

ORANGE COUNTY AUTO OUTLOOK™

4th Quarter, 2021

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

FORECAST

County Market Poised for Strong Recovery When Supply Issues Abate

The Orange County new vehicle market has been on a roller coaster ride over the past 24 months. Since the beginning of 2020, there have been sharp cyclical swings in sales that would typically take more than five years to occur. Roller coasters can get your head spinning, and in a similar manner, the peaks and troughs in new vehicle sales over the past two years have been disorienting. The summary below presents the main highlights, and provides a perspective on what lies ahead.

How the market performed in 2021

Focusing on the year as a whole, the market rebounded from the pandemic-lows of 2020. New retail light vehicle registrations in the county last year were up 12.8% from 2020, better than the estimated 5.1% increase in the U.S. It was definitely not a smooth ride, however. The market was up 29% from January through August of 2021 versus year earlier, but then fell 15% from September thru December, as supply issues escalated.

Results in Fourth Quarter of 2021

New retail light registrations in the county during the Fourth Quarter of 2021 were 33,709 units, down 12% versus year earlier. The decrease was not as steep as Auto Outlook's baseline projection that was presented in the previous issue.

What's ahead in 2022

As mentioned below, there are positives and negatives that will impact demand for new vehicles, but sales levels will be determined almost entirely by supply. Based on projections for vehicle production, the consensus outlook for U.S. sales in 2022 is about 15.5 million units. According to Auto Outlook's analysis of historical trends, this would be equivalent to 166,400 new retail registrations in the county, up 3.7% from 2021. This is the baseline forecast shown below. Alternate upside and downside scenarios are also displayed.

Demand may soften in 2022

The Omicron variant has raised concerns about how quickly the economy can recover from the pandemic and inflation is now a primary concern. Commodity cost pressures and wage-price inflation are both significant. And the prospects of built-in consumer expectations for rising prices could make inflation a longer term issue. Increasing interest rates is the primary tool used to combat inflation and this will lead to some easing in the demand for new vehicles. But even with a moderate slide in consumer affordability, demand will almost certainly exceed supply during 2022. Easing of demand might reign in some of the upward pressure on vehicle prices, but it's not likely to have an impact on sales levels.

Reasons for optimism

As shown on page 2, the impact of the pandemic and resulting supply issues have resulted in the postponement of a significant number of vehicle purchases. Registrations between 2020 and 2022 will be an estimated 56,939 units lower than they would have been in normal circumstances. It's a big number that is equal to nearly 33% of sales in an average year. Nearly all of those postponed purchases will occur at some point during the next several years, giving the county market a big boost. As we have learned during past two years, uncertainty abounds and it's not likely to be a smooth ride, but the directional trend for the market is decidedly positive.

Forecast for Orange County New Retail Light Vehicle Registrations in 2022

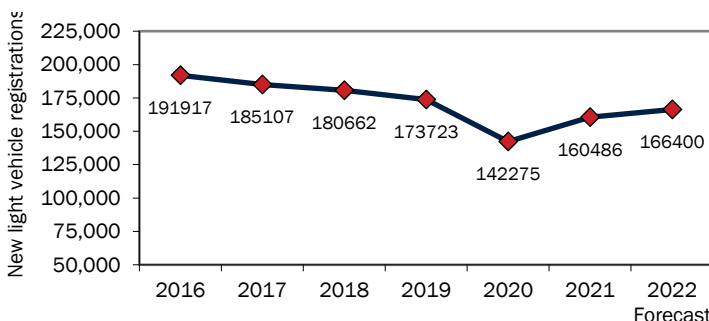


Baseline scenario: 166,400
up 3.7% vs. '21

Alternative upside: 174,500
up 8.7% vs. '21

Alternative downside: 157,000
down 2.2% vs. '21

Annual Trend in Orange County Market



Market Summary

	2020 Annual	2021 Annual	% Chg. '20 to '21	Mkt. Share 2021
TOTAL	142,275	160,486	12.8%	
Car	51,497	53,794	4.5%	33.5%
Light Truck	90,778	106,692	17.5%	66.5%
Domestic	35,754	42,527	18.9%	26.5%
European	28,010	32,846	17.3%	20.5%
Japanese	66,596	70,091	5.2%	43.7%
Korean	11,915	15,022	26.1%	9.4%

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.

