

ORANGE COUNTY AUTO OUTLOOK™

2nd Quarter, 2022

Orange County New Retail Automotive Market Data - Retail Sales *Does Not Include Fleet Sales

FORECAST

Tight Supplies Continue to Dictate Pace of County New Vehicle Sales



Key factors boosting new vehicle sales

Pent up demand is accumulating. Auto Outlook estimates that 61,200 new vehicle purchases have been postponed since the onset of the pandemic and ensuing vehicle supply shortages. This will provide a boost to sales for an extended period.

The labor market is near full employment.

As mentioned on the right, recession might be around the corner and new vehicle affordability has weakened, but the unemployment rate is very low and jobs are generally plentiful. It's rare for the economy to enter a prolonged downturn when the labor market is as tight as it is now.

Household wealth has increased.

Household net worth has reached record highs and consumers have greatly increased their holdings of cash and equivalents. This will help households in weathering any prospective economic downturn.

Impressive array of new products coming out.

The bevy of new models being introduced offering alternative powertrains and advanced technology should lure many new vehicle shoppers into the market.



Key factors holding back new vehicle sales

Lean supplies have placed a ceiling on sales levels. The lingering microchip shortage and pandemic-related supply issues continue to be the primary factor impacting the market. Demand will soften in the coming months, but insufficient production is still the main roadblock holding back sales.

New vehicle affordability has taken a turn for the worse.

Tight inventories have pushed vehicle prices upward, rising fuel prices have cut into disposable income, and higher interest rates are boosting monthly payments. Higher wages have helped, but monthly vehicle loan and lease costs as a percent of disposable income have moved higher during the past several months.

Chances of recession have increased.

GDP growth declined in the First Quarter of this year and many economists expect a recession as the Fed puts the brakes on the economy to fight inflation. New vehicle sales almost always decline during economic downturns, but lean supplies have already pushed sales to very low levels. It would take a deep recession for sales to decline further.

Forecast for County New Retail Light Vehicle Registrations in 2022



Baseline scenario: 156,000
down 2.8% vs. '21

Alternative upside: 162,600
up 1.3% vs. '21

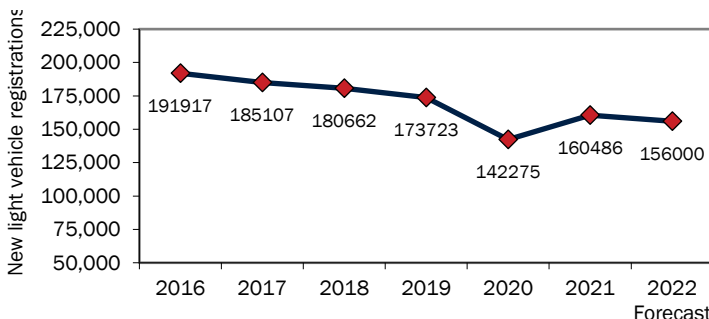
Alternative downside: 146,800
down 8.5% vs. '21

Key Trends in Orange County Market



- Toyota, Tesla, Honda, Ford, and Mercedes were market share leaders (see page 3).
- BEV (battery electric vehicle) share was 19.1% during the first six months of 2022 (see page 4).
- New retail registrations in the first half of this year fell 14.7% versus year earlier, but were higher than in 2020 (see page 5).

Annual Trend in Orange County Market



Market Summary

	YTD '21 June	YTD '22 June	% Chg. '21 to '22	Mkt. Share YTD '22
TOTAL	87,485	74,654	-14.7%	
Car	29,666	23,100	-22.1%	30.9%
Light Truck	57,819	51,554	-10.8%	69.1%
Domestic	22,498	23,098	2.7%	30.9%
European	18,073	14,688	-18.7%	19.7%
Japanese	39,461	29,264	-25.8%	39.2%
Korean	7,453	7,604	2.0%	10.2%

The graph above shows annual new retail light vehicle registrations from 2016 thru 2021 and Auto Outlook's projection for 2022.
Historical Data Source: AutoCount data from Experian.

Domestics consist of vehicles sold by GM, Ford, Stellantis (excluding Alfa Romeo and FIAT), and Tesla.
Data Source: AutoCount data from Experian.

