

FORECAST

New Vehicle Market Predicted to Decline Slightly in 2020

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

County new retail light vehicle registrations exceeded 170,000 units in 2019

The new vehicle market fell by 4.2% last year. Despite the decline, 2019 marked the seventh consecutive year that new registrations exceeded 160,000 units, which is a very respectable total for the County market.

New vehicle sales likely to soften in 2020

The gradual market slowdown that has been ongoing for the past three years should extend into 2020. Affordability is currently the biggest drag on new vehicle sales. Vehicle prices are increasing, interest rates are likely to hold steady, and household incomes are struggling to keep pace.

Trucks grab a larger share of county market

Light truck market share increased from 37.2% in 2012 to 55.7% in 2019.

Alternative powertrain market improves

County registrations of hybrid and electric cars and trucks increased 6% during the first 11 months of 2019, while the overall market was down for the entire year.

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

Toyota was the best selling brand last year, with a 17.1% share. Honda's county share was 14.4%, well above its 10.4% share in the U.S.

Nine brands had gains in registrations from 2018 to 2019

Registrations increased last year for the following nine brands: Kia, Hyundai, Subaru, BMW, Ram, Porsche, Mercedes, Volkswagen, and Volvo.

Non Luxury SUVs account for 29% of market

Market share for Non Luxury SUVs increased to 29% last year. Small Car market share has fallen by more than seven points during the past three years.

Percent Change in County Light Truck and Car Registrations 2019 vs. 2018

Light Trucks (Pickups, SUVs, and Vans)



UP
0.3%

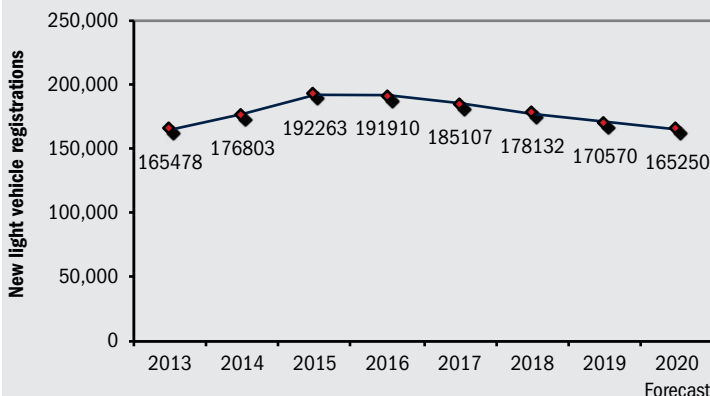
Passenger Cars



DOWN
9.4%

Source: AutoCount data from Experian.

Annual Trend in County Market



The graph above shows annual new retail light vehicle registrations in the county from 2013 thru 2019 and Auto Outlook's projection for 2020.

Market Summary

	2017 Annual	2018 Annual	2019 Annual	% ch. '18 to '19
TOTAL	185,107	178,132	170,570	-4.2%
Car	93,210	83,452	75,567	-9.4%
Light Truck	91,897	94,680	95,003	0.3%
Domestic	40,125	43,104	39,893	-7.4%
European	35,485	34,318	33,340	-2.8%
Japanese	94,297	88,271	84,167	-4.6%
Korean	15,200	12,439	13,170	5.9%

