

Los Angeles Auto Outlook



Comprehensive information on the LA County new vehicle market

FORECAST

New Vehicle Registrations Up 4.9% So Far This Year

Peak in sales has likely been reached, but market is expected to remain strong

Beginning in 2010, the Los Angeles County new vehicle market began an unprecedented run of six consecutive years of increasing sales. New retail registrations last year exceeded the lofty total of more than 520,000 units, and could exceed 540,000 this year. Based on the heights that the market has reached, (which is clearly depicted on the graph below), the consensus view is that sales have reached their cyclical peak and will now start to drift lower.

Indeed, this has been the established historical pattern. The market has almost always resembled a roller coaster ride, with sales climbing to peaks, and falling to troughs. Escalating incentives during this year are a sign that demand is easing, as manufacturers try to protect market share in a stable, or perhaps, declining market.

So attention has now shifted from asking how high the market will go, to how fast it will fall. As discussed in the previous release of Auto Outlook, forecasting new vehicle sales

is risky. Local, national, and global economic conditions are dynamic and volatile and can have definite consequences for the course of new vehicle sales. But the way we see it now, there are some tangible reasons to believe that the market softening will be gradual and that sales will remain at relatively strong levels for the foreseeable future. Here are three key factors providing support to the county new vehicle market:

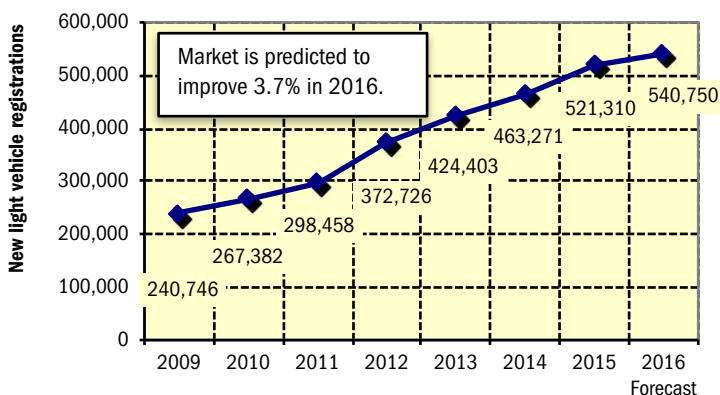
- **New vehicle affordability is at healthy levels.** Interest rates are very low, and although they are likely to drift higher in the coming months, low vehicle financing costs should remain a stimulant for the market for quite some time. Combined with aggressive discount offers and growth in personal incomes, a new vehicle purchase is within reach for many consumers.
- **Average age of cars on the road is high.** Pent up demand has eased after six years of increasing sales, but the average age for

all vehicles in operations still exceeds 10 years old.

- **Today's new vehicles offer significant improvements compared to the average 10 year old car.** Aside from the fact that their current vehicle may be wearing out, there are a multitude of compelling reasons for consumers to be inclined to purchase something new. Advances in electronic safety features, performance, fuel economy, and infotainment are all factors luring shoppers into dealerships.

Auto Outlook's latest estimate of where the market is headed: 3.7% increase for all of this year versus 2015, with a small decline likely in 2017. Registrations next year should still exceed 530,000 units, which on an historical basis, is a very good performance for the county market.

Annual Trend in LA County New Vehicle Market



The graph above shows annual new retail light vehicle registrations in the county from 2009 thru 2015 and Auto Outlook's projection for 2016.

Market Summary

	YTD '15 thru Sept.	YTD '16 thru Sept.	% Chg. '15 to '16	Mkt. Share YTD '16
TOTAL	394,113	413,437	4.9%	
Car	255,390	251,358	-1.6%	60.8%
Light Truck	138,723	162,079	16.8%	39.2%
Domestic	74,418	81,819	9.9%	19.8%
European	81,239	84,519	4.0%	20.4%
Japanese	206,064	211,891	2.8%	51.3%
Korean	32,392	35,208	8.7%	8.5%

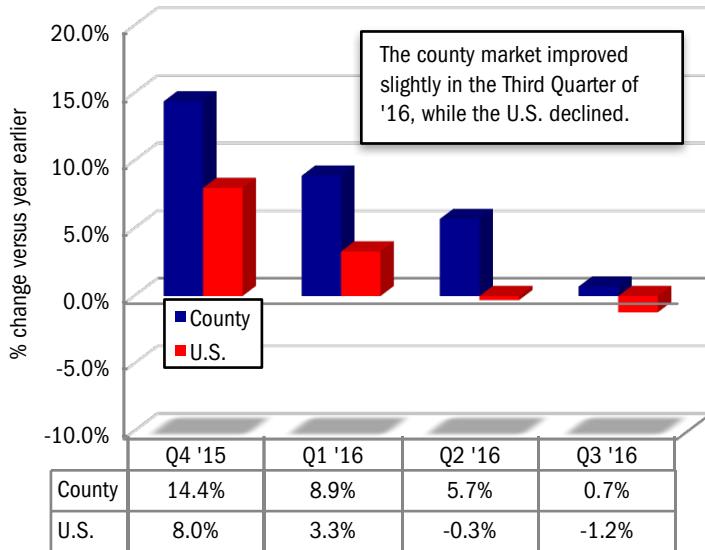
Domestic brands consist of vehicles sold by GM, Ford, Chrysler, and Tesla. Data source: AutoCount data from Experian Automotive.

