

### Comprehensive Information on the Orange County Automotive Market

#### FORECAST

## New Vehicle Registrations Remained Above 42,000 Units in 1Q '19

Predicting new vehicle sales is, without question, an inexact science. There are a multitude of forces impacting the market on an ongoing basis. Some of these forces are pushing the market higher, while others are pulling it lower. Making sense of it all and coming up with an **exact** picture of where the market is headed is nearly impossible. But the basic direction that sales are likely to head in is easier to identify. And right now, the majority of signs are pointing to a slowdown.

As with just about any economic activity, vehicle sales intrinsically follow a cyclical pattern. New retail light vehicle registrations in Orange County increased for six consecutive years between 2009 and 2015, with the market increasing by 100% over the period. After such a strong run, the market was due for a contraction. And there are definitely some signs that the market is running out of steam. Used vehicle prices have softened as several years of strong new vehicle sales have led to increasing supplies of late model cars and trucks. Lower prices for used models entices many consumers to shift their purchase intentions from new vehicles to used. Higher interest rates and increasing new vehicle prices have also hindered consumer affordability.

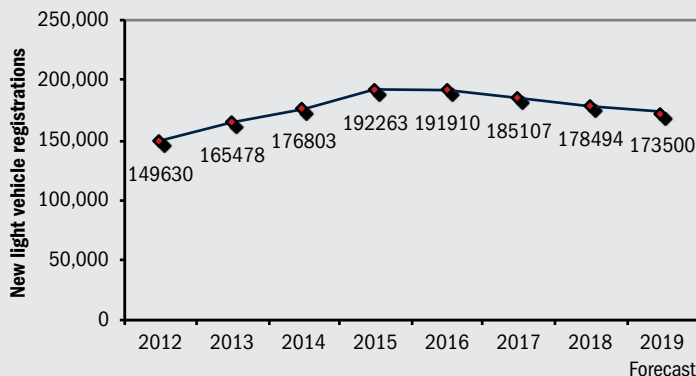
The headwinds simply seem too strong for the market to remain at near record high levels, but neither do we expect the market to fall off a cliff. Unemployment rates are very low, incomes are moving higher,

consumer sentiment is strong, and GDP growth is predicted to remain solidly positive. It would be unprecedented for new vehicle sales to collapse in an environment with such strong core economic fundamentals. In addition, technological advances in today's new vehicles are a strong motivation for many consumers to upgrade. The county new vehicle market is expected to soften over the next several years, but sales should remain strong, based on historical standards.

### 5 Key Market Trends

- 1. County new retail registrations declined 4.6% in the First Quarter of '19 versus year earlier.
- 2. The market is predicted to fall by 2.8% for all of 2019.
- 3. Light truck market share was 55.6% in 1Q '19.
- 4. Ram, Volvo, Porsche, Land Rover, and Mitsubishi had the largest percentage gains so far this year.
- 5. Hybrid and electric vehicle market share was 16.3% in the first two months of this year, up vs. a year earlier.

#### 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

	YTD '17 thru Mar.	YTD '18 thru Mar.	YTD '19 thru Mar.	% ch. '18 to '19
TOTAL	46,861	44,182	42,169	-4.6%
Car	24,002	20,654	18,743	-9.3%
Light Truck	22,859	23,528	23,426	-0.4%
Domestic	10,333	9,907	10,360	4.6%
European	9,297	9,266	8,083	-12.8%
Japanese	23,118	21,995	20,981	-4.6%
Korean	4,113	3,014	2,745	-8.9%