Orange County New Vehicle Market Dashboard



MARKET PERFORMANCE DURING PAST TWO YEARS

Orange County Quarterly Registrations
Seasonally Adjusted Annual Rate, Converted to Equivalent U.S. New Vehicle Market SAAR (millions of units)



The graph on the left provides an easily recognizable way to gauge the strength of the county market. It shows quarterly registrations based on a seasonally adjusted annual rate. These figures are then indexed to SAAR sales figures for the U.S. new vehicle market. So just like in the national market, when the quarterly SAAR is above 17 million units, the county market is strong, 15 million is about average, and below 13 million is weak. Quarterly registrations stayed below 14.2 million units in the first two quarters of this year.

Data Source: AutoCount data from Experian. SAAR estimates: Auto Outlook.



COUNTY MARKET VS. U.S.

% Change In New Retail Market YTD '22 thru June vs. YTD '21

Orange County **U.S.**
DOWN 14.7% **DOWN 17.9%**

New retail light vehicle registrations in Orange County declined by 14.7% during the first six months of this year versus year earlier, better than the 17.9% drop in the Nation.

Source for county registrations: AutoCount data from Experian. U.S. figures estimated by Auto Outlook.

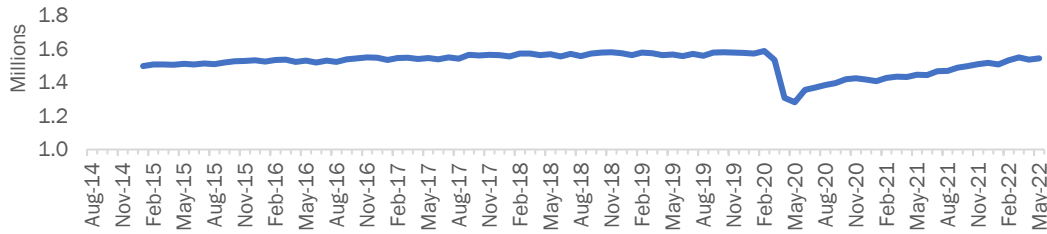
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Orange County New Vehicle Market Dashboard



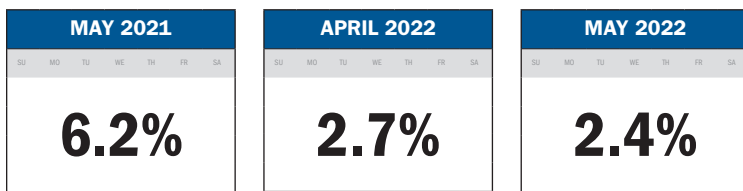
TRACKING ECONOMIC INDICATORS

Total Employment in Orange County



The county unemployment rate fell to just 2.4% in May of this year and total employment moved closer to pre-pandemic levels. U.S. GDP declined in the First Quarter of 2022 and many economists are predicting a recession, but the strong labor market should partially offset the negative consequences of the softening economy. Consumer sentiment fell to low levels as inflation picked up steam.

Monthly Unemployment Rates in Orange County



Average Hourly Earnings for All Workers in County - May 2022



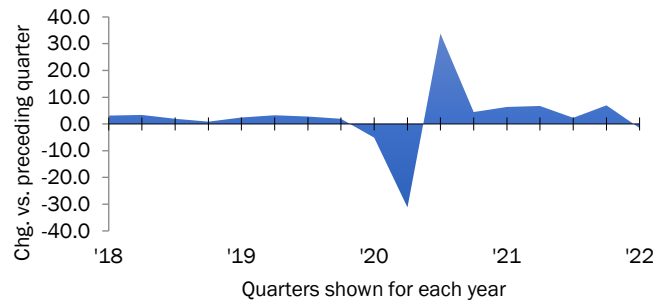
University of Michigan Consumer Sentiment (U.S.)



