

Hawaii Auto Outlook™

Sponsored by: Hawaii Automobile Dealers Association

NEW VEHICLE MARKET FORECAST

State Market Predicted to Increase 8.5% for Remainder of 2023

Below is a review of key trends in the Hawaii new vehicle market.

Results during 1Q 2023

State new light vehicle registrations increased 0.7% during the first three months of 2023 vs. weak year-earlier levels. National retail market fell 1.0%. As shown on page 2, equivalent U.S. SAAR levels stayed below 14.5 million units, an indicator that state new vehicle sales remained subdued.

2023 Forecast

According to the baseline forecast, registrations are expected to exceed 50,000 units this year, a 6.6% improvement from 2022. See sidebar to right for alternative upside and downside projections. Registrations are predicted to increase 8.5 from April thru December of this year versus the same period in 2022.

Key determinants for the market

During the past three years, the new vehicle market has been impacted by a series of speed bumps that have put the brakes on sales. The pandemic, supply chain issues, depleted inventories, rising interest rates, weakening consumer affordability, and concern over the banking system have pushed sales below trend levels. Despite this lengthy list, primary factors driving the market during 2023 are fairly evident. Fol-

lowing three years of below average sales, pent-up demand is at elevated levels as the volume of postponed purchases continues to grow. Weakening consumer affordability will hold back the release of pent-up demand, but improving vehicle inventories should be sufficient to push sales above current levels.

Battery Electric Vehicle sales gains

BEV market share in the state increased to 13.2% in the First Quarter of 2023, up from 8.5% a year earlier. Franchised dealership share of the BEV market improved by 9.6 share points so far this year (see page 4).

Light truck sales

There are signs that the climb in light truck market share could be reaching its peak. Light trucks (consisting of SUVs, pickups, and vans) accounted for 49.7% of the market in 2012, and increased to 77.6% last year. In the First Quarter of 2023, however, light truck share declined by 1.2 points versus year earlier.

Brands that fared best in early 2023

Among the top 25 sellers in the state market, Hyundai, Tesla, Mazda, Toyota, and Subaru had the largest percentage gains in the First Quarter of this year. Toyota, Honda, Tesla, Subaru, and Nissan were market leaders.


Top selling models in Hawaii

Toyota Tacoma, Toyota 4Runner, Tesla Model Y, Toyota Corolla, Toyota RAV4, Tesla Model 3, Toyota Camry, Honda CR-V, Subaru Crosstrek, and Subaru Forester were the top 10 sellers so far this year.

State economic conditions

Total employment in Hawaii was 655,000, still below pre-pandemic levels. Unemployment rate was 3.5% in March (see page 3).

**Outlook for
Hawaii New Retail
Light Vehicle Market**



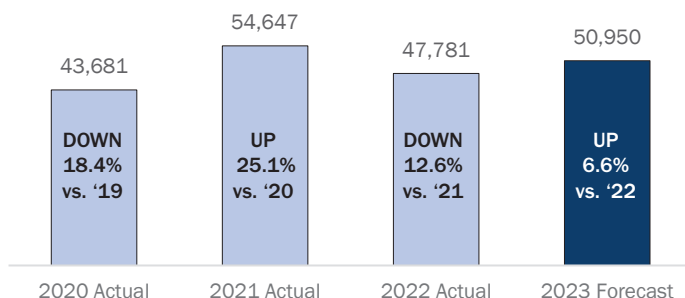
2023 Annual Forecast

Baseline scenario: 50,950
up 6.6% vs. '22

Alternative upside: 53,800
up 12.6% vs. '22

Alternative downside: 48,200
up 0.9% vs. '22

Forecast for State New Retail Light Vehicle Registrations



Market Summary

	YTD '22 March	YTD '23 March	% Chg. '22 to '23	Mkt. Share YTD '23
TOTAL	11,569	11,647	0.7%	
Car	2,708	2,869	5.9%	24.6%
Light Truck	8,861	8,778	-0.9%	75.4%
Domestic	2,793	2,693	-3.6%	23.1%
European	1,197	1,128	-5.8%	9.7%
Japanese	6,519	6,632	1.7%	56.9%
Korean	1,060	1,194	12.6%	10.3%

The graph above shows annual new retail light vehicle registrations from 2020 through 2022 and Auto Outlook's baseline projection for 2023. Historical data sourced from Experian Automotive.

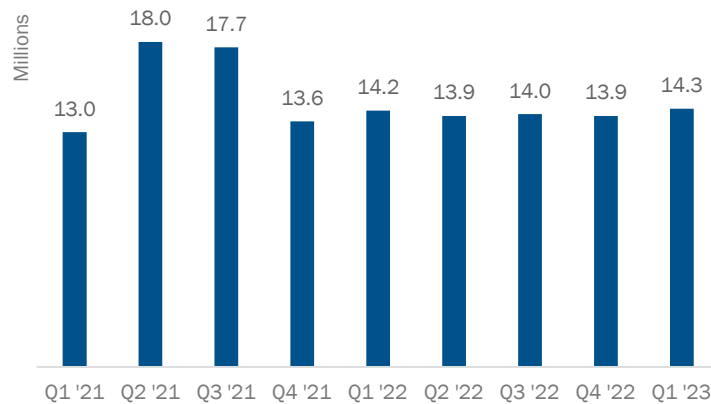
Domestics consist of vehicles sold by GM, Ford, Stellantis (excluding Alfa Romeo and FIAT), Tesla, Rivian, and Lucid. Data sourced from Experian Automotive.