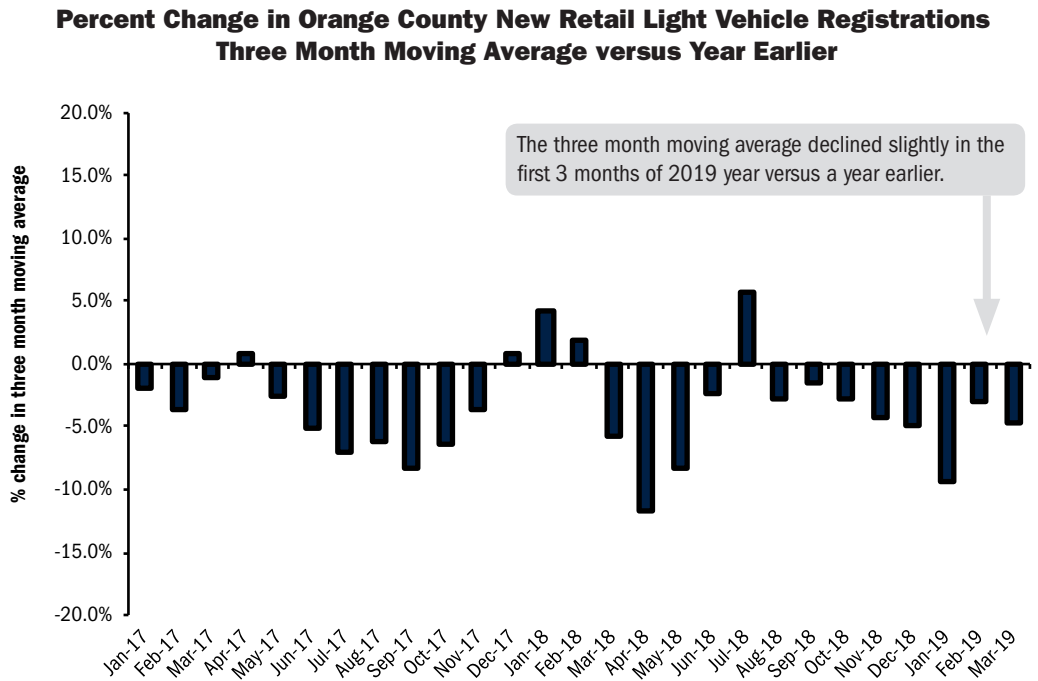
Domestic consists of vehicles sold by GM, Ford, FCA domestic brands, and Tesla.

Data Source: AutoCount data from Experian.

MARKET TRACKER: MONTHLY MOVING AVERAGE

# Market Drifts Lower During Past Eight Months

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.

