

FORECAST

Market Rebounded in Second Half of 2020; Increase Likely in 2021

2020 was not a good year for the county new vehicle market, but it could have been much worse. New retail light vehicle registrations in Orange County fell 18.1% from 2019 to 2020. The decline was significant, but the county market fared much better than expected. When the pandemic started last spring, an annual decline of greater than 25% seemed possible. The fact that the market out-performed expectations is encouraging.

And the outlook for 2021 is promising as well. Many of the same factors that led to last year being better than predicted should provide strength for the foreseeable future. Key market drivers are summarized on the right. Taken as a whole, the collective impact of these primary determinants is positive. Consumer affordability is strong, pent up demand is significant, federal government stimulus will provide a boost, and the virus has heightened the desirability for vehicle ownership.

It seems certain that the county new vehicle market will improve in 2021, but pinpointing the magnitude of the increase is tricky. Based on the consensus outlook for roll out of the vaccines and economic recovery, Auto Outlook predicts that county new vehicle registrations this year will exceed 150,000 units and increase by about 7% from 2020. There is some risk that the virus drags on during 2021, and worst case, that additional business closures and restrictions are needed. These downsides would almost certainly not be significant enough to push the market lower, but could hold back the rate of growth.

Key Factors Driving the County New Vehicle Market



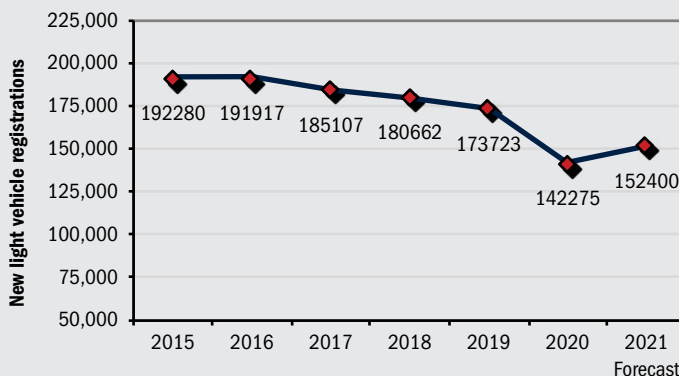
Consumer affordability - Very low interest rates, increasing incomes for employed workers, and strong used car values have combined to give a boost to affordability. Transaction prices have increased, but that's a symptom of consumers leveraging strong affordability to purchase more expensive vehicles.

Pent up demand - By the end of 2019, the market had finally recovered from delayed purchases that accrued during the Great Recession, and then sales slumped due to the pandemic. Auto Outlook estimates that pent up demand will approach 45,000 units by the end of this year (see page 2), which should provide a boost to sales.

Employment - Total employment in the county at the end of 2020 was down 6% versus year earlier. This will have an impact on new vehicle sales during most of 2021. When COVID is no longer a factor, job growth will accelerate, but the improvement is likely to be gradual, which will hold back the pace of recovery in the new vehicle market.

Changes due to COVID - The impetus for vehicle ownership has been given a boost due to the virus. The ability to go where you want, when you want, in your own "personal space" are unique attributes of private vehicle ownership, and the virus has firmly established these virtues in the minds of many vehicle shoppers.

Annual Trend in County Market



Historical Data Source: AutoCount data from Experian.

The graph above shows annual new retail light vehicle registrations from 2015 thru 2020 and Auto Outlook's projection for 2021.

Market Summary

	2019 Annual	2020 Annual	% Chg. '19 to '20	Mkt. Share 2020
TOTAL	173,723	142,275	-18.1%	
Car	74,539	51,907	-30.4%	36.5%
Light Truck	99,184	90,368	-8.9%	63.5%
Domestic	40,274	35,754	-11.2%	25.1%
European	34,552	28,010	-18.9%	19.7%
Japanese	85,679	66,596	-22.3%	46.8%
Korean	13,218	11,915	-9.9%	8.4%

Data Source: AutoCount data from Experian.

Domestics consist of vehicles sold by GM, Ford, FCA (excluding Alfa and FIAT), and Tesla.

