

# Hawaii Auto Outlook™

## Comprehensive Information on the Hawaii Automotive Market

Third Quarter, 2006, Volume 5, Number 3

### Hawaii New Retail Market Predicted to Exceed 68,000 Units in 2006

As discussed in past issues of Auto Outlook, most key indicators have been pointing to a slowdown in Hawaii new vehicle sales. And it appears the market is indeed poised to soften during 2006, and most likely into 2007 as well. Despite attractive incentive offers and the increasingly impressive array of new product offerings, the negative forces impacting the market appear too strong to overcome.

Why has the overall climate for new vehicle sales turned somewhat cloudier? To begin with, consumer debt levels are hovering at near record high levels. And for the first half of this year, the household savings rate was negative, meaning that households dipped into savings to fuel spending. Add to this the softening housing market and it's easy to see why consumers are likely to apply the brakes

to their spending habits over the next year or so. What's more, economic growth is slowing, fuel prices are at record highs, inflation is creeping back into the picture, and interest rates continue to move higher. It is not a pretty picture.

But the picture is not completely bleak. There are several compelling reasons to believe that any sales slump will be relatively mild and short-lived. Productivity and income growth continue to be strong, and although most economists expect the economy to cool off over the next several quarters, GDP growth should still be at fairly strong levels. In addition, as mentioned previously, the manufacturers continue to serve up impressive new products that regularly hit consumer hot buttons. This should provide sufficient motivation for shoppers to make the trip to Hawaii new vehicle dealerships.

#### HAWAII MARKET SUMMARY

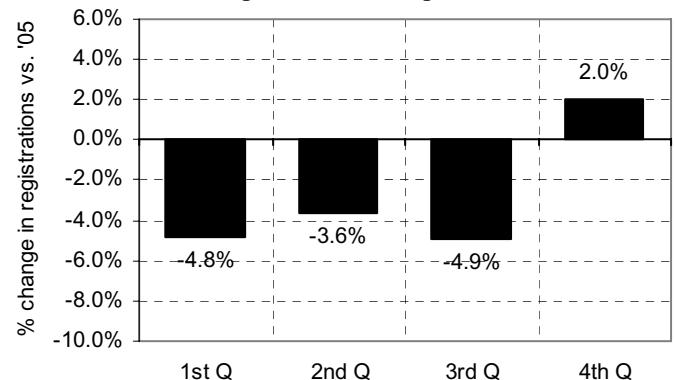
- ❑ New retail light vehicle registrations predicted to decrease 3.1% for all of this year vs. '05.
- ❑ Market declined 3.6% in the Second Quarter of this year versus year earlier, almost identical to our projection of a 3.2% drop.
- ❑ New retail light vehicle registrations increase slightly so far this year on The Big Island.
- ❑ Domestic brand market share declined 2.3 points in first half of 2006, to 27.3%.
- ❑ Toyota (including Scion) market share in Hawaii increased to a commanding 26.6% in the Second Quarter of this year.

## The Hawaii New Retail Light Vehicle Market — At a Glance

Summary 1. Top Ten Scoreboard

FIRST QUARTER, 2006			SECOND QUARTER, 2006			Change in mkt. share
Rank	Make	Market Share	Rank	Make	Market Share	
1	Toyota	24.9%	1	Toyota	26.6%	1.7%
2	Nissan	12.1%	2	Nissan	11.9%	-0.2%
3	Honda	11.4%	3	Honda	11.3%	-0.1%
4	Ford	9.4%	4	Ford	9.2%	-0.2%
5	Chevrolet	5.3%	5	Chevrolet	5.6%	0.3%
6	Dodge	4.8%	6	Dodge	5.1%	0.3%
7	Mazda	4.2%	7	Mazda	3.9%	-0.3%
8	Lexus	2.8%	8	Lexus	2.9%	0.1%
9	Hyundai	2.2%	9	Mercedes	2.1%	0.0%
10	BMW	2.1%	10	Kia	2.0%	0.6%