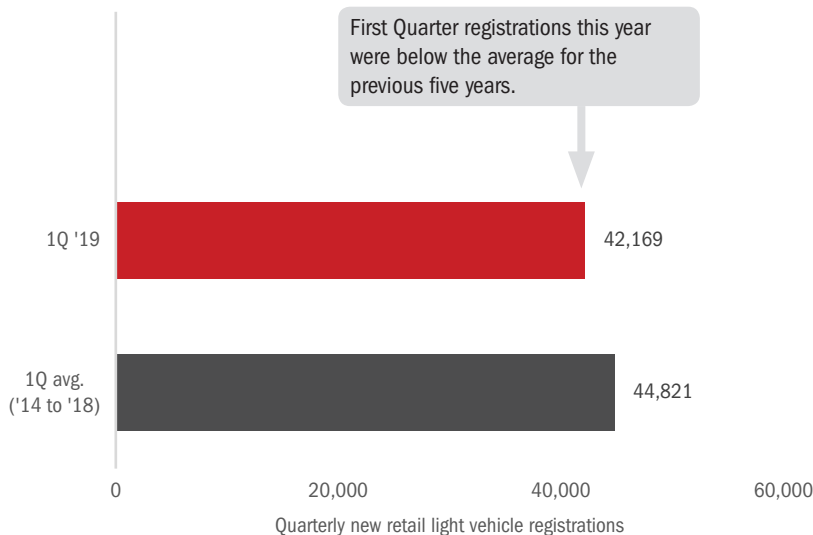


MARKET TRACKER: QUARTERLY PERSPECTIVE

# 1Q '19 Total Slightly Below 5 Year Average

**QUARTERLY PERSPECTIVE**

1Q 2019 Registrations Versus Average for Previous Five Years



**Details on Data**

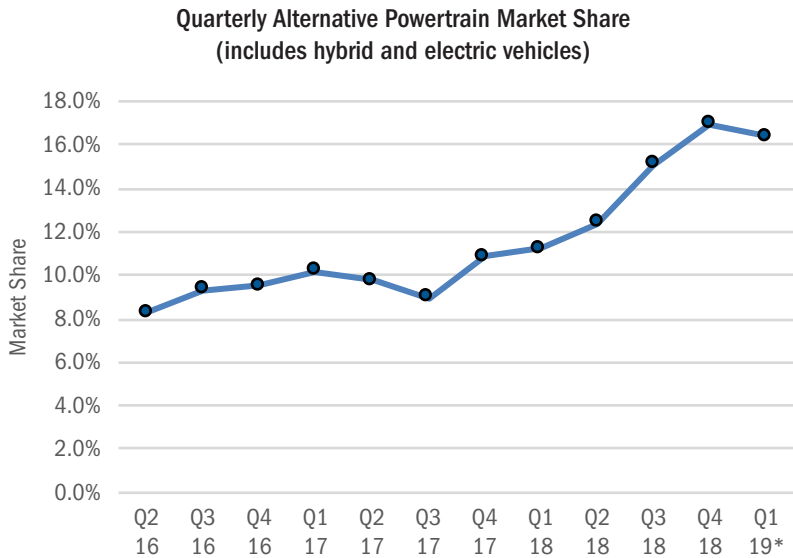
Data presented measures new vehicles registered to purchasers (or lessees) residing in Orange County. Monthly recording of registrations occurs when vehicle title is processed.

Data Source: AutoCount Data from Experian.

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MARKET TRACKER: HYBRID AND ELECTRIC VEHICLES

# Hybrid/Electric Vehicle Market Share Declines Slightly in 1Q '19



Hybrid/electric vehicle market share, YTD '19 thru Feb:

**Orange County: 16.3%**

**U.S. : 4.4%**

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

MARKET TRACKER - SEGMENTS

## Compact SUV Segment Now Accounts for 17.8% of County Market

Orange County Segment Market Share Review				
Segment	Market Share YTD '18 thru March	Market Share YTD '19 thru March	Change in share YTD '18 to '19	Best selling model in segment
Compact SUV	16.4	17.8	1.4	Honda CR-V
Sub Compact Car	15.6	13.0	-2.6	Honda Civic
Near Luxury Car	8.7	10.8	2.1	Tesla Model 3
Standard Mid Size Car	11.1	10.0	-1.1	Honda Accord
Mid Size Luxury SUV	6.9	6.9	0.0	Lexus RX
Compact Luxury SUV	5.9	6.8	0.9	Mercedes GLC-Class
Mid Size Crossover SUV	4.4	5.2	0.8	Toyota Highlander
Full Size Pickup	5.2	5.1	-0.1	Ford F-Series
Luxury Car	5.2	4.7	-0.5	BMW 5-Series
Compact Pickup	3.1	3.5	0.4	Toyota Tacoma
Entry Car	3.2	3.3	0.1	Honda Clarity
Mid Size SUV	3.2	3.0	-0.2	Jeep Grand Cherokee
Full Size Crossover SUV	2.9	2.2	-0.7	Ford Explorer
Mini Van	1.9	1.8	-0.1	Honda Odyssey
Full Size Luxury SUV	1.6	1.7	0.1	Land Rover Range Rover
Full Size SUV	1.3	1.1	-0.2	Chevrolet Tahoe
Sport Compact Car	1.2	1.0	-0.2	Ford Mustang
Full Size Van	0.8	0.7	-0.1	Ford Transit Connect
Sports Car	0.7	0.7	0.0	Porsche 911
Large Mid Size Car	0.7	0.6	-0.1	Dodge Charger

The table above shows Orange county market share for 20 vehicle segments during the first three months of 2018 and 2019, and the change in market share over the period. The best selling model in each segment is also shown. Segments are ranked from top to bottom based on ytd 2019 share. Source: AutoCount data from Experian.

BRAND SCOREBOARD - PART ONE

# Registrations Increased for Eight Brands In Early 2019

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 three months of this year versus a year earlier. Viewing both measures on the same graph provides a more clear-cut signal on how each brand is doing.