10 year high - 101.4 (Mar. 2018)
12 month high - 85.5 (Jun. 2021)
Most recent - 50.0 (June 2022)

Key Values During Past 10 Years

Percent Change in U.S. Gross Domestic Product

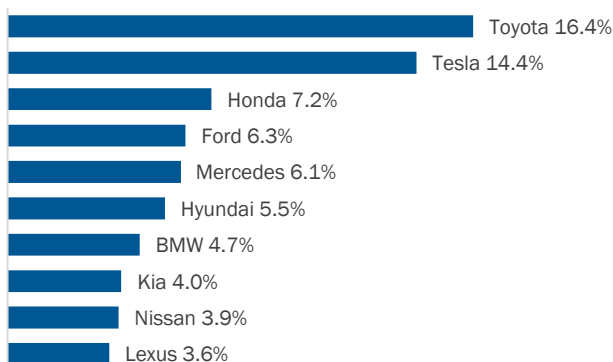


Sources: Bureau of Labor Statistics, University of Michigan, and U.S. Bureau of Econ. Analysis.

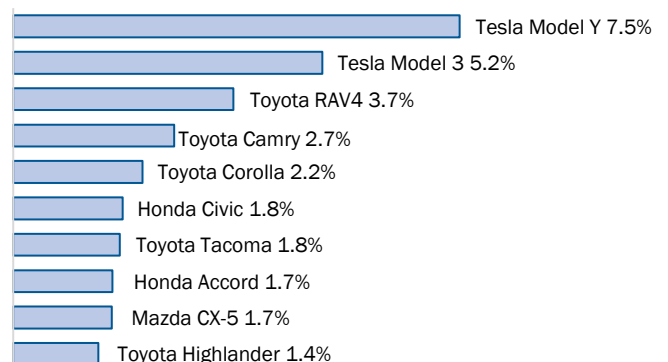


TOP TEN RANKINGS IN COUNTY MARKET

Market Share for Top Ten Selling Brands in County Market YTD 2022 thru June



Market Share for Top Ten Selling Models in County Market YTD 2022 thru June



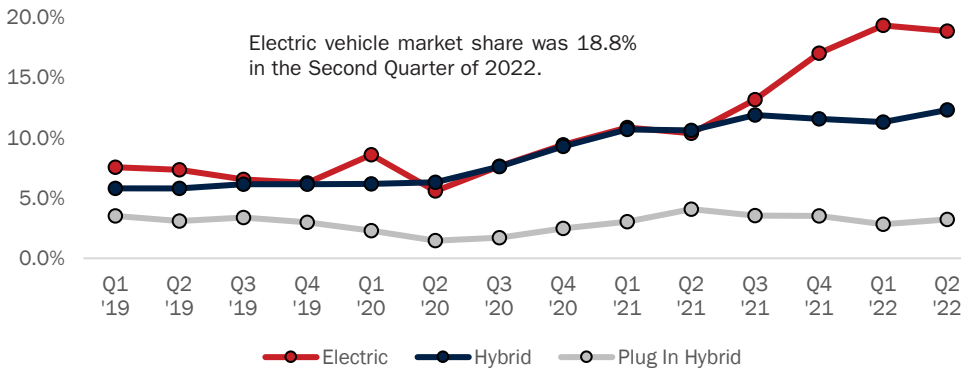
Data Source: AutoCount data from Experian.

Orange County New Vehicle Market Dashboard



TRACKING ELECTRIC AND HYBRID VEHICLE SALES

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



YTD Share by Engine Type (2021 and 2022, thru June)

