Covering First Quarter, 2008 Volume 7, Number 2

Hawaii Auto Outlook™

Comprehensive information on the Hawaii automotive market

Market Slump Worsens in First Quarter of 2008; Sales Low Point Likely Reached

Clearly, these are highly uncertain times for the Hawaii new vehicle market. The economy has taken a turn for the worse, inflation is on the rise, gas prices are at all-time highs, credit markets remain unsettled, and household debt levels are reining in consumer spending. However, despite the relentless media coverage of these negative developments, there are some positive trends emerging for the new vehicle market. Below are answers to questions that provide focus on the outlook for new vehicle sales.

How did the market do in the First Quarter of this year? Not good. New retail light vehicle registrations in the state declined 17.4% during the first three months of this year versus year earlier results.

How bad will things get? At this point, we believe that the market has reached its low point. First Quarter registrations fell below 12,000 units. Although it's unlikely that the state market will fall much lower, a significant increase over the next two quarters is highly unlikely.

What is the main ingredient that will lead to an improvement in economic conditions? Household debt needs to be reduced. The easing in retail spending that has occurred over the past several months, combined with lower interest rates go a long way toward easing the debt burden, but permanent repairs to household balance sheets will be a lengthy process.

When will the market start to improve and how good will it get? Auto Outlook believes that sales will improve (at least moderately) in 2009, with a significant, lasting recovery taking hold by 2010. As highlighted in the previous issue, an improving economy, the release of pent-up demand, and emerging powertrain technologies should give the market a powerful boost within two years.

Market Highlights

Outlook for the rest of 2008: New retail light vehicle registrations in the state are predicted to decline 4.5% during the second half of this year versus a year earlier. A 9.7% drop is expected for the entire year.

2009 forecast: Auto Outlook is projecting a 3.1% increase in the market during 2009, with a substantial increase possible in 2010.

Historical Data Revised

Due to a data processing change by AutoCount (the data supplier for Hawaii Auto Outlook), the registration figures presented in previous issues were slightly overstated. New retail light vehicle registrations in the state last year were 57,526, a decline of 10.9% from 2006. The previously reported figure was 59,861. We apologize for this revision. Please contact Auto Outlook (800-206-0102 or email: autooutlook@mac.com) with any questions. Thank you.

Hawaii New Retail Light Vehicle Market - At a Glance

Top Ten Scoreboard

Leading brands during 4Q 2007 and 1Q 2008

FOURTH QUARTER, 2007			FIRST QUARTER, 2008			
Rank	Make	Market Share	Rank	Make	Market Share	*Change in mkt. share*
1	Toyota/Scion	28.3%	1	Toyota/Scion	27.9%	*-0.4%*
2	Honda	13.7%	2	Honda	13.0%	*-0.7%*
3	Nissan	12.7%	3	Nissan	12.6%	*-0.1%*
4	Ford	7.8%	4	Ford	7.6%	*-0.2%*
5	Chevrolet	4.5%	5	Chevrolet	5.0%	*0.5%*
6	Dodge	3.3%	6	Lexus	3.3%	*0.4%*
7	Mazda	3.0%	7	Mazda	3.2%	*0.2%*
8	Lexus	2.9%	8	Dodge	3.2%	*-0.1%*
9	Mercedes	2.6%	9	BMW	2.5%	*0.3%*
10	BMW	2.2%	10	Mercedes	2.1%	*-0.5%*

The table above shows the top ten selling brands in the Hawaii market during the previous two quarters and the change in market share.

Industry Summary

New Retail Light Vehicle Registrations

	2007	Forecast 2008	% ch. '07 to '08	Mkt. Share 2008
TOTAL	57,526	51,921	-9.7%	
Car	24,650	22,897	-7.1%	44.1%
Light Truck	32,876	29,024	-11.7%	55.9%
Big Three	13,416	11,673	-13.0%	22.5%
Japanese	36,602	33,356	-8.9%	64.2%
European	5,166	4,752	-8.0%	9.2%
Korean	2,342	2,140	-8.6%	4.1%

Traditional Domestic consists of vehicles sold by General Motors, Ford, and Chrysler, and excludes import nameplates.

