Hawaii Auto Outlook™

Sponsored by: Hawaii Automobile Dealers Association

FORECAST

Hawaii New Vehicle Market Has a Chance to Improve in 2nd Half of '24

Key factors boosting new vehicle sales

Existing vehicle fleet is old. Average age of vehicles in operation has reached an all-time high. No question, modern vehicles are built better and last longer, but today's models offer many upgraded features vs. the average 12.5 year old car. Passive and active safety technology, advanced infotainment options, and alternative powertrains are just a few examples. Many vehicle owners have a strong incentive to upgrade.

Transaction prices are falling. Right now, affordability is a deterrent for new vehicle sales (see right), but increased inventories and rising incentives have pushed down vehicles prices which will spur demand.

Economy is hanging in there. After significant interest rate increases in 2022 and 2023, fingers were crossed for a soft landing. GDP has remained positive, employment levels continue to move higher, and household incomes have largely kept pace with inflation. Interest rates are elevated and prices have risen sharply since 2021, but recession seems unlikely.

Key factors holding back new vehicle sales

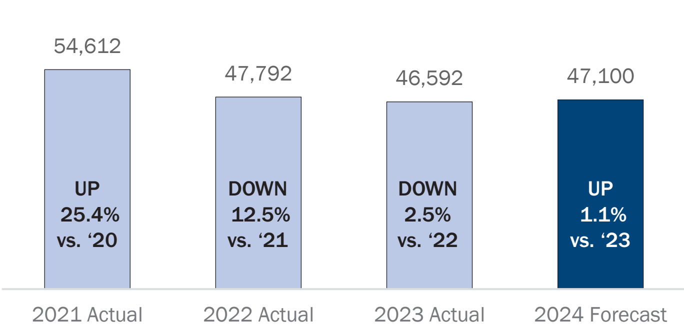
Heightened uncertainty. There are always unexpected events lurking that can impact the market. The CDK outage is a recent example. In addition to these surprises, there are ongoing and upcoming events with uncertain outcomes that cloud the sales forecast. The presidential election is at the top of the list. As we have already seen, events related to the campaign are rightfully leading to heightened anxiety and uneasiness. This will last up until election day, and hopefully, for a relatively short period afterwards. Geopolitical unrest surrounding the Ukraine and Middle East conflicts are other examples. Consumer confidence takes a hit when the list of things to worry about lengthens, and this is a negative for new vehicle sales.

New vehicle affordability is a drag. Monthly finance and lease costs remain elevated due to higher interest rates. As noted on the left, vehicle transaction prices have fallen and household incomes are increasing, but inflation has eroded purchasing power. Monthly new vehicle payments as a percent of consumer income will move lower in the coming months, but are high right now and it's holding back sales.

Key Trends in Hawaii New Vehicle Market

- Forecast summary: replacement demand and falling transaction prices will provide some momentum for the new vehicle market for the rest of '24, while the negative factors will limit growth.
- Despite the 7% decline in the first half of '24, the market still has a chance to post a small improvement for all of this year vs. 2023. Due primarily to the Maui wildfires, new registrations in the second half of last year were the lowest since 2012. As pointed out above, sales are unlikely to improve significantly, but the market is expected to post slightly higher results in 2024.
- Battery electric vehicles accounted for 13.1% of the market in the Second Quarter of this year, down from 14.9% in the First Quarter, and down versus 2Q '23 (see page 6).
- Volkswagen, Lexus, Mazda, Honda, and GMC had the largest percentage increases so far this year (see page 4).

Forecast for State New Retail Light Vehicle Registrations



The graph above shows annual new retail light vehicle registrations from 2021 through 2023 and Auto Outlook's projection for all of 2024.
Historical data sourced from Experian Automotive.

Market Summary

	YTD '23 thru June	YTD '24 thru June	% Chg. '23 to '24	Mkt. Share YTD '24
TOTAL	24,373	22,670	-7.0%	
Car	5,872	5,217	-11.2%	23.0%
Light Truck	18,501	17,453	-5.7%	77.0%
Domestic	5,849	5,491	-6.1%	24.2%
European	2,273	1,996	-12.2%	8.8%
Japanese	13,865	13,143	-5.2%	58.0%
Korean	2,386	2,040	-14.5%	9.0%

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

KEY TRENDS IN HAWAII NEW VEHICLE MARKET

STATE MARKET VS. U.S.

