

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

British Columbia Key Economic Indicators

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.

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)

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

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 use of any part of these tables or charts reproduced, transmitted in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, or stored in a retrieval system, without prior written consent of R.L. Polk & Company is an infringement of the copyright law.

- **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**

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

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

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

Nameplate	2005	2006	2007	2008	2009	Change	YTD (July)		Change
							2009	2010	
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

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

Canadian Light Vehicle Retail Finance Market 2000 – 2009 (New Vehicles)

New Vehicles	Sales (000's)	Percent Change	Units (000's)			Percent Share		
			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.

Canadian Light Vehicle Retail Finance Market 2000 – 2009 (Used Vehicles)

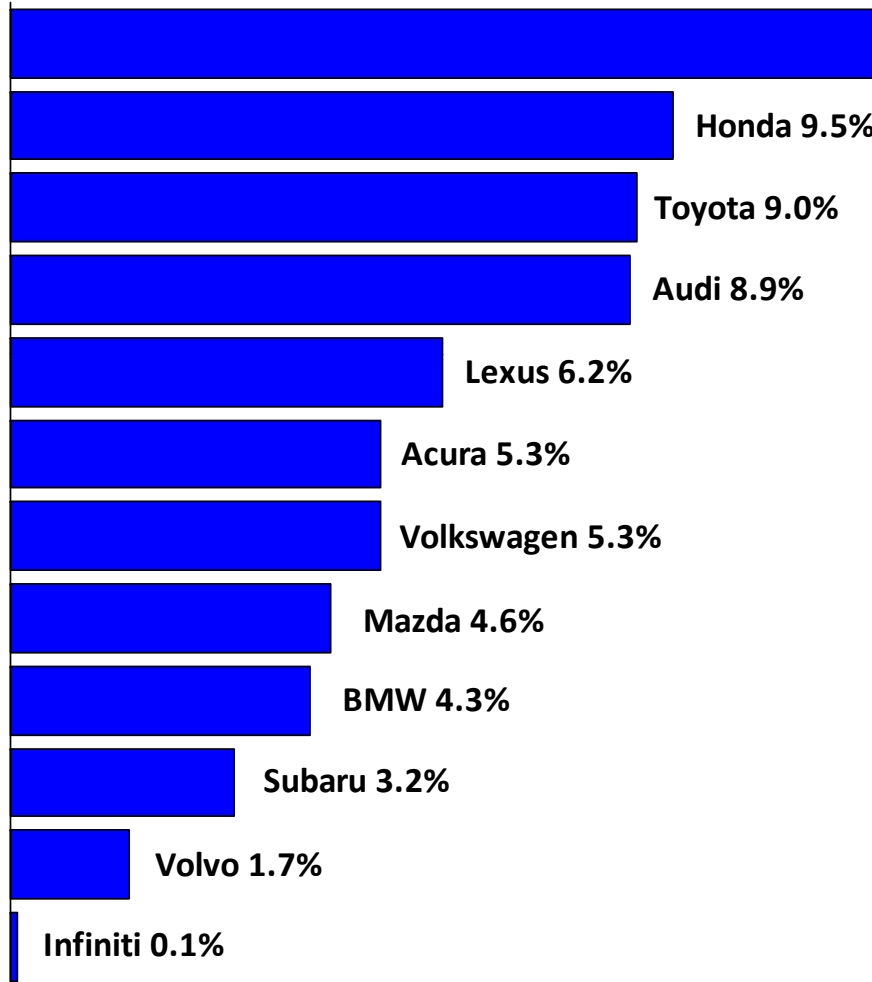
Used Vehicles	Sales (000's)	Percent Change	Units (000's)			Percent Share		
			Cash	Lease	Loan	Cash	Lease	Loan
2000	2,019	-4.6%	828	81	1,111	41.0%	4.0%	55.0%
2001	2,022	0.1%	809	73	1,140	40.0%	3.6%	56.4%
2002	2,133	5.5%	832	85	1,216	39.0%	4.0%	57.0%
2003	2,238	4.9%	810	92	1,336	36.2%	4.1%	59.7%
2004	2,321	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.