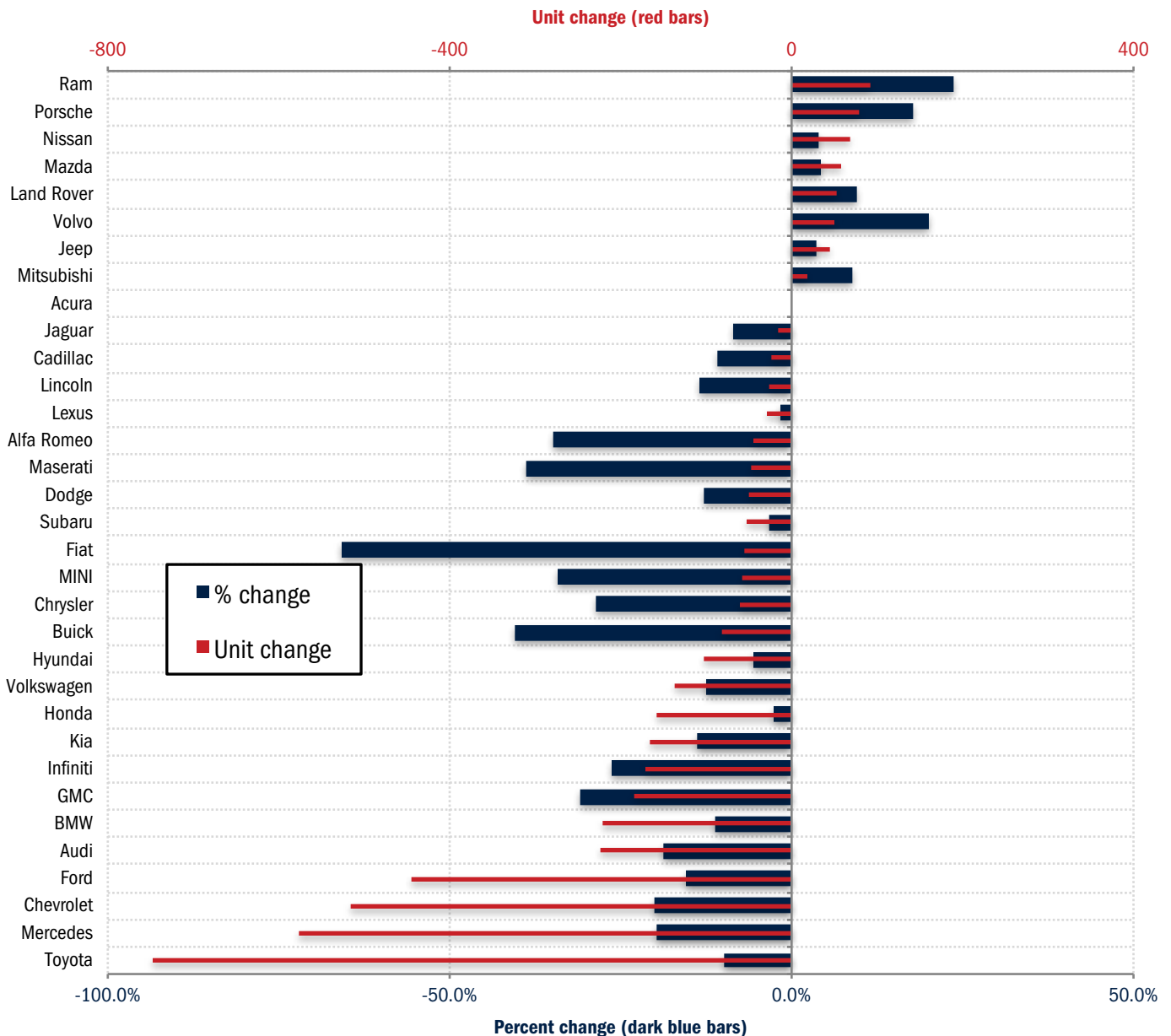
**9 percent**

Five brands had increases of greater than 9%: Ram, Volvo, Porsche, Land Rover, and Mitsubishi.

**50 units**

Six brands had increases of greater than 50 units: Ram, Porsche, Nissan, Mazda, Land Rover, and Volvo.