% Change In New Retail Market YTD 2024 thru June vs. YTD 2023	Hawaii	U.S.
	DOWN 7.0%	UP 3.4%

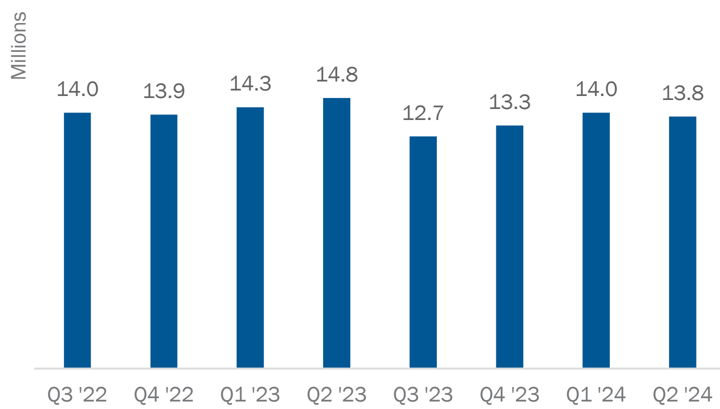
New retail light vehicle registrations in the state declined 7.0% during the first six months of this year vs. year earlier, compared to the 3.4% improvement in the Nation.

Data sourced from Experian Automotive.

QUARTERLY RESULTS

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 slipped from 14.0 million in the First Quarter of this year to 13.8 million in the Second Quarter.

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

% Change in quarterly registrations vs. year earlier (2Q '24 vs. 2Q '23) — **DOWN 11.8%**

% Change in registrations vs. previous quarter (2Q '24 vs. 1Q '24) — **DOWN 2.4%**

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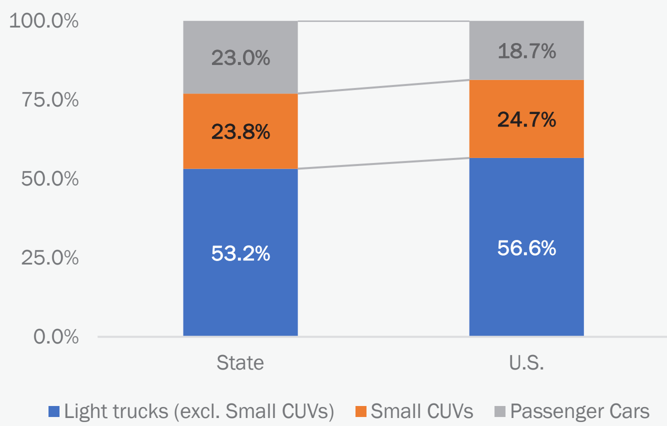
KEY TRENDS IN HAWAII NEW VEHICLE MARKET

VEHICLE AND BRAND SEGMENTS - STATE AND U.S.

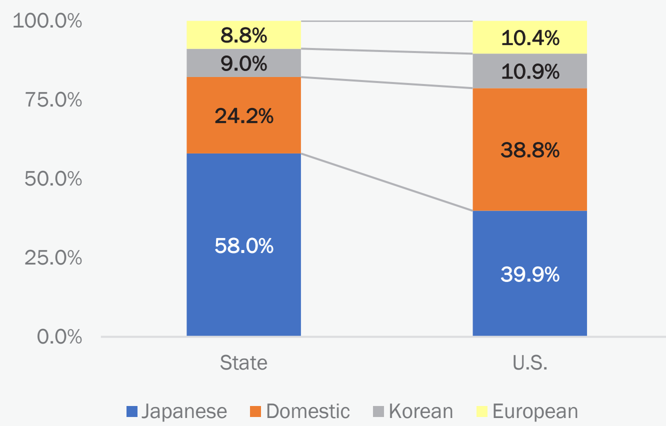
Market Share by Type of Vehicle



Combining the blue and orange sections in the graph above corresponds to the standard industry definition of light trucks. Small crossovers are broken out, however, since many are more similar to compact hatchbacks than to many trucks. Light truck share (excluding small CUVs) was **53.2%**, below the **56.5%** share in the U.S.

Data sourced from Experian Automotive.

Domestic, European, Japanese, & Korean Brand Share



Japanese brand market share in the state was higher than U.S. levels: **58.0%** vs. **39.9%**. State Domestic brand share (which includes Tesla and Rivian) was **24.2%**. Korean and European brands accounted for a lower share of the state market last year than in the Nation.

Data sourced from Experian Automotive.

COUNTY MARKETS

Observations and Key Facts

- 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 six months of 2023 and 2024. 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.

