

Hawaii Auto Outlook™

Sponsored by: Hawaii Automobile Dealers Association

FORECAST

New Vehicle Market Posts 4.2% Improvement in First Quarter

Increase is well below U.S.; Full year forecast lowered due to surging fuel prices and Japan earthquake

When the Hawaii new vehicle market hit bottom in 2009, it was evident that sales would almost certainly head higher. And indeed they have, with the market increasing in 2010 and the First Quarter of this year. However, the market's rebound has been more gradual than anticipated. Last year's increase was a slim 1.1%, which was followed by a 4.2% improvement in the First Quarter of this year. And as detailed on the following page, the recovery has been relatively anemic compared to the Nation.

The combination of an improving market that would remain at below average levels is very consistent with Auto Outlook's prognosis for the Hawaii market. Below are three main factors that contributed to our forecast:

- 1. Pent up demand.** Delayed purchases that accrued during the downturn reached record-high levels. This pent up demand will be released over an extended period, providing a sustained boost to the market.
- 2. Household debt.** Consumers have made headway in restoring health to their household balance sheets, but the "hole was deep" and adequate repa-

rations will require an extended period of restrained retail spending.

3. Consumer confidence. The impact that the shaky housing market and still-high unemployment rates will have on new vehicle sales is reflected in consumer confidence, which has fluctuated around historically low levels. Consumers are concerned about their current and future economic well-being, and as a result, a quick return to record-high new vehicle sales in the state is unlikely.

In addition to the dragging forces mentioned above, it would appear as though the pronounced downturn in tourism that accompanied the recession has hindered the new vehicle market recovery in Hawaii. Add in the Japanese earthquake and tsunami, and the rapid acceleration in fuel prices and it is clear that the market is dealing with some formidable headwinds.

Despite all of this, however, Auto Outlook believes that the Hawaii new vehicle market will trend higher for the next several years. The pace of recovery will not likely be sharp, but another sales downturn is almost certainly, not in the cards.

Market Trends

New retail registrations predicted to exceed 36,000 units in 2011

The total represents a 6% increase from 2010.

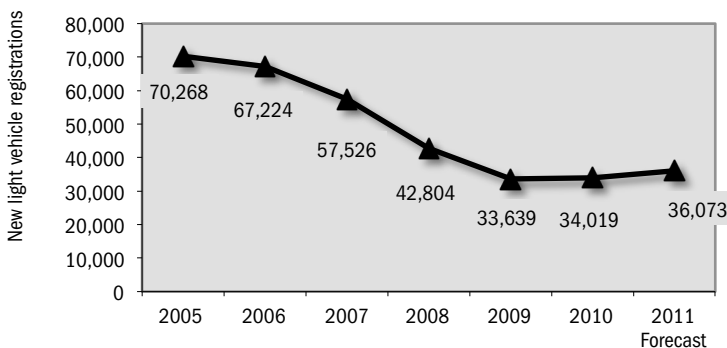
Kia, Hyundai, Dodge, Ford, and Chevrolet post big gains

New registrations increased more than 12% for each of the four brands so far this year.

Compact Pickups and Small Cars are relatively strong sellers in Hawaii market

Compact Pickup and Small Car segment market shares in Hawaii are much higher than in the Nation.

Annual Trend in Hawaii New Vehicle Market



The graph above shows annual new retail light vehicle registrations in Hawaii from 2005 thru 2010, and Auto Outlook's projection for all of 2011.

Market Summary

	2010	Forecast 2011	% ch. '10 to '11	Mkt. Share 2011
TOTAL	34,019	36,073	6.0%	
Car	16,817	18,181	8.1%	50.4%
Light Truck	17,202	17,892	4.0%	49.6%
Detroit Three	5,980	7,230	20.9%	20.0%
Japanese	22,162	22,246	0.4%	61.7%
European	3,920	4,263	8.8%	11.8%
Korean	1,957	2,334	19.3%	6.5%

Detroit Three consists of vehicles sold by GM, Ford and Chrysler.

Historical data Source: AutoCount data from Experian Automotive.

COMPARISON OF HAWAII AND U.S. NEW VEHICLE MARKETS

Recovery In Hawaii Market is Slower than U.S.

