Motor Vehicle Sales Authority of British Columbia (VSA)

# Review of British Columbia Automotive Market


Prepared by:
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# Canadian and British Columbia Economic Environment

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# British Columbia Key Economic Indictors

Year-to-date, Forecast for 2010 and 2011

| | 2009 | Current Year-to-date (June) | TD Economic Forecast (2010) | TD Economic Forecast (2011) |
|---|---|---|---|---|
| Consumer Price Index | 0.0% | 0.5% | 1.7% | 2.1% |
| Real Gross Domestic Product | -2.0% | n.a. | 3.8% | 2.5% |
| Labour Force | -2.4% | 1.6% | 1.7% | 1.5% |
| Unemployment Rate | 7.6% | 7.4% | 7.5% | 7.1% |
| Retail Sales | -4.4% | 8.6% (May) | 7.1% | 4.1% |
| Housing Starts | -53.2% | 76.5% | 65.5% | 5.7% |
| Average Existing Home Prices | 2.4% | 14.3% | 6.3% | -3.8% |
| **New Light Vehicle Sales** | **-15.1% *** | **5.8%*** | **6.0%*** | **1.3%*** |

***DesRosiers Light Vehicle Sales data and Forecasting Service for light vehicle sales only.***
***Source: BC STATS, TD Economics Provincial Forecast (July 2010), DesRosiers Automotive Consultants Inc.***

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# Employment Outlook

Annual average percent change, 2009, Forecast for 2010 and 2011

| | 2009 | 2010 Forecast | 2011 Forecast |
|---|---|---|---|
| **British Columbia** | **-2.3** | **1.7** | **1.5** |
| Alberta | -1.2 | 0.5 | 2.1 |
| Saskatchewan | 1.5 | 1.2 | 1.8 |
| Manitoba | 0 | 2.2 | 1.6 |
| Ontario | -2.4 | 1.7 | 1.5 |
| Quebec | -0.9 | 1.4 | 1.2 |
| New Brunswick | 0.1 | 0.9 | 1.3 |
| Nova Scotia | 0 | 0.7 | 1.2 |
| Prince Edward Island | -1.1 | 3.4 | 0.8 |
| Newfoundland and Labrador | -2.7 | 3.2 | 1.6 |
| Canada | -1.6 | 1.5 | 1.5 |

***Source: BC STATS, TD Economics Provincial Forecast (July 2010)***

# Real Gross Domestic Product Outlook

Annual average percent change, 2009, Forecast for 2010 and 2011

| | 2009 | 2010 Forecast | 2011 Forecast |
|---|---|---|---|
| **British Columbia** | **-2.0** | **3.8** | **2.5** |
| Alberta | -4.9 | 2.8 | 3.5 |
| Saskatchewan | -5.9 | 2.1 | 3.8 |
| Manitoba | 0.0 | 2.9 | 3.0 |
| Ontario | -2.9 | 4.0 | 2.3 |
| Quebec | -0.8 | 3.6 | 2.2 |
| New Brunswick | -0.5 | 3.0 | 2.4 |
| Nova Scotia | -0.3 | 2.7 | 2.1 |
| Prince Edward Island | 0.7 | 2.5 | 2.0 |
| Newfoundland and Labrador | -9.5 | 4.4 | 1.3 |
| Canada | -2.5 | 3.6 | 2.5 |

***Source: BC STATS, TD Economics Provincial Forecast (July 2010)***

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# Unemployment Rate

Annual Percentage, 2009, Forecast for 2010 and 2011

| | 2009 | 2010 Forecast | 2011 Forecast |
|---|---|---|---|
| **British Columbia** | **7.6** | **7.5** | **7.1** |
| Alberta | 6.6 | 6.7 | 6.3 |
| Saskatchewan | 4.8 | 5.0 | 4.5 |
| Manitoba | 5.2 | 5.3 | 4.7 |
| Ontario | 9.0 | 8.7 | 7.7 |
| Quebec | 8.5 | 7.8 | 7.2 |
| New Brunswick | 8.8 | 8.5 | 7.7 |
| Nova Scotia | 9.2 | 8.9 | 8.2 |
| Prince Edward Island | 12.0 | 10.4 | 10.0 |
| Newfoundland and Labrador | 15.5 | 14.5 | 13.5 |
| Canada | 8.3 | 8.0 | 7.2 |

***Source: BC STATS, TD Economics Provincial Forecast (July 2010)***

- **Most Canadian provinces witnessed a sizeable economic reduction in 2009. British Columbia was impacted by a substantial decline in employment and new motor vehicle sales.**
- **Employment fell 2.3 percent in British Columbia last year. Job growth is forecast at 1.7 percent for 2010.**
- **A significant drop in Canadian new motor vehicle sales in 2009. Total light vehicle sales in British Columbia are expected to recover by six percent in 2010. Sales in the province were up 5.8 percent July year-to-date.**

# Canadian and British Columbia Population and Demographic

# Provincial Population

2005 to 2009 (Thousands)

| Province | 2005 | 2006 | 2007 | 2008 | 2009 | Change |
|---|---|---|---|---|---|---|
| Canada | 32,245.2 | 32,576.1 | 32,832.0 | 33,327.3 | 33,739.9 | 1.2% |
| Ontario | 12,528.5 | 12,665.3 | 12,794.7 | 12,936.3 | 13,069.2 | 1.0% |
| Quebec | 7,581.9 | 7,631.6 | 7,687.1 | 7,753.5 | 7,828.9 | 1.0% |
| **British Columbia** | **4,196.8** | **4,243.6** | **4,309.5** | **4,383.8** | **4,455.2** | **1.6%** |
| Alberta | 3,322.2 | 3,421.3 | 3,513.1 | 3,595.9 | 3,687.7 | 2.6% |
| Manitoba | 1,178.3 | 1,184.0 | 1,193.9 | 1,206.1 | 1,222.0 | 1.3% |
| Saskatchewan | 993.6 | 992.1 | 1,000.1 | 1,013.6 | 1,031.1 | 1.7% |
| Nova Scotia | 937.9 | 938.0 | 935.9 | 936.6 | 938.2 | 0.2% |
| New Brunswick | 748.0 | 745.0 | 745.6 | 747.1 | 749.5 | 0.3% |
| Newfoundland and Labrador | 514.4 | 510.3 | 506.5 | 506.4 | 508.9 | 0.5% |
| Prince Edward Island | 138.1 | 137.9 | 138.1 | 139.5 | 141.0 | 1.1% |

***Source: DesRosiers Automotive Consultants Inc. and Statistics Canada***

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# Age Structure of the Canadian Population

(Percent of the Population)

| Age Range | 2005 | 2006 | 2007 | 2,008 | 2,009 | 2014F |
|---|---|---|---|---|---|---|
| 0-14 | 17.7% | 17.3% | 17.1% | 16.8% | 16.6% | 16.5% |
| 15-29 | 20.3% | 20.4% | 20.5% | 20.5% | 20.5% | 19.6% |
| 30-44 | 22.6% | 22.1% | 21.7% | 21.3% | 20.9% | 20.4% |
| 45-59 | 21.5% | 21.9% | 22.1% | 22.3% | 22.5% | 21.9% |
| 60-74 | 11.7% | 11.9% | 12.3% | 12.6% | 13.0% | 14.8% |
| 75-89 | 5.6% | 5.7% | 5.8% | 5.9% | 5.9% | 6.1% |
| 90+ | 0.5% | 0.5% | 0.6% | 0.6% | 0.6% | 0.8% |
| Total | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