- **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



MINI 12.4% ← (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**

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39.3%

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

48 Month Passenger Car Resale Value – 2010

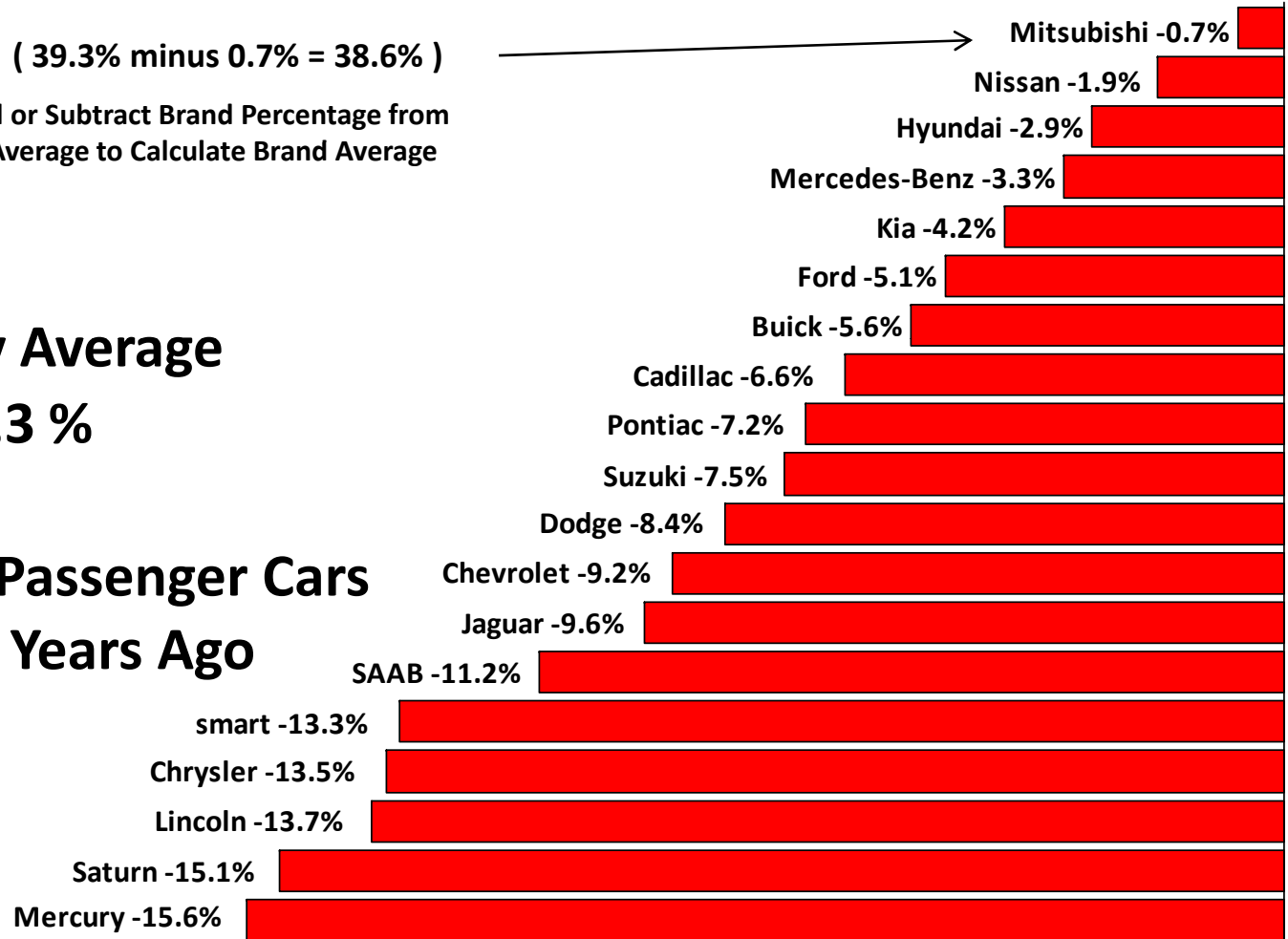
(39.3% minus 0.7% = 38.6%)