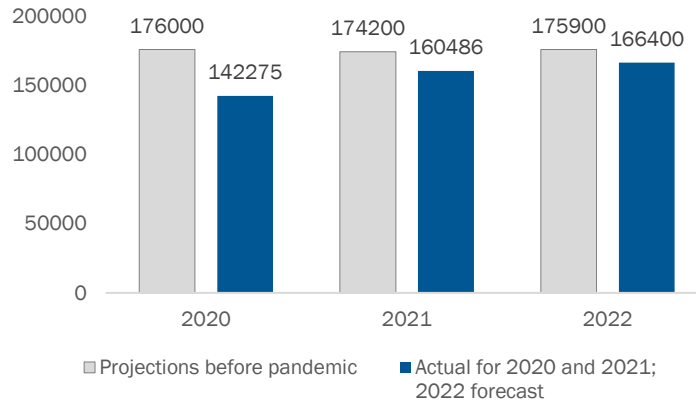
Domestics consist of vehicles sold by GM, Ford, Stellantis (excluding Alfa Romeo and FIAT), and Tesla. Data Source: AutoCount data from Experian.

Orange County New Vehicle Market Dashboard



PENT UP DEMAND

New retail light vehicle registrations in 2020, 2021, and 2022 forecast versus projections before onset of pandemic



Estimated
56,939
new vehicle purchases will be postponed between 2020 & 2022 representing

33%

of sales in an average year

Historical Data Source: AutoCount data from Experian. Projections: Auto Outlook.



COUNTY MARKET VS. U.S.

% Change In New Retail Market for all of 2021 vs. 2020

Orange County
UP 12.8%

U.S.
UP 5.1%

New retail light vehicle registrations in the county market increased 12.8% during all of last year, higher than the 5.1% increase in the Nation. The big increase in the county last year was primarily due to significant impact the pandemic had on new vehicle sales in 2020.

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

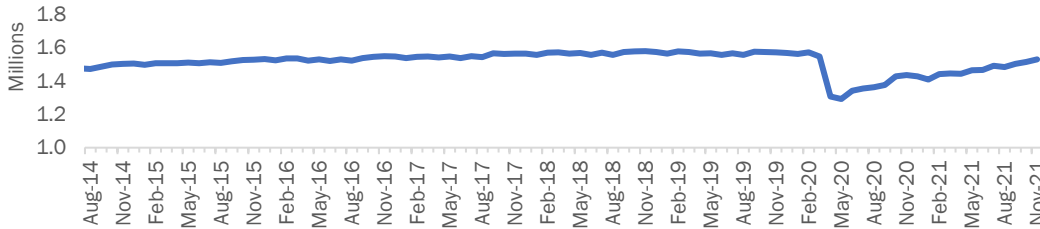
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Orange County New Vehicle Market Dashboard



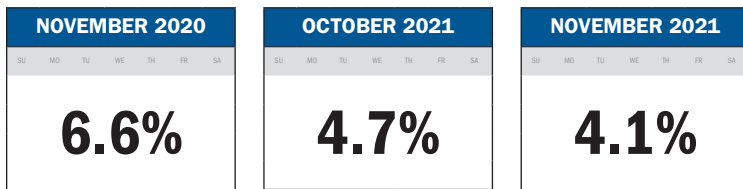
TRACKING ECONOMIC INDICATORS

Total Employment in Orange County



The county unemployment rate fell to 4.1% in November of last year, a considerable improvement from the 6.6% rate a year earlier. Total employment in November was 1.52 million, up from the lows in May of 2020, but still 42,500 below pre-pandemic levels. Average hourly earnings were up versus year earlier. Consumer sentiment has softened over the past few months.

Monthly Unemployment Rates in Orange County



Average Hourly Earnings for All Workers in County - Nov. 2021



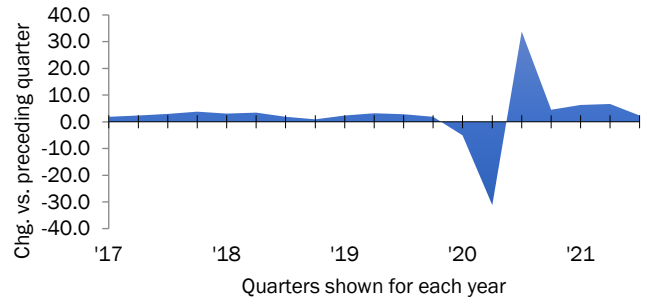
University of Michigan Consumer Sentiment (U.S.)



