



Maryland Auto Outlook™

Sponsored by: Maryland Automobile Dealers Association

FORECAST

New Vehicle Market Turns the Corner in 2010

12.4% increase predicted for 2011

The market rebound that began in 2010 should continue in 2011. Auto Outlook predicts the Maryland new vehicle market will improve 12.4% this year, which follows the 4.8% increase last year. New retail light vehicle registrations are predicted to approach 210,000 units in 2011, well above the 178,167 unit low point in 2009, but far short of the 263,085 unit figure in 2005.

2011 Key Forecast Determinants

Two main contradictory forces are impacting the market. First, on the positive side, pent up demand is at record-high levels. When the economy turned south in late 2008, many consumers had no choice but to keep their current vehicles and postpone the purchase of a new one. However, when economic conditions improve and as vehicles get older, consumers re-enter the new vehicle market. In addition, the average age of vehicles on the road is higher than it has ever been, and scrappage rates are exceeding new vehicle sales. All of these are bullish signals, and practically guarantee that a strong cyclical sales recovery lies ahead. See page 4 for more specifics.

On the flip side, the second main force impacting the market (excessive household debt) is likely to assure that the rebound will be relatively gradual. Despite some moderate improvement over the past several years, many households are still over-leveraged. One in four homeowners owe more on their mortgages than their homes are worth, and debt service payments are still eating up a large chunk of disposable income. Thankfully, the economic outlook has improved. An expanding economy, combined with the resultant improvement in employment and incomes will help relieve the debt burden, but it will take continued subdued retail spending for households to reduce debt and build savings.

Despite this negative (and there are a few others) Auto Outlook believes that a cyclical rebound in new vehicle sales is all but guaranteed. The dragging forces mentioned above will only serve to make the upward sales swing last longer, and be more gradual, which is not necessarily a bad thing.

What could push the market higher?

If the Maryland economy improves at a much faster pace than expected, the sales upturn could be kicked into higher gear. The unemployment rate is the key indicator to track. If it moves down quickly and fast, consumer sentiment would likely improve markedly, which would unleash even more pent up demand.

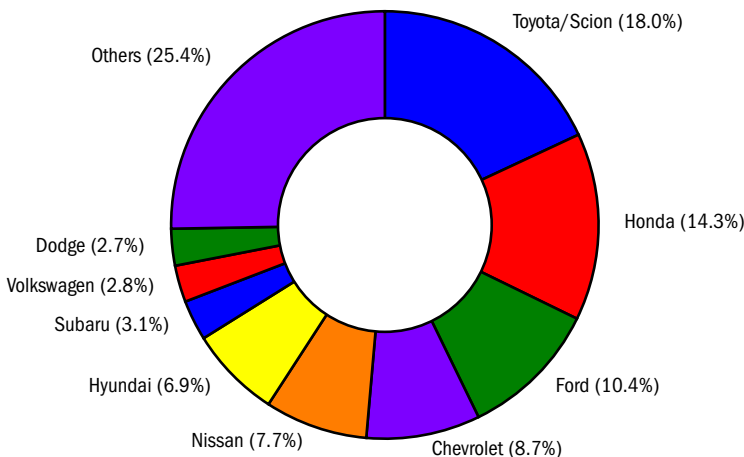
What could hold the market back?

It would take a major, unexpected shock (economic or otherwise) to de-rail the market recovery. Barring any such unforeseen events, the Maryland new vehicle market has nowhere to go but up!

Bottom Line

Shortly after the market slump began in late 2008, we predicted that a sales recovery would begin by 2010, and indeed it did. The market will almost certainly improve again in 2011 for the second straight year, with subsequent increases likely to follow (see page 4).

Brand Market Share in Maryland - 2010



Market Summary

	2010	Forecast 2011	% Chg. '10 to '11	Mkt. Share 2011
TOTAL	186,759	210,000	12.4%	0.0%
Car	100,732	116,340	15.5%	55.4%
Light Truck	86,027	93,660	8.9%	44.6%
Detroit Three	54,564	62,120	13.8%	29.6%
Japanese	96,725	104,834	8.4%	49.9%
European	17,645	21,923	24.2%	10.4%
Korean	17,825	21,123	18.5%	10.1%

