

#### FORECAST

## New Retail Light Vehicle Registrations Should Approach 170K in '19



#### Key factors providing a boost to new vehicle sales

**Motivation to upgrade.** The average age of vehicles on the road exceeds 10 years old. Today's new cars and trucks are far superior to the average 10 year old vehicle. Advanced safety technologies, which were once expensive options exclusive to luxury brands, are now standard features on many vehicles. In addition, an ever-expanding array of new products fulfilling every conceivable market niche and powertrain type will continue to entice consumers into the new vehicle market.

**Lower interest rates.** After moving higher in '18 and the first half of '19, interest rates are starting to fall and are likely to move lower for at least the next 6 to 12 months. Declining interest rates, which lead to lower finance and lease payments, are a positive for new vehicle sales. Weakening consumer affordability has been a negative for the market during the past 18 months, so the likelihood of lower rates is a welcome sign.

**Strong labor market.** The county unemployment rate was just 2.4% in September of 2019, and total employment in the county has grown steadily. There are some heightened concerns about the economic outlook, but a healthy labor market is a definite plus for new vehicle sales.



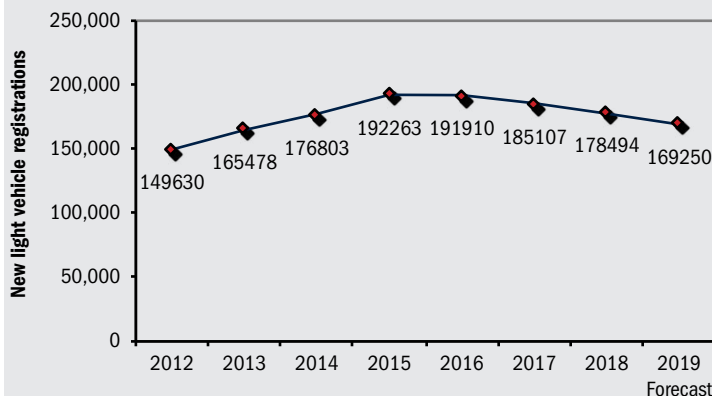
#### Key factors holding back new vehicle sales

**Economic growth is slowing.** GDP growth has remained positive, but is likely to decelerate over the next year. The global economy is slowing, and US trade policy is impacting export-oriented manufacturing activity. Slower growth could eventually lead to flattening incomes and rising unemployment, which are negatives for new vehicle sales.

**New vehicle affordability is weakening.** Higher new vehicle prices and sluggish income growth have contributed to make a new vehicle purchase more difficult for many consumers. Loan terms are getting longer and auto-related debt levels have risen during the past several years, signs of a new vehicle market that has reached its peak.

**Consumer sentiment is waning.** Consumer attitudes have deteriorated somewhat over the past few months. And although overall levels are still strong, there are plenty of things for consumers to be concerned about. Trade policy, the impeachment proceedings, and the 2020 presidential election are just a few things weighing on consumers' minds. GDP growth is positive and employment rates are low, but concerns about the future can be a deterrent for making major financial purchases, such as a new vehicle.

**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 Sept.	YTD '18 thru Sept.	YTD '19 thru Sept.	% ch. '18 to '19
TOTAL	140,195	135,754	128,550	-5.3%
Car	71,356	63,981	57,771	-9.7%
Light Truck	68,839	71,773	70,779	-1.4%
Domestic	30,437	31,972	30,733	-3.9%
European	26,476	26,602	24,791	-6.8%
Japanese	71,619	68,017	63,504	-6.6%
Korean	11,663	9,163	9,522	3.9%

