

### Comprehensive Information on the Orange County Automotive Market

#### FORECAST

## County New Vehicle Market Remains Strong in First Half of 2018

Below is a list of 10 key trends and developments in the Orange County new vehicle market:

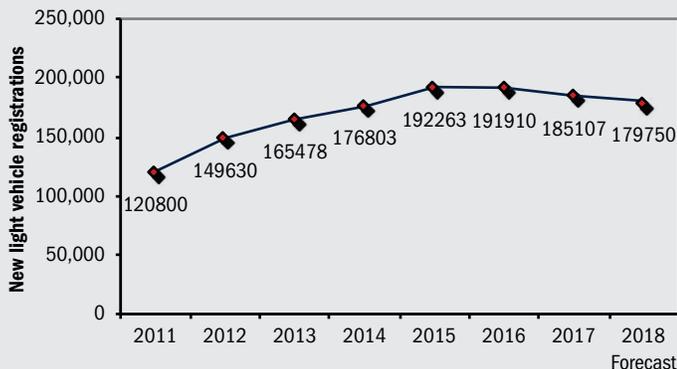
1. County new retail registrations declined 2.8% in the first half of this year versus a year earlier. The U.S. market was essentially unchanged.
2. As shown on the graph below, the market has flattened during the past several years, but sales have remained at elevated levels.
3. Auto Outlook's annual forecast for 2018 new retail light vehicle registrations: 179,750 units, down slightly from 2017.
4. Light truck market share increased from 48.6% during the first six months of 2017 to 52.9% this year.
5. Registrations for European brands were up 2.5% so far this year, better than the 2.8% overall industry decrease.
6. Alternative powertrain (hybrid and electric vehicle) market share was 11.7% thru May of this year, up from last year.
7. Three biggest segments in the county are Compact SUV, Sub-compact Car, and Standard Mid Size Car.
8. Brands with the largest percentage increases in registrations during the first six months of this year : Volvo, Land Rover, Porsche, Chrysler and Subaru.
9. County market share leaders in the first half of 2018 were Toyota, Honda, Ford, Mercedes, and Chevrolet.
10. Top ten selling vehicles in county market: Honda Civic, Toyota Camry, Honda Accord, Toyota RAV4, Honda CR-V, Toyota Tacoma, Toyota Corolla, Toyota Prius, Ford F-Series, and Mazda CX-5.

#### Market Outlook for next two years: New vehicle sales should remain above average; uncertainties increasing



Strong economic growth, rising employment, and increasing incomes have helped keep new vehicle sales at elevated levels. Some potential storm clouds are on the horizon, however. Negative fallout from tariffs, rising interest rates, and inflationary pressures are concerns for the market.

**Annual Trend in County Market**



The graph above shows annual new retail light vehicle registrations in the county from 2011 thru 2017 and Auto Outlook's projection for 2018.

**Market Summary**

	YTD '16 thru June	YTD '17 thru June	YTD '18 thru June	% ch. '17 to '18
TOTAL	96,512	93,542	90,926	-2.8%
Car	52,225	48,089	42,814	-11.0%
Light Truck	44,287	45,453	48,112	5.8%
Detroit Three	22,023	20,399	20,828	2.1%
European	18,134	17,990	18,440	2.5%
Japanese	47,656	47,219	45,651	-3.3%
Korean	8,699	7,934	6,007	-24.3%

