

December 2007 Hybrid Market Dashboard

read more online at <http://www.hybridcars.com/market-dashboard.html>

Overview

The final 2007 hybrid sales numbers have been tallied, and the headline news is the 100,000-unit increase in gas-electric cars purchased in the United States. In a year when total light-duty vehicle sales declined by 2.5 percent, hybrid sales grew by 38 percent to 350,000 units compared with 250,000 in 2006.

97 percent of the increase came from two vehicles and one carmaker. The Toyota Prius increased sales year-over-year by 74,250 units, while the Toyota Camry added more than 23,000 units. All other hybrids remained almost completely flat or slightly declined. So while automakers like General Motors talked a lot about hybrids in 2007, only Toyota put large volumes of hybrid vehicles on US roads, and only Toyota saw substantial sales growth for its hybrid models.

The other story for the year is the impressive "take rate" of hybrid versions of some cars that offer both gasoline and gas-electric variants—and the failure of others. Nearly one in five Highlanders leaving showroom floors were hybrids. Approximately one in eight Camrys were hybrids; and ratios for Escapes and Civics were approximately 1:9 and 1:10 respectively.

Despite all the hand-wringing about the importance of cars like the Prius that are offered only as hybrids, carmakers can successfully introduce hybrid options in conventional vehicles and slowly increase sales of those hybrid versions. The key is finding the right hybridization formula. Which vehicle gets the hybrid option? What kind of hybrid system, mild or full? Which gas engine is mated to a hybrid drivetrain? What are the overall benefits of the hybrid version?

Toyota succeeded by offering the hybrid option on the four-cylinder Camry—and the Civic Hybrid, also a four-banger, sold relatively well. But full-hybrid systems added to more expensive Lexus luxury sports sedans did poorly, and the Saturn BAS mild hybrid combination barely made a blip. Saturn may have more luck in late 2008 when it introduces the full two-mode hybrid version of the Saturn Vue, which provides a more significant boost in fuel economy compared with the conventional Vue. The fact that Lexus is having modest success with the hybrid RX400h SUV, despite only a small improvement in mpg, proves that concocting the right hybrid formula is more art than science.

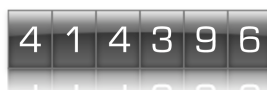
Looking Ahead

There are three major trends to consider for "alternative autos" in 2008. The first is gas prices. In 2007, interest and sales of hybrids rose and fell in rough correlation with gas prices. May brought the biggest jump at the pumps, and hybrid sales bounced right along. High gas prices, combined with energetic hybrid marketing efforts from Toyota, produced a whopping 47,096 sales for May. That pattern of high gas prices and high hybrid sales repeated itself more modestly in November. Could hybrid waiting lines return if gas makes its way to \$4 per gallon in 2008?

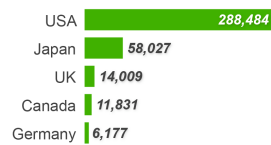
The next factor is General Motors. GM's plans to introduce a new hybrid every quarter are underway. GM finally has hybrid vehicles to offer, and in a range of sizes from medium to extra large. Will GM provide more sales and marketing support for their available hybrids, or will they focus marketing dollars and television commercials on the Chevy Volt, which is still at least three years away? If the company pushes the available hybrids, then those marketing dollars should be focused on California, the West Coast, and major metropolitan areas, where hybrids still represent the lion's share of sales.

And the final trend is diesel. A handful of "clean diesel" vehicles from Mercedes, Jeep and Volkswagen will pass stringent California emissions standards so they can be sold in all 50 states. It will be up these companies to convince fuel- and eco-conscious buyers that diesels offer the best combination of performance, efficiency, and overall value. Clean diesel probably won't displace hybrids as the leading green car option. However, the new diesel offerings will provide another solution for consumers seeking high-mpg vehicles.

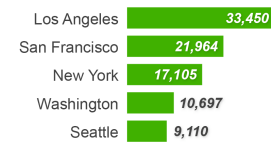
2007 global hybrid registrations



Top 5 global hybrid markets



Top 5 US hybrid markets



SOURCE: R. L. FOLK & CO.

