



# Maryland Auto Outlook™

Sponsored by: Maryland Automobile Dealers Association

## FORECAST

### 12.9% Increase Predicted for State New Vehicle Market in 2010

#### New retail light vehicle registrations to remain below average levels, despite increase

With 2009 thankfully in the books, all attention is now focused on where the Maryland new vehicle market is headed in 2010. And it's a very safe bet that the market is headed up. Below are the details on Auto Outlook's market forecast for 2010, and a review of the major factors influencing new vehicle sales over the next 12 months.

#### 2010 Market Forecast

Auto Outlook predicts that new retail light vehicle registrations in Maryland during 2010 will be 183,200 units. Compared to the 262,354 total for 2005, that figure looks bleak. But versus the 2009 total of 162,283, it looks pretty good. And that perspective provides a perfect synopsis of the 2010 forecast: the market will improve from 2009 (by a projected 12.9%), but compared to historical standards, the level of sales will be low.

Taking a closer look at the year ahead, the market should have little trouble showing rela-

tively big gains in the first half of the year versus depressed sales a year earlier. New retail registrations during the first six months of 2010 are projected to increase 16.1% compared to the first half of 2009. An increase is also expected in the second half, but it should be smaller (10.1%).

#### Key Forecast Determinants

Pent up demand for new vehicles is at record-high levels, economic growth rebounded during the second half of 2009, and new vehicle affordability is very strong. All are positive developments for the state new vehicle market. But the news is not all good. Excessive household debt is still constricting spending and many new vehicle shoppers are rightly anxious about job security. From the depths that the market fell to in 2009, a sales recovery is practically guaranteed. But sizable roadblocks will almost certainly prevent a rapid return to the elevated sales levels of several years ago.

### Market Trends

#### Detroit Three share predicted to decline in '10

Market share for the Detroit Three is predicted to decline 0.9 of a share point in 2010.

#### Big increases predicted for several brands

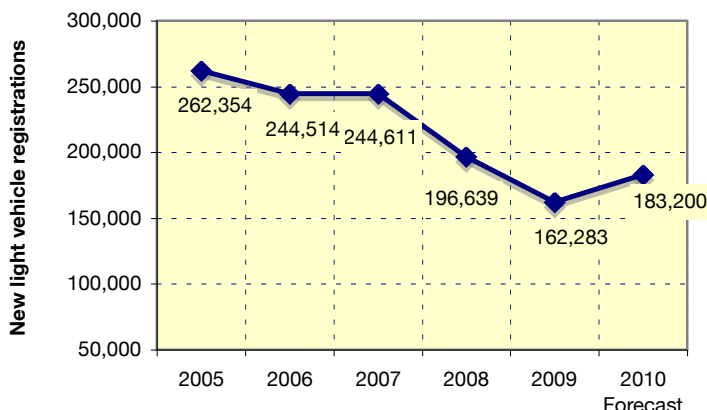
State new vehicle registrations for Buick, Hyundai, and Suzuki are projected to increase more than 25% from 2009 to 2010.

#### Decline in state market last year less than U.S.

State new retail market off 17.5% last year, better than the 21.5% drop in the U.S.

### 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 2009, and Auto Outlook's projection for 2010.

### Market Summary

New Retail Light Vehicle Registrations 2009 History and 2010 Forecast

	2009	Forecast 2010	% Chg. '09 to '10	Mkt. Share 2010
TOTAL	162,283	183,200	12.9%	0.0%
Car	95,568	109,187	14.3%	59.6%
Light Truck	66,715	74,013	10.9%	40.4%
Traditional Domestic	46,952	51,327	9.3%	28.0%
Japanese	89,722	101,010	12.6%	55.1%
European	14,268	16,456	15.3%	9.0%
Korean	11,341	14,407	27.0%	7.9%

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

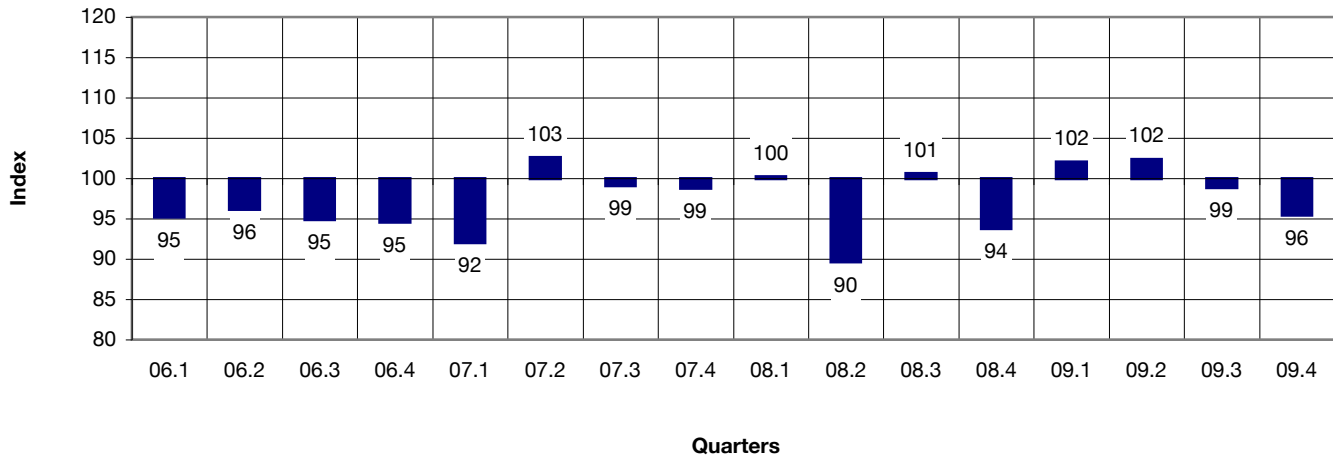
Source for historical data: AutoCount, an Experian Company.