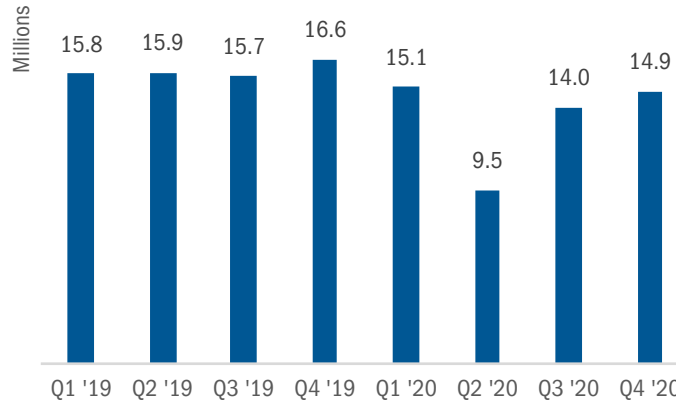


Orange County New Vehicle Market Dashboard



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)



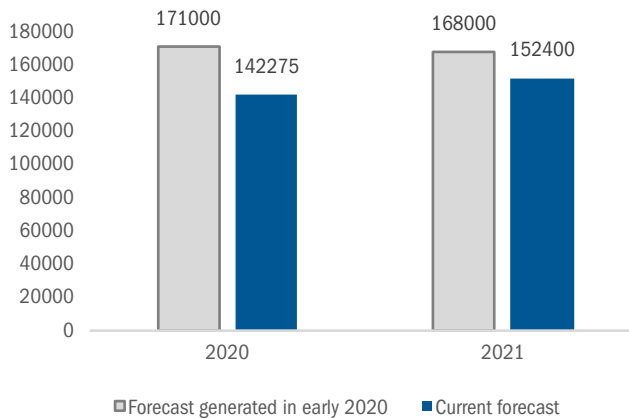
The graph on the left provides an easily recognizable way to gauge the strength of the county market. It shows quarterly registrations based on a seasonally adjusted annual rate. These figures are then indexed to SAAR sales figures for the U.S. new vehicle market. So just like in the national market, 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 in the county recovered to a U.S. equivalent level of 14.9 million units in the Fourth Quarter of 2020, up from the Third Quarter and approaching the 15.1 units in the First Quarter.

Data Source: AutoCount data from Experian.



PENT UP DEMAND

County market forecasts for 2020 and 2021
Before and after onset of COVID Pandemic



44,325
new vehicle purchases will be postponed during 2020 and 2021, representing
29%
of sales in an average year

Historical Data Source: AutoCount data from Experian. Forecast projections: Auto Outlook.

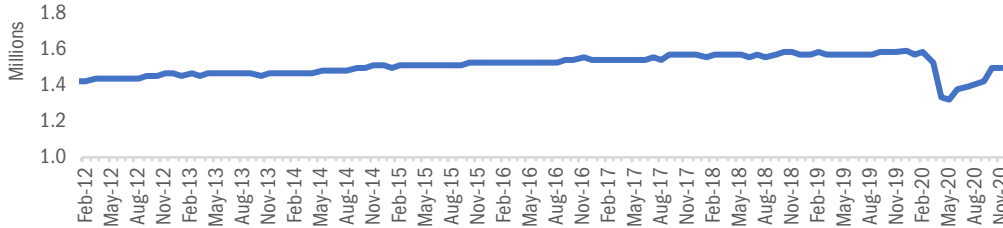
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Orange County New Vehicle Market Dashboard



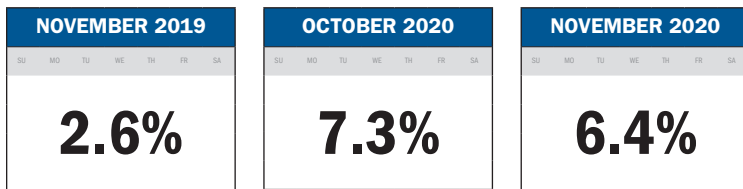
TRACKING ECONOMIC INDICATORS

Total Employment in Orange County



Total employment in Orange County was 1.49 million in November of last year, down 6% from a year earlier. 163,000 jobs have been added since April, but the return to full employment could take a while. The county unemployment rate was 6.4% in November of 2020. Although employment has declined, average hourly earnings have increased.

