

Hawaii Auto Outlook™

Comprehensive Information on the Hawaii Automotive Market

First Quarter, 2006 Volume 5, Number 1

Small Decline Predicted for Hawaii New Vehicle Market in 2006

2006 New Vehicle Market Forecast Auto Outlook is predicting that new retail light vehicle registrations in Hawaii will decline less than 2% from 2005 to 2006. Despite the expected drop, the market should still remain strong based on historical standards, with registrations falling just below the impressive 70,000 unit level. Big Three market share is projected to decline 0.8 market share points this year, less severe than the 1.9 point drop last year. Following is a review of key forecast determinants.

Key Indicators Point to Decline

As mentioned in the past several releases of Hawaii Auto Outlook, it is our contention that retail spending in general, and new vehicle purchases in particular, will ease during 2006. Households have accumulated significant debt over the past several years to feed continued expansion

in spending. The net household savings rate during the second half of 2005 turned negative, meaning that consumers dipped into savings to support spending. Tell-tale signs of these trends are likely evident at Hawaii dealerships, as credit worthiness of prospective buyers is increasingly a deterrent to selling new vehicles. The fact that many shoppers are also upside down on their trade-ins, only compounds the situation.

Most economists believe that these trends will likely lead to the brakes being applied to retail spending during 2006. Not a panic stop, just a slowdown as households take the necessary steps to alleviate debt. In addition to cutbacks in retail spending, other concerns for new vehicle sales this year are high energy prices, a slowdown in economic growth, and higher interest rates.

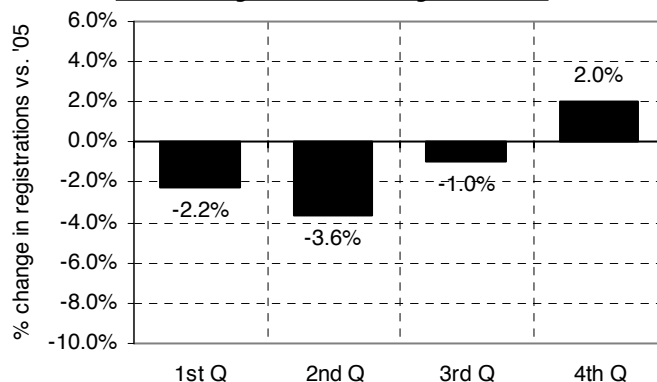
Now the good news!

Thankfully, not all of the traffic signals for the Hawaii new retail light vehicle market are red. In fact, many are bright green. As we have contended for quite some time, the impressive new products served up by the manufacturers is a powerful incentive for consumers to enter the new vehicle market. In other words, increasingly, vehicles are purchased out of want (a desire to purchase a new vehicle) not need (the current vehicle is wearing out). Indeed, a recent consumer survey by CNW Marketing Research bears this out, as a new vehicle purchase rose significantly on consumer wish lists for 2006. And there is no sign that this trend is abating, as manufacturers become more adept at combining the key attributes that buyers are looking for—styling, flexibility, interior fit and finish, performance, and fuel economy.

Summary 1. Top Ten Scoreboard

THIRD QUARTER, 2005			FOURTH QUARTER, 2005			Change in mkt. share
Rank	Make	Market Share	Rank	Make	Market Share	
1	Toyota/Scion	24.0%	1	Toyota/Scion	25.1%	1.1%
2	Honda	11.2%	2	Honda	12.2%	1.0%
3	Nissan	11.0%	3	Nissan	10.2%	-0.8%
4	Ford	10.0%	4	Ford	9.2%	-0.8%
5	Chevrolet	6.8%	5	Chevrolet	6.8%	0.0%
6	Dodge	4.9%	6	Dodge	5.1%	0.2%
7	Mazda	4.4%	7	Mazda	3.5%	-0.9%
8	Lexus	2.4%	8	Mercedes	2.8%	0.8%
9	Hyundai	2.4%	9	Lexus	2.6%	0.2%
10	Mercedes	2.0%	10	Hyundai	2.2%	-0.2%