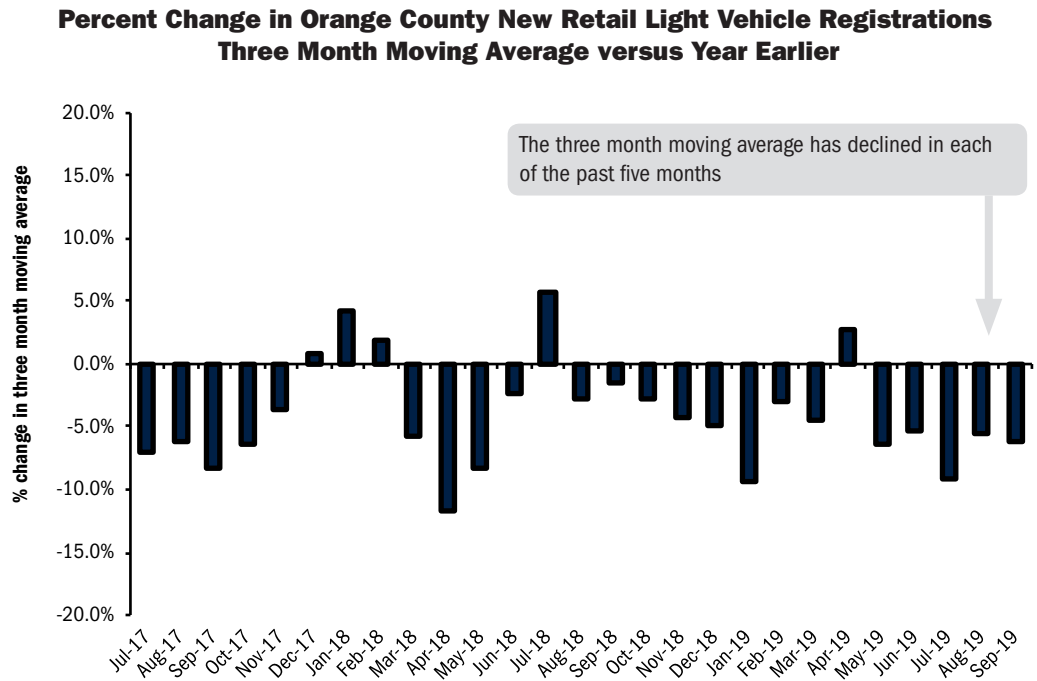
Domestic consists of vehicles sold by GM, Ford, FCA domestic brands, and Tesla.

Data Source: AutoCount data from Experian.

MARKET TRACKER: MONTHLY MOVING AVERAGE

# Monthly Percentage Declines Have Stayed in Single Digits in '19

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.