## QUARTERLY INDUSTRY RESULTS AND FORECASTS

# Market Predicted to Increase 16.1% in First Half of This Year

Quarterly market performance index at 96 in Fourth 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	08.1	08.2	08.3	08.4	09.1	09.2	09.3	09.4	10.1	10.2	10.3	10.4
Actual registrations	54,968	50,882	56,268	34,521	36,131	39,492	49,585	37,075	41,800	46,000	52,100	43,300
% change from year earlier	0.2%	-23.1%	-17.0%	-38.1%	-34.3%	-22.4%	-11.9%	7.4%	15.7%	16.5%	5.1%	16.8%

Because of abnormally weak sales during the first two quarters of 2009, the Maryland new retail light vehicle market should have little trouble improving in the first half of this year. Auto Outlook is projecting 15.7% and 16.5% respective improvements in the first two quarters of this year versus a year earlier. Shaded areas in the table represent forecast projections.

## Maryland Auto Outlook

### Covering Fourth Quarter, 2009

Published by:  
Auto Outlook, Inc.  
5 Great Valley Parkway, Suite 234  
Malvern, PA 19355  
Phone: 800-206-0102  
EMail: [jfoltz@autooutlook.com](mailto:jfoltz@autooutlook.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 Maryland Auto Outlook, published by Auto Outlook, Inc. on behalf of Maryland Automobile Dealers Association. Unforeseen events may affect the forecast projections presented in Maryland Auto Outlook. Consequently, Auto Outlook, Inc. is not responsible for management decisions based on the content of Maryland Auto Outlook.  
Copyright Auto Outlook, Inc., February 2010



### 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](http://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.

SEGMENT WATCH

# Mid Size Crossover SUV Segment Gained the Most Market Share in 2009

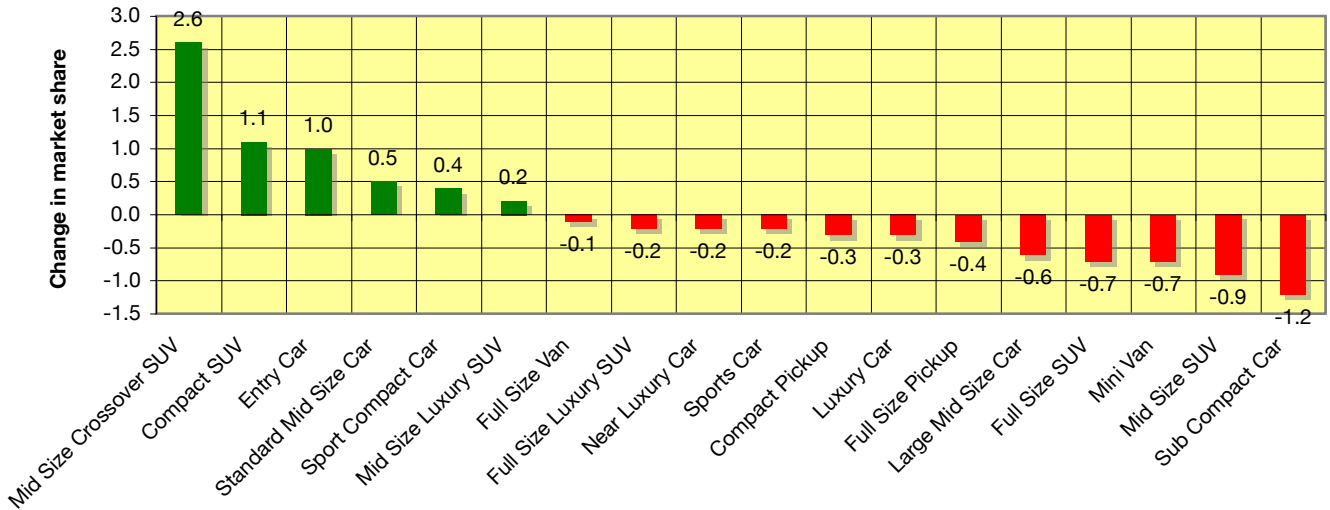
## Hybrid vehicle market share increases

The graphs below answer a fundamental question: What types of vehicles are Maryland new vehicle shoppers finding increasingly desirable? The first graph shows the change in market share for 18 segments from 2008 to 2009. The second graph shows hybrid vehicle share of the overall market from 2005 through 2009.