Summary 2. Quarterly Review



Summary 3. Annual Review and Forecast

	2005		Forecast		% ch. '05 to '06
	2004	2005*	2005	2006	
TOTAL	70,457	70,732	70,732	69,823	-1.3%
Car	30,437	31,258	31,258	31,351	0.3%
Light Truck	40,020	39,474	39,474	38,472	-2.5%
Big Three	22,123	20,850	20,850	20,029	-3.9%
Japanese	39,879	41,148	41,148	41,294	0.4%
European	6,200	5,832	5,832	5,551	-4.8%
Korean	2,255	2,902	2,902	2,949	1.6%

* Data for December, 2005 was estimated.

The three summaries provide an overview of the Hawaii new retail light vehicle market. The table above shows the Top Ten sellers in the state during the Third and Fourth Quarters of 2005, and the change in market share. Quarterly Review presents the predicted change in registrations during each quarter of this year versus 2005. The Annual Review table on the right shows our forecast for 2006, and actual figures for 2004 and 2005. Detailed forecasts for all brands are on page 4. Source for historical data: AutoCount, an Experian Company.

Hawaii Brand Scoreboard

Hawaii Market Predicted to Drift Lower Over Next Three Years

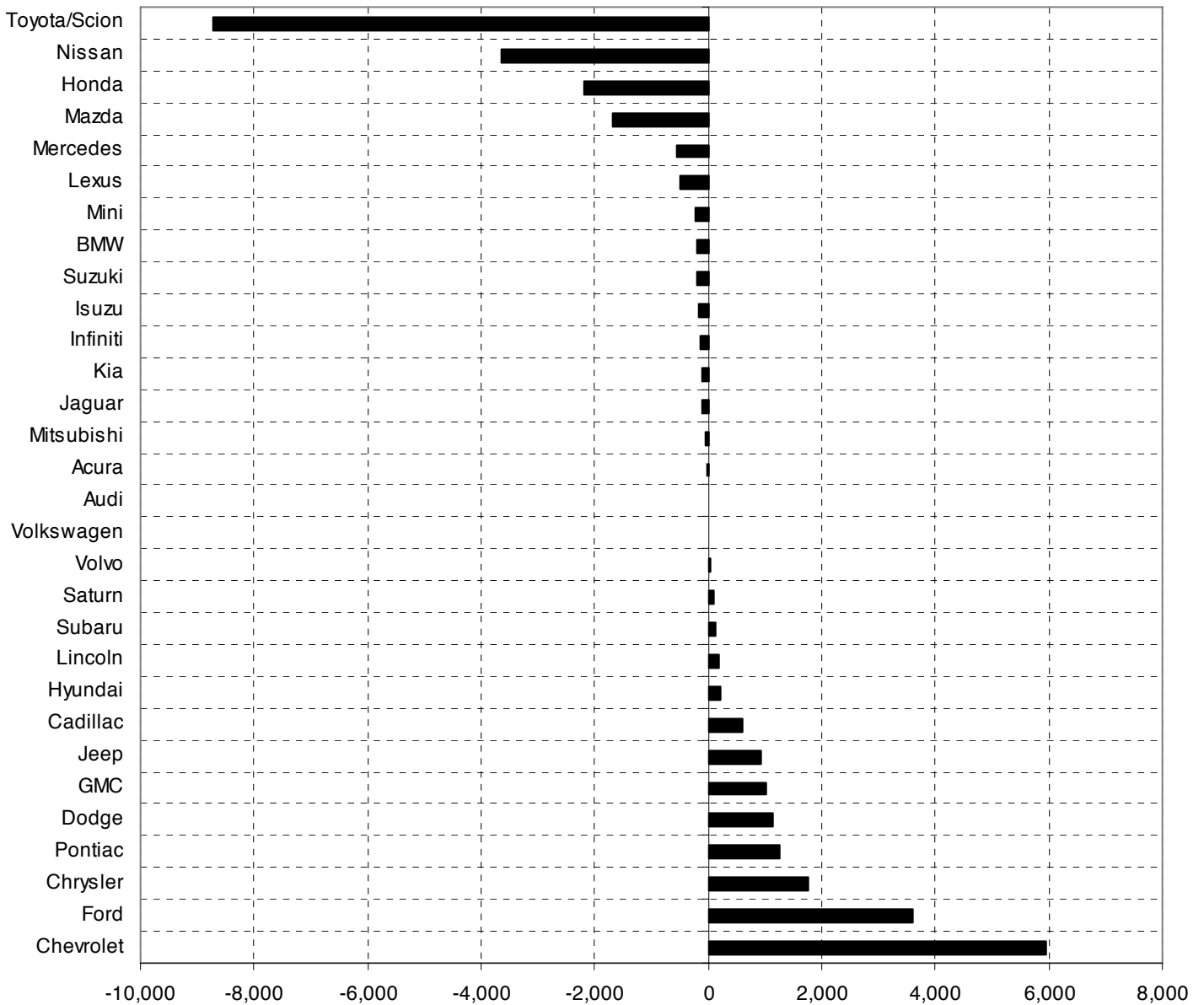
The graph below provides an indicator of brands that are popular in Hawaii (relative to the National standard), and those that are not. Here's how it works: For the top 30 selling brands in the state, each brand's share of the U.S. market is multiplied by retail registrations in the state during the first 11 months of 2005.