***Source: DesRosiers Automotive Consultants Inc. and Statistics Canada***

# Vehicles on the Road vs. Driving Age Population in Canada

| | Driving Age Population* | Light Vehicle Registrations | Vehicles per Driver |
|---|---|---|---|
| 2000 | 24,386,630 | 17,100,899 | 0.70 |
| 2001 | 24,745,374 | 17,667,665 | 0.71 |
| 2002 | 25,110,012 | 17,910,647 | 0.71 |
| 2003 | 25,431,499 | 18,207,157 | 0.72 |
| 2004 | 25,756,063 | 18,709,017 | 0.73 |
| 2005 | 26,097,357 | 18,882,567 | 0.72 |
| 2006 | 26,475,904 | 19,365,344 | 0.73 |
| 2007 | 26,871,867 | 20,242,775 | 0.75 |
| 2008 | 27,285,401 | 21,202,441 | 0.78 |
| 2009 | 27,702,053 | 21,674,752 | 0.78 |

**** Driving age population interpreted as Canadians aged 16 year and older***

Source: DesRosiers Automotive Consultants Inc., Statistics Canada, and registration data © R.L. Polk & Company, 2009 data released 2010. 

- **The overall Canadian population grew 1.2 percent in 2009. Total population reached 33.7 million people.**

- **Population in British Columbia expanded 1.6 percent last year, the third fastest growing province in Canada.**

- **An aging Canadian population is forecasted for 2014. The proportion of the population under the age of 60 is expected to decline in the next five years.**

- **The vehicles per driving age population have been rising in the last decade. The total driving age population reached almost 28 million in 2009.**

# Canadian and British Columbia New Vehicle Market/British Columbia New and Used Vehicle Sales by Channel

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# Canadian and British Columbia Light Vehicle Market

(2000 – 2009, 2010 YTD July)

| Year | Canada | British Columbia | B.C. as a percentage of Canada |
|---|---|---|---|
| 2000 | 1,549,441 | 163,519 | 10.6% |
| 2001 | 1,570,629 | 169,508 | 10.8% |
| 2002 | 1,703,246 | 191,852 | 11.3% |
| 2003 | 1,593,506 | 177,269 | 11.1% |
| 2004 | 1,534,415 | 177,192 | 11.5% |
| 2005 | 1,583,291 | 180,985 | 11.4% |
| 2006 | 1,614,701 | 187,939 | 11.6% |
| 2007 | 1,653,362 | 195,906 | 11.8% |
| 2008 | 1,635,986 | 177,039 | 10.8% |
| 2009 | 1,460,581 | 150,323 | 10.3% |
| 2010 YTD (July) | 935,158 | 91,815 | 9.8% |

***Source: DesRosiers Automotive Consultants Inc., AIAMC and CVMA***

## British Columbia Light Vehicle Market 2005 – 2009, 2010 YTD

(Total Sales and Percentage Share)

| Sales | 2005 | 2006 | 2007 | 2008 | 2009 | 2009 YTD (July) | 2010 YTD (July) | Change |
|---|---|---|---|---|---|---|---|---|
| Passenger Car | 92,778 | 97,274 | 96,785 | 92,279 | 72,018 | 42,736 | 41,814 | -2.2% |
| Light Truck | 88,207 | 90,665 | 99,121 | 84,760 | 78,305 | 44,056 | 50,001 | 13.5% |
| **Total** | **180,985** | **187,939** | **195,906** | **177,039** | **150,323** | **86,792** | **91,815** | **5.8%** |
| **Percent Change** | **2.1%** | **3.8%** | **4.2%** | **-9.6%** | **-15.1%** | | | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Passenger Cars | 51.3% | 51.8% | 49.4% | 52.1% | 47.9% | 49.2% | 45.5% |
| Light Trucks | 48.7% | 48.2% | 50.6% | 47.9% | 52.1% | 50.8% | 54.5% |
| **Total Market Share** | **100.0%** | **100.0%** | **100.0%** | **100.0%** | **100.0%** | **100.0%** | **100.0%** |

***Source: DesRosiers Automotive Consultants Inc., AIAMC and CVMA***

# British Columbia Passenger Car Market 2005 – 2009, 2010 YTD

(Percentage Share)

| Passenger Car Segmentation | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 YTD (YTD) |
|---|---|---|---|---|---|---|
| Subcompact | 8.8% | 12.4% | 15.8% | 17.8% | 16.7% | 15.2% |
| Compact | 48.6% | 46.2% | 44.9% | 45.3% | 46.9% | 46.9% |
| Sport | 4.8% | 5.0% | 4.9% | 4.3% | 4.6% | 5.3% |
| Luxury | 10.4% | 10.4% | 10.3% | 10.4% | 11.5% | 12.2% |
| Intermediate | 23.5% | 22.6% | 21.1% | 19.3% | 17.2% | 16.4% |
| Luxury High | 2.3% | 2.1% | 2.1% | 2.0% | 2.3% | 3.1% |
| Luxury Sport | 1.4% | 1.2% | 0.9% | 0.9% | 0.9% | 0.9% |
| **Total** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** |

***Source: DesRosiers Automotive Consultants Inc., AIAMC and CVMA***

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# Canada vs. British Columbia Passenger Car Market

(2009, Percentage Share)

| Passenger Car Segmentation | Canada | British Columbia |
|---|---|---|
| Subcompact | 14.5% | 16.7% |
| Compact | 50.9% | 46.9% |
| Sport | 3.5% | 4.6% |
| Luxury | 8.5% | 11.5% |
| Intermediate | 20.7% | 17.2% |
| Luxury High | 1.4% | 2.3% |
| Luxury Sport | 0.5% | 0.9% |
| **Total** | **100%** | **100%** |

***Source: DesRosiers Automotive Consultants Inc., AIAMC and CVMA***

# British Columbia Light Truck Market 2005 – 2009, 2010 YTD

(Percentage Share)

| Light Truck Segmentation | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 YTD (July) |
|---|---|---|---|---|---|---|
| Compact Sport Utility | 18.7% | 22.3% | 25.1% | 27.1% | 29.3% | 29.2% |
| Intermediate Sport Utility | 14.7% | 9.6% | 10.7% | 12.1% | 11.1% | 11.4% |
| Large Sport Utility | 2.2% | 2.2% | 1.9% | 1.7% | 1.7% | 1.1% |
| Luxury Compact Sport Utility | 0.6% | 0.9% | 1.6% | 1.7% | 3.5% | 3.9% |
| Luxury Intermediate Sport Utility | 5.2% | 5.0% | 5.6% | 6.5% | 7.9% | 7.5% |
| Luxury Large Sport Utility | 0.6% | 0.8% | 0.8% | 0.6% | 0.5% | 0.6% |
| Small Pickup | 7.1% | 9.5% | 10.3% | 10.5% | 8.7% | 8.5% |
| Large Pickup | 28.8% | 30.2% | 30.4% | 27.1% | 26.8% | 28.5% |
| Small Van | 18.3% | 15.8% | 10.5% | 9.8% | 8.4% | 7.0% |
| Large Van | 3.7% | 3.7% | 3.1% | 2.8% | 2.1% | 2.4% |
| **Total** | **100.0%** | **100.0%** | **100.0%** | **100.0%** | **100.0%** | **100.0%** |