Summary 2. Quarterly Review



Summary 3. Annual Review and Forecast

	2004		Forecast		% ch. '05 to '06
	2004	2005	2006	'05 to '06	
TOTAL	70,457	70,268	68,109	-3.1%	
Car	30,437	30,955	29,900	-3.4%	
Light Truck	40,020	39,313	38,209	-2.8%	
Big Three	22,123	20,742	18,479	-10.9%	
Japanese	39,738	40,790	41,122	0.8%	
European	6,271	5,834	5,738	-1.6%	
Korean	2,325	2,902	2,769	-4.6%	

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 First and Second Quarters of this year, and the change in market share. Quarterly Review presents the change in registrations during each quarter of this year versus 2005. (Third and Fourth Quarter figures are projected). 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.

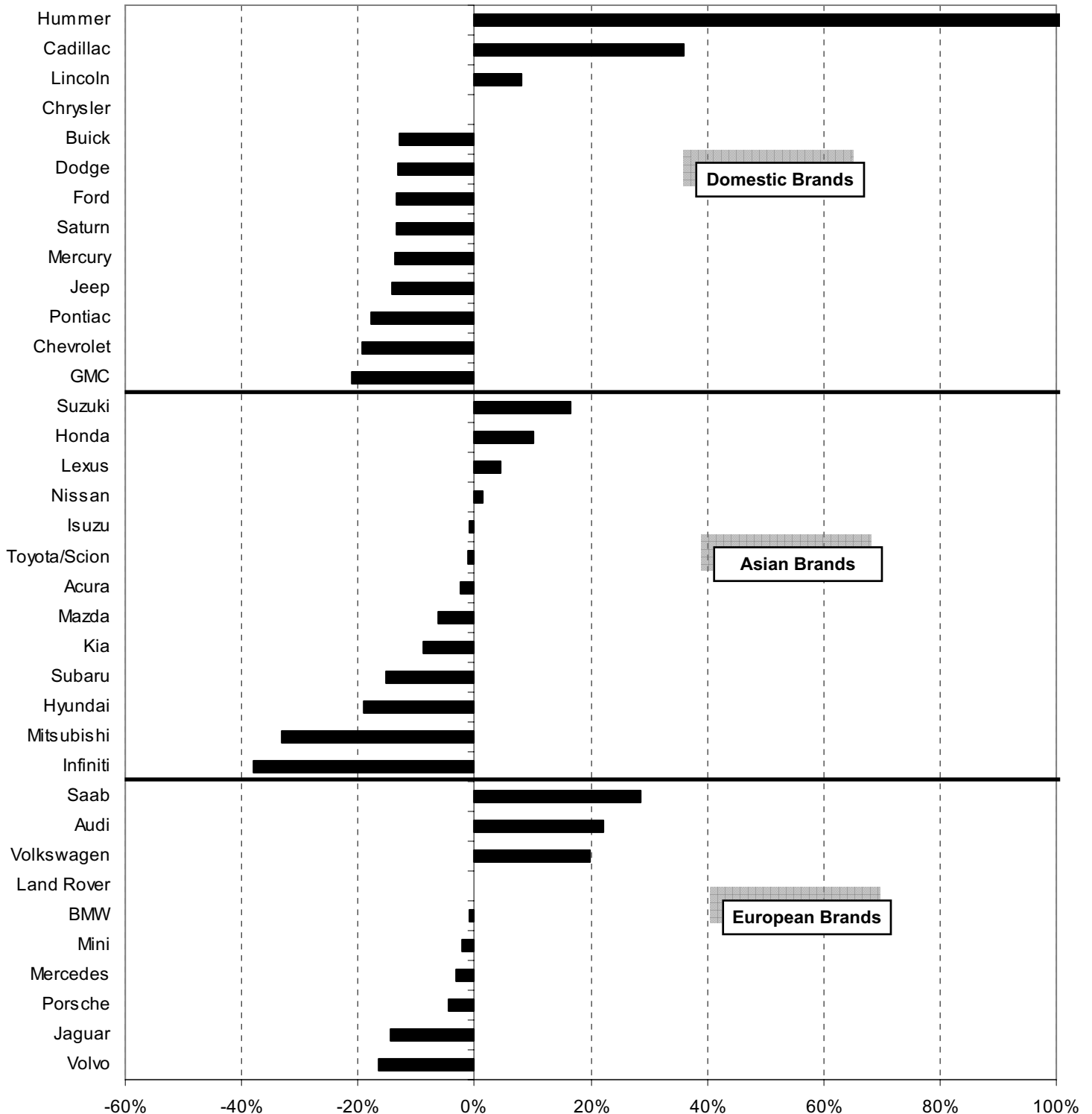
# HAWAII BRAND SCOREBOARD

The graph below shows the percent change in new retail light vehicle registrations during the first six months of this year versus the same period a year earlier. Brands

are organized based on countries of origin (Domestic, Asian, and European). This makes it easier to see how each brand stacks up versus its primary competitors. Hummer had

the biggest increase among Domestic brands (up nearly 400%). Suzuki had the largest percentage increase for Asian brands (up 17%), while Saab led among European brands.

**Percent Change in New Retail Registrations (YTD 2006 versus YTD 2005, thru June)**



## County Close-Up

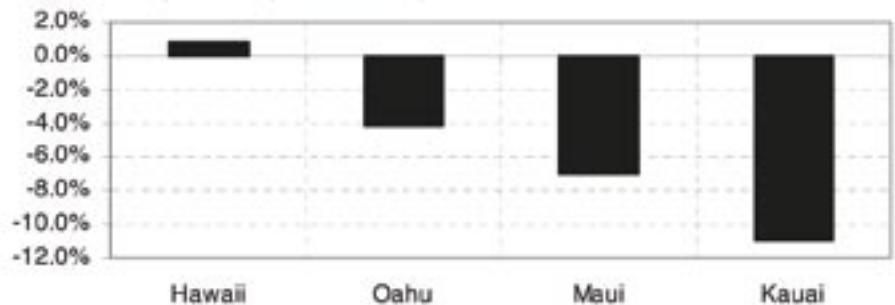
