

LONNIE MILLER
 Director, Industry Analysis
 lonnie_miller@polk.com

Short-Term Slump, Year-Over-Year Gains for Global Hybrid Market

The global automotive market is in a slump, and the hybrid segment has suffered as a result. Registrations of hybrids, which make use of gas or diesel plus electricity, dropped almost 25 percent from July to August 2008.

Year-over-year, the hybrid trend is more positive, as high prices at the gas pump and a continuing “green” mindset among consumers fuelled growth in hybrid registrations. Worldwide, 8.8 percent more hybrid passenger and light commercial vehicles were registered in the first eight months of 2008 compared to the same time period in 2007. However, the overall market decline has had an impact and the sector is no longer realizing the year-over-year gains of 30 percent or more that it saw for the past few years. Current forecasts predict that the global volume of new hybrid registrations for 2008 will be nearly 556,000, about 11 percent above 2007 levels.

In the United States, by far the world’s largest hybrid market with 64 percent of global registrations from January to August 2008, hybrid sales were down 2.6 percent year-over-year. Considering the decline by this market share leader, it’s even more impressive that the global hybrid market managed a year-over-year increase of almost nine percent. Japan, Canada and the UK, the next three top hybrid markets by volume for the first eight months of 2008, fared better and helped offset the U.S. dip, as shown in Figure 1 below.

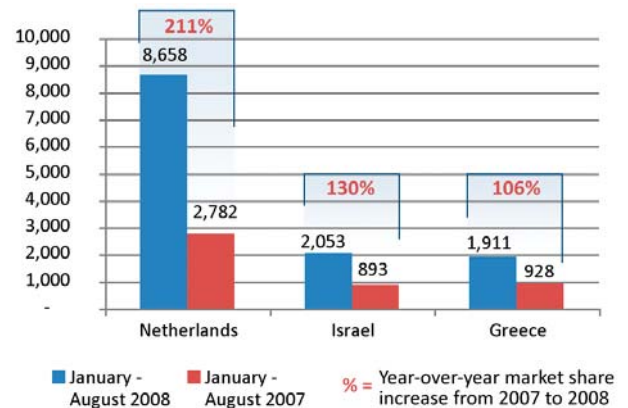
Figure 1
 Hybrid Registrations in Top Global Markets:
 2007 vs. 2008 (January - August)

	January – August 2007	% of Global Market	January – August 2008	% of Global Market	Change in Registrations 2007 vs. 2008 (Jan – August)
U.S.	242,186	71.0%	235,956	64.0%	-2.6%
Japan	44,217	13.0%	59,889	16.0%	35.0%
Canada	9,828	3.0%	15,406	4.0%	56.8%
UK	9,772	3.0%	10,548	3.0%	7.9%
Global Total	340,568	n/a	370,549	n/a	8.8%

HUGE REGISTRATION HIKES IN THREE COUNTRIES

While global hybrid registrations have increased less than nine percent year-over-year, some smaller automotive markets have seen spectacular increases. Hybrid ownership in the Netherlands, Israel and Greece increased at rates well above average. In each of these countries*, hybrid registrations for the first eight months of 2008 more than doubled from the same time period in 2007. The Netherlands had the largest year-over-year uptick: 211 percent. Israel’s volumes went up 130 percent in January to August 2008 compared to the same time period last year, while Greece saw a 106 percent increase.

Figure 2
 Fastest Growing Hybrid Markets



DUTCH HYBRID REGISTRATIONS QUADRUPLED FROM LAST YEAR

In the Dutch hybrid market, this year’s sharp registration rise of 211 percent follows several years of much slower growth rates; year-end hybrid registrations rose 16 percent from 2006 to 2007 and 8 percent from 2005 to 2006. The explosion of the hybrid market in the first eight months of 2008 could be tied to a new tax credit on leased hybrids enacted by the government of this environmentally conscious nation at the start of the year¹. As in much of the world, the Toyota Prius was the number one hybrid in the Netherlands from January to August 2008.

continued

“Global hybrid registrations are up 8.8 percent year-over-year.”

* Only countries with hybrid registrations of at least 1,000 vehicles in 2007 were considered in determining the largest year-over-year increases.
¹ “The number of hybrid cars sold in the Dutch markets has quadrupled in the last six months,” Expatica, July 24, 2008



“The future of hybrid vehicles remains optimistic, with new model launches planned for the next two years.”

TAX CREDITS DRIVE HYBRID SALES IN ISRAEL

Year-over-year, new hybrid registrations in Israel are up 130 percent. New tax credits on hybrids were introduced earlier this year to encourage the move toward more fuel-efficient cars. The Israeli government got involved by asking the car companies to import more hybrid vehicles into the country, which may lead to increased market share for hybrids². The top-selling hybrid in Israel for the first eight months of 2008 was the Toyota Prius.

HYBRID SALES ON THE UPSWING IN GREECE

Hybrid sales rose 106 percent year-over-year in Greece as a result of rising fuel prices and an increasing emphasis on environmental policy³. As in the Netherlands and Israel, the Toyota Prius is the best-selling hybrid.

While hybrid vehicle volumes in these three countries are small compared to much larger markets like the U.S. and Japan, the numbers show that Dutch, Israeli and Greek consumers are clearly ready for hybrids. During the first eight months of 2008, more hybrids were registered in each of these countries than in *all of 2007*. This market trend is most pronounced in the Netherlands, where the country's 8,658 hybrids registered to date exceed 2007 totals by 135 percent. Likewise, Greece and Israel are already above full year 2007 registration levels of 34 percent and 19 percent, respectively.

THE FUTURE OF THE HYBRID MARKET

In the short-term, some of the smaller global regions should continue to see growth in hybrid registrations as emissions standards, especially in Europe, continue to tighten. However, the global economic crisis will likely spell lower growth rates for the latter part of 2008. Longer term, the future of hybrid vehicles remains optimistic, with new model launches planned for the next two years. In North America alone, hybrids are expected to comprise 5.3 percent of all vehicles by 2012, up from 2.8 percent in 2008.

It will be interesting to watch new hybrid developments, keeping in mind that some experts view hybrid vehicles as a stepping stone on the path toward even more energy efficient and “clean” vehicles powered completely by plug-in electricity, fuel cells or other emerging or to-be-developed alternate powertrains.

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² “Israel hybrid car sales keep increasing,” Hybrid Car Review, March 26, 2008

³ “The Race to Reinvent the Wheel,” Athens News, October 24, 2008