***Source: DesRosiers Automotive Consultants Inc., AIAMC and CVMA***

# Canada vs. British Columbia Light Truck Market

(2009, Percentage Share)

| Light Truck Segmentation | Canada | British Columbia |
|---|---|---|
| Compact Sport Utility | 29.7% | 29.3% |
| Intermediate Sport Utility | 13.1% | 11.1% |
| Large Sport Utility | 1.1% | 1.7% |
| Luxury Compact Sport Utility | 2.2% | 3.5% |
| Luxury Intermediate Sport Utility | 4.9% | 7.9% |
| Luxury Large Sport Utility | 0.4% | 0.5% |
| Small Pickup | 5.9% | 8.7% |
| Large Pickup | 28.2% | 26.8% |
| Small Van | 12.2% | 8.4% |
| Large Van | 2.3% | 2.1% |
| **Total** | **100.0%** | **100.0%** |

***Source: DesRosiers Automotive Consultants Inc., AIAMC and CVMA***

# Detroit vs. Import Nameplates Market Share

(Percentage Share)

| British Columbia | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 YTD (July) |
|---|---|---|---|---|---|---|
| Detroit Nameplates | 50.3% | 46.8% | 44.7% | 43.7% | 39.1% | 39.9% |
| Import Nameplates | 49.7% | 53.2% | 55.3% | 56.3% | 60.9% | 60.1% |
| Total | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

| Canada | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 YTD (July) |
|---|---|---|---|---|---|---|
| Detroit Nameplates | 55.6% | 53.6% | 51.7% | 48.1% | 43.8% | 46.4% |
| Import Nameplates | 44.4% | 46.4% | 48.3% | 51.9% | 56.2% | 53.6% |
| Total | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

***Source: DesRosiers Automotive Consultants Inc., AIAMC and CVMA***

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## British Columbia Light Vehicle Sales by Nameplates 2005 – 2009, 2010 YTD

| Nameplate | 2005 | 2006 | 2007 | 2008 | 2009 | Change | YTD (July) 2009 | YTD (July) 2010 | Change |
|---|---|---|---|---|---|---|---|---|---|
| Acura | 3,441 | 3,246 | 3,508 | 2,819 | 2,735 | -3.0% | 1,552 | 1,402 | -9.7% |
| Audi | 975 | 1,118 | 1,146 | 1,081 | 1,330 | 23.0% | 718 | 1,062 | 47.9% |
| BMW | 3,355 | 3,862 | 4,977 | 4,589 | 4,720 | 2.9% | 2,525 | 2,716 | 7.6% |
| Chrysler | 19,130 | 19,171 | 20,851 | 17,108 | 13,438 | -21.5% | 7,629 | 8,422 | 10.4% |
| Ford | 28,362 | 31,005 | 30,780 | 28,949 | 22,899 | -20.9% | 14,085 | 15,397 | 9.3% |
| General Motors | 43,521 | 37,736 | 35,935 | 31,234 | 22,455 | -28.1% | 13,046 | 12,770 | -2.1% |
| Honda | 18,172 | 20,725 | 21,532 | 19,317 | 14,513 | -24.9% | 8,503 | 8,166 | -4.0% |
| Hyundai | 4,606 | 6,329 | 7,254 | 6,050 | 8,313 | 37.4% | 4,601 | 6,117 | 32.9% |
| Infiniti | 1,059 | 939 | 834 | 1,075 | 988 | -8.1% | 546 | 617 | 13.0% |
| Jaguar | 171 | 128 | 112 | 118 | 89 | -24.6% | 53 | 47 | -11.3% |
| Kia | 2,390 | 2,836 | 3,667 | 3,361 | 3,522 | 4.8% | 1,979 | 2,680 | 35.4% |
| Land Rover | 386 | 478 | 549 | 418 | 379 | -9.3% | 217 | 309 | 42.4% |
| Lexus | 1,525 | 1,883 | 2,108 | 2,315 | 2,324 | 0.4% | 1,277 | 1,136 | -11.0% |
| Mazda | 8,783 | 9,643 | 10,394 | 9,312 | 6,984 | -25.0% | 4,138 | 4,634 | 12.0% |
| Mercedes-Benz | 2,569 | 3,174 | 3,364 | 3,753 | 4,322 | 15.2% | 2,511 | 2,838 | 13.0% |
| MINI | 726 | 802 | 772 | 948 | 708 | -25.3% | 371 | 379 | 2.2% |
| Mitsubishi | 822 | 1,073 | 2,096 | 1,672 | 1,609 | -3.8% | 787 | 839 | 6.6% |
| Nissan | 7,883 | 7,067 | 8,839 | 7,463 | 6,699 | -10.2% | 4,068 | 5,017 | 23.3% |
| Porsche | 318 | 299 | 304 | 260 | 258 | -0.8% | 164 | 182 | 11.0% |
| Saab | 133 | 125 | 84 | 63 | 58 | -7.9% | 37 | 0 | -100.0% |
| smart | 1,172 | 676 | 595 | 876 | 635 | -27.5% | 327 | 303 | -7.3% |
| Subaru | 2,582 | 2,563 | 2,645 | 2,806 | 3,191 | 13.7% | 1,735 | 1,922 | 10.8% |
| Suzuki | 682 | 911 | 1,088 | 1,011 | 1,456 | 44.0% | 798 | 533 | -33.2% |
| Toyota | 22,385 | 26,277 | 26,356 | 24,960 | 21,100 | -15.5% | 12,003 | 10,282 | -14.3% |
| Volkswagen | 4,400 | 4,727 | 5,118 | 4,814 | 4,708 | -2.2% | 2,687 | 3,279 | 22.0% |
| Volvo | 1,437 | 1,146 | 998 | 667 | 890 | 33.4% | 433 | 766 | 76.9% |
| | | | | | | | | | |
| Passenger Car Total | 92,778 | 97,274 | 96,785 | 92,279 | 72,018 | -22.0% | 42,736 | 41,814 | -2.2% |
| Light Truck Total | 88,207 | 90,665 | 99,121 | 84,760 | 78,305 | -7.6% | 44,054 | 50,001 | 13.5% |
| Total Light Vehicle | 180,985 | 187,939 | 195,906 | 177,039 | 150,323 | -15.1% | 86,790 | 91,815 | 5.8% |

*Source: DesRosiers Automotive Consultants Inc., AIAMC and CVMA*

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# Sales Trends in British Columbia (2008 – 2009)

| Category | Units Sold | | % Change | Total Sales ($M) | | % Change |
|---|---|---|---|---|---|---|
| | 2008 | 2009 | | 2008 | 2009 | |
| New Passenger Cars (including fleet) | 92,279 | 72,018 | -22.0% | 2,303.8 | 1,849.4 | -19.7% |
| New Light Trucks (including fleet) | 84,760 | 78,305 | -7.6% | 3,178.2 | 2,947.6 | -7.3% |
| Used Vehicles by New Car Dealer | 142,641 | 147,690 | 3.5% | 2,115.8 | 2,318.6 | 9.6% |
| Used Vehicles by Independent Used Car Dealer | 122,551 | 141,269 | 15.3% | 1,321.8 | 1,503.6 | 13.8% |
| Used Vehicles by Private Sales | 148,668 | 158,392 | 6.5% | 946.7 | 990.4 | 4.6% |
| Retail Motorcycles * | 14,718 | 9,885 | -32.8% | 152.4 | 106.9 | -29.8% |
| New and Used RV's | 12,229 | 8,560 | -30.0% | 380.7 | 238.5 | -37.4% |
| **Total** | **617,847** | **616,119** | **-0.3%** | **10,399.4** | **9,954.9** | **-4.3%** |

