

# Los Angeles Auto Outlook



Comprehensive information on the LA County new vehicle market

## FORECAST

### County New Vehicle Registrations Predicted to Exceed 495K in '18



**Key factors providing a boost to new vehicle sales**



**Key factors holding back new vehicle sales**

**Economic growth is solid.** The economy has been growing at a respectable, albeit less than robust, pace for several years. Most economists expect this trend to continue in 2018. Positives are lower taxes and rising employment. Negatives are increasing interest rates and potential harmful fallout resulting from restrictive trade policies. These negatives should not be enough to derail the economy, however.

**Consumer confidence is high.** The improving economy, rising incomes, and ascending net worth have led many consumers to feel upbeat about current and future economic conditions. The volatile stock market and higher borrowing costs are potential concerns for 2018, but baseline consumer sentiment should remain positive.

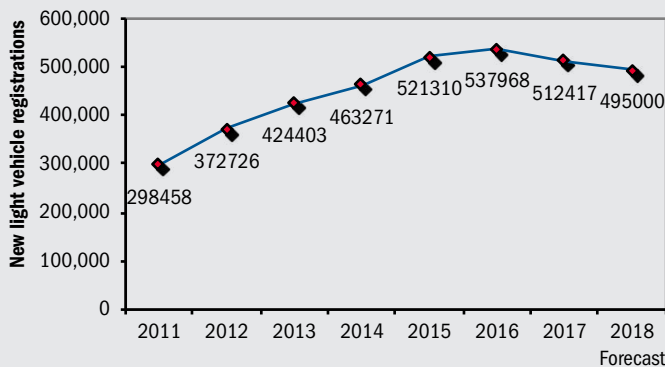
**New vehicles have a lot to offer.** From zero emission electric vehicles to every conceivable iteration of SUVs and trucks, manufacturers are serving up an impressive array of new vehicles. And these new models are packed with driver assistance and infotainment technologies that make the average 10 year old vehicle on the road seem obsolete.

**Consumer affordability is weakening.** Low interest rates, steady (if not spectacular) household income growth and high incentives combined to keep new vehicle affordability strong for many years. But this scenario is changing. Higher loan rates are boosting monthly finance and lease payments, which will keep some new vehicle shoppers on the sidelines.

**Used vehicle values are softening.** Improving supplies of used cars and trucks and increasing off-lease volumes are likely to put a mild damper on new vehicle sales in two ways. First, trade in values will soften, increasing net transaction prices. And second, lower used vehicle prices will entice some consumers to purchase used vehicles instead of new.

**Pent up demand is waning.** The county new vehicle market posted big gains between 2009 and 2016, but there is a ceiling on how high sales can go. As shown on the graph to the left, the market has plateaued during the past two years and is likely to drift lower in 2018.

**Annual Trend in County Market**



**Market Summary**

	YTD '17 thru March	YTD '18 thru March	% Chg. '17 to '18	Mkt. Share YTD '18
TOTAL	130,057	122,368	-5.9%	
Car	73,562	63,542	-13.6%	51.9%
Light Truck	56,495	58,826	4.1%	48.1%
Domestic	26,519	24,119	-9.1%	19.7%
European	27,067	26,321	-2.8%	21.5%
Japanese	66,413	62,719	-5.6%	51.3%
Korean	10,058	9,209	-8.4%	7.5%

Historical Data Source: AutoCount data from Experian.

