Quarterly Report January 2013

Orange County Auto Outlook™

Comprehensive information on the Orange County automotive market

orange county OCADA automobile dealers association

FORECAST

County Market Predicted to Increase 7.6% in 2013

New retail light vehicle registrations predicted to exceed 160,000 units this year

2012 is now in the books and it was a very good year for the county new retail light vehicle market. As pointed out on the right, new registrations moved higher last year, for the third consecutive year. The big question now is what's in store for the market during 2013. Short answer: slower growth. New vehicle sales are likely to increase again this year, but the percentage gain is almost certain to fall short of the gain in 2012. There are three primary reasons for this:

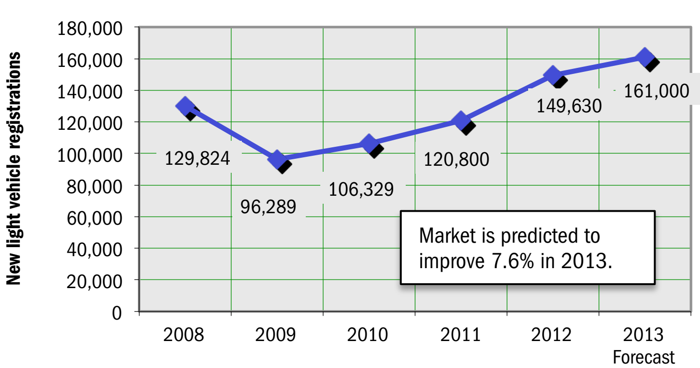
- The labor market is still struggling. The county unemployment rate has come down during the past two years, but is still high (9.1% in November of 2012). Too many county residents are searching for work for new vehicle sales to move sharply higher.
- Household balance sheets are still on the mend. We have been tracking consumer debt levels for almost 10 years now, and although consumers have made headway, the de-leveraging process has not run its course.
- Fiscal policy will restrict growth. In order to get public debt under control, the Federal Government will likely be rasing taxes, and cutting spending, both deterrents for economic expansion and household income growth.

The good news is that there are currently more positive market determinants than the negative ones mentioned above. The two primary factors that will almost certainly lead to an increase in sales this year are **pent up demand** and **vehicle affordability**. We have been tracking pent up demand for several years now, but it is still the single most significant force driving the market. Consumers delayed purchasing new vehicles during the recession, and as a result, vehicles are old and wearing out. In addition, new vehicles offer a tremendous improvement when compared to the average 11 year old vehicle currently on the road. This pent up demand is leading many consumers into county showrooms, while strong affordability (aided by record-low interest rates) and improved availability of credit are the final ingredients leading many to purchase a new vehicle.

Three Key Market Trends

1. Orange County new retail light vehicle registrations increased 23.9% from 2011 to 2012, well above the estimated 13% improvement in the Nation.
2. Auto Outlook projects that the county new vehicle market will improve 7.6% from 2012 to this year. The uptick next year would mark the fourth consecutive annual increase.
3. Higher fuel prices during most of last year and many key new vehicle introductions gave a boost to car sales in the county. New retail car registrations were up 29% in 2012, and market share was up by 2.5 points.

Annual Trend in Orange County New Vehicle Market



The graph above shows annual new retail light vehicle registrations in the county from 2008 thru 2012 and Auto Outlook's projection for 2013.

Market Summary

	2010 Annual	2011 Annual	2012 Annual	% ch. '11 to '12
TOTAL	106,329	120,800	149,630	23.9%
Car	64,046	72,814	93,959	29.0%
Light Truck	42,283	47,986	55,671	16.0%
Detroit Three	19,172	24,130	28,192	16.8%
European	22,516	26,760	31,785	18.8%
Japanese	56,628	56,846	72,901	28.2%
Korean	8,013	13,064	16,752	28.2%

Detroit Three consists of vehicles sold by GM, Ford, and Chrysler.

Data Source: AutoCount data from Experian Automotive.

