



THE **IMPACT** OF ELECTRIC VEHICLES ON **COLUMBUS REGION** AUTOMOTIVE SUPPLIERS

February 2025



THE
COLUMBUS[★]
REGION

Introduction

In 2021 One Columbus conducted an analysis of automotive suppliers in the Columbus Region that may be impacted by the transition to electric vehicles over the coming years. This analysis used publicly available company data as well as data that had been collected directly to determine the level of risk that this disruption poses to the longevity of the suppliers.

Based on the desktop research conducted, the report concluded at the time that the Columbus Region was not expected to be severely impacted by the onset of electric vehicle technology. While some of the facilities were at high risk for displacement from electrification, most of the analyzed automotive suppliers in the Region were determined to instead be likely to grow and evolve with the technology or rely on other customer industries in the future. In fact, of the 68 at-risk facilities identified, 71% were categorized within class 1: evolve with electric vehicles. However, as three years have passed, this continues to be dependent on the ability of Honda to weather the ever-evolving electric vehicle transition, in which the failure to do so places much of the regional automotive supply chain at risk.

The transition to electric vehicles (EVs) in the United States has experienced significant developments in 2024, influenced by evolving government policies and customer demand trends. Automakers have responded to these policy shifts with varying strategies. As the political landscape is impacted by a new incoming administration in 2025, the future trajectory of EV adoption in the U.S. remains

dynamic, with forthcoming policy decisions poised to significantly influence the automotive industry's direction. Many manufacturers are reassessing or delaying their electrification goals.

Honda remains a key player in this shift, building on its commitment to phase out internal combustion engine (ICE) vehicles and achieve carbon neutrality by 2050. The automaker has set a target for 100% of its global auto sales to consist of battery electric and fuel cell electric vehicles by 2040. Honda is making significant investments in EV infrastructure and technology, highlighted by the establishment of its EV Hub in Ohio, which will introduce its new models in late 2025. As the automotive industry continues to evolve and Honda enters into new relationships such as the Sony Honda Mobility joint venture, the Ohio facilities are well positioned to continue to be a strategic location for the company.

To anticipate future needs, One Columbus has completed an update to the original desktop analysis completed 2021, refining the list of potentially impacted suppliers and meeting with half of the companies directly to gain valuable insights into their future plans. Without a plan, these companies may be at risk of being left behind as new technology continues to replace their products. However, they also have an opportunity to enhance or develop new products to meet the needs of the future automotive marketplace.

Methodology

To complete this analysis, One Columbus identified automotive parts that are commonly used in the manufacturing of engines and transmissions. One Columbus also used a list of known automotive suppliers in the Region. Our team then identified the suppliers that manufactured the engine and transmission parts. We did this using both our own business intelligence data collected through Business Retention and Expansion (BR&E) meetings as well as data directly from each company's website or from paid sources such as S&P Capital IQ and Panjiva.

Our team was able to directly meet with company representatives from 34 of the 71 automotive supplier facilities identified for this study. This list of analyzed suppliers does not include Original Equipment Manufacturers (OEMs), such as Honda, but only those companies that manufacture engine and transmission parts or are already producing parts for electric vehicles. It is also assumed that Honda will successfully transition to electric vehicles.

At-Risk Categories

After engine and transmission parts suppliers were identified we placed them into four different at-risk categories based on direct conversations with the companies or informed assumptions made based on desktop research or first-hand industry knowledge.

The categories used were:

Class 1: No EV Impact

The company produces a part or product that will be needed in electric vehicles and requires no significant design changes for use in EV vs. ICE vehicles.

Class 2: The company will evolve and produce parts that will be used in electric vehicles

The company is actively adapting their product to be used in electric vehicles and will continue to supply automotive OEM(s) with parts.

- **2a.** Small change (minor changes in part design)
- **2b.** Big change (completely new part must be developed)

Class 3: The company will shift to other industries and/or acquire new customers

The company has identified other industries that they serve, and those industries have the potential to make up for declining automotive revenue.

- **3a.** Small challenge (already doing business in other industries)
- **3b.** Big challenge (need to break into new industry)

Class 4: The company may ramp down and phase out

The company's manufactured parts do not have potential to serve electric vehicles, nor do they currently serve or have potential to serve other industries.

