

#### FORECAST

## New Vehicle Sales Should Remain Strong in 2019

Below is a summary of eight key trends and developments in the Orange County new vehicle market.

#### County new retail light vehicle registrations exceeded 180,000 units in 2018

The new vehicle market declined slightly last year, but sales remained at elevated levels. 2018 marked the sixth consecutive year that new registrations exceeded 165,000 units, which is a strong total for the county market.

#### New vehicle sales likely to soften in 2019

There are a few signs pointing to a market slowdown. GDP growth appears to be easing while there are increasing concerns about financial market stability and the prospects for global growth. But the strong labor market combined with a steady stream of impressive new products, should limit declines over the next 18 months.

#### Trucks grab a larger share of county market

Light truck market share increased from 37.2% in 2012 to 53.2% in 2018.

#### Alternative powertrain market improves

County registrations of hybrid and electric vehicles increased 38% during the first 11 months of 2018, while the overall market declined for the entire year. (Note: December 2018 data was not released at the time of print.)

#### Toyota, Honda, Ford, Mercedes Benz, and Chevrolet are leaders in county market

Toyota was the best selling brand last year, with a 17.1% share. Mercedes market share in the county was 5.9%, well above its 2.1% share in the U.S.

#### Volvo, Land Rover, Lincoln, Porsche, and Subaru posted gains

New registrations for each of these five brands were up more than 10% from 2017 to 2018.

#### Honda Civic best-selling car in county market; Toyota RAV4 is light truck leader

Honda Accord and Toyota Camry were ranked second and third behind Civic in the car market, while Toyota Tacoma and Honda CR-V trailed the RAV4.

#### Luxury brands accounted for 30% of county market in 2018 vs. 14% in Nation

Combined market share for luxury passenger cars and SUVs in Orange County was 30% in 2018 versus just 14% in the Nation. Non Luxury SUV share in the U.S. was 13 points higher than in Orange County (see page 3.)

#### Percent Change in County Light Truck and Car Registrations 2018 vs. 2017

##### Light Trucks (Pickups, SUVs, and Vans)



UP  
4.5%

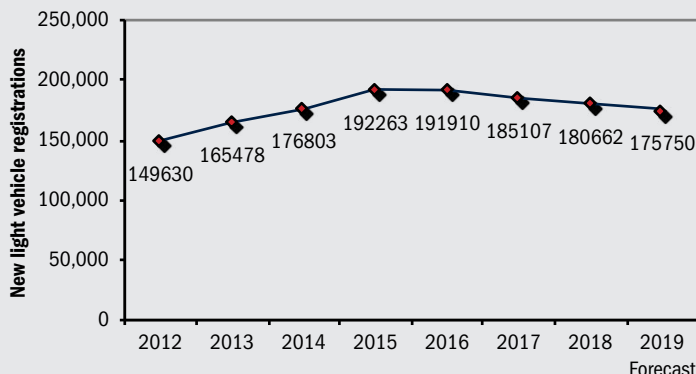
##### Passenger Cars



DOWN  
9.2%

Source: AutoCount data from Experian.

#### Annual Trend in County Market



The graph above shows annual new retail light vehicle registrations in the county from 2012 thru 2018 and Auto Outlook's projection for 2019.

#### Market Summary

	2016 Annual	2017 Annual	2018 Annual	% ch. '17 to '18
TOTAL	191,910	185,107	180,662	-2.4%
Car	102,491	93,210	84,623	-9.2%
Light Truck	89,419	91,897	96,039	4.5%
Domestic	43,323	40,125	43,432	8.2%
European	36,995	35,485	35,065	-1.2%
Japanese	94,267	94,297	89,722	-4.9%
Korean	17,325	15,200	12,443	-18.1%

Domestic consists of vehicles sold by GM, Ford, FCA domestic brands, and Tesla .