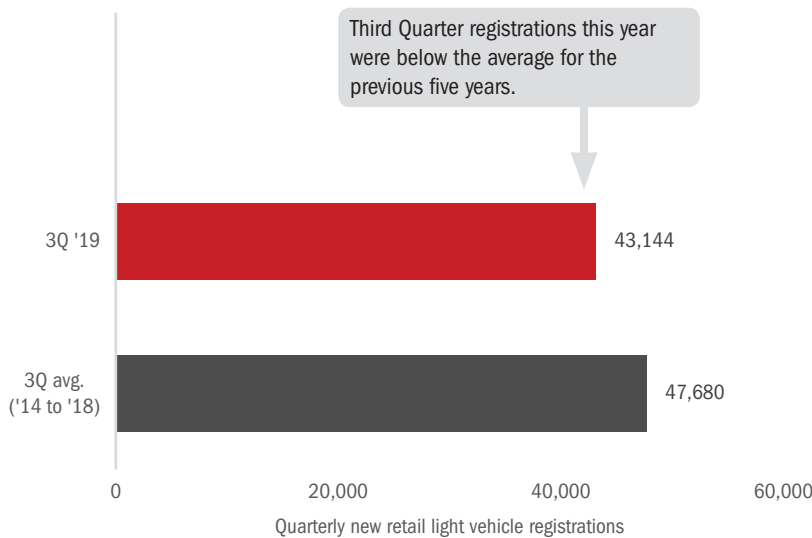


MARKET TRACKER: QUARTERLY PERSPECTIVE

## 3Q '19 Total Trails 5 Year Average

QUARTERLY PERSPECTIVE

3Q 2019 Registrations Versus Average for Previous Five Years



**Details on Data**

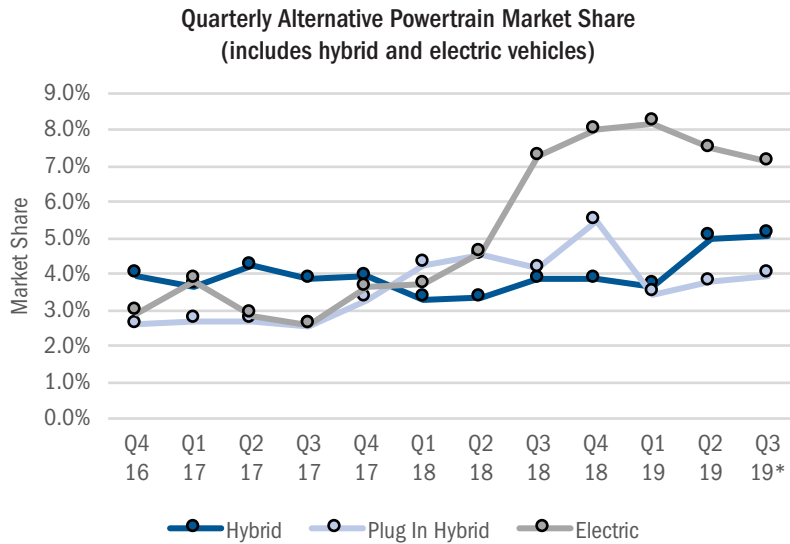
Data presented measures new vehicles registered to purchasers (or lessees) residing in Orange County. Monthly recording of registrations occurs when vehicle title is processed.

Data Source: AutoCount Data from Experian.

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MARKET TRACKER: HYBRID AND ELECTRIC VEHICLES

# Electric Vehicle Market Share Declined Slightly in 3Q '19



**Hybrid/electric vehicle market share, YTD '19 thru August**

**Orange County: 16.1%**

**U.S. : 5.4%**

The graph above shows hybrid powertrain and electric vehicle quarterly market share in the county. \*Third Quarter 2019 includes July and August. Source: IHS.

MARKET TRACKER - SEGMENTS

# Compact SUV Segment Now Accounts for 18% of County Market

Orange County Segment Market Share Review				
Segment	Market Share YTD '18 thru September	Market Share YTD '19 thru September	Change in share YTD '18 to '19	Best selling model in segment
Compact SUV	16.8	18.0	1.2	Toyota RAV4
Sub Compact Car	15.9	13.6	-2.3	Honda Civic
Near Luxury Car	9.5	11.1	1.6	Tesla Model 3
Standard Mid Size Car	10.9	10.1	-0.8	Honda Accord
Compact Luxury SUV	6.1	6.8	0.7	Mercedes GLC-Class
Mid Size Luxury SUV	6.4	6.2	-0.2	Lexus RX
Full Size Pickup	5.1	5.0	-0.1	Ford F-Series
Mid Size Crossover SUV	4.2	4.9	0.7	Toyota Highlander
Luxury Car	5.0	4.2	-0.8	BMW 5-Series
Compact Pickup	3.4	3.9	0.5	Toyota Tacoma
Entry Car	3.0	3.1	0.1	Kia Soul
Mid Size SUV	3.1	3.0	-0.1	Jeep Grand Cherokee
Full Size Crossover SUV	2.7	2.4	-0.3	Ford Explorer
Mini Van	1.8	1.8	0.0	Honda Odyssey
Full Size Luxury SUV	1.5	1.7	0.2	Land Rover Range Rover
Sport Compact Car	1.2	1.1	-0.1	Ford Mustang
Full Size SUV	1.1	1.0	-0.1	Chevrolet Tahoe
Full Size Van	0.8	0.8	0.0	Ford Transit Connect
Sports Car	0.7	0.7	0.0	Porsche 911
Large Mid Size Car	0.8	0.6	-0.2	Dodge Charger

The table above shows Orange county market share for 20 vehicle segments during the first nine 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 Declined for Most Brands