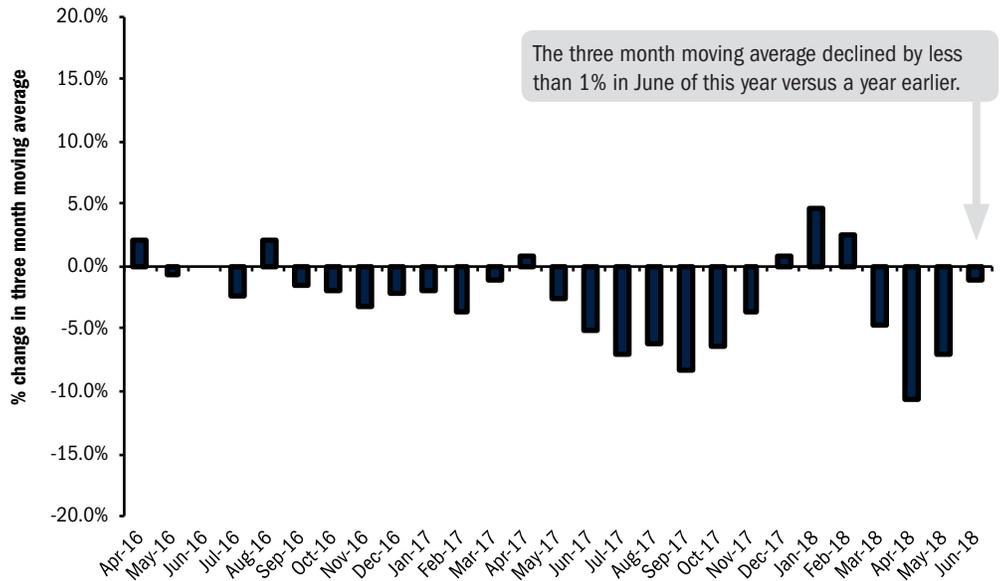
Detroit Three consists of vehicles sold by GM, Ford, and Chrysler.  
Data Source: AutoCount data from Experian.

MARKET TRACKER: MONTHLY MOVING AVERAGE

## Market Shows Signs of Improvement in Spring of 2018

The graph to the right provides a clear picture of the general trending direction of the Orange County new retail light vehicle market. 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.

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

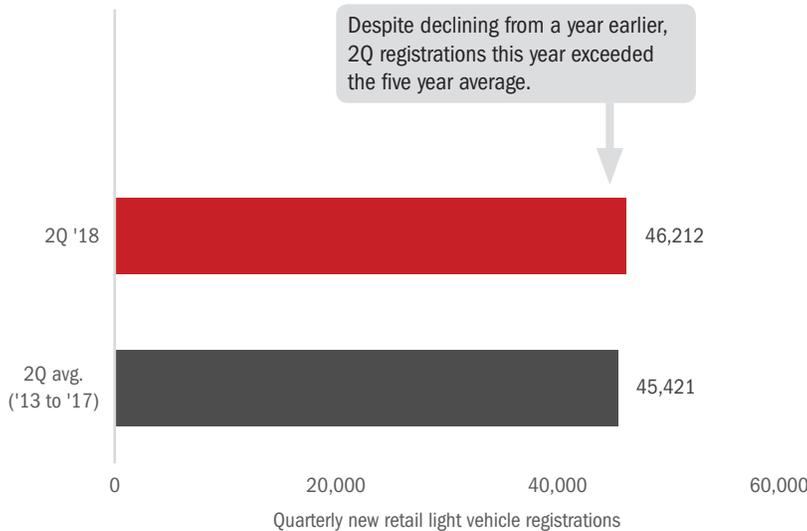


MARKET TRACKER: QUARTERLY PERSPECTIVE

## 2Q '18 Total Exceeds 46,000 Units

**QUARTERLY PERSPECTIVE**

2Q 2018 Registrations Versus Average for Previous Five Years



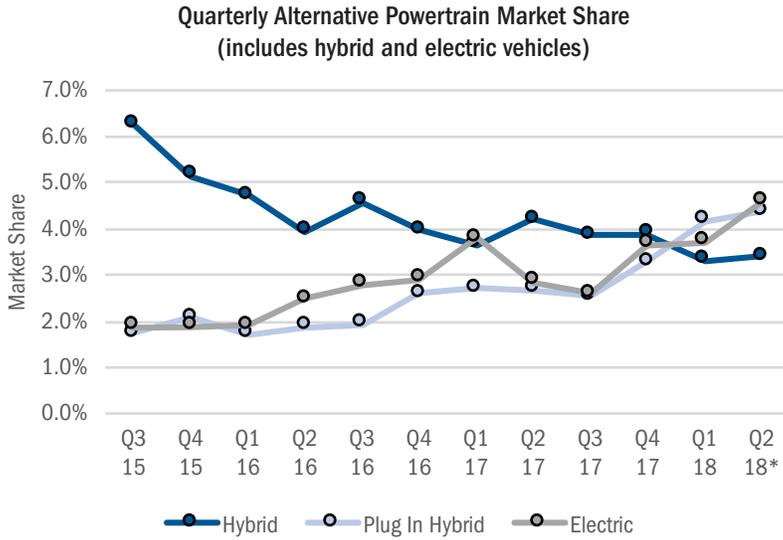
**Details on Data**

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.