***Source: DesRosiers Automotive Consultants Inc., AIAMC and CVMA, Motorcycles and Moped Industry Council, Statistical Surveys Inc, Recreation Vehicle Dealers Association (RVDA) of Canada***

** Includes Street, Dual Purpose, Competition, Off-Road Recreation, Mini Bike and Scooter*

- **British Columbia light vehicle sales dropped 15.1 percent in 2009, coming up short of the national average.**
- **Despite the lower gas prices and weak economy in 2009, passenger car sales fell considerably more than light trucks.**
- **The large/luxury/sport segment is visibly higher in BC than Canada as a whole. The province ranked highest in luxury sales ratio in Canada.**
- **Among all vehicle segments, subcompact cars and compact sport utilities have been the fastest growing segments in the past five years.**

# Canadian Light Vehicle Retail Finance Market

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# Canadian Light Vehicle Retail Finance Market 2000 – 2009

(New Vehicles)

| | Sales | Percent | Units (000's) | | | Percent Share | | |
|---|---|---|---|---|---|---|---|---|
| New Vehicles | (000's) | Change | Cash | Lease | Loan | Cash | Lease | Loan |
| 2000 | 1,258 | 3.1% | 240 | 372 | 645 | 19.1% | 29.6% | 51.3% |
| 2001 | 1,273 | 1.2% | 180 | 344 | 750 | 14.1% | 27.0% | 58.9% |
| 2002 | 1,389 | 9.1% | 214 | 399 | 776 | 15.4% | 28.7% | 55.9% |
| 2003 | 1,316 | -5.3% | 126 | 472 | 717 | 9.6% | 35.9% | 54.5% |
| 2004 | 1,256 | -4.5% | 149 | 496 | 611 | 11.9% | 39.5% | 48.6% |
| 2005 | 1,303 | 3.7% | 143 | 586 | 573 | 11.0% | 45.0% | 44.0% |
| 2006 | 1,330 | 2.1% | 161 | 548 | 621 | 12.1% | 41.2% | 46.7% |
| 2007 | 1,390 | 4.5% | 175 | 589 | 625 | 12.6% | 42.4% | 45.0% |
| 2008 | 1,399 | 0.7% | 217 | 336 | 846 | 15.5% | 24.0% | 60.5% |
| 2009 | 1,279 | -8.6% | 211 | 90 | 978 | 16.5% | 7.0% | 76.5% |

*Source: DesRosiers Automotive Consultants Inc.*

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# Canadian Light Vehicle Retail Finance Market 2000 – 2009

(Used Vehicles)

| | Sales | Percent | Units (000's) | | | Percent Share | | |
|---|---|---|---|---|---|---|---|---|
| **Used Vehicles** | **(000's)** | **Change** | **Cash** | **Lease** | **Loan** | **Cash** | **Lease** | **Loan** |
| 2000 | 2,019 | -4.6% | 828 | 81 | 1,111 | 41.0% | 4.0% | 55.0% |
| 2001 | 2,022 | 0.1% | 809 | 73 | 1,140 | 40.0% | 3.6% | 56.4% |
| 2002 | 2,133 | 5.5% | 832 | 85 | 1,216 | 39.0% | 4.0% | 57.0% |
| 2003 | 2,238 | 4.9% | 810 | 92 | 1,336 | 36.2% | 4.1% | 59.7% |
| 2004 | 2,321 | 3.7% | 952 | 84 | 1,286 | 41.0% | 3.6% | 55.4% |
| 2005 | 2,351 | 1.3% | 893 | 106 | 1,352 | 38.0% | 4.5% | 57.5% |
| 2006 | 2,356 | 0.2% | 872 | 113 | 1,371 | 37.0% | 4.8% | 58.2% |
| 2007 | 2,637 | 11.9% | 854 | 142 | 1,640 | 32.4% | 5.4% | 62.2% |
| 2008 | 2,634 | -0.1% | 896 | 90 | 1,649 | 34.0% | 3.4% | 62.6% |
| 2009 | 2,790 | 5.9% | 1,060 | 56 | 1,674 | 38.0% | 2.0% | 60.0% |

*Source: DesRosiers Automotive Consultants Inc.*

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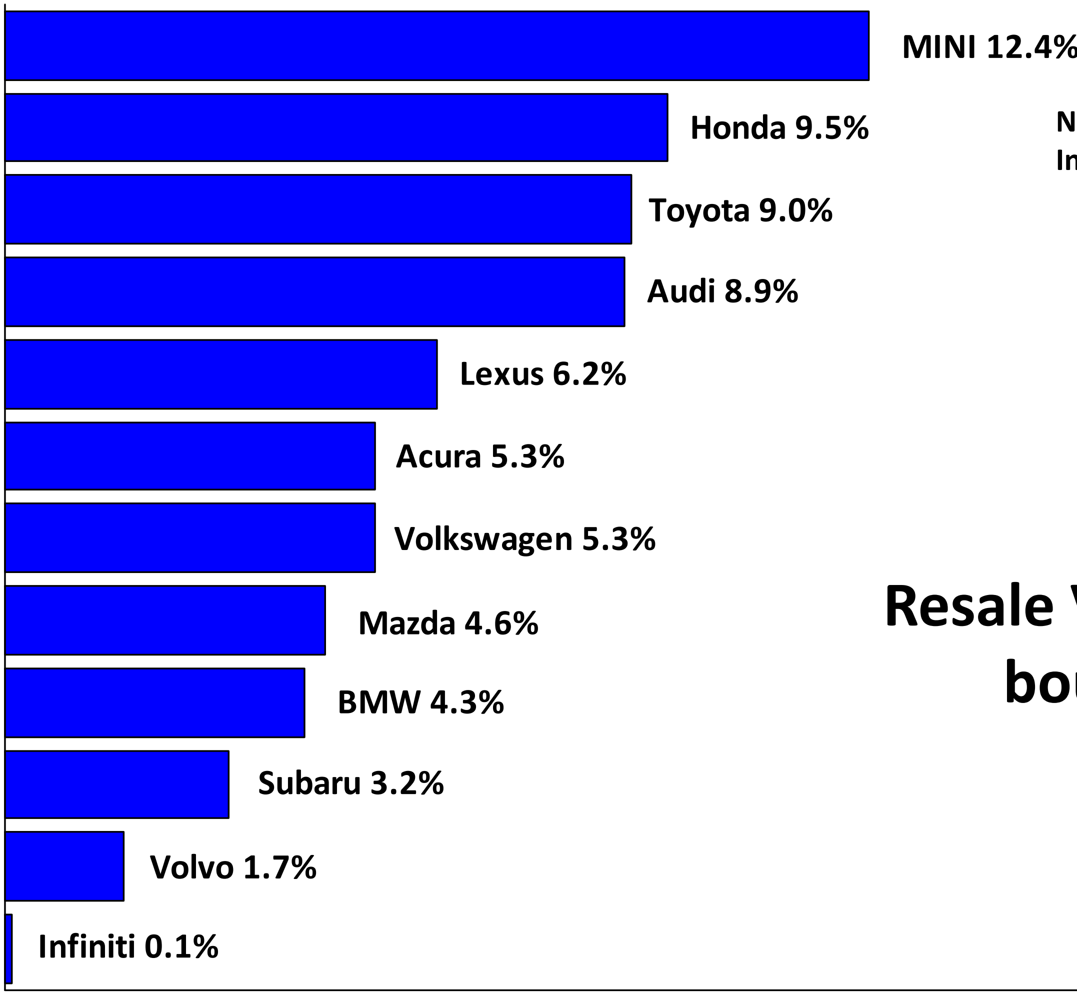
- **There is a significant structural difference between the new and used vehicle finance market.**
- **The new vehicle finance market has a much lower cash rate than used vehicles due to the higher transaction prices.**
- **New vehicle leasing dropped off considerably in 2009 as a result of aggressive loan finance market.**