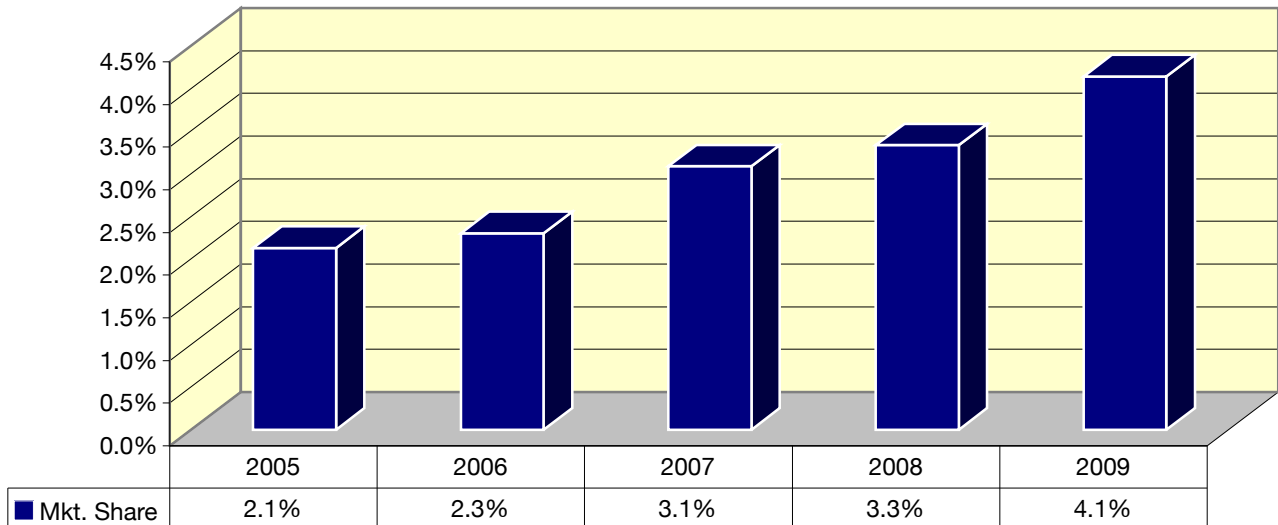
During the past several years, two primary factors have determined which segments have gained and lost market share: fuel prices and new products. Higher fuel prices ignite sales of smaller vehicles, while key new product introductions can increase sales in specific segments. And this is clearly evident on the graph below. Mid Size Crossover market

share was boosted by several new products, and enhanced consumer attention on fuel efficiency gave a lift to Compact SUV sales. As for 2010, the expectation of slightly higher gas prices and a slew of new products (i.e., Ford Fiesta and Chevrolet Cruze) should lead the Sub Compact Car Segment to market share gains.

