



Maryland Auto Outlook™

Sponsored by: Maryland Automobile Dealers Association

FORECAST

CARS Program Gives Market a Boost; Slow Recovery Heading into 2010

Market likely to improve in Fourth Quarter of '09 vs. '08; Projected 11.7% INCREASE in 2010

It's been nearly two years since the recession began, setting off the precipitous downturn in the Maryland new retail light vehicle market. During that time, uncertainty and confusion have reigned supreme. Highlighted on this page is a series of basic questions and concise answers that pinpoint key trends in the state market.

How has the state new vehicle market held up during the recession?

Not badly. U.S. new vehicle sales declined 18% in 2008 (the first year of the recession) while the state market fell 19.6%. Through the first nine months of this year, U.S. sales were off 26.1% compared to 22.8% in Maryland.

Was the CARS program the only reason for the downturn in sales early this Fall?

Short answer: No. CARS contributed to the weak market early this Fall, but was by no means the sole cause. The unqualified success of the program in boosting sales, and the re-

sulting depletion of vehicle inventories contributed to the drop off, but for the most part, sales simply returned to pre-CARS levels.

Where will the market go in 2010?

It's headed up! As we have emphasized for quite some time (see page 3) key market determinants are almost universally pointing to a sustained, albeit gradual, improvement. Auto Outlook predicts that state new retail light vehicle registrations will increase 11.7% next year.

What happened to light truck market share this year?

It has increased slightly from 39.9% during the first nine months of last year to 40.5% this year. Lower gas prices have clearly contributed to a stabilization in light truck market share.

Which brands have gained ground in the state market during the sales downturn?

Hyundai, Ford, and Honda (see page 8).

Market Trends

CARs program helps stabilize market

New retail light vehicle registrations decreased a relatively slim 11.9% in Third Quarter versus a year earlier.

Consumer affordability continues to be strong

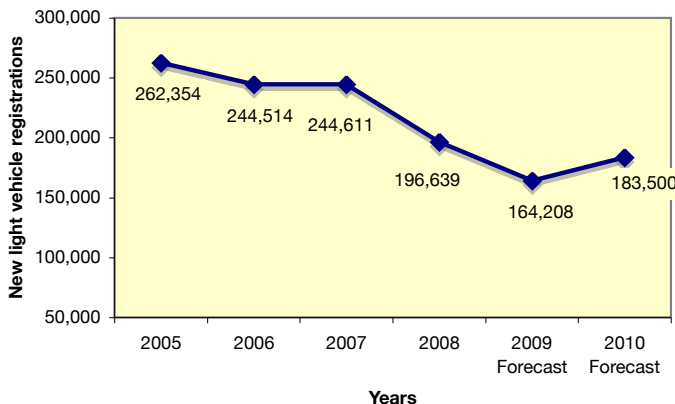
A key indicator of new vehicle affordability sends a positive signal.

Mid Size Crossover segment fastest growing

Mid Size crossover segment market share increased 2.6 points during the first nine months of '09 vs. '08.

Annual Trend in Maryland New Vehicle Market

State New Retail Light Vehicle Registrations-2005 thru 2010



The graph above shows annual new retail light vehicle registrations in the state from 2005 thru 2008, and Auto Outlook's projections for all of this year and 2010.

Market Summary

New Retail Light Vehicle Registrations 2008 History and 2009 Forecast

	2008	Forecast 2009	% Chg. '08 to '09	Mkt. Share 2009
TOTAL	196,639	164,208	-16.5%	0.0%
Car	116,706	96,554	-17.3%	58.8%
Light Truck	79,933	67,654	-15.4%	41.2%
Traditional Domestic	60,644	48,461	-20.1%	29.5%
Japanese	108,043	89,126	-17.5%	54.3%
European	17,012	15,058	-11.5%	9.2%
Korean	10,940	11,563	5.7%	7.0%