This yields a "target" for the state market. Actual registrations are subtracted from this target to arrive at the Unit Potential estimate. Brands at the bottom of the graph (i.e., Chevrolet, Ford, and Chrysler) have a high unit potential in the state, meaning that registrations would need to increase by a significant number for state

market share to equal National. Brands at the top of the graph (Toyota/Scion, Nissan, Honda, Mazda, Mercedes, Lexus, and Mini) have a "significant negative potential," indicating that they are strong sellers in the state. Registrations would have to decline in order for state market share to equal National.

Hawaii Retail Market Potential—based on registrations for 2005

(Increase or decrease in registrations required for brand to equal National market share in the state)



County Close-Up

Maui Only New Vehicle Market to Post Increase During Fourth Quarter

The table on the right provides a summary of each of Hawaii's four retail light vehicle markets. This unique localized information provides a valuable perspective on market performance, and a barometer to evaluate the performance of your dealership. The table is divided into four parts. The first, Market Summary, shows total new retail light vehicle registrations during the Fourth Quarters of 2004 and 2005, and percent change. The second and third parts show market share for light trucks and the Big Three. The fourth part shows market share figures for the top 10 selling light vehicle brands in the state during 2005. The top rated county is shaded.

Observations: Registrations declined in three of the four markets, with the only increase in Maui (up 11.8%). Light truck market share increased 3.7% share points in Kauai, but declined in the other three markets. Big Three market share was up 4.2 points in Maui

Source: AutoCount, an Experian Company.