**Change in Maryland Segment Market Share - 2009 vs. 2008**



**Hybrid Vehicle Share of Maryland New Retail Market - 2005 thru 2009**

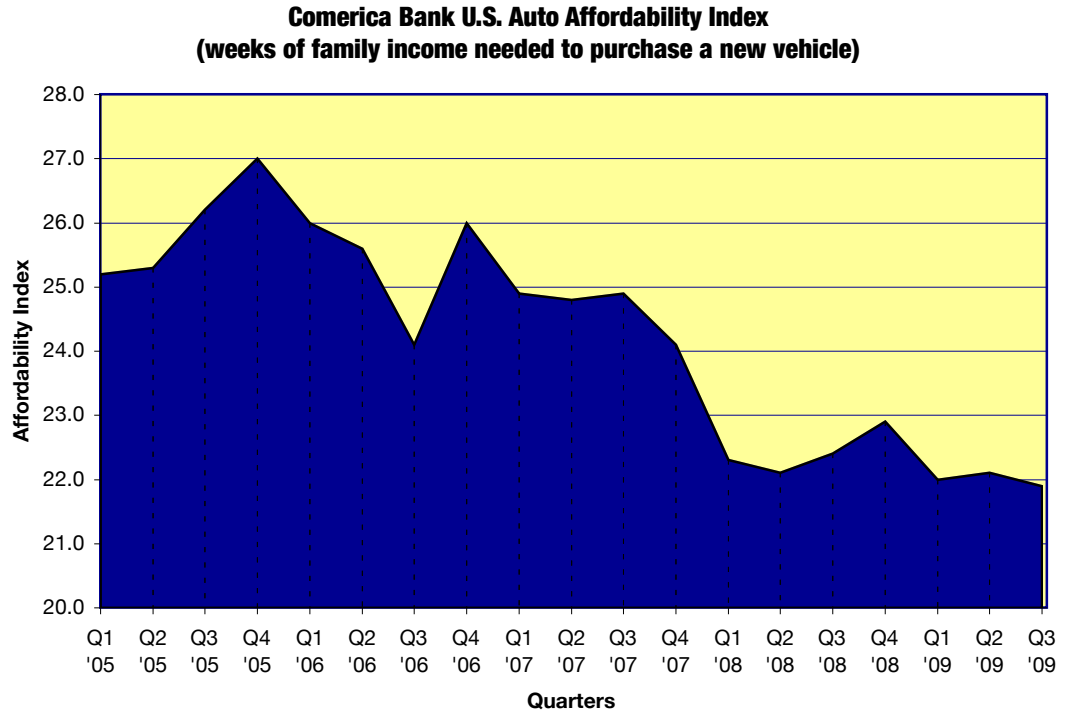


# Four primary factors impacting new vehicle sales in 2010

## 1. Consumer Affordability Hits New Record

**Significance for new vehicle sales in 2010-POSITIVE IMPACT**

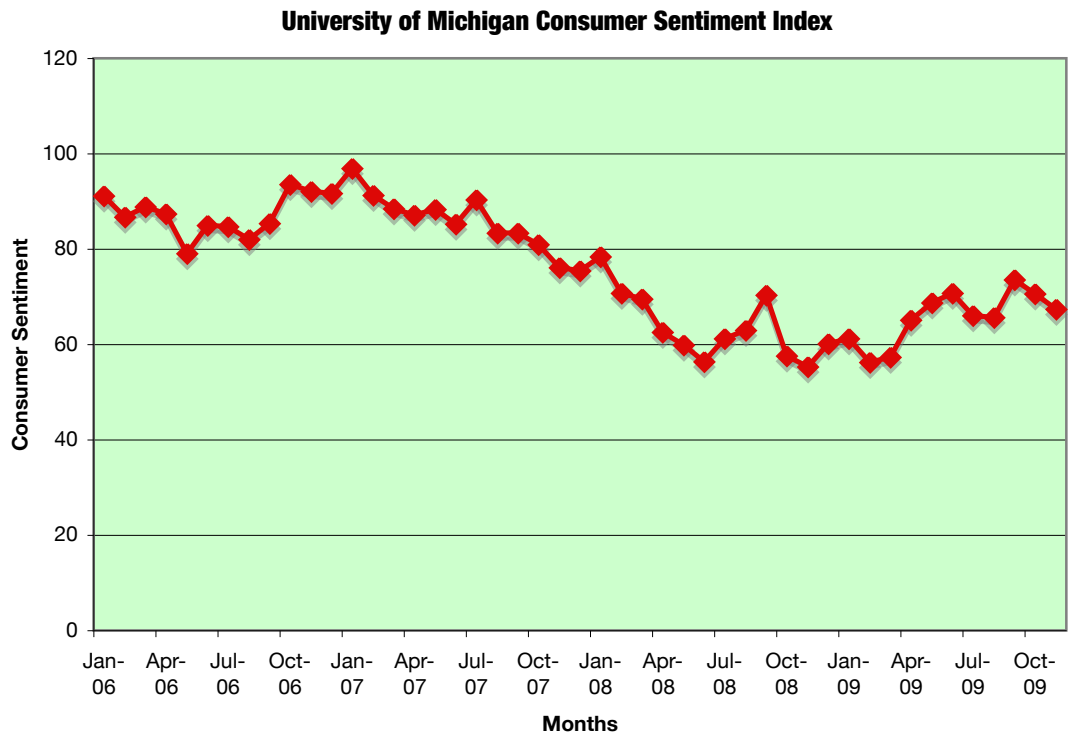
Very low financing costs and respectable income levels helped push vehicle affordability to a new record. According to Comerica Bank, the purchase and financing costs of an average new vehicle took 21.9 weeks of median household income in the Third Quarter of 2009 (latest data available), a 0.6 week improvement from the Second Quarter. (See graph on right.) Low interest rates and the likely continuation of respectable incentive levels should help keep affordability at strong levels during 2010. Note: lower numbers on the graph reflect stronger affordability.



## 2. Consumer Sentiment Remains at Low Levels

**Significance for new vehicle sales in 2010-NEGATIVE IMPACT**

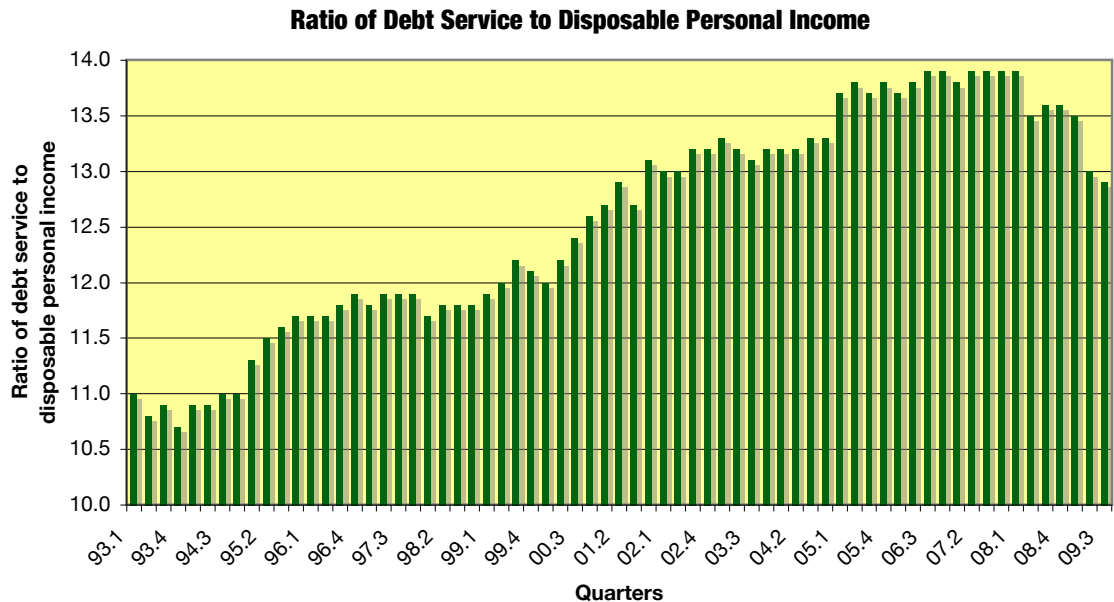
The combination of high household debt (see following page), depressed home values, insufficient retirement savings, and concerns about employment status have many consumers appropriately worried about their present and future financial health. As a result, consumer sentiment has weakened. And consumer attitudes are a significant driver for new vehicle sales. Improving consumer confidence will be needed before new vehicle sales can take off. Given the current economic outlook, there is some hope that sentiment will improve SLOWLY during 2010.