### Big Island New Vehicle Market Posts Small Increase in 2006

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 first six months of 2005 and 2006, 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 the first half of this year. The top rated county is shaded. Observations: The only increase in registrations among the four markets was The Big Island, up less than 1%. Light truck market share increased in Maui and The Big Island, and declined 2.5 points in Kauai. Honda market share was 19.4% on The Big Island.

Source: AutoCount, an Experian Company.

New Vehicle Markets Summary					
	Local Markets				Statewide
	Hawaii	Kauai	Maui	Oahu	Total
<b>Market Summary</b>					
YTD '05 thru June	4,640	1,747	4,214	25,476	36,077
YTD '06 thru June	4,677	1,557	3,919	24,399	34,552
Percent change	0.8%	-10.9%	-7.0%	-4.2%	-4.2%
<b>Light Truck Market Share</b>					
YTD '05 thru June	65.0%	71.9%	61.5%	53.6%	56.9%
YTD '06 thru June	65.4%	69.4%	63.2%	52.5%	56.3%
Change (share points)	0.4	-2.5	1.7	-1.1	-0.6
<b>Big Three Market Share</b>					
YTD '05 thru June	31.7%	37.6%	36.3%	26.7%	29.8%
YTD '06 thru June	27.8%	35.3%	32.5%	25.8%	27.3%
Change (share points)	-3.8	-2.3	-3.8	-0.9	-2.5
<b>Market Share for Top 10 Selling Brands in State (YTD 2006)</b>					
Toyota/Scion	24.2%	27.7%	27.1%	25.7%	25.8%
Nissan	9.1%	13.4%	12.2%	12.4%	12.0%
Honda	19.4%	13.6%	12.1%	9.6%	11.4%
Ford	9.1%	10.9%	18.2%	7.9%	9.3%
Chevrolet	4.5%	7.3%	3.2%	5.9%	5.5%
Dodge	8.2%	8.7%	5.2%	4.0%	4.9%
Mazda	8.6%	4.4%	2.2%	3.4%	4.0%
Lexus	0.1%	0.1%	2.8%	3.5%	2.8%
Mercedes	0.7%	0.4%	1.1%	2.6%	2.1%
Hyundai	0.7%	2.8%	1.0%	2.3%	2.0%

