

Domestic Motor Vehicle Sales During 1935

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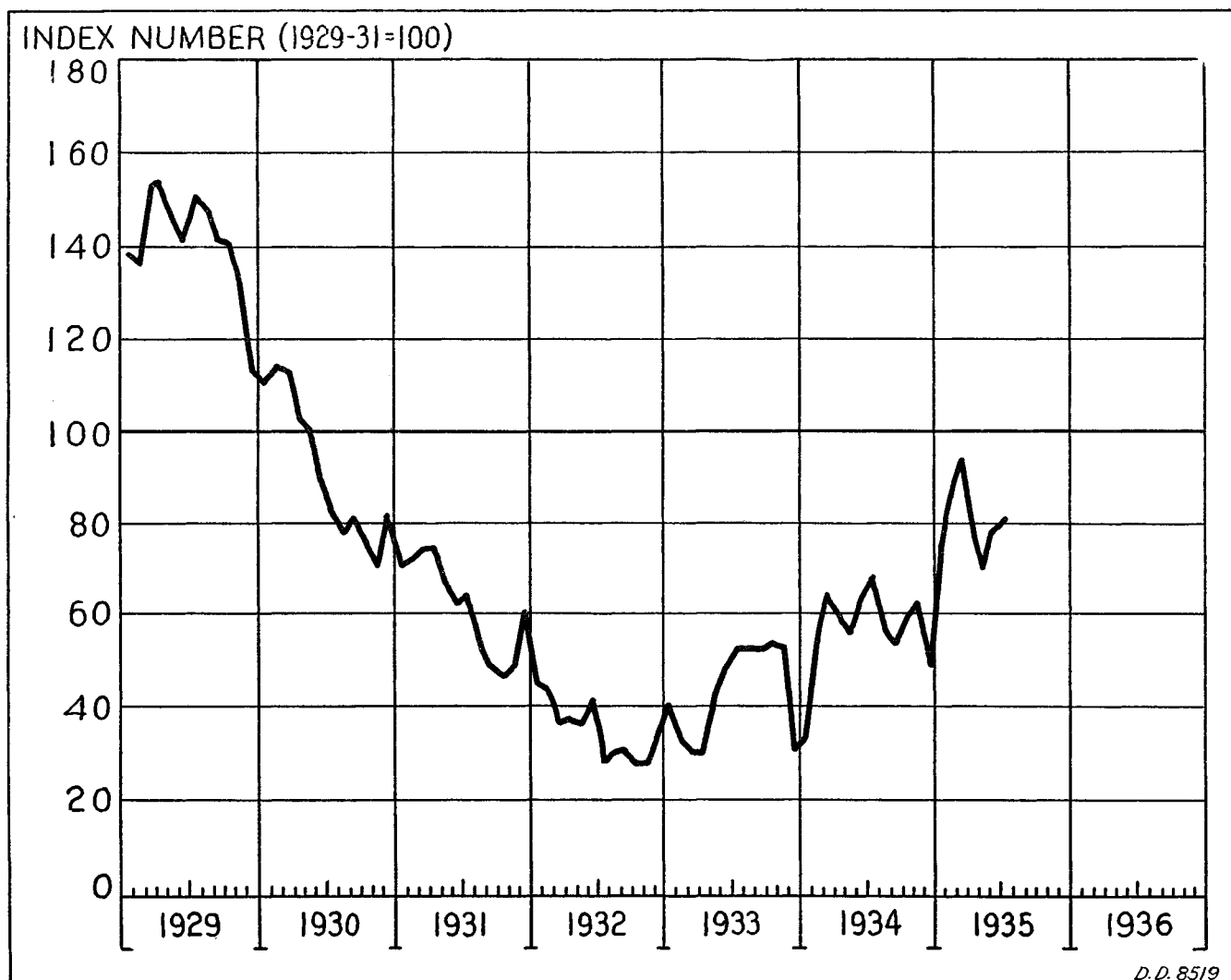
THE automobile industry has been a notable pace-maker during the post-war period and it is natural that it has been one of the leaders in the current recovery in business activity. After a steep slide during the 3-year period 1930-32, during which new passenger car registrations were reduced from 3,880,247 in 1929 to 1,096,399 in 1932, the trend of production and sales has been sharply reversed, with the result that from a volume standpoint the current year has witnessed activity at a pace reminiscent of the banner years of the industry. Although this volume has been marketed at considerably lower prices than in the more prosperous years, it has been possible for the industry (including the parts and equipment manufacturers) to make a very satisfactory showing with regard to profits.