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

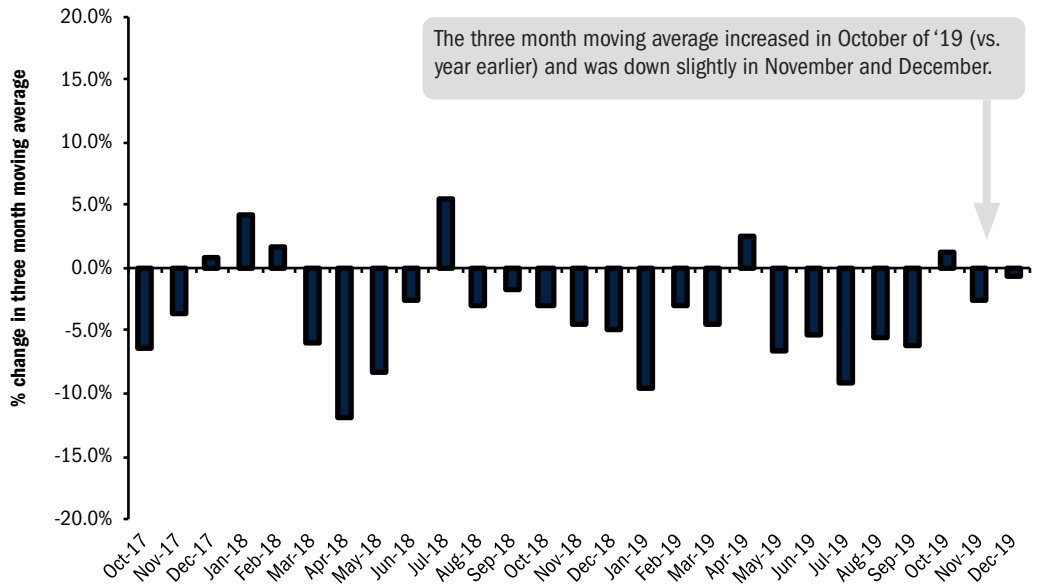
Data Source: AutoCount data from Experian.

MARKET TRACKER: MONTHLY MOVING AVERAGE

County New Vehicle Market Stabilizes at End of 2019

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

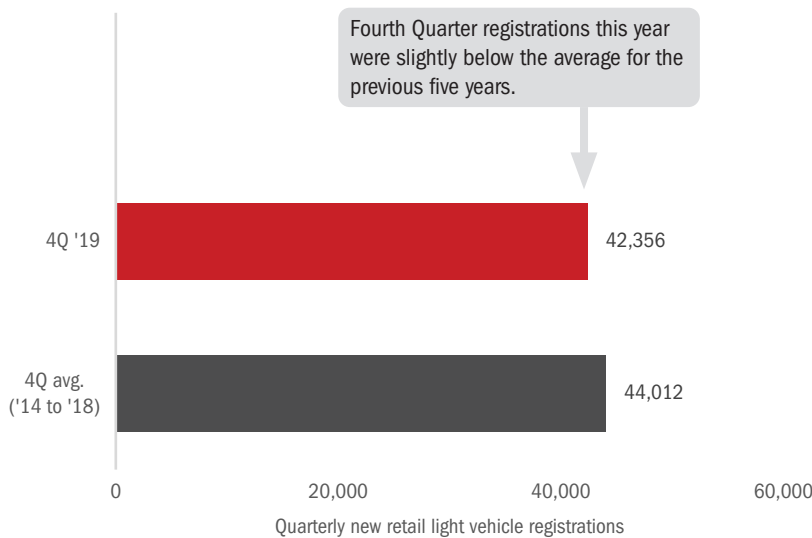


MARKET TRACKER: QUARTERLY PERSPECTIVE

4Q '19 Total Trails 5 Year Average

QUARTERLY PERSPECTIVE

4Q 2019 Registrations Versus Average for Previous Five Years



Details on Data

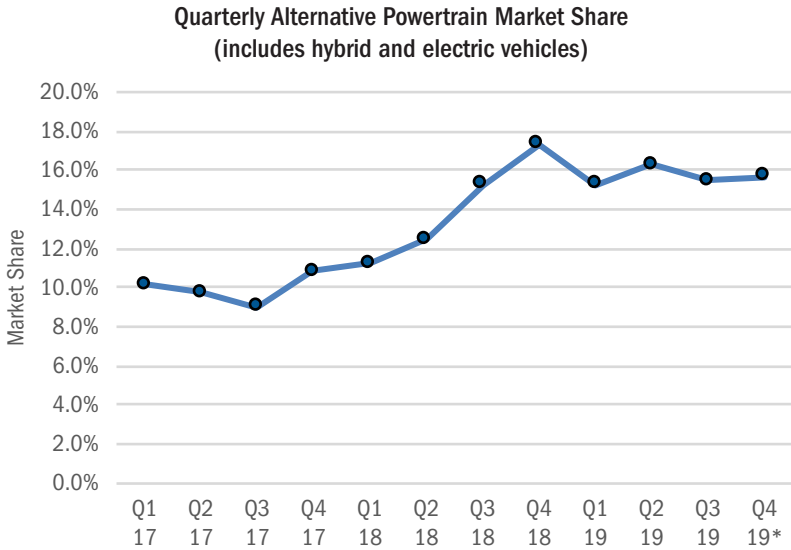
Data presented measures new vehicles registered to purchasers (or lessees) residing in Orange County. Monthly recording of registrations occurs when vehicle title is processed.