10 year high - 101.4 (Mar. 2018)
12 month high - 88.2 (Apr. 2021)
Most recent - 70.6 (Dec. 2021)
10 year low - 67.4 (Nov. 2021)

Key Values During Past 10 Years

Percent Change in U.S. Gross Domestic Product

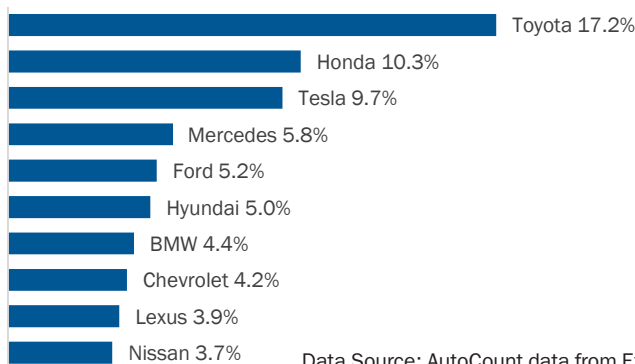


Sources: Bureau of Labor Statistics, University of Michigan, and U.S. Bureau of Econ. Analysis.



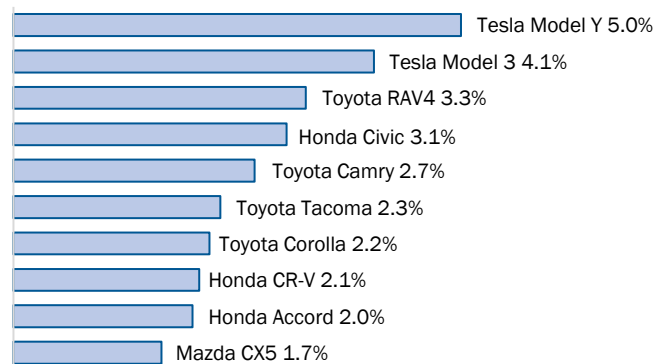
TOP TEN RANKINGS IN COUNTY MARKET

Market Share for Top Ten Selling Brands in Orange County 2021 Annual



Data Source: AutoCount data from Experian.

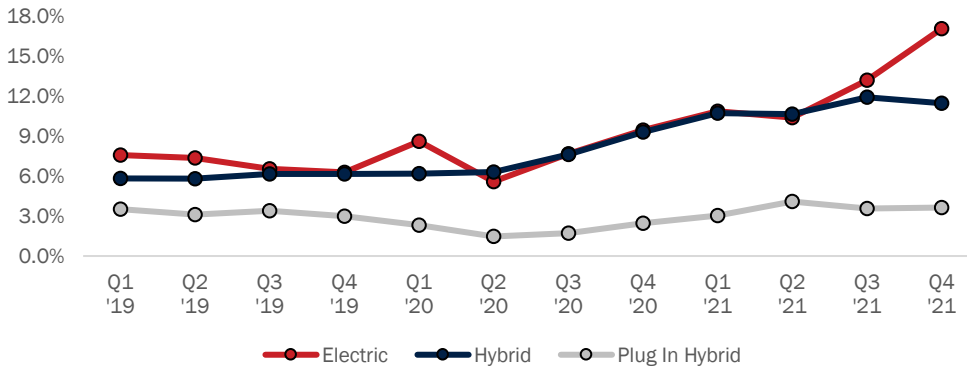
Market Share for Top Ten Selling Models in Orange County 2021 Annual



HYBRID AND ELECTRIC VEHICLES

Estimated Electric Vehicle Share Reached 17% in 4Q of 2021

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



Annual Share by Engine Type
(2020 and 2021)

	2020	2021	
Electric	8.0%	12.6%	↑
Hybrid	7.3%	11.1%	↑
Plug In Hybrid	2.1%	3.6%	↑

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 Orange County Market is Below 40%

In 2021, light trucks accounted for 66.5% of the county market, up about 25 share points during the past ten 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

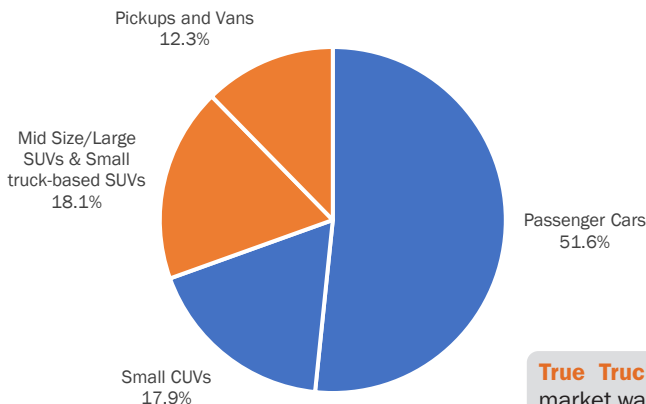
vehicles are traditionally classified as light trucks and are included in the same broad segment category as full size pickups and large SUVs. In many ways, small CUVs are more similar to compact cars than to 6,000 pound trucks.