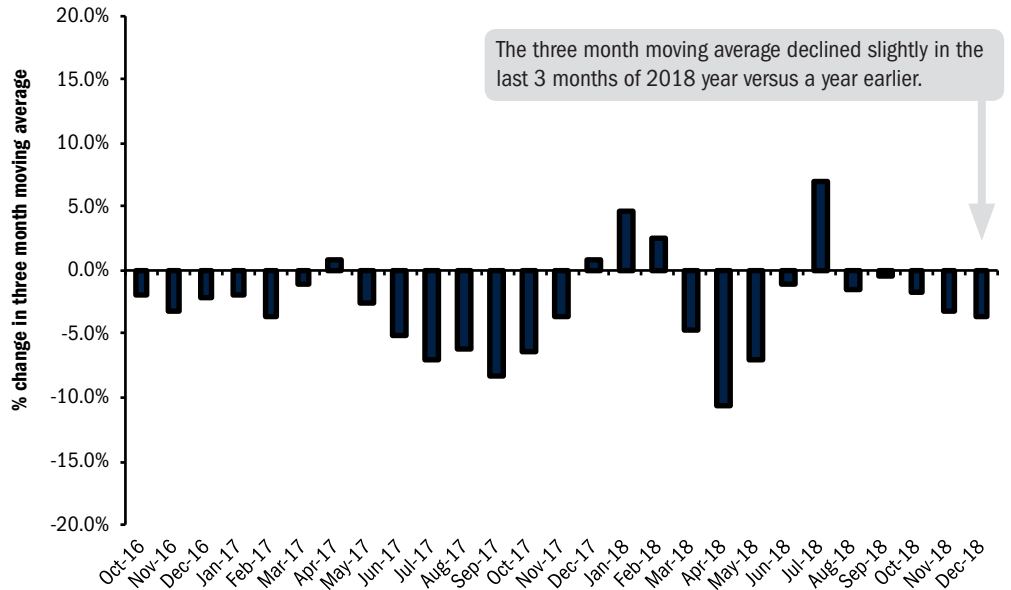
Data Source: AutoCount data from Experian.