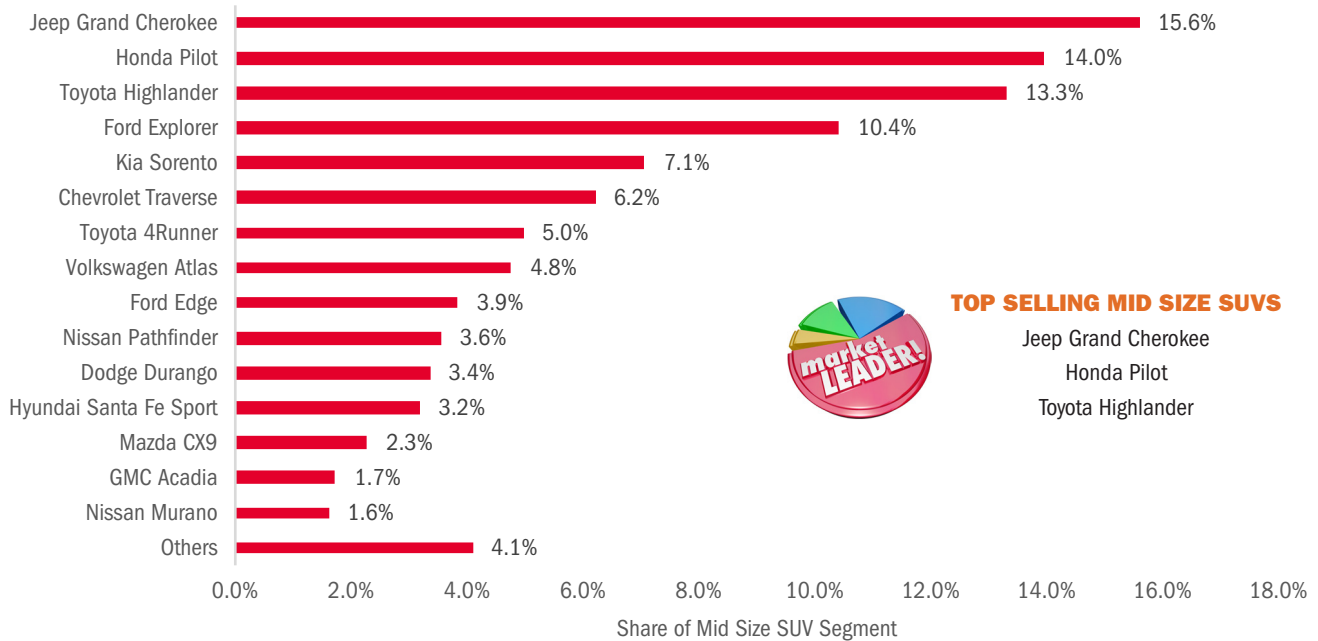
The graph above shows annual new retail light vehicle registrations in the county from 2011 thru 2017 and Auto Outlook's projection for 2018.

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

MID SIZE SUV SEGMENT

# Grand Cherokee is Best-Selling Mid Size SUV in County Market

Share of LA County Mid Size Suv Segment - YTD 2018 thru March



**TOP SELLING MID SIZE SUVs**

- Jeep Grand Cherokee
- Honda Pilot
- Toyota Highlander

Source: AutoCount data from Experian.

## MARKET TRACKER: COUNTY MARKET VERSUS U.S.

### County Car Share Close to 50%

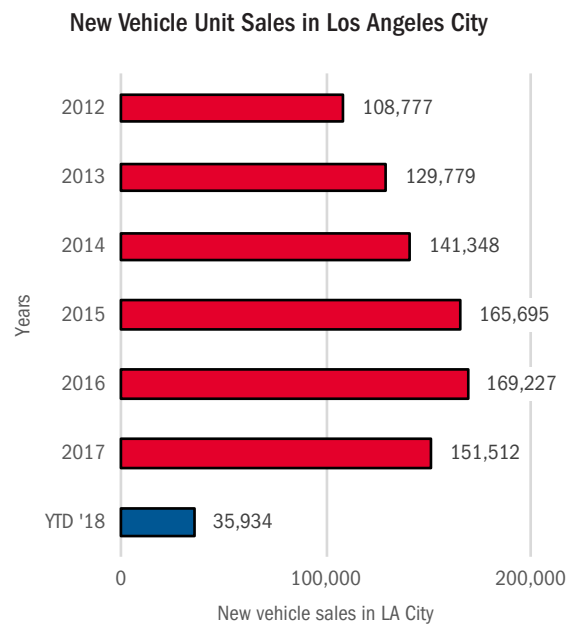
	County Market		U.S. Market*	
<b>Percent change in registrations YTD '18 thru March vs. YTD '17</b>	-5.9%		2.0%	
<b>Passenger car market share YTD '18 thru March</b>	51.9%		32.4%	
<b>Domestic brand market share YTD '18 thru March</b>	19.7%		44.1%	
<b>Top 10 brands and market share YTD '18 thru March</b>				
First	Toyota	17.8%	Ford	13.9%
Second	Honda	15.0%	Toyota	12.3%
Third	Chevrolet	6.4%	Chevrolet	11.9%
Fourth	Mercedes	5.8%	Nissan	9.1%
Fifth	Nissan	5.2%	Honda	8.0%
Sixth	BMW	4.9%	Jeep	5.5%
Seventh	Lexus	4.8%	Subaru	3.6%
Eighth	Ford	4.7%	Hyundai	3.5%
Ninth	Kia	4.3%	GMC	3.2%
Tenth	Subaru	3.2%	Kia	3.1%