MARKET TRACKER: HYBRID AND ELECTRIC VEHICLES

# Hybrid/Electric Vehicle Market Share Reaches 12.4% in 2Q '18



Hybrid/electric vehicle market share in Q2 '18:

**Orange County: 12.4%**

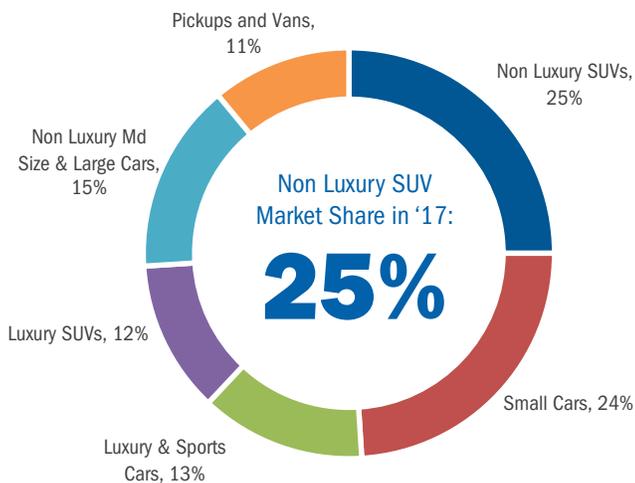
**U.S. : 3.9%**

The graph above shows hybrid powertrain and electric vehicle quarterly market share in the county. \*Second Quarter 2018 includes April and May. Source: IHS Markit.

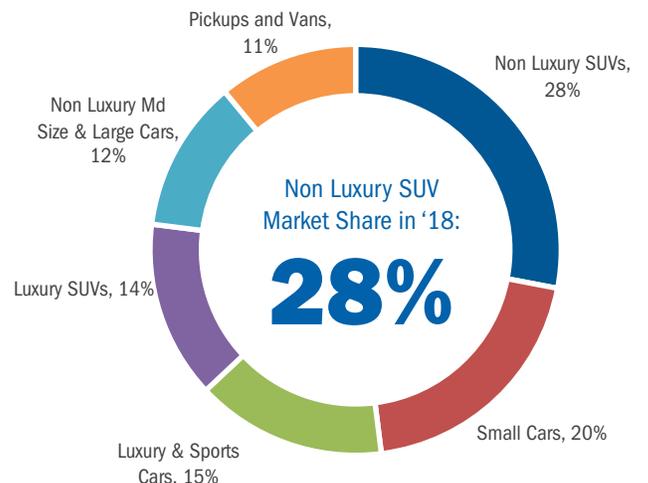
MARKET TRACKER: SEGMENT SHARES

# Non Luxury SUV Market Share Increases to 28%

Segment Market Shares in County  
YTD '17 thru June



Segment Market Shares in County  
YTD '18 thru June



Data source: AutoCount data from Experian.

The two graphs above show market shares for primary segments during the first six months of 2017 and 2018.

BRAND SCOREBOARD - PART ONE

# Registrations Increase for 12 Brands in First Half of 2018

The graph below presents a comprehensive picture of brands that are gaining (or losing) ground in the county market. It shows both the unit AND percent change in registrations during the first six months of 2017 and 2018. Viewing both measures on the same graph provides a more clear-cut signal on how each brand is doing.