MARKET TRACKER: MONTHLY MOVING AVERAGE

# Sales Decline Slightly vs. Strong Year Earlier Results at End of '18

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**

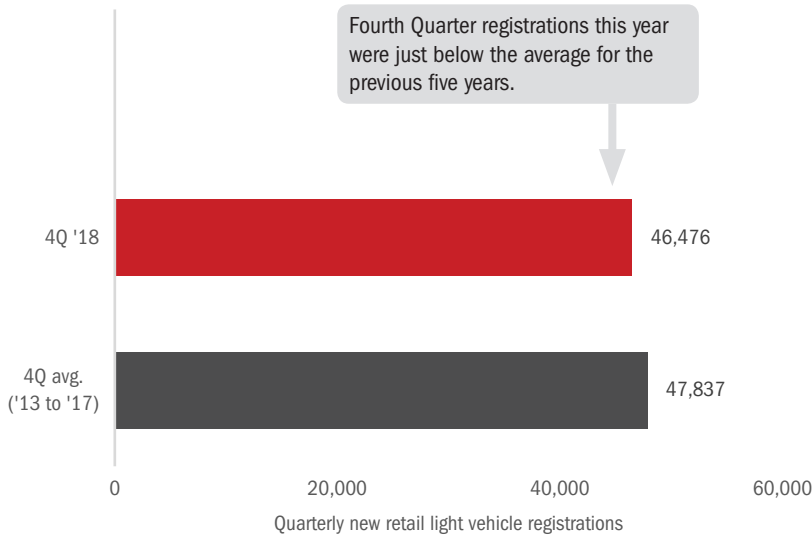


MARKET TRACKER: QUARTERLY PERSPECTIVE

## 4Q '18 Total Exceeds 46,000 Units

**QUARTERLY PERSPECTIVE**

4Q 2018 Registrations Versus Average for Previous Five Years



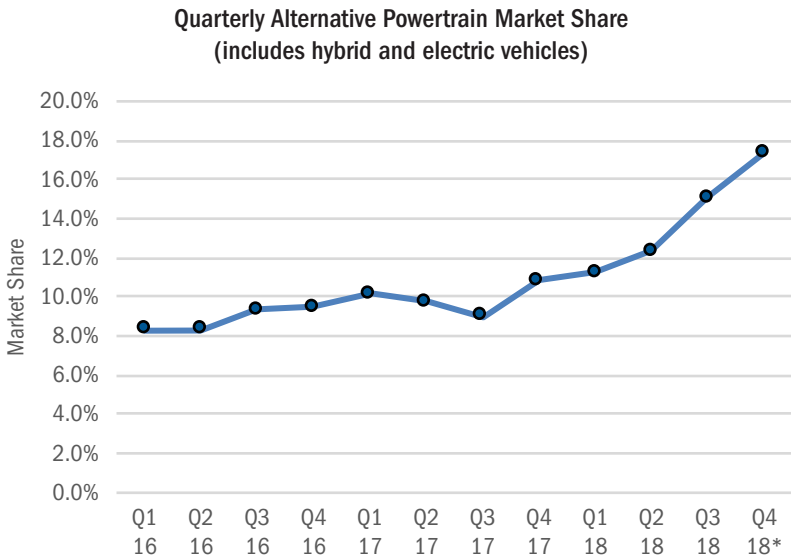
**Details on Data**

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 Exceeds 17% in 4Q '18



**Hybrid/electric vehicle market share, YTD '18 thru Nov:**

**Orange County: 17.4%**

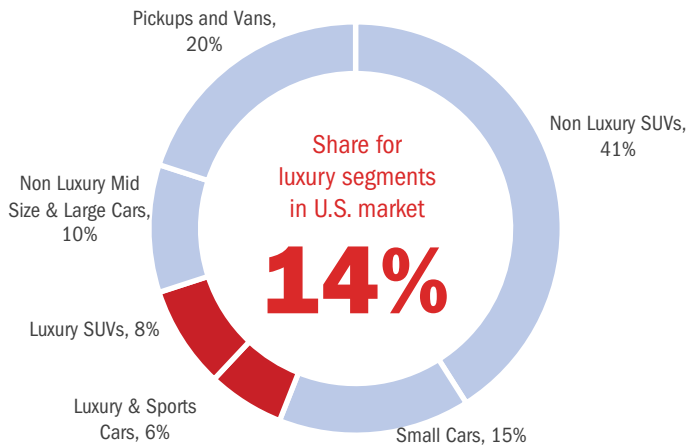
**U.S. : 4.2%**

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

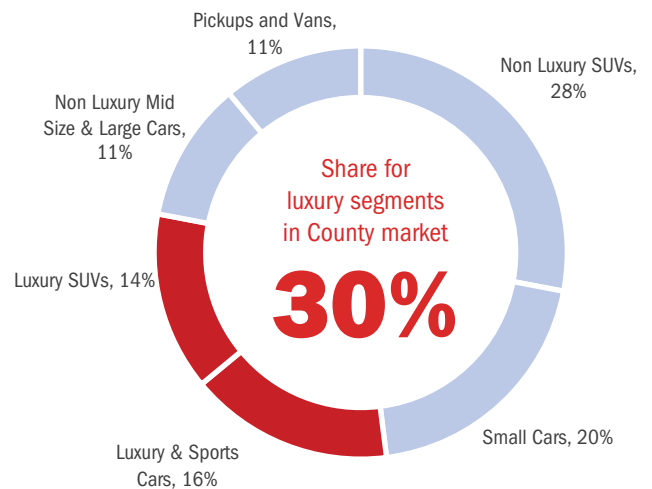
MARKET TRACKER: SEGMENT SHARES

# Luxury Vehicles Account for 30% of County Market vs. 14% in U.S.

**Segment Market Shares in U.S. 2018**



**Segment Market Shares in Orange County 2018**



Data source: AutoCount data from Experian.

The two graphs above show market shares for primary segments in the U.S. and Orange County markets during 2018.

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BRAND SCOREBOARD - PART ONE

# Registrations Increased for Ten Brands In 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 from 2017 to 2018. Viewing both measures on the same graph provides a more clear-cut signal on how each brand is doing.



