

Ford, Nissan, Fiat Post Record Sales

Dee-Ann Durbin, AP Auto Writer

DETROIT (AP) — The recovery in the American auto industry has moved into the fast lane.

With gas prices at nearly \$4, smaller cars like the Ford Focus, Nissan Versa and Fiat 500 flew off dealer lots in March and gave U.S. car makers their best monthly sales in almost five years.

Larger vehicles sold well, too, offering more evidence of growing confidence in the economic recovery. Small businesses, farmers and others took advantage of big promotions to buy pickups.

In all, Americans bought 1.4 million cars and trucks in March, up 13 percent from the same month a year ago. Edmunds.com said was the most vehicles sold since August 2007.

General Motors, Chrysler and Toyota all reported double-digit gains over last March. Nissan and Hyundai set company records. Only Honda Motor Co. reported a decline.

If car sales stay at the same rate as March, they would end the year at 14.4 million, up from 12.8 million in 2011. While that's still below the 17 million of the booming mid-2000s, it's far higher than the industry's downturn in 2009, when 10.6 million vehicles were sold.

Jesse Toprak, vice president of industry analysis at car buying site TrueCar.com, expects continued strong sales this year, thanks to compelling new products, improvements in consumer confidence and the stock market and low interest rates.

"The good news is that the recovery has legs," he said. He expects total sales of 14.5 million in 2012.

That would be a faster pace than many were predicting at the start of the year, and it builds on a strong performance in January and February. As recently as October, J.D. Power and Associates lowered its 2012 forecast from 14.1 million vehicles to 13.8 million because of high gas prices and continuing economic uncertainty.

The auto sector's recovery is helping the entire economy.

"Auto is important because it creates so many other jobs," said Sung Won Sohn, an economics professor at California State University. "Think about the things that go into an auto: glass, textiles, rubber. There's a lot of financing activity. We are talking about a very significant portion of job creation."

Sohn said a lot of pent-up demand remains in the U.S., from people who couldn't

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afford cars during the recession to those who waited for Japanese inventories to improve after last March's earthquake. The average age of a vehicle on U.S. roads has reached 10.8 years, and many need to be replaced. GM's U.S. sales chief, Don Johnson, says pent-up demand will continue to fuel sales well into next year.

Sohn says high gas prices are actually helping persuade people to trade in older, less-efficient vehicles.

Alan J. Ward, a Chicago psychologist, felt forced to buy a new car because of the cost to repair his older BMW and fill it with gas.

On Tuesday, Ward was shopping for a Volkswagen Passat that uses regular unleaded, which is generally 10 cents to 15 cents cheaper per gallon than the higher-grade fuel he's been using. And he's thinking about retirement.

"For those who will be moving toward a fixed income, you don't want to get stuck," Ward said. "The price of gas keeps going up and your income is static."

High car prices don't seem to be holding buyers back. TrueCar said the average vehicle price reached a new record of \$30,748 in March, around \$2,000 more than the same month last year. Even though drivers are switching to smaller cars, they're appointing them with expensive luxuries such as leather seats and navigation systems, Toprak said.

Smaller cars were the stars Tuesday.

GM said its total U.S. sales rose 12 percent, but car sales were up a combined 62 percent because of new models including the Chevrolet Sonic subcompact and Buick Verano compact. Sales of the Chevrolet Cruze were up 20 percent. Small SUVs like the Chevrolet Equinox also did well.

Chrysler Group's sales jumped 34 percent. One standout was the Fiat 500, with sales of 3,712 vehicles, compared with just 500 last March, when the subcompact was first on the market. Sales of Chrysler's 200 and 300 sedans each doubled over last March. Both cars have recently been revamped and have better fuel economy than previous models.

Toyota Motor Corp. said sales were up 15 percent. Sales of the Prius hybrid jumped 54 percent for the month, while the Camry midsize sedan, which was updated last fall, saw sales rise 35 percent.

Ford Motor Co. reported its best March since 2007. Sales were up 5 percent as demand for the Focus small car rose 65 percent. But that came at a price. Sales of the Fiesta subcompact fell 34 percent as buyers flocked to the newer and bigger Focus.

Among larger vehicles, sales of Ford's F-Series pickup — the best-selling vehicle in the U.S. — were up 9 percent. Sales of Chrysler's Ram brand rose 18 percent. Small SUVs like the Jeep Grand Cherokee saw big gains too.

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Other automakers reporting Tuesday:

— Honda sales fell 5 percent, but that compared with a particularly strong month in 2011. Buyers raced to get Hondas last year because of fears — later realized — that the March earthquake and tsunami would disrupt supplies.

— Nissan Motor Co. said sales were up 12.5 percent to 136,317, making it the best month in Nissan's history. Sales of the new Versa small car rose 41 percent, while Altima midsize sedan sales were up 27 percent. Nissan's numbers got a boost from better-than-usual incentives, which TrueCar.com estimated rose 28 percent to \$3,115 per vehicle. Nissan is trying to sell off its remaining Altima sedans before a new Altima goes on sale in July. Industry incentives averaged \$2,440 per vehicle.

— Volkswagen AG said its sales rose 35 percent to 36,588, the company's best March sales since 1973. Volkswagen saw big gains with the new Passat sedan and the new Beetle.

— Hyundai Motor Co. said its sales rose 13 percent to 69,728, a monthly sales record for the company. Hot sellers included the new Accent subcompact, which was up 45 percent.

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