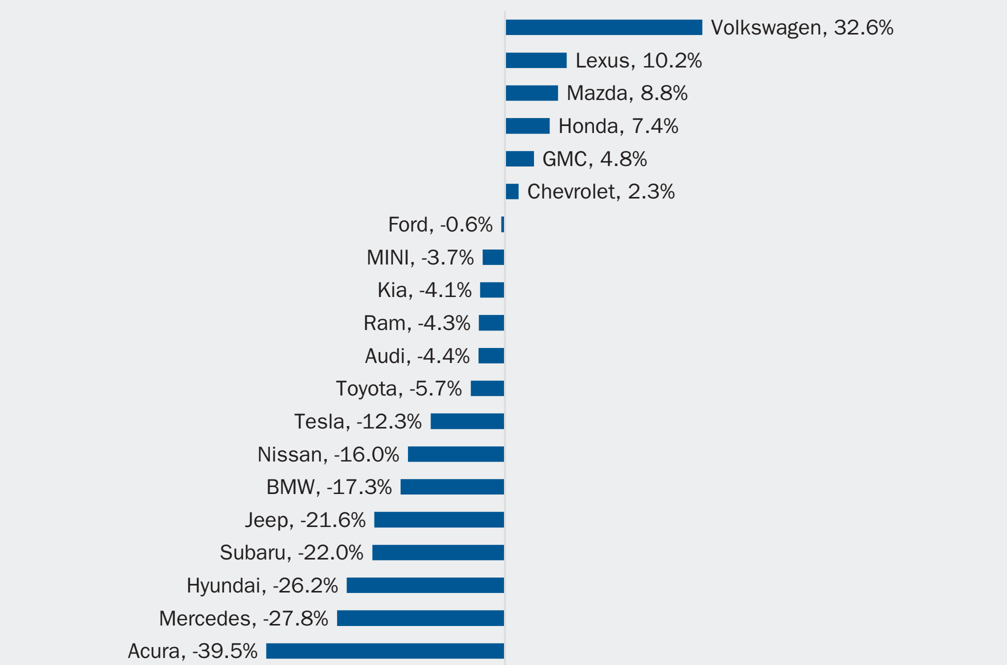
New Vehicle Markets Summary	Hawaii	Kauai	Maui	Oahu
Market Summary				
YTD '23 thru June	3771	1352	2848	16402
YTD '24 thru June	3324	1111	2752	15482
Percent change	-11.9%	-17.8%	-3.4%	-5.6%
Light Truck Market Share				
YTD '23 thru June	81.9%	87.9%	80.7%	72.7%
YTD '24 thru June	81.6%	88.3%	83.0%	74.1%
Change (share points)	-0.3	0.4	2.2	1.4
Domestic Brand Market Share				
YTD '23 thru June	20.4%	28.7%	24.3%	24.4%
YTD '24 thru June	23.5%	28.3%	26.5%	23.7%
Change (share points)	3.0	-0.4	2.2	-0.7
Market Share for Top 10 Selling Brands in State - YTD '24 thru June				
Toyota	31.7%	31.9%	27.3%	27.0%
Honda	9.2%	10.2%	13.3%	13.3%
Tesla	2.1%	2.9%	4.7%	10.7%
Ford	8.3%	12.9%	10.3%	5.3%
Nissan	6.3%	6.5%	5.3%	5.8%
Kia	7.8%	8.5%	4.1%	4.4%
Subaru	12.3%	8.1%	5.5%	3.1%
Lexus	0.9%	1.5%	3.7%	5.5%
Chevrolet	6.0%	5.6%	4.4%	3.6%
Hyundai	3.6%	3.0%	2.4%	3.9%

BRANDS AND MODELS

WINNERS AND LOSERS

The primary metric used to identify winning and losing brands is the percent change in registrations vs. year earlier, shown on the graph below. VW and Lexus were the biggest gainers in the state market in the first six months of this year among the top 20 brands. BUT this snapshot does not capture the shorter term trend in sales, and this matters! Registrations for a brand may have posted a big year-over year increase (definitely a positive), but if growth has stalled during the most recent quarter, that's significant. The tables to the right of the graph show results from the First to the Second Quarters of 2024.