Monthly Unemployment Rates in Orange County

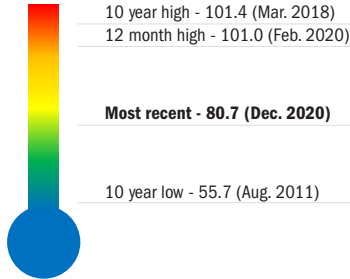


Average Hourly Earnings for All Workers in County - Nov. 2020



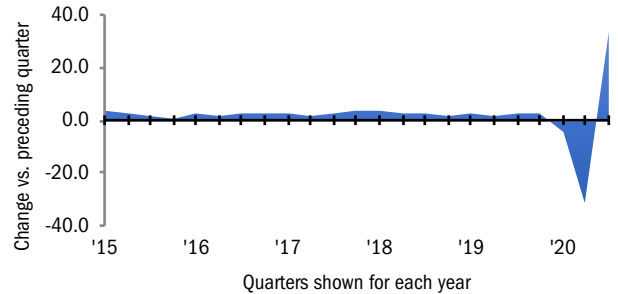
University of Michigan Consumer Sentiment

Key Values During Past 10 Years



Percent Change in U.S. Gross Domestic Product

Change vs. previous quarter

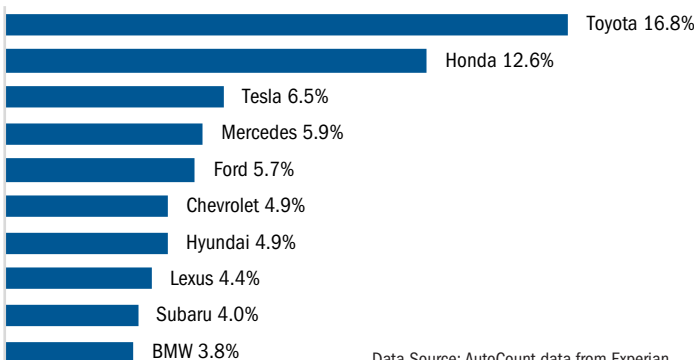


Sources: Bureau of Labor Statistics, University of Michigan, and U.S. Bureau of Econ. analysis. 3Q GDP estimated.



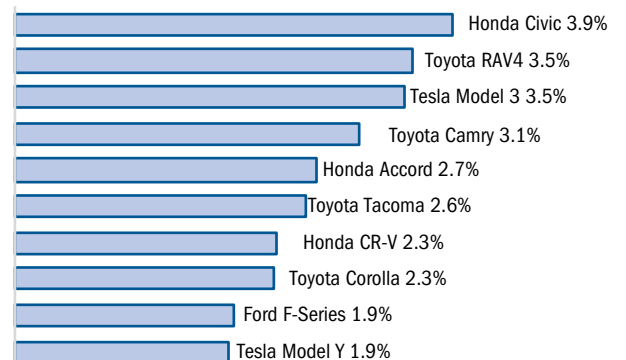
TOP TEN RANKINGS IN COUNTY MARKET

Market Share for Top Ten Selling Brands in County Market 2020



Data Source: AutoCount data from Experian.

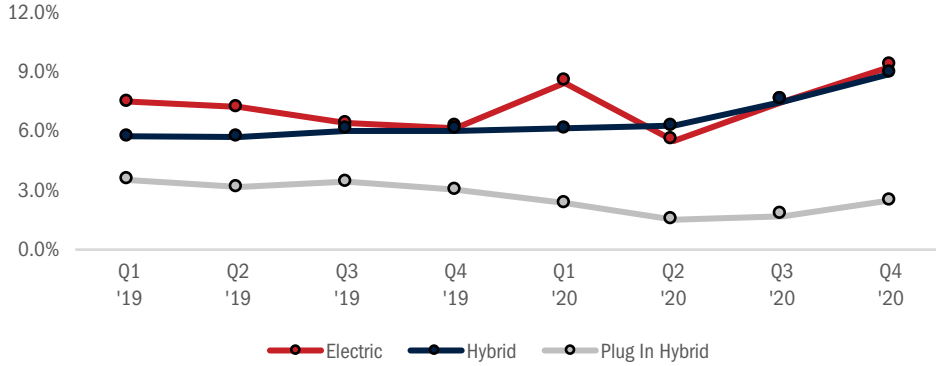
Market Share for Top Ten Selling Models in County Market 2020



HYBRID AND ELECTRIC VEHICLES

Electric & Hybrid Vehicle Share Moved Higher in 4Q 2020

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



Annual Share by Engine Type
(2019 and 2020)

	2019	2020	
Electric	6.9%	7.9%	↑
Hybrid	5.9%	7.3%	↑
Plug In Hybrid	3.3%	2.1%	↓

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.

MARKET SEGMENTS

“True Truck” Share of County Market is Below 40%

In 2020, light trucks accounted for 63.5% of the county market, up sharply during the past several years. But due to the sometimes fuzzy standards the industry has used to classify vehicles, these frequently cited light truck market share figures can send a misleading signal regarding an apparent shift to bigger vehicles.