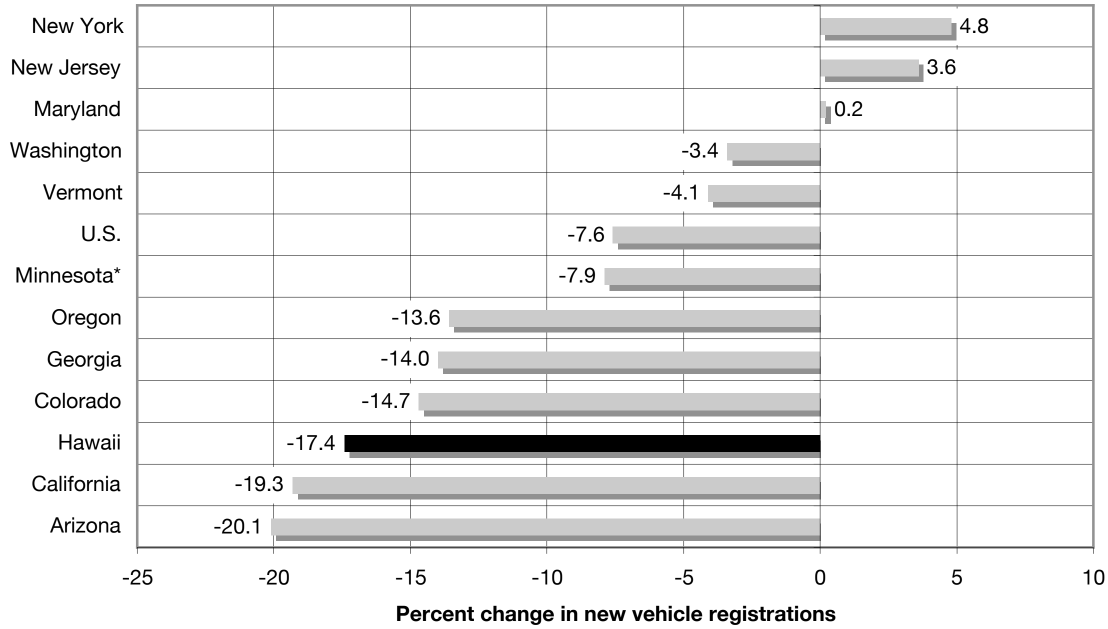
Source for historical data: AutoCount, an Experian Company

Markets Comparison

First Quarter Decline in Hawaii Market Steeper Than U.S.; Smaller than California

As just about all automotive retailers in Hawaii are keenly aware, the state's new vehicle market got off to a slow start in 2008. But as shown on the graph to the right, several other markets declined at a faster pace. The graph shows the percent change in new retail light vehicle registrations during the first three months of this year versus the same period a year earlier for 12 selected state markets and the Nation. The Hawaii market declined 17.4% in the First Quarter, steeper than the 7.6% drop in the U.S., but smaller than the 20.1% and 19.3% declines in Arizona and California,

Percent Change in New Retail Light Vehicle Registrations for Selected Markets YTD 2008 thru March versus YTD 2007



* Percent change based on figures for January and February.

Segment Watch

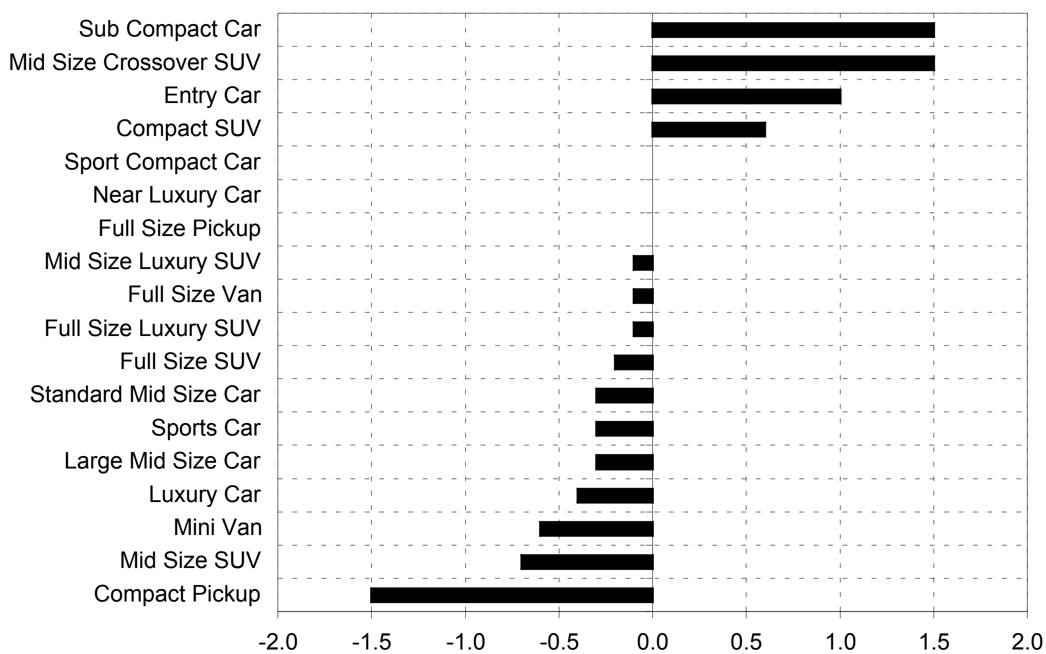
Sub Compact Car Segment Posts Largest Market Share Gain in First Quarter