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

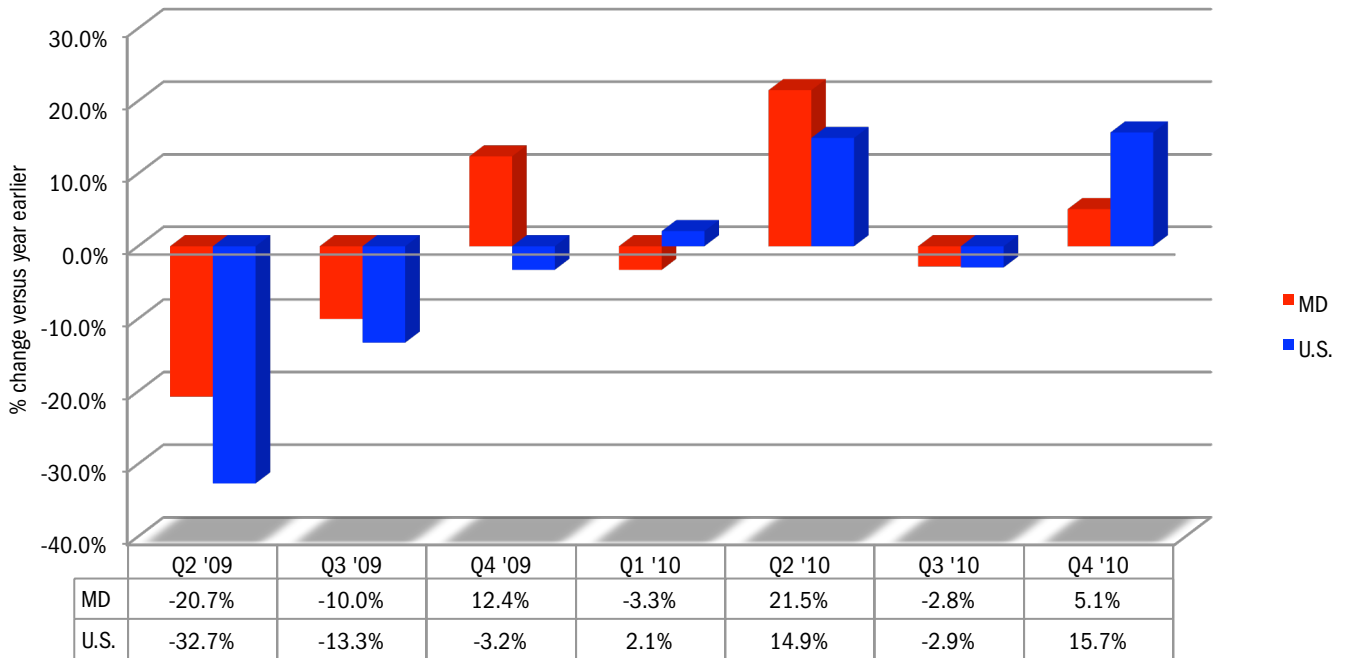
Historical data Source: AutoCount data from Experian Automotive. Note: historical data was updated by AutoCount and will differ slightly from previous releases.

MARKET TRACKER

Maryland Market Increases 5.1% in Fourth Quarter of 2010

Increase is well below National gain of 15.7%

Percent Change in Quarterly New Retail Light Vehicle Registrations versus Year Earlier - State and U.S.



After declining 2.8% in the Third Quarter of 2010 versus a year earlier, the Maryland market bounced back in the Fourth Quarter, with new retail light vehicle registrations in the state increasing 5.1% versus a year earlier. The U.S. market was up 15.7%.

Maryland Auto Outlook

Covering Fourth Quarter 2010

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WHO ARE MY TOP COMPETITORS?
-BY MARKET AREA?

WHAT NEW AND USED CARS SELL WELL IN MY MARKETS?

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 the data is processed.

MARKET TRACKER (Continued)

Light Truck Market Share Headed Higher in 2010

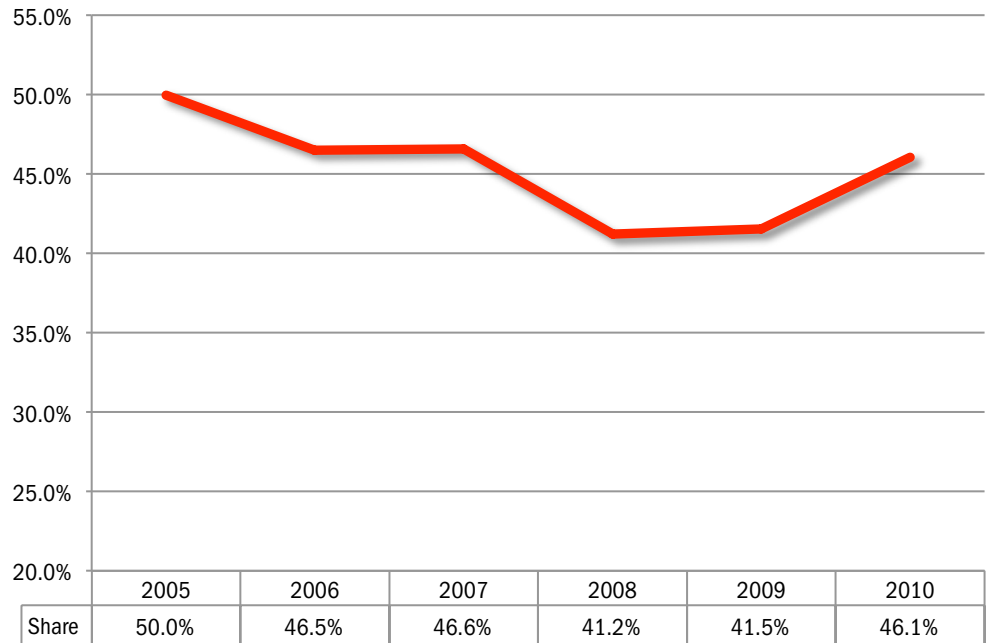
Lower fuel prices in the first half of the year gave trucks a boost