MARKET TRACKER: MONTHLY MOVING AVERAGE

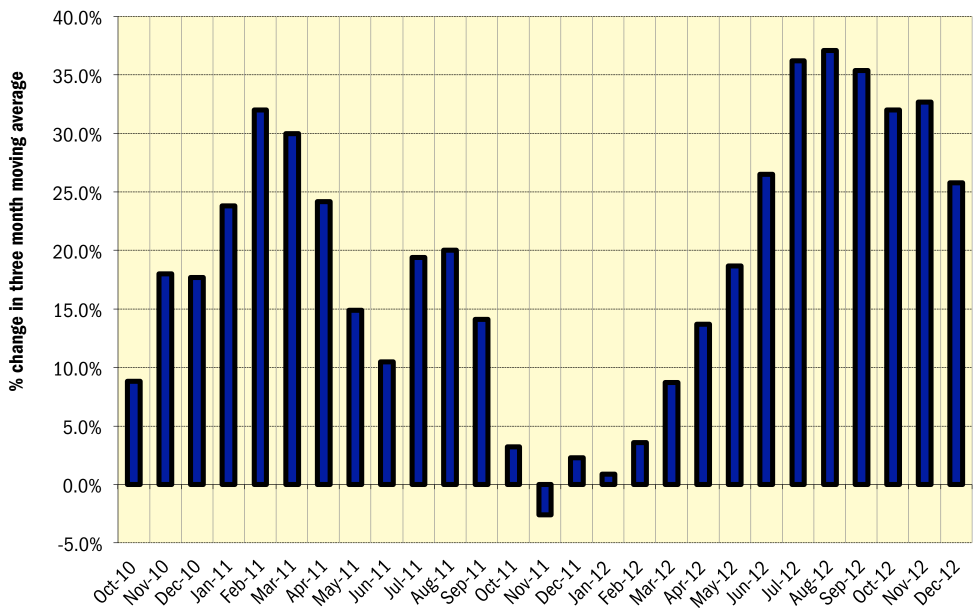
Market Continues to Post Big Gains

Percent change in three month moving average exceeded 25% in each of past seven months

The graph to the right provides a clear picture of the general trending direction of the Orange County new retail light vehicle market. And as highlighted in the graph, the trend over the past two years is positive. The graph shows the year-over-year percent change in the three month moving average of new retail light vehicle registrations. The three month moving average provides a clearer picture of the trending direction than individual monthly registrations, which can fluctuate due to such factors as the timing of manufacturer incentive programs, weather, and vehicle title processing delays by governmental agencies.

The market has continued its steady climb back to respectable sales levels. The three month moving average increased by more than 25% during the past seven months.

Percent Change in Orange County New Retail Light Vehicle Registrations Three Month Moving Average versus Year Earlier

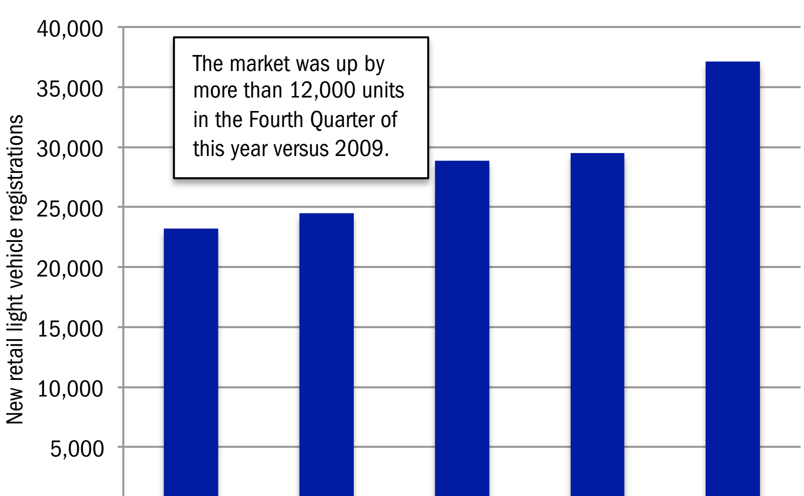


MARKET TRACKER: QUARTERLY PERSPECTIVE

Market Has Good 4th Quarter of '12

Market up sharply from 2009

QUARTERLY PERSPECTIVE
Five Years of Fourth Quarter Results in Orange County Market



	Q4 '08	Q4 '09	Q4 '10	Q4 '11	Q4 '12
Regs.	23,201	24,499	28,844	29,506	37,117

Fourth quarter registrations during past five years

Details on Data

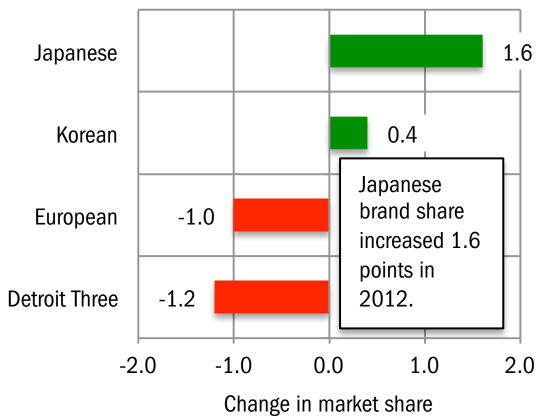
Data presented measures new vehicles registered to purchasers (or lessees) residing in Orange County. Monthly recording of registrations occurs when vehicle title is processed.

Data Source: AutoCount Data from Experian Automotive.

