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New auto sales down 17.4% in Hawaii

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Hawai'i new car and light-truck sales tanked in the first quarter, but dealers believe the 17.4 percent drop represents the worst for a market that's headed back onto the road of growth next year.

New vehicle registration data show there were 11,921 automobile sales in the first three months of this year, down from 14,431 in the same period last year.

The figures compiled by Auto Outlook Inc., a research firm that tracks sales activity for the Hawaii Automobile Dealers Association, put Hawai'i new car retailers on pace for a third consecutive year of fewer sales.

But the Auto Outlook report forecasts less-severe declines for the rest of the year followed by a 3.1 percent increase in sales next year.

"At this point, we believe that the market has reached its low point," the report said. "Auto Outlook believes that sales will improve at least moderately in 2009, with a significant, lasting recovery taking hold by 2010."

Though not a huge driver of the local economy, new car sales are another piece of commerce contributing to the state's economic slowdown, and largely has been depressed by credit markets that tightened drastically last year.

Gas prices near \$4 a gallon also haven't encouraged sales of larger fuel-guzzling vehicles that make up much new car inventory, but manufacturers have been working to introduce more fuel efficient cars that dealers expect will help increase sales.

"I think there's going to be a rebirth of wonder largely fueled by new power plant technology," said Dave Rolf, executive director of the Hawaii Automobile Dealers trade group.

Rolf said dealers are reporting rising showroom visits by consumers looking at smaller cars or hybrid-fuel cars that run farther on less gas. He also said a settling down of credit markets is encouraging to dealers.

Bill Wiltshire, sales manager at Honolulu Ford, said he's hoping that summer sales will be strong, but all the economic uncertainty makes him unsure that Hawai'i new car dealers have turned the corner to better times.

"The impulse buyer is gone," he said. "I'm hearing people are crying the blues."

Sub-compact cars, compact cars, entry cars and midsize crossover SUVs were the only segments of the market to show any growth in sales in the first quarter.

Toyota/Scion had the largest share of the Hawai'i market at 27.5 percent, followed by Honda and Nissan. The three Japanese companies accounted for 53.7 percent of the total Hawai'i market.

The U.S. as a whole had a 7.6 percent decline in vehicle sales in the first quarter.

Malvern, Pa.-based Auto Outlook forecasts that new vehicle sales will decline 4.5 percent in the second half of this year in Hawai'i, resulting in an estimated full-year decline of 9.7 percent.

Just three months ago, Auto Outlook projected 2008 new vehicle sales would fall just 4.1 percent.

Last year, new car registrations fell 10.9 percent to 57,526 vehicles, which was a revision from a previously reported figure of 59,861 registrations but still represented a five-year low.