Data Source: AutoCount Data from Experian.

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MARKET TRACKER: HYBRID AND ELECTRIC VEHICLES

Orange County Hybrid/Electric Vehicle Share Above U.S.



Hybrid/electric vehicle market share, YTD '19 thru Nov.

Orange County: 15.7%

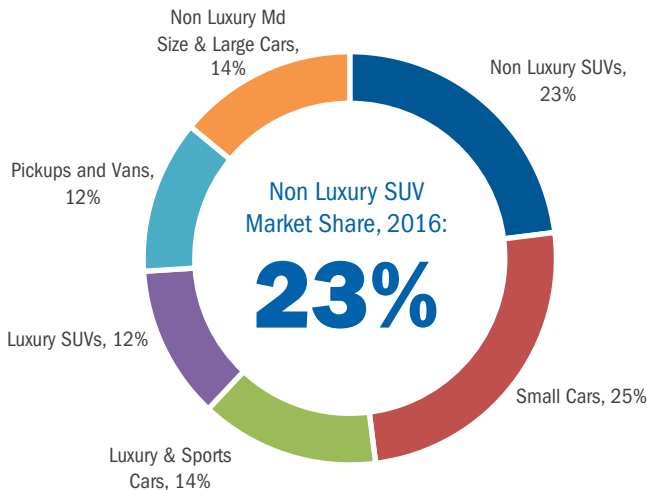
U.S. : 5.4%

The graph above shows hybrid powertrain and electric vehicle quarterly market share in the county. *Fourth Quarter 2019 includes October and November. Source: IHS.

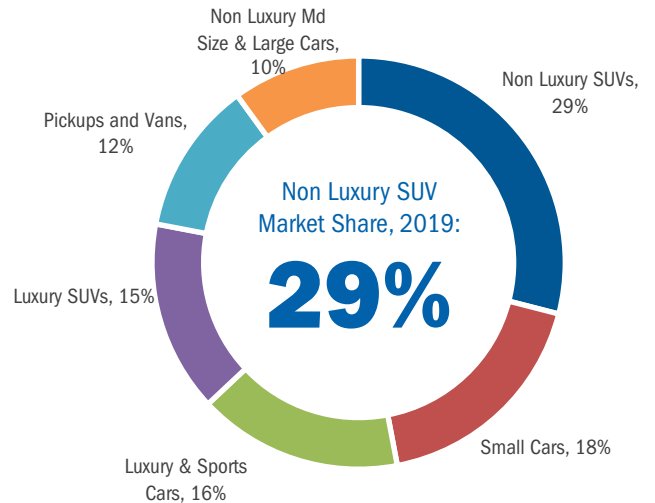
MARKET TRACKER: THREE YEAR CHANGE IN SEGMENT SHARES

Non Luxury SUV Market Share Increases to 29% Over Last Four Years

Segment Market Shares in County 2016



Segment Market Shares in County 2019




Data Source: AutoCount data from Experian.

The two graphs above show market shares for primary segments during 2016 and 2019.

BRAND SCOREBOARD

Registrations Increased for Nine Brands in 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 from 2018 to 2019. Viewing both measures on the same graph provides a more clear-cut signal on how each brand is doing.