Hawaii New Vehicle Market Dashboard



MARKET PERFORMANCE DURING PAST TWO YEARS

Hawaii
Quarterly Registrations
 Seasonally Adjusted
 Annual Rate, Converted
 to Equivalent U.S. New
 Vehicle Market SAAR
 (millions of units)



The graph on the left provides an easily recognizable way to gauge the strength of the state market. It shows quarterly registrations based on a seasonally adjusted annual rate. These figures are then indexed to SAAR sales figures for the U.S. new vehicle market. So just like in the national market, when the quarterly SAAR is above 17 million units, the state market is strong, 15 million is about average, and below 13 million is weak. Equivalent SAAR levels in the state increased from 13.9 million in the Fourth Quarter of last year to 14.3 million in the First Quarter of this year.

Data sourced from Experian Automotive. SAAR estimates: Auto Outlook.



HAWAII MARKET VS. U.S.

% Change In
New Retail Market
YTD 2023 thru March
 vs.
YTD 2022

Hawaii
UP 0.7%

U.S.
DOWN 1.0%

New retail light vehicle registrations in the state improved by less than 1% in the First Quarter of this year, slightly better than the 1.0% drop in the Nation.

Data sourced from Experian Automotive.

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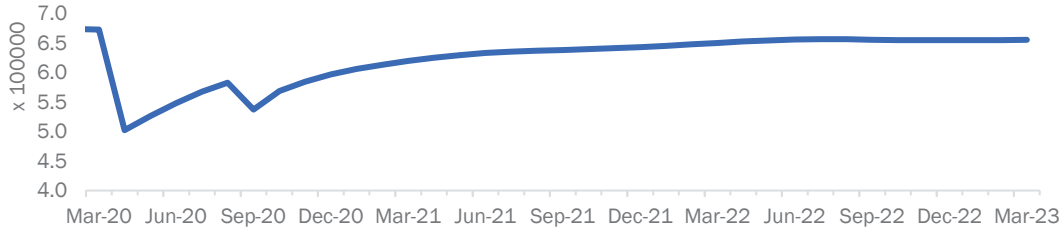
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Hawaii New Vehicle Market Dashboard



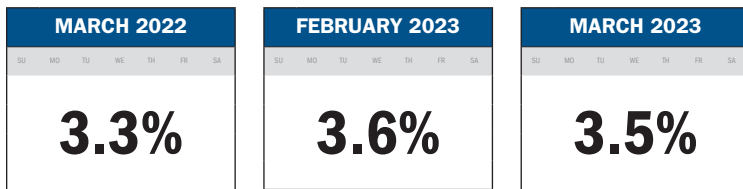
TRACKING ECONOMIC INDICATORS

Total Employment in Hawaii



High inflation and rising interest rates have raised some concerns that the economy might be headed for recession, but at least so far, most indicators have remained relatively strong. State employment is still below pre-pandemic levels but the unemployment rate was below 4% early this year. GDP growth has remained positive in each of the past two quarters and state wages are up compared to year-earlier.

Monthly Unemployment Rates in Hawaii



Average Hourly Earnings for All Workers in State - Mar. 2023



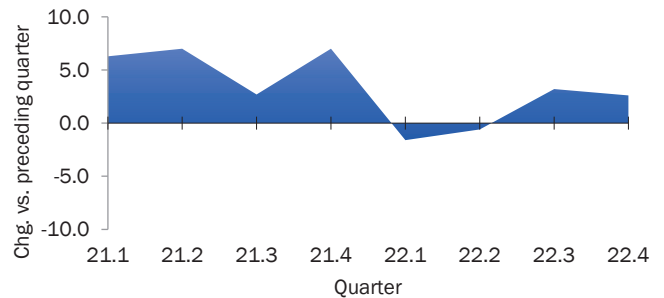
University of Michigan Consumer Sentiment (U.S.)



10 year high - 101.4 (Mar. 2018)
12 month high - 67.0 (Feb. 2023)
Most recent - 62.0 (Mar. 2023)
10 year low - 50.0 (Jun. 2022)

Key Values During Past 10 Years

Percent Change in U.S. Gross Domestic Product

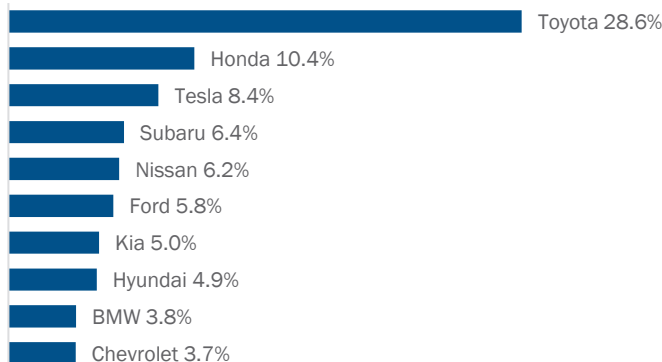


Sources: Bureau of Labor Statistics, University of Michigan, and U.S. Bureau of Econ. Analysis.