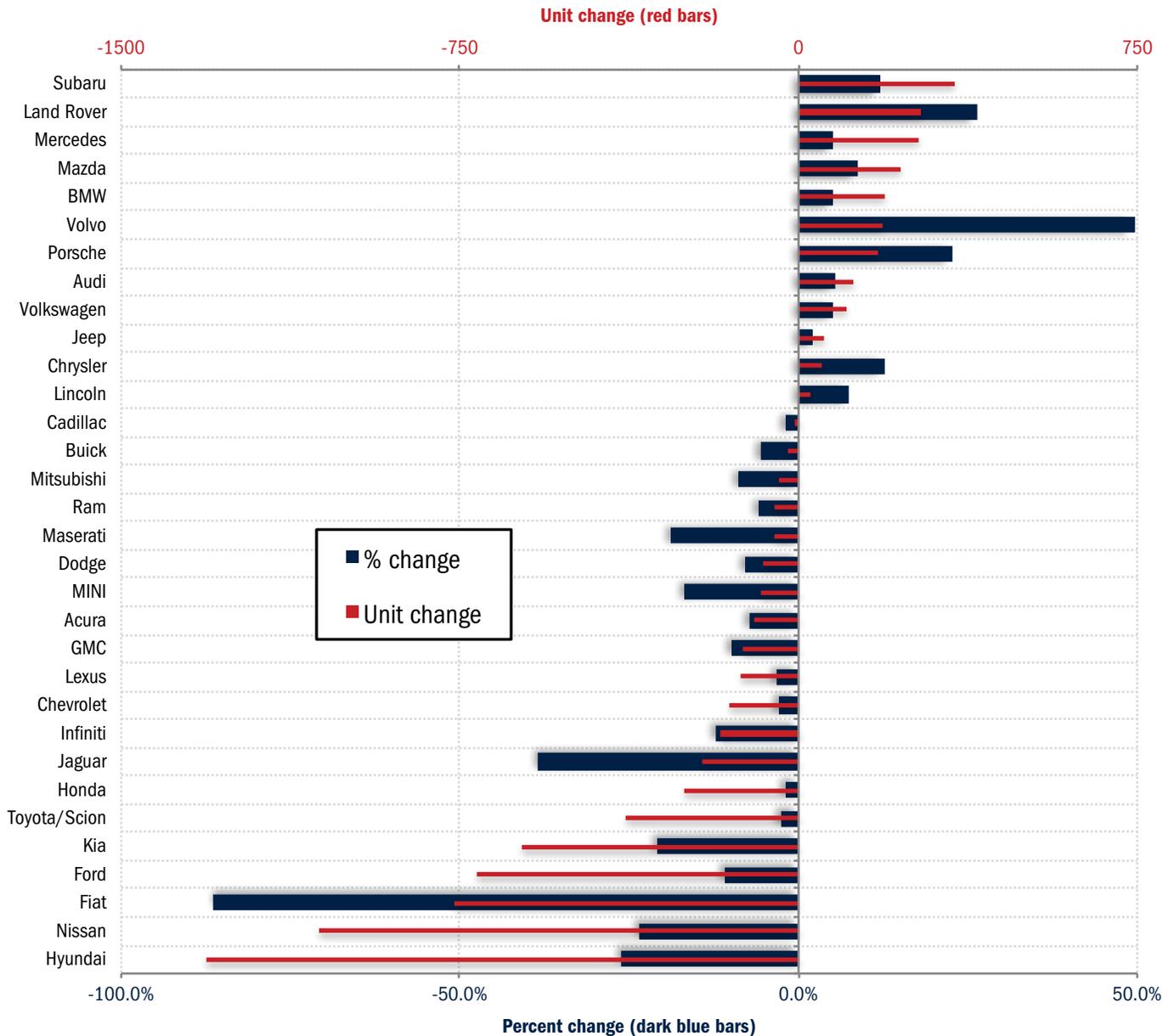
**12 percent**

Five brands had increases of greater than 12%: Volvo, Land Rover, Porsche, Chrysler, and Subaru

**200 units**

Four brands had increases of greater than 200 units: Subaru, Land Rover Mercedes, and Mazda.

**Change in New Retail Light Vehicle Registrations (YTD '18 thru June vs. YTD '17)**



Source: AutoCount data from Experian.

BRAND SCOREBOARD - PART TWO

# Honda, Mercedes, and Toyota Are Strong Performers in County

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, each brand's share of the U.S. market is multiplied by retail registrations in the county during the first six months of 2018.

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., Honda, Mercedes, Toyota, Lexus, and BMW) are rela-

tively strong sellers in the county, with actual registrations exceeding calculated targets by large margins. For instance, Honda registrations exceeded the target by 4,525 units.