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

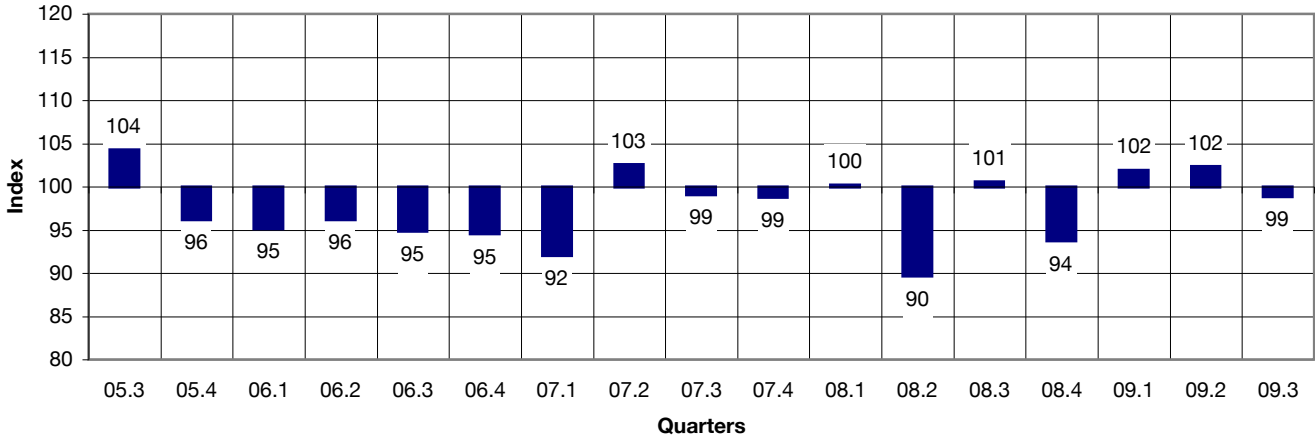
Source for historical data: AutoCount, an Experian Company.

QUARTERLY INDUSTRY RESULTS AND FORECASTS

13% Increase Predicted in Fourth Quarter of 2009 vs. Year Earlier

Quarterly market performance slips below 100 in Third Quarter of 2009

Maryland Quarterly Market Performance Index



The graph above shows the Maryland Quarterly Market Performance Index. The Index tracks the performance of the state’s new retail light vehicle market relative to the U.S. market. When the Index is above 100, the state market had a better quarter than the U.S. But when the Index is below 100, the Maryland market was weaker.

Summary Table	07.1	07.2	07.3	07.4	08.1	08.2	08.3	08.4	09.1	09.2	09.3	09.4
Actual registrations	54,872	66,187	67,783	55,769	54,968	50,882	56,268	34,521	36,131	39,492	49,585	39,000
% change from year earlier	-4.3%	4.7%	-1.3%	1.0%	0.2%	-23.1%	-17.0%	-38.1%	-34.3%	-22.4%	-11.9%	13.0%

Thanks in large part to the CARS program, new retail light vehicle registrations in the state decreased a relatively slim 11.9% in the Third Quarter of this year versus a year earlier. The Quarterly Market Performance Index was 99, an indicator that the stimulative impact of the program was about the same in the state as it was in the Nation.

Maryland Auto Outlook

Covering Third Quarter, 2009

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 Auto Outlook, Inc.
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WHAT
NEW AND USED
CARS SELL WELL
IN MY MARKETS?

WHO ARE
MY TOP
COMPETITORS?
-BY MARKET AREA?

ANSWERS DRIVE RESULTS.

You need insights into your marketplace to make the best decisions to maximize profits. The AutoCount® Dealer Report analyzes full details on new and used competitive dealer market share, down to specific areas you define. You bring the questions. We'll bring the answers.



www.experianautomotive.com 888 211 5809

Experian Automotive is the data provider for Auto Outlook.

Explanation of Data

Data presented in Auto Outlook measures new vehicle registrations in Maryland. Monthly recording of registrations occurs when vehicle title information is processed.

LONG TERM TRENDS

Current Low Sales Levels Pave the Way for Eventual Rebound

U.S. market could reach 17 million units again within the next five years

The graph below has appeared several times in Auto Outlook over the past year or so, and for good reason. It provides a highly illustrative picture of the long term picture of new vehicle sales. Given the free fall in sales during the past two years, the picture is definitely not a pretty one. But it does provide a powerful reminder of the cyclical nature of the new vehicle market.

The graph shows U.S. new vehicle sales between 1970 and 2010. (The 2009 and 2010 figures are projected.) Two lines are plotted on the graph. The first is actual (or projected) sales. The second is the overall trend that “fits” a line to the actual plotted sales. The trend line shows the overall direction of the market.

As the graph clearly shows, over time it’s inevitable that sales will move lower, as they did from 1973 to 1975, 1978 to 1982, 1986 to 1991, and 2005 to 2009.