The analysis below presents an alternative picture of truck market share in the Orange County market 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

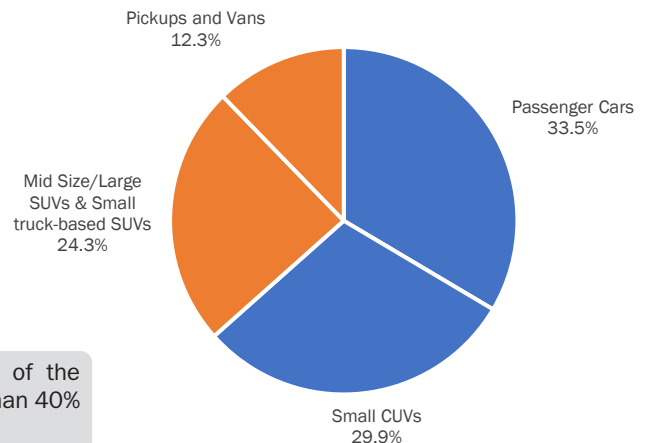
two blue circles consist of passenger cars and small crossover SUVs.

By removing small CUVs from light trucks, true truck market share in the county during 2021 was well below half of the market - 36.6%. It’s increasing, up by 6.2 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 - 2021



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

BRAND SEGMENT MARKET SHARES

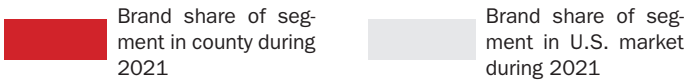
Top Selling Brands in 7 Primary Segments



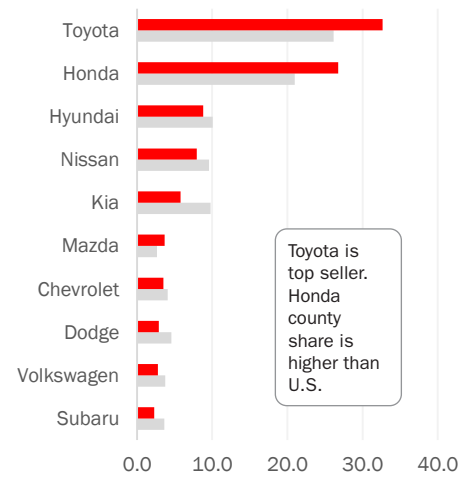
The seven graphs on this page show brand market share in seven key segments for all of 2021 in both the Orange County and U.S. markets. County percent share is depicted by the red bars, U.S. share is light gray. Top ten brands in each segment are ranked from top to bottom based on Orange market share.

Segments were defined based on model classifications instead of overall brand positioning. For instance, Chevrolet appears on the Luxury and Sports cars graph because of the Corvette. Small SUVs consists of both Sub Compact and Compact Models. Email Auto Outlook (autooutlook@icloud.com) for market share information for Vans and Mini Vans.

Legend for all graphs

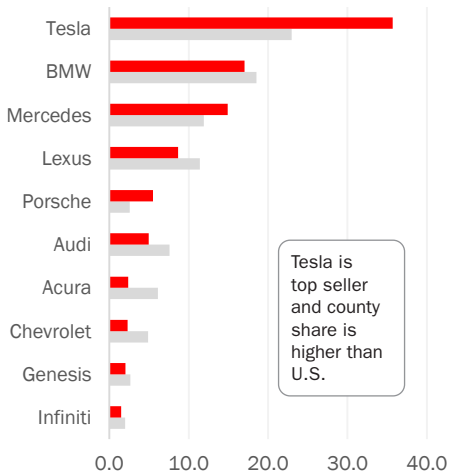


Non Luxury Cars



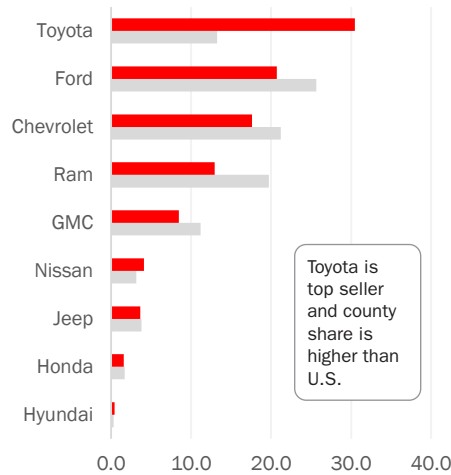
Toyota is top seller. Honda county share is higher than U.S.