**Change in New Retail Light Vehicle Registrations (YTD '19 thru March vs. YTD '18)**



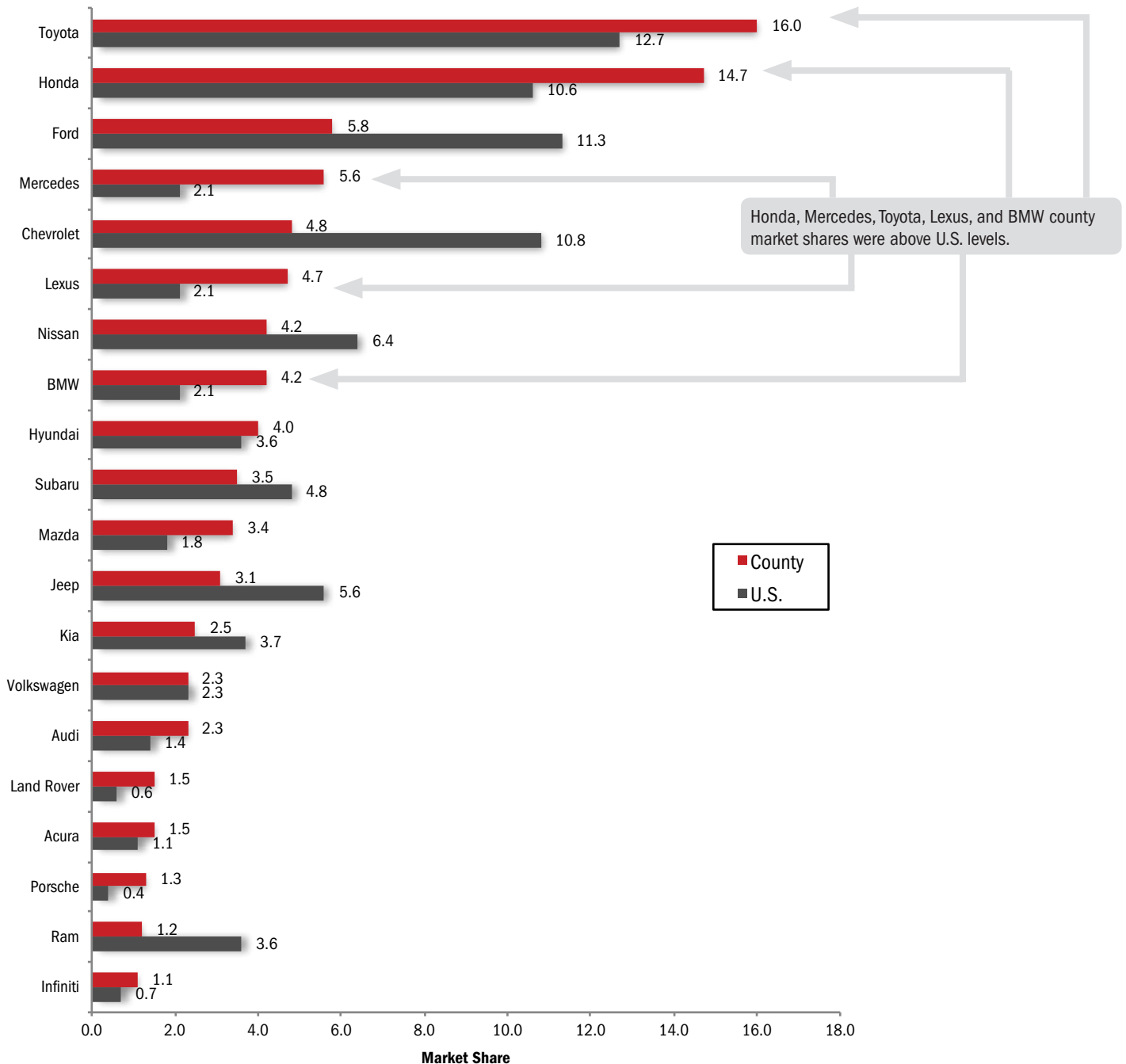
Source: AutoCount data from Experian.

BRAND SCOREBOARD - PART TWO

# Honda, Toyota, and Mercedes County Shares are Well Above U.S.

The graph below provides a comparison of Orange County and U.S. new retail market share during the first three months of this year for the top 20 selling brands in the county. Brands are positioned on the graph from top to bottom based on county market share. Toyota was the county leader, accounting for 16.0% of the market, well above its 12.7% share in the Nation.