MARKET TRACKER: QUARTERLY RESULTS

County Market Has Small Increase in 3Q 2016; U.S. Down Slightly

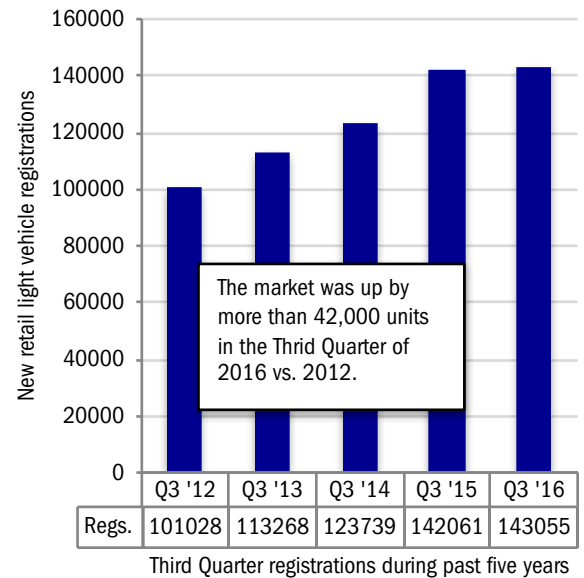
QUARTERLY TREND

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



QUARTERLY PERSPECTIVE

Five Years of Third 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 Brand Share is 19.8%

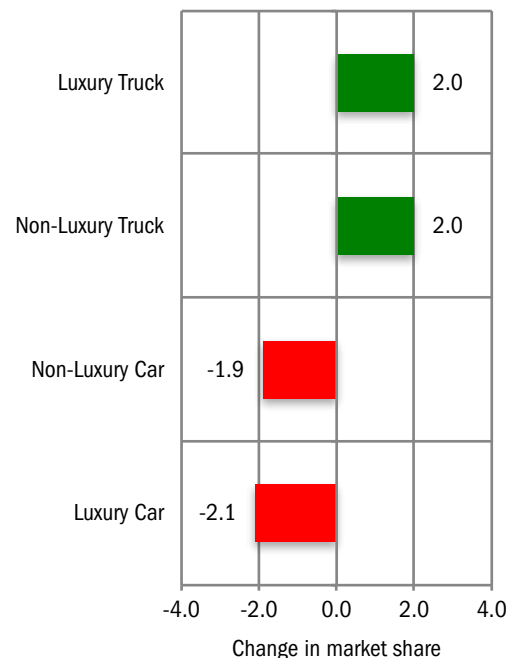
	County Market		U.S. Market*	
Percent change in registrations YTD '16 thru Sept. vs. YTD '15	4.9%		0.3%	
Passenger car market share YTD '16 thru Sept.	60.8%		40.3%	
Domestic brand market share YTD '16 thru Sept.	19.8%		44.9%	
Top 10 brands and market share YTD '16 thru Sept.				
First	Toyota/Scion	17.3%	Ford	14.5%
Second	Honda	14.9%	Toyota/Scion	12.1%
Third	Nissan	7.0%	Chevrolet	11.7%
Fourth	Ford	6.1%	Honda	8.5%
Fifth	Chevrolet	5.7%	Nissan	8.3%
Sixth	Mercedes	5.4%	Jeep	5.4%
Seventh	Kia	5.4%	Hyundai	4.5%
Eighth	Lexus	5.0%	Kia	3.8%
Ninth	BMW	4.9%	Subaru	3.4%
Tenth	Hyundai	3.1%	Ram	3.1%