The accompanying chart portrays the fluctuations in the dollar volume of new passenger-car sales since January 1929. The precipitous drop in sales carried

the index from a peak of 155 in the spring of 1929 to a low of 28 in the summer of 1932. Sales turned upward in the latter part of that year, but the improvement was halted by the development of the banking crisis. The improvement after the first quarter of 1933 has been pronounced, and during the current year, production and sales have measured up to the optimistic expectations entertained at the opening of the current selling season.

In studying the fluctuations of dollar sales, consideration should be given to the influence of price reductions and the trend toward the lower priced cars which today compare favorably with cars selling in a much higher price range in the predepression years. The average price used in computing the accompanying index shows a decline of between one-fourth and one-fifth from 1929 to 1933, and the average for the current year is about the same as in 1933.

Trend of the dollar volume of new passenger car sales, adjusted for seasonal variation.



While the chart is based on actual sales totals, references to sales elsewhere in the article refer to registrations which are the only unit data available currently.

Registrations tended upward at a rapid pace during the last three-quarters of 1933 and throughout 1934. During the latter year, 1,888,557 new passenger cars and 403,886 new trucks were registered by owners in the United States. While the automobile dealers were selling these new cars to the public, it is estimated, by the National Association of Sales Finance Companies, that they also sold 4,020,000 used cars and trucks, or at the rate of 1.75 used machines per new car.

Registrations 44 Percent Higher Than in 1934

Following the outstanding performance in 1934, the industry has bettered substantially its accomplishment during the current year. During the first 6 months of 1935, companies and individuals purchased from motor-vehicle dealers 1,461,940 new passenger cars and 254,063 trucks, paying for these vehicles a sum estimated at approximately \$1,460,000,000. The first half year registrations were 44 percent greater in 1935 than during the corresponding period of last year, while the increase over the same 6 months of 1933 was 121 percent.

For passenger automobiles only, which are by far the most important as far as volume and profits are concerned, there were 466,385 more of these units registered during the first 6 months of 1935 than in the corresponding period of last year. Ten States accounted for some 282,000 of this increase, California and Illinois leading with about 43,000 each; New York, Michigan, and Ohio accounting for about 30,000 each; Indiana and Pennsylvania around 27,000; Texas, Wisconsin, and New Jersey between 15,000 and 20,000 each.

The accompanying table shows the trend of new passenger car registrations for the first 6 months of the past 3 years and comparable data for the corresponding months of 1929. The striking divergence of sales during this period in the various regions and individual States is immediately apparent.

One of the outstanding features of the registration is that sales during 1935 in 3 of the 4 principal regions represented almost the same percentages of the total as in 1929; also that the percentage in the other area was only moderately below the ratio for the other 3 regions. This situation is in sharp contrast to that prevailing in 1932 and 1933 when there existed very wide disparities relative to 1929 as between the different regions. In comparison with 1933, it has necessitated increases of 141 and 130 percent, respectively, in the West and South to bring the ratio up in these areas while the Eastern States were recording an increase of 67 percent. A rise of 150 percent (the largest relative

increase) was insufficient to pull the Middle Western States abreast of the balance of the country. The Western States showed the largest relative increase from 1934 to 1935; as compared with 1933 the largest increase was in the middle-western area.

It is also of particular interest that in Georgia and the District of Columbia there were more new cars registered in the first half of the current year than in 1929. In Georgia the increase over the first 6 months of 1934 was 3 percent, while in the District of Columbia there was an increase of 28 percent.

In the Western States the increase in registrations from the first half of 1934 to the first half of 1935 ranged as high as 100 percent in Montana, from 80 to 85 percent in Idaho and Oregon, and from 70 to 80 percent for California and Utah. In only two other States, South Dakota and Indiana, were 1935 sales more than double the 1934 figures, but increases of 70 percent or more occurred in four Middle Western States—Wisconsin, Illinois, Iowa, and Kansas.

In the East, the percentage changes from 1934 to 1935 did not vary as widely as in other regions. New York and Pennsylvania, in which the registration totals were largest, each recorded increases of about a third. Maine, with an increase of 15 percent, reported the smallest gain for any State.