Nine brands posted increases:

Kia

Hyundai

Subaru

BMW

Ram

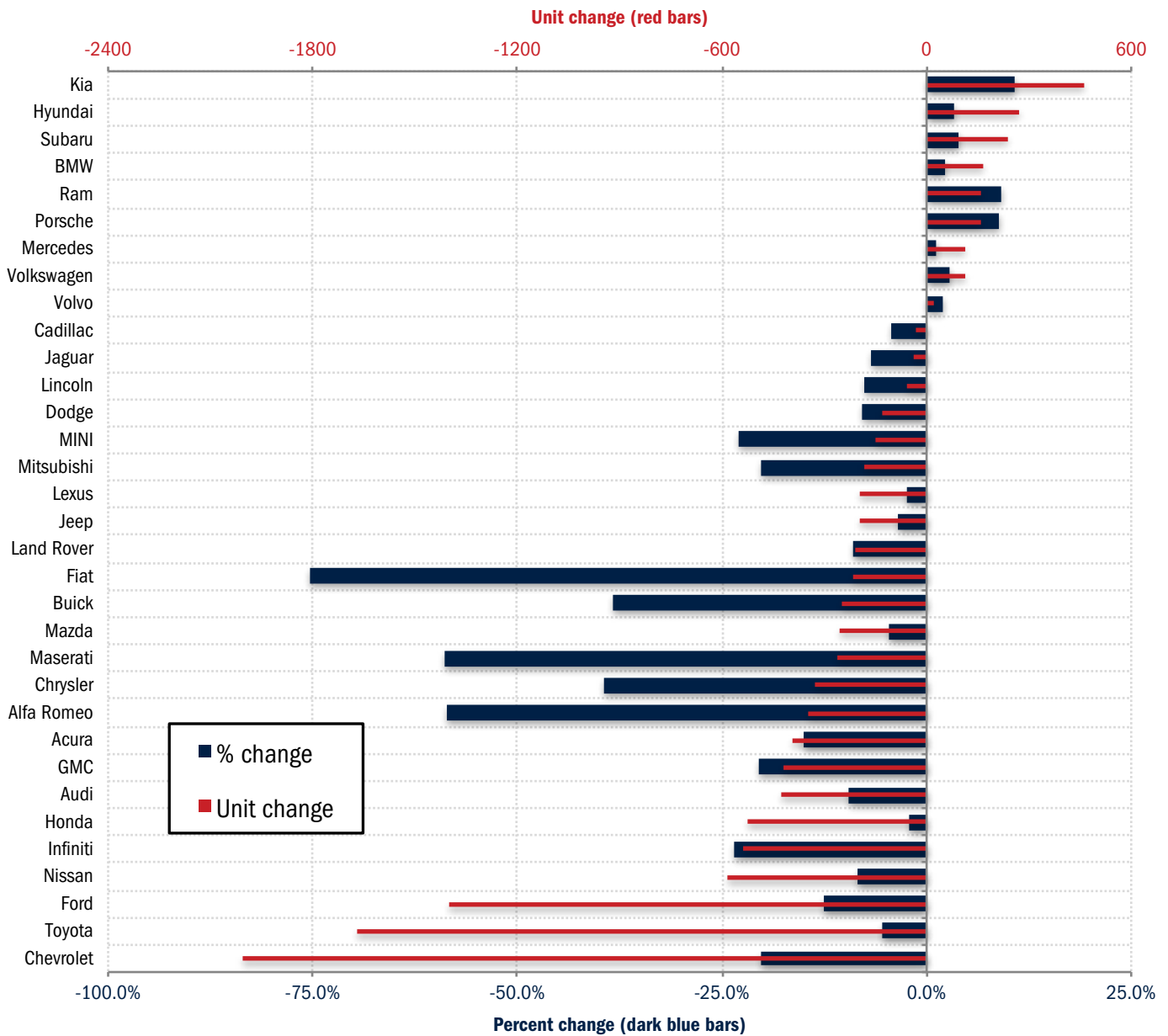
Porsche

Mercedes

Volkswagen

Volvo

Change in New Retail Light Vehicle Registrations (2019 vs. 2018)



Source: AutoCount data from Experian.

