

Los Angeles Auto Outlook



Comprehensive information on the LA County new vehicle market

FORECAST

County Market Gets Off to Good Start in 2016

Annual total likely to exceed 537,000 units

Below is a list of four trends in the Los Angeles County new vehicle market. Following each is Auto Outlook's prediction on whether the trend is likely to continue, or fade out.

Trend #1: New vehicle sales are increasing

County new retail registrations were up 8.9% in the First Quarter of this year. This followed the 12.5% increase from 2014 to 2015. Between 2009 (the low point in the downturn) and 2015, the county market improved by 117%.

Will this trend continue or fade out? We think it will fade out. Sales are likely reaching their peak. Further, significant improvement in sales seems unlikely. However, and importantly, we do not believe that a precipitous decline is in the cards. Strong consumer affordability, advanced age of cars on the road, and dramatic improvements in today's new vehicles should keep the market strong.

Trend #2: Truck sales are booming

Light truck market share in Los Angeles County hit 37.4% in the First Quarter of this year,

up from 35.2% a year earlier. And the truck trend is even more evident when looking back several years. Light truck market share has increased by more than five points since 2012.

Will this trend continue or fade out? Barring a significant spike in gasoline prices, the trend should continue. Consumers have made it clear that if gas is affordable, light trucks (especially SUVs and pickups) are their vehicle of choice. There's obviously a limit to how high truck share can go, but we think it can still move higher.

Trend #3: Luxury car sales are falling

New luxury car registrations in the county declined 5% during the first three months of this year versus a year earlier, while the overall market was up 8.9%.

Will this trend continue or fade out? It should continue. Obviously, consumer preferences for light trucks are hurting luxury car sales, but there is another force at work here: advanced safety features and connectivity options, once restricted to luxury cars, are now

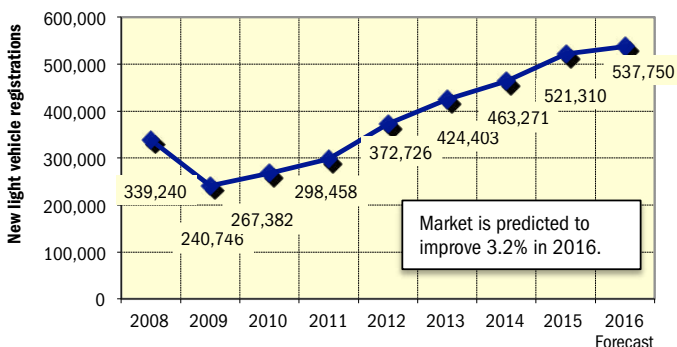
available on mainstream offerings. This "trickle down" of high tech features has negated some of the tangible benefit of purchasing a luxury car.

Trend #4: Consumer affordability is strong

Consumer affordability for new vehicles remains at very strong levels. The average monthly new vehicle payment as a percent of disposable personal income has been at very low levels for a long time, which has provided sustainable momentum for the new vehicle market.

Will this trend continue or fade out? It should continue. Although interest rates might move marginally higher during the next 12 months, personal incomes are improving. In addition, increasing incentives have kept a lid on vehicle prices which should combine to keep a new vehicle purchase within reach for a significant number of consumers.

Annual Trend in LA County New Vehicle Market



The graph above shows annual new retail light vehicle registrations in the county from 2008 thru 2015 and Auto Outlook's projection for 2016.

Market Summary

	YTD '15 thru March	YTD '16 thru March	% Chg. '15 to '16	Mkt. Share YTD '16
TOTAL	121,508	132,358	8.9%	
Car	78,749	82,846	5.2%	62.6%
Light Truck	42,759	49,512	15.8%	37.4%
Domestic	22,468	25,901	15.3%	19.6%
European	26,239	27,374	4.3%	20.7%
Japanese	63,319	68,254	7.8%	51.6%
Korean	9,482	10,829	14.2%	8.2%