County and U.S. Market Share - YTD 2019 thru March



Source: AutoCount data from Experian

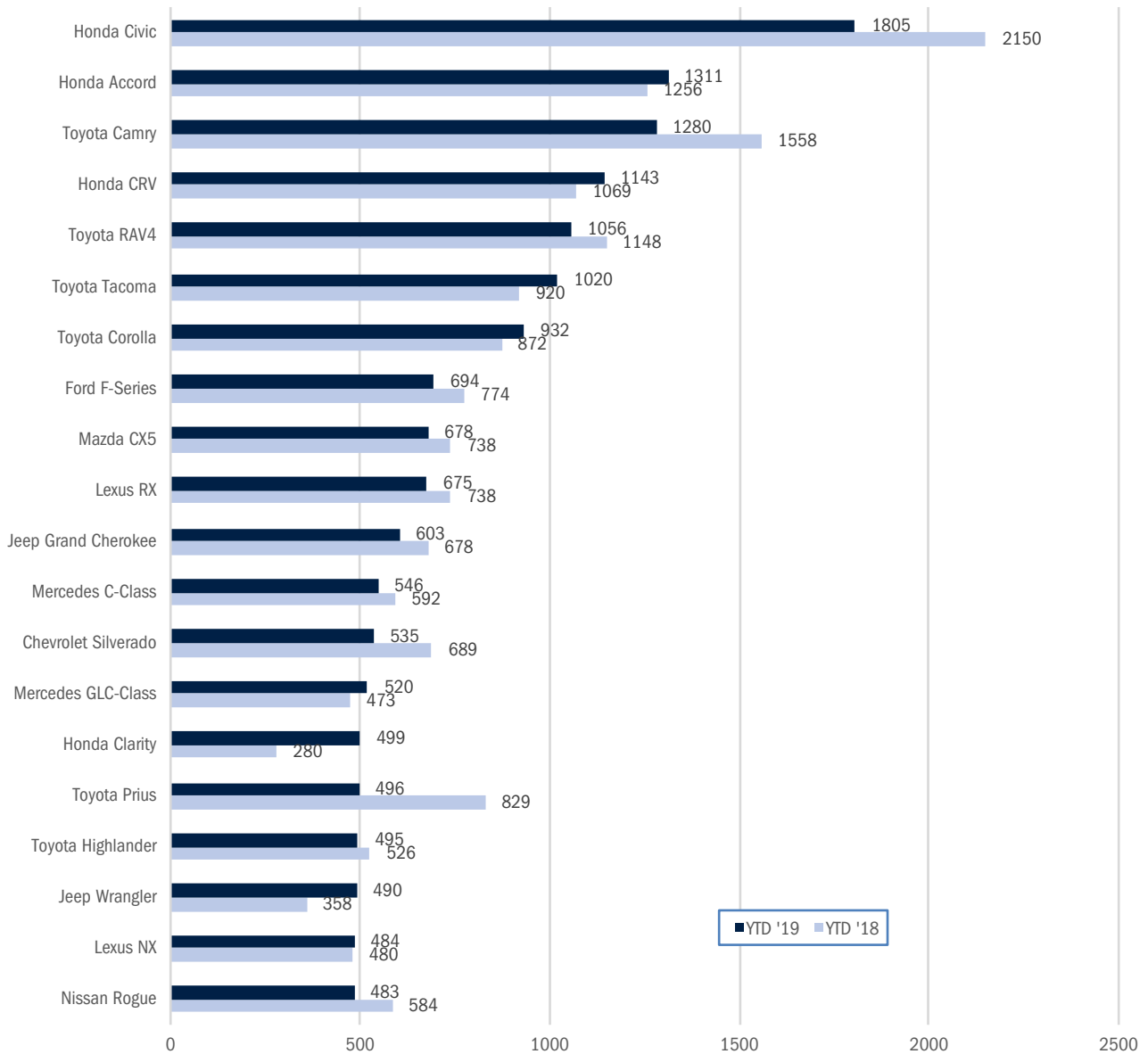
MODEL RANKINGS

# Honda Civic is Top Seller in County



The graph below shows the top 20 selling models in Orange County during the first three months of 2019. New retail registrations are shown for ytd 2018 and 2019, thru March. Honda Civic, Honda Accord, Toyota Camry, Honda CR-V, and Toyota RAV4 were the top five selling models so far this year. Registrations increased sharply for the Honda Clarity.