Two primary factors are separating the winning segments from the losing ones so far this year: rising fuel prices and new products. With gas prices exceeding the $4 per gallon level, new vehicle shoppers in Hawaii are increasingly moving to smaller cars, with Sub Compact Car market share increasing 1.5 points during the first three months of this year versus a year earlier. A steady stream of new products, combined with SUV shoppers that are increasingly aware of fuel economy, gave a boost to the Mid Size Crossover SUV segment.

Compact Pickup, Mid Size SUV, and Mini Van market share each declined by 0.5 of a point or more in the First Quarter.

Source: AutoCount data from Experian Automotive.

Change in Segment Market Share - YTD 2008 thru March vs. YTD 2007

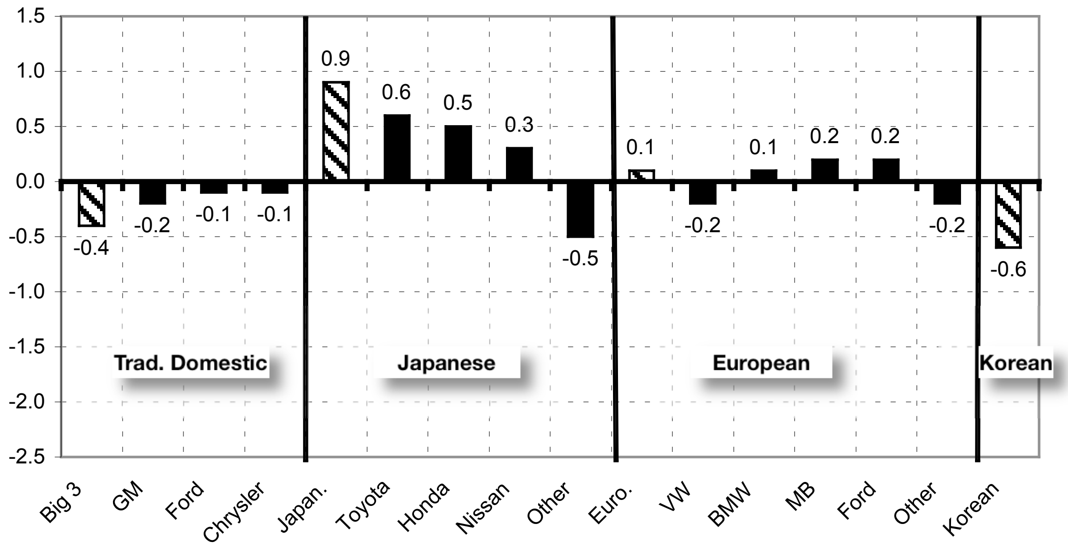


Market Tracker

Japanese Brands Gain About One Market Share Point in First Quarter

It would appear as though the prolonged, significant market share losses suffered by Traditional Domestic brands could ease in the near future. Production cutbacks, renewed emphasis on retail market results, and most importantly, a steady stream of critically acclaimed new products should go a long way toward bringing a halt to the market share erosion. As shown on the graph, Traditional Domestic brand market share declined a relatively slim 0.4 of a point in the First Quarter of this year versus a year earlier. Market share figures do not include import brands owned by GM and Ford. See note below graph.

Change in Segment Market Share - YTD '08 thru March vs. YTD '07



Brands included above: Big 3: GM (Buick, Cadillac, Chevrolet, GMC, Hummer, and 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, Maserati, and Saab). Korean: Hyundai and Kia.

County Close-Up

Each of the Four Island Markets Decline in First Quarter

The table on the right provides a summary of each of Hawaii's four retail light vehicle markets. The table is divided into four sections. Market Summary shows total new retail light vehicle registrations during the first three months of 2007 and 2008 and the percent change. The second and third sections show Light Truck and Big Three market share. The fourth section shows market share figures for the top 10 selling light vehicle brands in the state during the First Quarter of this year. The top rated county in each category is shaded.

Observations: Registrations declined in each of the four markets, with the smallest decline in Oahu (down 14.8%) and the largest in the Big Island (down 26.3%). Light Truck market share declined in three of the four markets. Ford market share was 16.3% in Maui.

Source: AutoCount, an Experian Company.