Lower gas prices for most of 2010 led to an increase in Maryland light truck sales. As shown on the graph to the right, light truck share increased from 41.5% in 2009 to 46.1% last year.

It should be a different story in 2011, however. The likelihood of higher fuel prices and several major new small car product introductions (Ford Focus, Chevrolet Cruze, Hyundai Elantra, and Honda Civic, to name a few) should lead to an increase in car market share this year.

Source: AutoCount data from Experian Automotive.

**Light Truck Share of Maryland New Retail Light Vehicle Market
2005 thru 2010**



MARKET TRACKER (Continued)

State Market Up 4.8% in 2010; Smaller Increase than Nation

Toyota market share in Maryland more than three points higher than National

	Maryland Market		U.S. Market	
Market Growth				
% change in registrations 2010 vs. 2009	4.8%		6.9%	
Car market share-2010	53.9%		50.1%	
Domestic brand market share 2010	29.2%		38.7%	
Top Selling Retail Brands-2010				
First	Toyota/Scion	18.0%	Toyota/Scion	14.9%
Second	Honda	14.3%	Ford	13.0%
Third	Ford	10.4%	Honda	11.6%
Fourth	Chevrolet	8.7%	Chevrolet	11.0%
Fifth	Nissan	7.7%	Nissan	7.4%
Sixth	Hyundai	6.9%	Hyundai	4.8%
Seventh	Subaru	3.1%	Dodge	3.7%
Eighth	Volkswagen	2.8%	Kia	3.0%
Ninth	Dodge	2.7%	GMC	3.0%
Tenth	Kia	2.7%	Volkswagen	2.6%

LONG TERM FORECAST

Sales are Likely to Increase During Next Three Years

Market predicted to exceed 250,000 units by 2013

The financial market crisis and economic recession that unfolded during 2008 resulted in an unavoidable decline in the Maryland new vehicle market. As illustrated on the accompanying table and graph, Maryland new retail light vehicle registrations fell precipitously in 2008 and 2009, declining 20% and 16%, respectively. But that dramatic sales slump, as painful as it was, has paved the way for a new vehicle market that is almost certainly headed in one direction: STRAIGHT UP!

The graph below provides the evidence that supports the prediction of a sustained increase in Maryland new vehicle sales. The blue Trend Line shows the “baseline” level of new retail light vehicle registrations for the state market. The Trend Line is a function of several structural market characteristics, including number of households and vehicles in operation. The trend line is heading up slightly due to increasing population, but is flattening somewhat as vehicles are lasting longer, and don’t need to be replaced as often.