Luxury and Sports Cars



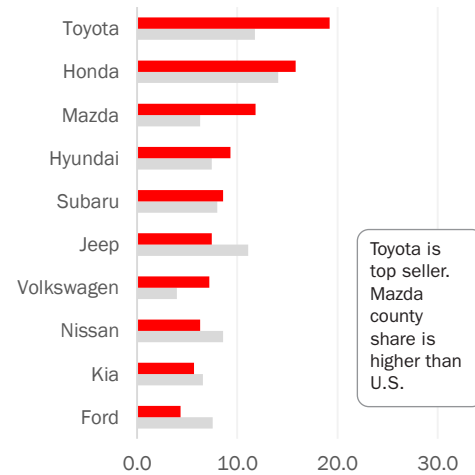
Tesla is top seller and county share is higher than U.S.

Pickups



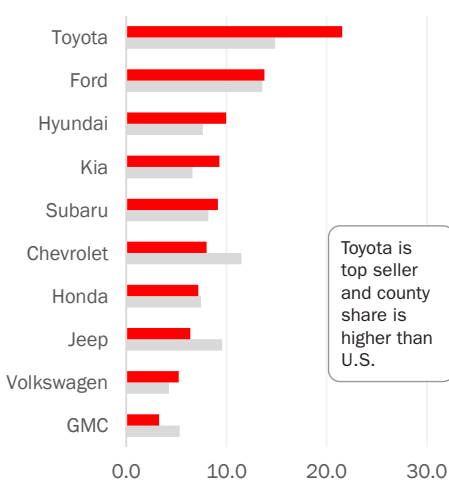
Toyota is top seller and county share is higher than U.S.

Small Non Luxury SUVs



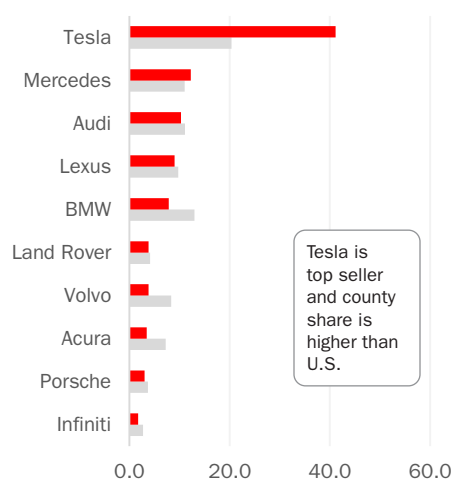
Toyota is top seller. Mazda county share is higher than U.S.

Mid and Full Size Non Luxury SUVs



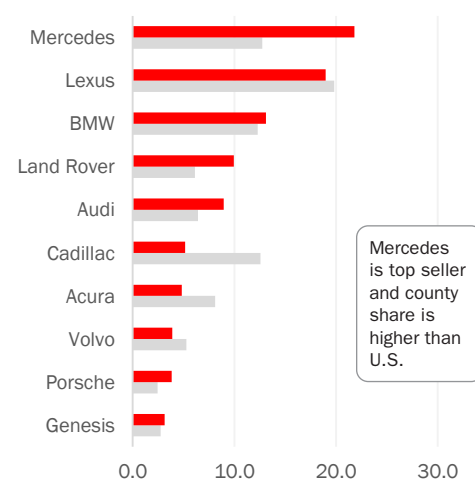
Toyota is top seller and county share is higher than U.S.

Small Luxury SUVs



Tesla is top seller and county share is higher than U.S.

Mid and Full Size Luxury SUVs



Mercedes is top seller and county share is higher than U.S.

BRAND SCOREBOARD

Tesla Registrations Increased by More Than 6,200 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 from 2020 to 2021. Viewing both measures on the same graph provides a more clear-cut signal on how each brand is doing.



