

# Los Angeles Auto Outlook



Comprehensive information on the LA County new vehicle market

## FORECAST

### New Vehicle Market Fell in 1Q '19; Registrations Stayed Above 117K

Predicting new vehicle sales is, without question, an inexact science. There are a multitude of forces impacting the market on an ongoing basis. Some of these forces are pushing the market higher, while others are pulling it lower. Making sense of it all and coming up with an **exact** picture of where the market is headed is nearly impossible. But the basic direction that sales are likely to head in is easier to identify. And right now, the majority of signs are pointing to a slowdown.

As with just about any economic activity, vehicle sales intrinsically follow a cyclical pattern. New retail light vehicle registrations in Los Angeles County increased for seven consecutive years between 2009 and 2016, with the market increasing by 120% over the period. After such a strong run, the market was due for a contraction. And there are definitely some signs that the market is running out of steam. Used vehicle prices have softened as several years of strong new vehicle sales have led to increasing supplies of late model cars and trucks. Lower prices for used models entices many consumers to shift their purchase intentions from new vehicles to used. Higher interest rates and increasing new vehicle prices have also hindered consumer affordability.

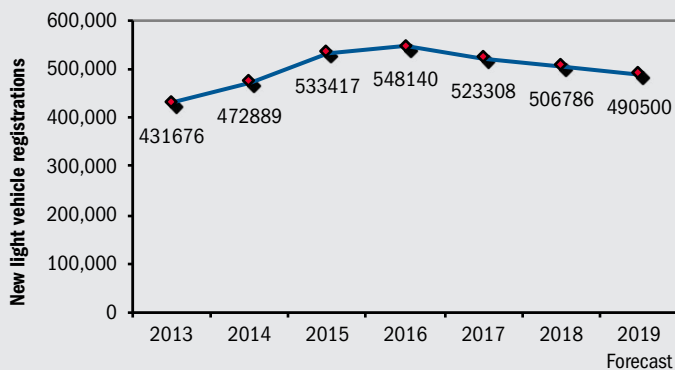
The headwinds simply seem too strong for the market to remain at near record high levels, but neither do we expect the market to fall off a cliff. Unemployment rates are very low, incomes are moving higher,

consumer sentiment is strong, and GDP growth is predicted to remain solidly positive. It would be unprecedented for new vehicle sales to collapse in an environment with such strong core economic fundamentals. In addition, technological advances in today's new vehicles are a strong motivation for many consumers to upgrade. The county new vehicle market is expected to soften over the next several years, but sales should remain strong, based on historical standards.

### 5 Key Market Trends

- 1. County new retail registrations declined 3.2% in the First Quarter of '19 versus year earlier.
- 2. The market is predicted to fall by 3% for all of 2019.
- 3. Light truck market share was 52.0% in 1Q'19.
- 4. Tesla, Jaguar, Ram, Land Rover, and Acura had the largest percentage gains so far this year.
- 5. Hybrid and electric vehicle market share was 12.8% in the first two months of this year, up vs. a year earlier.

Annual Trend in County Market



Historical Data Source: IHS.

The graph above shows annual new retail light vehicle registrations in the county from 2013 thru 2018 and Auto Outlook's projection for 2019.

Market Summary

	YTD '18 thru Mar.	YTD '19* thru Mar.	% Chg. '18 to '19	Mkt. Share 2019*
TOTAL	120,972	117,118	-3.2%	
Car	61,008	56,211	-7.9%	48.0%
Light Truck	59,964	60,907	1.6%	52.0%
Domestic	25,914	26,515	2.3%	22.6%
European	25,232	23,743	-5.9%	20.3%
Japanese	60,735	58,404	-3.8%	49.9%
Korean	9,091	8,456	-7.0%	7.2%