MARKET TRACKER: BRAND MARKET SHARE

Japanese Brands Are Up

Change in County Market Share
2012 vs. 2011



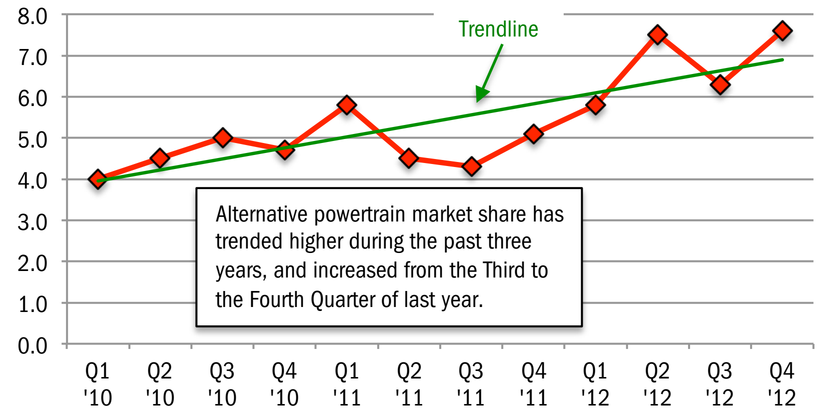
The graph above shows the change in annual market share for four primary brand segments.

Data Source: AutoCount data from Experian Automotive.

MARKET TRACKER: HYBRID AND ELECTRIC VEHICLES

Hybrid & Electric Share Increases

Quarterly Alternative Powertrain Market Share
(includes hybrid and electric vehicles)



The graph above shows hybrid powertrain and electric vehicle quarterly market share in the county. The line shows market share trend over the past 12 quarters.

Data Source: AutoCount data from Experian Automotive.

MARKET TRACKER - SEGMENTS

Small Car Segment has Largest Gain in County and U.S.

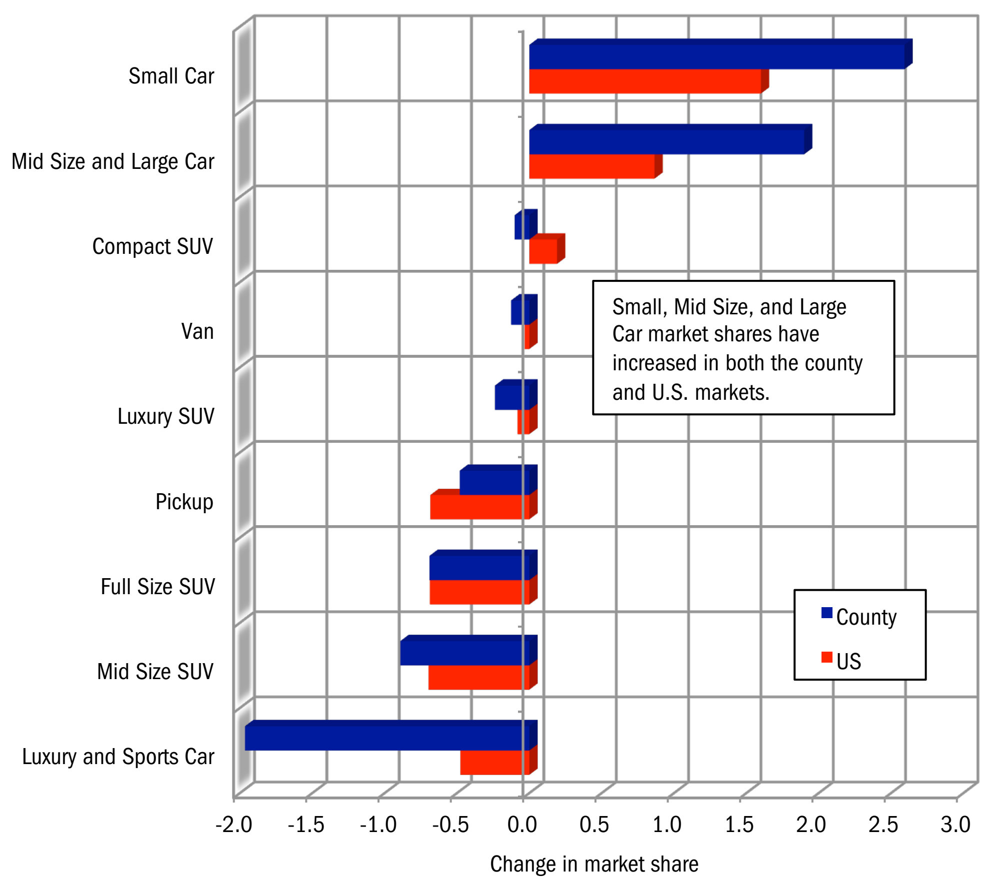
Change in Segment Market Share 2012 vs. 2011

Orange County and U.S. Markets

Typical models in segments:

Small Car: Hyundai Elantra
Mid Size & Large Car: Toyota Camry
Luxury & Sports Car: BMW 3-Series
Pickup: Ford F-Series
Van: Honda Odyssey
Compact SUV: Jeep Liberty
Mid Size SUV: Jeep Grand Cherokee
Full Size SUV: Chevrolet Tahoe
Luxury SUV: Lexus RX