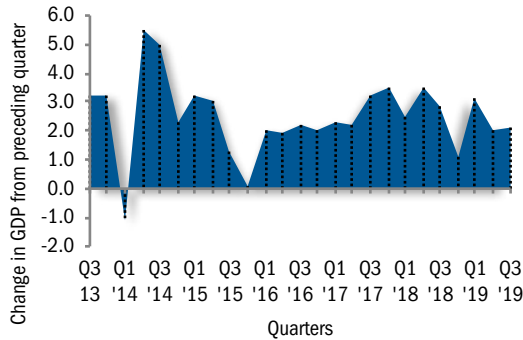
Three Key Factors Impacting New Vehicle Sales

Factor	The numbers...	Primary conclusion...	What it means for new vehicle sales...
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GDP Growth



% Change in GDP vs. Previous Period



GDP growth has remained positive for each of the past 22 quarters, but the pace of growth is predicted to ease in 2020.

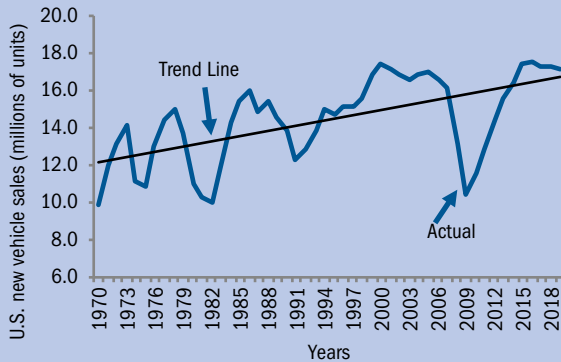


Growth will not likely be strong enough to push new vehicle sales higher

Pent-Up Demand



U.S. New Vehicle Sales



Sales have exceeded trend levels for the past few years and are due for a mild slowdown.

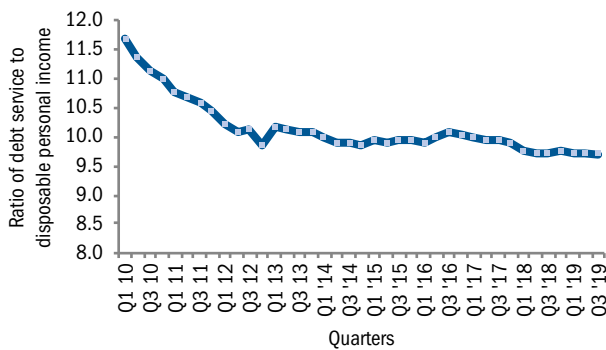


The release of pent up demand during the sales recovery will likely prohibit further increases

Consumer Debt



Ratio of Debt Service to Disposable Personal Income



Debt service as a percent disposable income has remained below 10% in each of the past nine quarters, although debt levels have increased.



