

Comprehensive Information on the Orange County Automotive Market

FORECAST

Sales Increase in 4Q '17; Market Should Remain Strong in 2018

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

County new retail light vehicle registrations exceeded 185,000 units in 2017

The new vehicle market declined slightly last year, but sales remained at elevated levels. 2017 marked the fourth consecutive year that new registrations exceeded 175,000 units, which is well above average for the Orange County market.

Another good year on tap for 2018

As mentioned in the previous release of Auto Outlook, there are several signs that are pointing to a market stabilization. A relatively healthy economy, a steady stream of impressive new products, and strong consumer affordability should limit declines over the next several years

Trucks grab a larger share of county market

Light truck market share increased from 37.2% in 2012 to 49.6% in 2017.

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

Toyota was the best selling brand last year, with a 17.4% share. Mercedes county share was 5.8%, well above its 2.3% share in the U.S.

Jaguar, Chrysler, Subaru, Mitsubishi, and Audi gained ground during past year

New retail registrations for each of these five brands were up more than 8% from 2016 to 2017.

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 Honda CR-V and Toyota Tacoma trailed the RAV4.

Non Luxury SUVs account for 27% of market

Market share for Non Luxury SUVs increased to 27% last year. Small Car market share fell by more than two points.

Percent Change in County Light Truck and Car Registrations 2017 vs. 2016

Light Trucks (Pickups, SUVs, and Vans)



UP
2.8%

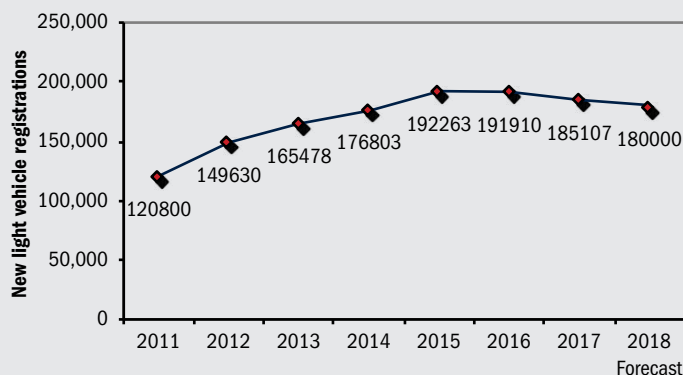
Passenger Cars



DOWN
9.1%

Source: AutoCount data from Experian

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

	2015 Annual	2016 Annual	2017 Annual	% ch. '16 to '17
TOTAL	192,263	191,910	185,107	-3.5%
Car	111,918	102,491	93,202	-9.1%
Light Truck	80,345	89,419	91,905	2.8%
Detroit Three	41,595	43,323	40,125	-7.4%
European	37,036	36,995	35,485	-4.1%
Japanese	96,288	94,267	94,297	0.0%
Korean	17,344	17,325	15,200	-12.3%

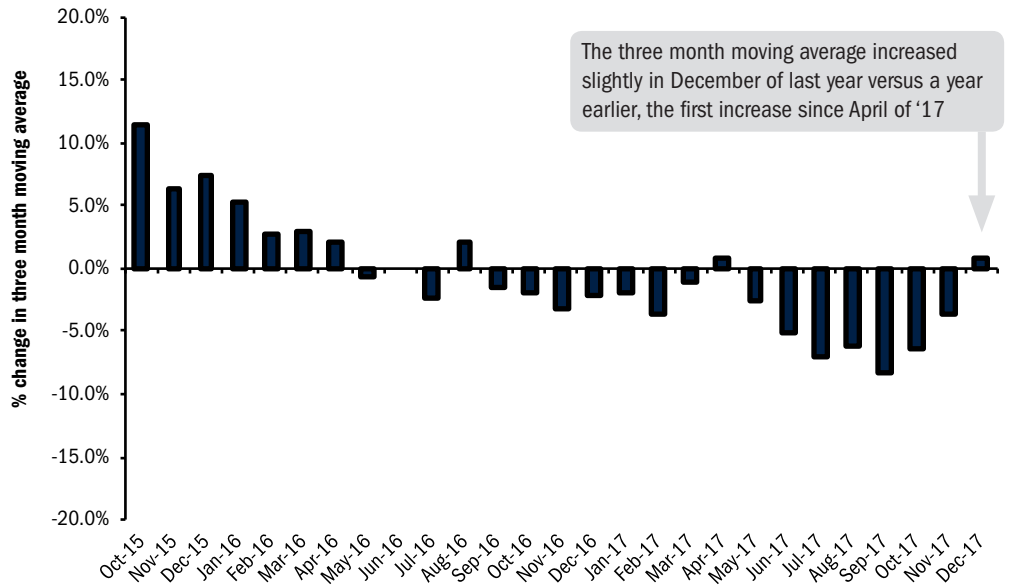
Detroit Three consists of vehicles sold by GM, Ford, and Chrysler. Data Source: AutoCount data from Experian.