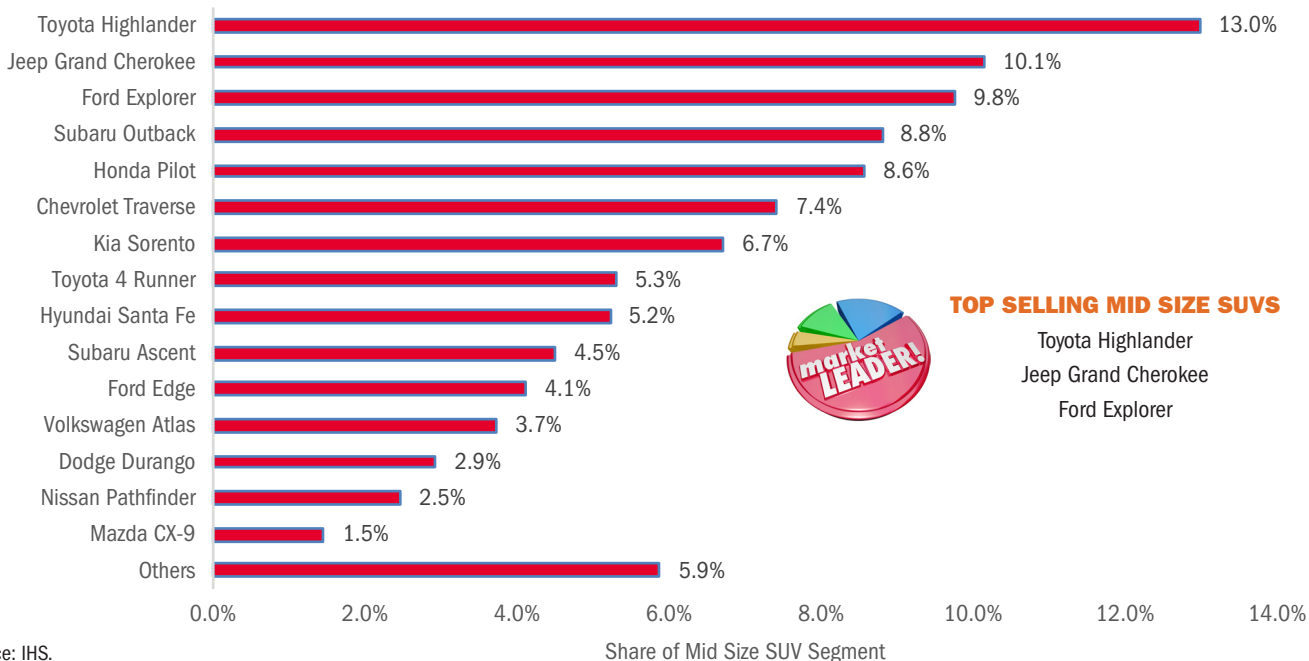
Source: IHS.

Domestics consist of vehicles sold by GM, Ford, FCA (excluding Alfa and FIAT), and Tesla. \*Figures for March '19 were estimated by Auto Outlook.

MID SIZE SUV SEGMENT

# Highlander is Best-Selling Mid Size SUV in County Market

Share of LA County Mid Size Suv Segment - Previous Six Months (Sept. 2018 thru Feb. 2019)



TOP SELLING MID SIZE SUVs

- Toyota Highlander
- Jeep Grand Cherokee
- Ford Explorer

Source: IHS.

MARKET TRACKER: COUNTY MARKET VERSUS U.S.

## Domestic Brand Share in County is 22.6%

	County Market		U.S. Market	
<b>Percent change in registrations</b>				
YTD '19 thru Mar.* vs. YTD '18	-3.2%		-4.0%	
<b>Passenger car market share</b>				
YTD '19 thru Mar.*	48.0%		29.4%	
<b>Domestic brand market share</b>				
YTD '19 thru Mar.*	22.6%		41.3%	
<b>Top 10 brands and market share</b>				
YTD '19 thru Mar.*				
First	Toyota	16.3%	Toyota	12.7%
Second	Honda	15.5%	Ford	11.3%
Third	Chevrolet	6.0%	Chevrolet	10.8%
Fourth	Nissan	5.4%	Honda	10.6%
Fifth	Ford	5.1%	Nissan	6.4%
Sixth	Mercedes	4.9%	Jeep	5.6%
Seventh	BMW	4.8%	Subaru	4.8%
Eighth	Lexus	4.8%	Kia	3.7%
Ninth	Kia	4.3%	Hyundai	3.6%
Tenth	Tesla	3.9%	Ram	3.6%

\*March 2019 figures estimated by Auto Outlook

Source: IHS

ANALYSIS

## New Vehicle Sales in LA City



The graph above shows the level of new vehicle sales in the city of Los Angeles from 2014 through 2018, and the first 3 months of 2019. The data measures vehicles sold by dealerships located in the city of Los Angeles. Source: IHS. (\*March, '19 figures estimated by Auto Outlook.)