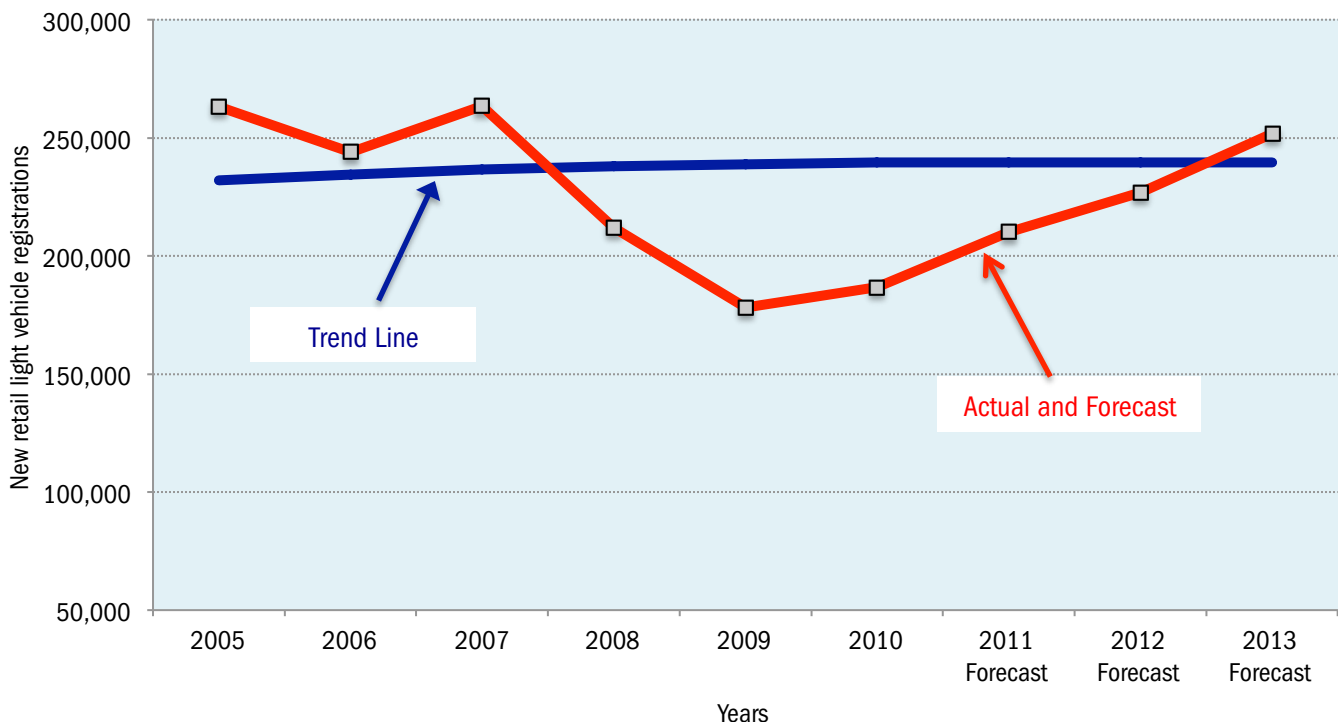
As the economic slump unfolded, Maryland consumers postponed new vehicle purchases, which pushed sales well below trend levels. Auto Outlook estimates that between 2008 and 2010, more than 140,000 new vehicle purchases were delayed due to the economic downturn. Eventually, these postponed purchases will be made, providing a significant boost to sales for several years. Auto Outlook predicts that Maryland new retail light vehicle registrations will exceed 251,000 units in 2013, a 40% increase from the downturn’s low point of 178,167 in 2009.

Maryland Annual New Retail Light Vehicle Registrations History and Forecast

Years	New retail registrations	Unit change vs. prev. year	% change vs. prev. year
2005	263,085		
2006	243,988	-19,097	-7%
2007	263,432	19,444	8%
2008	211,863	-51,569	-20%
2009	178,167	-33,696	-16%
2010	186,759	8,592	5%
2011 Forecast	210,000	23,241	12%
2012 Forecast	226,800	16,800	8%
2013 Forecast	251,748	24,948	11%

Historical data source: AutoCount data from Experian Automotive.

Maryland New Retail Light Vehicle Registrations 2005 thru 2010 actual; 2011 thru 2013 forecast