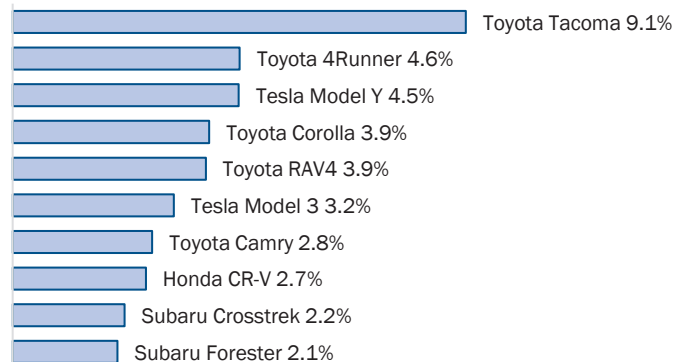


TOP TEN RANKINGS IN STATE MARKET

Market Share for Top Ten Selling Brands in State Market YTD 2023 thru March



Market Share for Top Ten Selling Models in State Market YTD 2023 thru March

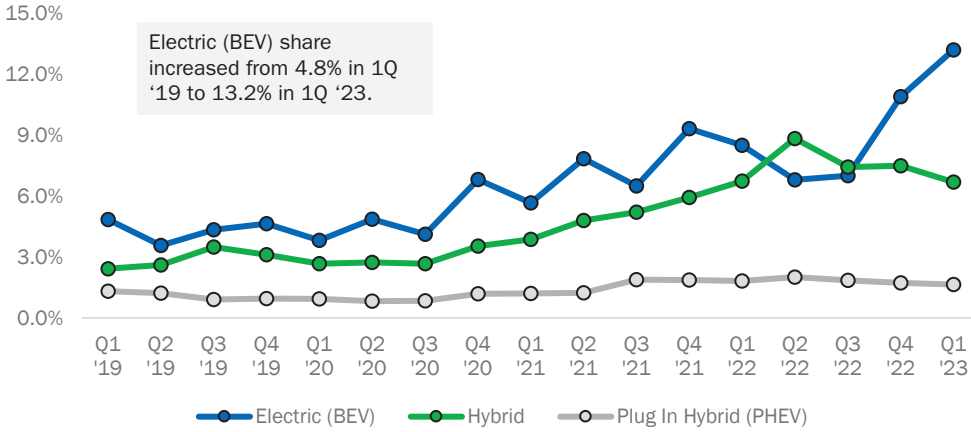


Data sourced from Experian Automotive.



Vehicle Powertrain Dashboard

Quarterly Alternative Powertrain Market Share (includes hybrid and electric vehicles)



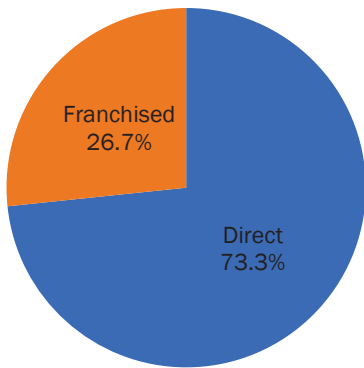
YTD Share by Engine Type (2022 and 2023, thru March)

Engine Type	YTD '22	YTD '23	Change
Electric (BEV)	8.5%	13.2%	↑
Hybrid	6.7%	6.7%	FLAT
Plug In Hybrid (PHEV)	1.8%	1.6%	↓

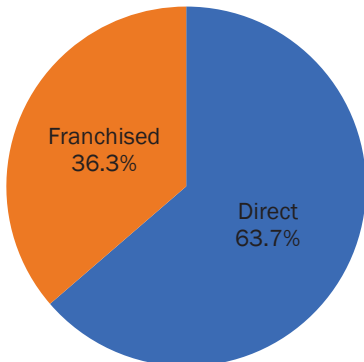
Data sourced from Experian Automotive. Hybrid vehicle market share excludes mild hybrids.