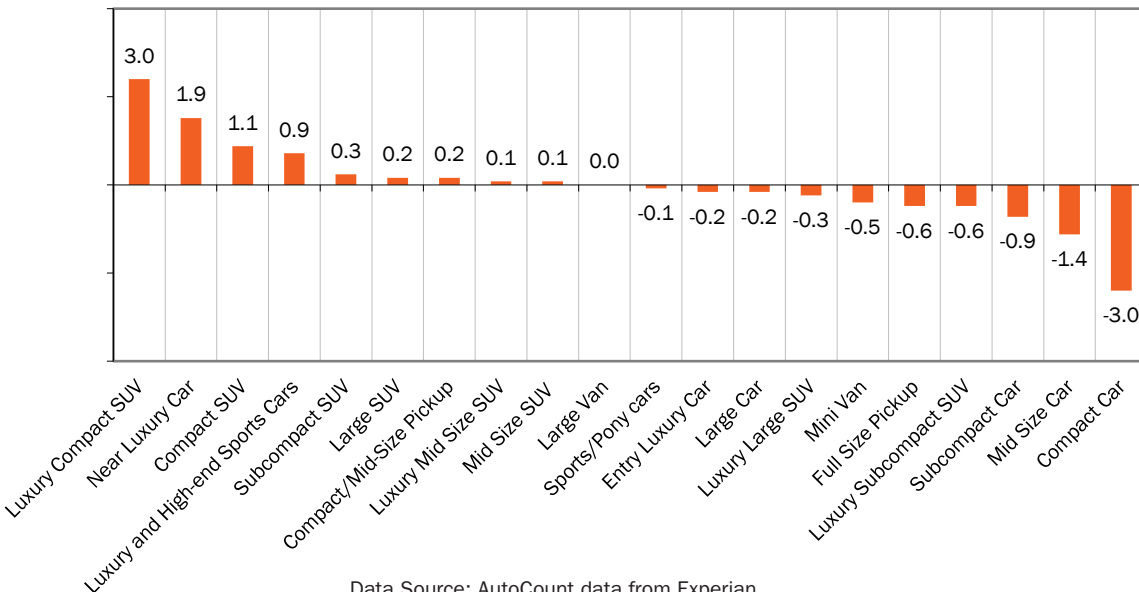
	YTD '21	YTD '22
Electric (BEV)	10.6%	19.1% ↑
Hybrid	10.7%	11.8% ↑
Plug In Hybrid (PHEV)	3.6%	3.0% ↓

The graph above shows estimated hybrid powertrain and electric vehicle market share. Registrations by powertrain for vehicles equipped with multiple engine types were estimated by Auto Outlook. The estimates are based on model registrations compiled by Experian, and engine installation rates collected from other sources.



CHANGE IN SEGMENT MARKET SHARES

Change in Segment Market Share - YTD 2022 thru June vs. YTD 2021



Segments with largest increases:

- Luxury Compact SUV
- Near Luxury Car
- Compact SUV

Segments with largest declines:

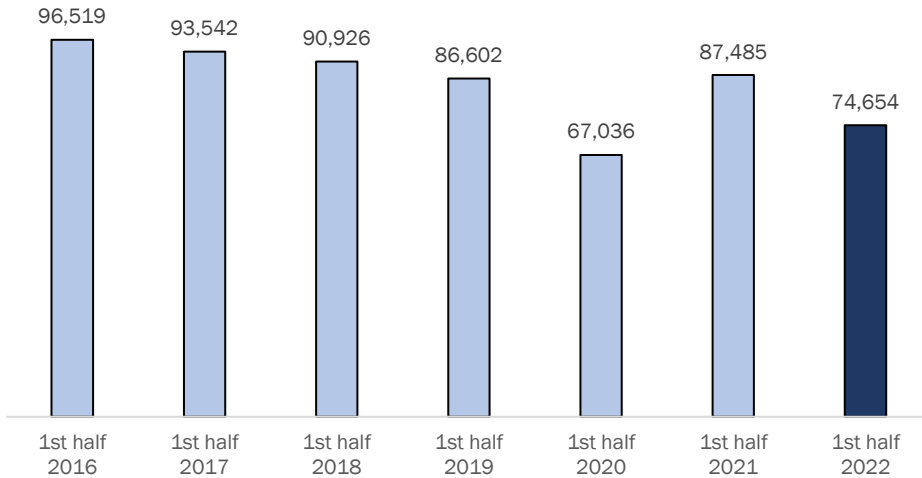
- Compact Car
- Mid Size Car
- Subcompact Car

Data Source: AutoCount data from Experian.

REVIEW OF FIRST HALF RESULTS

January thru June 2022 Registrations Well Below 7 Year Average

Orange County New Retail Light Vehicle Registrations
January thru June, 2016 thru 2022



KEY FACTS



Two outliers stand out on the graph: the first half of 2020 (when the pandemic started) and the first half of this year when supply constraints held back sales.