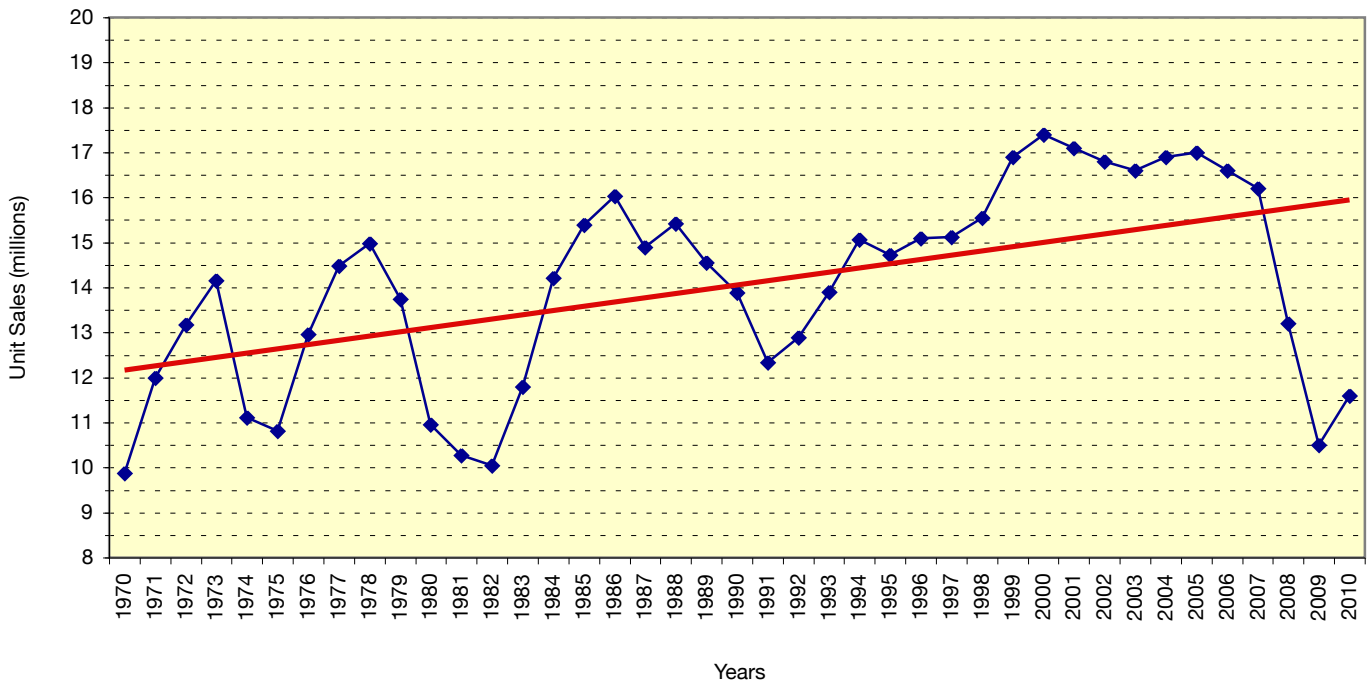
But it’s also inevitable that sales will move upward, something important to remember during an economic recession, when it’s easy to believe that bad times are here to stay. As shown below, the market enjoyed strong upward moves from 1970 to 1973, 1975 to 1978, 1982 to 1986, and 1991 thru 2000. And there’s no reason to believe that it will be any different this time around.

In addition, the trend line conveys a great deal about the likely future course of the market. When sales significantly exceed trend, it’s a strong signal that the market is poised for a downturn. Conversely, when sales fall below trend, it’s a signal that a recovery is likely around the corner. And as clearly shown on the graph, the extent that the market has fallen below trend this time around is unprecedented. Simply put, we believe that the 2009 annual U.S. sales level of about 10.5 million units is unsustainably low.

The shape of the trend line is a critical component in predicting how high sales will go during the recovery. If the trend line continues in its current direction for the next five to 10 years, then annual sales levels of 18 to even 20 million units are not out of the question. If it flattens (which is unlikely since the trend line is largely a function of growing population), sales would still need to rise above 16 million units to make up for the trend deficits accumulated during the current slump.

Bottom line: A fast, abrupt return to lofty sales totals recorded earlier this decade is highly unlikely. New vehicle shoppers are facing too many economic and financial headwinds (i.e., excessive debt and high unemployment) to push sales up aggressively. However, almost all signals point to a sustained new vehicle market recovery, with an eventual return to record-high sales totals.

U.S. New Light Vehicle Sales - 1970 thru 2008 Actual, 2009 and 2010 Projections



The graph shows actual new vehicle sales from 1970 thru 2008, and projections for 2009 and 2010. The overall trend represents the trend line of actual sales. Source: CNW Research.