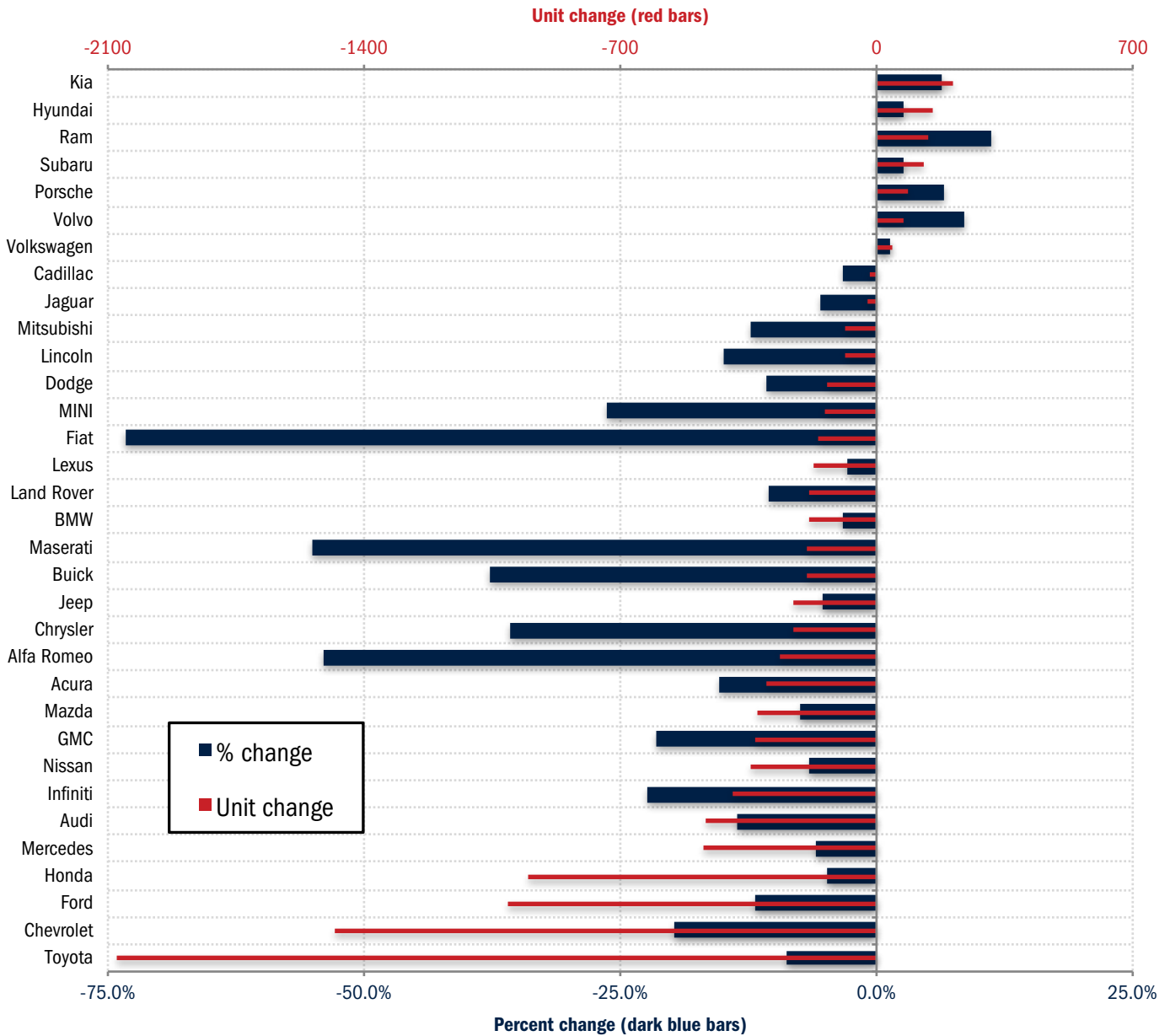
The graph below presents a comprehensive picture of brands that are gaining (or losing) ground in the county market. It shows both the unit and percent change in registrations during the first nine months of this year versus a year earlier. Viewing both measures on the same graph provides a more clear-cut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



## Seven brands posted increases:

- Kia
- Hyundai
- Ram
- Subaru
- Porsche
- Volvo
- Volkswagen

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



Source: AutoCount data from Experian.

BRAND SCOREBOARD - PART TWO

# Brand Market Share Leaders in Primary Segments



### Leading Car Brands

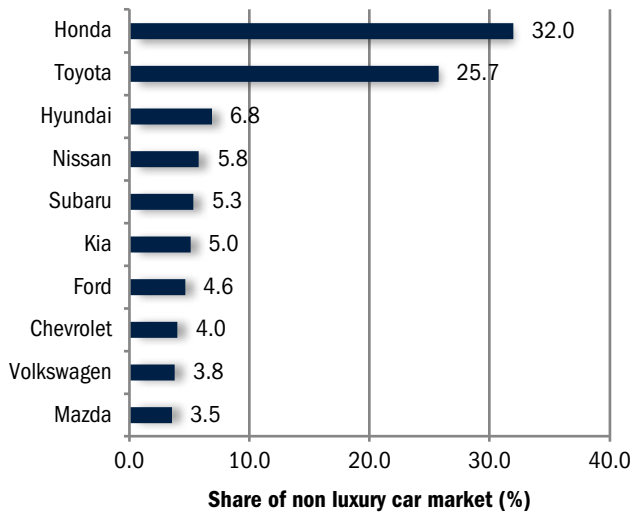
Non Luxury: Honda, Toyota, and Hyundai  
 Luxury: Mercedes, BMW, and Lexus