## Four primary factors impacting new vehicle sales in 2010 (continued)

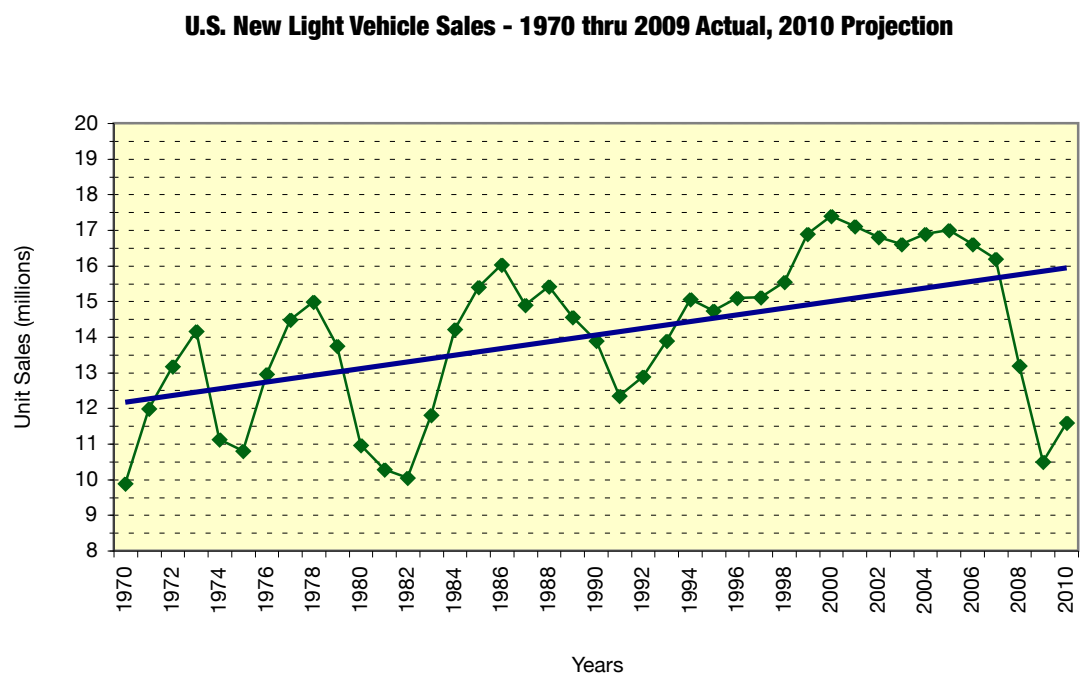
### 3. Household debt levels still high, despite recent improvement Significance for new vehicle sales in 2010-NEGATIVE IMPACT

Following a largely debt-induced spending spree during most of the past decade, households have now been forced to deal with their financial plight by saving more and spending less. As shown on the graph, the ratio of debt service to disposable income has moved lower during the past year, a tangible sign of progress. However, it will take time for households to fully repair their balance sheets. This will likely limit the upside potential for vehicle sales over the next few years.



### 4. Two years of depressed new vehicle sales results in record-high pent up demand Significance for new vehicle sales in 2010-POSITIVE IMPACT

The graph on the right has appeared regularly in Auto Outlook over the past two years. And for good reason. We feel it is the most important (and most overlooked) predictor of where new vehicle sales are headed. The economic tumult over the past two years pushed new vehicle sales well below trend in 2008 and 2009, and almost certainly this year as well. As a result, a record-number of new vehicle purchases have been postponed. When the economy improves and the stranglehold of household debt eases, this pent up demand will lead to higher sales.



**SUMMING IT UP:** Market is poised for recovery, but will be “slow out of the gates.” New vehicle sales have nowhere to go but up. But the weak economy, uncertain employment outlook, and elevated household debt levels will likely make the return to healthy sales levels an extended process.