State market improves by slim 4.2% in First Quarter; U.S. market up 27.6%

If you are a dealer and you want to get a grasp of key trends in the state market, here's a piece of advice: Don't pay much attention to reporting on the U.S. market, because in many cases, National indicators are not reflective of what's happening in the state. This is clearly

demonstrated on the graphs that appear below. Here are a few key comparisons:

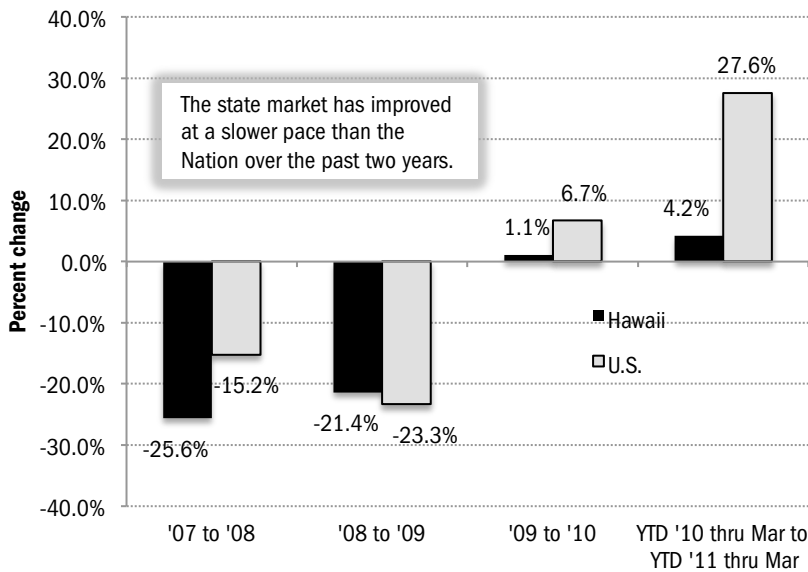
- State market increased 1.1% last year, while the U.S. was up 6.7%.

- State light truck market share was 48.5%, below the 51.5% share in the Nation.

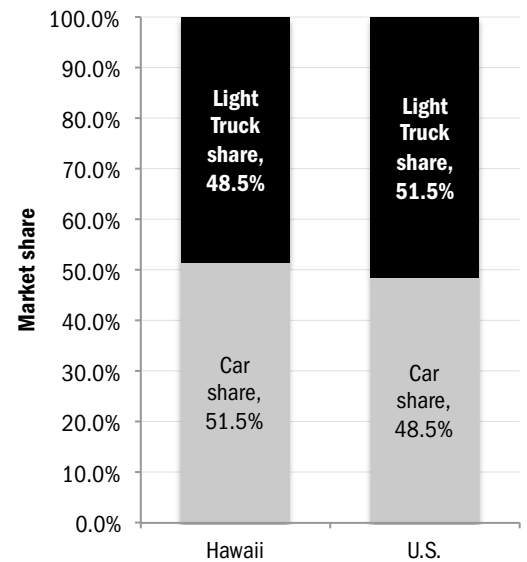
- Compact Pickup market share was much higher in the state.

Source: AutoCount data from Experian Automotive.

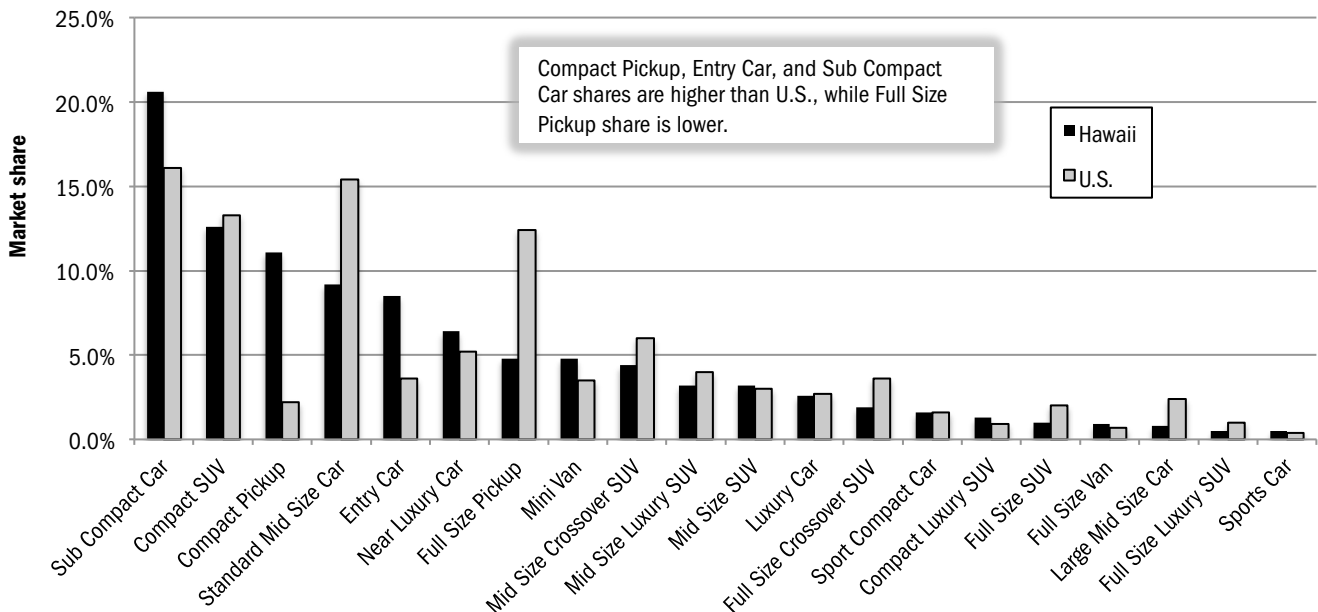
Percent Change in Hawaii and U.S. New Vehicle Markets