Share of State BEV Market for Franchised Dealerships and Direct Sellers

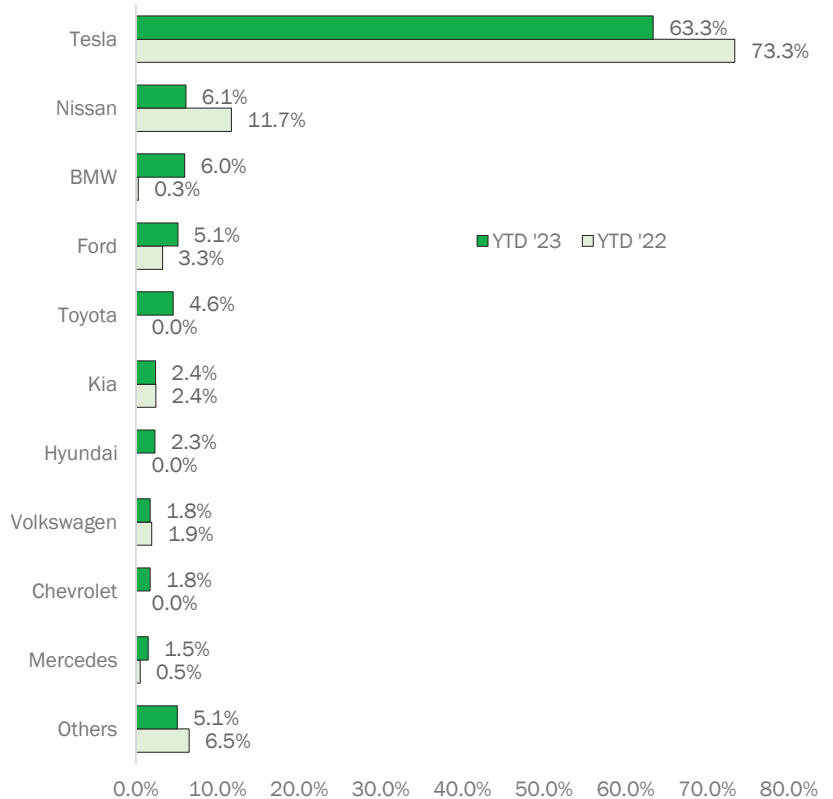
YTD 2022 thru March



YTD 2023 thru March



Brand Share of Hawaii BEV Market YTD 2022 and YTD 2023 thru March

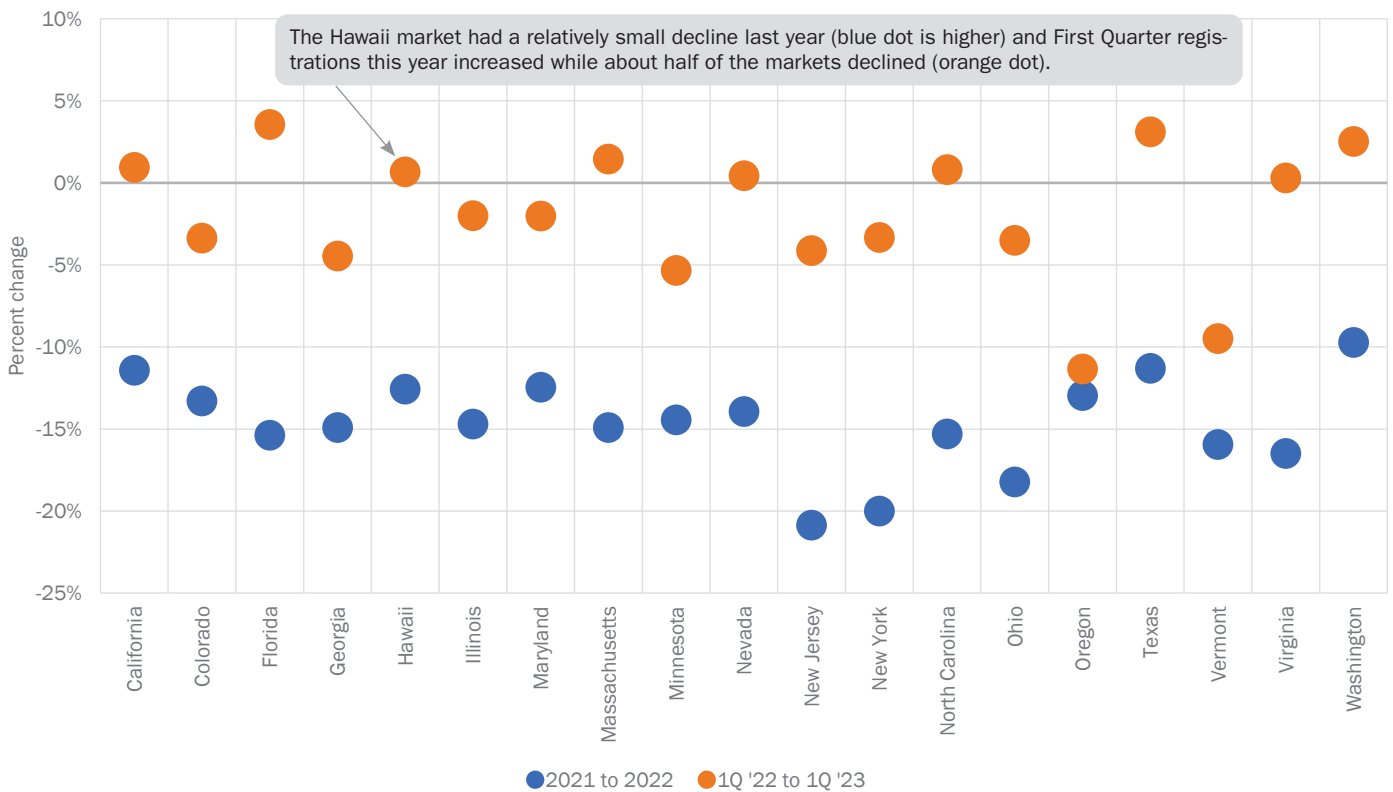


Observations: Franchised dealership share of the Hawaii BEV market increased from 26.7% during the First Quarter of 2022 to 36.3% this year. Franchised dealership brand registrations were up 113% vs. the 36% increase for direct sellers. Tesla BEV market share declined ten points, while registrations improved by 35%. Nissan was the second best-selling BEV brand so far this year, followed by BMW. Data sourced from Experian Automotive.

Comparison of Selected State Markets



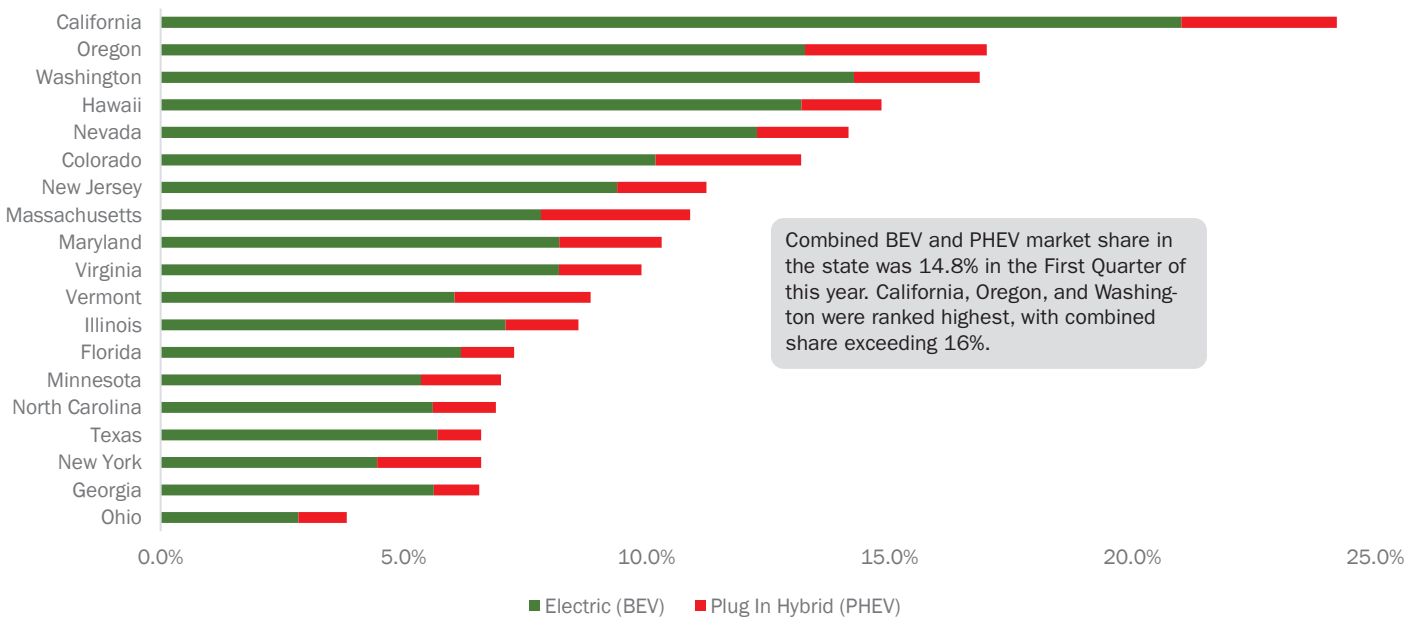
Percent Change in New Vehicle Registrations from 2021 to 2022, and from 1Q 2022 to 1Q 2023



The graph above provides a comparison of how state new vehicle markets performed last year and in the First Quarter of this year. The blue dots on the graph represent the percent change in new vehicle registrations from 2021 to 2022, and the orange dots show the change from the First Quarter of 2022 to the First Quarter of this year. Orange dots are higher for all markets, reflecting relative improvement in sales early this year compared to results last year. Data sourced from Experian Automotive.



Electric (BEV) and Plug in Hybrid (PHEV) Market Share During 1Q '23



Combined BEV and PHEV market share in the state was 14.8% in the First Quarter of this year. California, Oregon, and Washington were ranked highest, with combined share exceeding 16%.