**BRAND SCOREBOARD**

**Honda, Toyota/Scion, and Hyundai Relatively Strong Performers**

**State Chevrolet and Ford market share is well below National**

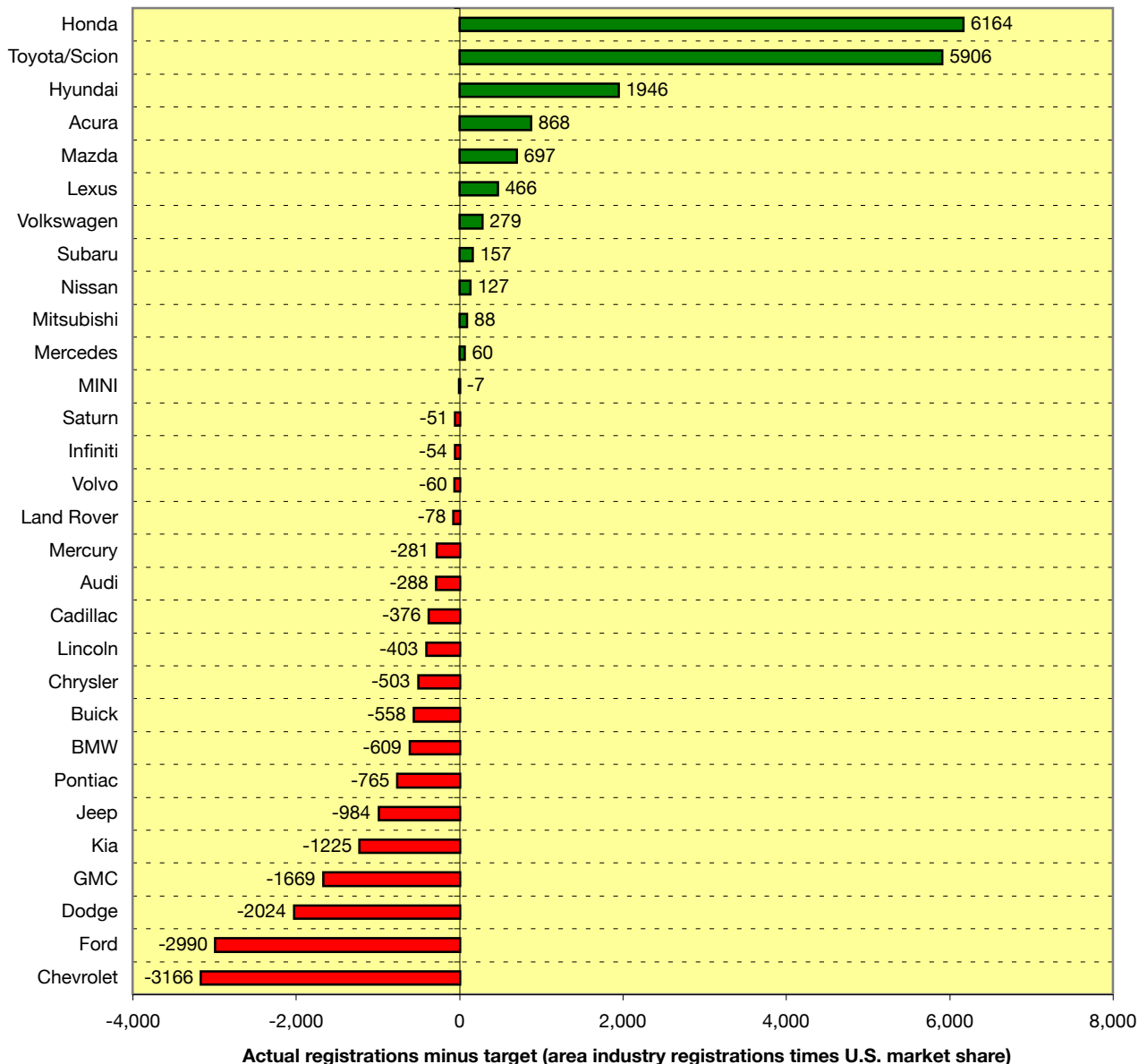
The graph below provides an indicator of brands that are popular in Maryland (relative to the National standard), and those that are not. Here's how it works: For the top 30 selling brands in the state, each brand's share of the U.S. market is multiplied by retail registrations in the state during 2009. This yields a "target" for the

state market. Target registrations are subtracted from actual registrations to derive the measurement of sales performance.

Brands at the top of the graph (i.e., Honda, Toyota/Scion, and Hyundai) are relatively strong sellers in the state, with actual registrations exceeding the calcu-

lated target by a large margin. For instance, Honda registrations exceeded the calculated target by 6,164 units.