Data Source: AutoCount Data from Experian Automotive



BRAND SCOREBOARD - PART ONE

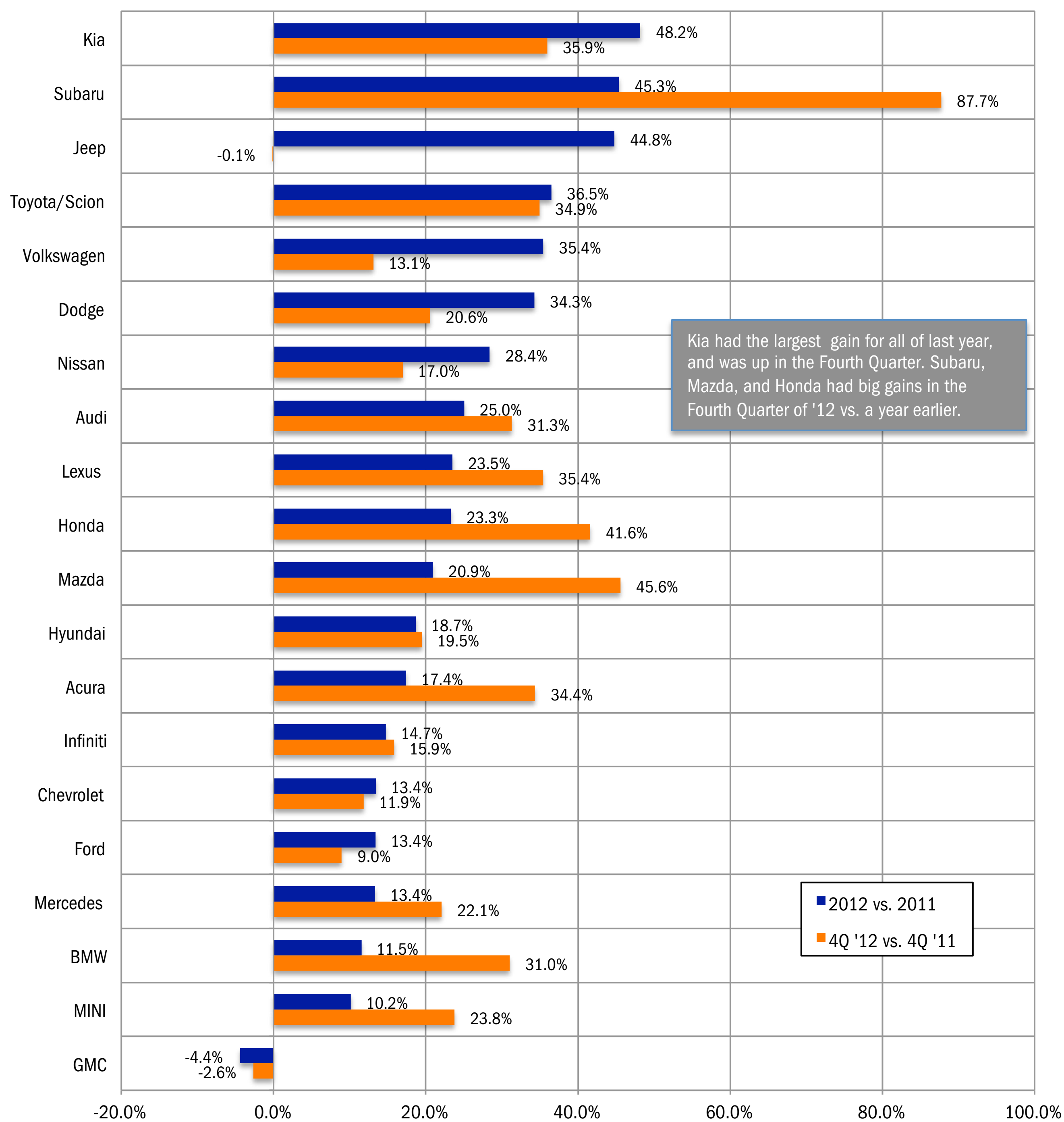
Kia Posts Largest Gain in 2012

Kia's annual increase was 48.2%; Subaru posts big gain in Fourth Quarter

The graph below provides a quick snapshot of brand sales performance in the county market. For the top 20 selling brands, it shows the percent change in new retail light vehicle registrations from 2011 to 2012, and the change from the Fourth Quarter of 2012 vs. a year earlier. Brands are shown from top to bottom based on the year-to-date percent change.

Data Source: AutoCount data from Experian Automotive.