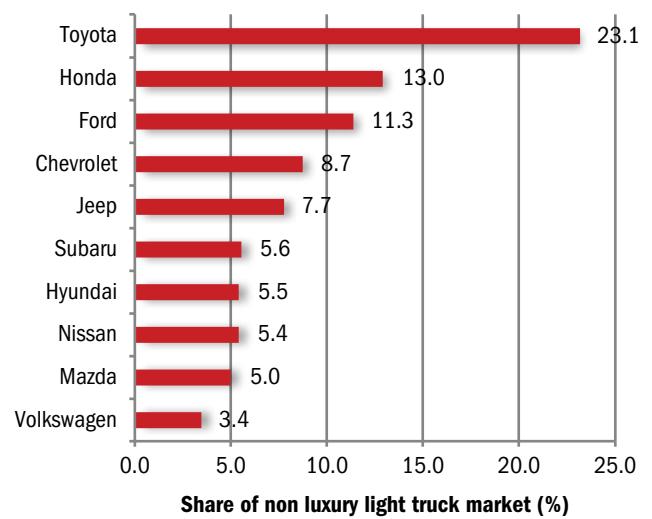
### Leading Light Truck Brands

Non Luxury: Toyota, Honda, and Ford  
 Luxury: Lexus, Mercedes, and BMW

### Top 10 Non Luxury Car Brands in County Market YTD 2019 thru September

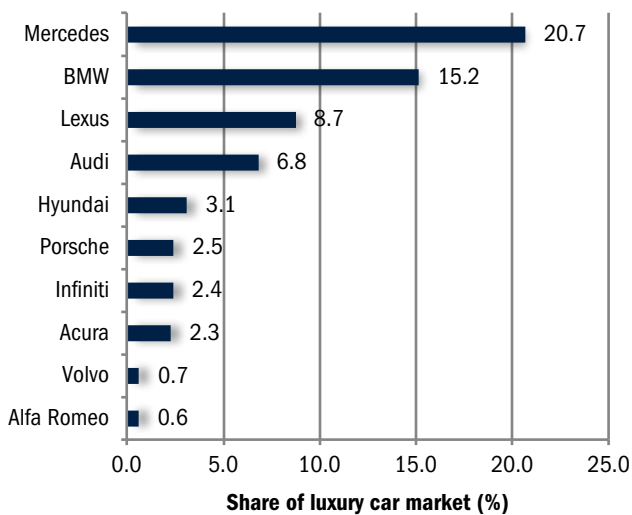


### Top 10 Non Luxury Truck Brands in County Market YTD 2019 thru September

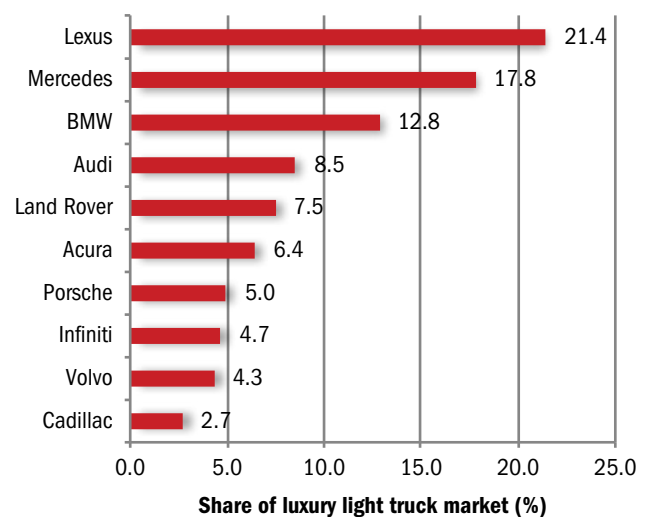


Source: AutoCount data from Experian.