Findings

The automotive industry is an integral part of the Columbus Region's economy. There are 255 automotive supplier locations across the Columbus Region that One Columbus actively tracks, representing an estimated 27,000+ full-time jobs in the Region. Of those, 54 firms operate 71 facilities that manufacture engine and transmission parts or products for electric vehicles. This represents an estimated 10,000 jobs in the Columbus Region. Franklin County has the highest number of at-risk establishments in its geographic area with 30 of the 71 facilities located within the county lines.

The retention of existing jobs and a skilled talent pipeline is critical to both the communities these facilities are located within and the companies themselves. Through the conversations conducted with company officials we found that workforce availability is now much better than it had been over the past few years. Many suppliers indicated that they are either using or intend to use state programs for workforce development.

Automotive industry companies have been through a lot of challenges over the past five years (Covid disruptions and plant shutdowns, labor cost and availability challenges,

semiconductor shortages, increased shipping costs and rapid inflation). Those who have survived are very quick to take actions when there are changes in the marketplace. The change in the rate of EV adoption is no exception.

There are five main takeaways from this analysis:

1. Most automotive suppliers are evolving their products and their customer base with some expanding into other industries.
2. Workforce challenges are improving.
3. Very few suppliers are at-risk to completely phase out.
4. Many companies have slowed spending on EV-related product development and industrialization.
5. All automotive-related companies greatly desire more clarity in the timeline for the EV transition

These takeaways are detailed below.