Percent Change in County New Retail Light Vehicle Registrations (Top 20 Selling Brands) 2012 vs. 2011, and Fourth Quarter 2012 vs. Fourth Quarter 2011



BRAND SCOREBOARD - PART TWO

Toyota and Mercedes Rank High in County Market

BMW, Lexus, Honda, and Hyundai are also strong sellers

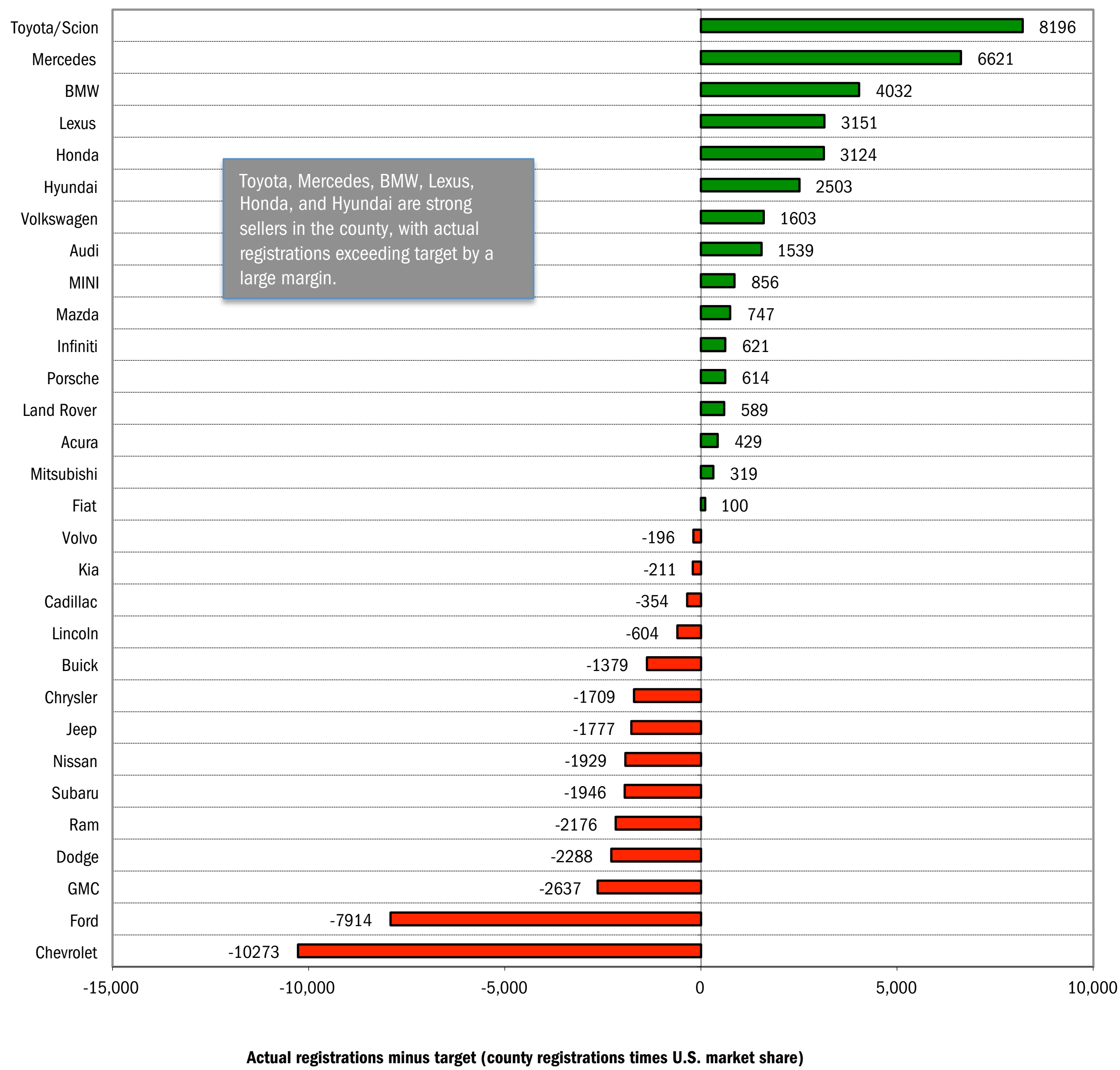
The graph below provides an indicator of brands that are popular in Orange County (relative to the National standard), and those that are not.

Here's how it works: For the top 30 selling brands in the county, each brand's share of the U.S. market is multiplied by retail registrations in the county during 2012. This yields a "target" for the county market. Target registrations are subtracted from actual registrations to derive the measurement of sales performance.

Brands at the top of the graph (i.e., Toyota, Mercedes, BMW, Lexus, Honda, and Hyundai) are relatively strong sellers in the county, with actual registrations exceeding the calculated target by a large margin. For instance, Toyota registrations exceeded the target by 8,196 units.

Data Source: AutoCount data from Experian Automotive.

Orange County Retail Market Performance based on registrations for 2012
Actual registrations minus target (county industry registrations times U.S. market share)



MODEL RANKINGS

Toyota Prius is Best Seller in Sub Compact Car Segment

Honda CRV is best-selling Compact SUV

The table below shows the top five selling models during 2012 in 16 primary market segments. In addition to unit registrations, it also shows each model's market share in its respective segment.

Toyota Camry retained the top spot as the best-selling Standard Mid Size Car, with a 23.5% share. Toyota Prius was first among Sub Compact Cars, followed by Honda Civic and Toyota Corolla. (Note Prius figures include the c, v, and Plug in). Mercedes E-Class was the best seller among Luxury Cars.