### Top 10 Luxury Car Brands in County Market YTD 2019 thru September



### Top 10 Luxury Light Truck Brands in County Market YTD 2019 thru September



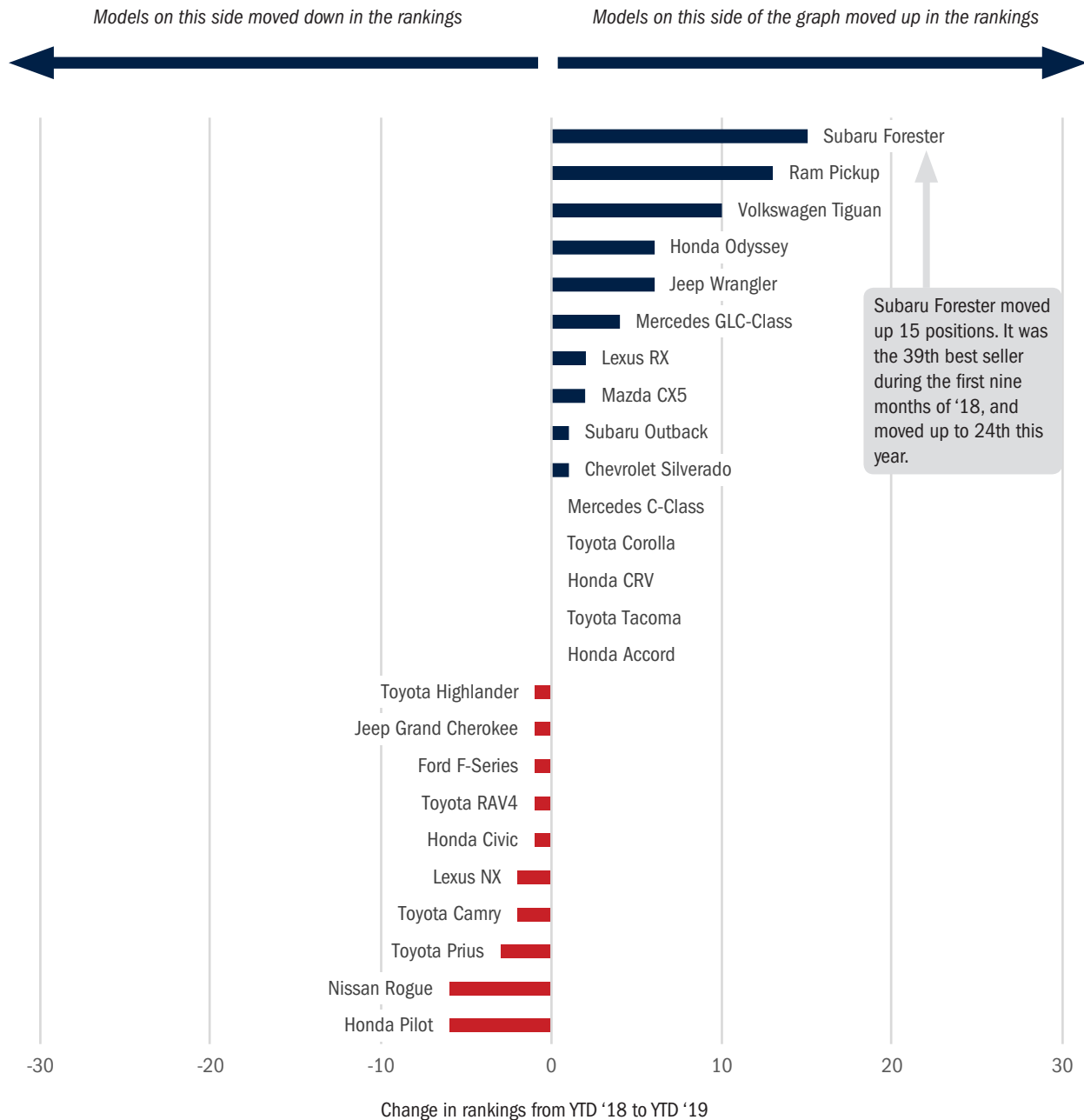
Source: AutoCount data

MODEL RANKINGS

# Subaru Forester and Ram Pickup Move Up in Rankings

The graph below shows the change in rankings during the first nine months of 2018 to the same period this year for the top 25 selling models in the Orange County market. Models are positioned on the graph from top to bottom based on the change in rankings. The biggest gainer was the Subaru Forester. Other big winners were Ram Pickup, Volkswagen Tiguan, Honda Odyssey, and Jeep Wrangler. Note: Tesla Model 3 was excluded since sales began late in 2017.