**Percent Change in Registrations (YTD 2006 versus YTD 2005, thru June)**



### Market Comparison—Hawaii vs. U.S.

	Hawaii		U.S. Market	
<b>Market Growth</b>				
% change in registrations YTD '06 vs. '05 (thru June)	-4.2%		-0.3%	
<b>Car market share-YTD '06 (thru June)</b>	43.7%		49.6%	
<b>Domestic brand market share YTD '06 (thru June)</b>	27.3%		49.8%	
<b>Top Selling Retail Brands-2Q '06</b>				
First	Toyota	26.6%	Ford	13.9%
Second	Nissan	11.9%	Chevrolet	13.3%
Third	Honda	11.3%	Toyota/Scion	13.2%
Fourth	Ford	9.2%	Honda	8.2%
Fifth	Chevrolet	5.6%	Dodge	6.7%
Sixth	Dodge	5.1%	Nissan	6.1%
Seventh	Mazda	3.9%	Chrysler	3.7%
Eighth	Lexus	2.9%	Hyundai	3.1%
Ninth	Mercedes	2.1%	Jeep	2.6%
Tenth	Kia	2.0%	GMC	2.5%

#### Data Source Information

Exclusive source for new vehicle registration data presented in *Hawaii Auto Outlook* is AutoCount, an Experian Company. AutoCount specializes in providing detailed new and used vehicle sales and registration statistics. Consider AutoCount as a source for sales data covering your local market.

For more information on Auto Count, call 407.770.5900 or visit AutoCount's web site: [www.autocount.com](http://www.autocount.com)

**AutoCount**  
AN EXPERIAN COMPANY

Hawaii New Retail Car and Light Truck Registrations - History and Forecast						
	Registrations			Market Share (%)		
	Forecast		% change '05 to '06	Forecast		Change '05 to '06
	2005	2006		2005	2006	
TOTAL	70,268	68,109	-3.1%			
Acura	886	924	4.3%	1.3	1.4	0.1
Audi	350	382	9.1%	0.5	0.6	0.1
BMW	1,323	1,300	-1.7%	1.9	1.9	0.0
Buick	192	163	-15.1%	0.3	0.2	-0.1
Cadillac	334	370	10.8%	0.5	0.5	0.0
Chevrolet	4,604	3,882	-15.7%	6.6	5.7	-0.9
Chrysler	828	746	-9.9%	1.2	1.1	-0.1
Dodge	3,711	3,438	-7.4%	5.3	5.0	-0.3
Ford	7,051	6,059	-14.1%	10.0	8.9	-1.1
GMC	1,133	937	-17.3%	1.6	1.4	-0.2
Honda	7,512	7,842	4.4%	10.7	11.5	0.8
Hummer	189	300	58.7%	0.3	0.4	0.1
Hyundai	1,607	1,555	-3.2%	2.3	2.3	0.0
Infiniti	685	535	-21.9%	1.0	0.8	-0.2
Isuzu	207	170	-17.9%	0.3	0.2	-0.1
Jaguar	228	176	-22.8%	0.3	0.3	0.0
Jeep	977	919	-5.9%	1.4	1.3	-0.1
Kia	1,295	1,214	-6.3%	1.8	1.8	0.0
Land Rover	152	163	7.2%	0.2	0.2	0.0
Lexus	1,806	1,865	3.3%	2.6	2.7	0.1
Lincoln	298	293	-1.7%	0.4	0.4	0.0
Mazda	2,898	2,935	1.3%	4.1	4.3	0.2
Mercedes	1,548	1,581	2.1%	2.2	2.3	0.1
Mercury	208	182	-12.5%	0.3	0.3	0.0
Mini	407	369	-9.3%	0.6	0.5	-0.1
Mitsubishi	549	450	-18.0%	0.8	0.7	-0.1
Nissan	7,689	7,351	-4.4%	10.9	10.8	-0.1
Pontiac	456	410	-10.1%	0.6	0.6	0.0
Porsche	186	178	-4.3%	0.3	0.3	0.0
Saab	115	89	-22.6%	0.2	0.1	-0.1
Saturn	761	780	2.5%	1.1	1.1	0.0
Subaru	676	597	-11.7%	1.0	0.9	-0.1
Suzuki	542	670	23.6%	0.8	1.0	0.2
Toyota/Scion	17,340	17,784	2.6%	24.7	26.1	1.4
Volkswagen	942	1,015	7.7%	1.3	1.5	0.2
Volvo	479	392	-18.2%	0.7	0.6	-0.1
Others	104	93	-10.6%	0.1	0.1	0.0