# Canadian Used Light Vehicles Market

# 48 Month Passenger Car Resale Value – 2010




**( 39.3% plus 12.4% = 51.7% )**

**Note: Add or Subtract Brand Percentage from Industry Average to Calculate Brand Average**

## Industry Average
## 39.3 %

## Resale Value for Passenger Cars bought Four Years Ago

**39.3%**



**All Residual Value Data is from DesRosiers Automotive Consultants Inc. and Canadian Black Book – Base Model – Sales Weighted**

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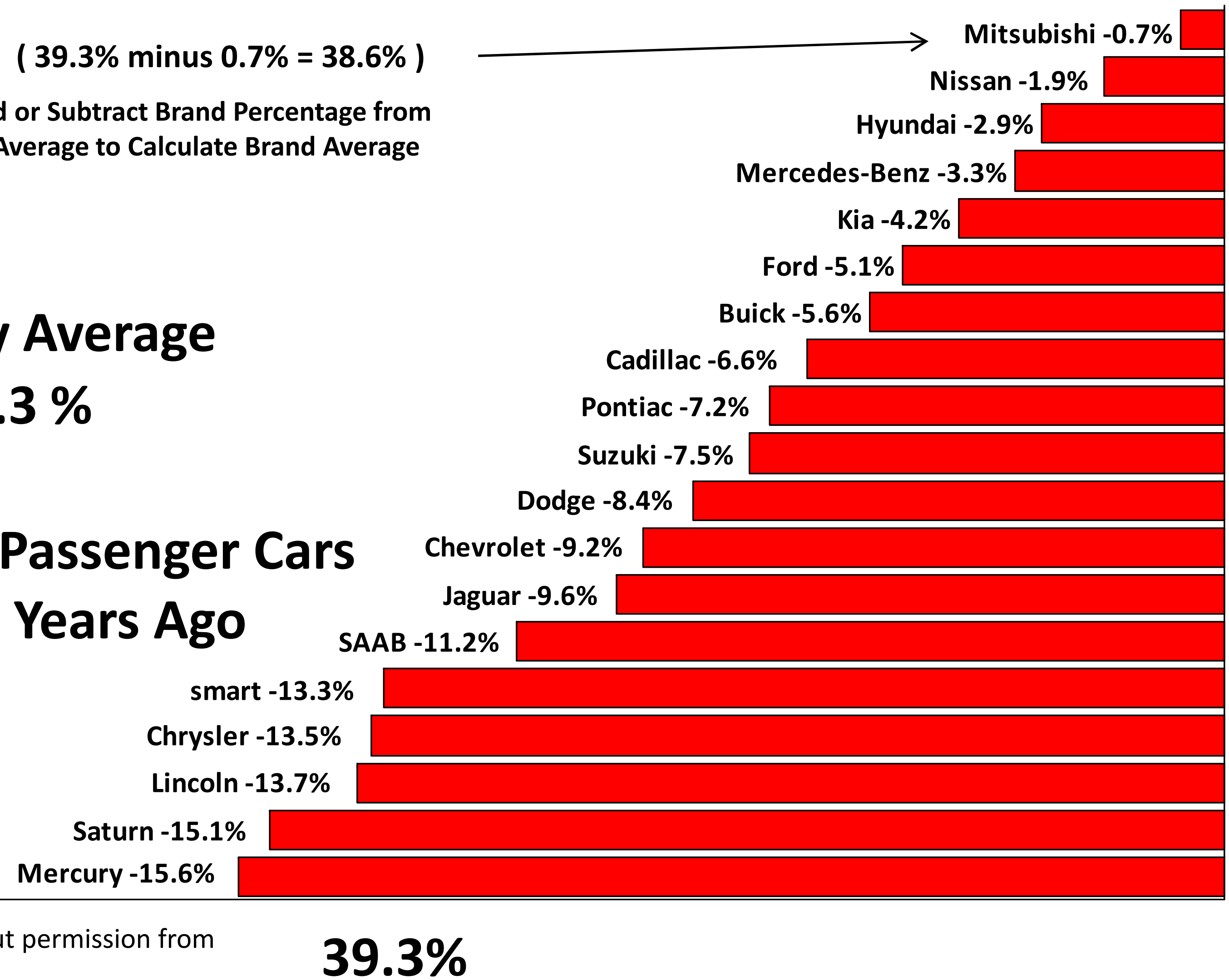
## 48 Month Passenger Car Resale Value – 2010

( 39.3% minus 0.7% = 38.6% )

**Note: Add or Subtract Brand Percentage from Industry Average to Calculate Brand Average**

**Industry Average**
**39.3 %**

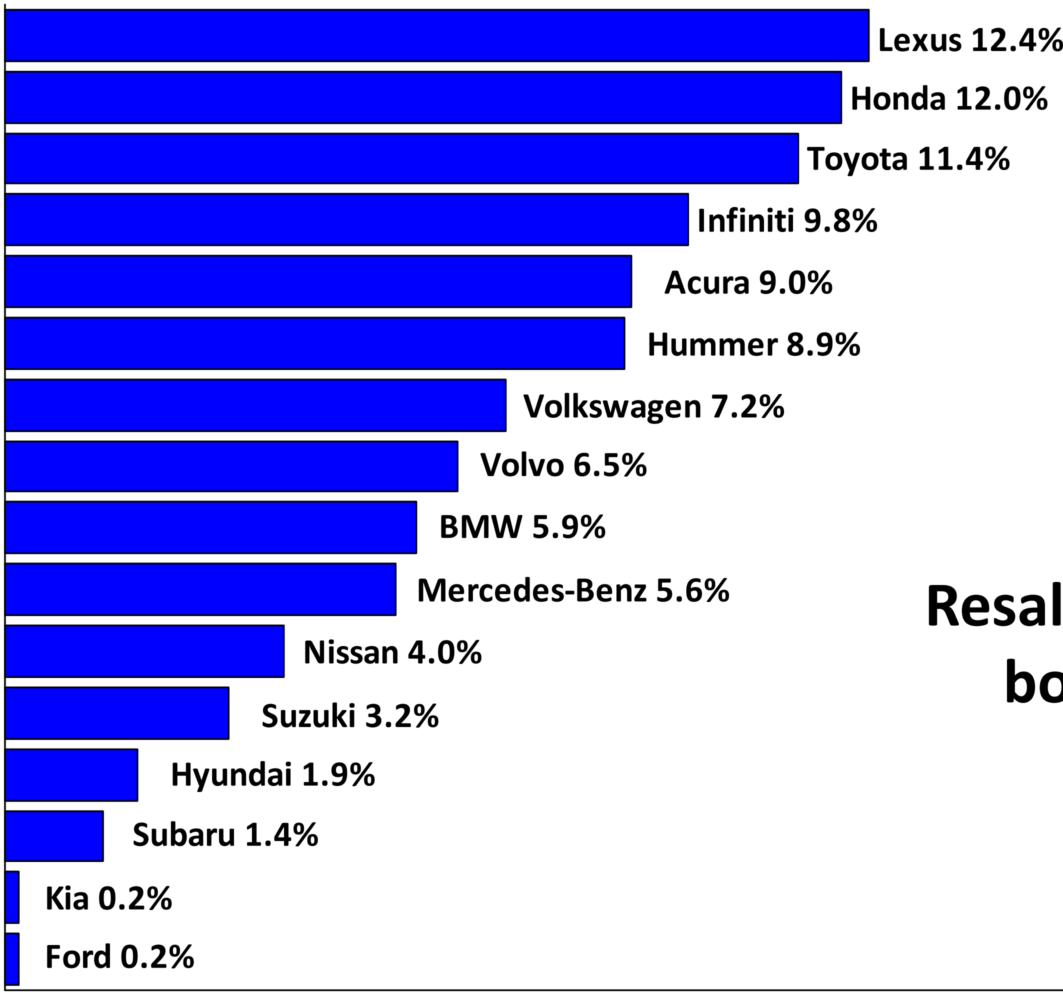
**Resale Value for Passenger Cars bought Four Years Ago**