For example, many sub compact and compact SUVs (i.e., Buick Encore and Honda CR-V) are essentially passenger cars with a hatchback, a higher center of gravity, and more ground

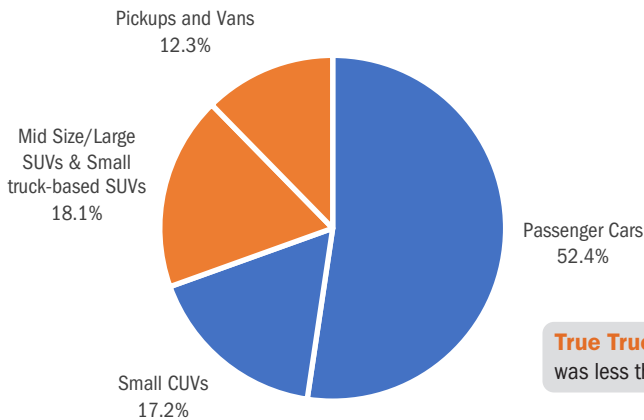
clearance. But these vehicles are traditionally classified as light trucks and are included in the same broad segment category as full size pickups and large SUVs. In many ways, small CUVs are more similar to compact cars than to 6,000 pound trucks.

The analysis below presents an alternative picture of truck market share in the Orange County by re-mapping these traditional breakdowns. The two orange shaded circles comprise what we are calling True Trucks - mid size and full size

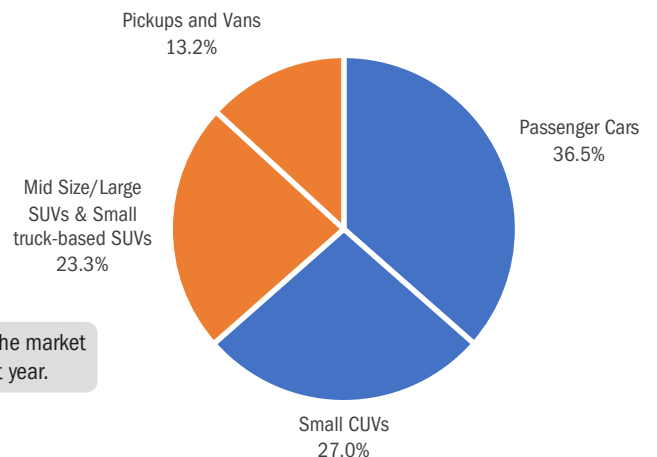
SUVs, truck-based small SUVs, pickups, and vans. The two blue circles consist of passenger cars and small crossover SUVs.

By removing small CUVs from light trucks, true truck market share in the county during 2020 was well below half of the market - 36.5%. It's increasing, up by 6.1 points from 2016, but the combined total for passenger cars and small CUVs accounts for the dominant share of the market.

Segment Market Shares - 2016



Segment Market Shares - 2020



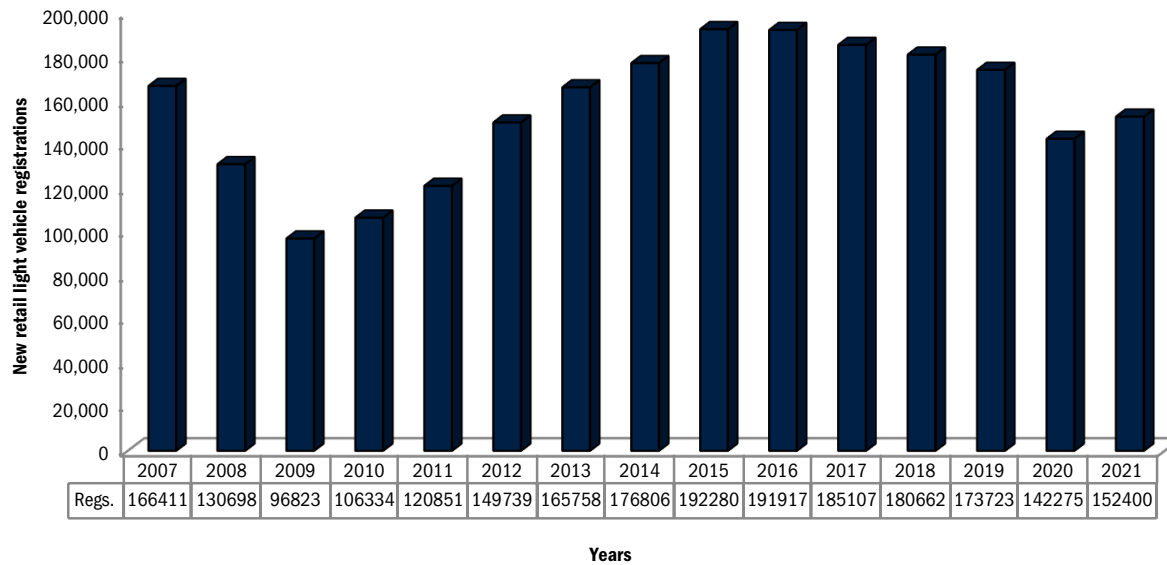
True Truck share of the market was less than 40% last year.

