

Hybrid And Electric Cars See Record Sales In March

Dee-Ann Durbin, AP Auto Writer

DETROIT (AP) — Americans are buying record numbers of hybrid and electric cars as gas prices climb and new models arrive in showrooms, giving the vehicles their greatest share yet of the U.S. auto market.

Consumers bought a record 52,000 gas-electric hybrids and all-electric cars in March, up from 34,000 during the same month last year.

The two categories combined made up 3.64 percent of total U.S. sales, their highest monthly market share ever, according to Ward's AutoInfoBank. The previous high was 3.56 percent in July 2009, when the Cash for Clunkers program encouraged people to trade in old gas guzzlers for more fuel-efficient cars.

And while their share of the market remains small, it's a big leap from the start of the year, when hybrids and electrics made up 2.38 percent of new car sales.

Buyers were drawn by new models like the Toyota Prius C subcompact, the Prius V wagon and Camry hybrid. Gas prices near or above \$4 per gallon added to the cars' attraction.

David Martin, a Denver software engineer, estimates he'll save at least \$150 per month on gas with his new Chevrolet Volt compared with the 2010 Acura TSX he replaced. Martin expects gas prices to stay high, a factor that heavily influenced his purchase.

"As the cost of gasoline rises, my future savings can only increase," he said.

Stronger sales of the Volt and the Nissan Leaf were a positive sign for electric car makers. The two vehicles have struggled to gain acceptance from buyers worried about how far they can drive on a battery charge.

Another concern: Volt maker General Motors Co. had to change the car's charging system because its batteries caught fire after government crash tests.

GM sold just 7,671 Volts last year, below its goal of 10,000. But in March, it set a new monthly record of 2,289 for the Volt, an electric car with a small backup gas engine. Sales of the all-electric Leaf nearly doubled to 579.

The Volt got a boost from California's decision to make it eligible for high-occupancy vehicle lanes. Starting March 1, buyers with a low-emissions Volt could use the HOV lane and get a \$1,500 state tax credit on top of a \$7,500 federal tax credit. GM said a quarter of the Volts it sold last month were sold in California.

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Edward Ang, of Cupertino, Calif., has been planning to buy a Volt since GM first announced it would make the car, but he waited until it qualified for the HOV sticker. He bought a Volt last month and now makes his 10-mile commute without using any gas. He used to drive a 2004 Prius.

"I made a promise to myself that if they bring it to market, I will get one," said Ang, an engineering manager.

Gas prices helped sales. The nationwide average for a gallon of gas jumped 19 cents in March, from \$3.73 to \$3.92, and it crossed the \$4 mark in California even earlier. The \$4 mark was a significant psychological milestone for some buyers, said Paul Lacy, who forecasts sales trends for consulting firm IHS Automotive.

Lacy expects hybrids and electrics to make up about 4 percent of U.S. sales this year, although sales could drop if gas prices fall or if buyers get more accustomed to higher prices. Hybrid and electric sales also rose with high pump prices last spring, but fell after prices moderated and the Japanese earthquake disrupted Prius supplies.

Lacy predicts hybrids and electrics will double their market share to 8.5 percent by 2017, in part because there will be more options on the market. Last month, 35 hybrids and electrics were on sale, double the number from 2008.

The proliferation of models will also bring down costs. Hybrids cost around \$2,000 to \$4,000 more than their gas counterparts, which can make them less attractive to buyers. Automotive information site Edmunds.com estimates it takes 11 years' worth of gas savings to recoup the \$4,595 premium on the Honda Civic hybrid, or 5.2 years to make back the \$3,400 premium on the Toyota Camry hybrid.

But those gaps are narrowing, said Jessica Caldwell, senior director of pricing and industry analysis for the automotive information site Edmunds.com. The price difference between the Camry and Camry hybrid has fallen by \$800 since the hybrid was first introduced.

Ang says the price premium is less important than feeling that he's doing something about climate change and dependence on overseas oil.

"We all make decisions not based on cost. We buy big houses, big SUVs, iPhones, iPads, not because they save us money. It's because they make us feel good," he said.

Toyota Motor Co.'s Prius hybrid cars were the runaway best-sellers last month. They made up 57 percent of all hybrids and electrics sold. The Prius C, an entry-level hybrid that is 19 inches shorter and \$5,000 cheaper than the regular Prius, sold nearly 4,900 in March, its first month on the market.

"The success of the Prius C shows there is a strong appetite for a cheap, fuel-efficient hybrid vehicle," Caldwell said.

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Toyota is selling two other versions of the Prius that it didn't have last March: the Prius V wagon and a plug-in version of the Prius that drives longer on battery power. Those added another 5,800 sales to Toyota's bottom line.

Mark Chasey, general manager of McEleney Toyota in Clinton, Iowa, said about half of the cars his dealership sells are hybrids. He could sell even more if they weren't in such tight supply. Toyota currently has a 17-day supply of Priuses, far less than the optimal 60 days.

Toyota also had the second best-selling hybrid last month, the Camry hybrid. After the Camry, the biggest selling hybrids were the Lexus CT and hybrid versions of the Chevrolet Malibu, Hyundai Sonata and Buick LaCrosse.

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