**Orange County Retail Market Performance based on registrations for YTD 2018 thru June**  
**Actual registrations minus target (county industry registrations times U.S. market share)**



Actual registrations minus target (county registrations times U.S. market share)

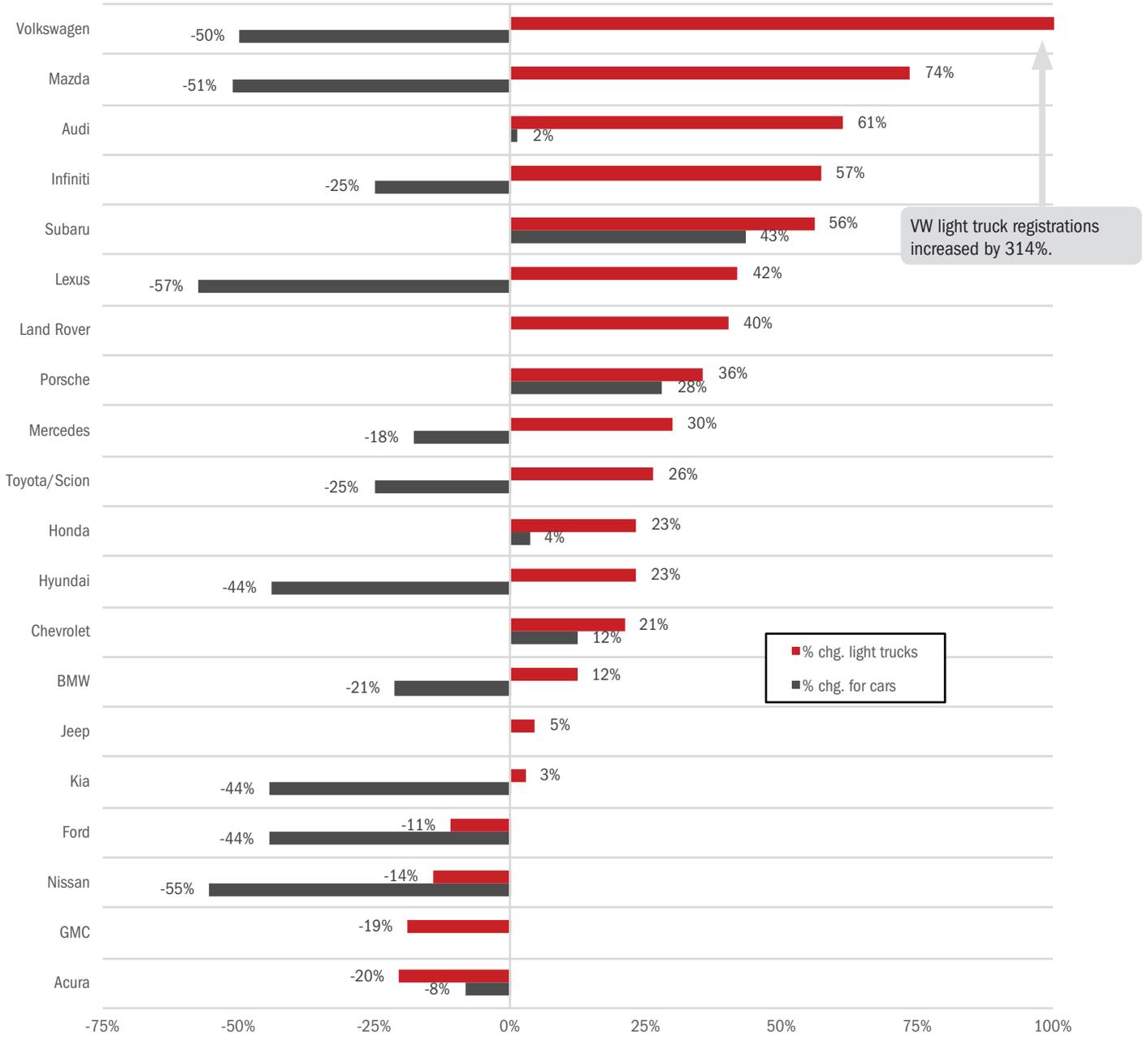
Data Source: AutoCount data from Experian.

BRAND SCOREBOARD - PART THREE

# Light Truck Registrations Increase for 16 of Top 20 Brands

The graph below shows the percent change in new retail car and light truck registrations during the first six months of 2018 versus the same period in 2015 for the top 20 selling brands in the county. Brands are positioned from top to bottom based on the change in truck registrations.

**Three Year Percent Change in New Retail Car and Light Truck Registrations for Top 20 Selling Brands YTD 2018 thru June versus YTD 2015**



VW light truck registrations increased by 314%.

■ % chg. light trucks  
■ % chg. for cars

Data Source: AutoCount data from Experian.