FIGURE 1. COUNT OF FACILITIES BY COUNTY

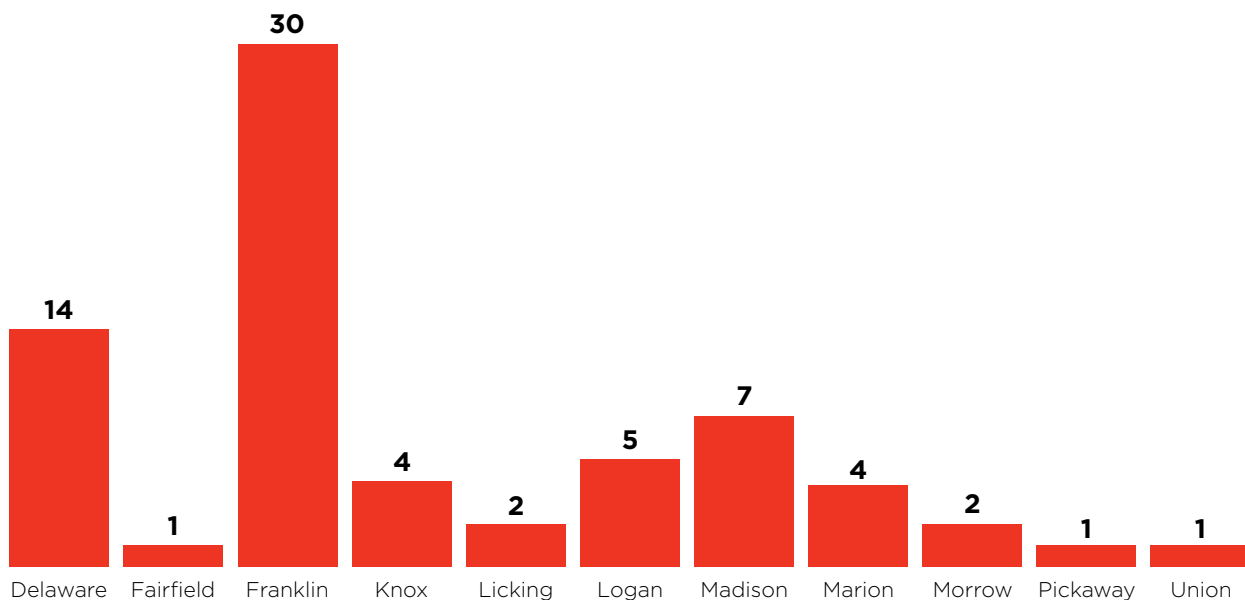


FIGURE 2. FACILITY LOCATIONS

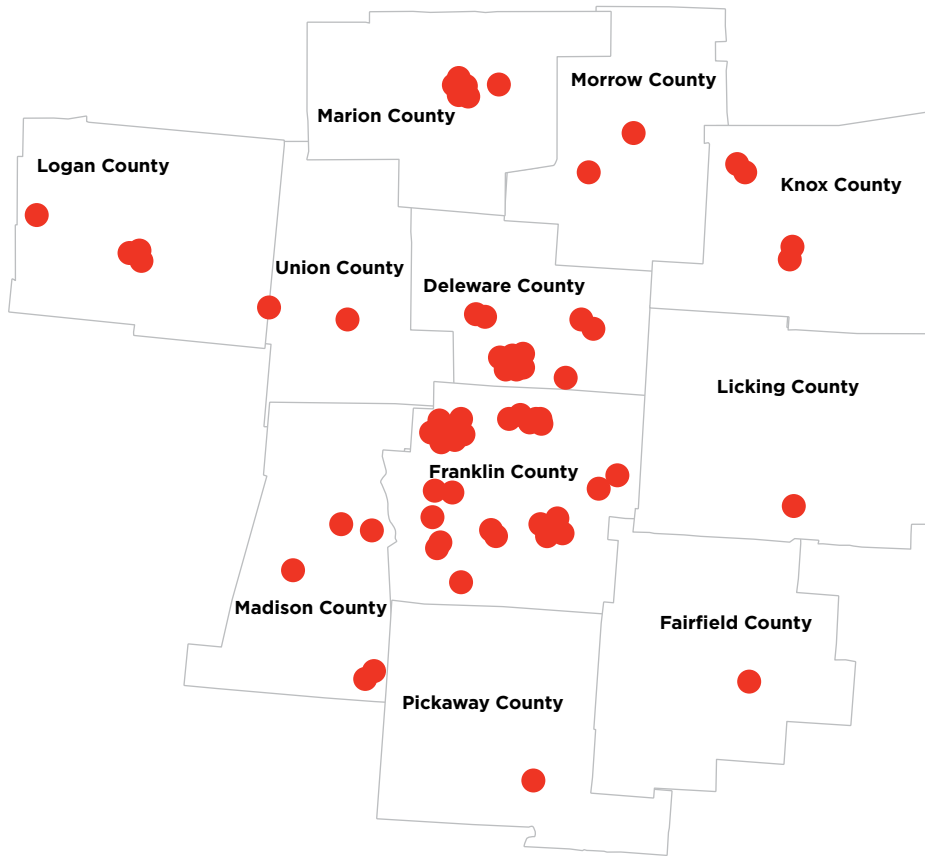
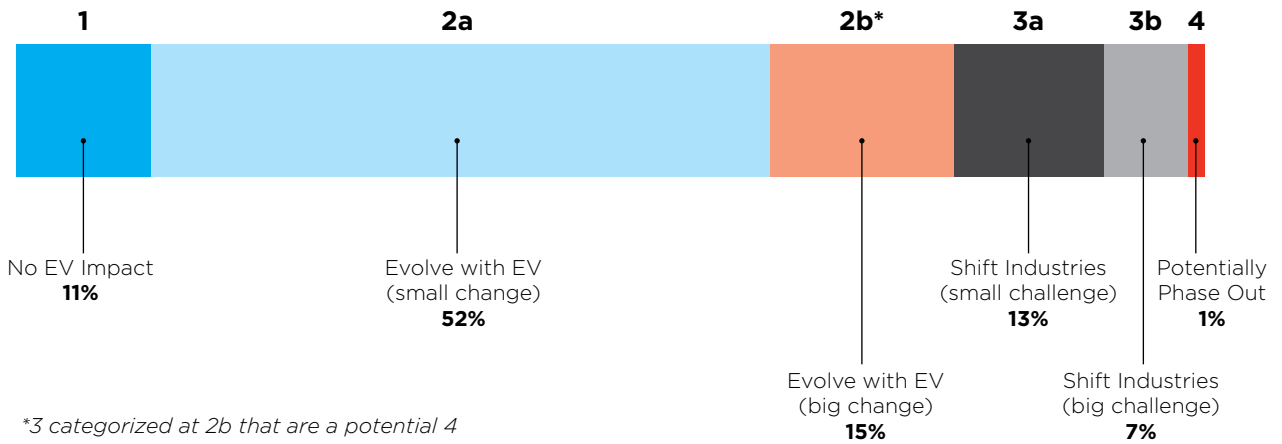


FIGURE 3. PERCENT OF FACILITIES BY RISK LEVEL



Five Takeaways

Takeaway 1 - Most automotive suppliers are evolving their products and their customer base with some expanding into other industries.