BRAND SCOREBOARD

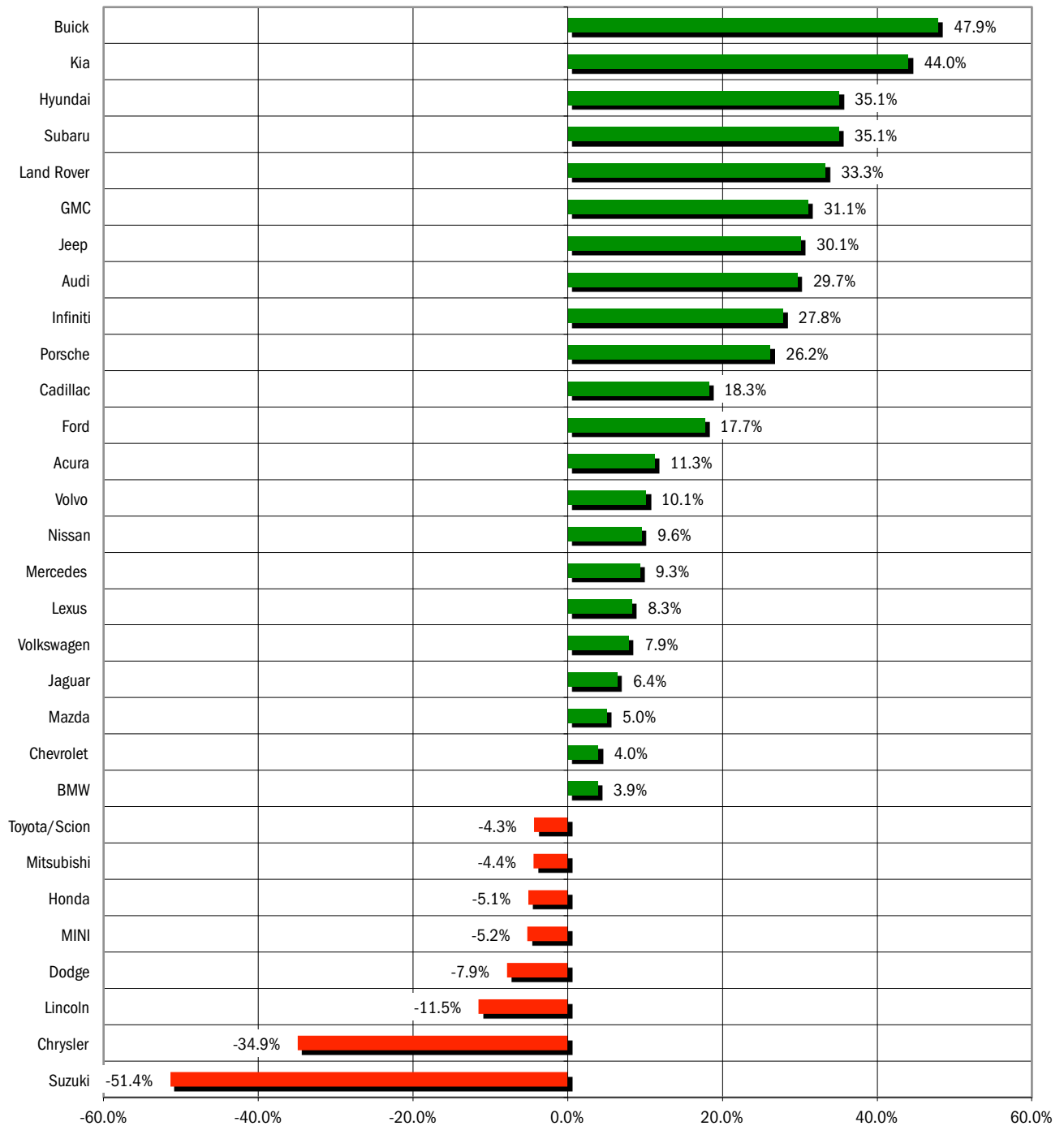
Buick, Kia, Hyundai, and Subaru Have Big Gains in 2010

Land Rover, GMC, and Jeep also rank high

The graph below shows the percent change in state new retail light vehicle registrations from 2009 to 2010. Strong new product introductions contributed to big increases for Buick, Kia, Hyundai, and Subaru. Chrysler and Suzuki had the biggest declines.

Source: AutoCount data from Experian Automotive.