Toyota Sienna and Honda CRV were the best selling Mini Van and Compact SUV, respectively. Ford Explorer was first among Full Size SUVs (including Crossovers). Lexus RX was the best-selling Luxury SUV.

Data Source: AutoCount data from Experian Automotive.

Top Selling Models in Each Segment - Orange County

New Retail Registrations - 2012 Annual Totals

Cars

Entry			Sub Compact			Sporty Compact			Standard Mid Size		
Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share
Nissan Versa	1306	18.3	Toyota Prius	7010	21.2	Chevrolet Camaro	632	20.4	Toyota Camry	5829	23.5
Kia Soul	1211	17.0	Honda Civic	5669	17.2	Hyundai Veloster	613	19.8	Honda Accord	5662	22.9
Honda Fit	831	11.6	Toyota Corolla/Matrix	3787	11.5	Ford Mustang	569	18.3	Hyundai Sonata	3635	14.7
Hyundai Accent	791	11.1	Hyundai Elantra	2562	7.8	Scion tC	512	16.5	Nissan Altima	2355	9.5
Fiat 500	575	8.1	Volkswagen Jetta	2470	7.5	Dodge Challenger	448	14.4	Kia Optima	2245	9.1

Large Mid Size			Near Luxury			Luxury			Sports Car		
Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share
Chrysler 300	412	24.2	Mercedes C-Class	2730	20.6	Mercedes E-Class	2801	30.7	Mazda MX5	68	22.4
Dodge Charger	353	20.8	BMW 3-Series	2357	17.8	BMW 5-Series	1511	16.6	Chevrolet Corvette	64	21.1
Nissan Maxima	240	14.1	Lexus ES	1228	9.3	Lexus GS	646	7.1	Porsche 911	45	14.9
Toyota Avalon	188	11.1	Infiniti G	1105	8.3	Mercedes S-Class	424	4.6	Nissan 370Z	41	13.5
Buick LaCrosse	186	10.9	Hyundai Genesis	1086	8.2	Audi A6	398	4.4	Audi TT	28	9.2

Light Trucks

Compact Pickup			Full Size Pickup			Mini Van			Full Size Van		
Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share
Toyota Tacoma	2216	71.1	Ford F-Series	2258	37.4	Toyota Sienna	856	31.1	Ford E-Series	283	26.8
Nissan Frontier	380	12.2	Chevrolet Silverado	1282	21.2	Honda Odyssey	855	31.1	Ford Transit Connect	267	25.3
Ford Ranger	168	5.4	Toyota Tundra	1065	17.6	Dodge Caravan	363	13.2	Sprinter	212	20.1
Honda Ridgeline	151	4.8	Ram	776	12.8	Chrysler T & C	242	8.8	Chevrolet Express	160	15.2
Chevrolet Colorado	134	4.3	GMC Sierra	467	7.7	Mazda 5	197	7.2	Nissan NV	107	10.1

Compact SUV			Mid Size/Crossover SUV			Full Size SUV			Luxury SUV		
Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share
Honda CRV	2969	22.8	Ford Edge	1680	16.0	Ford Explorer	1079	24.0	Lexus RX	2022	16.4
Toyota RAV4	1482	11.4	Jeep Grand Cherokee	1439	13.7	Ford Flex	656	14.6	Mercedes M-Class	1197	9.7
Jeep Wrangler	1094	8.4	Toyota Highlander	1420	13.5	Mazda CX9	425	9.4	BMW X5	1145	9.3
Ford Escape	1070	8.2	Honda Pilot	1370	13.0	GMC Acadia	398	8.8	Mercedes GL-Class	806	6.5
Nissan Rogue	924	7.1	Kia Sorento	1036	9.9	Chevrolet Tahoe	357	7.9	Acura MDX	730	5.9

COMPARISON OF ORANGE COUNTY, LOS ANGELES COUNTY, AND U.S. MARKETS

Orange County Market Up 23.9% in 2012

Los Angeles County market was up 24.9%

	Orange County Retail Market	Los Angeles County Retail Market	U.S. Retail Market *
Market Growth % change in registrations 2012 vs. 2011	23.9%	24.9%	12.7%
Car Market Share Car share of industry retail light vehicle 2012	62.8%	67.2%	51.3%
Domestic Brand Market Share Domestic brand share of industry retail light vehicle registrations - 2012	18.8%	17.4%	36.5%