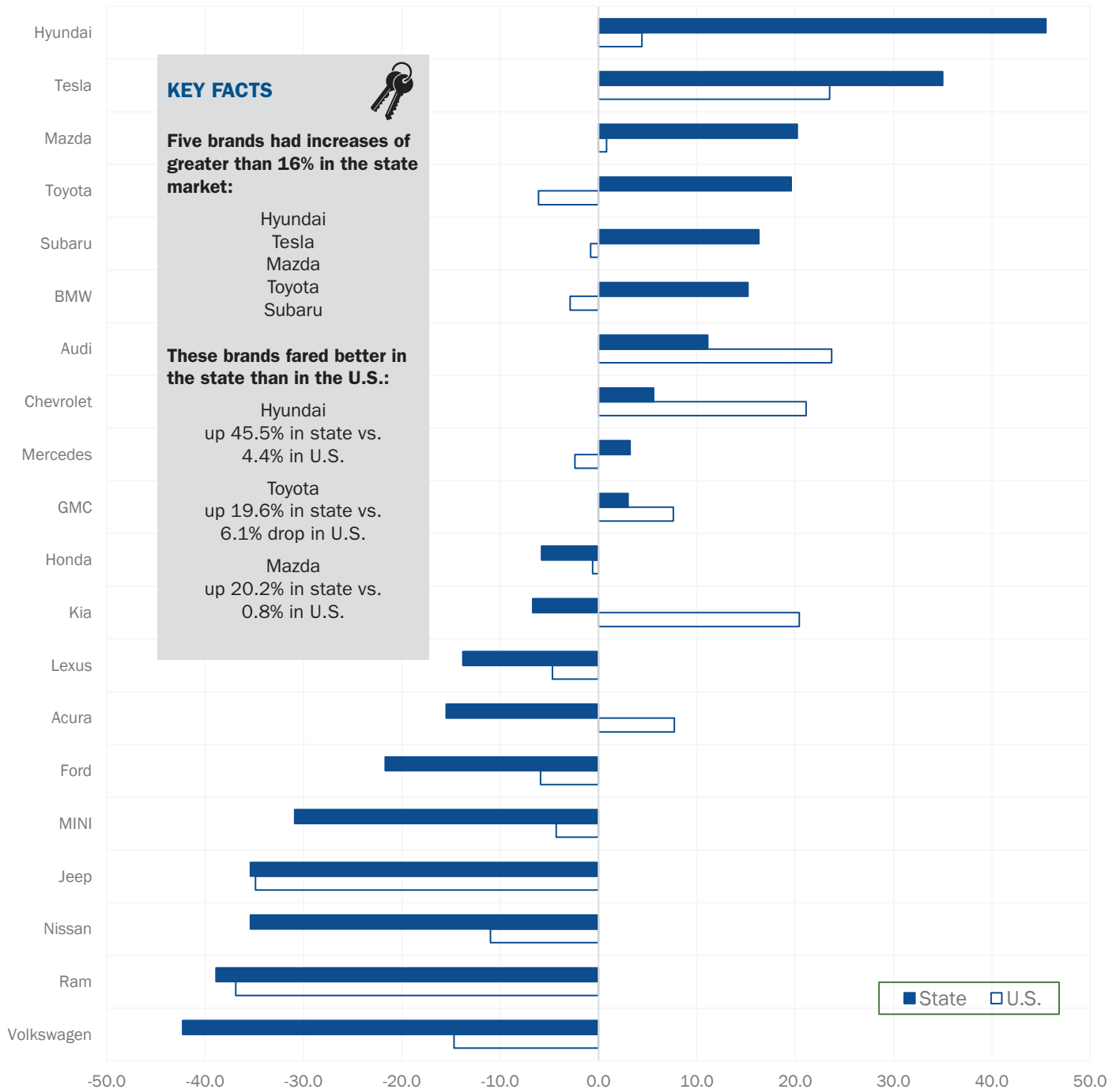
Data sourced from Experian Automotive.

BRAND SCOREBOARD

Hyundai, Tesla, Mazda, and Toyota Had Largest Gains in State

The graph below 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 in both the state (solid blue bars) and U.S. (blue outlined bars). Brands are shown from top to bottom based on the change in state registrations. Data sourced from Experian Automotive.

Percent Change in Hawaii and U.S. New Retail Light Vehicle Registrations (Top 20 Selling Brands in State) YTD 2023 thru March vs. YTD 2022