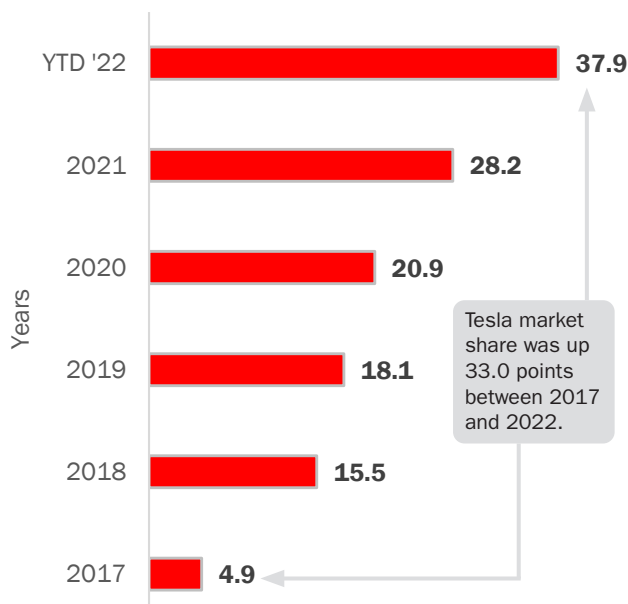
Registrations in the first half of this year exceeded the pandemic lows of 2020, but declined by 19% versus the average total from 2016 thru 2019.

Last year's total exceeded 87,000 units, higher than in 2019, as demand recovered from the pandemic and supplies were sufficient.

LUXURY CLOSE UP

Tesla's Dramatic Rise...and Fall???

Tesla Percent Share of County Luxury Market
2017 thru 2021, 2022 thru June



The graph above shows Tesla's percent share of the Orange County luxury vehicle market from 2017 thru 2021, and the first half of this year. Tesla share increased from just 4.9% in 2017 to 37.9% during the first six months of this year. Tesla was the best-selling luxury brand so far this year, well ahead of Mercedes (16.1% share) and BMW (12.3%). Source: AutoCount data from Experian.

What's ahead for Tesla?



Optimistic: Tesla can continue to make gains

Tesla has a head start in the electric vehicle market. When many consumers think of BEVs, they think of Tesla.

Cybertruck is reportedly being introduced in 2023. The radically styled pickup could provide a boost to Tesla sales

Some believe Tesla has a competitive advantage in battery production and technology.

Pessimistic: Tesla market share has reached its peak

It's gospel in the industry: new product increases sales. Cyclical model redesigns are key for brands to maintain or grow market share. Tesla has never had a significant redesign and based on typical industry standards, some models are getting stale.

Tesla regularly ranks below average in most measures of vehicle quality and dependability. With a steady stream of new BEVs scheduled to hit the market, this could be a competitive disadvantage for Tesla.