**Change in Rankings for Top 25 Selling Models - YTD '18 thru September to YTD '19**



Subaru Forester moved up 15 positions. It was the 39th best seller during the first nine months of '18, and moved up to 24th this year.

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
% change in registrations YTD '19 thru September vs. YTD '18	-5.3%	-4.0%
Car share of industry retail light vehicle market YTD '19 thru September	44.9%	28.7%
Domestic brand share of industry retail light vehicle market YTD '19 thru September	23.9%	41.1%

Brand	New Retail Registrations - YTD 2019, thru September				Market Share (YTD '19)	
	Orange County		U.S.		Orange	U.S.
	Regs.	% ch. vs. 2018	Regs.	% ch. vs. 2018	County	
Acura	1,654	-15.3%	107,371	-2.2%	1.3	1.1
Alfa Romeo	226	-53.9%	12,466	-29.2%	0.2	0.1
Audi	2,974	-13.5%	137,388	-7.0%	2.3	1.4
BMW	5,527	-3.2%	217,052	8.2%	4.3	2.2
Buick	313	-37.6%	138,097	-0.4%	0.2	1.4
Cadillac	556	-3.3%	88,889	1.7%	0.4	0.9
Chevrolet	5,991	-19.8%	1,082,453	-5.1%	4.7	10.7
Chry Dodge Jeep Ram	6,953	-6.0%	1,178,512	-7.5%	5.4	11.7
Chrysler	407	-35.7%	63,589	-30.4%	0.3	0.6
Dodge	1,148	-10.7%	161,871	-19.7%	0.9	1.6
Jeep	3,984	-5.3%	586,211	-10.0%	3.1	5.8
Ram	1,414	11.3%	366,841	11.5%	1.1	3.6
Fiat	58	-73.3%	7,081	-40.8%	0.0	0.1
Ford	7,570	-11.7%	1,119,726	-8.7%	5.9	11.1
GMC	1,217	-21.5%	340,341	1.1%	0.9	3.4
Honda	18,701	-4.9%	1,065,734	-0.8%	14.5	10.6
Hyundai	6,036	2.6%	392,574	0.1%	4.7	3.9
Infiniti	1,357	-22.4%	64,949	-20.5%	1.1	0.6
Jaguar	441	-5.6%	17,685	-2.2%	0.3	0.2
Kia	3,486	6.3%	375,819	2.0%	2.7	3.7
Land Rover	1,549	-10.6%	58,704	-1.3%	1.2	0.6
Lexus	5,743	-2.9%	193,983	-4.4%	4.5	1.9
Lincoln	478	-14.9%	66,194	-1.6%	0.4	0.7
Maserati	155	-54.9%	5,587	-26.2%	0.1	0.1
Mazda	4,063	-7.4%	185,485	-9.1%	3.2	1.8
Mercedes	7,571	-5.9%	216,141	-0.9%	5.9	2.1
MINI	391	-26.4%	24,729	-17.2%	0.3	0.2
Mitsubishi	593	-12.3%	64,059	-9.4%	0.5	0.6
Nissan	4,956	-6.5%	603,702	-11.0%	3.9	6.0
Porsche	1,427	6.7%	40,786	7.8%	1.1	0.4
Subaru	4,852	2.7%	479,619	2.9%	3.8	4.8
Toyota	21,585	-8.8%	1,346,823	-5.6%	16.8	13.4
Volkswagen	3,161	1.3%	234,424	-0.2%	2.5	2.3
Volvo	958	8.6%	66,912	1.9%	0.7	0.7
Other	8,008	42.5%	152,792	39.1%	6.2	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									
	September			YTD thru September			YTD Market Share		
	Orange County			Orange County			Orange County		
	2018	2019	% chg.	2018	2019	% chg.	2018	2019	Chg
<b>MARKET SUMMARY</b>									