**10 percent**

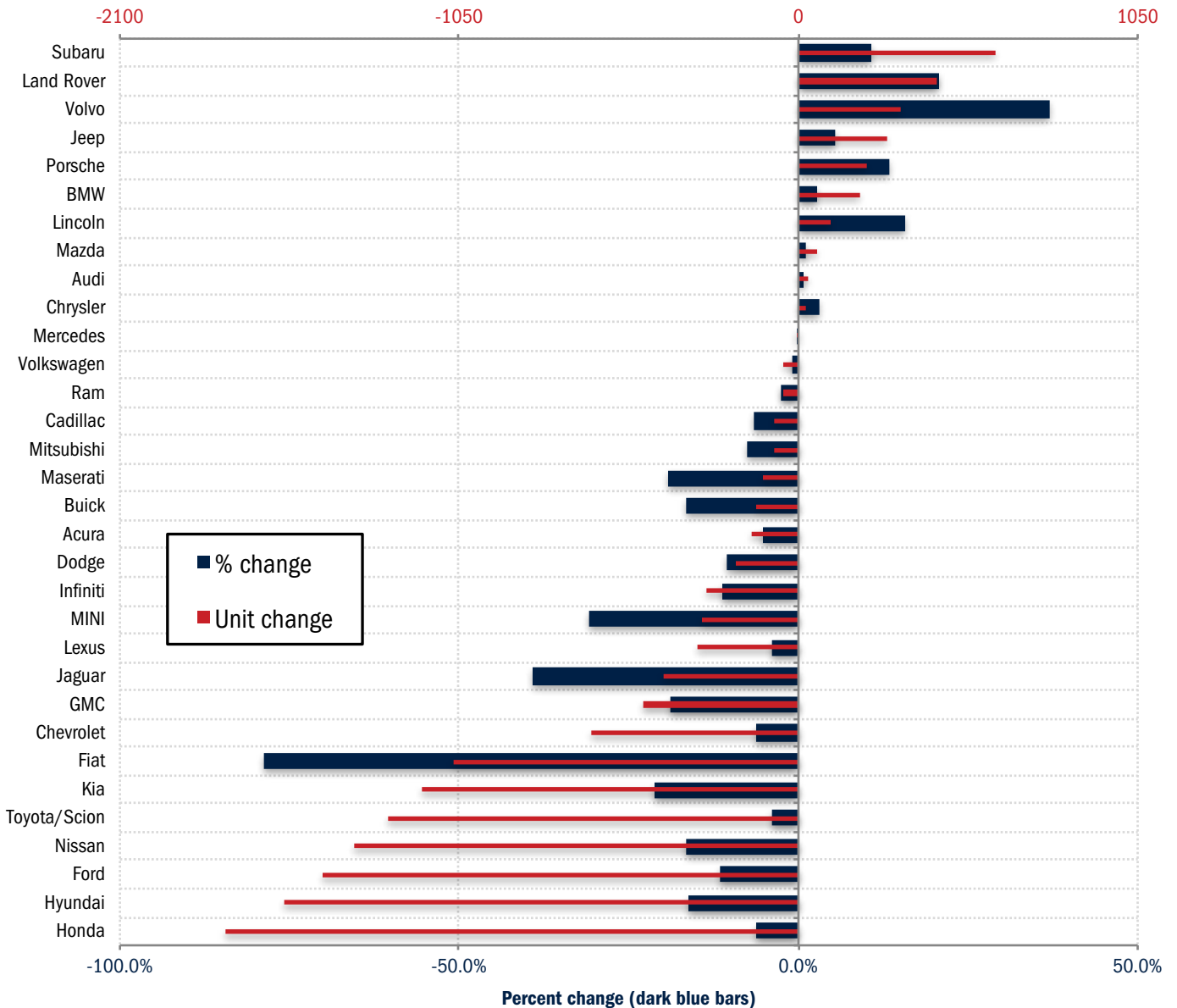
Five brands had increases of greater than 10%: Volvo, Land Rover, Lincoln, Porsche, and Subaru.

**100 units**

Six brands had increases of greater than 100 units: Subaru, Land Rover, Volvo, Jeep, Porsche, and BMW.

**Change in New Retail Light Vehicle Registrations (2018 vs. 2017)**

Unit change (red bars)



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 2018. This yields a "target"

for the county market. Target registrations are subtracted from actual registrations to derive the measurement of sales performance.

registrations exceeding calculated targets by large margins. For instance, Honda registrations exceeded the target by 8,081 units.