MARKET TRACKER: MONTHLY MOVING AVERAGE

Market Stabilizes at End of 2017; Sales Remain Strong

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

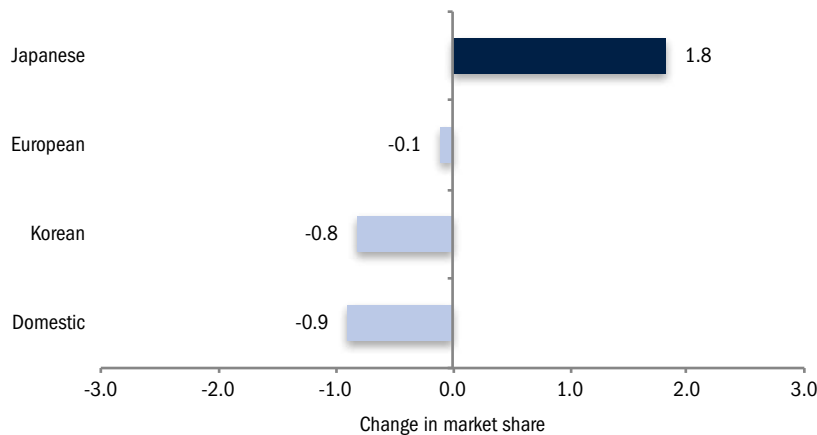


The three month moving average increased slightly in December of last year versus a year earlier, the first increase since April of '17

MARKET TRACKER: BRAND MARKET SHARE

Japanese Brands Gain Ground in 2017

Change in County Market Share - 2017 vs. 2016



The graph above shows the change in market share for four primary brand segments. Data Source: AutoCount data from Experian.



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.

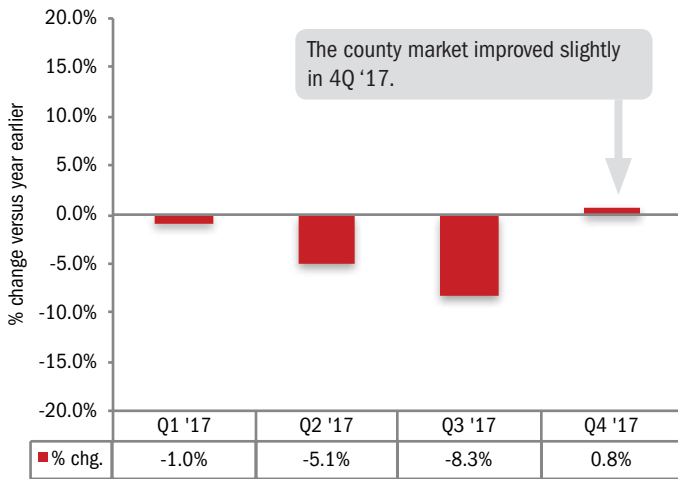
Data Source: AutoCount Data from Experian.