TOTAL	14,916	14,116	-5.4%	135,754	128,550	-5.3%	0.0	0.0	0.0
Cars	6,983	6,018	-13.8%	63,981	57,771	-9.7%	47.1	44.9	-2.2
Light Trucks	7,933	8,098	2.1%	71,773	70,779	-1.4%	52.9	55.1	2.2
Domestic	3,705	3,086	-16.7%	31,972	30,733	-3.9%	23.6	23.9	0.4
European	2,714	2,746	1.2%	26,602	24,791	-6.8%	19.6	19.3	-0.3
Japanese	7,470	7,163	-4.1%	68,017	63,504	-6.6%	50.1	49.4	-0.7
Korean	1,027	1,121	9.2%	9,163	9,522	3.9%	6.8	7.4	0.7
<b>BRAND REGISTRATIONS</b>									
Acura	213	165	-22.5%	1,952	1,654	-15.3%	1.4	1.3	-0.1
Alfa Romeo	92	14	-84.8%	490	226	-53.9%	0.4	0.2	-0.2
Audi	365	328	-10.1%	3,438	2,974	-13.5%	2.5	2.3	-0.2
BMW	606	643	6.1%	5,711	5,527	-3.2%	4.2	4.3	0.1
Buick	34	26	-23.5%	502	313	-37.6%	0.4	0.2	-0.2
Cadillac	47	62	31.9%	575	556	-3.3%	0.4	0.4	0.0
Chevrolet	797	664	-16.7%	7,474	5,991	-19.8%	5.5	4.7	-0.8
C/D/J/R	785	768	-2.2%	7,399	6,953	-6.0%	5.5	5.4	-0.1
Chrysler	66	29	-56.1%	633	407	-35.7%	0.5	0.3	-0.2
Dodge	117	170	45.3%	1,286	1,148	-10.7%	0.9	0.9	0.0
Jeep	462	434	-6.1%	4,209	3,984	-5.3%	3.1	3.1	0.0
Ram	140	135	-3.6%	1,271	1,414	11.3%	0.9	1.1	0.2
Fiat	55	3	-94.5%	217	58	-73.3%	0.2	0.0	-0.2
Ford	966	860	-11.0%	8,577	7,570	-11.7%	6.3	5.9	-0.4
GMC	153	148	-3.3%	1,551	1,217	-21.5%	1.1	0.9	-0.2
Honda	2,054	2,182	6.2%	19,655	18,701	-4.9%	14.5	14.5	0.0
Hyundai	709	740	4.4%	5,885	6,036	2.6%	4.3	4.7	0.4
Infiniti	182	144	-20.9%	1,749	1,357	-22.4%	1.3	1.1	-0.2
Jaguar	50	44	-12.0%	467	441	-5.6%	0.3	0.3	0.0
Kia	318	381	19.8%	3,278	3,486	6.3%	2.4	2.7	0.3
Land Rover	184	175	-4.9%	1,733	1,549	-10.6%	1.3	1.2	-0.1
Lexus	758	566	-25.3%	5,914	5,743	-2.9%	4.4	4.5	0.1
Lincoln	62	69	11.3%	562	478	-14.9%	0.4	0.4	0.0
Maserati	32	6	-81.3%	344	155	-54.9%	0.3	0.1	-0.2
Mazda	479	503	5.0%	4,387	4,063	-7.4%	3.2	3.2	0.0
Mercedes	762	831	9.1%	8,043	7,571	-5.9%	5.9	5.9	0.0
MINI	39	36	-7.7%	531	391	-26.4%	0.4	0.3	-0.1
Mitsubishi	70	57	-18.6%	676	593	-12.3%	0.5	0.5	0.0
Nissan	556	437	-21.4%	5,301	4,956	-6.5%	3.9	3.9	0.0
Porsche	105	144	37.1%	1,338	1,427	6.7%	1.0	1.1	0.1
smart	4	5	25.0%	40	31	-22.5%	0.0	0.0	0.0
Subaru	491	566	15.3%	4,725	4,852	2.7%	3.5	3.8	0.3
Toyota	2,667	2,543	-4.6%	23,658	21,585	-8.8%	17.4	16.8	-0.6
Volkswagen	307	374	21.8%	3,120	3,161	1.3%	2.3	2.5	0.2
Volvo	86	109	26.7%	882	958	8.6%	0.6	0.7	0.1
Other	888	523	-41.1%	5,580	7,977	43.0%	4.1	6.2	2.1

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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