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

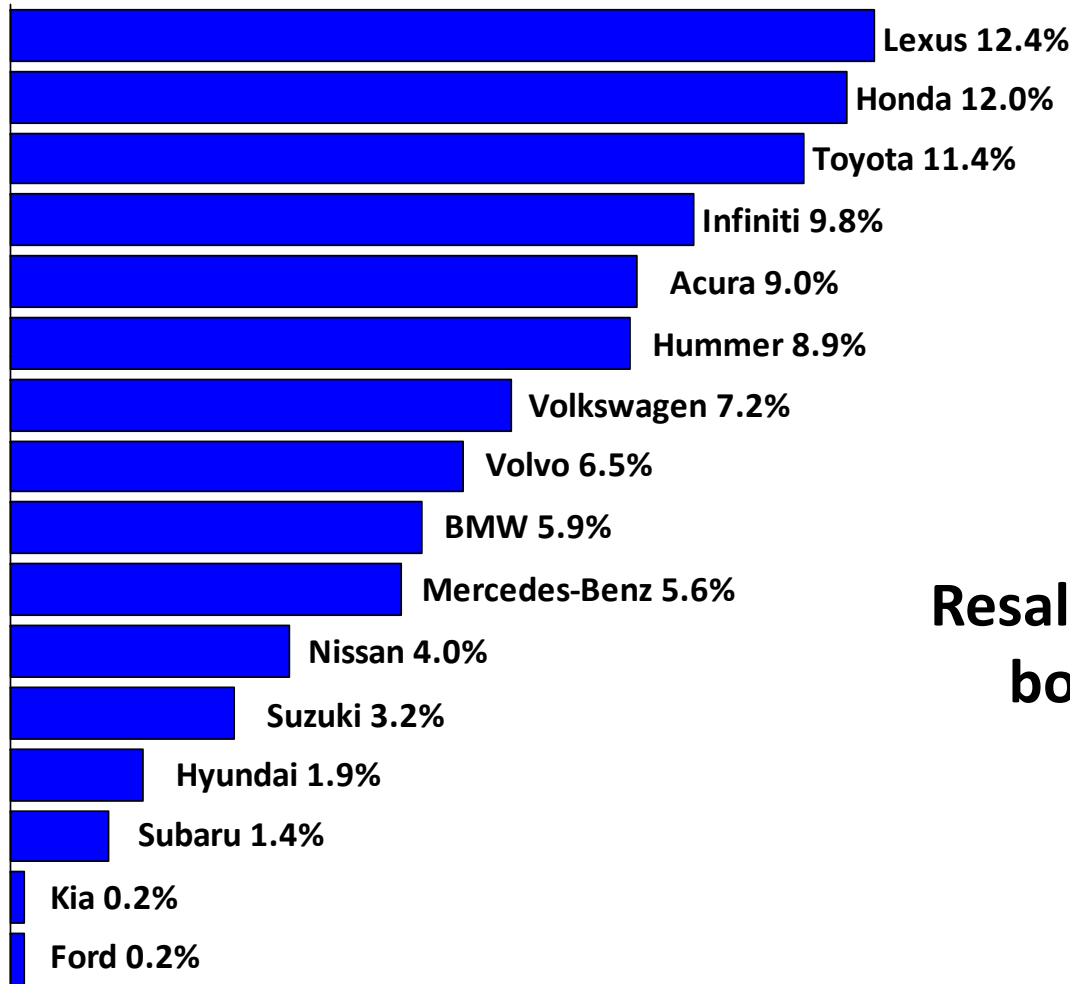


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39.3%

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**

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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

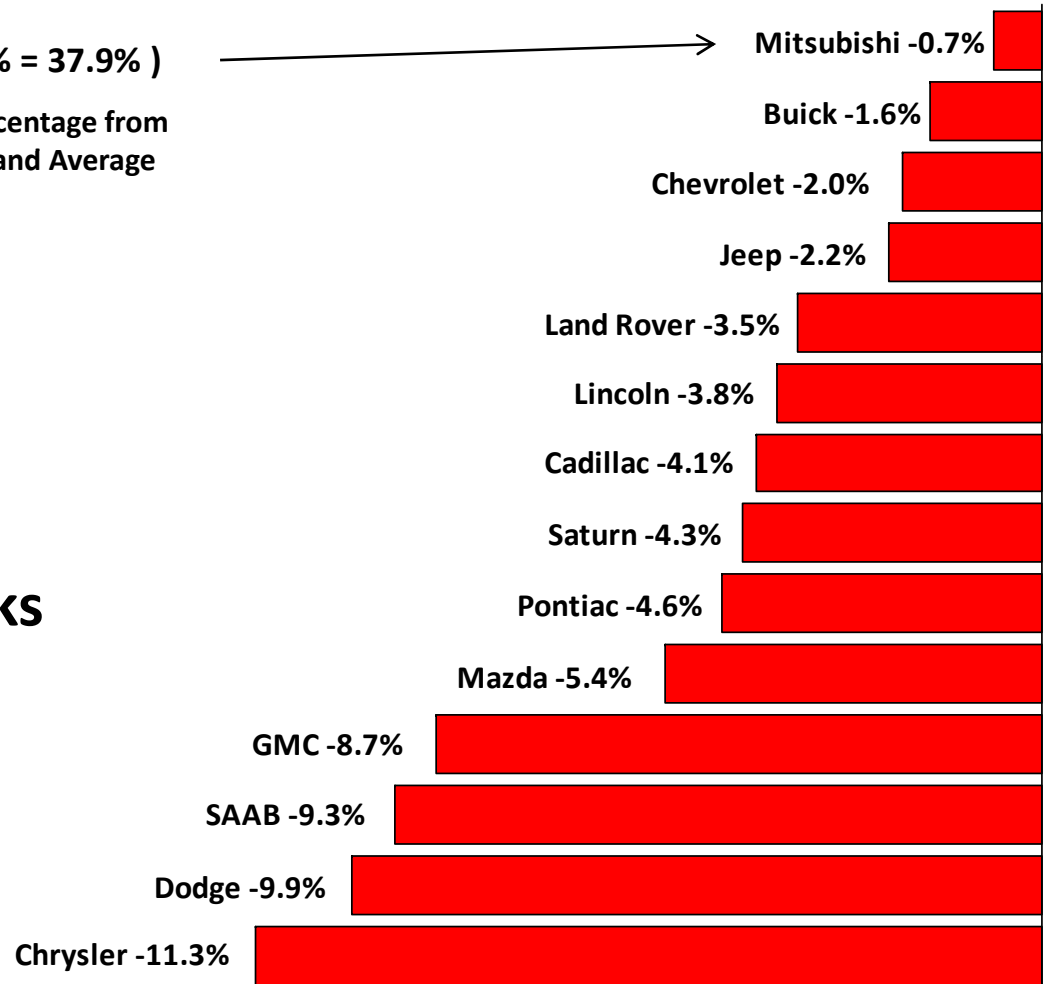
(38.6% minus 0.7% = 37.9%)

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



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38.6%

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

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)

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)

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

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

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.

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.**