Historical Data Source: AutoCount, an Experian Company. Forecast: Auto Outlook.

## Hawaii Auto Outlook

Published by:  
Auto Outlook, Inc.  
5 Great Valley Parkway, Suite 234  
Malvern, PA 19355  
Phone: 800-206-0102  
Email: autoecon@email.msn.com

Editor: Jeffrey A. Foltz

Reproduction, including photocopying of this publication in whole or in part, is prohibited without the express permission of Auto Outlook, Inc. Any material quoted must be attributed to *Hawaii Auto Outlook*, published by Auto Outlook, Inc. on behalf of HADA. Unforeseen events may affect the forecast projections presented in *Hawaii Auto Outlook*. Consequently, Auto Outlook, Inc. is not responsible for management decisions based on the content of *Hawaii Auto Outlook*.

Copyright Auto Outlook, Inc.  
August, 2006

*Hawaii Auto Outlook* is distributed free of charge to all members of the Hawaii Automobile Dealers Association. The publication is sponsored and supported by the Association.

*Hawaii Auto Outlook* is published and edited by Auto Outlook, Inc., an independent automotive market research firm. Opinions expressed in *Hawaii Auto Outlook* are solely those of Auto Outlook, Inc., and are not necessarily shared by the Hawaii Automobile Dealers Association.

Hawaii Automobile  
Dealers Association  
1100 Alakea Street, Suite 2601  
Honolulu, HI 96813  
808-593-0031

CU HAWAII  
FEDERAL CREDIT UNION

HAWAII CENTRAL  
CREDIT UNION

HAWAII STATE  
FEDERAL CREDIT UNION

HICKAM  
FEDERAL CREDIT UNION

KAUAI COMMUNITY  
FEDERAL CREDIT UNION

MAUI COUNTY EMPLOYEES  
FEDERAL CREDIT UNION

OPERATING ENGINEERS #3  
FEDERAL CREDIT UNION

PEARL HARBOR  
FEDERAL CREDIT UNION

THE QUEEN'S  
FEDERAL CREDIT UNION

UNIVERSITY OF HAWAII  
FEDERAL CREDIT UNION

USA  
FEDERAL CREDIT UNION

CREDIT  
UNION  
DIRECT  
LENDING  
www.cudirect.com

© 2006 CU Direct Corporation. All Rights Reserved.

## When your Dealership partners with Credit Union Direct Lending

you give your credit union customers the auto financing tool they need to HELE on down the road quickly with a lot more ALOHA!

Credit Union Direct Lending (CUDL) provides your dealership with the ability to offer competitive credit union financing, right at the dealership. Dealerships will gain the strength and support of a network of local credit unions offering the most aggressive rates and terms in the State of Hawaii. Participating CUDL dealerships enjoy the benefits of:

- Quick and consistent loan decisions even when the credit unions are closed.
- Protection and increase of backend products sold to credit union members.
- Expedited ACH funding, with customizable reporting to help track payments.
- Flat fee income on low interest rate loans with no chargeback.
- An easy to use, fully functional website to submit credit applications.
- Potential referral business from credit unions through [www.cudirect.com](http://www.cudirect.com) and sales.

For more information about the CUDL program, call James Moniz at 808.782.4960 or visit our website at [www.cudirect.net](http://www.cudirect.net).