MARKET TRACKER: QUARTERLY RESULTS

County Registrations Increased Slightly in Fourth Quarter 2017

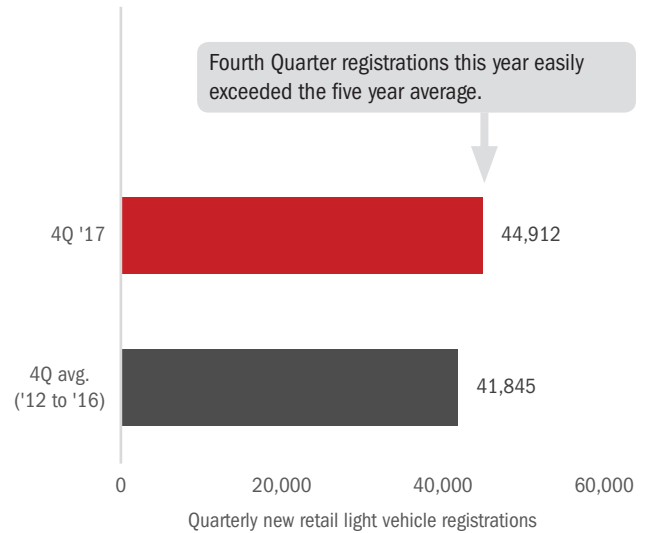
QUARTERLY TREND

Percent Change in County New Vehicle Market



QUARTERLY PERSPECTIVE

4Q 2017 Registrations Versus Average for Previous Five Years



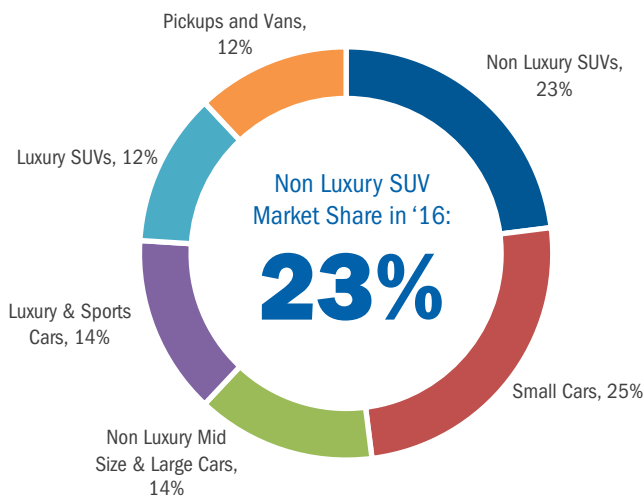
Data source: AutoCount data from Experian.

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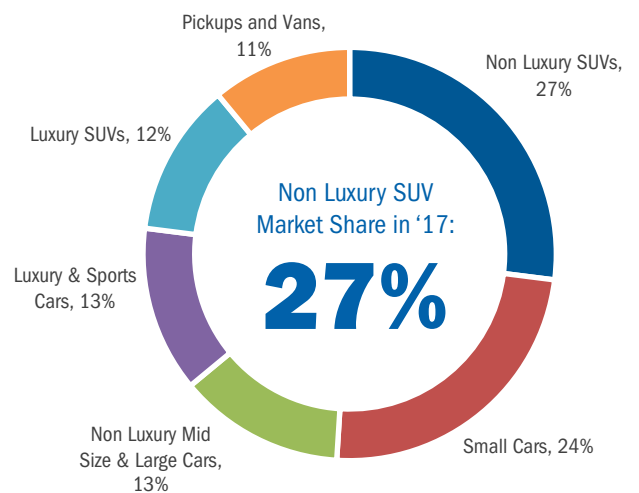
MARKET TRACKER: SEGMENT SHARES

Non Luxury SUV Market Share Hits 27% in 2017

Segment Market Shares in County 2016



Segment Market Shares in County 2017



Data source: AutoCount data from Experian.

The two graphs above show market shares for primary segments during 2016 and 2017.

BRAND SCOREBOARD - PART ONE

Honda and Subaru Registrations Increase by More Than 800 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 2016 versus 2017. Viewing both measures on the same graph provides a more clear-cut signal on how each brand is doing.