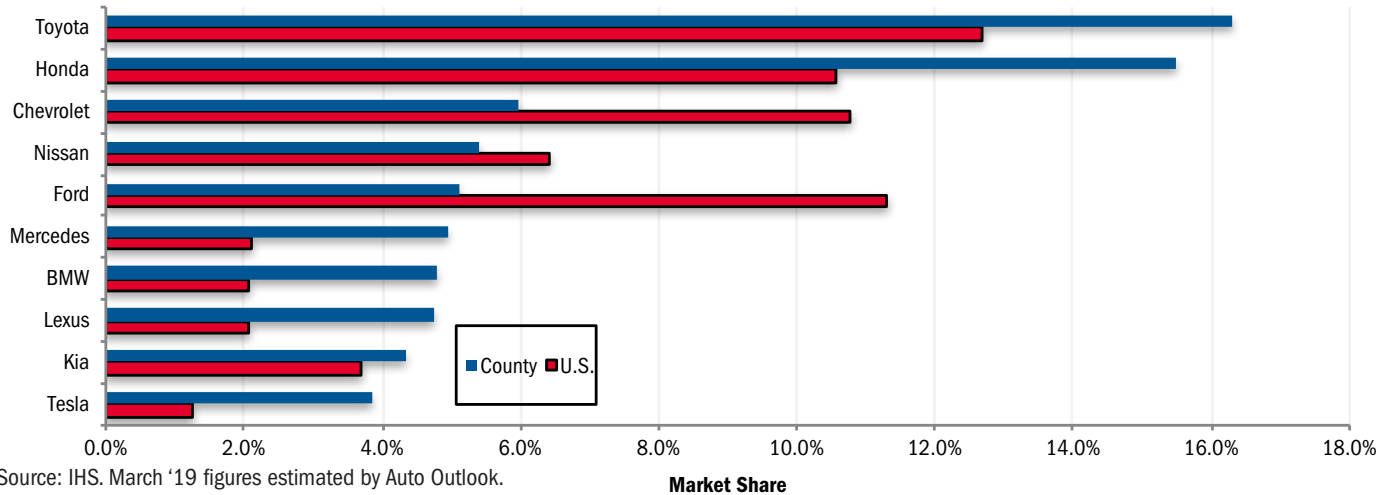
**BRAND SCOREBOARD**

# 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, BMW, & Lexus**  
County market shares are much higher than in the Nation.

**County and U.S. Market Share - YTD 2019 thru March\***



**MARKET TRACKER - SEGMENTS**

## Compact SUV Segment Nears Top of County Market

Los Angeles County Segment Market Share Review				
Segment	Market Share YTD '18 thru Feb.	Market Share YTD '19 thru Feb.	Change in share YTD '18 to '19	Best selling model in segment
Compact Car	18.7	16.0	-2.7	Honda Civic
Compact SUV	15.1	14.9	-0.2	Honda CR-V
Mid Size Car	11.3	11.6	0.3	Honda Accord
Near Luxury Car	7.5	9.7	2.2	Tesla Model 3
Mid Size SUV	8.8	8.5	-0.3	Toyota Highlander
Luxury Mid Size SUV	5.6	5.9	0.3	Lexus RX
Luxury Compact SUV	4.6	5.8	1.2	Lexus NX
Luxury and High-end Sports Cars	5.0	4.5	-0.5	Tesla Model S
Subcompact SUV	3.2	4.3	1.1	Toyota C-HR
Full Size Pickup	4.3	4.1	-0.2	Ford F Series
Compact/Mid-Size Pickup	2.7	2.9	0.2	Toyota Tacoma
Subcompact Car	3.2	2.5	-0.7	Kia Soul
Mini Van	1.7	1.6	-0.1	Honda Odyssey
Luxury Large SUV	1.0	1.4	0.4	Land Rover Range Rover
Luxury Subcompact SUV	1.2	1.4	0.2	BMW X1
Sports/Pony cars	1.6	1.2	-0.4	Dodge Challenger
Large Van	1.1	1.1	0.0	Ford Transit Connect Van
Entry Luxury Car	1.5	1.0	-0.5	Mercedes CLA-Class
Large Car	1.0	0.8	-0.2	Dodge Charger
Large SUV	1.0	0.8	-0.2	Chevrolet Tahoe

The table above shows county market share for 20 vehicle segments during the first two months of 2018 and 2019, 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: IHS.