MODEL SCOREBOARD - CARS

Toyota Camry is Best Selling Car in Maryland Market

Civic best selling small car; BMW 3-Series top luxury model

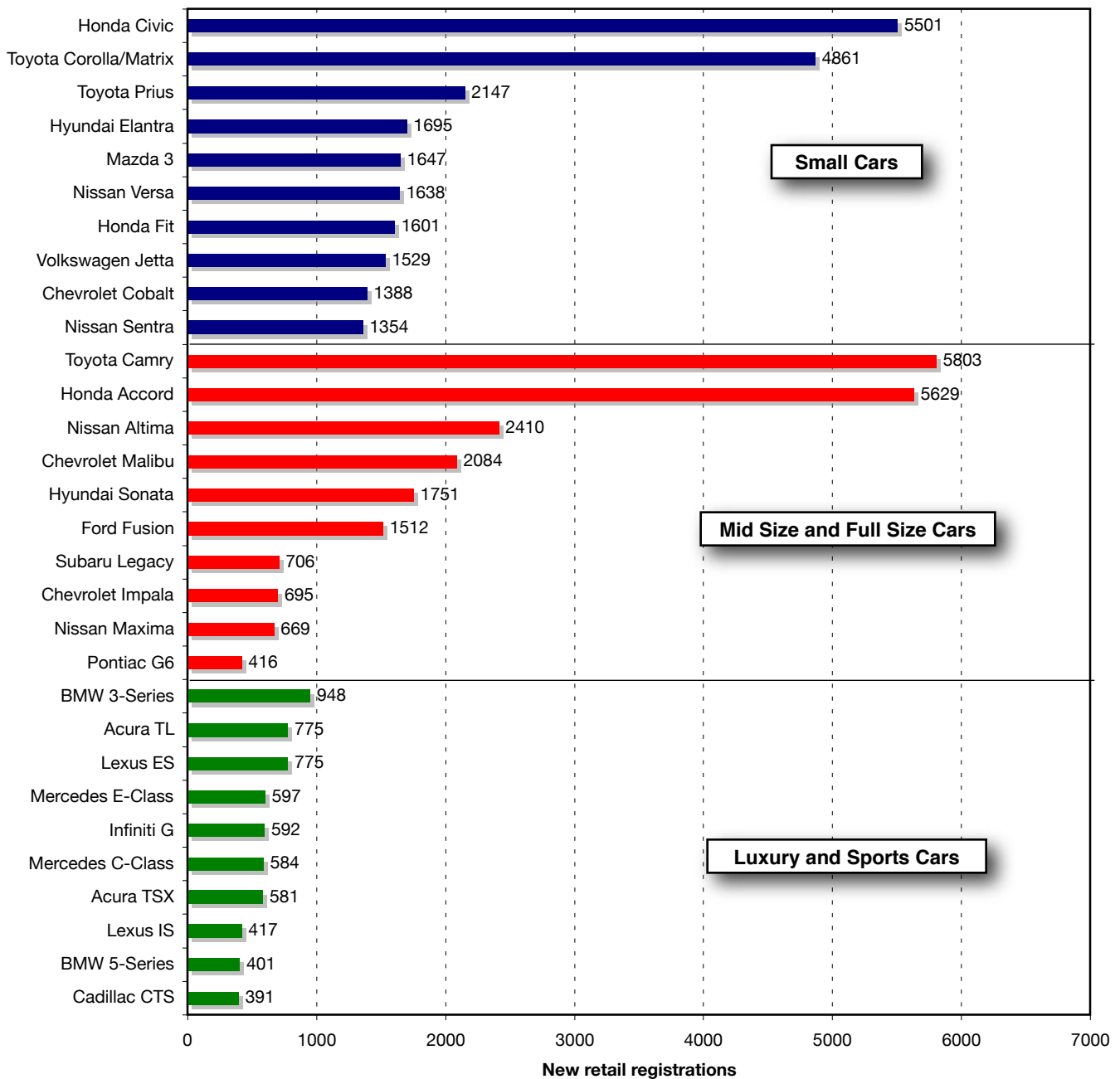
The graph below shows the top 30 selling new cars in Maryland during the first nine months of this year. Models are positioned on the graph based on primary market segment (Small Cars, Mid Size and Full Size Cars, and Luxury and

Sports Cars) and then by registrations within each segment.

The overall best-seller in the state during the first nine months of this year was the Toyota Camry, followed by Honda Ac-

cord. Civic was the sales leader among Small Cars, followed by Toyota Corolla. The BMW 3-Series was the top-selling luxury car.