% Change in State Registrations for Top 20 Brands- YTD '24 thru June vs. YTD '23



Brands Gaining Ground

Largest % increases from 1Q '24 to 2Q '24

Acura	Up	37.3%
Mazda	Up	28.9%
Volkswagen	Up	23.3%
Ram	Up	21.8%
GMC	Up	21.3%

Brands Losing Ground

Largest % declines from 1Q '24 to 2Q '24

BMW	Down	41.7%
MINI	Down	37.5%
Audi	Down	18.8%
Tesla	Down	17.7%
Lexus	Down	13.5%

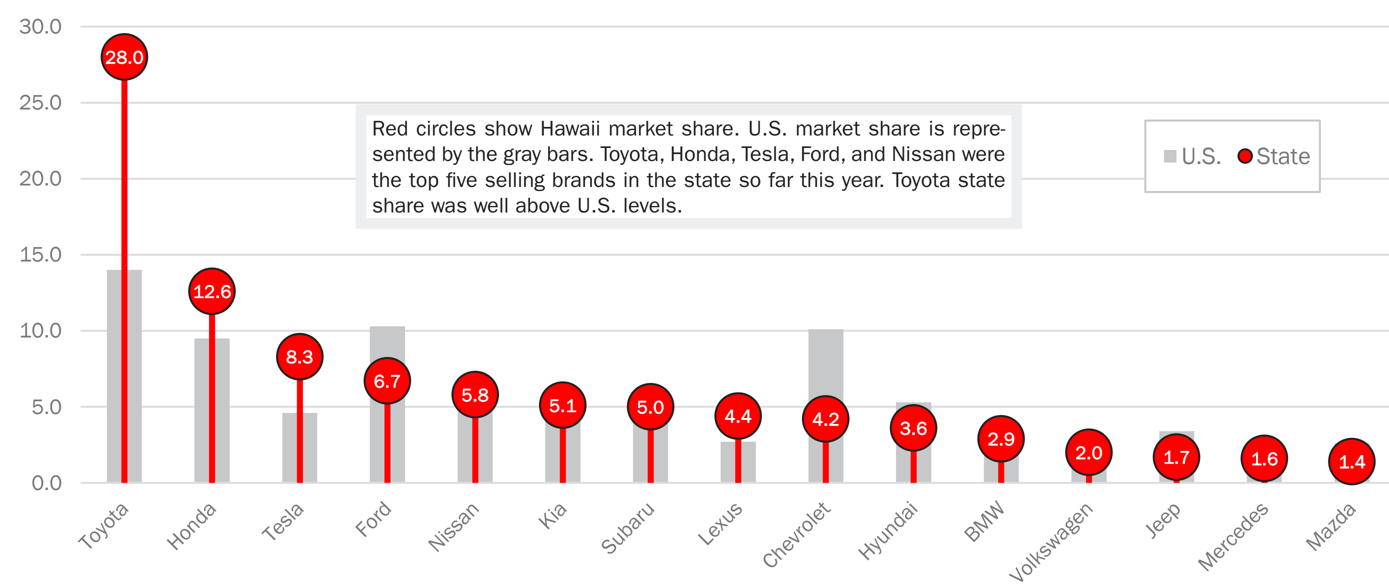
Largest % increases during YTD '24 vs. YTD '23: Volkswagen, Lexus, Mazda, Honda, and GMC.

Largest % increases in 2Q '24 vs. 1Q '24: Acura, Mazda, Volkswagen, Ram, and GMC.

Data sourced from Experian Automotive.

TOP SELLING BRANDS

Hawaii and U.S. Market Shares for Top 15 Brands in State - YTD '24 thru June



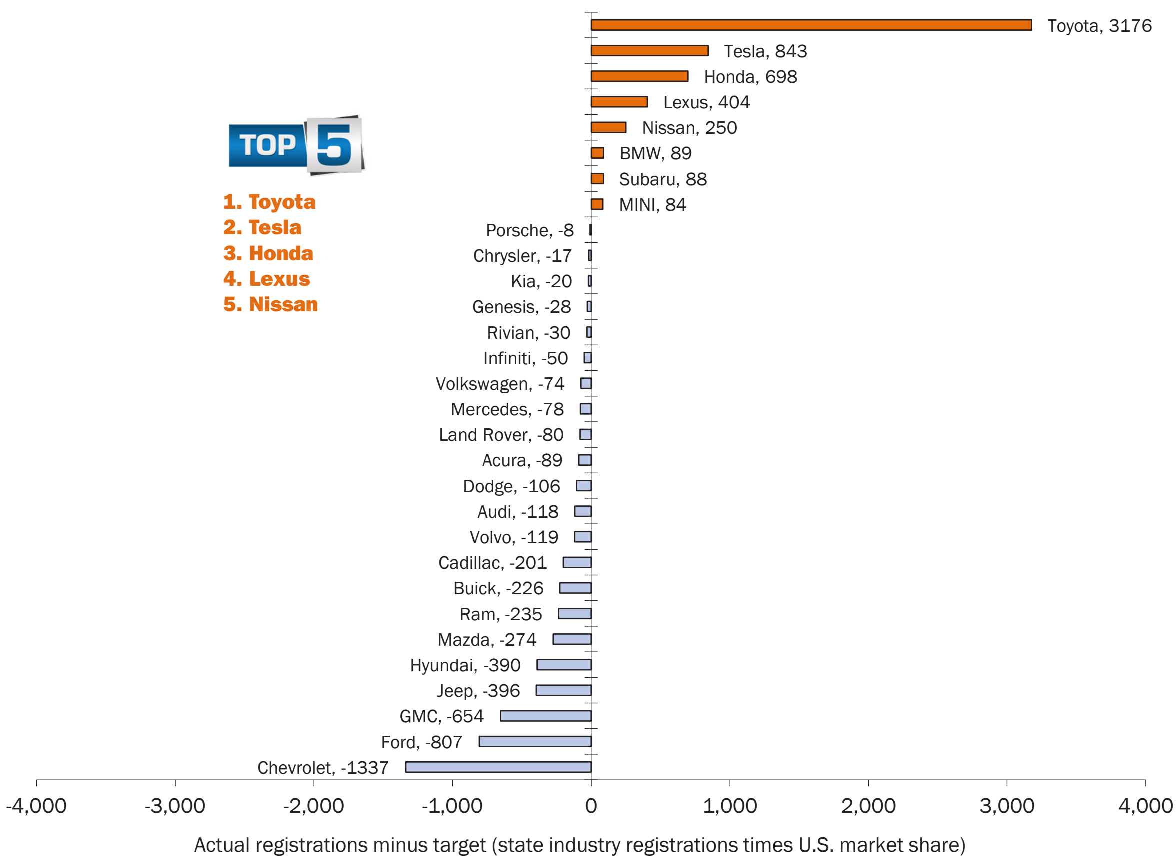
Data sourced from Experian Automotive.