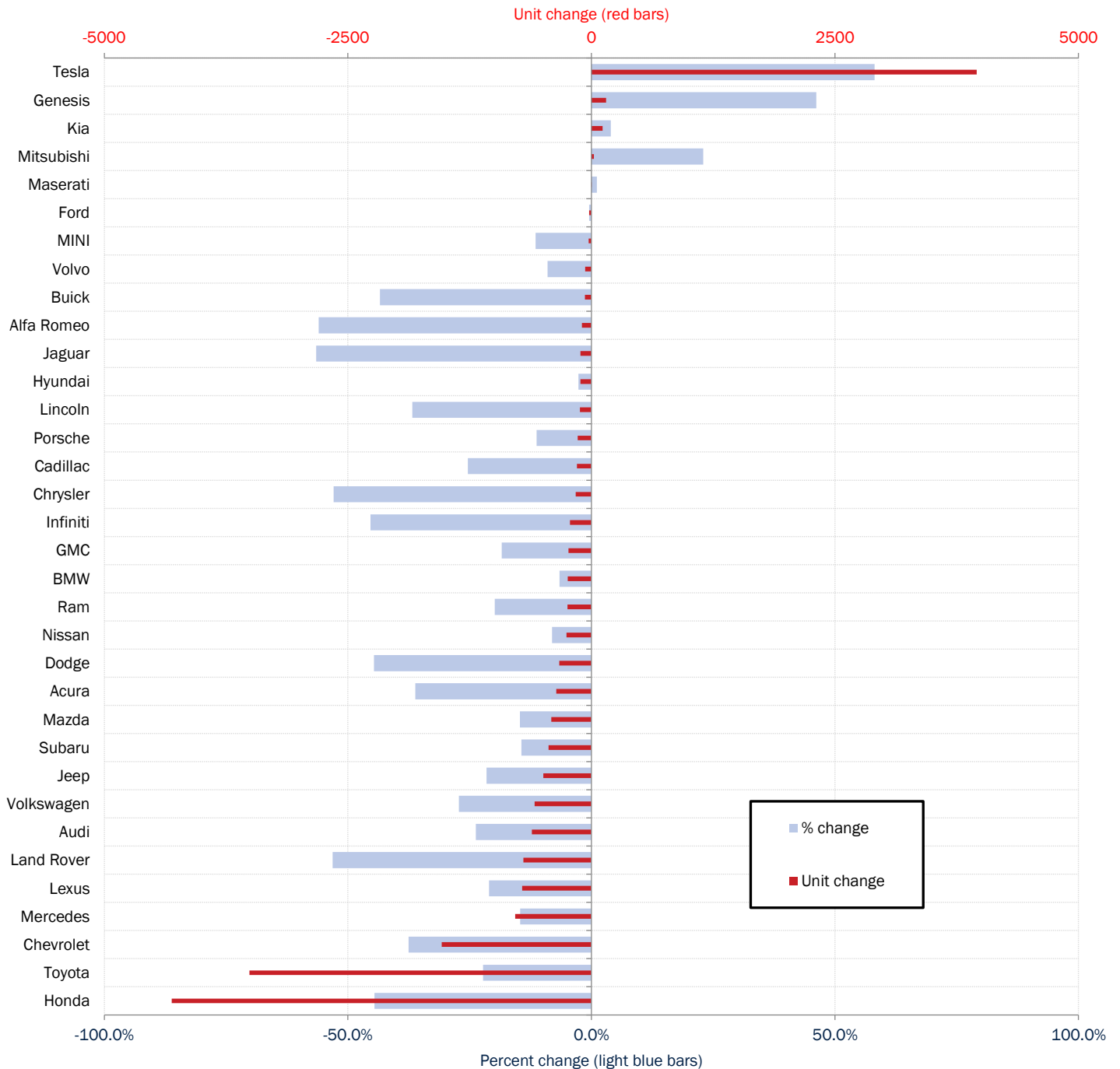
Tesla is reportedly incurring significant losses related to the opening of new production facilities. Is this a "one-off" cost that will go away when the plants are up and running? Or does it foretell future profitability challenges?

BRAND SCOREBOARD

Tesla Registrations Increased by Nearly 4,000 Units

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 2021 and 2022. Viewing both measures on the same graph provides a more clear-cut signal on how each brand is doing.

Change in New Retail Light Vehicle Registrations (YTD 2022 thru June vs. YTD 2021)



Source: AutoCount data from Experian.

COMPARISON OF ORANGE COUNTY AND U.S. MARKET

Domestic Brand Share in Orange County Market Is 30.9% vs. 44.4% in U.S.

	Orange County Retail Market	U.S. Market
% change in registrations		
YTD '22 thru June vs. YTD '21	-14.7%	-18.3%
Car share of industry retail light vehicle market		
YTD '22 thru June	30.9%	21.1%
Domestic brand market share		
YTD '22 thru June	30.9%	44.4%