**All Residual Value Data is from DesRosiers Automotive Consultants Inc. and Canadian Black Book – Base Model – Sales Weighted**

# 48 Month Light Truck Resale Value – 2010




**( 38.6% plus 12.4% = 51% )**

**Note: Add or Subtract Brand Percentage from Industry Average to Calculate Brand Average**

## Industry Average
## 38.6 %

## Resale Value for Light Trucks bought Four Years Ago



**38.6%**

**All Residual Value Data is from DesRosiers Automotive Consultants Inc. and Canadian Black Book – Base Model – Sales Weighted**

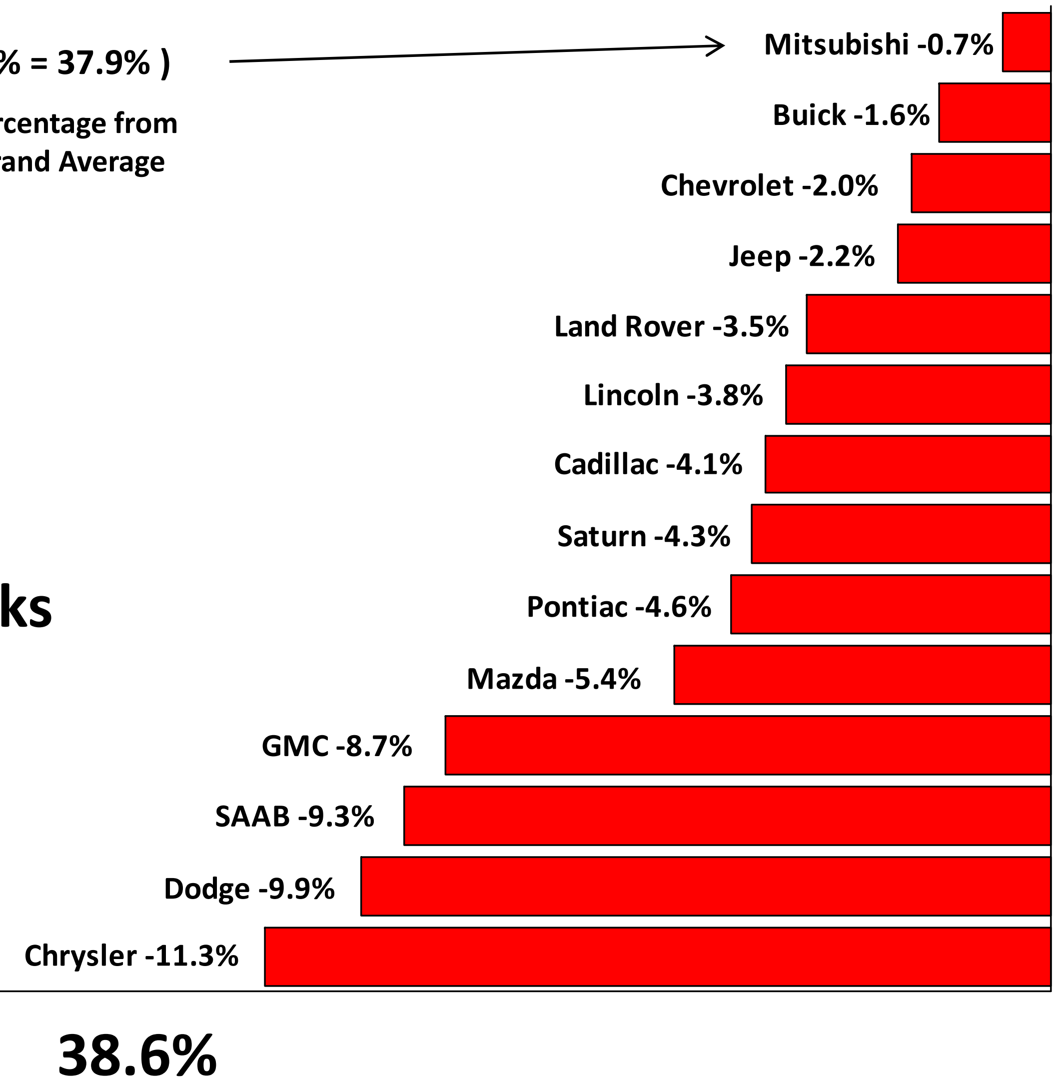
# 48 Month Light Truck Resale Value – 2010

( 38.6% minus 0.7% = 37.9% )

**Note: Add or Subtract Brand Percentage from Industry Average to Calculate Brand Average**

## Industry Average
## 38.6 %

## Resale Value for Light Trucks bought Four Years Ago






**All Residual Value Data is from DesRosiers Automotive Consultants Inc. and Canadian Black Book – Base Model – Sales Weighted**

# The number of vehicles imported into Canada

| Year | Registered Vehicles Imported | Exchange Rate $US/$CDN |
|---|---|---|
| 2000 | 28,019 | 1.4852 |
| 2001 | 31,303 | 1.5484 |
| 2002 | 38,923 | 1.5704 |
| 2003 | 48,753 | 1.4015 |
| 2004 | 60,389 | 1.3015 |
| 2005 | 72,639 | 1.2095 |
| 2006 | 112,826 | 1.1341 |
| 2007 | 189,738 | 1.0692 |
| 2008 | 239,929 | 1.0606 |
| 2009 | 124,421 | 1.1353 |
| 2010 YTD | 101,751 | 1.0427 |

***Source: Registrar of Imported Vehicles***

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# Summary of Used Vehicle Market in Canada

| | New Sales 000's | Percent New | Used Sales 000's | Percent Used | Total Sales 000's |
|---|---|---|---|---|---|
| 2000 | 1,549 | 43.4% | 2,019 | 56.6% | 3,569 |
| 2001 | 1,571 | 43.7% | 2,022 | 56.3% | 3,592 |
| 2002 | 1,703 | 44.4% | 2,133 | 55.6% | 3,837 |
| 2003 | 1,594 | 41.6% | 2,238 | 58.4% | 3,832 |
| 2004 | 1,534 | 39.8% | 2,321 | 60.2% | 3,855 |
| 2005 | 1,583 | 40.2% | 2,351 | 59.8% | 3,934 |
| 2006 | 1,615 | 40.7% | 2,356 | 59.3% | 3,971 |
| 2007 | 1,653 | 38.5% | 2,637 | 61.5% | 4,290 |
| 2008 | 1,636 | 38.3% | 2,634 | 61.7% | 4,270 |
| 2009 | 1,461 | 34.4% | 2,790 | 65.6% | 4,250 |
| 2009/2008 | -10.7% | | 5.9% | | -0.5% |

***Source: DesRosiers Automotive Consultants Inc.***

- **Of vehicles that were bought four years ago, passenger cars retain a slightly higher average resale value than light trucks.**