**New Retail Registrations for Top 20 Selling Models - YTD '18 and YTD '19 thru March**



Source: AutoCount data from Experian.

COMPARISON OF ORANGE COUNTY AND U.S. MARKETS

# Orange County and U.S. Markets Post Similar Results in 2019

	Orange County Retail Market	U.S. Retail Market
<b>% change in registrations YTD 2019 thru March vs. YTD '18</b>	-4.6%	-4.4%
<b>Car share of industry retail light vehicle market YTD '19 thru March</b>	44.4%	29.4%
<b>Domestic brand share of industry retail light vehicle market YTD '19 thru March</b>	24.6%	41.3%

Brand	New Retail Registrations - YTD 2019, thru March				Market Share (YTD '19)	
	Orange County		U.S.		Orange County	U.S.
	Regs.	% ch. vs. 2018	Regs.	% ch. vs. 2018		
Acura	626	0.0%	34,882	10.7%	1.5	1.1
Alfa Romeo	82	-34.9%	3,992	-20.0%	0.2	0.1
Audi	966	-18.8%	42,352	-4.4%	2.3	1.4
BMW	1,758	-11.1%	63,724	-2.0%	4.2	2.1
Buick	120	-40.6%	43,768	-10.6%	0.3	1.4
Cadillac	195	-11.0%	26,617	-10.2%	0.5	0.9
Chevrolet	2,035	-20.2%	332,983	-9.0%	4.8	10.8
Chry Dodge Jeep Ram	2,291	1.3%	358,388	-5.0%	5.4	11.6
Chrysler	152	-28.6%	18,312	-34.2%	0.4	0.6
Dodge	332	-12.9%	55,276	-11.1%	0.8	1.8
Jeep	1,320	3.6%	172,893	-9.1%	3.1	5.6
Ram	487	23.6%	111,907	15.2%	1.2	3.6
Fiat	29	-65.9%	2,285	-41.2%	0.1	0.1
Ford	2,456	-15.3%	349,493	-7.3%	5.8	11.3
GMC	414	-30.9%	106,389	-7.2%	1.0	3.4
Honda	6,212	-2.5%	326,775	1.4%	14.7	10.6
Hyundai	1,701	-5.7%	112,849	1.9%	4.0	3.6
Infiniti	479	-26.2%	22,247	-19.5%	1.1	0.7
Jaguar	180	-8.6%	6,878	8.0%	0.4	0.2
Kia	1,044	-13.8%	114,767	0.5%	2.5	3.7
Land Rover	616	9.4%	20,095	0.2%	1.5	0.6
Lexus	1,978	-1.5%	63,870	1.5%	4.7	2.1
Lincoln	167	-13.5%	21,272	7.1%	0.4	0.7
Maserati	74	-38.8%	2,046	-16.4%	0.2	0.1
Mazda	1,445	4.2%	55,662	-12.8%	3.4	1.8
Mercedes	2,364	-19.6%	64,996	-9.3%	5.6	2.1
MINI	111	-34.3%	7,760	-24.6%	0.3	0.3
Mitsubishi	217	9.0%	23,812	8.2%	0.5	0.8
Nissan	1,763	4.0%	198,448	-10.2%	4.2	6.4
Porsche	529	17.8%	12,935	7.4%	1.3	0.4
Subaru	1,495	-3.4%	148,565	3.2%	3.5	4.8
Toyota/Scion	6,766	-9.9%	393,122	-8.3%	16.0	12.7
Volkswagen	957	-12.5%	71,744	-4.1%	2.3	2.3
Volvo	304	20.2%	19,251	3.2%	0.7	0.6
Other	2,795	157.8%	45,087	98.1%	6.6	1.5