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: PRIMARY SEGMENTS

Luxury Car Share Falls

Change in County Market Share YTD '16 thru Sept. vs. YTD '15

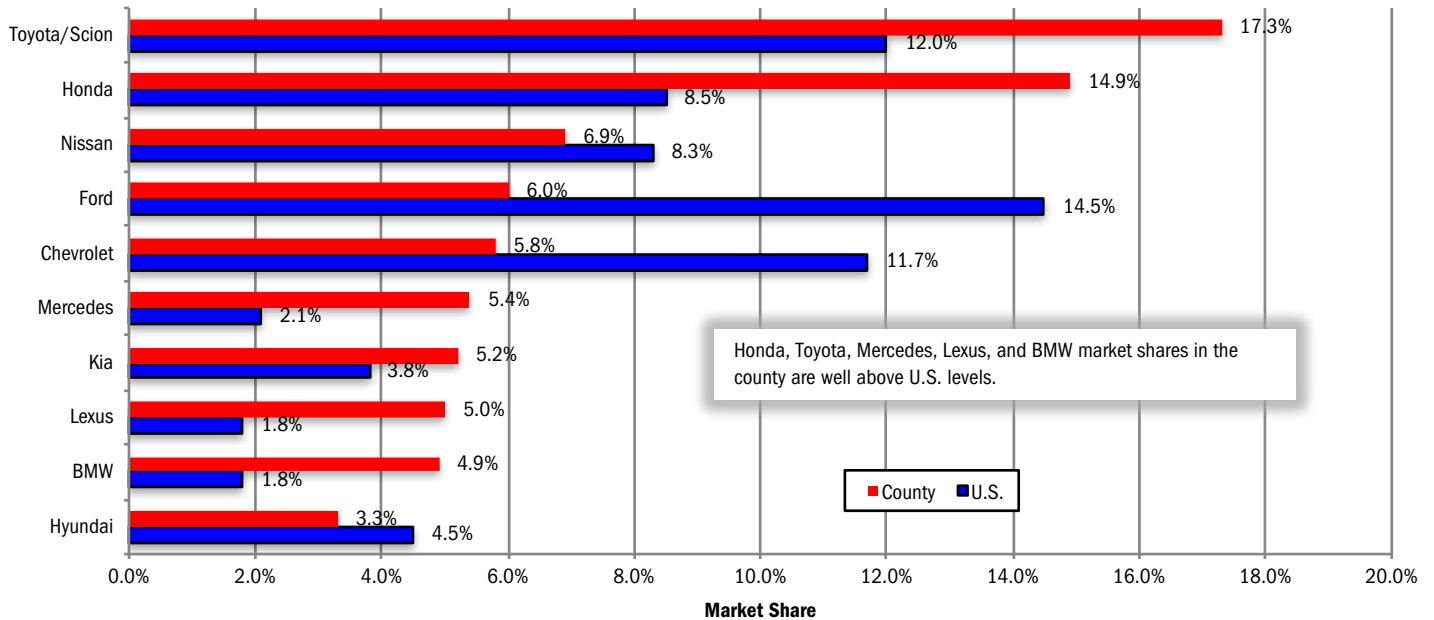


Source: AutoCount data from Experian Automotive.

BRAND SCOREBOARD

Combined Share for Toyota and Honda Exceeds 32%

Los Angeles County and U.S. Market Share - YTD 2016 thru September



MARKET TRACKER: SEGMENTS

Sub Compact Car Market Share Remains Above 22%

Los Angeles County Segment Market Share Review				
Segment	Market Share YTD '15 thru September	Market Share YTD '16 thru September	Change in share YTD '15 to '16	Best selling model in segment
Sub Compact Car	23.5	22.9	-0.6	Honda Civic
Standard Mid Size Car	15.9	14.7	-1.2	Honda Accord
Compact SUV	10.5	12.0	1.5	Honda CR-V
Near Luxury Car	11.2	9.8	-1.4	Mercedes C-Class
Mid Size Luxury SUV	4.3	5.1	0.8	Lexus RX
Luxury Car	5.9	5.0	-0.9	Mercedes E-Class
Compact Luxury SUV	3.2	4.5	1.3	Lexus NX
Entry Car	4.1	4.3	0.2	Kia Soul
Full Size Pickup	3.7	3.9	0.2	Chevrolet Silverado
Mid Size SUV	2.5	2.7	0.2	Jeep Grand Cherokee
Mid Size Crossover SUV	2.6	2.4	-0.2	Toyota Highlander
Mini Van	2.5	2.4	-0.1	Toyota Sienna
Compact Pickup	1.9	2.2	0.3	Toyota Tacoma
Sport Compact Car	2.4	2.1	-0.3	Ford Mustang
Full Size Crossover SUV	1.7	1.7	0.0	Ford Explorer
Full Size Luxury SUV	1.0	1.0	0.0	Mercedes GLS-Class
Full Size Van	0.9	1.0	0.1	Ford Transit Connect
Large Mid Size Car	1.0	1.0	0.0	Dodge Charger
Full Size SUV	0.7	0.8	0.1	Chevrolet Tahoe
Sports Car	0.6	0.8	0.2	Porsche 911

The table above shows LA county market share for 20 vehicle segments during the first nine months of 2015 and 2016. The best selling model in each segment is also shown. Segments are ranked from top to bottom based on ytd 2016 share. Source: AutoCount data from Experian Automotive.