**Passenger car registrations declined for 12 of the 17 brands that sell cars**



**Light truck registrations increased for 16 of the top 20 brands**

## COMPARISON OF ORANGE COUNTY AND U.S. MARKETS

**Car Market Share in Orange County Falls to 47.1%**

	Orange County Retail Market	U.S. Retail Market
% change in registrations YTD '18 thru June vs. YTD '17	-2.8%	-0.1%
Car share of industry retail light vehicle market YTD '18 thru June	47.1%	31.9%
Domestic brand share of industry retail light vehicle market YTD '18 thru June	22.9%	42.0%

Brand	New Retail Registrations - YTD '18 thru June				Market Share (YTD '18)	
	Orange County		U.S.		Orange County	U.S.
	Regs.	% ch. vs. 2017	Regs.	% ch. vs. 2017		
Acura	1,247	-7.3%	68,613	-1.9%	1.4	1.0
Audi	2,330	5.5%	94,711	2.4%	2.6	1.4
BMW	3,883	5.2%	134,081	2.1%	4.3	2.0
Buick	395	-5.7%	95,667	-3.4%	0.4	1.4
Cadillac	541	-2.0%	59,475	-6.4%	0.6	0.9
Chevrolet	5,042	-2.9%	777,234	0.6%	5.5	11.3
Chry Dodge Jeep Ram	4,886	-0.5%	825,495	3.3%	5.4	12.0
Chrysler	438	12.6%	57,049	-18.4%	0.5	0.8
Dodge	896	-7.9%	140,856	-9.2%	1.0	2.1
Jeep	2,705	2.1%	417,760	13.1%	3.0	6.1
Ram	847	-5.8%	209,830	2.5%	0.9	3.1
Fiat	120	-86.4%	8,180	-42.2%	0.1	0.1
Ford	5,856	-10.8%	813,495	-1.9%	6.4	11.8
GMC	1,125	-9.8%	228,490	2.7%	1.2	3.3
Honda	13,760	-1.8%	697,757	-1.2%	15.1	10.2
Hyundai	3,702	-26.2%	256,332	-2.5%	4.1	3.7
Infiniti	1,236	-12.2%	53,839	-6.5%	1.4	0.8
Jaguar	344	-38.5%	12,595	-27.1%	0.4	0.2
Kia	2,305	-21.0%	241,253	-0.6%	2.5	3.5
Land Rover	1,304	26.5%	40,620	29.6%	1.4	0.6
Lexus	3,862	-3.2%	129,828	-1.1%	4.2	1.9
Lincoln	378	7.4%	44,414	-6.7%	0.4	0.6
Maserati	229	-18.8%	5,060	-17.1%	0.3	0.1
Mazda	2,878	8.6%	136,326	3.5%	3.2	2.0
Mercedes	5,634	5.0%	141,639	-8.4%	6.2	2.1
MINI	405	-16.8%	20,164	-7.9%	0.4	0.3
Mitsubishi	444	-8.8%	48,153	11.2%	0.5	0.7
Nissan	3,431	-23.7%	446,288	-10.9%	3.8	6.5
Porsche	944	22.6%	26,521	2.1%	1.0	0.4
Subaru	3,216	12.0%	300,394	3.8%	3.5	4.4
Toyota	15,577	-2.4%	908,450	0.5%	17.1	13.2
Volkswagen	2,167	5.1%	150,406	10.0%	2.4	2.2
Volvo	564	49.6%	40,899	42.1%	0.6	0.6
Other	3,121	118.4%	63,263	56.1%	3.4	0.9

The two tables above provide a comparison of the Orange County and U.S. new retail light vehicle markets.

Data Source: AutoCount data from Experian. Note: some time periods for U.S. data were estimated due to incomplete reporting by some states.