	New Retail Registrations - Annual Totals						Market Share (2012)		
	Orange County		Los Angeles County		U.S. *				
Brand	Regs.	% ch. from '11	Regs.	% ch. from '11	Regs.	% ch. from '11	Orange County	L.A. County	U.S.
Acura	2,259	17.4%	5,241	16.8%	126,636	19.6%	1.5	1.4	1.2
Audi	3,142	25.0%	9,498	27.7%	110,919	18.5%	2.1	2.5	1.1
BMW	6,968	11.5%	19,431	10.5%	203,130	5.0%	4.7	5.2	2.0
Buick	585	7.7%	1,238	10.8%	135,864	0.6%	0.4	0.3	1.3
Cadillac	1,289	8.0%	3,358	14.5%	113,642	-1.1%	0.9	0.9	1.1
Chevrolet	5,976	13.4%	17,262	23.7%	1,124,224	2.6%	4.0	4.6	10.9
Chry Dodge Jeep Ram	6,769	40.4%	14,123	40.7%	1,018,426	24.8%	4.5	3.8	9.8
Chrysler	835	36.7%	1,803	42.4%	176,040	31.6%	0.6	0.5	1.7
Dodge	1,638	34.3%	4,425	34.5%	271,642	21.7%	1.1	1.2	2.6
Jeep	3,496	44.8%	6,250	45.2%	364,841	26.3%	2.3	1.7	3.5
Ram	800	38.9%	1,645	39.5%	205,903	21.2%	0.5	0.4	2.0
Fiat	575	125.5%	2,609	235.8%	32,837	263.7%	0.4	0.7	0.3
Ford	11,586	13.4%	24,570	13.3%	1,349,165	7.4%	7.7	6.6	13.0
GMC	1,657	-4.4%	3,121	-0.7%	297,079	1.2%	1.1	0.8	2.9
Honda	18,852	23.3%	54,173	31.6%	1,088,173	17.1%	12.6	14.5	10.5
Hyundai	10,498	18.7%	15,684	21.7%	553,151	7.6%	7.0	4.2	5.3
Infiniti	1,962	14.7%	5,524	17.6%	92,765	13.3%	1.3	1.5	0.9
Jaguar	307	-13.8%	972	-1.9%	9,314	-5.9%	0.2	0.3	0.1
Kia	6,254	48.2%	15,718	73.4%	447,319	17.8%	4.2	4.2	4.3
Land Rover	1,074	24.9%	2,655	5.9%	33,523	18.3%	0.7	0.7	0.3
Lexus	5,925	23.5%	14,628	27.7%	191,896	15.7%	4.0	3.9	1.9
Lincoln	330	-6.0%	1,030	-9.4%	64,628	5.2%	0.2	0.3	0.6
Mazda	3,537	20.9%	5,204	5.1%	193,066	5.8%	2.4	1.4	1.9
Mercedes	9,780	13.4%	25,936	19.1%	218,594	14.2%	6.5	7.0	2.1
MINI	1,645	10.2%	4,777	9.0%	54,615	12.4%	1.1	1.3	0.5
Mitsubishi	975	-4.2%	1,265	4.0%	45,402	-12.3%	0.7	0.3	0.4
Nissan	8,621	28.4%	25,043	16.8%	729,932	6.3%	5.8	6.7	7.1
Porsche	999	21.5%	2,893	5.8%	26,617	7.8%	0.7	0.8	0.3
smart	211	290.7%	411	85.1%	6,994	98.8%	0.1	0.1	0.1
Subaru	2,016	45.3%	4,554	47.3%	274,088	21.5%	1.3	1.2	2.6
Suzuki	238	28.6%	16	-61.9%	20,087	-8.6%	0.2	0.0	0.2
Toyota/Scion	28,516	36.5%	72,715	30.1%	1,405,905	23.1%	19.1	19.5	13.6
Volkswagen	6,225	35.4%	16,511	27.7%	319,773	27.8%	4.2	4.4	3.1
Volvo	510	-20.1%	1,785	-6.2%	48,880	-4.0%	0.3	0.5	0.5
Other	349	14.8%	781	-4.8%	15,876	-23.2%	0.2	0.2	0.2

The two tables above provide a comparison of the Orange County, Los Angeles County, and U.S. new retail light vehicle markets. * U.S. figures are through November.

Data Source: AutoCount data from Experian Automotive.