Source for LA County data: AutoCount data from Experian.

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

## ANALYSIS

### New Vehicle Sales in LA City



The graph above shows the level of new vehicle sales in the city of Los Angeles from 2012 through 2017 and ytd thru March of this year. The data measures vehicles sold by dealerships located in the city of Los Angeles. Source: AutoCount data from Experian.

BRAND SCOREBOARD

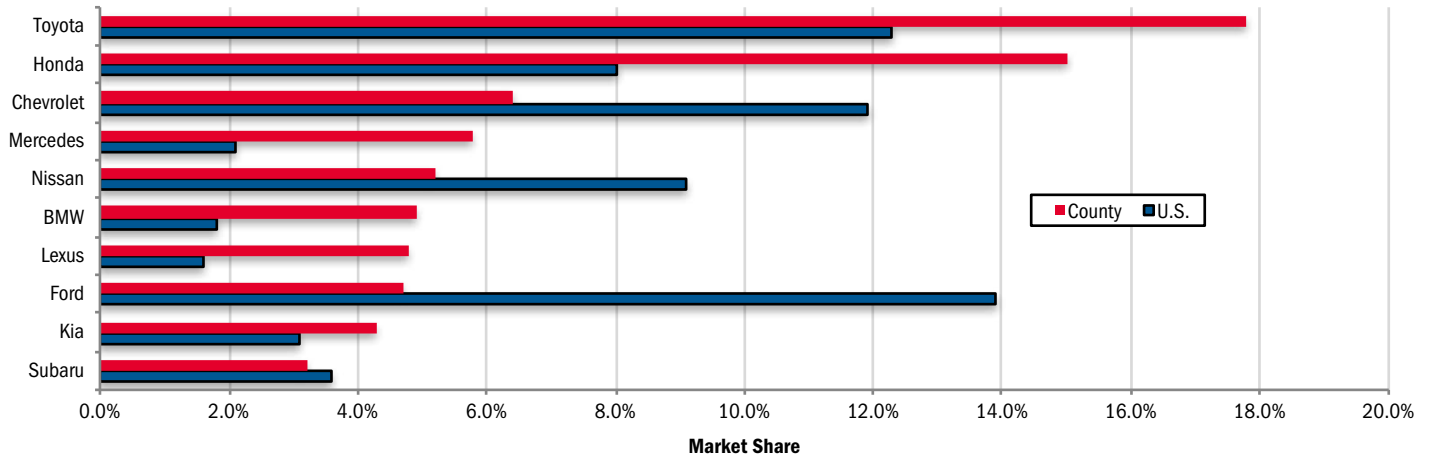
# Toyota, Honda, and Chevrolet are Leaders in LA County Market

The graph below shows county and U.S. market share during the first three months of this year for the top 10 selling brands in the county. Brands are positioned on the graph from top to bottom based on county share.

## Honda, Toyota, MB, Lexus, & BMW

County market shares are much higher than in the Nation.

