwide semiconductor shortage, the automaker also is positioning a Dayton-area plant for a \$200 million investment and 120 new jobs.

JobsOhio has approved a \$2.8 million development grant to boost a planned investment in Honda's engine plant in Anna, according to the state development arm's latest monthly incentives report.

The project would entail a commitment by Honda of America Mfg. Inc. to invest \$200 million and create 120 new jobs with an attendant new payroll of \$5,304,000. ...

... Automakers are scrambling, but eventually, the semiconductor pipeline will be filled, predicted Michelle Krebs, senior director of automotive relations for Cox Automotive and executive analyst for Autotrader. (Cox Automotive Inc. is part of Cox Enterprises, which owns this newspaper.)

Part of the reason for the shortage, which really began last year, was the stronger-than-expected rebound in demand for automobiles, Krebs said.

Honda for December reported monthly sales of 136,467, only 99 vehicles down from December 2019. It ended 2020 with sales of 1.34 million cars and light trucks, down 16% from 2019.

Another reason for the semiconductor pinch: Sales of computers have grown during the pandemic, creating demand in other market sectors.

... It's a classic supply-and-demand dilemma, said David Kudla, a Dayton native, University of Dayton graduate and chief executive of Grand Blanc, Mich.-based Mainstay Capital Management.

"Last year, when automotive plants were shut down as a result of the pandemic, many semiconductor makers diverted production to computers and consumer electronics, as the stay-at-home economy created surging demand," Kudla said.

"In the past months, automotive sales have recovered faster than expected, creating renewed demand," he added.

It is now a matter of refilling the pipeline, which is a matter of time, Kudla added. ...

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