- **Import nameplates consistently display stronger residual values in both passenger car and light truck segments.**

- **Cross border vehicle shopping is closely tied to the value of the U.S. dollar. The number of vehicles imported into Canada jumped drastically in the past several years.**

- **The used vehicle market has been growing steadily over the last decade, capturing over 65 percent of the total vehicle market in 2009.**

# Canadian and British Columbia Auto Dealerships

# Number of Dealer Franchises in Canada 2005 - 2009

| Manufacturer | As of Nov. 05 | As of Nov. 06 | As of Nov. 07 | As of Sept. 08 | As of Oct. 09 | Difference 2005 vs. 2009 |
|---|---|---|---|---|---|---|
| Acura | 47 | 48 | 48 | 50 | 47 | - |
| Audi | 35 | 35 | 37 | 39 | 41 | 6 |
| BMW | 37 | 39 | 38 | 40 | 40 | 3 |
| Chrysler | 473 | 457 | 453 | 454 | 433 | (40) |
| Ford | 470 | 458 | 448 | 443 | 437 | (33) |
| General Motors* | 765 | 758 | 732 | 718 | 620 | (145) |
| Honda | 212 | 214 | 215 | 224 | 228 | 16 |
| Hyundai | 159 | 167 | 170 | 168 | 185 | 26 |
| Infiniti | 29 | 28 | 29 | 29 | 29 | - |
| Jaguar | 25 | 23 | 23 | 23 | 22 | (3) |
| Kia | 150 | 151 | 147 | 145 | 159 | 9 |
| Land Rover | 22 | 22 | 23 | 23 | 22 | - |
| Lexus | 29 | 30 | 30 | 30 | 30 | 1 |
| Mazda | 159 | 161 | 163 | 164 | 168 | 9 |
| Mercedes-Benz** | 101 | 98 | 100 | 97 | 102 | 1 |
| MINI | 21 | 22 | 22 | 24 | 25 | 4 |
| Mitsubishi | 52 | 57 | 68 | 70 | 77 | 25 |
| Nissan | 146 | 147 | 146 | 148 | 151 | 5 |
| Porsche | 12 | 12 | 12 | 12 | 12 | - |
| Subaru | 95 | 93 | 92 | 90 | 87 | (8) |
| Suzuki | 83 | 86 | 93 | 93 | 84 | 1 |
| Toyota | 234 | 236 | 239 | 239 | 241 | 7 |
| Volkswagen | 136 | 136 | 131 | 131 | 130 | (6) |
| Volvo | 43 | 44 | 43 | 42 | 41 | (2) |
| **Total** | **3,535** | **3,522** | **3,502** | **3,496** | **3,411** | (124) |

*Includes Saturn and Saab

**Includes smart

*Source: DesRosiers Automotive Consultants Inc. and Canadian Automobile Dealers Association (CADA)*

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# Dealer Franchise Count - 2009

| Manufacturers | B.C. | AB*** | SK | MB | ON | QC | NB | NS | PE | NL | CANADA |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Acura | 6 | 5 | 2 | 1 | 17 | 13 | 1 | 1 | 1 | - | 47 |
| Audi | 5 | 3 | 2 | 1 | 18 | 9 | 1 | 1 | 1 | - | 41 |
| BMW | 6 | 4 | 2 | 1 | 17 | 8 | 1 | 1 | - | - | 40 |
| Chrysler | 43 | 67 | 25 | 15 | 151 | 93 | 14 | 17 | 5 | 3 | 433 |
| Ford | 51 | 70 | 31 | 20 | 152 | 76 | 11 | 18 | 6 | 2 | 437 |
| General Motors* | 63 | 86 | 43 | 31 | 223 | 114 | 21 | 22 | 14 | 3 | 620 |
| Honda | 31 | 19 | 6 | 6 | 78 | 65 | 7 | 9 | 5 | 2 | 228 |
| Hyundai | 21 | 12 | 4 | 4 | 62 | 57 | 9 | 10 | 5 | 1 | 185 |
| Infiniti | 5 | 2 | 1 | 1 | 13 | 6 | - | 1 | - | - | 29 |
| Jaguar | 3 | 2 | 1 | 1 | 9 | 4 | - | 1 | 1 | - | 22 |
| Kia | 15 | 12 | 4 | 3 | 52 | 53 | 6 | 9 | 4 | 1 | 159 |
| Land Rover | 3 | 2 | 1 | 1 | 9 | 4 | - | 1 | 1 | - | 22 |
| Lexus | 5 | 2 | 2 | 1 | 13 | 6 | - | 1 | - | - | 30 |
| Mazda | 20 | 12 | 2 | 4 | 55 | 59 | 6 | 6 | 3 | 1 | 168 |
| Mercedes-Benz** | 17 | 8 | 4 | 2 | 41 | 24 | 2 | 2 | 2 | - | 102 |
| MINI | 4 | 2 | 2 | 1 | 10 | 4 | 1 | 1 | - | - | 25 |
| Mitsubishi | 10 | 8 | 2 | 2 | 22 | 28 | 3 | 1 | 1 | - | 77 |
| Nissan | 18 | 14 | 3 | 4 | 52 | 49 | 4 | 5 | 1 | 1 | 151 |
| Porsche | 2 | 2 | - | 1 | 3 | 3 | - | 1 | - | - | 12 |
| Subaru | 14 | 8 | 2 | 1 | 28 | 26 | 3 | 4 | 1 | - | 87 |
| Suzuki | 9 | 5 | 2 | 2 | 21 | 37 | 4 | 2 | 1 | 1 | 84 |
| Toyota | 32 | 21 | 7 | 8 | 79 | 68 | 9 | 10 | 5 | 2 | 241 |
| Volkswagen | 16 | 9 | 3 | 2 | 47 | 41 | 4 | 6 | 1 | 1 | 130 |
| Volvo | 6 | 2 | 1 | 1 | 16 | 12 | 1 | 1 | 1 | - | 41 |
| **Total** | **405** | **377** | **152** | **114** | **1,188** | **859** | **108** | **131** | **59** | **18** | **3,411** |

*Includes Saturn and Saab
**Includes smart
***Includes Yukon, NWT and Nunavut
*Source: DesRosiers Automotive Consultants Inc. and Canadian Automobile Dealers Association (CADA)*

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# Light Vehicle Sales per Dealer Franchise in Canada

| Manufacturer | 2009 | Avg. Annual 2005-2009 |
|---|---|---|
| Acura | 364 | -5.7% |
| Audi | 276 | 7.6% |
| BMW | 618 | 5.9% |
| Chrysler | 375 | -4.9% |
| Ford | 515 | 3.3% |
| General Motors* | 408 | -8.9% |
| Honda | 539 | -3.7% |
| Hyundai | 558 | 8.1% |
| Infiniti | 244 | -2.0% |
| Jaguar | 37 | -6.6% |
| Kia | 290 | 11.4% |
| Land Rover | 91 | -1.0% |
| Lexus | 527 | 10.9% |
| Mazda | 439 | -2.7% |
| Mercedes-Benz** | 512 | 14.2% |
| MINI | 170 | 1.2% |
| Mitsubishi | 257 | 6.5% |
| Nissan | 476 | 2.4% |
| Porsche | 141 | -3.2% |
| Subaru | 265 | 12.0% |
| Suzuki | 146 | 8.4% |
| Toyota | 786 | 2.6% |
| Volkswagen | 308 | 7.2% |
| Volvo | 160 | -12.4% |
| **Total Light Vehicle Sales per Dealer** | **428** | **-1.1%** |