LONG TERM TRENDS

2020 New Vehicle Registrations Well Above 2009 Levels

The graph below provides a long term perspective of sales trends in the Orange County new retail light vehicle market. It shows historical registrations from 2007 thru 2020, along with Auto Outlook’s forecast for 2021.

County New Retail Light Vehicle Registrations - 2007 thru 2020, 2021 Forecast



County market declined sharply in 2020 as the pandemic impacted new vehicle sales. Despite the fall-off, new vehicle registrations were still 47% above the low point in 2009.

Historical Data Source: AutoCount data from Experian.

BEST SELLERS IN COMPACT SUV SEGMENT

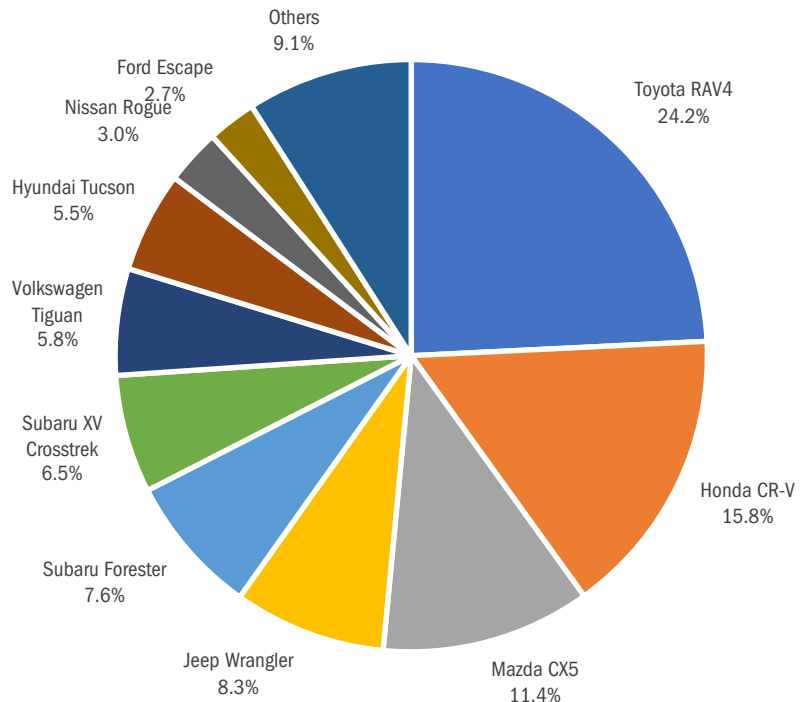
Toyota RAV4 & Honda CR-V Are Top Sellers in Compact SUV Segment

Share of Orange County Compact SUV Segment - 2020



TOP SELLING COMPACT SUVs

- Toyota RAV4**
- Honda CR-V**
- Mazda CX-5**
- Jeep Wrangler**
- Subaru Forester**



Data Source: AutoCount data from Experian.