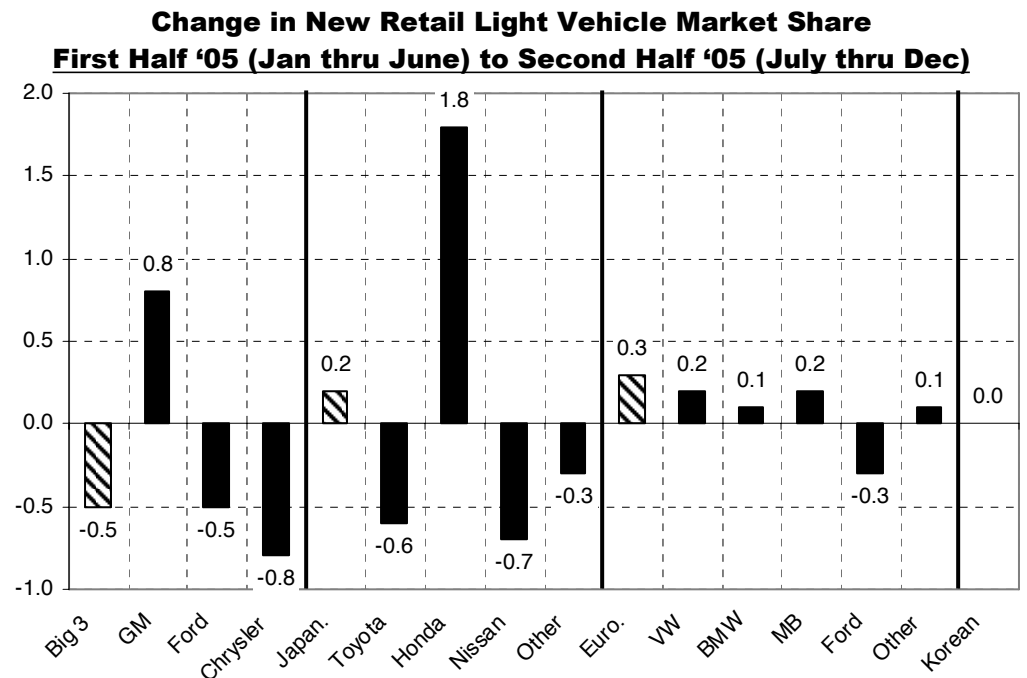
	Local Markets				Statewide
	Hawaii	Kauai	Maui	Oahu	Total
Market Summary					
Fourth Quarter, '04	1,900	795	1,739	11,126	15,560
Fourth Quarter, '05	1,846	748	1,945	11,059	15,598
Percent change	-2.8%	-5.9%	11.8%	-0.6%	0.2%
Light Truck Market Share					
Fourth Quarter, '04	65.4%	65.2%	63.8%	53.9%	57.0%
Fourth Quarter, '05	64.1%	68.9%	60.4%	50.7%	54.4%
Change (share points)	-1.3	3.7	-3.4	-3.2	-2.6
Big Three Market Share					
Fourth Quarter, '04	28.3%	35.2%	34.8%	26.5%	28.1%
Fourth Quarter, '05	29.7%	33.7%	39.0%	26.7%	28.9%
Change (share points)	1.4	-1.5	4.2	0.2	0.8
Market Share for Top 10 Selling Brands in State (2005)					
Toyota/Scion	23.4%	26.6%	21.7%	25.4%	24.7%
Nissan	11.5%	10.9%	8.9%	11.3%	11.0%
Honda	15.7%	12.7%	11.3%	9.5%	10.7%
Ford	12.1%	13.7%	18.7%	7.9%	10.0%
Chevrolet	6.9%	7.8%	5.0%	6.8%	6.6%
Dodge	7.3%	8.1%	8.5%	4.1%	5.2%
Mazda	7.2%	4.6%	2.9%	3.7%	4.1%
Lexus	0.1%	0.2%	2.6%	3.1%	2.5%
Hyundai	0.9%	5.1%	2.2%	2.4%	2.3%
Mercedes	0.7%	0.4%	1.1%	2.7%	2.2%

Market Tracker

Japanese and European Brand Market Share Increases Slightly

The graph on the right tracks the changing composition of the state's market. As shown on the graph, the Big Three (consisting of "traditional domestic" brands) lost 0.5 market share points from the first to the second half of last year. Ford and Chrysler lost market share, while GM's share was up 0.8 points. (Big Three does not include import brands owned by GM and Ford, such as Volvo and Saab.) Japanese brand market share increased 0.2 points, with Honda (including Acura) increasing 1.8 points. European brand share was up 0.3 points, while Korean brand share was unchanged.

Source: AutoCount, an Experian Company.



Brands included above: Big 3: GM (Buick, Cadillac, Chevrolet, GMC, Hummer, Oldsmobile, Pontiac, and Saturn), Ford (Ford, Lincoln, and Mercury), Chrysler (Chrysler, Dodge, and Jeep). Japanese: Toyota (Toyota, Lexus, and Scion), Honda (Honda and Acura), Nissan (Nissan and Infiniti), Other (Isuzu, Mazda, Mitsubishi, Subaru, and Suzuki). European: VW (Audi, Bentley, and Volkswagen), BMW (BMW, Rolls Royce, and Mini), MB (Mercedes Benz), Ford (Aston Martin, Jaguar, Land Rover, and Volvo), Other (Ferrari, Lotus, and Maserati). Korean: Hyundai and Kia.