Top Selling Models in Maryland New Retail Car Market-YTD 2009 thru September



MODEL SCOREBOARD - LIGHT TRUCKS

Honda CRV Leads Among Light Trucks

Lexus RX best-selling luxury truck; F-Series Pickup leader

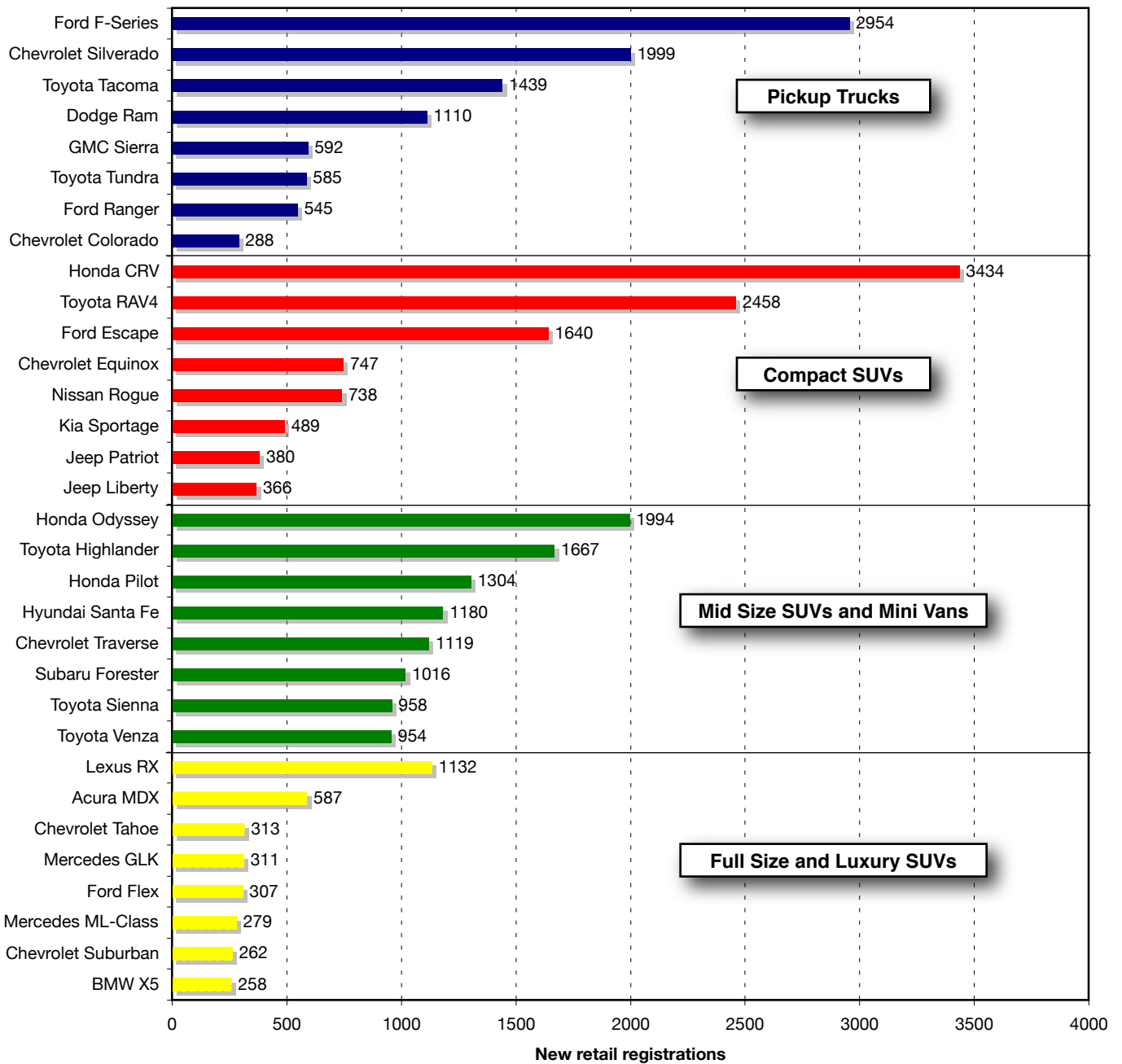
The graph below shows the top 30 selling new light trucks in Maryland during the first nine months of this year. Models are positioned on the graph based on primary market segment (Pickup Trucks, Compact SUVs, Mid Size SUVs and Mini Vans

Vans, and Full Size and Luxury SUVs) and by registrations within each segment.

The overall best-seller in the state during the first nine months of this year was

Honda CRV, followed by Ford F-Series. Honda Odyssey was the sales leader among Mid Size SUVs and Mini Vans, followed by Toyota Highlander. Lexus RX was the luxury leader, followed by Acura MDX.

Top Selling Models in Maryland New Retail Light Truck Market-YTD 2009 thru September