*Includes Saturn and Saab
**Includes smart
*Source: DesRosiers Automotive Consultants Inc. and Canadian Automobile Dealers Association (CADA)*

- **There is significant dealer consolidation from General Motors, Chryslers and Ford during the past five years.**
- **Korean nameplates as a group is the fastest growing dealer franchise in Canada.**
- **British Columbia has the third largest automotive dealer network in Canada.**
- **Toyota has the highest sales per dealer count in 2009 among all mainstream brands. BMW ranked the highest among luxury brands.**

# Canadian and British Columbia Light Vehicle Fleet

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# Canadian Light Vehicle Type

| | 2005 | 2006 | 2007 | 2008 | 2009 |
|---|---|---|---|---|---|
| Total Vehicles on the Road | 18,882,567 | 19,365,344 | 20,242,775 | 21,202,441 | 21,674,752 |
| Light Trucks | 41.1% | 41.8% | 42.7% | 43.4% | 44.2% |
| Passenger Cars | 58.9% | 58.2% | 57.3% | 56.6% | 55.8% |
| Import Nameplates | 34.9% | 36.6% | 38.0% | 39.6% | 41.4% |
| Detroit Nameplates | 65.1% | 63.4% | 62.0% | 60.4% | 58.6% |

***Source: Registration Data © R.L. Polk & Company, 2009 data released 2010, and DesRosiers Automotive Consultants Inc.***

# Canadian Light Vehicle Age Structure

| Vehicle Age Group | 2005 | 2006 | 2007 | 2008 | 2009 |
|---|---|---|---|---|---|
| 1 to 5 | 35.2% | 35.8% | 35.0% | 34.1% | 33.8% |
| 6 to 10 | 28.7% | 29.9% | 30.7% | 31.2% | 31.6% |
| Over 10 | 36.0% | 34.4% | 34.3% | 34.7% | 34.6% |
| Total | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

| | | | | | |
|---|---|---|---|---|---|
| **Average Age** | **8.40** | **8.35** | **8.36** | **8.39** | **8.46** |

*Source: Registration Data © R.L. Polk & Company, 2009 data released 2010, and DesRosiers Automotive Consultants Inc.*

# British Columbia Light Vehicle Type

| | 2005 | 2006 | 2007 | 2008 | 2009 |
|---|---|---|---|---|---|
| Total Vehicles on the Road | 2,333,333 | 2,494,008 | 2,673,602 | 2,926,194 | 2,991,693 |
| Light Trucks | 45.8% | 46.7% | 47.3% | 47.8% | 48.3% |
| Passenger Cars | 54.2% | 53.3% | 52.7% | 52.2% | 51.7% |
| Import Nameplates | 40.4% | 42.2% | 43.4% | 44.2% | 46.2% |
| Detroit Nameplates | 59.6% | 57.8% | 56.6% | 55.8% | 53.8% |

***Source: Registration Data © R.L. Polk & Company, 2009 data released 2010, and DesRosiers Automotive Consultants Inc.***

# British Columbia Vehicle Age Structure

| Vehicle Age Group | 2005 | 2006 | 2007 | 2008 | 2009 |
|---|---|---|---|---|---|
| 1 to 5 | 30.3% | 31.8% | 30.6% | 29.0% | 28.2% |
| 6 to 10 | 24.4% | 24.8% | 25.3% | 25.2% | 26.2% |
| Over 10 | 45.3% | 43.3% | 44.0% | 45.8% | 45.6% |
| Total | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

| | | | | | |
|---|---|---|---|---|---|
| **Average Age** | **9.38** | **9.26** | **9.36** | **9.59** | **9.69** |

***Source: Registration Data © R.L. Polk & Company, 2009 data released 2010, and DesRosiers Automotive Consultants Inc.***

- **There are currently over 21 million vehicles in operation as of July 1st 2009 in Canada.**

- **Of all vehicles on the road in 2009, 55.8 percent are passenger cars and 44.2 percent are light trucks. Detroit nameplate vehicles captured 58.6 percent of the fleet, dropping from 60.4 percent in 2008.**

- **British Columbia has just under three million vehicles registered in 2009. The province has a high concentration of vehicles over 10 years of age, capturing 45.6 percent of its total fleet.**

# British Columbia Vehicle Maintenance Market

# British Columbia Aftermarket Size - 2009

| | OES Channel (Dealer) | Traditional Aftermarket | Total Size |
|---|---|---|---|
| DIY Retail Parts | $34,695,103 | $551,370,833 | $586,065,936 |
| Total DIFM | $738,443,080 | $1,605,820,666 | $2,344,263,746 |
| DIFM Parts | $373,652,198 | $812,545,257 | $1,186,197,455 |
| DIFM Labour | $364,790,881 | $793,275,409 | $1,158,066,290 |
| | | | |
| **Total Market** | **$773,138,183** | **$2,157,191,499** | **$2,930,329,682** |
| Average Per Registered Vehicle | $258 | $721 | $979 |

# Canadian and British Columbia Light Vehicle Sales Outlook

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# Canadian and British Columbia Light Vehicle Market

(2000 – 2009, 2010 Forecast)

| Year | Canada | British Columbia | B.C. as a percentage of Canada |
|---|---|---|---|
| 2000 | 1,549,441 | 163,519 | 10.6% |
| 2001 | 1,570,629 | 169,508 | 10.8% |
| 2002 | 1,703,246 | 191,852 | 11.3% |
| 2003 | 1,593,506 | 177,269 | 11.1% |
| 2004 | 1,534,415 | 177,192 | 11.5% |
| 2005 | 1,583,291 | 180,985 | 11.4% |
| 2006 | 1,614,701 | 187,939 | 11.6% |
| 2007 | 1,653,362 | 195,906 | 11.8% |
| 2008 | 1,635,986 | 177,039 | 10.8% |
| 2009 | 1,460,581 | 150,323 | 10.3% |
| 2010F | 1,526,064 | 159,311 | 10.4% |
| Change | 4.5% | 6.0% | |

***Source: DesRosiers Automotive Consultants Inc.***

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# Industry Dynamics

- **With the radical loss of market share by the Detroit Three together with bankruptcy at G.M. and Chrysler together with a leaner market in Canada there will be considerable rationalization of the new vehicle dealer body over the next five years**
- **We expect about 500 to 600 dealers to fail although some will convert to another brand or become used vehicle superstores so the NET reduction in the new vehicle dealer count will likely be in the 300 to 400 range … most but not exclusively Detroit-3 dealers.**
- **Loss of service bays is difficult to predict … dealers average 15 bays per store but it is smaller stores that are consolidating so we expect about 6,000 to 8,000 fewer new car dealer bays within 2-3 years … there are about 115,000 total full service maintenance bays in Canada across all players so bay consolidation will be in the 5-6 percent range.**

- **As CAFE standards rise and consumers preference for fuel efficient vehicles increases, the market shares of alternative fuel vehicles will definitely grow.**
- **These vehicles will represent a challenge for the aftermarket because their greater complexity will require more training for diagnosis and repair as well as SKU availability. But greater complexity means more potential repair dollars as the vehicles age.**
- **As popular as hybrids seem, they have yet to hit the mainstream. The aftermarket has several years before these vehicles leave the dealer system and begin to access the traditional aftermarket in great numbers.**
- **As hyped as Hybrids have been over the last five years, sales in 2008 in Canada were only about 35,000 units and after almost ten years in the market there are less than 100,000 hybrids on the road out of 21 million total light vehicles.**