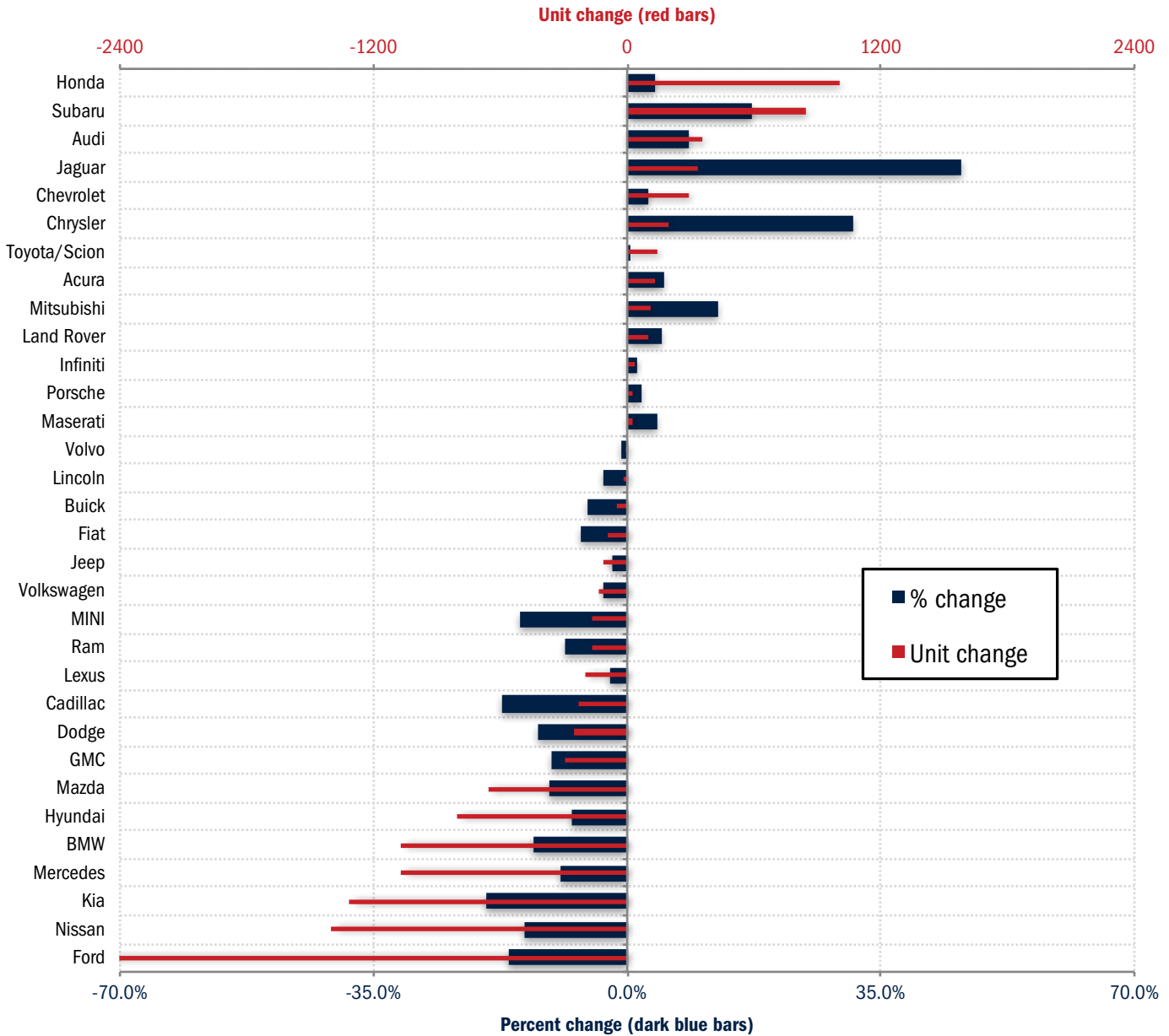
5 percent

Six brands had increases of greater than 5%: Jaguar, Chrysler, Subaru, Mitsubishi, Audi, and Acura.

200 units

Five brands had increases of greater than 200 units: Honda, Subaru, Audi, Jaguar, and Chevrolet.

Change in New Retail Light Vehicle Registrations (2017 vs. 2016)



Source: AutoCount data from Experian.

BRAND SCOREBOARD - PART TWO

Honda, Toyota, and Mercedes 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 2017. 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 8,991 units.