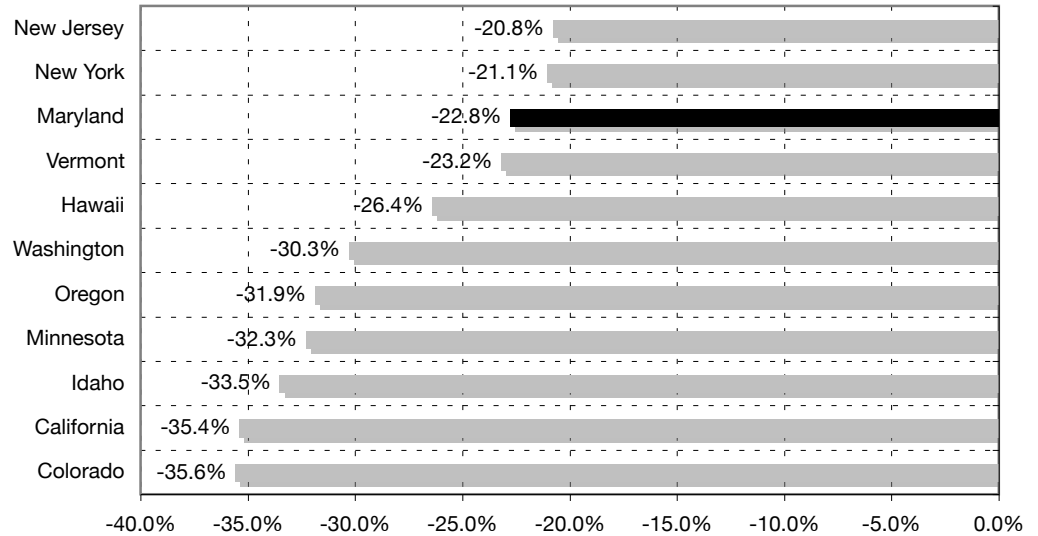
STATE MARKETS COMPARISON

Maryland Market Holds Up Relatively Well During Recession

State market ranks 3rd out of 11 based on change in registrations during first nine months of 2009

Obviously, there are no major new vehicle markets that have experienced significant growth this year. However, as shown on the graph to the right, some have fared better than others. The graph shows the percent change in new retail light vehicle registrations during the first nine months of 2009 versus the same period a year earlier for 11 selected state markets. The smallest decline was in New Jersey, where new retail registrations were off 20.8%. The largest decline was in Colorado, down 35.6%.

Percent Change in New Retail Light Vehicle Registrations for Selected Markets YTD 2009 thru September vs. YTD 2008



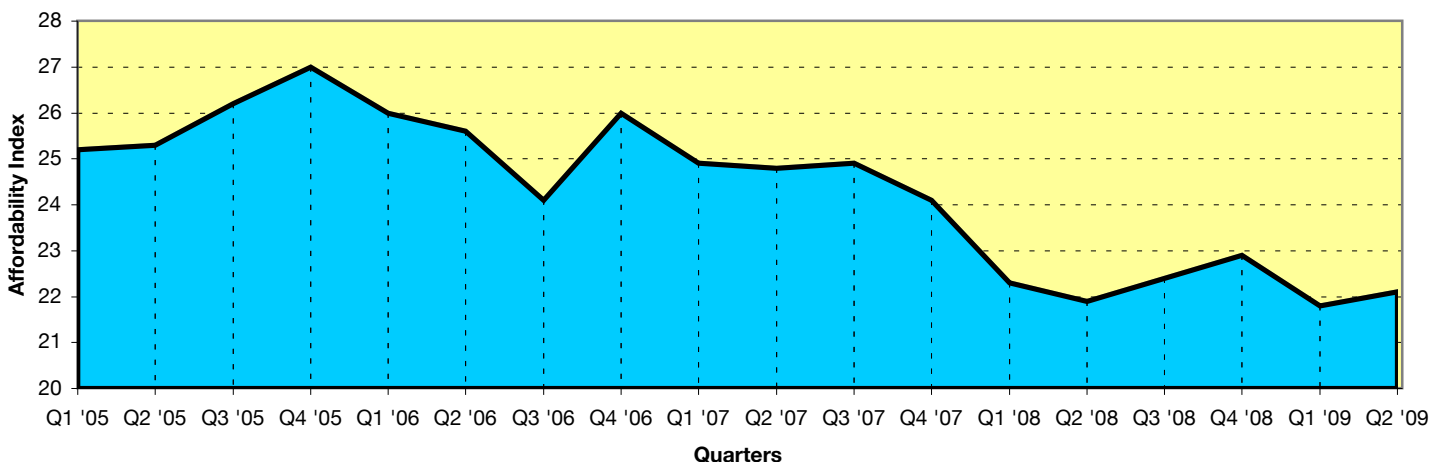
ECONOMIC UPDATE

Consumer Affordability Remains Strong; Positive Sign for State Market

Purchase of average priced new vehicle took 22.1 weeks of median family income in Second Quarter

Very low financing costs and respectable income levels helped keep the cost of a new vehicle at very affordable levels during the Second Quarter of this year. And although official results are not yet available, it is likely that affordability improved in the Third Quarter. The graph below shows Comerica Bank's Auto Affordability Index for the U.S. market, which tracks the number of weeks of median family income needed to purchase a new vehicle. The Index moved higher in the Second Quarter, indicating that the number of weeks of income needed to purchase a new vehicle increased slightly, but the Index is still at near-record low levels. Strong affordability, combined with an improving economy and consumer confidence, bodes well for a recovery in sales. Source: Comerica Bank.