BRAND SCOREBOARD

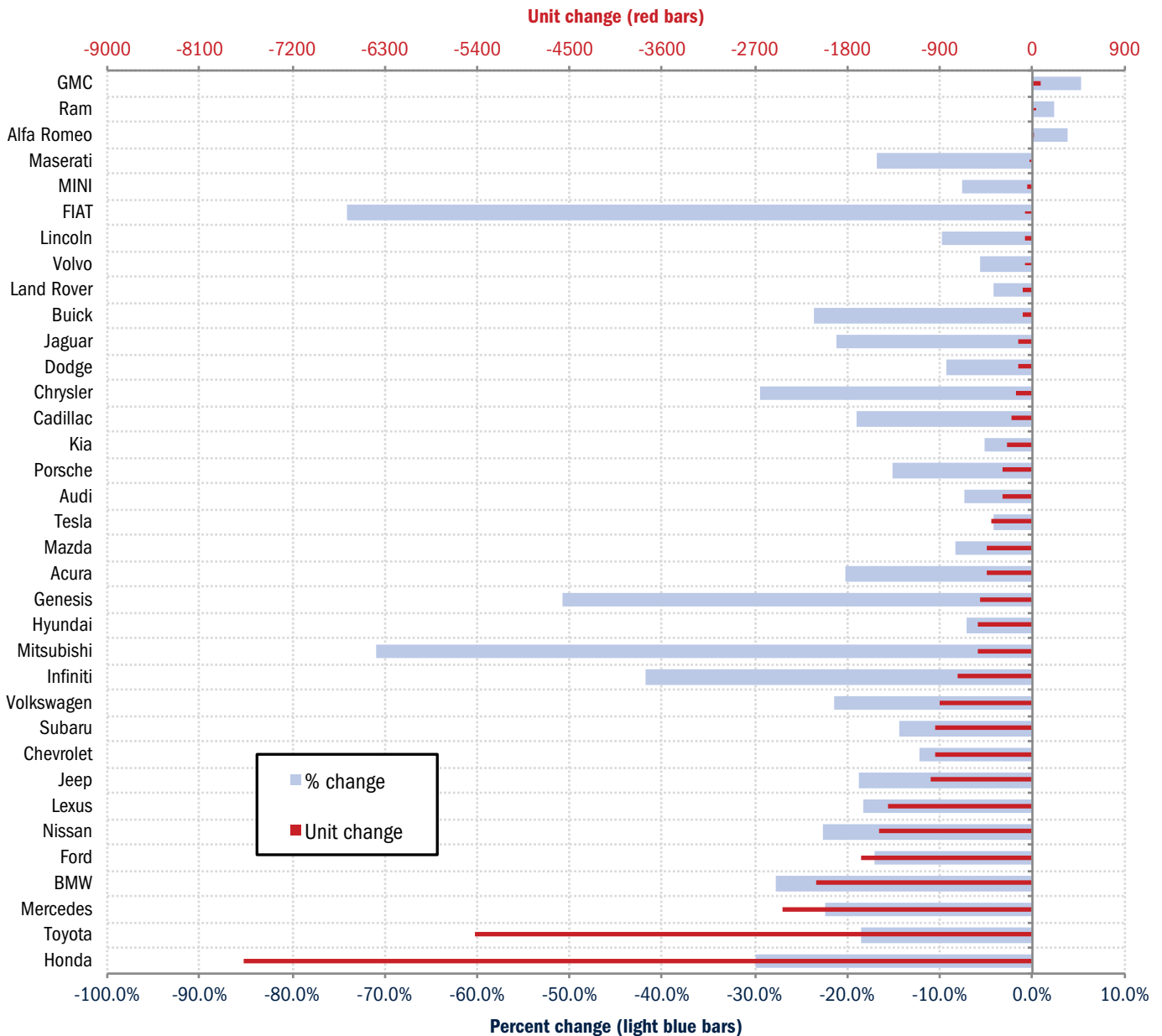
Registrations Declined for Most Brands in 2020

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 in 2020 versus a year earlier. Viewing both measures on the same graph provides a more clear-cut signal on how each brand is doing.

**Registrations increased
or declined by less than 10% for:**

GMC	Hyundai
Alfa Romeo	Audi
Ram	MINI
Land Rover	Mazda
Tesla	Dodge
Kia	Lincoln
Volvo	

Change in New Retail Light Vehicle Registrations (2020 vs. 2019)



Source: AutoCount data from Experian.

COMPARISON OF ORANGE COUNTY AND U.S. MARKETS

Orange County and U.S. Markets Post Similar Results in 2020

	Orange County Retail Market	U.S. Market
% change in registrations 2020 vs. 2019	-18.1%	-14.4%
Car share of industry retail light vehicle market 2020	36.5%	24.1%
Domestic brand share of industry retail light vehicle market 2020	25.1%	45.3%