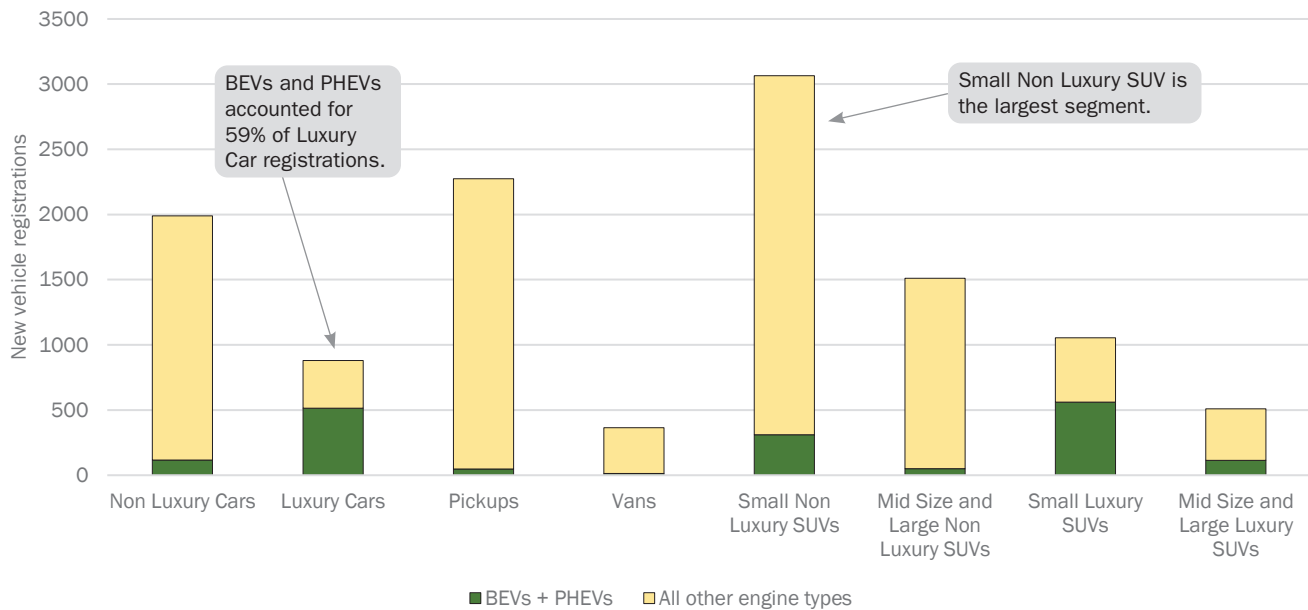
LARGEST SEGMENTS

Breakdown of Brand Registrations by Vehicle Type



The graph below shows new vehicle registrations in Hawaii for each primary market segment. The green shaded section in each bar represents BEV (battery electric vehicle) and PHEV (plug-in hybrid electric vehicle) registrations. Yellow shading consists of all other powertrain types (gasoline, diesel, hybrid, mild hybrid, and alternative fuels). Data sourced from Experian Automotive.

New Vehicle Registrations by Segment and Powertrain Type - YTD 2023 thru March



Data sourced from Experian Automotive.

COUNTY SCOREBOARD

New Vehicle Registrations on Big Island Increased in 1Q '23

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 2022 and 2023 and the percent change. The second and third sections show Light Truck and Domestic Brand market share. The fourth section shows market share figures for the top 10 selling light vehicle brands in the state. The top rated county in each category is shaded.

Data sourced from Experian Automotive.

New Vehicle Markets Summary				
	Hawaii	Kauai	Maul	Oahu
Market Summary				
YTD 2022 thru March	1558	708	1410	7893
YTD 2023 thru March	1790	689	1383	7785
Percent change	14.9%	-2.7%	-1.9%	-1.4%
Light Truck Market Share				
YTD 2022 thru March	84.4%	85.7%	79.8%	73.7%
YTD 2023 thru March	81.6%	86.5%	80.8%	72.0%
Change (share points)	-2.8	0.8	1.0	-1.7
Domestic Brand Market Share				
YTD 2022 thru March	25.7%	30.2%	25.7%	23.0%
YTD 2023 thru March	19.2%	25.0%	27.5%	23.1%
Change (share points)	-6.6	-5.3	1.8	0.1
Market Share for Top 10 Selling Brands In State - YTD '23 thru March				
Toyota	31.8%	35.7%	27.3%	27.4%
Honda	8.3%	6.1%	12.7%	10.8%
Tesla	4.1%	4.4%	6.4%	10.0%
Subaru	15.1%	11.5%	6.0%	4.1%
Nissan	5.7%	7.0%	5.1%	6.4%
Ford	6.0%	11.6%	8.2%	4.9%
Kia	9.2%	5.7%	5.3%	4.0%
Hyundai	4.5%	4.2%	3.1%	5.4%
BMW	3.7%	0.6%	2.7%	4.3%
Chevrolet	4.5%	5.4%	3.8%	3.4%

