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The Associated Press

DETROIT (AP) — Toyota Motor Corp. expects auto sales in North America to rebound, so it's investing \$80 million in a Canadian factory so it can build more of the popular RAV4 small sport utility vehicles.

The investment in Woodstock, Ontario, near Toronto will create 400 new jobs early next year when the added factory capacity comes on line. Toyota plans to raise the plant's output by one third to 200,000 vehicles per year, the company said in a statement on Wednesday.

"We are optimistic that the market is coming back and we're grateful for the strong sales of the RAV4 in the North American market," Ray Tanguay, chairman of Toyota Motor Manufacturing Canada, said in the statement.

RAV4 sales in the U.S. are down 5 percent through February at nearly 22,500. It ranked 20th among the best-selling vehicles in the U.S. last year at just over 132,000. But sales last year were down almost 23 percent, due largely to the March earthquake and tsunami in Japan that slowed Toyota's factories and caused dealers to run short of models.

Many industry analysts and automakers are expecting total U.S. sales to rebound this year to more than 14 million vehicles. Last year's sales were only 12.8 million and the industry just began to pull out of the Great Recession. On Tuesday, Morgan Stanley analyst Adam Jonas, in a note to investors, raised his forecast for total 2012 U.S. auto sales to 14.8 million vehicles from 14 million.

Sales in February ran at an annual rate of 15.1 million, giving rise to optimism.

The Woodstock factory and plants in nearby Cambridge, Ontario, now employ about 6,500 workers. In addition to the RAV4, they make the Corolla and Matrix compacts and the Lexus RX 350 luxury SUV.

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