Percent Change in New Retail Registrations for Top 30 Brands - 2010 vs. 2009



SEGMENT WATCH

Compact SUV Segment Has Largest Increase

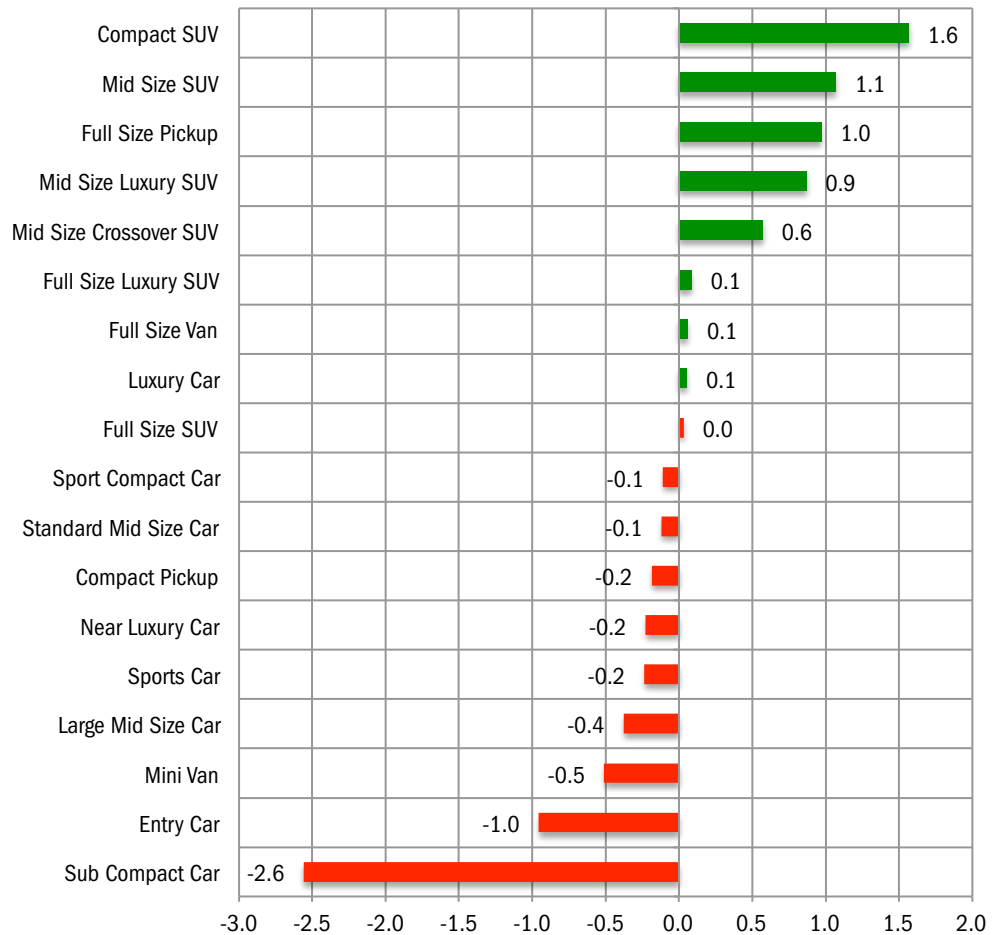
Hybrid market share declines in 2010

The Compact SUV segment (i.e., Honda CRV and Ford Escape) had the largest market share increase in Maryland last year, up 1.6 points. The Mid Size SUV (i.e., Jeep Grand Cherokee) and Full Size Pickup (i.e., F-Series) segments also had relatively large increases. Sub Compact Car (i.e. Corolla and Sentra) had the largest decline, down 2.6 points.

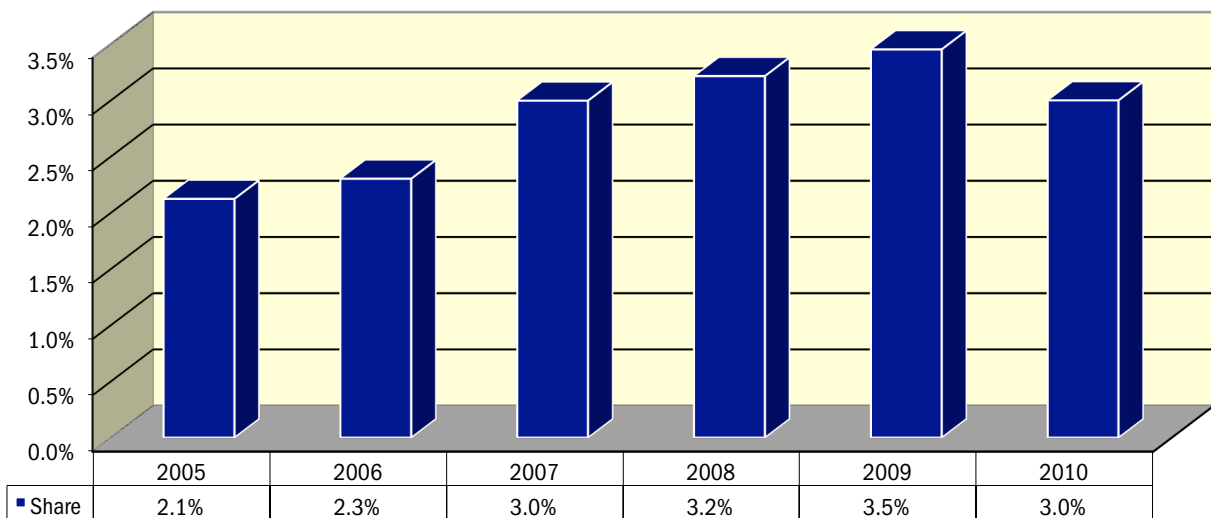
As shown on the graph below, hybrid vehicle market share declined 0.5 of a market share point last year. Somewhat lower fuel prices in the first half of the year contributed to the decline.

Source: AutoCount data from Experian Automotive.