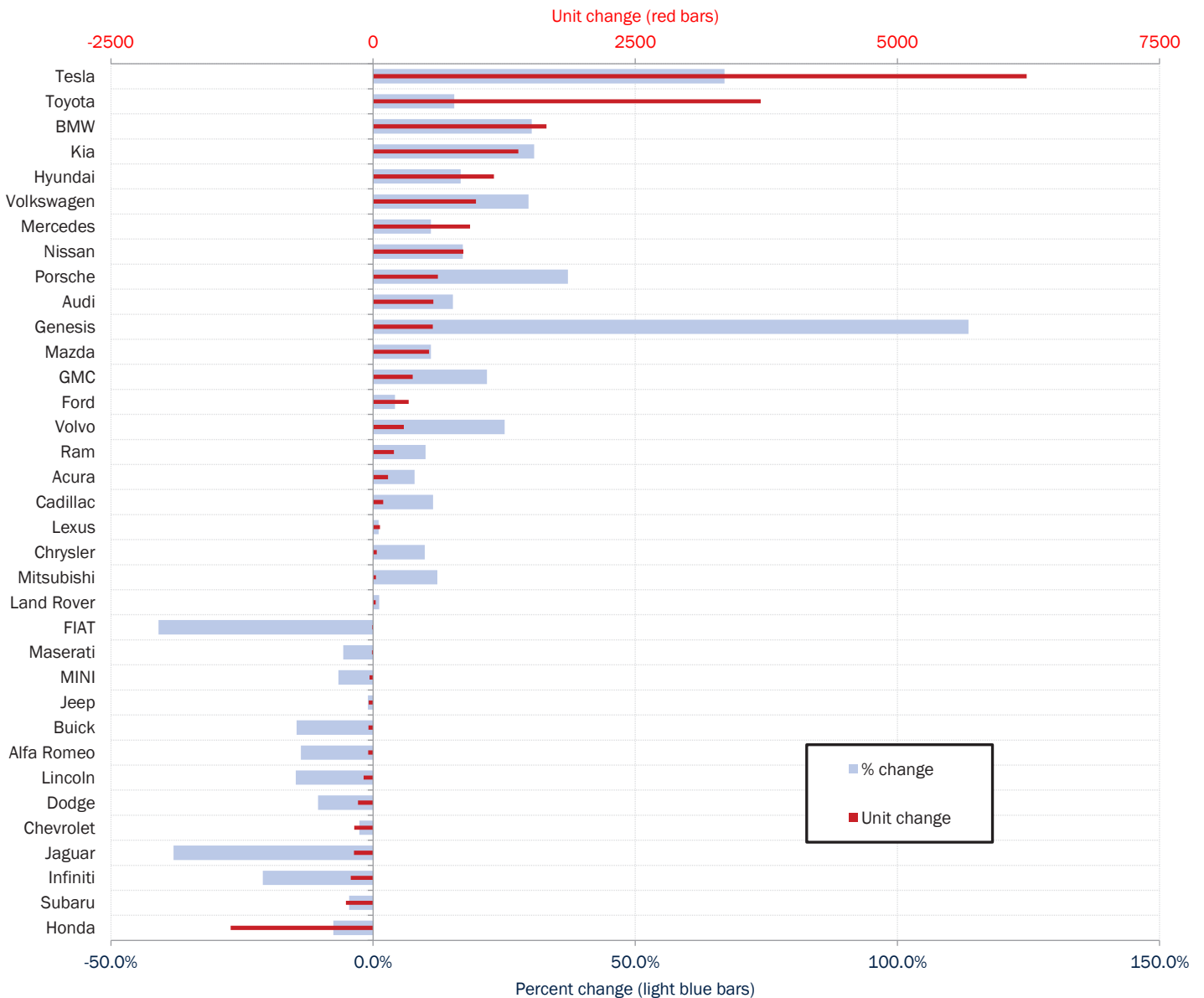
15 percent

12 brands had increases of greater than 15%: Genesis, Tesla, Porsche, Kia, BMW, Volkswagen, Volvo, GMC, Nissan, Hyundai, Toyota, and Audi.

500 units

12 brands had increases of greater than 500 units: Tesla, Toyota, BMW, Kia, Hyundai, Volkswagen, Mercedes, Nissan, Porsche, Audi, Genesis, and Mazda.

Change in New Retail Light Vehicle Registrations (2021 vs 2020)



Source: AutoCount data from Experian.

COMPARISON OF ORANGE COUNTY AND U.S. MARKETS

Percent Gain In Orange County Market Was Higher Than U.S.

	Orange County Retail Market	U.S. Market
% change in registrations 2021 vs. 2020	12.8%	3.3%
Car share of industry retail light vehicle market 2021 Annual	33.5%	22.3%
Domestic brand market share 2021 Annual	26.5%	40.9%