State and U.S. Car and Light Truck Share YTD 2011 thru March



Segment Market Shares in Hawaii and U.S. Markets - YTD 2011 thru March



BRAND SCOREBOARD

Kia Registrations Increase 42.9%

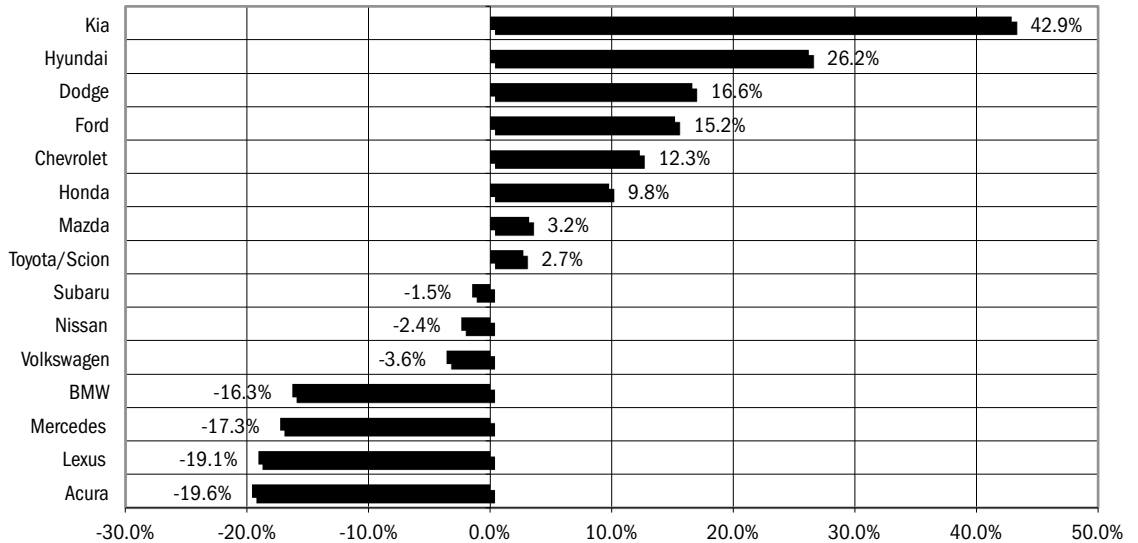
Hyundai, Dodge, Ford, and Chevrolet also rank high

The graph on the right 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 the top 15 selling brands in the state.

Eight brands had increases: Kia, Hyundai, Dodge, Ford, Chevrolet, Honda, Mazda, and Toyota.

Source: AutoCount data from Experian Automotive.

% Change in New Retail Registrations (Top 15 Brands) - YTD '11 thru Mar. vs. YTD'10



COUNTY SCOREBOARD

Oahu Market Barely Manages to Increase in First Quarter

1.4% increase in Oahu new vehicle registrations is smallest in state

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 2010 and 2011 and the percent change. The second and third sections show Light Truck and Detroit Three market share. The fourth section shows market share figures for the top 10 selling light vehicle brands in the state last year. The top rated county in each category is shaded. The Oahu market had the smallest increase, up just 1.4%. Detroit Three market share was highest in Kauai (24.9%) and lowest in Oahu (17.2%).

Source: AutoCount data from Experian Automotive.