BRANDS AND MODELS

BRAND SALES PERFORMANCE

The graph below provides an indicator of brands that are popular in Hawaii (relative to the National standard), and those that are not. Here's how it works: For the top 30 selling brands, each brand's share of the U.S. market is multiplied by industry retail registrations in the state during the first six months of 2024. 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., Toyota, Tesla, Honda, Lexus, and Nissan) are relatively strong sellers in the state, with actual registrations exceeding calculated targets by large margins. For instance, Toyota registrations exceeded the target by 3,176 units.

Hawaii Retail Market Performance based on registrations during YTD 24 thru June
Actual registrations minus target (state industry registrations times U.S. market share)



Data sourced from Experian Automotive.

TOP SELLING MODELS

Top 20 Selling Models during YTD '24 thru June - Market Share and % Change in Registrations vs. YTD '23

Rank	Model	State Share %	% chg. '23 to '24	Rank	Model	State Share %	% chg. '23 to '24
1	Toyota Tacoma	6.3	-32.6	11	Tesla Model 3	1.9	-48.9
2	Tesla Model Y	5.9	15.0	12	Chevrolet Silverado	1.6	-2.4
3	Toyota 4Runner	4.6	-9.3	13	Nissan Frontier	1.6	-7.9
4	Toyota RAV4	4.4	6.4	14	Subaru Forester	1.5	-34.7
5	Toyota Corolla	3.6	18.3	15	Lexus NX	1.4	46.2
6	Toyota Camry	3.2	5.0	16	Ford F-Series	1.4	-16.0
7	Honda CR-V	3.2	14.2	17	Toyota Sienna	1.4	116.4
8	Honda Civic	2.7	17.6	18	Ford Maverick	1.2	31.6
9	Honda HR-V	2.4	14.7	19	Lexus RX	1.2	-24.7
10	Subaru Crosstrek	2.1	-5.5	20	Honda Accord	1.2	-26.1

Table on the left presents the top 20 selling models in the state during the first six months of this year. Share of industry registrations and the percent change versus the same period a year earlier is also shown. Models with the five largest percentage increase are shaded blue.

Data sourced from Experian Automotive.

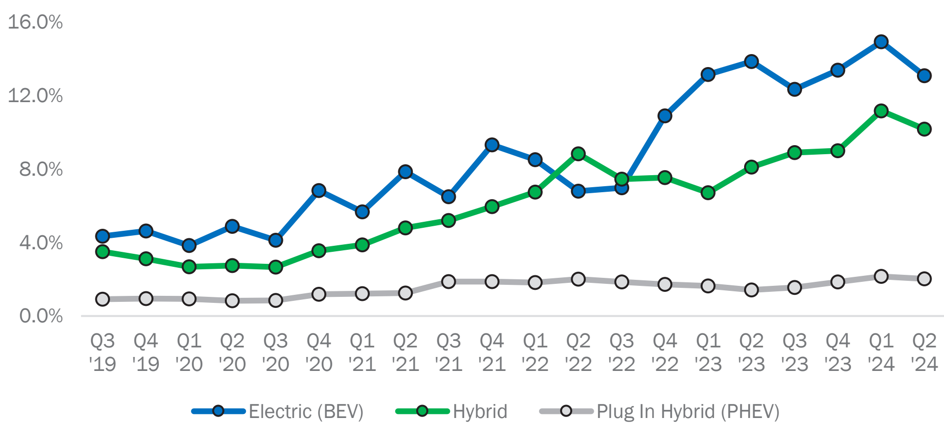
ALTERNATIVE POWERTRAIN MARKET

FIVE KEY TRENDS

1. BEV share increased from 13.5% in the first half of '23 to 14.0% this year.
2. Gains have levelled off, however. BEV share was 13.1% in 2Q '24 vs. 14.9% in 1Q.
3. Franchised dealer share of BEV market was 39.1% in first half of '24 vs. 34.0% a year earlier.
4. Hybrid share was 10.7% during the first six months of 2024 vs. 7.4% a year earlier.
5. Plug in hybrid share was 2.1% so far this year.

