

# IBISWorld Business Environment Report

## Number of motor vehicle registrations

January 2014

**Estimated Value in 2014:** 266.6 million

**2009-2014 Compound Growth:** 1.0%

**Forecast Value for 2019:** 282.7 million

**2014-2019 Compound Growth:** 1.2%

This item analyses trends in the total number of motor vehicle registrations. This covers all cars, motorcycles, trucks and buses. Data is sourced from the Bureau of Transport Statistics.

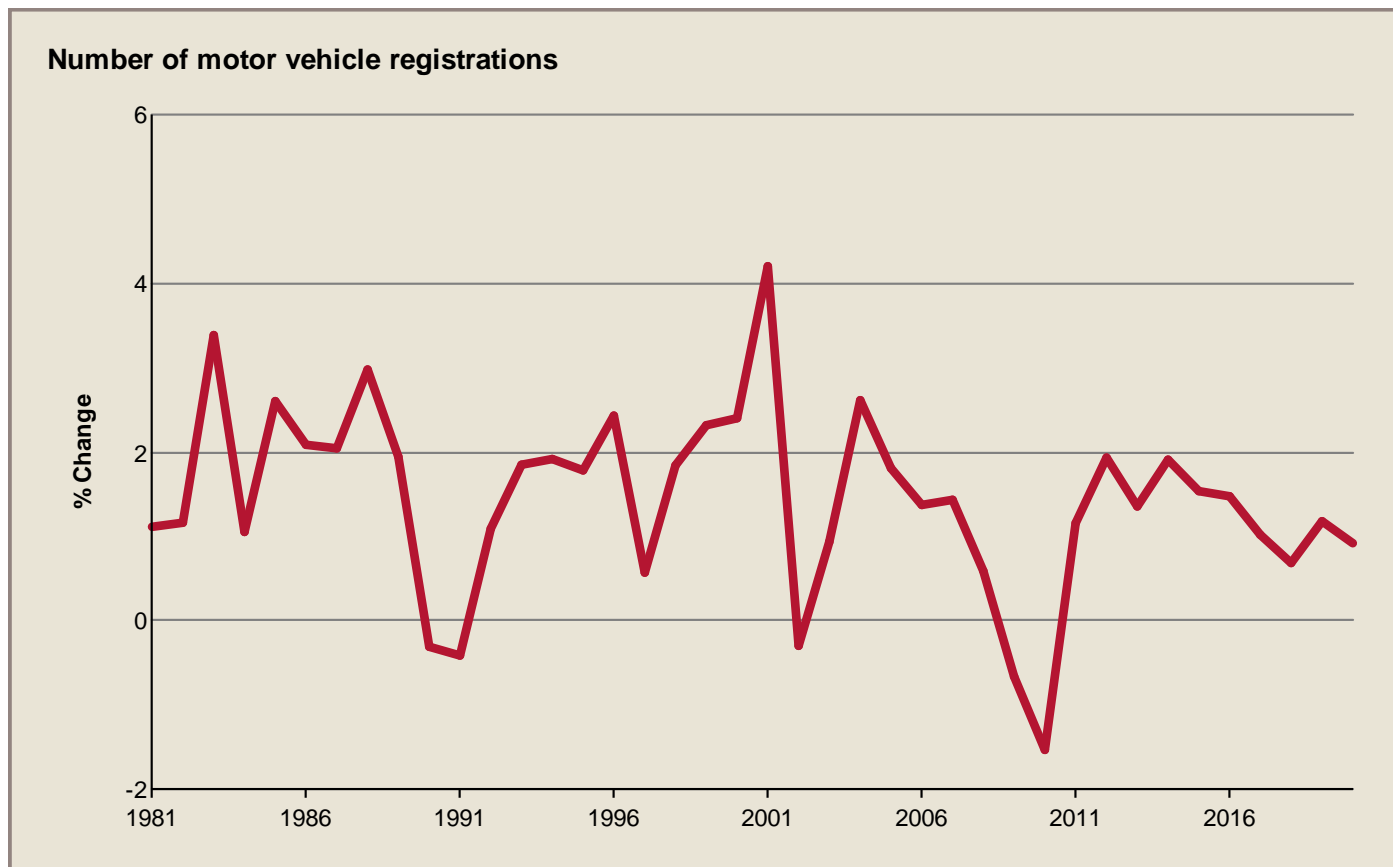
### Current Performance

The number of motor vehicle registrations in the US has risen steadily over the last two decades. This has been driven by a variety of persistent factors including rising populations, higher incomes and a wider array of budget options. However, the rate of growth from year to year is influenced by broader economic conditions that impact the affordability of cars, such as interest rates, as well as factors that sway consumer willingness to purchase, including unemployment rates and consumer sentiment. Consistent with these factors, the number of motor vehicle registrations outpaced long term population growth between 2004 and 2007 as the economy roared and interest rates stayed low. However, as the tremors of the financial meltdown reverberated through the economy, unemployment soared to over 10% and consumers became hesitant or unable to make big purchases. This meant that fewer new cars were purchased and registered, causing growth in motor vehicle registrations to stall to just 0.7% in 2008 before reversing by 0.7% to 251.4 million in 2009.

The number of vehicle registrations fell further in 2010 before rebounding somewhat in 2011. The slight rebound was the result of an unrelenting increase in the number of American drivers combining with a fragile economic recovery and elevated unemployment. Similar conditions are expected to persist through 2014, but with the American economy steadily improving consumers and businesses will be able and willing to purchase vehicles. Consequently, the number of motor vehicle registrations is projected to grow by 1.9% to 266.6 million in 2014. Although this represents a five-year high, the five year average growth rate of 1.0% remains well below the long-term average growth of approximately 1.5% per year.

## Outlook

IBISWorld forecasts that the number of vehicle registrations will increase by 1.2% in the five years to 2019 to reach 282.7 million. Typically, restrained spending during a recession gives way to catch-up growth in excess of 2% once a recovery is underway. However, given the broad-reaching effect of the recent downturn, the boost from pent up demand as unemployment ebbs will be a muted 1.5% in 2015. Although demographics will continue to push the number of vehicle registrations higher, the rate of increase will slow later in the outlook period. This will be due to headwinds including rising oil prices and interest rates, which will reduce disposable income and thus the ability of individuals to purchase vehicles.



Year	Millions	% Change	Year	Millions	% Change
1981	163.3	1.11	2001	235.3	4.21
1982	165.2	1.16	2002	234.6	-0.30
1983	170.8	3.39	2003	236.8	0.94
1984	172.6	1.05	2004	243.0	2.62
1985	177.1	2.61	2005	247.4	1.81
1986	180.8	2.09	2006	250.8	1.37
1987	184.5	2.05	2007	254.4	1.44
1988	190.0	2.98	2008	255.9	0.59
1989	193.7	1.95	2009	254.2	-0.66
1990	193.1	-0.31	2010	250.3	-1.53
1991	192.3	-0.41	2011	253.2	1.16
1992	194.4	1.09	2012	258.1	1.94
1993	198.0	1.85	2013	261.6	1.36
1994	201.8	1.92	2014	266.6	1.91
1995	205.4	1.78	2015	270.7	1.54
1996	210.4	2.43	2016	274.7	1.48
1997	211.6	0.57	2017	277.5	1.02
1998	215.5	1.84	2018	279.4	0.68
1999	220.5	2.32	2019	282.7	1.18
2000	225.8	2.40	2020	285.3	0.92

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