Consumer debt would appear to be at manageable levels, but are rising

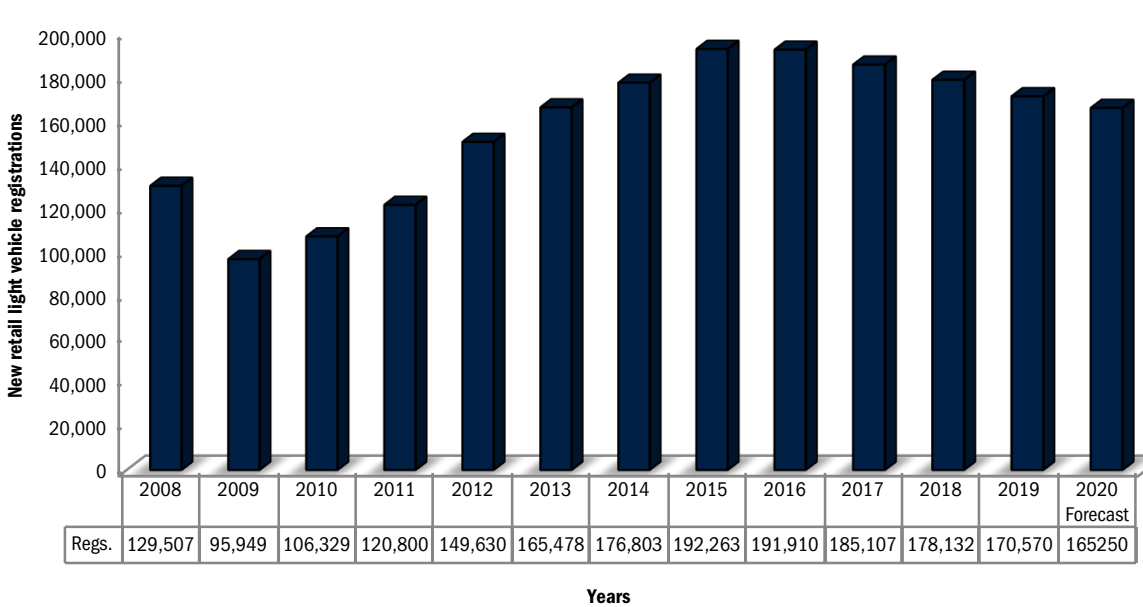
Bottom line: new vehicle market should remain strong despite mild softening

LONG TERM TRENDS

Registrations Likely to Exceed 165K for 7th Straight Year in 2020

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 2019, along with Auto Outlook’s forecast for 2020. The second graph shows light truck share of the overall light vehicle market.

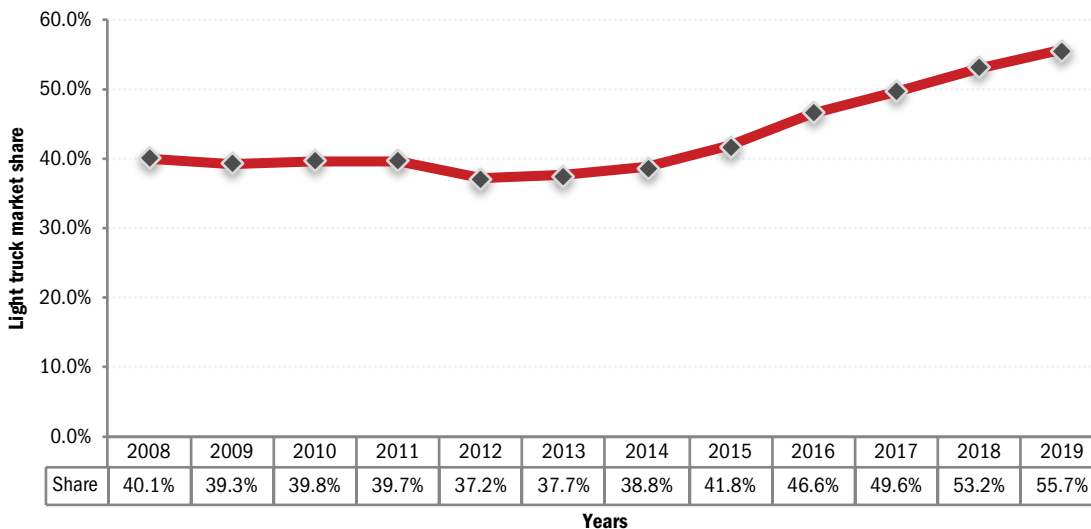
County New Retail Light Vehicle Registrations - 2008 thru 2019, 2020 Forecast



County market improved 100% between '09 and '15, and remained above average in the ensuing four years. Small decline is predicted in '20, with annual total exceeding 165,000 units

Historical Data Source: AutoCount data from Experian.

County New Retail Light Truck Market Share - 2008 thru 2019



Light truck market share increased steadily from 37.2% in 2012 to 55.7% last year.