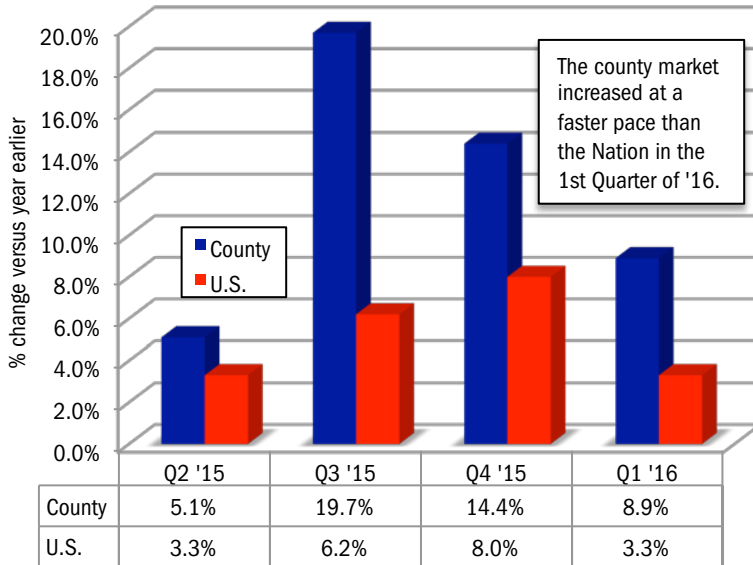
Domestic brands consist of vehicles sold by GM, Ford, Chrysler, and Tesla. Data source: AutoCount data from Experian Automotive.

MARKET TRACKER: QUARTERLY RESULTS

County Market Up 8.9% in 1st Quarter of 2016 vs. 3.3% in U.S.

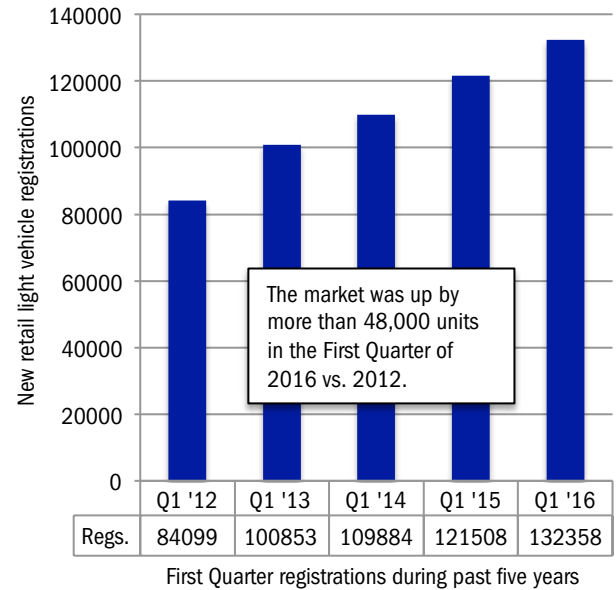
QUARTERLY TREND

Percent Change in New Vehicle Market - County and U.S.



QUARTERLY PERSPECTIVE

Five Years of First Quarter Results in County Market



Source for LA County registration data: AutoCount data from Experian Automotive. Source for U.S. data: Automotive News. (U.S. figures include fleets.)

MARKET TRACKER: COUNTY MARKET VERSUS U.S.

County Domestic Share Trails U.S.

	County Market		U.S. Market*	
Percent change in registrations YTD '16 thru March vs. YTD '15	8.9%		3.3%	
Passenger car market share YTD '16 thru March	62.6%		41.6%	
Domestic brand market share YTD '16 thru March	19.6%		45.7%	
Top 10 brands and market share YTD '16 thru March				
First	Toyota	17.5%	Ford	15.1%
Second	Honda	14.1%	Toyota/Scion	12.1%
Third	Nissan	7.2%	Chevrolet	11.6%
Fourth	Ford	6.0%	Nissan	9.0%
Fifth	Chevrolet	5.7%	Honda	7.8%
Sixth	Mercedes	5.5%	Jeep	5.1%
Seventh	Lexus	5.4%	Hyundai	4.2%
Eighth	BMW	5.4%	Kia	3.6%
Ninth	Kia	5.3%	Dodge	3.4%
Tenth	Hyundai	2.9%	Subaru	3.2%