Comerica Bank U.S. Auto Affordability Index (weeks of family income needed to purchase a new vehicle)



COUNTY SCOREBOARD

All County Markets in State Declined During First Nine Months of 2009

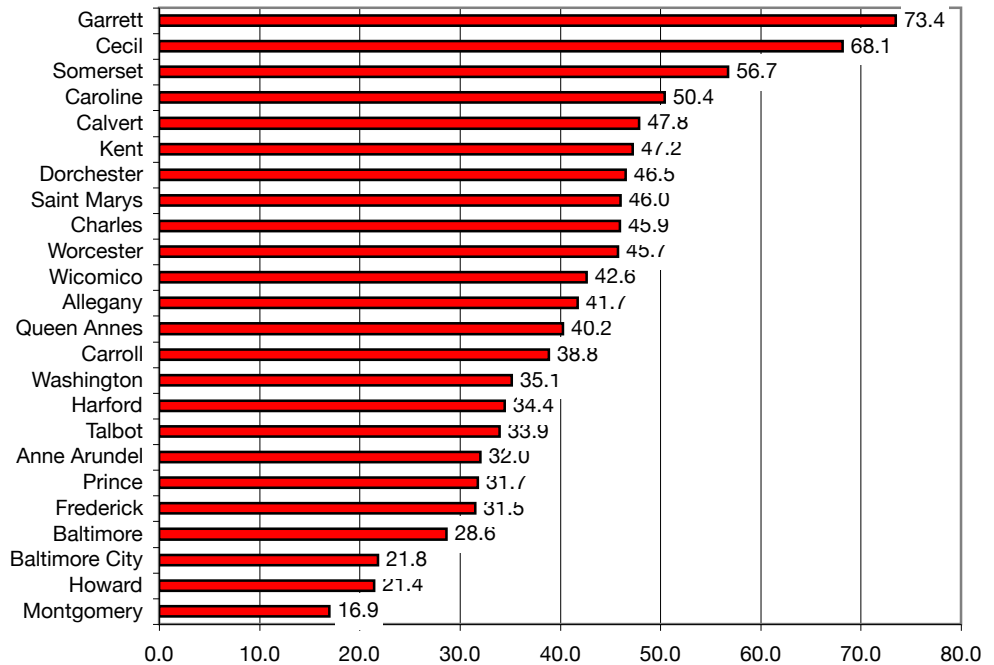
Import brands account for more than 83% of Montgomery County market

The table below and graph to the right provide a thorough summary of each of Maryland's 24 county new retail light vehicle markets. This county-level information provides a valuable perspective on local market performance, and a barometer to evaluate the sales performance of your dealership.

The table below shows new retail light vehicle registrations during the first nine months of 2008 and 2009, as well as light truck market share in each county. The graph shows Traditional Domestic Brand market share in each county.

Conclusions: Garrett County had the smallest decline, down 7%. Domestic brand market share ranged from a high of 73.4% in Garrett County to a low of 16.9% in Montgomery County.

**Traditional Domestic Brand Market Share in Maryland Counties
YTD 2009 thru September**



COUNTY MARKET REVIEW

	Registrations (YTD thru Sept.)		Percent Change		Unit Change		Light Truck Market Share (%)		
	2008	2009	YTD '08 to YTD '09	YTD '08 to YTD '09	YTD 2008	YTD 2009	Change '08 to '09		
Allegany	1,435	1,260	-12.2%	-175	39.8	43.8	4.0		
Anne Arundel	18,193	14,492	-20.3%	-3,701	42.1	43.0	0.9		
Baltimore	25,954	19,197	-26.0%	-6,757	39.2	39.9	0.7		
Baltimore City	10,412	7,081	-32.0%	-3,331	31.6	32.0	0.4		
Calvert	3,318	2,611	-21.3%	-707	43.4	48.5	5.1		
Caroline	803	585	-27.1%	-218	49.4	51.5	2.1		
Carroll	5,725	4,534	-20.8%	-1,191	44.9	46.5	1.6		
Cecil	1,825	1,155	-36.7%	-670	51.8	50.0	-1.8		
Charles	4,009	3,135	-21.8%	-874	41.0	45.0	4.0		
Dorchester	825	636	-22.9%	-189	50.7	53.8	3.1		
Frederick	7,814	6,002	-23.2%	-1,812	41.5	42.5	1.0		
Garrett	583	542	-7.0%	-41	61.6	67.5	5.9		
Harford	9,490	7,485	-21.1%	-2,005	39.9	41.3	1.4		
Howard	10,021	8,452	-15.7%	-1,569	38.1	39.1	1.0		
Kent	419	269	-35.8%	-150	57.3	56.5	-0.8		
Montgomery	29,733	24,810	-16.6%	-4,923	37.7	36.5	-1.2		
Prince Georges	18,063	12,025	-33.4%	-6,038	37.3	37.0	-0.3		
Queen Annes	1,367	1,109	-18.9%	-258	44.8	48.8	4.0		
Saint Marys	3,165	2,531	-20.0%	-634	44.4	49.1	4.7		
Somerset	324	252	-22.2%	-72	50.0	54.4	4.4		
Talbot	1,182	923	-21.9%	-259	50.1	49.0	-1.1		
Washington	3,112	2,499	-19.7%	-613	40.3	42.0	1.7		
Wicomico	2,847	1,673	-41.2%	-1,174	49.7	47.6	-2.1		
Worcester	1,482	1,132	-23.6%	-350	47.1	51.6	4.5		