Orange County New Retail Car and Light Truck Registrations									
	June			Year to date thru June			YTD Market Share		
	Orange County			Orange County			Orange County		
	2017	2018	% chg.	2017	2018	% chg.	2017	2018	Chg
<b>MARKET SUMMARY</b>									
TOTAL	15,299	14,895	-2.6%	93,542	90,926	-2.8%	0.0	0.0	0.0
Cars	7,739	6,945	-10.3%	48,089	42,814	-11.0%	51.4	47.1	-4.3
Light Trucks	7,560	7,950	5.2%	45,453	48,112	5.8%	48.6	52.9	4.3
Domestic	3,421	3,516	2.8%	20,399	20,828	2.1%	21.8	22.9	1.1
European	2,708	2,835	4.7%	17,990	18,440	2.5%	19.2	20.3	1.0
Japanese	7,893	7,568	-4.1%	47,219	45,651	-3.3%	50.5	50.2	-0.3
Korean	1,277	976	-23.6%	7,934	6,007	-24.3%	8.5	6.6	-1.9
<b>BRAND REGISTRATIONS</b>									
Acura	259	187	-27.8%	1,345	1,247	-7.3%	1.4	1.4	0.0
Audi	332	347	4.5%	2,209	2,330	5.5%	2.4	2.6	0.2
BMW	496	575	15.9%	3,691	3,883	5.2%	3.9	4.3	0.4
Buick	66	45	-31.8%	419	395	-5.7%	0.4	0.4	0.0
Cadillac	77	78	1.3%	552	541	-2.0%	0.6	0.6	0.0
Chevrolet	827	767	-7.3%	5,195	5,042	-2.9%	5.6	5.5	-0.1
C/D/J/R	849	905	6.6%	4,911	4,886	-0.5%	5.3	5.4	0.1
Chrysler	78	65	-16.7%	389	438	12.6%	0.4	0.5	0.1
Dodge	167	163	-2.4%	973	896	-7.9%	1.0	1.0	0.0
Jeep	458	533	16.4%	2,650	2,705	2.1%	2.8	3.0	0.2
Ram	146	144	-1.4%	899	847	-5.8%	1.0	0.9	-0.1
Fiat	111	12	-89.2%	883	120	-86.4%	0.9	0.1	-0.8
Ford	1,201	1,074	-10.6%	6,568	5,856	-10.8%	7.0	6.4	-0.6
GMC	186	128	-31.2%	1,247	1,125	-9.8%	1.3	1.2	-0.1
Honda	2,390	2,405	0.6%	14,014	13,760	-1.8%	15.0	15.1	0.1
Hyundai	812	628	-22.7%	5,015	3,702	-26.2%	5.4	4.1	-1.3
Infiniti	205	189	-7.8%	1,407	1,236	-12.2%	1.5	1.4	-0.1
Jaguar	91	44	-51.6%	559	344	-38.5%	0.6	0.4	-0.2
Kia	465	348	-25.2%	2,919	2,305	-21.0%	3.1	2.5	-0.6
Land Rover	138	212	53.6%	1,031	1,304	26.5%	1.1	1.4	0.3
Lexus	638	611	-4.2%	3,989	3,862	-3.2%	4.3	4.2	-0.1
Lincoln	57	53	-7.0%	352	378	7.4%	0.4	0.4	0.0
Maserati	40	31	-22.5%	282	229	-18.8%	0.3	0.3	0.0
Mazda	475	482	1.5%	2,650	2,878	8.6%	2.8	3.2	0.4
Mercedes	819	883	7.8%	5,366	5,634	5.0%	5.7	6.2	0.5
MINI	116	60	-48.3%	487	405	-16.8%	0.5	0.4	-0.1
Mitsubishi	67	66	-1.5%	487	444	-8.8%	0.5	0.5	0.0
Nissan	695	527	-24.2%	4,494	3,431	-23.7%	4.8	3.8	-1.0
Porsche	128	135	5.5%	770	944	22.6%	0.8	1.0	0.2
smart	7	3	-57.1%	64	25	-60.9%	0.1	0.0	-0.1
Subaru	425	555	30.6%	2,871	3,216	12.0%	3.1	3.5	0.4
Toyota/Scion	2,739	2,546	-7.0%	15,962	15,577	-2.4%	17.1	17.1	0.0
Volkswagen	326	334	2.5%	2,061	2,167	5.1%	2.2	2.4	0.2
Volvo	61	110	80.3%	377	564	49.6%	0.4	0.6	0.2
Other	201	555	176.1%	1,365	3,096	126.8%	1.5	3.4	1.9

Other includes Alfa Romeo, Aston Martin, Bentley, Ferrari, Freightliner, GEM, Isuzu, Lamborghini, Lotus, McLaren, Rolls Royce, and Tesla.

### 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.