**Maryland Retail Market Performance based on registrations for 2009**  
**Actual registrations minus target (state industry registrations times U.S. market share)**



COUNTY SCOREBOARD

# All County Markets in State Declined During 2009

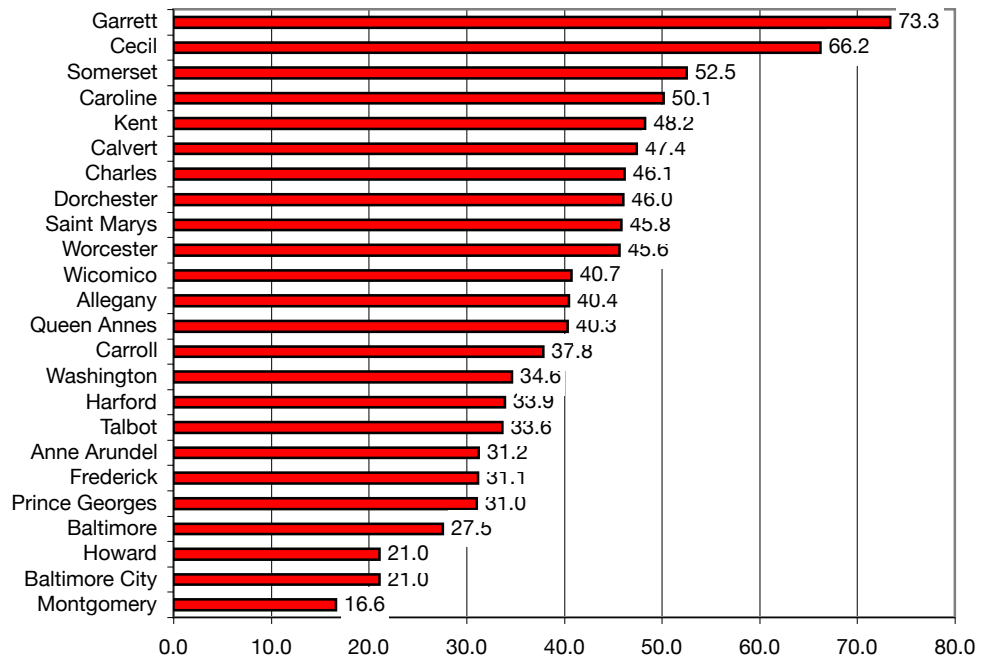
## Garrett, Allegany, and Howard County markets decline by 10% or less

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 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 5.5%. Domestic brand market share ranged from a high of 73.3% in Garrett County to a low of 16.6% in Montgomery County.

**Traditional Domestic Brand Market Share in Maryland Counties  
2009 Annual Totals**



COUNTY MARKET REVIEW							
	Registrations (Annual Totals)		Percent Change	Unit Change	Light Truck Market Share (%)		
	2008	2009	2008 to 2009	2008 to 2009	2008	2009	Change '08 to '09
Allegany	1,727	1,568	-9.2%	-159	41.9	45.0	3.1
Anne Arundel	22,080	18,670	-15.4%	-3,410	42.5	43.6	1.1
Baltimore	31,277	25,032	-20.0%	-6,245	39.5	40.3	0.8
Baltimore City	12,662	9,425	-25.6%	-3,237	31.7	31.6	-0.1
Calvert	3,985	3,298	-17.2%	-687	44.7	49.3	4.6
Caroline	1,010	750	-25.7%	-260	51.6	51.5	-0.1
Carroll	6,857	5,780	-15.7%	-1,077	46.4	47.4	1.0
Cecil	2,168	1,494	-31.1%	-674	52.5	49.4	-3.1
Charles	4,825	3,962	-17.9%	-863	42.3	45.6	3.3
Dorchester	1,006	831	-17.4%	-175	51.7	53.9	2.2
Frederick	9,466	7,806	-17.5%	-1,660	42.3	43.0	0.7
Garrett	730	690	-5.5%	-40	63.4	66.8	3.4
Harford	11,514	9,677	-16.0%	-1,837	41.2	42.3	1.1
Howard	12,297	11,071	-10.0%	-1,226	38.9	39.6	0.7
Kent	524	342	-34.7%	-182	56.9	57.3	0.4
Montgomery	36,390	32,589	-10.4%	-3,801	38.0	37.6	-0.4
Prince Georges	21,818	15,507	-28.9%	-6,311	37.8	37.6	-0.2
Queen Annes	1,674	1,430	-14.6%	-244	46.7	49.4	2.7
Saint Marys	3,889	3,169	-18.5%	-720	46.3	50.4	4.1
Somerset	396	303	-23.5%	-93	51.0	55.4	4.4
Talbot	1,437	1,211	-15.7%	-226	51.2	49.9	-1.3
Washington	3,746	3,184	-15.0%	-562	41.8	42.7	0.9
Wicomico	3,351	2,127	-36.5%	-1,224	49.7	47.4	-2.3
Worcester	1,788	1,545	-13.6%	-243	47.3	51.3	4.0