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

Orange County Retail Market Performance based on registrations for 2017
Actual registrations minus target (county industry registrations times U.S. market share)



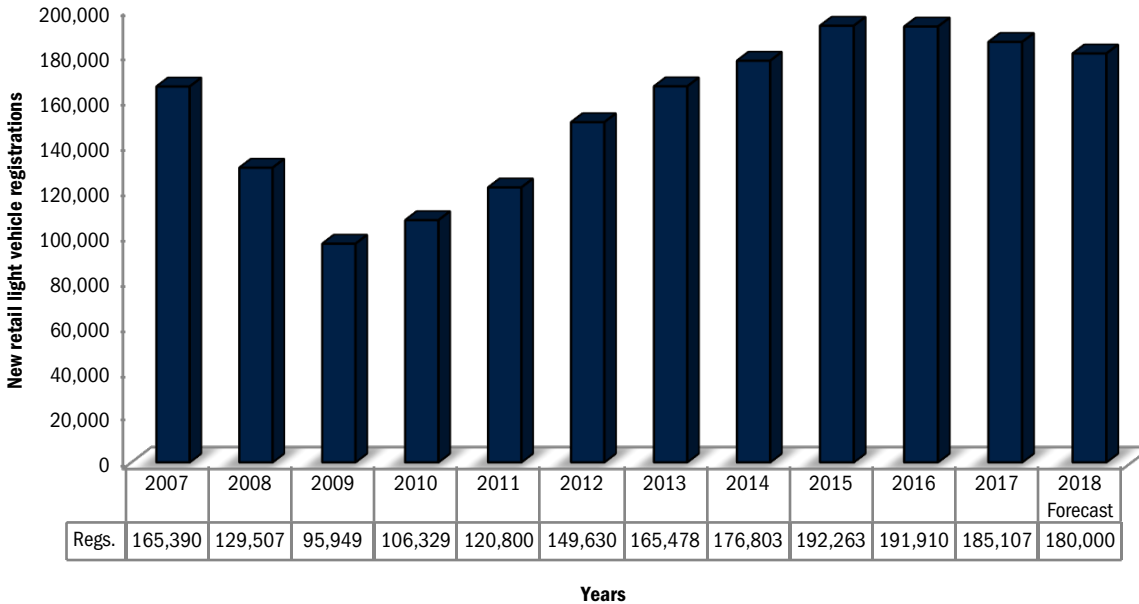
Source: AutoCount data from Experian.

LONG TERM TRENDS

Registrations Likely to Exceed 175K for Fifth Straight Year in '18

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 2007 thru 2017, along with Auto Outlook's forecast for 2018. The second graph shows light truck share of the overall light vehicle market.

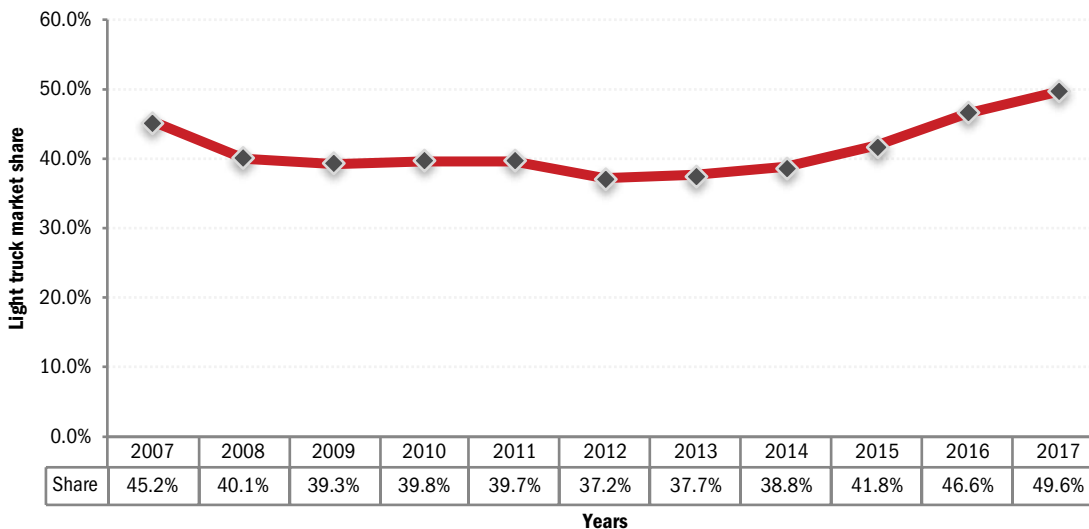
County New Retail Light Vehicle Registrations - 2007 thru 2017, 2018 Forecast



County market improved 93% between '09 and '17. Stable sales predicted in '18, with annual total exceeding 180,000 units

Historical Data Source: AutoCount data from Experian.