Brand	New Retail Registrations and U.S. Sales-YTD 2022 thru June				Market Share (YTD 2022)		
	Orange County		U.S.		Orange County	U.S.	Variance
	Regs.	% ch. vs. 2021	Sales	% ch. vs. 2021			
Acura	637	-36.2%	52,860	-40.2%	0.9	0.8	0.1
Alfa Romeo	77	-56.0%	6,374	-34.0%	0.1	0.1	0.0
Audi	1,966	-23.7%	83,554	-31.4%	2.6	1.2	1.4
BMW	3,474	-6.6%	152,619	-9.2%	4.7	2.2	2.5
Buick	86	-43.4%	48,075	-57.0%	0.1	0.7	-0.6
Cadillac	435	-25.4%	61,919	-15.6%	0.6	0.9	-0.3
Chevrolet	2,555	-37.6%	724,129	-15.2%	3.4	10.6	-7.2
Chry Dodge Jeep Ram	3,340	-26.9%	806,775	-14.5%	4.5	11.8	-7.3
Chrysler	144	-52.9%	66,047	12.6%	0.2	1.0	-0.8
Dodge	408	-44.6%	84,759	-32.9%	0.5	1.2	-0.7
Jeep	1,799	-21.5%	379,944	-6.9%	2.4	5.6	-3.2
Ram	989	-19.9%	276,025	-21.3%	1.3	4.0	-2.7
Ford	4,680	-0.5%	866,839	-7.9%	6.3	12.7	-6.4
Genesis	475	46.2%	25,668	33.0%	0.6	0.4	0.2
GMC	1,044	-18.4%	253,492	-10.8%	1.4	3.7	-2.3
Honda	5,364	-44.5%	453,347	-39.2%	7.2	6.6	0.6
Hyundai	4,138	-2.7%	343,867	-15.5%	5.5	5.0	0.5
Infiniti	264	-45.3%	21,805	-41.0%	0.4	0.3	0.1
Jaguar	87	-56.5%	4,237	-52.6%	0.1	0.1	0.0
Kia	2,991	4.0%	333,340	-11.9%	4.0	4.9	-0.9
Land Rover	615	-53.1%	24,863	-42.0%	0.8	0.4	0.4
Lexus	2,673	-21.0%	131,088	-16.9%	3.6	1.9	1.7
Lincoln	201	-36.8%	42,893	-12.3%	0.3	0.6	-0.3
Maserati	91	1.1%	3,830	12.6%	0.1	0.1	0.0
Mazda	2,398	-14.7%	142,803	-24.5%	3.2	2.1	1.1
Mercedes	4,561	-14.7%	174,774	-4.2%	6.1	2.6	3.5
MINI	224	-11.5%	12,007	-23.2%	0.3	0.2	0.1
Mitsubishi	134	22.9%	48,272	-9.6%	0.2	0.7	-0.5
Nissan	2,920	-8.1%	362,447	-33.7%	3.9	5.3	-1.4
Porsche	1,118	-11.3%	32,529	-10.5%	1.5	0.5	1.0
Subaru	2,625	-14.4%	263,795	-17.9%	3.5	3.9	-0.4
Tesla	10,757	58.2%	228,700	47.4%	14.4	3.3	11.1
Toyota	12,249	-22.3%	914,609	-19.4%	16.4	13.4	3.0
Volkswagen	1,557	-27.2%	143,272	-31.3%	2.1	2.1	0.0
Volvo	637	-9.0%	50,585	-20.7%	0.9	0.7	0.2
Other	281	-7.9%	16,229	63.9%	0.4	0.2	0.2

The two tables above provide a comparison of the Orange County and U.S. new light vehicle markets. *U.S. figures include fleet transactions
Data Source for Orange County registrations: AutoCount data from Experian. Source for U.S. data: Automotive News.