Brand	New Retail Registrations and U.S. Sales-Annual Totals				Market Share (2021)		
	Orange County		U.S.		Orange County	U.S.	Variance
	Regs.	% ch. vs. 2020	Sales	% ch. vs. 2020			
Acura	1,920	7.9%	157,408	14.9%	1.2	1.0	0.2
Alfa Romeo	301	-13.8%	18,250	-1.8%	0.2	0.1	0.1
Audi	4,344	15.2%	196,038	5.0%	2.7	1.3	1.4
BMW	7,119	30.2%	336,644	20.8%	4.4	2.2	2.2
Buick	263	-14.6%	179,799	10.5%	0.2	1.2	-1.0
Cadillac	925	11.4%	118,331	-8.6%	0.6	0.8	-0.2
Chevrolet	6,736	-2.6%	1,422,031	-17.7%	4.2	9.4	-5.2
Chry Dodge Jeep Ram	8,025	0.6%	1,756,770	-2.3%	5.0	11.7	-6.7
Chrysler	391	9.8%	115,004	4.1%	0.2	0.8	-0.6
Dodge	1,224	-10.5%	215,724	-19.3%	0.8	1.4	-0.6
Jeep	4,228	-1.0%	778,711	-2.1%	2.6	5.2	-2.6
Ram	2,182	10.0%	647,331	3.6%	1.4	4.3	-2.9
Fiat	13	-40.9%	2,374	-44.8%	0.0	0.0	0.0
Ford	8,417	4.2%	1,804,824	-6.5%	5.2	12.0	-6.8
Genesis	1,072	113.5%	49,621	202.9%	0.7	0.3	0.4
GMC	2,114	21.7%	482,437	-6.4%	1.3	3.2	-1.9
Honda	16,552	-7.6%	1,309,222	8.2%	10.3	8.7	1.6
Hyundai	8,057	16.7%	738,081	18.6%	5.0	4.9	0.1
Infiniti	802	-21.1%	58,553	-26.4%	0.5	0.4	0.1
Jaguar	298	-38.0%	17,332	-21.9%	0.2	0.1	0.1
Kia	5,893	30.7%	701,416	19.7%	3.7	4.7	-1.0
Land Rover	2,206	1.1%	92,400	13.7%	1.4	0.6	0.8
Lexus	6,298	1.1%	304,475	10.7%	3.9	2.0	1.9
Lincoln	520	-14.8%	86,929	-17.5%	0.3	0.6	-0.3
Maserati	182	-5.7%	7,615	32.1%	0.1	0.1	0.0
Mazda	5,376	11.0%	332,756	19.2%	3.3	2.2	1.1
Mercedes	9,335	11.0%	329,574	1.1%	5.8	2.2	3.6
MINI	465	-6.6%	29,930	6.4%	0.3	0.2	0.1
Mitsubishi	247	12.3%	102,037	16.8%	0.2	0.7	-0.5
Nissan	5,903	17.1%	919,086	12.1%	3.7	6.1	-2.4
Porsche	2,284	37.2%	70,025	22.2%	1.4	0.5	0.9
Subaru	5,378	-4.6%	583,810	-4.6%	3.4	3.9	-0.5
Tesla	15,527	67.0%	313,400	65.5%	9.7	2.1	7.6
Toyota	27,615	15.5%	2,027,786	10.3%	17.2	13.5	3.7
Volkswagen	4,287	29.6%	375,030	15.1%	2.7	2.5	0.2
Volvo	1,461	25.1%	122,173	10.9%	0.9	0.8	0.1
Other	551	10.0%	14,130	26.8%	0.3	0.1	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												
	December			Fourth Quarter			Annual Totals			Annual Market Share (%)		
	2020	2021	% chg.	4Q '20	4Q '21	% chg.	2020	2021	% chg.	2020	2021	Chg.
MARKET SUMMARY												
TOTAL	14,455	11,712	-19.0%	38,343	33,709	-12.1%	142,275	160,486	12.8%			
Cars	4,443	3,660	-17.6%	12,756	10,578	-17.1%	51,497	53,794	4.5%	36.2	33.5	-2.7
Light Trucks	10,012	8,052	-19.6%	25,587	23,131	-9.6%	90,778	106,692	17.5%	63.8	66.5	2.7
Domestic	3,394	4,137	21.9%	9,936	10,448	5.2%	35,754	42,527	18.9%	25.1	26.5	1.4
European	3,233	2,300	-28.9%	7,742	6,864	-11.3%	28,010	32,846	17.3%	19.7	20.5	0.8
Japanese	6,645	3,993	-39.9%	17,597	12,788	-27.3%	66,596	70,091	5.2%	46.8	43.7	-3.1
Korean	1,183	1,282	8.4%	3,068	3,609	17.6%	11,915	15,022	26.1%	8.4	9.4	1.0