County New Retail Light Truck Market Share - 2007 thru 2017



Light truck market share increased steadily from 37.2% in 2012 to 49.6% last year.

Historical Data Source: AutoCount data from Experian.

COMPARISON OF ORANGE COUNTY AND U.S. MARKETS

Car Share in Orange County Exceeds 50% vs. 35.1% in U.S.

	Orange County Retail Market	U.S. Retail Market
% change in registrations 2017 vs. 2016	-3.5%	-1.4%
Car share of industry retail light vehicle market 2017	50.4%	35.1%
Domestic brand share of industry retail light vehicle market 2017	21.7%	41.2%

Brand	New Retail Registrations - 2017				Market Share (2017)	
	Orange County		U.S.		Orange	U.S.
	Regs.	% ch. vs. 2016	Regs.	% ch. vs. 2016	County	
Acura	2,774	5.1%	146,178	-3.7%	1.5	1.0
Audi	4,410	8.6%	205,172	6.2%	2.4	1.5
BMW	7,153	-13.0%	275,161	-9.2%	3.9	1.9
Buick	780	-5.5%	198,254	2.2%	0.4	1.4
Cadillac	1,106	-17.3%	126,922	-9.7%	0.6	0.9
Chevrolet	10,498	2.8%	1,611,521	-0.6%	5.7	11.4
Chry Dodge Jeep Ram	9,626	-3.5%	1,569,815	-3.7%	5.2	11.1
Chrysler	809	31.1%	130,671	-17.7%	0.4	0.9
Dodge	1,827	-12.2%	276,763	-11.4%	1.0	2.0
Jeep	5,165	-2.1%	741,282	-1.4%	2.8	5.2
Ram	1,825	-8.5%	421,099	3.3%	1.0	3.0
Fiat	1,359	-6.3%	25,252	-15.0%	0.7	0.2
Ford	12,612	-16.5%	1,713,015	-0.7%	6.8	12.1
GMC	2,549	-10.3%	473,256	-0.8%	1.4	3.3
Honda	27,985	3.7%	1,451,768	0.9%	15.1	10.3
Hyundai	9,743	-7.6%	523,163	-5.7%	5.3	3.7
Infiniti	2,575	1.4%	119,632	2.3%	1.4	0.8
Jaguar	1,059	46.1%	33,664	26.0%	0.6	0.2
Kia	5,457	-19.5%	486,537	-8.6%	2.9	3.4
Land Rover	2,086	4.8%	65,501	-2.6%	1.1	0.5
Lexus	8,141	-2.4%	289,238	-7.9%	4.4	2.0
Lincoln	630	-3.4%	93,118	0.3%	0.3	0.7
Maserati	568	4.0%	12,427	17.2%	0.3	0.1
Mazda	5,486	-10.6%	268,622	-0.4%	3.0	1.9
Mercedes	10,650	-9.1%	323,233	-2.7%	5.8	2.3
MINI	966	-14.9%	44,190	-11.1%	0.5	0.3
Mitsubishi	996	12.7%	88,272	3.1%	0.5	0.6
Nissan	8,398	-14.3%	1,005,939	-5.5%	4.5	7.1
Porsche	1,586	1.9%	52,309	4.2%	0.9	0.4
Subaru	5,735	17.3%	595,454	3.0%	3.1	4.2
Toyota/Scion	32,207	0.4%	1,898,964	1.0%	17.4	13.4
Volkswagen	4,122	-3.3%	296,592	2.9%	2.2	2.1
Volvo	850	-0.7%	66,723	-5.2%	0.5	0.5
Other	3,000	5.0%	88,702	45.2%	1.6	0.6