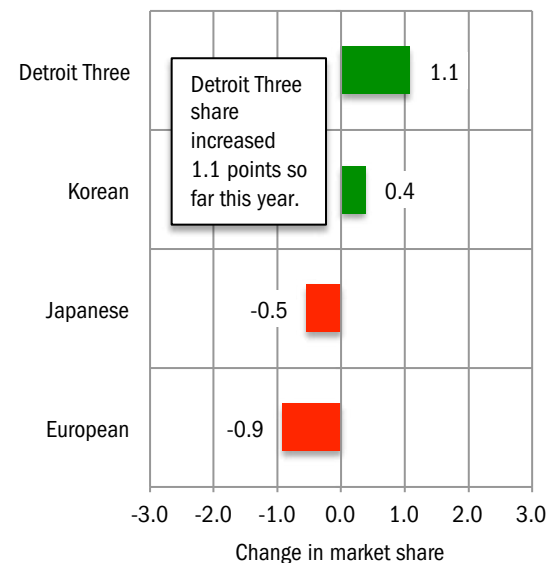
Source for LA County data: AutoCount data from Experian Automotive.

Source for U.S. market data: Automotive News. U.S. figures include fleets.

MARKET TRACKER: BRAND MARKET SHARE

Detroit 3 Brands Gain

Change in County Market Share YTD 2016 thru March vs. YTD 2015



The graph above shows the change in market share for four primary brand segments.

Data Source: AutoCount data from Experian Automotive.

