

Tesla Opens Swanky New Showroom In NYC, Unveils 2010 Roadster



Jay Yarow | Jul. 14, 2009, 6:48 PM |

Tesla's efforts to beef up its East Coast retail operations took off in New York City today.

The company opened up a new showroom smack dab in the heart of Chelsea's swank gallery scene. It also showed off the 2010 version of its Roadster.

Why is Tesla, a company with just one model that's only shipped 500 cars to date, opening a retail location in New York?

"It's the economics, it's the economics, it's the economics," Diarmud O'Connell, VP of Business Development says.

Specifically, O'Connell says it will contribute cash to the business.

As far as we can tell, Tesla will only have to sell 90 cars a year to cover its costs.

Elon Musk says that the material costs of a Roadster are \$80,000. At the low end, a Roadster retails for \$109,000. Assuming some shipping, handling, and other costs, each car might have a profit of \$15,000. O'Connell says there are upgrades on the car which raise the price without raising the cost too much. But let's stick with the \$15,000 figure.

The space Tesla is leasing will cost between \$235,000 and \$258,500 annually. Anita Grossberg, SVP of Prudential Douglas Elliman, tells us that there was a ground floor space in that building with 4,700 sq. feet leasing for between \$50-55 per foot. We assume that's the Tesla space.

Joe Powers, who will be heading up the operation, said they would hire three people for sales and five people for staffing and service. If the average annual cost of each employee is \$125,000, the total cost of the operation is probably about \$1.5 million a year.

That means, at \$15,000 per car, the company will have to sell about 90-100 cars annually to make the showroom worth it.

Tesla's already sold 40 cars in the New York area. Now that it's got a showroom, it shouldn't have a problem selling twice that many next year. And think of the visibility!