Brands at the top of the graph (i.e., Honda, Mercedes, Toyota, Lexus, and BMW) are relatively strong sellers in the county, with actual

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



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

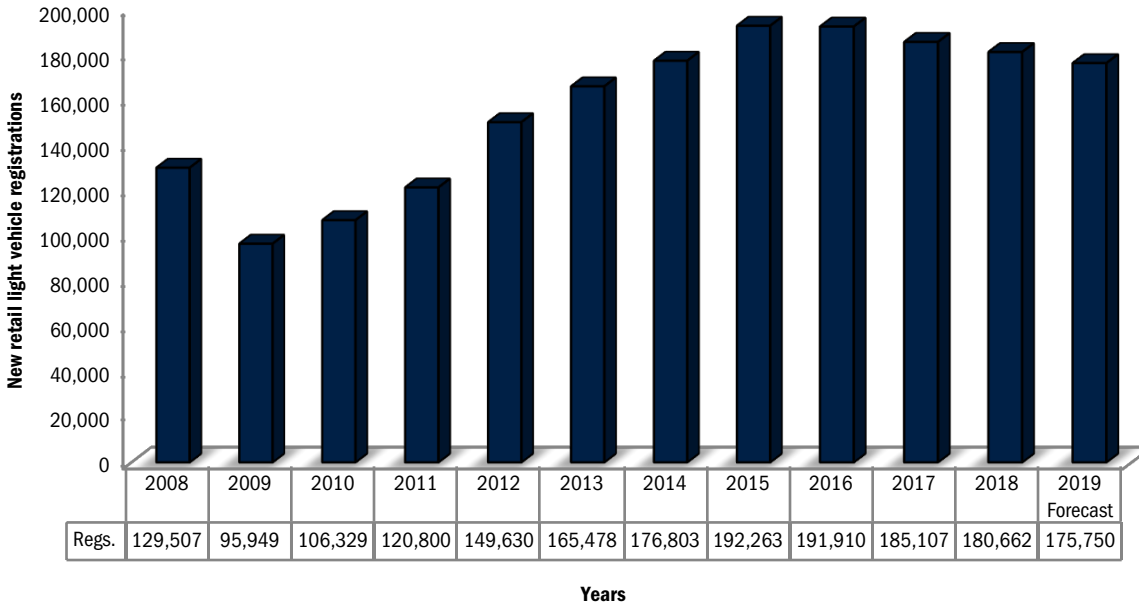
Data Source: AutoCount data from Experian.

LONG TERM TRENDS

# Registrations Likely to Exceed 175K for Sixth Straight Year in '19

The two graphs below provide a long term perspective of trends in the Orange County new retail light vehicle market. The first graph shows historical registrations from 2008 thru 2018, along with Auto Outlook's forecast for 2019. The second graph shows light truck share of the overall light vehicle market.

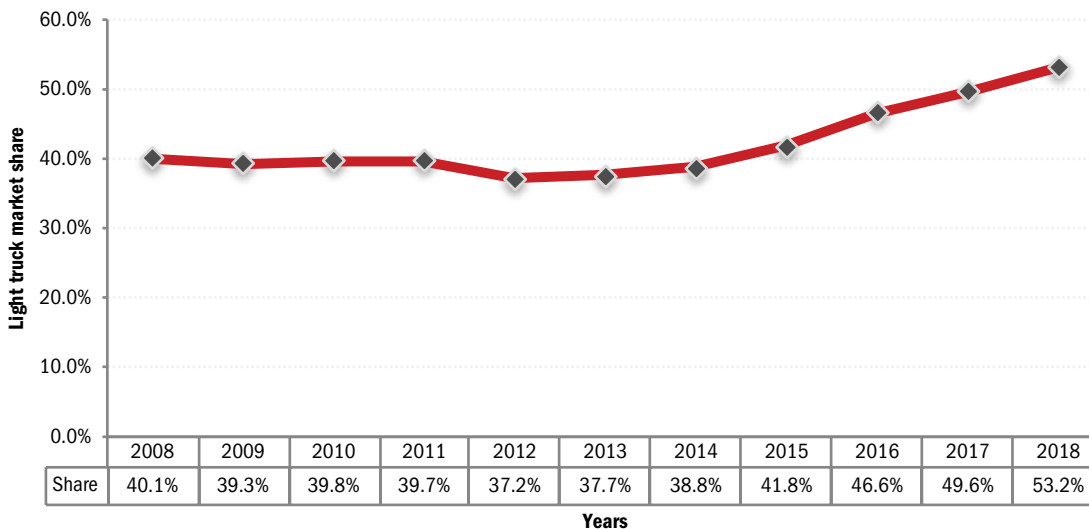
**County New Retail Light Vehicle Registrations - 2008 thru 2018, 2019 Forecast**



**County market improved 88% between '09 and '18. Stable sales predicted in '19, with annual total exceeding 175,000 units**

Historical Data Source: AutoCount data from Experian.