Brand	New Retail Registrations - Annual Totals				Market Share (2020)		
	Orange County		U.S.		Orange County	U.S.	Variance
	Regs.	% ch. vs. 2019	Regs.	% ch. vs. 2019			
Acura	1,779	-20.3%	136,983	-13.0%	1.3	0.9	0.4
Alfa Romeo	349	3.9%	18,586	1.6%	0.2	0.1	0.1
Audi	3,770	-7.3%	186,620	-16.7%	2.6	1.3	1.3
BMW	5,466	-27.8%	278,732	-17.5%	3.8	1.9	1.9
Buick	308	-23.6%	162,741	-21.4%	0.2	1.1	-0.9
Cadillac	830	-18.9%	129,495	-17.1%	0.6	0.9	-0.3
Chevrolet	6,916	-12.1%	1,727,736	-11.4%	4.9	11.8	-6.9
Chry Dodge Jeep Ram	7,979	-13.3%	1,797,747	-17.4%	5.6	12.3	-6.7
Chrysler	356	-29.5%	110,464	-13.0%	0.3	0.8	-0.5
Dodge	1,368	-9.4%	267,328	-36.8%	1.0	1.8	-0.8
Jeep	4,271	-18.7%	795,313	-13.9%	3.0	5.4	-2.4
Ram	1,984	2.4%	624,642	-11.1%	1.4	4.3	-2.9
Fiat	22	-74.1%	4,303	-53.2%	0.0	0.0	0.0
Ford	8,079	-17.1%	1,929,298	-15.9%	5.7	13.2	-7.5
Genesis	502	-50.8%	16,384	-22.8%	0.4	0.1	0.3
GMC	1,737	5.3%	515,311	-8.8%	1.2	3.5	-2.3
Honda	17,912	-30.0%	1,209,805	-16.6%	12.6	8.3	4.3
Hyundai	6,905	-7.2%	622,269	-9.7%	4.9	4.2	0.7
Infiniti	1,016	-41.9%	79,502	-32.5%	0.7	0.5	0.2
Jaguar	481	-21.3%	21,786	-29.8%	0.3	0.1	0.2
Kia	4,508	-5.2%	586,105	-4.8%	3.2	4.0	-0.8
Land Rover	2,181	-4.1%	80,034	-15.5%	1.5	0.5	1.0
Lexus	6,232	-18.4%	275,041	-7.7%	4.4	1.9	2.5
Lincoln	610	-9.9%	105,410	-6.1%	0.4	0.7	-0.3
Maserati	193	-16.8%	6,132	-34.7%	0.1	0.0	0.1
Mazda	4,842	-8.4%	279,076	0.2%	3.4	1.9	1.5
Mercedes	8,409	-22.4%	325,915	-8.9%	5.9	2.2	3.7
MINI	498	-7.6%	28,138	-22.4%	0.4	0.2	0.2
Mitsubishi	220	-70.9%	87,387	-27.8%	0.2	0.6	-0.4
Nissan	5,041	-22.7%	819,715	-33.2%	3.5	5.6	-2.1
Porsche	1,665	-15.1%	57,294	-6.9%	1.2	0.4	0.8
Subaru	5,636	-14.3%	611,942	-12.6%	4.0	4.2	-0.2
Tesla	9,295	-4.2%	260,000	20.3%	6.5	1.8	4.7
Toyota	23,918	-18.5%	1,837,900	-11.9%	16.8	12.5	4.3
Volkswagen	3,307	-21.4%	325,784	-10.3%	2.3	2.2	0.1
Volvo	1,168	-5.6%	110,129	1.8%	0.8	0.8	0.0
Other	501	-15.2%	11,749	-18.8%	0.4	0.1	0.3

