

THE WANADA BULLETIN

NEWS AND INFORMATION FOR AND ABOUT FRANCHISED NEW CAR DEALERS IN THE WASHINGTON AREA

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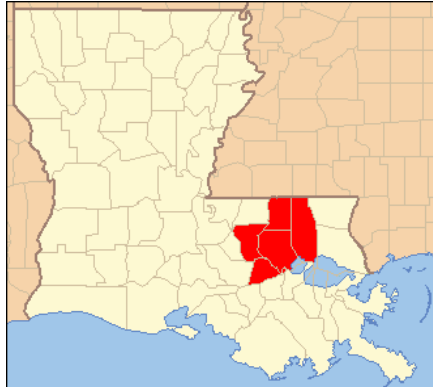
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Staying Ahead...

Louisiana dealers hit hard; 100,000 vehicles damaged



The parishes that include Baton Rouge and Lafayette (highlighted) were the most damaged by the floods. Photo by William Casey.

As is well known, the recent floods in Louisiana hit hard, especially in and around Baton Rouge and Lafayette. Many dealership employees lost their homes; many others suffered severe damages. Initially, 60 to 80 franchised dealerships were closed or disrupted, some losing their entire inventory, *Automotive News* reported.

For dealers in the rest of the country, a plea and a warning. The plea comes from NADA, which is asking dealers, nationwide, to contribute generously to its Charitable Foundation Emergency Relief Fund to help Louisiana dealerships affected by the flooding. The association hopes to raise more than \$2 million for Louisiana dealers. Checks of up to \$1,500 will be distributed directly to affected employees. Besides dealers themselves contributing to the Louisiana disaster, dealer associations like WANADA, have

joined NADA in contributing funds to stricken fellow dealers and their families To donate to the effort, click [here](#).

The warning: It is estimated that at least 100,000 vehicles were damaged by the floods, and about half of those will return to market, according to *Automotive News*, citing the National Insurance Crime Bureau and Carfax. No doubt some of those vehicles will have their titles washed, so dealers should check with extra care the titles of any vehicles they purchase at auction in the next several months.

MD MVA set to issue *Maryland Proud* license plates

Maryland Motor Vehicle Administration (MVA) will start issuing a new license plate design on Monday, September 26, for all motor vehicles. The new plate, called *Maryland Proud*, features the Maryland flag and will replace the War of 1812 plate.



For all Electronic Registration and Titling (ERT) participants, Motor Car Couriers, Inc., (MCC) will start delivering new plates the week of September 12. All ERT participants will have the new license plates by September 26. MCC will collect non-issued War of 1812 plates starting September 27.

To ensure a smooth transition, dealers are asked to follow these guidelines:

- The new plate will not be issued before September 26.
- For timely delivery, place plate orders as early as possible starting September 12.
- Dealers and Tag & Title Services may return their unissued War of 1812 plate inventory weekdays from 7:30 a.m. to 3:00 p.m. to the MVA warehouse at 150H Blades Lane, Glen Burnie, MD 21060 (phone 410-424-3640). Dealers may also contact MCC directly to discuss arrangements for plate pickup.
- All War of 1812 plates that will not be issued before September 26 should be returned *immediately* to the MVA warehouse (address above).
- All non-issued War of 1812 plates must be returned to the MVA by October 31.

Questions may be directed to mvablsd@mva.maryland.gov.

Auto loans top \$1 trillion as loan amounts, leasing rise

What anemic recovery? Auto loans totaled more than \$1 trillion in the second quarter, according to Experian Automotive. Loan totals and monthly payments both increased, as consumers bought more SUVs and light trucks.

Both 30-day and 60-day loan delinquencies rose slightly, but Experian senior director of automotive finance Melinda Zabritski said that was not a cause for concern.

“The entire market is growing from a volume perspective across all risk tiers,” Zabritski said. “In fact, the subprime loans have actually dropped as a percentage of the total market.”

The average new vehicle loan amount in the second quarter was \$29,880, a 4.4 percent increase from 2015. The average monthly payment for new vehicles was \$499, up from \$483 in 2015.

More consumers are choosing to buy used. “One of the biggest trends we continue to see is the shift to used vehicles by customers with excellent credit,” said Zabritski. “As vehicle prices continue to rise, savvy consumers are looking for ways to control costs.” The average monthly payment for a used vehicle was \$364, up from \$361 a year earlier.

Another way consumers are trying to control costs, and to get more car for their money, is by leasing. Leasing as a share of new-vehicle transactions jumped to a record high of 31.4 percent, up from 26.9 percent in second quarter 2015.

Fuel economy drops slightly in August

The average fuel economy of new vehicles sold in the U.S. in August was 25.3 mpg, down 0.1 mpg from the value for July and back to the June value. Figures are from the University of Michigan.

The decline likely reflects the decreased price of gasoline in August and the resulting increased sales of light trucks, said University researchers Michael Sivak and Brandon Schoettle.

Fuel economy is down 0.5 mpg from the peak reached in August 2014, but still up 5.2 mpg since October 2007. Every month in 2016, the figure has hovered between 25.2 and 25.4 mpg.



NADA and the automakers are pushing to have the CAFE standards adjusted to reflect consumer preference for light trucks such as the Ford F-150.