**County New Retail Light Truck Market Share - 2008 thru 2018**



**Light truck market share increased steadily from 37.2% in 2012 to 53.2% last year.**

Historical Data Source: AutoCount data from Experian.

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

**Orange County and U.S. Markets Down Slightly in 2018**

	Orange County Retail Market	U.S. Retail Market
<b>% change in registrations 2018 vs. 2017</b>	-2.4%	-1.3%
<b>Car share of industry retail light vehicle market 2018</b>	46.8%	31.1%
<b>Domestic brand share of industry retail light vehicle market 2018</b>	24.0%	41.8%

Brand	New Retail Registrations - 2018				Market Share (2018)	
	Orange County		U.S.		Orange County	U.S.
	Regs.	% ch. vs. 2017	Regs.	% ch. vs. 2017		
Acura	2,629	-5.2%	150,379	2.1%	1.5	1.1
Audi	4,437	0.6%	195,640	-3.4%	2.5	1.4
BMW	7,346	2.7%	277,234	-0.8%	4.1	2.0
Buick	650	-16.7%	181,980	-10.0%	0.4	1.3
Cadillac	1,033	-6.6%	121,451	-7.0%	0.6	0.9
Chevrolet	9,855	-6.1%	1,541,530	-5.1%	5.5	11.0
Chry Dodge Jeep Ram	9,692	0.7%	1,690,083	6.3%	5.4	12.0
Chrysler	835	3.2%	114,209	-12.2%	0.5	0.8
Dodge	1,636	-10.5%	260,885	-6.8%	0.9	1.9
Jeep	5,441	5.3%	850,918	12.9%	3.0	6.1
Ram	1,780	-2.5%	464,071	9.0%	1.0	3.3
Fiat	289	-78.7%	14,854	-41.4%	0.2	0.1
Ford	11,136	-11.7%	1,630,986	-4.7%	6.2	11.6
GMC	2,072	-18.7%	468,161	-2.8%	1.1	3.3
Honda	26,210	-6.3%	1,411,025	-3.3%	14.5	10.0
Hyundai	8,151	-16.3%	520,282	-0.1%	4.5	3.7
Infiniti	2,288	-11.1%	114,921	-4.1%	1.3	0.8
Jaguar	645	-39.1%	24,607	-27.4%	0.4	0.2
Kia	4,292	-21.3%	483,760	-1.6%	2.4	3.4
Land Rover	2,517	20.7%	81,171	23.8%	1.4	0.6
Lexus	7,828	-3.8%	278,189	-4.3%	4.3	2.0
Lincoln	729	15.7%	90,548	-4.2%	0.4	0.6
Maserati	458	-19.4%	9,960	-19.6%	0.3	0.1
Mazda	5,543	1.0%	263,024	-3.2%	3.1	1.9
Mercedes	10,648	0.0%	298,815	-6.9%	5.9	2.1
MINI	669	-30.7%	38,131	-14.6%	0.4	0.3
Mitsubishi	922	-7.4%	92,446	4.6%	0.5	0.7
Nissan	7,021	-16.4%	902,646	-9.9%	3.9	6.4
Porsche	1,798	13.4%	50,672	-4.1%	1.0	0.4
Subaru	6,345	10.6%	623,698	3.4%	3.5	4.4
Toyota/Scion	30,936	-3.9%	1,881,687	-1.7%	17.1	13.4
Volkswagen	4,078	-1.1%	312,645	4.7%	2.3	2.2
Volvo	1,164	36.9%	87,159	25.0%	0.6	0.6
Other	9,281	209.4%	223,616	152.1%	5.1	1.6