<b>Maryland New Retail Car and Light Truck Registrations - History and Forecast</b>										
	<b>Registrations</b>					<b>Market Share</b>				
	<b>Units</b>			<b>Percent Change</b>		<b>Share (%)</b>			<b>Change</b>	
	<b>2008</b>	<b>2009</b>	<b>Forecast 2010</b>	<b>'08 to '09</b>	<b>Forecast '09 to '10</b>	<b>2008</b>	<b>2009</b>	<b>Forecast 2010</b>	<b>'08 to '09</b>	<b>Forecast '09 to '10</b>
TOTAL	196,639	162,283	183,200	-17.5%	12.9%					
Acura	3,840	3,030	3,151	-21.1%	4.0%	2.0	1.9	1.7	-0.1	-0.2
Audi	1,095	1,132	1,369	3.4%	20.9%	0.6	0.7	0.7	0.1	0.0
BMW	3,791	2,723	2,995	-28.2%	10.0%	1.9	1.7	1.6	-0.2	-0.1
Buick	1,493	1,026	1,336	-31.3%	30.2%	0.8	0.6	0.7	-0.2	0.1
Cadillac	2,050	1,176	1,396	-42.6%	18.7%	1.0	0.7	0.8	-0.3	0.1
Chevrolet	17,413	14,067	16,116	-19.2%	14.6%	8.9	8.7	8.8	-0.2	0.1
Chrysler	3,374	1,820	1,681	-46.1%	-7.6%	1.7	1.1	0.9	-0.6	-0.2
Dodge	6,184	4,574	4,402	-26.0%	-3.8%	3.1	2.8	2.4	-0.3	-0.4
Ford	15,958	14,939	18,210	-6.4%	21.9%	8.1	9.2	9.9	1.1	0.7
GMC	3,298	2,109	2,369	-36.1%	12.3%	1.7	1.3	1.3	-0.4	0.0
Honda	30,595	26,766	30,490	-12.5%	13.9%	15.6	16.5	16.6	0.9	0.1
Hummer	215	60	56	-72.1%	-6.7%	0.1	0.0	0.0	-0.1	0.0
Hyundai	8,390	8,675	11,101	3.4%	28.0%	4.3	5.3	6.1	1.0	0.8
Infiniti	2,007	1,341	1,579	-33.2%	17.7%	1.0	0.8	0.9	-0.2	0.1
Isuzu	117	27	0	-76.9%	-100.0%	0.1	0.0	0.0	-0.1	0.0
Jaguar	257	177	213	-31.1%	20.3%	0.1	0.1	0.1	0.0	0.0
Jeep	4,069	2,805	2,995	-31.1%	6.8%	2.1	1.7	1.6	-0.4	-0.1
Kia	2,550	2,666	3,306	4.5%	24.0%	1.3	1.6	1.8	0.3	0.2
Land Rover	419	377	411	-10.0%	9.0%	0.2	0.2	0.2	0.0	0.0
Lexus	4,779	4,261	4,658	-10.8%	9.3%	2.4	2.6	2.5	0.2	-0.1
Lincoln	866	787	821	-9.1%	4.3%	0.4	0.5	0.4	0.1	-0.1
Mazda	5,188	4,211	4,856	-18.8%	15.3%	2.6	2.6	2.7	0.0	0.1
Mercedes	4,035	3,410	3,767	-15.5%	10.5%	2.1	2.1	2.1	0.0	0.0
Mercury	1,071	901	917	-15.9%	1.8%	0.5	0.6	0.5	0.1	-0.1
MINI	1,072	805	944	-24.9%	17.3%	0.5	0.5	0.5	0.0	0.0
Mitsubishi	1,327	954	930	-28.1%	-2.5%	0.7	0.6	0.5	-0.1	-0.1
Nissan	14,850	11,676	12,964	-21.4%	11.0%	7.6	7.2	7.1	-0.4	-0.1
Pontiac	2,261	1,512	647	-33.1%	-57.2%	1.1	0.9	0.4	-0.2	-0.5
Porsche	239	182	224	-23.8%	23.1%	0.1	0.1	0.1	0.0	0.0
Saab	209	89	47	-57.4%	-47.2%	0.1	0.1	0.0	0.0	-0.1
Saturn	2,392	1,176	381	-50.8%	-67.6%	1.2	0.7	0.2	-0.5	-0.5
smart	431	315	326	-26.9%	3.5%	0.2	0.2	0.2	0.0	0.0
Subaru	3,350	3,892	4,638	16.2%	19.2%	1.7	2.4	2.5	0.7	0.1
Suzuki	346	317	402	-8.4%	26.8%	0.2	0.2	0.2	0.0	0.0
Toyota/Scion	41,644	33,247	37,342	-20.2%	12.3%	21.2	20.5	20.4	-0.7	-0.1
Volkswagen	4,101	4,042	4,971	-1.4%	23.0%	2.1	2.5	2.7	0.4	0.2
Volvo	1,189	958	1,124	-19.4%	17.3%	0.6	0.6	0.6	0.0	0.0
Others	174	58	65	-66.7%	12.1%	0.1	0.0	0.0	-0.1	0.0

Historical Data Source: AutoCount, an Experian Company

## Maryland Auto Outlook

Maryland Auto Outlook is distributed free of charge to all members of Maryland Automobile Dealers Association. The publication is sponsored and supported by MADA. Maryland Auto Outlook is published and edited by Auto Outlook, Inc., an independent automotive market research firm. Opinions expressed in Maryland Auto Outlook are solely those of Auto Outlook, Inc., and are not necessarily shared by MADA.

**Maryland Automobile Dealers Association**  
**7 State Circle, Suite 301**  
**Annapolis, MD 21401-1904**  
**www.mdauto.org**