Current fuel economy standards would save drivers money

A new report from Consumers Union says the current fuel economy standards will save consumers money – immediately for drivers who finance their vehicle purchase and over the life of the vehicle for those who pay cash. For cash buyers, car owners will see net savings in the fourth year of ownership; truck owners in the third year.

The report found that the lifetime net savings for compliance with the MY 2025 standards – 55.2 mpg for cars and 39.9 mpg for light trucks – is \$3,200 for car owners and \$4,800 for truck owners. That is based on the Energy Information Administration’s estimate that fuel will start at around \$3.00 per gallon in 2025.

“When the compliance costs for CAFE are spread over the term of a typical loan – between five and six years – the annual fuel savings outweigh the annual costs in all years,” the report says.

The Consumers Union (CU) report is an updated version of one done in early May, before the draft technical assessment report released by federal agencies in July (the midterm review required for the CAFE standards). That report said that automakers will likely fall short of the 2025 goal because of consumers’ increasing preference for gas-guzzling light trucks in an era of low gas prices.

The CU savings estimates changed since its previous report in May because several key assumptions in the federal study changed: lower technology costs, lower lifetime miles driven, lower fuel efficiency for trucks and higher fuel efficiency performance for cars.

NADA says the effect the fuel economy standards will have on vehicle prices will price some consumers out of the market. NADA plans to submit comments on the federal draft report.

Child installation seat ratings improve

Child seat installation hardware has improved in the past year, according to a study by the Insurance Institute for Highway Safety (IIHS).

IIHS launched its ratings of child seat installation hardware in June 2015. Out of 102 vehicles rated then, the majority were poor or marginal. For this year’s study, 170 current models were

evaluated, and most are “good” or “acceptable.” Three models – the Audi Q7, Lexus RX and Toyota Prius – earn the top rating of good+, which no vehicle received last year.

A properly installed, age-appropriate child restraint can protect a child much better in a crash than a safety belt alone. LATCH (Lower Anchors and Tethers for Children) is intended to make it easier for caregivers to install child restraints properly. Those installed with LATCH are more likely to be put in correctly than restraints installed using the vehicle safety belt.

Even with LATCH, installation errors are common. The Institute’s rankings are based on several ease-of-use criteria that have been shown to minimize mistakes.

Michigan could soon allow driverless cars on public roads



Recently passed Michigan bills would allow driverless cars on public streets, not just on the University of Michigan test facility MCity, shown here. Photo: University of Michigan.

The Michigan Senate unanimously passed four bills that would open public roads to driverless cars, and the House Speaker is eager to take up the measures. One state senator compared the race to driverless cars to putting a man on the moon.

Six other states plus DC have laws allowing the testing of autonomous vehicles. The difference is, the Michigan bills permit fully driverless cars, with no steering wheel or pedals and no backup driver required, on public roads. The state wants to be ready as soon as the new technology is available.

Until recently, autonomous vehicle research has focused on hands-free technology, but recent fatal accidents where the driver didn’t assume his proper role have changed that direction.

The Michigan bills would allow the driverless vehicles to be operated by automakers or ride hailing services such as Lyft or Uber.

Group forms to make recommendations on autonomous cars

Securing America’s Future Energy (SAFE) has created a Commission on Autonomous Vehicle Testing and Safety. The Commission will study and recommend best practices for industry and others for early deployment of autonomous vehicles in real-world situations.

“The transportation system in its current form exerts an inexorable toll on society in the form of both oil dependence and traffic fatalities,” said SAFE, a nonpartisan group formed to reduce America’s dependence on oil. The organization said that experts believe up to 90 percent of crashes will be eliminated by autonomous technology, but recent polling shows that only 35 percent of Americans are aware that autonomous vehicles will save lives.

The Commission includes members from the National Transportation Safety Board, NIH, General Motors and SAE, among others.

The Department of Transportation is expected to issue guidelines on autonomous vehicles in the next few months. Automakers are anxious to avoid the patchwork of state laws that is already starting to form.

One VA leader advocates focus on driverless cars, not Metro

One local leader believes the region's transportation future lies in driverless cars, not Metro. At a recent meeting of elected Northern Virginia officials, Corey Stewart, chairman-at-large for Prince William County, called Metro "19th century technology" and said that VDOT, Transurban and local jurisdictions should work on putting sensors in roads to prepare for driverless technology.

But Arlington County board member Jay Fisette noted the economic development that has grown up around Metro stations and said the system was crucial for the region's operation and growth. He said the main goal is to reduce the number of solo drivers on area roads, whether through carpooling or bus rapid transit.

U.S. drivers spend average 17,600 minutes driving each year

American drivers spend an average of more than 17,600 minutes behind the wheel each year, according to a survey from the American Automobile Association Foundation for Traffic Safety. More than 87 percent of Americans aged 16 and older reported driving in the past year.

"The amount of time the average driver spends behind the wheel each year is equivalent to seven 40-hour weeks at the office," said Jurek Grabowski, research director for the AAA Foundation.

The study also found:

- More than 86 percent of U.S. households have at least one car for every driver, and 28 percent have more cars than drivers.
- Drivers ages 30 to 49 drive an average of 13,506 miles annually, more than any other age group.
- More than 66 percent of total driving trips and nearly 62 percent of total miles driven are solo trips.

Staying Ahead...

It's clear that traveling by car remains a central part of Americans' lives.

--Jurek Grabowski

Research director, AAA Foundation

