

US auto sales rise despite Sandy

DETROIT – Americans bought new cars and trucks at a healthy pace in October even as Superstorm Sandy wiped out sales in the Northeast late in the month.

U.S. sales of new cars and trucks rose 7 percent from a year earlier to 1.1 million, and most major carmakers reported gains. October sales ran at an annual rate of 14.3 million, according to Autodata Corp., which would be a strong improvement from the 12.8 million last year.

Demand this year has been fueled by low interest rates and aging cars that need replacement. Americans also are feeling better about the economy and jobs, key drivers of sales.

“This is a healthy pace that is supported by real consumer demand,” said Jesse Toprak, vice president of market intelligence at TrueCar. “It’s based on consumers feeling better about their purchases.”

Company executives also expect demand in November and December to get a lift from people replacing vehicles damaged by Sandy.

General Motors firmed up its full-year U.S. sales forecast to about 14.5 million. That is much better than sales of 10.4 million in 2009 but still short of the recent peak of 17 million in 2005.

In October, Volkswagen AG led all major companies with a 22 percent sales increase over the same period last year. Toyota sales were up 16 percent, and Honda sales rose 8.8 percent. In Detroit, Chrysler Group LLC’s sales climbed 10 percent, General Motors Co. was up 5 and Ford Motor Co. rose slightly.

Nissan Motor Co., however, was hit hard by the storm because the Northeast is its top-selling region. Its sales fell 3.2 percent.

“It is absolutely a hurt on us,” said Al Castignetti, vice president of the Nissan division.

As of Wednesday, 65 Nissan dealers in New York, New Jersey and Connecticut were closed due to power outages, and they account for 40 percent of the region’s sales, Castignetti said.

Auto dealers are among the businesses most vulnerable to storms because they keep inventory outside and have buildings with big windows and flat roofs that can be damaged. Companies said many dealers were still out of commission Thursday due to lack of electricity.

Sandy, which made landfall in New Jersey Monday, cost automakers about 30,000 car and truck sales in October, according to TrueCar.com. Potential buyers in the Northeast stayed home to wait out winds, rain and flooding. But the drop in Northeast demand was offset by higher-than-expected sales in the rest of the country, Toprak said.

Analysts and executives said it will take two weeks or even a month for demand to return to normal. The industry should regain the lost sales,

plus gain thousands more as people replace vehicles that were damaged by flooding or falling trees.

When insurance companies determine that cars are total losses, people are forced to buy new vehicles even though they weren't previously in the market, Toprak said.

Care companies are announcing deals to attract buyers in states hit hard by Sandy.

General Motors Co. and Ford Motor Co. each offered \$500 cash on many models, while hard-hit Nissan began offering employee pricing and delayed payments. For example, an employee discount is worth nearly \$3,000 off the sticker price of a midsize Altima.