New Vehicle Markets Summary					
	Local Markets				Statewide
	Hawaii	Kauai	Maui	Oahu	Total
Market Summary					
YTD 2010 thru March	862	315	717	6,335	8,229
YTD 2011 thru March	914	365	869	6,425	8,573
Percent change	6.0%	15.9%	21.2%	1.4%	4.2%
Light Truck Market Share					
YTD 2010 thru March	58.5%	60.6%	55.8%	45.7%	48.5%
YTD 2011 thru March	56.6%	67.9%	55.4%	47.0%	49.7%
Change (share points)	-1.9	7.3	-0.4	1.3	1.2
Detroit Three Market Share					
YTD 2010 thru March	14.4%	27.3%	19.1%	15.8%	16.3%
YTD 2011 thru March	20.4%	24.9%	19.4%	17.2%	18.1%
Change (share points)	6.0	-2.4	0.3	1.4	1.8
Market Share for Top 10 Selling Brands in State - YTD 2011 thru March					
Toyota/Scion	29.8%	31.2%	24.6%	25.5%	26.1%
Honda	16.3%	16.7%	18.1%	14.8%	15.4%
Nissan	13.5%	11.8%	13.5%	10.6%	11.2%
Ford	8.6%	10.7%	10.8%	6.8%	7.6%
Chevrolet	3.5%	6.6%	4.8%	3.9%	4.0%
Hyundai	4.4%	7.4%	4.3%	3.5%	3.8%
Mazda	3.1%	3.6%	3.3%	3.4%	3.3%
Lexus	1.5%	0.8%	2.6%	3.5%	3.1%
Kia	1.6%	0.0%	3.6%	3.0%	2.8%
BMW	1.9%	0.3%	1.8%	3.2%	2.8%

Hawaii New Retail Car and Light Truck Registrations - History and Forecast						
	Registrations			Market Share (%)		
	Forecast		% change '10 to '11	Forecast		% change '10 to '11
	2010	2011		2010	2011	
TOTAL	34,019	36,073	6.0%			
Acura	571	585	2.5%	1.7	1.6	-0.1
Audi	262	295	12.6%	0.8	0.8	0.0
BMW	1,069	1,103	3.2%	3.1	3.1	0.0
Buick	89	128	43.8%	0.3	0.4	0.1
Cadillac	184	204	10.9%	0.5	0.6	0.1
Chevrolet	1,241	1,471	18.5%	3.6	4.1	0.5
Chrysler	123	130	5.7%	0.4	0.4	0.0
Dodge	794	985	24.1%	2.3	2.7	0.4
Fiat	0	102		0.0	0.3	0.3
Ford	2,531	3,148	24.4%	7.4	8.7	1.3
GMC	421	501	19.0%	1.2	1.4	0.2
Honda	4,874	5,225	7.2%	14.3	14.5	0.2
Hyundai	1,125	1,304	15.9%	3.3	3.6	0.3
Infiniti	320	308	-3.8%	0.9	0.9	0.0
Jaguar	68	67	-1.5%	0.2	0.2	0.0
Jeep	477	611	28.1%	1.4	1.7	0.3
Kia	832	1,030	23.8%	2.4	2.9	0.5
Land Rover	75	74	-1.3%	0.2	0.2	0.0
Lexus	1,202	1,118	-7.0%	3.5	3.1	-0.4
Lincoln	57	45	-21.1%	0.2	0.1	-0.1
Mazda	1,230	1,227	-0.2%	3.6	3.4	-0.2
Mercedes	975	918	-5.8%	2.9	2.5	-0.4
MINI	477	609	27.7%	1.4	1.7	0.3
Mitsubishi	124	138	11.3%	0.4	0.4	0.0
Nissan	3,706	3,881	4.7%	10.9	10.8	-0.1
Porsche	115	134	16.5%	0.3	0.4	0.1
Saab	25	39	56.0%	0.1	0.1	0.0
smart	75	74	-1.3%	0.2	0.2	0.0
Subaru	509	517	1.6%	1.5	1.4	-0.1
Suzuki	190	200	5.3%	0.6	0.6	0.0
Toyota/Scion	9,436	9,047	-4.1%	27.7	25.1	-2.6
Volkswagen	569	618	8.6%	1.7	1.7	0.0
Volvo	177	194	9.6%	0.5	0.5	0.0
Others	96	43	-55.2%	0.3	0.1	-0.2

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

Hawaii Auto Outlook

Published by:

Auto Outlook, Inc.
5 Great Valley Parkway
Malvern, PA 19355
Phone: 800-206-0102
EMail: jfoltz@autooutlook.com

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.
April 2011

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.