Most Columbus Region companies in the automotive industry have been making proactive efforts to prepare for the eventual transition to EV production over the past several years. This transition typically involves changing product or customer base, within the automotive industry or even outside.

The scale of each business's challenge varies greatly. On the product side, some merely need to make minor modifications to their existing products while others need to dramatically redesign their products and modify their production processes to accommodate EV requirements. For those who desire to transform their customer base, the degree of difficulty also diverges from automotive companies who want to sell an existing product to a new customer to those having to learn how to do business in a completely different industry.

Regardless of the size of the challenge or delays in the timeline, many entities have already spent significant time, effort and resources to adapt their products for EV applications, to diversify their customer base, and to find ways to utilize their current capabilities (metal stamping, plastic molding, chemicals, electronics, etc.) to produce similar products for other industries.

Takeaway 2 -Workforce challenges are improving.

As businesses prepare for the future, the one consistent need is for a strong workforce to support today's business as well as tomorrow's demands. Columbus Region companies reported that workforce availability is currently much improved as compared to the past few years. This is due at least in part to those companies' creative efforts to recruit and retain their team members as well as the robust workforce development programs that are accessible in Ohio. Although nearly all companies appear to be struggling with the burden of an overall increase in labor costs, they acknowledge that this is a national and even global trend which is not unique to this region.

Takeaway 3 - Very few suppliers are at-risk to completely phase out.

A few Columbus Region companies who have invested heavily in EV technologies are negatively impacted by the slower transition as the revenue stream to pay for those investments has been delayed, both in the automotive space and in other mobility-related industries. Without exception, these businesses seem to be doing their best to manage the short-term burden while continuing to focus on being well positioned for the imminent change in technology.

Even as most Columbus Region entities have been proactive to prepare for the future, there are a small number of companies that rely primarily on products for ICE and Hybrid vehicles that are delayed in developing alternative products or exploring new business opportunities. These companies are receiving the biggest benefit from the slower than expected transition to EV production. However, they still need to accelerate their efforts to prepare for the eventual demise of combustion engines.

Takeaway 4 - Many companies have slowed spending on EV-related product development and industrialization.

Many local automotive-related businesses have slowed spending on EV-related product development and industrialization (especially the latter) to be more in synch with the current market trends and in an effort to maintain a stable financial position.

None of these companies want to get caught behind the curve but it is also too costly to invest well ahead of a stable EV revenue stream. Therefore, companies are closely watching any indications of the incoming administration's policies, public sentiment toward EV adoption, and any information regarding their customers' future plans.

Takeaway 5 - All automotive-related companies greatly desire more clarity in the timeline for the EV transition.

The critical need for businesses to be timely in their investments and other resource allocations to support the future EV environment exists within their own walls and beyond. Many of the companies surveyed have complex supply chains and coordinating changes in the future plans for ICE/Hybrid/EV production down through the supply chain can be complicated and involve difficult negotiations. In addition, these companies and their suppliers are making efforts to maintain their current facility footprint wherever possible to avoid the burden of investment in new brick and mortar (on top of other EV-related investments).

Given this balancing act, automotive industry companies in the Columbus Region echoed a consistent concern for increased clarity around the timeline for the EV transition to ensure they are able to sustain appropriate levels of production and support capabilities for ICE, Hybrid, and EV products and maintain financial stability. Although not a unique challenge to this region, a clearer timeline will help entities avoid getting too far ahead of or worse yet, behind the market needs.

Conclusion

For the large majority of Columbus Region companies serving the automotive industry, the slower transition from Internal Combustion Engines (ICE) and Hybrid powertrains to Electric Vehicles (EV) has had no impact or even a positive impact to their business in the short term. As automakers produce more ICE and Hybrid cars than previously planned, companies are generally enjoying additional sales volume for parts and materials. Near term, this creates a positive economic impact. The slowing of the EV transition is estimated to be 95% “positive” or “neutral” for Columbus Region companies as they can continue to produce and sell more product from existing assets. The few companies that are labeled “negative” may have more to gain with a faster transition. Companies in all categories would benefit from greater certainty in the transition timeline.



For internal purposes only.