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									
	March			YTD thru March			YTD Market Share		
	Orange County			Orange County			Orange County		
	2018	2019	% chg.	2018	2019	% chg.	2018	2019	Chg.
<b>MARKET SUMMARY</b>									
TOTAL	13,133	12,182	-7.2%	44,182	42,169	-4.6%	0.0	0.0	0.0
Cars	6,148	5,292	-13.9%	20,654	18,743	-9.3%	46.7	44.4	-2.3
Light Trucks	6,985	6,890	-1.4%	23,528	23,426	-0.4%	53.3	55.6	2.3
Domestic	2,998	2,610	-12.9%	9,907	10,360	4.6%	22.4	24.6	2.1
European	2,600	2,380	-8.5%	9,266	8,083	-12.8%	21.0	19.2	-1.8
Japanese	6,605	6,360	-3.7%	21,995	20,981	-4.6%	49.8	49.8	0.0
Korean	930	832	-10.5%	3,014	2,745	-8.9%	6.8	6.5	-0.3
<b>BRAND REGISTRATIONS</b>									
Acura	186	166	-10.8%	626	626	0.0%	1.4	1.5	0.1
Alfa Romeo	22	29	31.8%	126	82	-34.9%	0.3	0.2	-0.1
Audi	340	245	-27.9%	1,189	966	-18.8%	2.7	2.3	-0.4
BMW	536	534	-0.4%	1,978	1,758	-11.1%	4.5	4.2	-0.3
Buick	71	37	-47.9%	202	120	-40.6%	0.5	0.3	-0.2
Cadillac	45	49	8.9%	219	195	-11.0%	0.5	0.5	0.0
Chevrolet	789	564	-28.5%	2,550	2,035	-20.2%	5.8	4.8	-1.0
C/D/J/R	774	732	-5.4%	2,262	2,291	1.3%	5.1	5.4	0.3
Chrysler	54	43	-20.4%	213	152	-28.6%	0.5	0.4	-0.1
Dodge	131	113	-13.7%	381	332	-12.9%	0.9	0.8	-0.1
Jeep	468	417	-10.9%	1,274	1,320	3.6%	2.9	3.1	0.2
Ram	121	159	31.4%	394	487	23.6%	0.9	1.2	0.3
Fiat	11	5	-54.5%	85	29	-65.9%	0.2	0.1	-0.1
Ford	910	768	-15.6%	2,900	2,456	-15.3%	6.6	5.8	-0.8
GMC	164	99	-39.6%	599	414	-30.9%	1.4	1.0	-0.4
Honda	1,885	1,900	0.8%	6,371	6,212	-2.5%	14.4	14.7	0.3
Hyundai	523	481	-8.0%	1,803	1,701	-5.7%	4.1	4.0	-0.1
Infiniti	182	122	-33.0%	649	479	-26.2%	1.5	1.1	-0.4
Jaguar	56	65	16.1%	197	180	-8.6%	0.4	0.4	0.0
Kia	407	351	-13.8%	1,211	1,044	-13.8%	2.7	2.5	-0.2
Land Rover	202	185	-8.4%	563	616	9.4%	1.3	1.5	0.2
Lexus	542	570	5.2%	2,008	1,978	-1.5%	4.5	4.7	0.2
Lincoln	49	58	18.4%	193	167	-13.5%	0.4	0.4	0.0
Maserati	27	8	-70.4%	121	74	-38.8%	0.3	0.2	-0.1
Mazda	457	432	-5.5%	1,387	1,445	4.2%	3.1	3.4	0.3
Mercedes	791	710	-10.2%	2,940	2,364	-19.6%	6.7	5.6	-1.1
MINI	44	46	4.5%	169	111	-34.3%	0.4	0.3	-0.1
Mitsubishi	64	77	20.3%	199	217	9.0%	0.5	0.5	0.0
Nissan	517	517	0.0%	1,695	1,763	4.0%	3.8	4.2	0.4
Porsche	144	136	-5.6%	449	529	17.8%	1.0	1.3	0.3
smart	6	4	-33.3%	19	17	-10.5%	0.0	0.0	0.0
Subaru	502	447	-11.0%	1,547	1,495	-3.4%	3.5	3.5	0.0
Toyota	2,270	2,129	-6.2%	7,513	6,766	-9.9%	17.0	16.0	-1.0
Volkswagen	310	278	-10.3%	1,094	957	-12.5%	2.5	2.3	-0.2
Volvo	81	109	34.6%	253	304	20.2%	0.6	0.7	0.1
Other	226	329	45.6%	1,065	2,778	160.8%	2.4	6.6	4.2

Other includes 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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