Commercial Car Registrations Highest Since 1929

Motor-vehicle dealers in the United States delivered to owners 254,063 new trucks during the first 6 months of 1935, according to the registration figures. Registrations for this period were only 3.5 percent below the corresponding total in 1929, but were substantially higher than for any intervening year. Sales were strong at the beginning of the year, more than 34,000 units having been registered monthly in January and February. March deliveries totaled 41,511 units and during the second quarter they amounted to more than 47,000 monthly. Each month since the beginning of the year has seen an increase in truck registrations over the preceding month—July figures show registrations of 51,000 units, an increase of 3,000 over June.

Trends in Latter Half of Year

A substantial net increase in car and truck sales is indicated for 1935 by the results experienced to date, but it is improbable that the market will absorb motor vehicles during the last 6 months of the year at a rate equal to deliveries during the first half year, since over the past 10 years the first 6 months has accounted for 55 percent of the total yearly passenger-car registrations. This percentage has varied from 46 percent in 1933 to 63 percent in 1931, but the average for the years when business activity was rising was about 53 percent.

In calculating the probable ratio for the year 1935, the factor of earlier new model introductions injects

an additional element of uncertainty. This might afford some basis for assuming that the total for the second half of the current year with reference to the first half would be high rather than low. However, if registrations for the second half of the year should represent the same proportion of the total for the year (55 percent) as they did in the years 1925-34, inclusive, new passenger-car registrations for the year would approximate 2,650,000.

Estimates of Value of Cars Sold in First Half of 1935

The National Automobile Dealers Association in its 1935 dealer survey reported that the average delivered price of 66,260 new cars and trucks sold by 359 dealers was \$853.17. The association also reported that these dealers sold 111,334 used cars at an average sales price of about \$214. This experience denotes a ratio of 1.68 used cars to one new car. Assuming this ratio in national sales, 2,882,885 used cars were sold during the first 6 months of 1935. The trend of passenger car sales during the first half of 1935 paralleled the trend in 1930 and, if the correlation should continue in the latter half of this year, the number of used cars sold would approximate 2,217,000. This estimate is probably low in view of the divergent trend of economic conditions in the 2 years. However, if realized, this would mean a total of 5,100,000 used car sales for the entire year. Should they be sold at the average sales price shown in the National Automobile Dealers Association survey—\$214.30 each—total used car expenditures for the year would be \$1,093,000,000. Considering the national average new passenger car and truck delivered price to be \$853.17, the first 6 months sales for new cars and trucks amounted to \$1,464,000,000. Should the full year registrations approximate 2,650,000, expenditures for new passenger cars in the latter half of 1935 would exceed \$1,000,000,000, or a total for the year of \$2,260,000,000. To this may be added the above-mentioned estimate for used car sales to obtain the total for car purchases.

As there is little style or "yearly model" influence in truck demand, sales of such vehicles do not show the same seasonal variations as for passenger cars. Previous years' records suggest that on the average about 51 percent of total truck sales are made in the last half of the year. If this ratio should hold for 1935, 264,000 new trucks would be registered from July to December, inclusive. At \$853 each, the truck expenditures for this period would be \$225,000,000, compared with an estimate of \$217,000,000 in the first half.

In summary, granting the assumptions made, domestic registrations may approximate 2,650,000 new passenger cars, an increase of about 761,000 units, or 40 percent over 1934. New trucks to the number of about 518,000 might be anticipated, an increase of 114,000 over the previous year; in percentage an increase of 28. Used cars sold may possibly reach 5,100,000, an increase over 1934 of 1,080,000 units, or 27 percent. If this number of used cars is sold during the year and the number of new cars estimated to be sold is actually sold, the 1935 ratio of used to new cars sold will be 1.61.

New Passenger Automobile Registrations, By States

[6 months—January-June]