Hawaii New Retail Car and Light Truck Registrations - History and Forecast						
	Registrations			Market Share (%)		
	2005	2006	'05 to '06	2005	2006	'05 to '06
TOTAL	70,732	69,823	-1.3%			
Domesitc Brands	20,850	20,028	-3.9%	29.5	28.7	-0.8
Japanese Brands	41,148	41,294	0.4%	58.2	59.1	1.0
European Brands	5,832	5,552	-4.8%	8.2	8.0	-0.3
Korean Brands	2,902	2,949	1.6%	4.1	4.2	0.1
Acura	886	855	-3.5%	1.3	1.2	0.0
Audi	353	368	4.4%	0.5	0.5	0.0
BMW	1,329	1,237	-6.9%	1.9	1.8	-0.1
Buick	196	171	-13.0%	0.3	0.2	0.0
Cadillac	347	330	-4.8%	0.5	0.5	0.0
Chevrolet	4,692	4,497	-4.2%	6.6	6.4	-0.2
Chrysler	820	769	-6.2%	1.2	1.1	-0.1
Dodge	3,688	3,565	-3.3%	5.2	5.1	-0.1
Ford	7,062	6,671	-5.5%	10.0	9.6	-0.4
GMC	1,149	1,121	-2.4%	1.6	1.6	0.0
Honda	7,621	7,583	-0.5%	10.8	10.9	0.1
Hummer	196	232	18.4%	0.3	0.3	0.1
Hyundai	1,646	1,694	2.9%	2.3	2.4	0.1
Infiniti	688	626	-9.0%	1.0	0.9	-0.1
Isuzu	217	193	-11.1%	0.3	0.3	0.0
Jaguar	227	184	-19.0%	0.3	0.3	-0.1
Jeep	974	993	1.9%	1.4	1.4	0.0
Kia	1,256	1,255	-0.1%	1.8	1.8	0.0
Land Rover	149	153	2.8%	0.2	0.2	0.0
Lexus	1,788	1,928	7.8%	2.5	2.8	0.2
Lincoln	300	287	-4.3%	0.4	0.4	0.0
Mazda	2,865	2,651	-7.5%	4.1	3.8	-0.3
Mercedes	1,553	1,544	-0.6%	2.2	2.2	0.0
Mercury	205	190	-7.5%	0.3	0.3	0.0
Mini	411	389	-5.4%	0.6	0.6	0.0
Mitsubishi	566	468	-17.4%	0.8	0.7	-0.1
Nissan	7,777	7,329	-5.8%	11.0	10.5	-0.5
Pontiac	467	422	-9.6%	0.7	0.6	-0.1
Porsche	187	176	-5.8%	0.3	0.3	0.0
Saab	117	100	-14.3%	0.2	0.1	0.0
Saturn	754	781	3.6%	1.1	1.1	0.1
Subaru	674	621	-7.9%	1.0	0.9	-0.1
Suzuki	554	599	8.1%	0.8	0.9	0.1
Toyota/Scion	17,512	18,441	5.3%	24.8	26.4	1.7
Volkswagen	931	895	-3.9%	1.3	1.3	0.0
Volvo	473	406	-14.1%	0.7	0.6	-0.1
Others	102	99	-2.9%	0.1	0.1	0.0
Historical Data Source: AutoCount, an Experian Company						
Forecast Projections: Auto Outlook						

Hawaii Auto Outlook

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Background on Data Source for Vehicle Registration Statistics Presented in Auto Outlook

Exclusive source for new vehicle registration data presented in Hawaii Auto Outlook is AutoCount, an Experian Company. Auto Count specializes in providing detailed new and used vehicle sales and registration statistics for dealers, leading auctions, marketing/advertising companies, and auto finance institutions. Consider AutoCount as your source for sales data covering your local market. AutoCount's extensive new and used vehicle sales information can make a difference for your dealership.



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