Orange County New Retail Car and Light Truck Registrations									
	Second Quarter			YTD thru June			YTD Market Share (%)		
	2Q '21	2Q '22	% chg.	YTD '21	YTD '22	% chg.	YTD '21	YTD '22	Chg.
MARKET SUMMARY									
TOTAL	46,961	36,505	-22.3%	87,485	74,654	-14.7%			
Cars	16,180	11,208	-30.7%	29,666	23,100	-22.1%	33.9	30.9	-3.0
Light Trucks	30,781	25,297	-17.8%	57,819	51,554	-10.8%	66.1	69.1	3.0
Domestic	11,259	11,083	-1.6%	22,498	23,098	2.7%	25.7	30.9	5.2
European	9,792	7,298	-25.5%	18,073	14,688	-18.7%	20.7	19.7	-1.0
Japanese	21,656	14,161	-34.6%	39,461	29,264	-25.8%	45.1	39.2	-5.9
Korean	4,254	3,963	-6.8%	7,453	7,604	2.0%	8.5	10.2	1.7
BRAND REGISTRATIONS									
Acura	632	318	-49.7%	998	637	-36.2%	1.1	0.9	-0.2
Alfa Romeo	75	39	-48.0%	175	77	-56.0%	0.2	0.1	-0.1
Audi	1,429	1,084	-24.1%	2,577	1,966	-23.7%	2.9	2.6	-0.3
BMW	2,127	1,589	-25.3%	3,718	3,474	-6.6%	4.2	4.7	0.5
Buick	89	51	-42.7%	152	86	-43.4%	0.2	0.1	-0.1
Cadillac	306	220	-28.1%	583	435	-25.4%	0.7	0.6	-0.1
Chevrolet	2,096	1,371	-34.6%	4,092	2,555	-37.6%	4.7	3.4	-1.3
C/D/J/R	2,407	1,542	-35.9%	4,570	3,340	-26.9%	5.2	4.5	-0.7
Chrysler	165	72	-56.4%	306	144	-52.9%	0.3	0.2	-0.1
Dodge	368	185	-49.7%	737	408	-44.6%	0.8	0.5	-0.3
Jeep	1,253	841	-32.9%	2,293	1,799	-21.5%	2.6	2.4	-0.2
Ram	621	444	-28.5%	1,234	989	-19.9%	1.4	1.3	-0.1
Ford	2,417	2,384	-1.4%	4,702	4,680	-0.5%	5.4	6.3	0.9
Genesis	170	239	40.6%	325	475	46.2%	0.4	0.6	0.2
GMC	639	544	-14.9%	1,280	1,044	-18.4%	1.5	1.4	-0.1
Honda	5,221	2,448	-53.1%	9,673	5,364	-44.5%	11.1	7.2	-3.9
Hyundai	2,406	2,226	-7.5%	4,251	4,138	-2.7%	4.9	5.5	0.6
Infiniti	259	134	-48.3%	483	264	-45.3%	0.6	0.4	-0.2
Jaguar	108	35	-67.6%	200	87	-56.5%	0.2	0.1	-0.1
Kia	1,678	1,498	-10.7%	2,877	2,991	4.0%	3.3	4.0	0.7
Land Rover	584	294	-49.7%	1,312	615	-53.1%	1.5	0.8	-0.7
Lexus	1,811	1,265	-30.1%	3,385	2,673	-21.0%	3.9	3.6	-0.3
Lincoln	158	105	-33.5%	318	201	-36.8%	0.4	0.3	-0.1
Maserati	56	44	-21.4%	90	91	1.1%	0.1	0.1	0.0
Mazda	1,736	1,019	-41.3%	2,811	2,398	-14.7%	3.2	3.2	0.0
Mercedes	2,726	2,326	-14.7%	5,344	4,561	-14.7%	6.1	6.1	0.0
MINI	145	85	-41.4%	253	224	-11.5%	0.3	0.3	0.0
Mitsubishi	67	72	7.5%	109	134	22.9%	0.1	0.2	0.1
Nissan	1,776	1,375	-22.6%	3,177	2,920	-8.1%	3.6	3.9	0.3
Porsche	645	651	0.9%	1,260	1,118	-11.3%	1.4	1.5	0.1
Subaru	1,647	1,191	-27.7%	3,066	2,625	-14.4%	3.5	3.5	0.0
Tesla	3,147	4,866	54.6%	6,801	10,757	58.2%	7.8	14.4	6.6
Toyota	8,507	6,339	-25.5%	15,759	12,249	-22.3%	18.0	16.4	-1.6
Volkswagen	1,362	687	-49.6%	2,139	1,557	-27.2%	2.4	2.1	-0.3
Volvo	390	318	-18.5%	700	637	-9.0%	0.8	0.9	0.1
Other	145	146	0.7%	305	281	-7.9%	0.3	0.4	0.1

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

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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