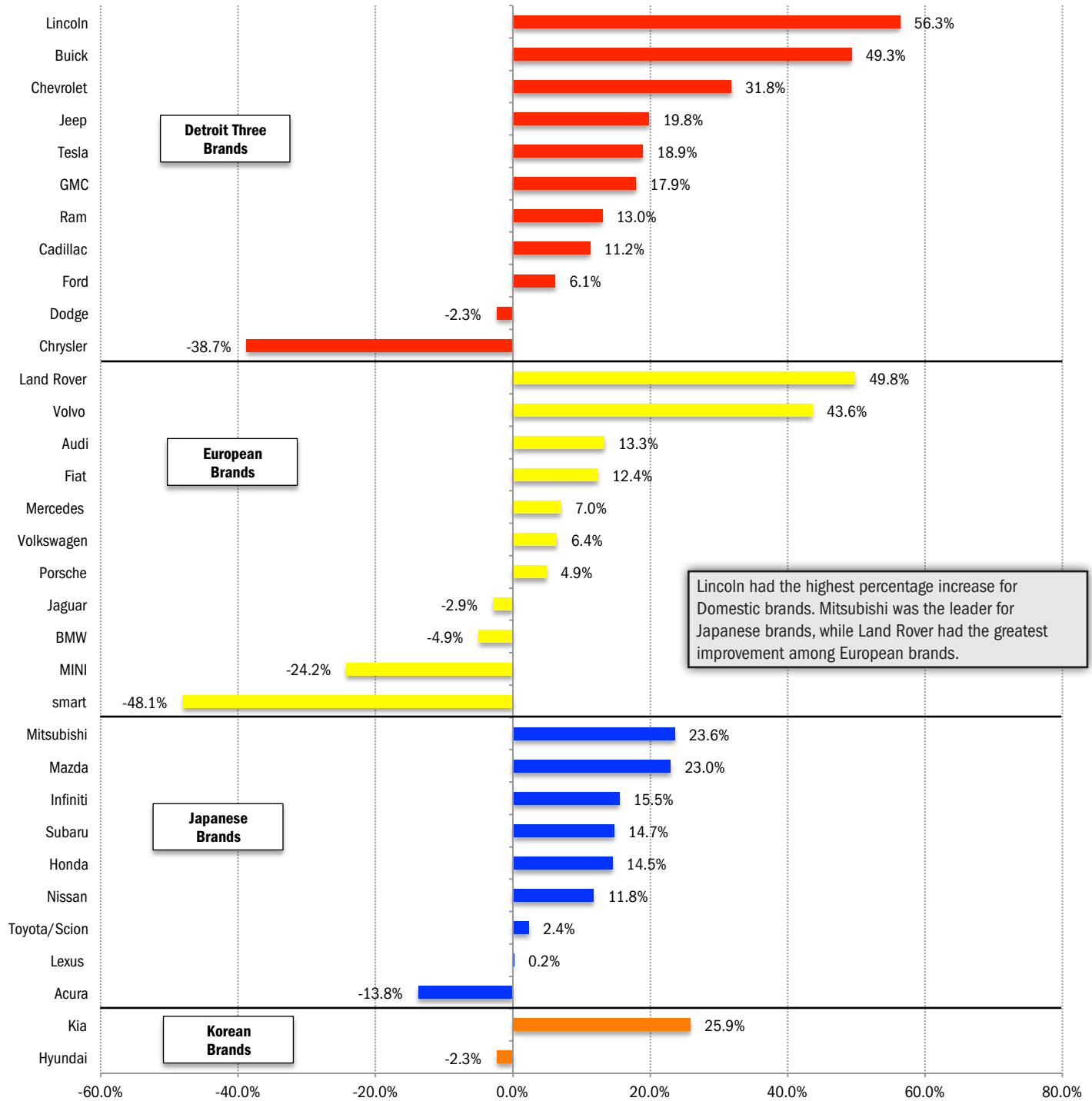
BRAND SCOREBOARD - PART ONE

Lincoln and Land Rover Post Large Percentage Gains

Buick, Volvo, and Chevrolet are also up sharply

The graph below provides a comparative evaluation of brand sales performance in the county market. It shows the year-to-date percent change in registrations for each brand, organized by category (i.e., Domestic, European, Japanese, and Korean).

**Percent Change in County New Retail Light Vehicle Registrations
YTD 2016 thru March vs. YTD 2015**



Lincoln had the highest percentage increase for Domestic brands. Mitsubishi was the leader for Japanese brands, while Land Rover had the greatest improvement among European brands.

Source: AutoCount data from Experian Automotive.