Change in Segment Market Share - 2010 vs. 2009



Hybrid Vehicle Market Share in Maryland - 2005 thru 2010



COUNTY SCOREBOARD

Most County Markets Moved Higher in 2010

Detroit Three market share in Montgomery County was 16.8%

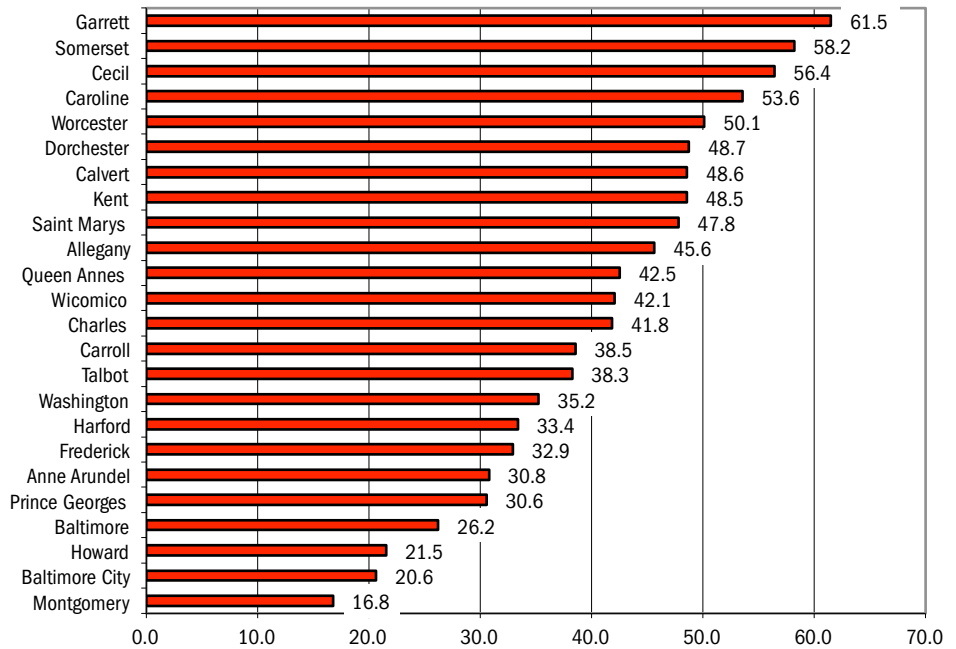
The table below and graph to the right provide a thorough summary of each of Maryland's 24 county new retail light vehicle markets. This county-level information provides a valuable perspective on local market performance, and a barometer to evaluate the sales performance of your dealership.

The table below shows new retail light vehicle registrations in 2009 and 2010 as well as light truck market share in each county. The graph shows Detroit Three market share.

Conclusions: Registrations increased in 19 of the 24 counties. Detroit Three market was highest in Garrett County (61.5%) and lowest in Montgomery (16.8%).

Source: AutoCount data from Experian Automotive.

Detroit Three Market Share (%): 2010



COUNTY MARKET REVIEW								
	Registrations (Annual Totals)		Percent Change		Unit Change		Light Truck Market Share (%)	
	2009	2010	2009 to 2010	2009 to 2010	2009	2010	Change '09 to '10	
Allegany	2,008	1,841	-8.3%	-167	46.7	56.8	10.1	
Anne Arundel	19,627	19,976	1.8%	349	43.7	49.0	5.2	
Baltimore	25,938	28,373	9.4%	2,435	40.7	44.2	3.5	
Baltimore City	10,806	11,788	9.1%	982	31.8	36.2	4.4	
Calvert	3,598	3,603	0.1%	5	49.1	52.1	3.0	
Caroline	955	896	-6.2%	-59	51.9	56.7	4.8	
Carroll	6,247	6,506	4.1%	259	47.6	53.3	5.6	
Cecil	3,173	3,305	4.2%	132	48.7	53.7	4.9	
Charles	4,650	4,966	6.8%	316	44.6	48.3	3.8	
Dorchester	931	757	-18.7%	-174	53.8	56.3	2.5	
Frederick	8,455	8,778	3.8%	323	43.2	50.2	7.0	
Garrett	972	997	2.6%	25	65.3	70.2	4.9	
Harford	10,132	10,813	6.7%	681	42.3	47.0	4.7	
Howard	11,504	12,036	4.6%	532	40.4	44.1	3.8	
Kent	599	719	20.0%	120	54.9	53.4	-1.5	
Montgomery	35,495	37,245	4.9%	1,750	37.9	43.4	5.5	
Prince Georges	17,558	18,217	3.8%	659	37.5	41.4	3.9	
Queen Annes	1,643	1,560	-5.1%	-83	49.6	55.1	5.5	
Saint Marys	3,795	3,978	4.8%	183	49.8	55.6	5.8	
Somerset	354	366	3.4%	12	55.1	52.1	-3.0	
Talbot	1,362	1,401	2.9%	39	50.7	55.8	5.1	
Washington	3,908	4,134	5.8%	226	44.7	45.7	0.9	
Wicomico	2,457	2,351	-4.3%	-106	47.9	53.2	5.2	
Worcester	1,908	1,999	4.8%	91	50.9	54.5	3.5	