Brand Registrations Report												
Hawaii New Retail Car and Light Truck Registrations												
	First Quarter						Annual Totals					
	Registrations			Market Share (%)			Registrations			Market Share (%)		
	1Q '22	1Q '23	% change	1Q '22	1Q '23	Change	2021	2022	% change	2021	2022	Change
TOTAL	11,569	11,647	0.7				54,647	47,781	-12.6			
Cars	2,708	2,869	5.9	23.4	24.6	1.2	13,414	10,696	-20.3	24.5	22.4	-2.1
Light Trucks	8,861	8,778	-0.9	76.6	75.4	-1.2	41,233	37,085	-10.1	75.5	77.6	2.1
Domestic Brands	2,793	2,693	-3.6	24.1	23.1	-1.0	12,998	10,956	-15.7	23.8	22.9	-0.9
European Brands	1,197	1,128	-5.8	10.3	9.7	-0.6	5,411	4,519	-16.5	9.9	9.5	-0.4
Japanese Brands	6,519	6,632	1.7	56.3	56.9	0.6	31,751	27,302	-14.0	58.1	57.1	-1.0
Korean Brands	1,060	1,194	12.6	9.2	10.3	1.1	4,487	5,004	11.5	8.2	10.5	2.3
Acura	97	82	-15.5	0.8	0.7	-0.1	630	365	-42.1	1.2	0.8	-0.4
Audi	81	90	11.1	0.7	0.8	0.1	462	338	-26.8	0.8	0.7	-0.1
BMW	381	439	15.2	3.3	3.8	0.5	1,587	1,438	-9.4	2.9	3.0	0.1
Buick	4	25	525.0	0.0	0.2	0.2	114	36	-68.4	0.2	0.1	-0.1
Cadillac	28	27	-3.6	0.2	0.2	0.0	131	113	-13.7	0.2	0.2	0.0
Chevrolet	413	436	5.6	3.6	3.7	0.1	2,389	1,796	-24.8	4.4	3.8	-0.6
CDJR Total	642	426	-33.6	5.5	3.7	-1.8	3,447	2,552	-26.0	6.3	5.3	-1.0
Chrysler	15	18	20.0	0.1	0.2	0.1	171	92	-46.2	0.3	0.2	-0.1
Dodge	54	44	-18.5	0.5	0.4	-0.1	492	245	-50.2	0.9	0.5	-0.4
Jeep	398	257	-35.4	3.4	2.2	-1.2	1,903	1,535	-19.3	3.5	3.2	-0.3
Ram	175	107	-38.9	1.5	0.9	-0.6	881	680	-22.8	1.6	1.4	-0.2
Ford	869	680	-21.7	7.5	5.8	-1.7	3,357	3,402	1.3	6.1	7.1	1.0
Genesis	38	35	-7.9	0.3	0.3	0.0	146	153	4.8	0.3	0.3	0.0
GMC	100	103	3.0	0.9	0.9	0.0	548	386	-29.6	1.0	0.8	-0.2
Honda	1,280	1,206	-5.8	11.1	10.4	-0.7	7,893	4,573	-42.1	14.4	9.6	-4.8
Hyundai	393	572	45.5	3.4	4.9	1.5	1,867	2,005	7.4	3.4	4.2	0.8
Infiniti	31	21	-32.3	0.3	0.2	-0.1	150	102	-32.0	0.3	0.2	-0.1
Jaguar	4	6	50.0	0.0	0.1	0.1	38	16	-57.9	0.1	0.0	-0.1
Kia	629	587	-6.7	5.4	5.0	-0.4	2,474	2,846	15.0	4.5	6.0	1.5
Land Rover	20	27	35.0	0.2	0.2	0.0	211	102	-51.7	0.4	0.2	-0.2
Lexus	450	388	-13.8	3.9	3.3	-0.6	1,709	1,908	11.6	3.1	4.0	0.9
Lincoln	16	18	12.5	0.1	0.2	0.1	81	62	-23.5	0.1	0.1	0.0
Maserati	6	3	-50.0	0.1	0.0	-0.1	21	23	9.5	0.0	0.0	0.0
Mazda	109	131	20.2	0.9	1.1	0.2	1,108	415	-62.5	2.0	0.9	-1.1
Mercedes	251	259	3.2	2.2	2.2	0.0	1,042	1,031	-1.1	1.9	2.2	0.3
MINI	94	65	-30.9	0.8	0.6	-0.2	332	323	-2.7	0.6	0.7	0.1
Mitsubishi	14	9	-35.7	0.1	0.1	0.0	119	35	-70.6	0.2	0.1	-0.1
Nissan	1,111	718	-35.4	9.6	6.2	-3.4	4,339	3,408	-21.5	7.9	7.1	-0.8
Other	8	9	12.5	0.1	0.1	0.0	38	27	-28.9	0.1	0.1	0.0
Polestar	0	0		0.0	0.0	0.0	2	2	0.0	0.0	0.0	0.0
Porsche	75	64	-14.7	0.6	0.5	-0.1	290	255	-12.1	0.5	0.5	0.0
Rivian	0	4		0.0	0.0	0.0	0	2		0.0	0.0	0.0
Subaru	644	749	16.3	5.6	6.4	0.8	2,588	2,743	6.0	4.7	5.7	1.0
Tesla	721	973	35.0	6.2	8.4	2.2	2,931	2,606	-11.1	5.4	5.5	0.1
Toyota	2,783	3,328	19.6	24.1	28.6	4.5	13,215	13,753	4.1	24.2	28.8	4.6
Volkswagen	222	128	-42.3	1.9	1.1	-0.8	1,105	771	-30.2	2.0	1.6	-0.4
Volvo	55	39	-29.1	0.5	0.3	-0.2	283	194	-31.4	0.5	0.4	-0.1

Source: AutoCount data from Experian.

The table shows new retail light vehicle (car and light truck) registrations in the Hawaii market. Figures are shown for the 1st Quarters of '22 and '23, and annual totals for 2021 and 2022. The top ten ranked brands in each change category are shaded yellow.