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 Totals			Annual Market Share		
	Orange County			Orange County			Orange County		
	2016	2017	% chg.	2016	2017	% chg.	2016	2017	Chg
MARKET SUMMARY									
TOTAL	15,322	15,315	0.0%	191,910	185,107	-3.5%	0.0	0.0	0.0
Cars	7,985	7,471	-6.4%	102,491	93,202	-9.1%	53.4	50.4	-3.1
Light Trucks	7,337	7,844	6.9%	89,419	91,905	2.8%	46.6	49.7	3.1
Domestic	3,246	3,243	-0.1%	43,323	40,125	-7.4%	22.6	21.7	-0.9
European	3,026	3,199	5.7%	36,995	35,485	-4.1%	19.3	19.2	-0.1
Japanese	7,508	7,573	0.9%	94,267	94,297	0.0%	49.1	50.9	1.8
Korean	1,542	1,300	-15.7%	17,325	15,200	-12.3%	9.0	8.2	-0.8
BRAND REGISTRATIONS									
Acura	227	252	11.0%	2,640	2,774	5.1%	1.4	1.5	0.1
Audi	357	368	3.1%	4,059	4,410	8.6%	2.1	2.4	0.3
BMW	595	703	18.2%	8,220	7,153	-13.0%	4.3	3.9	-0.4
Buick	66	58	-12.1%	825	780	-5.5%	0.4	0.4	0.0
Cadillac	124	95	-23.4%	1,337	1,106	-17.3%	0.7	0.6	-0.1
Chevrolet	766	940	22.7%	10,211	10,498	2.8%	5.3	5.7	0.4
C/D/J/R	797	704	-11.7%	9,970	9,626	-3.5%	5.2	5.2	0.0
Chrysler	72	75	4.2%	617	809	31.1%	0.3	0.4	0.1
Dodge	145	123	-15.2%	2,081	1,827	-12.2%	1.1	1.0	-0.1
Jeep	433	356	-17.8%	5,277	5,165	-2.1%	2.7	2.8	0.1
Ram	147	150	2.0%	1,995	1,825	-8.5%	1.0	1.0	0.0
Fiat	163	80	-50.9%	1,451	1,359	-6.3%	0.8	0.7	-0.1
Ford	1,105	919	-16.8%	15,103	12,612	-16.5%	7.9	6.8	-1.1
GMC	199	243	22.1%	2,843	2,549	-10.3%	1.5	1.4	-0.1
Honda	2,126	2,155	1.4%	26,980	27,985	3.7%	14.1	15.1	1.0
Hyundai	1,050	941	-10.4%	10,548	9,743	-7.6%	5.5	5.3	-0.2
Infiniti	247	210	-15.0%	2,539	2,575	1.4%	1.3	1.4	0.1
Jaguar	88	75	-14.8%	725	1,059	46.1%	0.4	0.6	0.2
Kia	492	359	-27.0%	6,777	5,457	-19.5%	3.5	2.9	-0.6
Land Rover	154	141	-8.4%	1,990	2,086	4.8%	1.0	1.1	0.1
Lexus	770	675	-12.3%	8,337	8,141	-2.4%	4.3	4.4	0.1
Lincoln	53	55	3.8%	652	630	-3.4%	0.3	0.3	0.0
Maserati	67	30	-55.2%	546	568	4.0%	0.3	0.3	0.0
Mazda	411	481	17.0%	6,138	5,486	-10.6%	3.2	3.0	-0.2
Mercedes	951	1,070	12.5%	11,721	10,650	-9.1%	6.1	5.8	-0.3
MINI	66	90	36.4%	1,135	966	-14.9%	0.6	0.5	-0.1
Mitsubishi	55	92	67.3%	884	996	12.7%	0.5	0.5	0.0
Nissan	745	573	-23.1%	9,795	8,398	-14.3%	5.1	4.5	-0.6
Porsche	121	147	21.5%	1,557	1,586	1.9%	0.8	0.9	0.1
smart	7	6	-14.3%	97	85	-12.4%	0.1	0.0	-0.1
Subaru	374	476	27.3%	4,889	5,735	17.3%	2.5	3.1	0.6
Toyota/Scion	2,553	2,659	4.2%	32,065	32,207	0.4%	16.7	17.4	0.7
Volkswagen	371	334	-10.0%	4,261	4,122	-3.3%	2.2	2.2	0.0
Volvo	65	83	27.7%	856	850	-0.7%	0.4	0.5	0.1
Other	157	301	91.7%	2,759	2,915	5.7%	1.4	1.6	0.2

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.