"Top 5 global hybrid markets" based on vehicle registrations January - October 2007.

and "Top 5 US hybrid markets" based on vehicle registrations January - October 2007.

US Sales

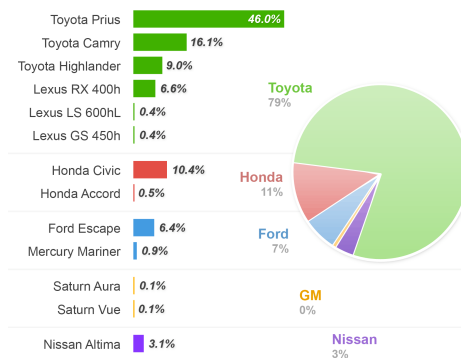
Our information is based on hybrid sales as reported by the manufacturers. For each model, this month's sales are shown compared to sales in the previous month and at the same time last year. We also examine hybrid market share by model and manufacturer. The historical sales graph for top-selling hybrid models shows final 2007 volumes.

Hybrids sold in the U.S. (December 2007): **30,925**

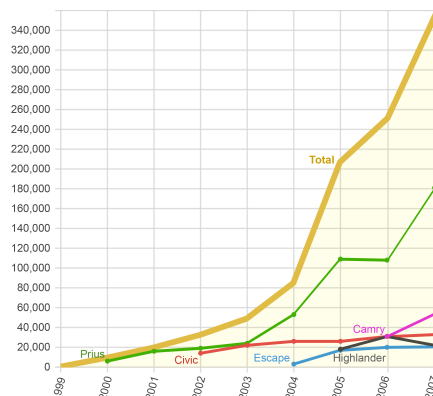
US Hybrid Sales for December 2007

Model	Units	vs. 11/07	vs. 12/06
Altima	964	-19.1%	n/a
Prius	14,212	-15.1%	53.0%
Civic	3,223	-0.5%	33.8%
Accord	150	-26.5%	-58.7%
Camry	4,969	-2.9%	24.1%
Highlander	2,791	8.3%	18.6%
RX400h	2,032	21.4%	2.6%
GS450h	136	36.0%	-46.0%
LS600hL	129	-24.1%	n/a
Escape	1,989	7.7%	13.8%
Mariner	276	-27.0%	25.5%
Vue	21	0.0%	-96.9%
Aura	33	-45.9%	n/a
All hybrids	30,925	-7.2%	32.7%
All vehicles	1,390,092	17.8%	-2.9%

U.S. Hybrid Sales for December 2007 by Manufacturer and Model



U.S. Hybrid Market Sales (1999 - 2007)



Regional Data

We present the data in two ways. First, we list the cities and states that boast the largest numbers of new hybrids on their roads within the past year. Second, we adjust for population and look at hybrids per person (in states) or per household (in metro areas). This lets us include cities like Portland, OR: a city that has fewer overall vehicles (and thus fewer hybrids) but has more hybrids per capita than anywhere else.

States with the Most Hybrid Sales

Rank	State	New Hybrids*
1	California	74,737
2	Florida	15,265
3	New York	14,580
4	Texas	13,909
5	Illinois	10,865

Most Popular States for Hybrids

Rank	State	New Hybrids per 1000 residents*
1	California	2.068
2	Oregon	1.922
3	Vermont	1.725
4	Washington	1.715
5	Washington DC	1.646

U.S. State Average 0.892

Cities with the Most Hybrid Sales

Rank	Metropolitan Area	New Hybrids*
1	Los Angeles	33,450
2	San Francisco	21,964
3	New York	17,105
4	Washington DC	10,697
5	Seattle	9,110

Most Popular Cities for Hybrids

Rank	Metropolitan Area	New Hybrids per 1000 residents*
1	Portland, OR	14.229
2	San Francisco	9.324
3	Monterey, CA	7.681
4	Santa Barbara	6.420
5	Los Angeles	6.042

U.S. Metro Area Average 1.952

*Registrations CYTD October 2007