State	1929	1933	1934	1935	Percent increase		Ratio, 1935 to 1929
					1933-35	1934-35	
United States, total.....	2,155,357	682,498	995,555	1,461,940	114.2	46.8	67.8
Eastern States, total.....	606,094	254,600	316,058	424,484	66.7	34.3	70.0
Connecticut.....	31,907	11,233	15,129	20,342	81.1	34.5	63.8
Delaware.....	5,040	2,118	2,597	3,703	74.8	42.6	73.5
District of Columbia.....	12,452	7,460	10,078	15,938	113.6	58.1	128.0
Maine.....	14,081	4,297	6,859	7,888	83.6	15.0	56.0
Maryland.....	25,256	9,381	12,860	18,818	100.6	46.3	74.5
Massachusetts.....	80,744	32,311	42,047	51,586	59.7	22.7	63.9
New Hampshire.....	7,661	3,393	4,480	5,664	66.9	26.4	73.9
New Jersey.....	69,841	29,151	34,547	50,005	71.5	44.7	71.6
New York.....	189,128	93,801	100,686	133,737	42.6	32.8	70.7
Pennsylvania.....	150,338	54,526	77,491	104,608	91.8	35.0	69.6
Rhode Island.....	12,464	5,042	6,604	8,469	68.0	28.2	67.9
Vermont.....	7,182	1,887	2,680	3,726	97.5	39.0	51.9
Southern States, total.....	423,720	129,094	224,885	297,363	130.3	32.2	70.2
Alabama.....	16,557	5,049	11,162	13,320	163.8	19.3	80.4
Arkansas.....	16,059	5,511	7,625	8,992	63.2	17.9	56.0
Florida.....	20,840	8,977	13,615	16,866	87.9	23.9	80.9
Georgia.....	21,347	9,976	17,736	22,003	120.6	24.1	103.1
Kentucky.....	30,756	9,716	15,087	20,208	108.0	33.9	65.7
Louisiana.....	20,406	6,322	10,158	14,042	122.1	38.2	68.8
Mississippi.....	15,813	3,846	7,591	9,093	136.4	19.8	57.5
North Carolina.....	34,623	9,599	19,113	25,919	170.0	35.6	74.9
Oklahoma.....	47,091	9,393	19,808	26,597	183.0	34.3	56.5
South Carolina.....	15,991	4,725	9,332	11,675	147.1	25.1	73.0
Tennessee.....	29,553	7,638	12,727	20,965	174.5	64.7	70.9
Texas.....	103,420	32,344	55,015	70,237	117.2	27.7	67.9
Virginia.....	29,992	9,999	14,667	23,561	135.6	60.6	78.6
West Virginia.....	21,272	5,994	11,249	13,885	131.6	23.4	65.3
Middle Western States, total.....	865,738	224,325	348,764	560,958	150.1	60.8	64.8
Illinois.....	135,379	40,277	55,192	98,422	144.4	78.3	72.7
Indiana.....	69,050	18,702	25,908	51,950	177.8	100.5	75.2
Iowa.....	55,901	11,116	20,105	35,312	216.2	75.6	63.2
Kansas.....	33,754	6,857	15,538	26,651	288.7	71.5	79.0
Michigan.....	163,179	40,676	69,677	99,531	144.7	42.8	61.0
Minnesota.....	52,924	15,665	20,384	34,314	119.0	68.3	64.8
Missouri.....	70,079	22,826	32,103	43,825	92.0	36.5	62.5
Nebraska.....	36,024	6,782	12,026	17,469	157.6	45.3	48.5
North Dakota.....	14,968	1,892	3,998	6,761	257.3	69.1	45.2
Ohio.....	156,691	44,428	69,473	99,287	123.5	42.9	63.4
South Dakota.....	16,891	2,099	3,168	6,809	224.4	114.9	40.3
Wisconsin.....	60,898	12,955	21,192	40,627	213.6	91.7	66.7
Western States, total.....	259,805	74,479	105,848	179,135	140.5	69.2	68.9
Arizona.....	9,917	1,698	3,107	4,739	179.1	52.5	47.8
California.....	136,325	45,141	56,914	99,526	120.5	74.9	73.0
Colorado.....	24,346	6,322	10,336	13,295	110.3	28.6	54.6
Idaho.....	7,558	1,455	3,391	6,241	328.9	84.0	82.6
Montana.....	14,453	2,918	4,941	9,881	238.6	100.0	63.4
Nevada.....	2,229	525	1,256	1,758	234.9	40.0	78.9
New Mexico.....	5,408	1,352	2,359	3,603	166.5	50.8	66.6
Oregon.....	17,052	4,242	6,897	12,520	195.1	81.5	73.4
Utah.....	9,633	2,403	3,405	5,873	144.4	72.5	61.0
Washington.....	27,938	7,085	11,030	18,210	157.0	65.1	65.2
Wyoming.....	4,946	1,338	2,182	3,489	160.8	59.9	70.5

Source: R. L. Polk & Co.