BEV, PHEV, AND HYBRID MARKET SHARE

Percent Share of Industry Registrations by Powertrain Type



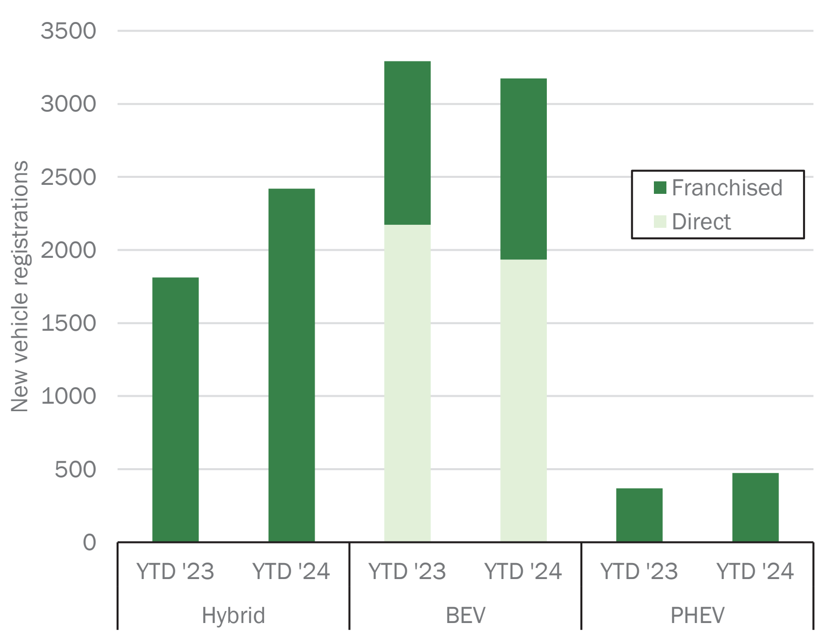
YTD thru June		
	YTD '23	YTD '24
Electric (BEV)	13.5%	14.0%
Hybrid	7.4%	10.7%
Plug In Hybrid (PHEV)	1.5%	2.1%

Quarterly		
	1Q '24	2Q '24
Electric (BEV)	14.9%	13.1%
Hybrid	11.2%	10.2%
Plug In Hybrid (PHEV)	2.2%	2.0%

Data sourced from Experian Automotive. Hybrid registrations exclude mild hybrids.

FRANCHISED DEALERSHIPS AND DIRECT SELLERS

New Hybrid, BEV, and PHEV Registrations in Hawaii by Type of Selling Dealership



BEV Registrations and Market Share	Franchised Dealerships	Direct Sellers
YTD '23 thru Jun. regs.	1,120	2,172
YTD '24 thru Jun. regs.	1,240	1,934
% change	10.7%	-11.0%
YTD '23 mkt. share %	34.0	66.0
YTD '24 mkt. share %	39.1	60.9
change	5.1	-5.1
1Q '24 regs.	668	1,043
2Q '24 regs.	572	891
% change	-14.4%	-14.6%
1Q '24 mkt. share %	39.0	61.0
2Q '24 mkt. share %	39.1	60.9
change	0.1	-0.1