BRAND REGISTRATIONS												
Acura	197	108	-45.2%	455	381	-16.3%	1,779	1,920	7.9%	1.3	1.2	-0.1
Alfa Romeo	35	12	-65.7%	99	48	-51.5%	349	301	-13.8%	0.2	0.2	0.0
Audi	430	241	-44.0%	1,086	814	-25.0%	3,770	4,344	15.2%	2.6	2.7	0.1
BMW	697	599	-14.1%	1,573	1,667	6.0%	5,466	7,119	30.2%	3.8	4.4	0.6
Buick	27	9	-66.7%	81	33	-59.3%	308	263	-14.6%	0.2	0.2	0.0
Cadillac	89	45	-49.4%	243	145	-40.3%	830	925	11.4%	0.6	0.6	0.0
Chevrolet	872	350	-59.9%	2,193	1,136	-48.2%	6,916	6,736	-2.6%	4.9	4.2	-0.7
C/D/J/R	768	527	-31.4%	2,012	1,675	-16.7%	7,979	8,025	0.6%	5.6	5.0	-0.6
Chrysler	39	14	-64.1%	112	39	-65.2%	356	391	9.8%	0.3	0.2	-0.1
Dodge	109	61	-44.0%	305	239	-21.6%	1,368	1,224	-10.5%	1.0	0.8	-0.2
Jeep	412	279	-32.3%	1,100	932	-15.3%	4,271	4,228	-1.0%	3.0	2.6	-0.4
Ram	208	173	-16.8%	495	465	-6.1%	1,984	2,182	10.0%	1.4	1.4	0.0
FIAT	0	0		2	0	-100.0%	22	13	-40.9%	0.0	0.0	0.0
Ford	641	847	32.1%	1,804	2,223	23.2%	8,079	8,417	4.2%	5.7	5.2	-0.5
Genesis	31	315	916.1%	85	473	456.5%	502	1,072	113.5%	0.4	0.7	0.3
GMC	205	112	-45.4%	538	356	-33.8%	1,737	2,114	21.7%	1.2	1.3	0.1
Honda	1,600	772	-51.8%	4,316	2,747	-36.4%	17,912	16,552	-7.6%	12.6	10.3	-2.3
Hyundai	726	522	-28.1%	1,827	1,711	-6.3%	6,905	8,057	16.7%	4.9	5.0	0.1
Infiniti	79	57	-27.8%	205	136	-33.7%	1,016	802	-21.1%	0.7	0.5	-0.2
Jaguar	35	8	-77.1%	97	36	-62.9%	481	298	-38.0%	0.3	0.2	-0.1
Kia	426	445	4.5%	1,156	1,425	23.3%	4,508	5,893	30.7%	3.2	3.7	0.5
Land Rover	286	124	-56.6%	661	423	-36.0%	2,181	2,206	1.1%	1.5	1.4	-0.1
Lexus	729	403	-44.7%	1,773	1,339	-24.5%	6,232	6,298	1.1%	4.4	3.9	-0.5
Lincoln	58	35	-39.7%	169	118	-30.2%	610	520	-14.8%	0.4	0.3	-0.1
Maserati	17	10	-41.2%	38	34	-10.5%	193	182	-5.7%	0.1	0.1	0.0
Mazda	468	301	-35.7%	1,218	973	-20.1%	4,842	5,376	11.0%	3.4	3.3	-0.1
Mercedes	978	657	-32.8%	2,334	1,875	-19.7%	8,409	9,335	11.0%	5.9	5.8	-0.1
MINI	54	34	-37.0%	132	77	-41.7%	498	465	-6.6%	0.4	0.3	-0.1
Mitsubishi	16	12	-25.0%	43	55	27.9%	220	247	12.3%	0.2	0.2	0.0
Nissan	499	445	-10.8%	1,405	1,281	-8.8%	5,041	5,903	17.1%	3.5	3.7	0.2
Porsche	187	187	0.0%	468	473	1.1%	1,665	2,284	37.2%	1.2	1.4	0.2
Subaru	547	331	-39.5%	1,427	959	-32.8%	5,636	5,378	-4.6%	4.0	3.4	-0.6
Tesla	734	2,212	201.4%	2,896	4,762	64.4%	9,295	15,527	67.0%	6.5	9.7	3.2
Toyota	2,510	1,564	-37.7%	6,755	4,917	-27.2%	23,918	27,615	15.5%	16.8	17.2	0.4
Volkswagen	328	317	-3.4%	839	1,005	19.8%	3,307	4,287	29.6%	2.3	2.7	0.4
Volvo	149	76	-49.0%	328	285	-13.1%	1,168	1,461	25.1%	0.8	0.9	0.1
Other	37	35	-5.4%	85	127	49.4%	501	551	10.0%	0.4	0.3	-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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