New Vehicle Markets Summary

	Local Markets				Statewide
	Hawaii	Kauai	Maui	Oahu	Total
Market Summary					
YTD '07 (thru March)	2,031	708	1,881	9,811	14,431
YTD '08 (thru March)	1,496	583	1,482	8,360	11,921
Percent change	-26.3%	-17.7%	-21.2%	-14.8%	-17.4%
Light Truck Market Share					
YTD '07 (thru March)	64.5%	70.6%	67.3%	53.0%	57.3%
YTD '08 (thru March)	62.3%	68.8%	68.4%	52.1%	56.2%
Change (share points)	-2.2	-1.8	1.1	-0.9	-1.1
Big Three Market Share					
YTD '07 (thru March)	26.1%	29.2%	29.2%	21.4%	23.5%
YTD '08 (thru March)	23.9%	29.0%	29.2%	21.5%	23.1%
Change (share points)	-2.2	-0.2	0.0	0.1	-0.4
Market Share for Top 10 Selling Brands in State - YTD '08 thru March					
Toyota/Scion	29.3%	30.0%	30.7%	27.0%	27.9%
Honda	21.3%	15.1%	12.3%	11.5%	13.0%
Nissan	8.1%	14.8%	12.2%	13.5%	12.7%
Ford	7.2%	8.6%	16.3%	6.1%	7.6%
Chevrolet	5.0%	6.9%	4.5%	5.0%	5.0%
Lexus	0.5%	0.7%	3.2%	4.0%	3.3%
Mazda	6.5%	3.1%	2.3%	2.8%	3.2%
Dodge	4.7%	5.0%	3.2%	2.7%	3.2%
BMW	0.7%	0.3%	2.4%	3.0%	2.5%
Mercedes	0.7%	0.3%	1.3%	2.6%	2.1%

Hawaii New Retail Car and Light Truck Registrations - History and Forecast						
	Registrations			Market Share (%)		
	2007	Forecast 2008	% change '07 to '08	2007	Forecast 2008	Change '07 to '08
TOTAL	57,526	51,921	-9.7%			
Acura	784	669	-14.7%	1.4	1.3	-0.1
Audi	274	254	-7.3%	0.5	0.5	0.0
BMW	1,364	1,365	0.1%	2.4	2.6	0.2
Buick	118	108	-8.5%	0.2	0.2	0.0
Cadillac	311	328	5.5%	0.5	0.6	0.1
Chevrolet	2,802	2,402	-14.3%	4.9	4.6	-0.3
Chrysler	490	423	-13.7%	0.9	0.8	-0.1
Dodge	2,041	1,748	-14.4%	3.5	3.4	-0.1
Ford	4,512	3,861	-14.4%	7.8	7.4	-0.4
GMC	784	716	-8.7%	1.4	1.4	0.0
Honda	7,688	7,213	-6.2%	13.4	13.9	0.5
Hummer	236	182	-22.9%	0.4	0.4	0.0
Hyundai	1,155	1,012	-12.4%	2.0	1.9	-0.1
Infiniti	543	551	1.5%	0.9	1.1	0.2
Isuzu	126	111	-11.9%	0.2	0.2	0.0
Jaguar	126	127	0.8%	0.2	0.2	0.0
Jeep	845	773	-8.5%	1.5	1.5	0.0
Kia	1,187	1,128	-5.0%	2.1	2.2	0.1
Land Rover	138	122	-11.6%	0.2	0.2	0.0
Lexus	1,768	1,522	-13.9%	3.1	2.9	-0.2
Lincoln	236	203	-14.0%	0.4	0.4	0.0
Mazda	1,922	1,784	-7.2%	3.3	3.4	0.1
Mercedes	1,172	1,092	-6.8%	2.0	2.1	0.1
Mercury	109	71	-34.9%	0.2	0.1	-0.1
MINI	393	421	7.1%	0.7	0.8	0.1
Mitsubishi	313	263	-16.0%	0.5	0.5	0.0
Nissan	7,043	6,400	-9.1%	12.2	12.3	0.1
Pontiac	232	204	-12.1%	0.4	0.4	0.0
Porsche	191	157	-17.8%	0.3	0.3	0.0
Saab	130	107	-17.7%	0.2	0.2	0.0
Saturn	700	654	-6.6%	1.2	1.3	0.1
Subaru	286	237	-17.1%	0.5	0.5	0.0
Suzuki	456	304	-33.3%	0.8	0.6	-0.2
Toyota/Scion	15,673	14,302	-8.7%	27.2	27.5	0.3
Volkswagen	918	762	-17.0%	1.6	1.5	-0.1
Volvo	349	294	-15.8%	0.6	0.6	0.0
Others	111	51	-54.1%	0.2	0.1	-0.1
Historical Data Source: AutoCount, an Experian Company. Forecast: Auto Outlook.						

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