Historical Data 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 2019 vs. 2018	-4.2%	-3.3%
Car share of industry retail light vehicle market 2019	44.3%	27.8%
Domestic brand share of industry retail light vehicle market 2019	23.4%	41.2%

Brand	New Retail Registrations - 2019 Annual Totals				Market Share (2019)		
	Orange County		U.S.		Orange County	U.S.	Variance
	Regs.	% ch. vs. 2018	Regs.	% ch. vs. 2018			
Acura	2,233	-14.9%	148,827	-1.4%	1.3	1.1	0.2
Alfa Romeo	248	-58.5%	17,144	-25.0%	0.1	0.1	0.0
Audi	4,011	-9.6%	194,134	-1.6%	2.4	1.4	1.0
BMW	7,155	2.3%	303,900	9.8%	4.2	2.2	2.0
Buick	399	-38.4%	179,789	-0.9%	0.2	1.3	-1.1
Cadillac	754	-4.2%	122,055	1.3%	0.4	0.9	-0.5
Chevrolet	7,846	-20.3%	1,479,464	-4.4%	4.6	10.9	-6.3
Chry Dodge Jeep Ram	9,181	-5.0%	1,565,064	-6.6%	5.4	11.5	-6.1
Chrysler	499	-39.5%	80,284	-29.5%	0.3	0.6	-0.3
Dodge	1,507	-7.8%	212,789	-16.9%	0.9	1.6	-0.7
Jeep	5,242	-3.6%	774,210	-8.9%	3.1	5.7	-2.6
Ram	1,933	9.1%	497,781	9.1%	1.1	3.7	-2.6
Fiat	71	-75.4%	8,880	-41.3%	0.0	0.1	-0.1
Ford	9,704	-12.6%	1,511,614	-7.4%	5.7	11.1	-5.4
GMC	1,633	-20.5%	464,036	-0.7%	1.0	3.4	-2.4
Honda	24,571	-2.1%	1,410,125	-0.4%	14.4	10.4	4.0
Hyundai	8,417	3.3%	533,907	2.2%	4.9	3.9	1.0
Infiniti	1,747	-23.6%	86,168	-24.3%	1.0	0.6	0.4
Jaguar	567	-6.7%	23,644	-2.8%	0.3	0.2	0.1
Kia	4,753	10.8%	517,724	7.3%	2.8	3.8	-1.0
Land Rover	2,129	-8.9%	78,781	-3.0%	1.2	0.6	0.6
Lexus	7,633	-2.5%	274,829	-1.7%	4.5	2.0	2.5
Lincoln	673	-7.7%	94,257	3.7%	0.4	0.7	-0.3
Maserati	185	-58.9%	6,878	-31.9%	0.1	0.1	0.0
Mazda	5,282	-4.6%	251,603	-5.1%	3.1	1.9	1.2
Mercedes	10,679	1.1%	301,675	0.3%	6.3	2.2	4.1
MINI	496	-22.9%	31,276	-18.9%	0.3	0.2	0.1
Mitsubishi	709	-20.2%	81,567	-11.3%	0.4	0.6	-0.2
Nissan	6,434	-8.4%	772,662	-13.6%	3.8	5.7	-1.9
Porsche	1,952	8.7%	56,344	9.2%	1.1	0.4	0.7
Subaru	6,332	3.9%	640,361	1.7%	3.7	4.7	-1.0
Toyota	29,226	-5.4%	1,817,556	-3.5%	17.1	13.4	3.7
Volkswagen	4,165	2.8%	308,818	-0.8%	2.4	2.3	0.1
Volvo	1,184	2.1%	92,200	5.4%	0.7	0.7	0.0
Other	10,201	17.8%	216,496	16.9%	6.0	1.6	4.4