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									
	December			Annual Total			Annual Market Share		
	Orange County			Orange County			Orange County		
	2017	2018	% chg.	2017	2018	% chg.	2017	2018	Chg.
<b>MARKET SUMMARY</b>									
TOTAL	15,315	15,189	-0.8%	185,107	180,662	-2.4%	0.0	0.0	0.0
Cars	7,472	6,658	-10.9%	93,210	84,623	-9.2%	50.4	46.8	-3.5
Light Trucks	7,843	8,531	8.8%	91,897	96,039	4.5%	49.6	53.2	3.5
Domestic	3,243	3,893	20.0%	40,125	43,432	8.2%	21.7	24.0	2.4
European	3,199	2,985	-6.7%	35,485	35,065	-1.2%	19.2	19.4	0.2
Japanese	7,573	7,019	-7.3%	94,297	89,722	-4.9%	50.9	49.7	-1.3
Korean	1,300	1,292	-0.6%	15,200	12,443	-18.1%	8.2	6.9	-1.3
<b>BRAND REGISTRATIONS</b>									
Acura	252	186	-26.2%	2,774	2,629	-5.2%	1.5	1.5	0.0
Audi	368	388	5.4%	4,410	4,437	0.6%	2.4	2.5	0.1
BMW	703	605	-13.9%	7,153	7,346	2.7%	3.9	4.1	0.2
Buick	58	69	19.0%	780	650	-16.7%	0.4	0.4	0.0
Cadillac	95	123	29.5%	1,106	1,033	-6.6%	0.6	0.6	0.0
Chevrolet	940	852	-9.4%	10,498	9,855	-6.1%	5.7	5.5	-0.2
C/D/J/R	704	785	11.5%	9,626	9,692	0.7%	5.2	5.4	0.2
Chrysler	75	72	-4.0%	809	835	3.2%	0.4	0.5	0.1
Dodge	123	123	0.0%	1,827	1,636	-10.5%	1.0	0.9	-0.1
Jeep	356	401	12.6%	5,165	5,441	5.3%	2.8	3.0	0.2
Ram	150	189	26.0%	1,825	1,780	-2.5%	1.0	1.0	0.0
Fiat	80	28	-65.0%	1,359	289	-78.7%	0.7	0.2	-0.5
Ford	919	902	-1.8%	12,612	11,136	-11.7%	6.8	6.2	-0.6
GMC	243	184	-24.3%	2,549	2,072	-18.7%	1.4	1.1	-0.3
Honda	2,155	1,881	-12.7%	27,985	26,210	-6.3%	15.1	14.5	-0.6
Hyundai	941	956	1.6%	9,743	8,151	-16.3%	5.3	4.5	-0.8
Infiniti	210	203	-3.3%	2,575	2,288	-11.1%	1.4	1.3	-0.1
Jaguar	75	59	-21.3%	1,059	645	-39.1%	0.6	0.4	-0.2
Kia	359	336	-6.4%	5,457	4,292	-21.3%	2.9	2.4	-0.5
Land Rover	141	260	84.4%	2,086	2,517	20.7%	1.1	1.4	0.3
Lexus	675	813	20.4%	8,141	7,828	-3.8%	4.4	4.3	-0.1
Lincoln	55	81	47.3%	630	729	15.7%	0.3	0.4	0.1
Maserati	30	30	0.0%	568	458	-19.4%	0.3	0.3	0.0
Mazda	481	415	-13.7%	5,486	5,543	1.0%	3.0	3.1	0.1
Mercedes	1,070	898	-16.1%	10,650	10,648	0.0%	5.8	5.9	0.1
MINI	90	54	-40.0%	966	669	-30.7%	0.5	0.4	-0.1
Mitsubishi	92	72	-21.7%	996	922	-7.4%	0.5	0.5	0.0
Nissan	573	551	-3.8%	8,398	7,021	-16.4%	4.5	3.9	-0.6
Porsche	147	136	-7.5%	1,586	1,798	13.4%	0.9	1.0	0.1
smart	6	4	-33.3%	85	51	-40.0%	0.0	0.0	0.0
Subaru	476	492	3.4%	5,735	6,345	10.6%	3.1	3.5	0.4
Toyota/Scion	2,659	2,406	-9.5%	32,207	30,936	-3.9%	17.4	17.1	-0.3
Volkswagen	334	320	-4.2%	4,122	4,078	-1.1%	2.2	2.3	0.1
Volvo	83	110	32.5%	850	1,164	36.9%	0.5	0.6	0.1
Other	301	990	228.9%	2,915	9,230	216.6%	1.6	5.1	3.5

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.