Maryland New Retail Car and Light Truck Registrations - History and Forecast										
	Registrations					Market Share				
	Units			Percent Change		Share (%)			Change	
	2009	2010	Forecast 2011	'09 to '10	'10 to '11	2009	2010	Forecast 2011	'09 to '10	Forecast '10 to '11
TOTAL	178,167	186,759	210,000	4.8%	12.4%					
Domestic Brands	53,033	54,564	62,120	2.9%	13.8%	29.8	29.2	29.6	-0.5	0.4
Japanese Brands	95,752	96,725	104,834	1.0%	8.4%	53.7	51.8	49.9	-2.0	-1.9
European Brands	16,416	17,645	21,923	7.5%	24.2%	9.2	9.4	10.4	0.2	1.0
Korean Brands	12,966	17,825	21,123	37.5%	18.5%	7.3	9.5	10.1	2.3	0.5
Acura	3,102	3,452	3,645	11.3%	5.6%	1.7	1.8	1.7	0.1	-0.1
Audi	1,299	1,685	2,047	29.7%	21.5%	0.7	0.9	1.0	0.2	0.1
BMW	2,986	3,102	3,589	3.9%	15.7%	1.7	1.7	1.7	0.0	0.0
Buick	1,184	1,751	2,079	47.9%	18.7%	0.7	0.9	1.0	0.3	0.1
Cadillac	1,320	1,561	1,627	18.3%	4.2%	0.7	0.8	0.8	0.1	-0.1
Chevrolet	15,561	16,177	18,430	4.0%	13.9%	8.7	8.7	8.8	-0.1	0.1
Chrysler	2,070	1,347	1,461	-34.9%	8.5%	1.2	0.7	0.7	-0.4	0.0
Dodge	5,488	5,056	5,556	-7.9%	9.9%	3.1	2.7	2.6	-0.4	-0.1
Fiat	0	0	860			0.0	0.0	0.4	0.0	0.4
Ford	16,572	19,512	23,833	17.7%	22.1%	9.3	10.4	11.3	1.1	0.9
GMC	2,477	3,247	3,417	31.1%	5.2%	1.4	1.7	1.6	0.3	-0.1
Honda	28,219	26,773	29,703	-5.1%	10.9%	15.8	14.3	14.1	-1.5	-0.2
Hyundai	9,519	12,860	14,760	35.1%	14.8%	5.3	6.9	7.0	1.5	0.1
Infiniti	1,632	2,086	2,231	27.8%	7.0%	0.9	1.1	1.1	0.2	-0.1
Jaguar	203	216	223	6.4%	3.2%	0.1	0.1	0.1	0.0	0.0
Jeep	3,244	4,222	4,822	30.1%	14.2%	1.8	2.3	2.3	0.4	0.0
Kia	3,447	4,965	6,363	44.0%	28.2%	1.9	2.7	3.0	0.7	0.4
Land Rover	453	604	624	33.3%	3.3%	0.3	0.3	0.3	0.1	0.0
Lexus	4,452	4,822	5,347	8.3%	10.9%	2.5	2.6	2.5	0.1	0.0
Lincoln	895	792	676	-11.5%	-14.6%	0.5	0.4	0.3	-0.1	-0.1
Mazda	4,508	4,735	5,138	5.0%	8.5%	2.5	2.5	2.4	0.0	-0.1
Mercedes	3,673	4,016	4,447	9.3%	10.7%	2.1	2.2	2.1	0.1	0.0
MINI	943	894	1,247	-5.2%	39.5%	0.5	0.5	0.6	-0.1	0.1
Mitsubishi	1,043	997	1,095	-4.4%	9.8%	0.6	0.5	0.5	-0.1	0.0
Nissan	13,055	14,305	16,263	9.6%	13.7%	7.3	7.7	7.7	0.3	0.1
Porsche	271	342	386	26.2%	12.9%	0.2	0.2	0.2	0.0	0.0
Saab	107	78	105	-27.1%	34.6%	0.1	0.0	0.1	0.0	0.0
smart	354	103	106	-70.9%	2.9%	0.2	0.1	0.1	-0.1	0.0
Subaru	4,325	5,841	6,532	35.1%	11.8%	2.4	3.1	3.1	0.7	0.0
Suzuki	360	175	196	-51.4%	12.0%	0.2	0.1	0.1	-0.1	0.0
Toyota/Scion	35,056	33,539	34,684	-4.3%	3.4%	19.7	18.0	16.5	-1.7	-1.4
Volkswagen	4,856	5,240	6,661	7.9%	27.1%	2.7	2.8	3.2	0.1	0.4
Volvo	1,143	1,259	1,508	10.1%	19.8%	0.6	0.7	0.7	0.0	0.0
Others	4,350	1,005	339	-76.9%	-66.3%	2.4	0.5	0.2	-1.9	-0.4

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