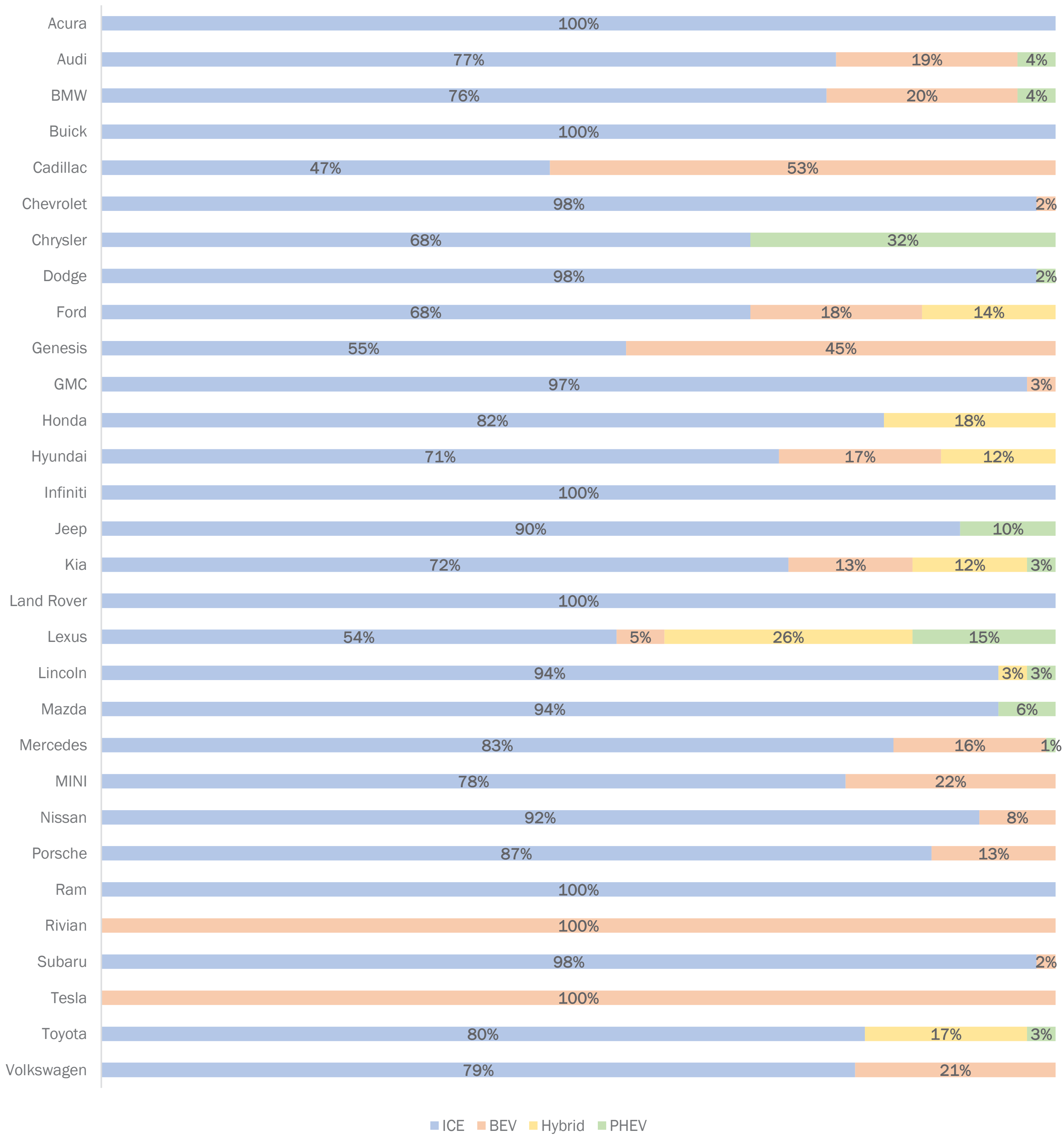
The dark green areas in the graph show sales by powertrain type for franchised dealerships. Sum of the green areas is 4,133 registrations, 68% of the overall total.

Data sourced from Experian Automotive. Hybrid registrations exclude mild hybrids.

ALTERNATIVE POWERTRAIN MARKET

MAKES

Share of Brand Registrations in Hawaii by Type of Powertrain - Second Quarter, 2024 (top 30 brands)



The graph above shows the breakdown of new vehicle registrations by powertrain type for each of the top 30 selling brands in the state during the Second Quarter of 2024. Data sourced from Experian Automotive.