Los Angeles County New Retail Car and Light Truck Registrations												
	First Quarter*						Annual Totals					
	Registrations			Market Share (%)			Registrations			Market Share (%)		
	1Q '18	1Q '19	% change	1Q '18	1Q '19	Change	2017	2018	% change	2017	2018	Change
TOTAL	120,972	117,118	-3.2				523,308	506,786	-3.2			
Cars	61,008	56,211	-7.9	50.4	48.0	-2.4	282,140	248,869	-11.8	53.9	49.1	-4.8
Light Trucks	59,964	60,907	1.6	49.6	52.0	2.4	241,168	257,917	6.9	46.1	50.9	4.8
Domestic Brands	25,914	26,515	2.3	21.4	22.6	1.2	109,756	116,211	5.9	21.0	22.9	1.9
European Brands	25,232	23,743	-5.9	20.9	20.3	-0.6	109,611	105,597	-3.7	20.9	20.8	-0.1
Japanese Brands	60,735	58,404	-3.8	50.2	49.9	-0.3	264,569	250,064	-5.5	50.6	49.3	-1.3
Korean Brands	9,091	8,456	-7.0	7.5	7.2	-0.3	39,372	34,914	-11.3	7.5	6.9	-0.6
Acura	1,152	1,264	9.7	1.0	1.1	0.1	5,114	5,133	0.4	1.0	1.0	0.0
Alfa Romeo	528	502	-4.9	0.4	0.4	0.0	960	2,389	148.9	0.2	0.5	0.3
Audi	3,160	3,044	-3.7	2.6	2.6	0.0	15,249	14,184	-7.0	2.9	2.8	-0.1
BMW	6,159	5,625	-8.7	5.1	4.8	-0.3	27,277	26,328	-3.5	5.2	5.2	0.0
Buick	469	405	-13.6	0.4	0.3	-0.1	1,896	1,738	-8.3	0.4	0.3	-0.1
Cadillac	836	704	-15.8	0.7	0.6	-0.1	3,420	3,485	1.9	0.7	0.7	0.0
Chevrolet	8,000	7,003	-12.5	6.6	6.0	-0.6	36,391	33,351	-8.4	7.0	6.6	-0.4
Chrysler	468	319	-31.8	0.4	0.3	-0.1	2,026	1,900	-6.2	0.4	0.4	0.0
Dodge	1,881	1,548	-17.7	1.6	1.3	-0.3	7,262	7,355	1.3	1.4	1.5	0.1
FIAT	268	144	-46.3	0.2	0.1	-0.1	2,900	948	-67.3	0.6	0.2	-0.4
Ford	6,384	5,993	-6.1	5.3	5.1	-0.2	28,352	25,960	-8.4	5.4	5.1	-0.3
Genesis	208	92	-55.8	0.2	0.1	-0.1	943	487	-48.4	0.2	0.1	-0.1
GMC	1,292	1,029	-20.4	1.1	0.9	-0.2	5,656	4,672	-17.4	1.1	0.9	-0.2
Honda	17,371	18,157	4.5	14.4	15.5	1.1	78,910	71,583	-9.3	15.1	14.1	-1.0
Hyundai	3,572	3,274	-8.3	3.0	2.8	-0.2	16,246	14,702	-9.5	3.1	2.9	-0.2
Infiniti	1,734	1,432	-17.4	1.4	1.2	-0.2	7,286	7,088	-2.7	1.4	1.4	0.0
Jaguar	459	556	21.1	0.4	0.5	0.1	2,852	1,607	-43.7	0.5	0.3	-0.2
Jeep	3,373	3,334	-1.2	2.8	2.8	0.0	12,922	15,188	17.5	2.5	3.0	0.5
Kia	5,311	5,090	-4.2	4.4	4.3	-0.1	22,183	19,725	-11.1	4.2	3.9	-0.3
Land Rover	1,468	1,632	11.2	1.2	1.4	0.2	5,294	6,436	21.6	1.0	1.3	0.3
Lexus	5,339	5,579	4.5	4.4	4.8	0.4	24,887	23,345	-6.2	4.8	4.6	-0.2
Lincoln	423	450	6.4	0.3	0.4	0.1	2,044	2,008	-1.8	0.4	0.4	0.0
Maserati	246	213	-13.4	0.2	0.2	0.0	1,367	917	-32.9	0.3	0.2	-0.1
Mazda	2,752	2,376	-13.7	2.3	2.0	-0.3	11,303	11,079	-2.0	2.2	2.2	0.0
Mercedes	6,407	5,787	-9.7	5.3	4.9	-0.4	28,495	26,906	-5.6	5.4	5.3	-0.1
MINI	939	722	-23.1	0.8	0.6	-0.2	3,589	3,294	-8.2	0.7	0.6	-0.1
Mitsubishi	390	388	-0.5	0.3	0.3	0.0	1,620	1,522	-6.0	0.3	0.3	0.0
Nissan	6,848	6,310	-7.9	5.7	5.4	-0.3	29,237	27,581	-5.7	5.6	5.4	-0.2
Other	294	331	12.6	0.2	0.3	0.1	1,267	1,202	-5.1	0.2	0.2	0.0
Porsche	1,171	1,249	6.7	1.0	1.1	0.1	4,731	4,467	-5.6	0.9	0.9	0.0
Ram	1,027	1,207	17.5	0.8	1.0	0.2	4,991	5,197	4.1	1.0	1.0	0.0
Subaru	3,855	3,797	-1.5	3.2	3.2	0.0	15,113	16,507	9.2	2.9	3.3	0.4
Tesla	1,752	4,513	157.6	1.4	3.9	2.5	4,749	15,301	222.2	0.9	3.0	2.1
Toyota	21,289	19,096	-10.3	17.6	16.3	-1.3	91,072	86,203	-5.3	17.4	17.0	-0.4
Volkswagen	3,267	3,069	-6.1	2.7	2.6	-0.1	12,803	13,169	2.9	2.4	2.6	0.2
Volvo	880	884	0.5	0.7	0.8	0.1	2,901	3,829	32.0	0.6	0.8	0.2

\*March 2019 figures were estimated by Auto Outlook.

Source:IHS.

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