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		
	2018	2019	% chg.	2018	2019	% chg.	2018	2019	Chg.
MARKET SUMMARY									
TOTAL	14,964	14,880	-0.6%	178,132	170,570	-4.2%	0.0	0.0	0.0
Cars	6,538	5,894	-9.9%	83,452	75,567	-9.4%	46.8	44.3	-2.5
Light Trucks	8,426	8,986	6.6%	94,680	95,003	0.3%	53.2	55.7	2.5
Domestic	3,859	3,051	-20.9%	43,104	39,893	-7.4%	24.2	23.4	-0.8
European	2,917	3,306	13.3%	34,318	33,340	-2.8%	19.3	19.5	0.3
Japanese	6,896	7,212	4.6%	88,271	84,167	-4.6%	49.6	49.3	-0.2
Korean	1,292	1,311	1.5%	12,439	13,170	5.9%	7.0	7.7	0.7
BRAND REGISTRATIONS									
Acura	186	181	-2.7%	2,625	2,233	-14.9%	1.5	1.3	-0.2
Alfa Romeo	60	12	-80.0%	598	248	-58.5%	0.3	0.1	-0.2
Audi	388	377	-2.8%	4,436	4,011	-9.6%	2.5	2.4	-0.1
BMW	568	686	20.8%	6,992	7,155	2.3%	3.9	4.2	0.3
Buick	69	33	-52.2%	648	399	-38.4%	0.4	0.2	-0.2
Cadillac	92	77	-16.3%	787	754	-4.2%	0.4	0.4	0.0
Chevrolet	852	668	-21.6%	9,850	7,846	-20.3%	5.5	4.6	-0.9
C/D/J/R	785	767	-2.3%	9,669	9,181	-5.0%	5.4	5.4	0.0
Chrysler	72	25	-65.3%	825	499	-39.5%	0.5	0.3	-0.2
Dodge	123	117	-4.9%	1,634	1,507	-7.8%	0.9	0.9	0.0
Jeep	401	416	3.7%	5,439	5,242	-3.6%	3.1	3.1	0.0
Ram	189	209	10.6%	1,771	1,933	9.1%	1.0	1.1	0.1
Fiat	28	3	-89.3%	289	71	-75.4%	0.2	0.0	-0.2
Ford	901	853	-5.3%	11,103	9,704	-12.6%	6.2	5.7	-0.5
GMC	182	151	-17.0%	2,053	1,633	-20.5%	1.2	1.0	-0.2
Honda	1,791	2,000	11.7%	25,093	24,571	-2.1%	14.1	14.4	0.3
Hyundai	956	908	-5.0%	8,148	8,417	3.3%	4.6	4.9	0.3
Infiniti	203	158	-22.2%	2,286	1,747	-23.6%	1.3	1.0	-0.3
Jaguar	56	64	14.3%	608	567	-6.7%	0.3	0.3	0.0
Kia	336	403	19.9%	4,291	4,753	10.8%	2.4	2.8	0.4
Land Rover	251	202	-19.5%	2,337	2,129	-8.9%	1.3	1.2	-0.1
Lexus	813	753	-7.4%	7,828	7,633	-2.5%	4.4	4.5	0.1
Lincoln	81	60	-25.9%	729	673	-7.7%	0.4	0.4	0.0
Maserati	30	15	-50.0%	450	185	-58.9%	0.3	0.1	-0.2
Mazda	414	469	13.3%	5,539	5,282	-4.6%	3.1	3.1	0.0
Mercedes	890	1,266	42.2%	10,564	10,679	1.1%	5.9	6.3	0.4
MINI	51	39	-23.5%	643	496	-22.9%	0.4	0.3	-0.1
Mitsubishi	68	35	-48.5%	889	709	-20.2%	0.5	0.4	-0.1
Nissan	551	501	-9.1%	7,021	6,434	-8.4%	3.9	3.8	-0.1
Porsche	135	159	17.8%	1,795	1,952	8.7%	1.0	1.1	0.1
smart	4	1	-75.0%	51	33	-35.3%	0.0	0.0	0.0
Subaru	467	532	13.9%	6,095	6,332	3.9%	3.4	3.7	0.3
Toyota	2,403	2,583	7.5%	30,895	29,226	-5.4%	17.3	17.1	-0.2
Volkswagen	318	335	5.3%	4,051	4,165	2.8%	2.3	2.4	0.1
Volvo	107	105	-1.9%	1,160	1,184	2.1%	0.7	0.7	0.0
Other	928	484	-47.8%	8,609	10,168	18.1%	4.8	6.0	1.2

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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Data Source: AutoCount data from Experian.