Brand Registrations Report												
Los Angeles County New Retail Car and Light Truck Registrations												
	March						YTD thru March					
	Registrations			Market Share (%)			Registrations			Market Share (%)		
	2015	2016	% change	2015	2016	Change	YTD '15	YTD '16	% change	YTD '15	YTD '16	Change
TOTAL	46,026	48,070	4.4				121,508	132,358	8.9			
Cars	30,090	29,861	-0.8	65.4	62.1	-3.3	78,749	82,846	5.2	64.8	62.6	-2.2
Light Trucks	15,936	18,209	14.3	34.6	37.9	3.3	42,759	49,512	15.8	35.2	37.4	2.2
Domestic Brands	8,785	9,720	10.6	19.1	20.2	1.1	22,468	25,901	15.3	18.5	19.6	1.1
European Brands	9,183	9,392	2.3	20.0	19.5	-0.4	26,239	27,374	4.3	21.6	20.7	-0.9
Japanese Brands	24,273	25,021	3.1	52.7	52.1	-0.7	63,319	68,254	7.8	52.1	51.6	-0.5
Korean Brands	3,785	3,937	4.0	8.2	8.2	0.0	9,482	10,829	14.2	7.8	8.2	0.4
Acura	642	497	-22.6	1.4	1.0	-0.4	1,701	1,467	-13.8	1.4	1.1	-0.3
Audi	1,051	1,361	29.5	2.3	2.8	0.5	3,236	3,665	13.3	2.7	2.8	0.1
BMW	2,393	2,210	-7.6	5.2	4.6	-0.6	7,466	7,097	-4.9	6.1	5.4	-0.8
Buick	141	220	56.0	0.3	0.5	0.2	343	512	49.3	0.3	0.4	0.1
Cadillac	250	296	18.4	0.5	0.6	0.1	730	812	11.2	0.6	0.6	0.0
Chevrolet	2,189	2,733	24.9	4.8	5.7	0.9	5,738	7,561	31.8	4.7	5.7	1.0
Chrysler	263	137	-47.9	0.6	0.3	-0.3	679	416	-38.7	0.6	0.3	-0.2
Dodge	701	635	-9.4	1.5	1.3	-0.2	1,717	1,677	-2.3	1.4	1.3	-0.1
Fiat	322	334	3.7	0.7	0.7	0.0	727	817	12.4	0.6	0.6	0.0
Ford	3,073	3,268	6.3	6.7	6.8	0.1	7,456	7,914	6.1	6.1	6.0	-0.2
GMC	485	504	3.9	1.1	1.0	0.0	1,240	1,462	17.9	1.0	1.1	0.1
Honda	6,179	7,031	13.8	13.4	14.6	1.2	16,288	18,643	14.5	13.4	14.1	0.7
Hyundai	1,657	1,409	-15.0	3.6	2.9	-0.7	3,921	3,830	-2.3	3.2	2.9	-0.3
Infiniti	660	693	5.0	1.4	1.4	0.0	1,694	1,956	15.5	1.4	1.5	0.1
Jaguar	103	132	28.2	0.2	0.3	0.1	314	305	-2.9	0.3	0.2	0.0
Jeep	974	1,047	7.5	2.1	2.2	0.1	2,466	2,954	19.8	2.0	2.2	0.2
Kia	2,128	2,528	18.8	4.6	5.3	0.6	5,561	6,999	25.9	4.6	5.3	0.7
Land Rover	323	554	71.5	0.7	1.2	0.5	920	1,378	49.8	0.8	1.0	0.3
Lexus	2,416	2,427	0.5	5.2	5.0	-0.2	7,120	7,132	0.2	5.9	5.4	-0.5
Lincoln	131	257	96.2	0.3	0.5	0.3	410	641	56.3	0.3	0.5	0.1
Mazda	847	980	15.7	1.8	2.0	0.2	2,187	2,689	23.0	1.8	2.0	0.2
Mercedes	2,642	2,360	-10.7	5.7	4.9	-0.8	6,820	7,295	7.0	5.6	5.5	-0.1
MINI	368	279	-24.2	0.8	0.6	-0.2	1,147	869	-24.2	0.9	0.7	-0.3
Mitsubishi	190	213	12.1	0.4	0.4	0.0	420	519	23.6	0.3	0.4	0.0
Nissan	3,508	3,741	6.6	7.6	7.8	0.2	8,576	9,585	11.8	7.1	7.2	0.2
Porsche	322	350	8.7	0.7	0.7	0.0	942	988	4.9	0.8	0.7	0.0
Ram	375	416	10.9	0.8	0.9	0.1	954	1,078	13.0	0.8	0.8	0.0
smart	48	26	-45.8	0.1	0.1	-0.1	129	67	-48.1	0.1	0.1	-0.1
Subaru	1,057	1,192	12.8	2.3	2.5	0.2	2,703	3,101	14.7	2.2	2.3	0.1
Tesla	203	207	2.0	0.4	0.4	0.0	735	874	18.9	0.6	0.7	0.1
Toyota/Scion	8,774	8,247	-6.0	19.1	17.2	-1.9	22,630	23,162	2.4	18.6	17.5	-1.1
Volkswagen	1,271	1,371	7.9	2.8	2.9	0.1	3,536	3,762	6.4	2.9	2.8	-0.1
Volvo	152	239	57.2	0.3	0.5	0.2	431	619	43.6	0.4	0.5	0.1
Other	188	176	-6.4	0.4	0.4	0.0	571	512	-10.3	0.5	0.4	-0.1

Source: AutoCount data from Experian Automotive

Top ten brands are shaded green.

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