BRAND SCOREBOARD

Hyundai, Ford, and Honda Record Big Share Gains in State Market

Toyota/Scion and Nissan market share declines

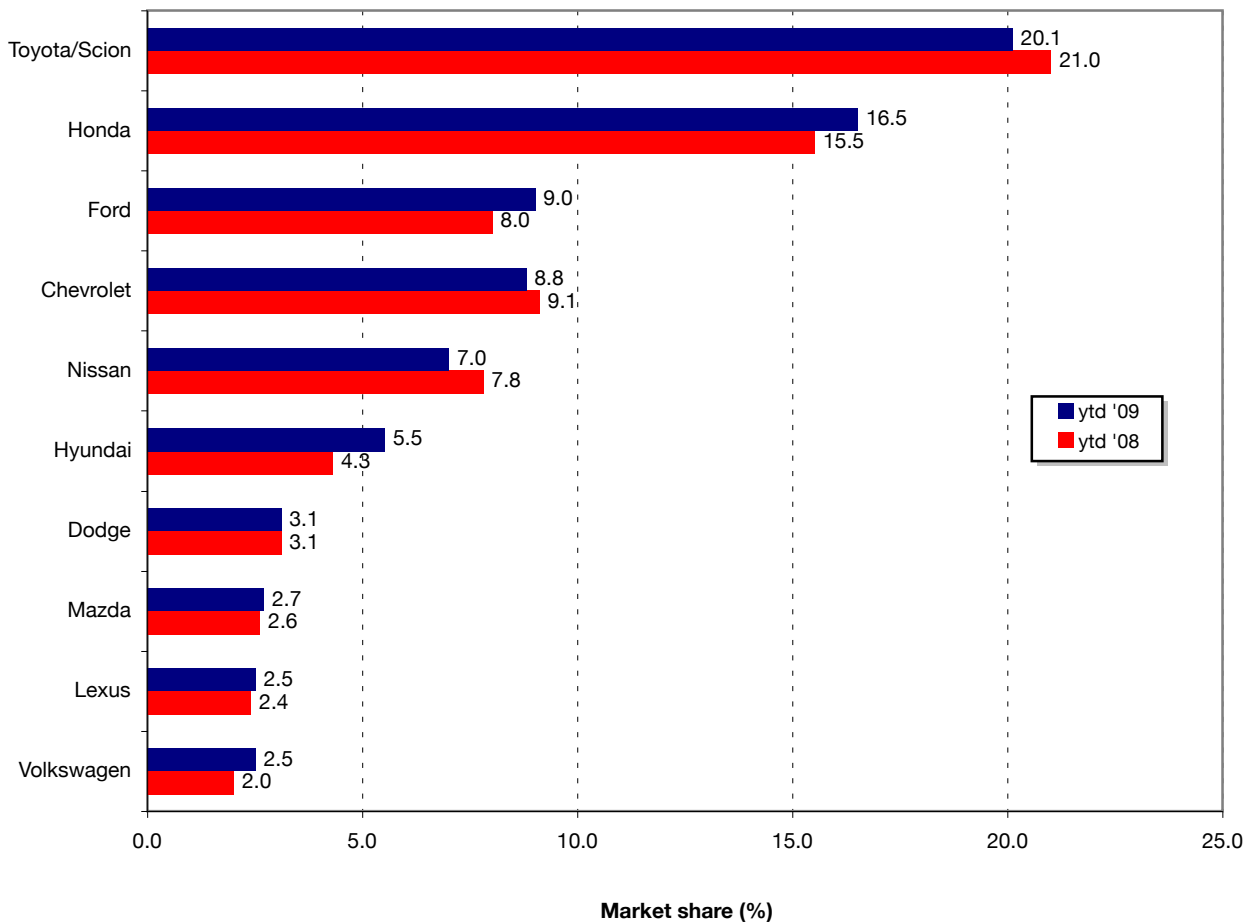
With the Maryland new vehicle market declining 22.8% so far this year, there were very few brands that managed to post increased sales. During periods of sharply declining industry sales, changes in market share provide a more accurate

picture of brand sales performance. The graph below shows the change in state new retail light vehicle market share during the first nine months of 2008 and 2009 for the top 10 selling brands.

Brands are ranked from top to bottom based on market share this year.

Source: AutoCount data from Experian Automotive.

**Maryland New Retail Light Vehicle Market Share for Top 10 Selling Brands
YTD 2008 and 2009, thru September**



Maryland Auto Outlook

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