Orange County New Retail Car and Light Truck Registrations

	December			Three Month Period October '12 thru December '12			Annual Totals			Annual Market Share (%)		
	Orange County			Orange County			Orange County			Orange County		
	2011	2012	% chg.	2011	2012	% chg.	2011	2012	% chg.	2011	2012	Chg.
MARKET SUMMARY												
TOTAL	11,967	14,811	23.8%	29,506	37,117	25.8%	120,800	149,630	23.9%			
Cars	7,080	9,170	29.5%	17,507	23,386	33.6%	72,814	93,959	29.0%	60.3	62.8	2.5
Light Trucks	4,887	5,641	15.4%	11,999	13,731	14.4%	47,986	55,671	16.0%	39.7	37.2	-2.5
Domestic	2,415	2,593	7.4%	6,119	6,574	7.4%	24,130	28,192	16.8%	20.0	18.8	-1.2
European	3,149	3,748	19.0%	7,025	8,734	24.3%	26,760	31,785	18.8%	22.2	21.2	-1.0
Japanese	5,148	7,003	36.0%	13,199	17,863	35.3%	56,846	72,901	28.2%	47.1	48.7	1.6
Korean	1,255	1,467	16.9%	3,163	3,946	24.8%	13,064	16,752	28.2%	10.8	11.2	0.4
BRAND REGISTRATIONS												
Acura	215	200	-7.0%	457	614	34.4%	1,924	2,259	17.4%	1.6	1.5	-0.1
Audi	276	342	23.9%	661	868	31.3%	2,513	3,142	25.0%	2.1	2.1	0.0
BMW	751	1,000	33.2%	1,660	2,175	31.0%	6,247	6,968	11.5%	5.2	4.7	-0.5
Buick	52	48	-7.7%	105	136	29.5%	543	585	7.7%	0.4	0.4	0.0
Cadillac	149	133	-10.7%	307	300	-2.3%	1,193	1,289	8.0%	1.0	0.9	-0.1
Chevrolet	455	521	14.5%	1,256	1,405	11.9%	5,268	5,976	13.4%	4.4	4.0	-0.4
C/D/J/R	520	560	7.7%	1,389	1,460	5.1%	4,822	6,769	40.4%	4.0	4.5	0.5
Chrysler	68	86	26.5%	198	185	-6.6%	611	835	36.7%	0.5	0.6	0.1
Dodge	119	159	33.6%	316	381	20.6%	1,220	1,638	34.3%	1.0	1.1	0.1
Jeep	259	249	-3.9%	697	696	-0.1%	2,415	3,496	44.8%	2.0	2.3	0.3
Ram	74	66	-10.8%	178	198	11.2%	576	800	38.9%	0.5	0.5	0.0
FIAT	41	76	85.4%	134	141	5.2%	255	575	125.5%	0.2	0.4	0.2
Ford	1,034	1,138	10.1%	2,590	2,822	9.0%	10,215	11,586	13.4%	8.5	7.7	-0.8
GMC	170	165	-2.9%	380	370	-2.6%	1,733	1,657	-4.4%	1.4	1.1	-0.3
Honda	1,224	1,761	43.9%	3,161	4,475	41.6%	15,290	18,852	23.3%	12.7	12.6	-0.1
Hyundai	825	1,023	24.0%	2,156	2,577	19.5%	8,843	10,498	18.7%	7.3	7.0	-0.3
Infiniti	145	206	42.1%	397	460	15.9%	1,710	1,962	14.7%	1.4	1.3	-0.1
Jaguar	21	22	4.8%	53	64	20.8%	356	307	-13.8%	0.3	0.2	-0.1
Kia	430	444	3.3%	1,007	1,369	35.9%	4,221	6,254	48.2%	3.5	4.2	0.7
Land Rover	111	121	9.0%	230	277	20.4%	860	1,074	24.9%	0.7	0.7	0.0
Lexus	552	742	34.4%	1,246	1,687	35.4%	4,797	5,925	23.5%	4.0	4.0	0.0
Lincoln	35	28	-20.0%	92	81	-12.0%	351	330	-6.0%	0.3	0.2	-0.1
Mazda	229	366	59.8%	641	933	45.6%	2,925	3,537	20.9%	2.4	2.4	0.0
Mercedes	1,115	1,253	12.4%	2,327	2,841	22.1%	8,628	9,780	13.4%	7.1	6.5	-0.6
MINI	158	150	-5.1%	324	401	23.8%	1,493	1,645	10.2%	1.2	1.1	-0.1
Mitsubishi	54	105	94.4%	181	241	33.1%	1,018	975	-4.2%	0.8	0.7	-0.1
Nissan	571	761	33.3%	1,715	2,006	17.0%	6,714	8,621	28.4%	5.6	5.8	0.2
Porsche	72	126	75.0%	186	292	57.0%	822	999	21.5%	0.7	0.7	0.0
smart	2	18	800.0%	16	64	300.0%	54	211	290.7%	0.0	0.1	0.1
Subaru	103	217	110.7%	309	580	87.7%	1,387	2,016	45.3%	1.1	1.3	0.2
Suzuki	20	44	120.0%	58	75	29.3%	185	238	28.6%	0.2	0.2	0.0
Toyota/Scion	2,034	2,601	27.9%	5,033	6,792	34.9%	20,895	28,516	36.5%	17.3	19.1	1.8
Volkswagen	522	571	9.4%	1,256	1,421	13.1%	4,596	6,225	35.4%	3.8	4.2	0.4
Volvo	43	31	-27.9%	96	103	7.3%	638	510	-20.1%	0.5	0.3	-0.2
Other	38	38	0.0%	83	87	4.8%	304	349	14.8%	0.3	0.2	-0.1

Orange County Auto Outlook

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Explanation of Data

Data presented in Auto Outlook measures new vehicle registrations in Orange County. Monthly recording of registrations occurs when vehicle title information is processed.

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Data Source: AutoCount data from Experian Automotive.