County and U.S. Market Share - YTD 2018 thru March\*



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

MARKET TRACKER - SEGMENTS

# Compact SUV Segment Nears Top of County Market

Los Angeles County Segment Market Share Review				
Segment	Market Share YTD '17 thru March	Market Share YTD '18 thru March	Change in share YTD '17 to '18	Best selling model in segment
Sub Compact Car	21.7	19.2	-2.5	Honda Civic
Compact SUV	13.7	17.1	3.4	Toyota RAV4
Standard Mid Size Car	14.0	12.2	-1.8	Toyota Camry
Near Luxury Car	8.6	9.0	0.4	Mercedes C-Class
Compact Luxury SUV	5.5	6.1	0.6	Lexus NX
Mid Size Luxury SUV	5.6	5.8	0.2	Lexus RX
Luxury Car	4.6	4.8	0.2	Mercedes E-Class
Full Size Pickup	4.0	3.9	-0.1	Chevrolet Silverado
Mid Size Crossover SUV	2.8	3.6	0.8	Honda Pilot
Entry Car	3.9	3.3	-0.6	Honda Fit
Mid Size SUV	3.1	2.9	-0.2	Jeep Grand Cherokee
Compact Pickup	2.4	2.6	0.2	Toyota Tacoma
Full Size Crossover SUV	2.1	2.2	0.1	Ford Explorer
Mini Van	1.9	1.5	-0.4	Toyota Sienna
Full Size Luxury SUV	1.2	1.3	0.1	Land Rover Range Rover
Sport Compact Car	1.6	1.3	-0.3	Dodge Challenger
Large Mid Size Car	1.0	1.0	0.0	Dodge Charger
Full Size SUV	0.9	0.8	-0.1	Chevrolet Tahoe
Full Size Van	0.7	0.7	0.0	Ford Transit Connect
Sports Car	0.7	0.7	0.0	Porsche 911

The table above shows county market share for 20 vehicle segments during the first three months of 2017 and 2018, and the change in market share over the period. The best selling model in each segment is also shown. Segments are ranked from top to bottom based on 2018 share. Data Source: AutoCount data from Experian.