Brand Registrations Report Hawaii New Retail Car and Light Truck Registrations	Second Quarter						Year to date thru June					
	Registrations			Market Share (%)			Registrations			Market Share (%)		
	2Q '23	2Q '24	% change	2Q '23	2Q '24	Change	YTD '23	YTD '24	% change	YTD '23	YTD '24	Change
TOTAL	12,688	11,196	-11.8				24,373	22,670	-7.0			
Cars	3,001	2,466	-17.8	23.7	22.0	-1.7	5,872	5,217	-11.2	24.1	23.0	-1.1
Light Trucks	9,687	8,730	-9.9	76.3	78.0	1.7	18,501	17,453	-5.7	75.9	77.0	1.1
Domestic Brands	3,156	2,676	-15.2	24.9	23.9	-1.0	5,849	5,491	-6.1	24.0	24.2	0.2
European Brands	1,144	883	-22.8	9.0	7.9	-1.1	2,273	1,996	-12.2	9.3	8.8	-0.5
Japanese Brands	7,196	6,607	-8.2	56.7	59.0	2.3	13,865	13,143	-5.2	56.9	58.0	1.1
Korean Brands	1,192	1,030	-13.6	9.4	9.2	-0.2	2,386	2,040	-14.5	9.8	9.0	-0.8
Acura	118	70	-40.7	0.9	0.6	-0.3	200	121	-39.5	0.8	0.5	-0.3
Audi	92	78	-15.2	0.7	0.7	0.0	182	174	-4.4	0.7	0.8	0.1
BMW	349	240	-31.2	2.8	2.1	-0.7	788	652	-17.3	3.2	2.9	-0.3
Buick	16	31	93.8	0.1	0.3	0.2	41	46	12.2	0.2	0.2	0.0
Cadillac	30	17	-43.3	0.2	0.2	0.0	56	41	-26.8	0.2	0.2	0.0
Chevrolet	488	455	-6.8	3.8	4.1	0.3	925	946	2.3	3.8	4.2	0.4
CDJR Total	477	416	-12.8	3.8	3.7	-0.1	903	773	-14.4	3.7	3.4	-0.3
Chrysler	35	28	-20.0	0.3	0.3	0.0	53	50	-5.7	0.2	0.2	0.0
Dodge	70	57	-18.6	0.6	0.5	-0.1	114	102	-10.5	0.5	0.4	-0.1
Jeep	223	197	-11.7	1.8	1.8	0.0	481	377	-21.6	2.0	1.7	-0.3
Ram	149	134	-10.1	1.2	1.2	0.0	255	244	-4.3	1.0	1.1	0.1
Ford	846	727	-14.1	6.7	6.5	-0.2	1,526	1,517	-0.6	6.3	6.7	0.4
Genesis	41	29	-29.3	0.3	0.3	0.0	76	70	-7.9	0.3	0.3	0.0
GMC	86	108	25.6	0.7	1.0	0.3	188	197	4.8	0.8	0.9	0.1
Honda	1,451	1,528	5.3	11.4	13.6	2.2	2,654	2,851	7.4	10.9	12.6	1.7
Hyundai	540	447	-17.2	4.3	4.0	-0.3	1,112	821	-26.2	4.6	3.6	-1.0
Infiniti	25	19	-24.0	0.2	0.2	0.0	44	40	-9.1	0.2	0.2	0.0
Jaguar	5	2	-60.0	0.0	0.0	0.0	11	9	-18.2	0.0	0.0	0.0
Kia	611	554	-9.3	4.8	4.9	0.1	1,198	1,149	-4.1	4.9	5.1	0.2
Land Rover	37	27	-27.0	0.3	0.2	-0.1	64	62	-3.1	0.3	0.3	0.0
Lexus	519	466	-10.2	4.1	4.2	0.1	912	1,005	10.2	3.7	4.4	0.7
Lincoln	19	31	63.2	0.1	0.3	0.2	38	37	-2.6	0.2	0.2	0.0
Maserati	4	4	0.0	0.0	0.0	0.0	7	9	28.6	0.0	0.0	0.0
Mazda	153	174	13.7	1.2	1.6	0.4	284	309	8.8	1.2	1.4	0.2
Mercedes	244	182	-25.4	1.9	1.6	-0.3	504	364	-27.8	2.1	1.6	-0.5
MINI	70	50	-28.6	0.6	0.4	-0.2	135	130	-3.7	0.6	0.6	0.0
Mitsubishi	17	14	-17.6	0.1	0.1	0.0	26	24	-7.7	0.1	0.1	0.0
Nissan	852	703	-17.5	6.7	6.3	-0.4	1,571	1,319	-16.0	6.4	5.8	-0.6
Polestar	0	1		0.0	0.0	0.0	0	1		0.0	0.0	0.0
Porsche	85	30	-64.7	0.7	0.3	-0.4	149	89	-40.3	0.6	0.4	-0.2
Rivian	11	36	227.3	0.1	0.3	0.2	15	43	186.7	0.1	0.2	0.1
Subaru	698	550	-21.2	5.5	4.9	-0.6	1,448	1,130	-22.0	5.9	5.0	-0.9
Tesla	1,181	853	-27.8	9.3	7.6	-1.7	2,154	1,889	-12.3	8.8	8.3	-0.5
Toyota	3,363	3,083	-8.3	26.5	27.5	1.0	6,726	6,344	-5.7	27.6	28.0	0.4
Volkswagen	212	249	17.5	1.7	2.2	0.5	340	451	32.6	1.4	2.0	0.6
Volvo	37	13	-64.9	0.3	0.1	-0.2	76	42	-44.7	0.3	0.2	-0.1
Other	11	9	-18.2	0.1	0.1	0.0	20	15	-25.0	0.1	0.1	0.0

Data sourced from Experian Automotive.

The table shows new retail light vehicle (car and light truck) registrations in the Hawaii market. Figures are shown for the Second Quarters of ‘23 and ‘24, and year to date totals. The top ten ranked brands in each change category are shaded yellow.