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												
	December			Three Month Period Oct. '20 thru Dec. '20			Annual Totals			Annual Market Share (%)		
	2019	2020	% chg.	2019	2020	% chg.	2019	2020	% chg.	2019	2020	Chg.
MARKET SUMMARY												
TOTAL	15,253	14,455	-5.2%	43,295	38,343	-11.4%	173,723	142,275	-18.1%			
Cars	5,864	4,469	-23.8%	17,874	12,844	-28.1%	74,539	51,907	-30.4%	42.9	36.5	-6.4
Light Trucks	9,389	9,986	6.4%	25,421	25,499	0.3%	99,184	90,368	-8.9%	57.1	63.5	6.4
Domestic	3,089	3,394	9.9%	9,254	9,936	7.4%	40,274	35,754	-11.2%	23.2	25.1	1.9
European	3,474	3,233	-6.9%	9,284	7,742	-16.6%	34,552	28,010	-18.9%	19.9	19.7	-0.2
Japanese	7,367	6,645	-9.8%	21,086	17,597	-16.5%	85,679	66,596	-22.3%	49.3	46.8	-2.5
Korean	1,323	1,183	-10.6%	3,671	3,068	-16.4%	13,218	11,915	-9.9%	7.6	8.4	0.8
BRAND REGISTRATIONS												
Acura	181	197	8.8%	579	455	-21.4%	2,233	1,779	-20.3%	1.3	1.3	0.0
Alfa Romeo	38	35	-7.9%	85	99	16.5%	336	349	3.9%	0.2	0.2	0.0
Audi	385	430	11.7%	1,057	1,086	2.7%	4,069	3,770	-7.3%	2.3	2.6	0.3
BMW	742	697	-6.1%	2,038	1,573	-22.8%	7,568	5,466	-27.8%	4.4	3.8	-0.6
Buick	33	27	-18.2%	87	81	-6.9%	403	308	-23.6%	0.2	0.2	0.0
Cadillac	106	89	-16.0%	270	243	-10.0%	1,024	830	-18.9%	0.6	0.6	0.0
Chevrolet	668	872	30.5%	1,860	2,193	17.9%	7,870	6,916	-12.1%	4.5	4.9	0.4
C/D/J/R	770	768	-0.3%	2,232	2,012	-9.9%	9,206	7,979	-13.3%	5.3	5.6	0.3
Chrysler	26	39	50.0%	94	112	19.1%	505	356	-29.5%	0.3	0.3	0.0
Dodge	117	109	-6.8%	359	305	-15.0%	1,510	1,368	-9.4%	0.9	1.0	0.1
Jeep	417	412	-1.2%	1,259	1,100	-12.6%	5,254	4,271	-18.7%	3.0	3.0	0.0
Ram	210	208	-1.0%	520	495	-4.8%	1,937	1,984	2.4%	1.1	1.4	0.3
FIAT	5	0	-100.0%	19	2	-89.5%	85	22	-74.1%	0.0	0.0	0.0
Ford	857	641	-25.2%	2,141	1,804	-15.7%	9,741	8,079	-17.1%	5.6	5.7	0.1
Genesis	171	31	-81.9%	307	85	-72.3%	1,020	502	-50.8%	0.6	0.4	-0.2
GMC	153	205	34.0%	419	538	28.4%	1,649	1,737	5.3%	0.9	1.2	0.3
Honda	2,079	1,600	-23.0%	6,108	4,316	-29.3%	25,575	17,912	-30.0%	14.7	12.6	-2.1
Hyundai	748	726	-2.9%	2,095	1,827	-12.8%	7,441	6,905	-7.2%	4.3	4.9	0.6
Infiniti	160	79	-50.6%	392	205	-47.7%	1,749	1,016	-41.9%	1.0	0.7	-0.3
Jaguar	68	35	-48.5%	136	97	-28.7%	611	481	-21.3%	0.4	0.3	-0.1
Kia	404	426	5.4%	1,269	1,156	-8.9%	4,757	4,508	-5.2%	2.7	3.2	0.5
Land Rover	214	286	33.6%	609	661	8.5%	2,275	2,181	-4.1%	1.3	1.5	0.2
Lexus	753	729	-3.2%	1,890	1,773	-6.2%	7,635	6,232	-18.4%	4.4	4.4	0.0
Lincoln	60	58	-3.3%	198	169	-14.6%	677	610	-9.9%	0.4	0.4	0.0
Maserati	25	17	-32.0%	57	38	-33.3%	232	193	-16.8%	0.1	0.1	0.0
Mazda	469	468	-0.2%	1,220	1,218	-0.2%	5,285	4,842	-8.4%	3.0	3.4	0.4
Mercedes	1,284	978	-23.8%	3,151	2,334	-25.9%	10,840	8,409	-22.4%	6.2	5.9	-0.3
MINI	45	54	20.0%	148	132	-10.8%	539	498	-7.6%	0.3	0.4	0.1
Mitsubishi	36	16	-55.6%	120	43	-64.2%	757	220	-70.9%	0.4	0.2	-0.2
Nissan	540	499	-7.6%	1,562	1,405	-10.1%	6,523	5,041	-22.7%	3.8	3.5	-0.3
Porsche	162	187	15.4%	527	468	-11.2%	1,961	1,665	-15.1%	1.1	1.2	0.1
Subaru	549	547	-0.4%	1,539	1,427	-7.3%	6,579	5,636	-14.3%	3.8	4.0	0.2
Tesla	442	734	66.1%	2,047	2,896	41.5%	9,704	9,295	-4.2%	5.6	6.5	0.9
Toyota	2,600	2,510	-3.5%	7,676	6,755	-12.0%	29,343	23,918	-18.5%	16.9	16.8	-0.1
Volkswagen	336	328	-2.4%	1,007	839	-16.7%	4,208	3,307	-21.4%	2.4	2.3	-0.1
Volvo	111	149	34.2%	278	328	18.0%	1,237	1,168	-5.6%	0.7	0.8	0.1
Other	59	37	-37.3%	172	85	-50.6%	591	501	-15.2%	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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Data Source: AutoCount data from Experian.