Los Angeles County New Retail Car and Light Truck Registrations												
	March						YTD thru March					
	Registrations			Market Share (%)			Registrations			Market Share (%)		
	2017	2018	% change	2017	2018	Change	YTD '17	YTD '18	% change	YTD '17	YTD '18	Change
TOTAL	48,880	37,274	-23.7				130,057	122,368	-5.9			
Cars	27,650	19,425	-29.7	56.6	52.1	-4.5	73,562	63,542	-13.6	56.5	51.9	-4.6
Light Trucks	21,230	17,849	-15.9	43.4	47.9	4.5	56,495	58,826	4.1	43.5	48.1	4.6
Domestic Brands	10,332	7,674	-25.7	21.1	20.6	-0.5	26,519	24,119	-9.1	20.4	19.7	-0.7
European Brands	9,226	7,359	-20.2	18.9	19.7	0.9	27,067	26,321	-2.8	20.8	21.5	0.7
Japanese Brands	25,527	19,281	-24.5	52.2	51.7	-0.5	66,413	62,719	-5.6	51.1	51.3	0.2
Korean Brands	3,795	2,960	-22.0	7.8	7.9	0.2	10,058	9,209	-8.4	7.7	7.5	-0.2
Acura	483	398	-17.6	1.0	1.1	0.1	1,349	1,274	-5.6	1.0	1.0	0.0
Audi	1,409	1,023	-27.4	2.9	2.7	-0.1	3,987	3,752	-5.9	3.1	3.1	0.0
BMW	2,038	1,632	-19.9	4.2	4.4	0.2	6,359	5,980	-6.0	4.9	4.9	0.0
Buick	167	123	-26.3	0.3	0.3	0.0	486	398	-18.1	0.4	0.3	0.0
Cadillac	222	183	-17.6	0.5	0.5	0.0	686	694	1.2	0.5	0.6	0.0
Chevrolet	3,614	2,430	-32.8	7.4	6.5	-0.9	8,884	7,827	-11.9	6.8	6.4	-0.4
Chrysler	195	131	-32.8	0.4	0.4	0.0	474	470	-0.8	0.4	0.4	0.0
Dodge	696	599	-13.9	1.4	1.6	0.2	1,694	1,733	2.3	1.3	1.4	0.1
Fiat	419	57	-86.4	0.9	0.2	-0.7	1,059	311	-70.6	0.8	0.3	-0.6
Ford	2,920	1,974	-32.4	6.0	5.3	-0.7	7,087	5,712	-19.4	5.4	4.7	-0.8
GMC	573	382	-33.3	1.2	1.0	-0.1	1,436	1,270	-11.6	1.1	1.0	-0.1
Honda	7,821	5,802	-25.8	16.0	15.6	-0.4	19,895	18,392	-7.6	15.3	15.0	-0.3
Hyundai	1,535	1,226	-20.1	3.1	3.3	0.1	4,275	3,890	-9.0	3.3	3.2	-0.1
Infiniti	829	564	-32.0	1.7	1.5	-0.2	2,069	1,806	-12.7	1.6	1.5	-0.1
Jaguar	269	133	-50.6	0.6	0.4	-0.2	636	521	-18.1	0.5	0.4	-0.1
Jeep	1,096	1,120	2.2	2.2	3.0	0.8	3,068	3,158	2.9	2.4	2.6	0.2
Kia	2,260	1,734	-23.3	4.6	4.7	0.0	5,783	5,319	-8.0	4.4	4.3	-0.1
Land Rover	478	490	2.5	1.0	1.3	0.3	1,336	1,428	6.9	1.0	1.2	0.1
Lexus	2,154	1,647	-23.5	4.4	4.4	0.0	6,341	5,918	-6.7	4.9	4.8	0.0
Lincoln	205	108	-47.3	0.4	0.3	-0.1	538	418	-22.3	0.4	0.3	-0.1
Maserati	152	85	-44.1	0.3	0.2	-0.1	420	263	-37.4	0.3	0.2	-0.1
Mazda	1,032	936	-9.3	2.1	2.5	0.4	2,816	2,845	1.0	2.2	2.3	0.2
Mercedes	2,312	1,891	-18.2	4.7	5.1	0.3	6,939	7,098	2.3	5.3	5.8	0.5
MINI	252	238	-5.6	0.5	0.6	0.1	722	833	15.4	0.6	0.7	0.1
Mitsubishi	173	102	-41.0	0.4	0.3	-0.1	438	376	-14.2	0.3	0.3	0.0
Nissan	3,187	2,055	-35.5	6.5	5.5	-1.0	8,090	6,399	-20.9	6.2	5.2	-1.0
Porsche	357	289	-19.0	0.7	0.8	0.0	1,073	1,082	0.8	0.8	0.9	0.1
Ram	393	312	-20.6	0.8	0.8	0.0	1,123	945	-15.9	0.9	0.8	-0.1
smart	26	5	-80.8	0.1	0.0	0.0	81	25	-69.1	0.1	0.0	0.0
Subaru	1,497	1,184	-20.9	3.1	3.2	0.1	3,717	3,914	5.3	2.9	3.2	0.3
Tesla	251	312	24.3	0.5	0.8	0.3	1,043	1,494	43.2	0.8	1.2	0.4
Toyota/Scion	8,351	6,593	-21.1	17.1	17.7	0.6	21,698	21,795	0.4	16.7	17.8	1.1
Volkswagen	1,186	1,065	-10.2	2.4	2.9	0.4	3,564	3,537	-0.8	2.7	2.9	0.2
Volvo	228	244	7.0	0.5	0.7	0.2	632	823	30.2	0.5	0.7	0.2
Other	100	207	107.0	0.2	0.6	0.4	259	668	157.9	0.2	0.5	0.3

Source: AutoCount data from Experian.

Top ten brands are shaded yellow.

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