Los Angeles County New Retail Car and Light Truck Registrations												
	September						YTD thru September					
	Registrations			Market Share (%)			Registrations			Market Share (%)		
	2015	2016	% change	2015	2016	Change	YTD '15	YTD '16	% change	YTD '15	YTD '16	Change
TOTAL	50,838	46,958	-7.6				394,113	413,437	4.9			
Cars	32,941	27,881	-15.4	64.8	59.4	-5.4	255,390	251,358	-1.6	64.8	60.8	-4.0
Light Trucks	17,897	19,077	6.6	35.2	40.6	5.4	138,723	162,079	16.8	35.2	39.2	4.0
Domestic Brands	9,781	9,450	-3.4	19.2	20.1	0.9	74,418	81,819	9.9	18.9	19.8	0.9
European Brands	9,565	9,766	2.1	18.8	20.8	2.0	81,239	84,519	4.0	20.6	20.4	-0.2
Japanese Brands	27,297	23,771	-12.9	53.7	50.6	-3.1	206,064	211,891	2.8	52.3	51.3	-1.0
Korean Brands	4,195	3,971	-5.3	8.3	8.5	0.2	32,392	35,208	8.7	8.2	8.5	0.3
Acura	578	468	-19.0	1.1	1.0	-0.1	4,851	4,439	-8.5	1.2	1.1	-0.2
Audi	1,145	1,352	18.1	2.3	2.9	0.6	10,382	12,209	17.6	2.6	3.0	0.3
BMW	2,330	2,443	4.8	4.6	5.2	0.6	20,971	20,408	-2.7	5.3	4.9	-0.4
Buick	145	155	6.9	0.3	0.3	0.0	1,141	1,583	38.7	0.3	0.4	0.1
Cadillac	236	265	12.3	0.5	0.6	0.1	2,082	2,398	15.2	0.5	0.6	0.1
Chevrolet	2,648	2,794	5.5	5.2	5.9	0.7	20,422	24,104	18.0	5.2	5.8	0.6
Chrysler	253	144	-43.1	0.5	0.3	-0.2	2,005	1,203	-40.0	0.5	0.3	-0.2
Dodge	629	621	-1.3	1.2	1.3	0.1	5,440	5,452	0.2	1.4	1.3	-0.1
Fiat	354	328	-7.3	0.7	0.7	0.0	2,660	2,391	-10.1	0.7	0.6	-0.1
Ford	3,437	2,924	-14.9	6.8	6.2	-0.5	24,093	24,770	2.8	6.1	6.0	-0.1
GMC	543	447	-17.7	1.1	1.0	-0.1	4,072	4,268	4.8	1.0	1.0	0.0
Honda	7,360	6,658	-9.5	14.5	14.2	-0.3	54,275	61,647	13.6	13.8	14.9	1.1
Hyundai	1,676	1,739	3.8	3.3	3.7	0.4	13,341	13,508	1.3	3.4	3.3	-0.1
Infiniti	744	672	-9.7	1.5	1.4	0.0	5,767	5,522	-4.2	1.5	1.3	-0.1
Jaguar	59	205	247.5	0.1	0.4	0.3	744	1,319	77.3	0.2	0.3	0.1
Jeep	1,139	994	-12.7	2.2	2.1	-0.1	8,565	9,306	8.7	2.2	2.3	0.1
Kia	2,519	2,232	-11.4	5.0	4.8	-0.2	19,051	21,700	13.9	4.8	5.2	0.4
Land Rover	327	424	29.7	0.6	0.9	0.3	2,901	3,938	35.7	0.7	1.0	0.2
Lexus	2,885	2,385	-17.3	5.7	5.1	-0.6	22,017	20,720	-5.9	5.6	5.0	-0.6
Lincoln	146	203	39.0	0.3	0.4	0.1	1,359	1,705	25.5	0.3	0.4	0.1
Maserati	178	147	-17.4	0.4	0.3	0.0	1,391	1,023	-26.5	0.4	0.2	-0.1
Mazda	984	926	-5.9	1.9	2.0	0.0	7,587	8,563	12.9	1.9	2.1	0.1
Mercedes	2,554	2,441	-4.4	5.0	5.2	0.2	21,651	22,481	3.8	5.5	5.4	-0.1
MINI	466	379	-18.7	0.9	0.8	-0.1	3,732	3,061	-18.0	0.9	0.7	-0.2
Mitsubishi	163	141	-13.5	0.3	0.3	0.0	1,271	1,362	7.2	0.3	0.3	0.0
Nissan	3,745	2,962	-20.9	7.4	6.3	-1.1	28,269	28,487	0.8	7.2	6.9	-0.3
Porsche	402	355	-11.7	0.8	0.8	0.0	3,173	3,283	3.5	0.8	0.8	0.0
Ram	426	448	5.2	0.8	1.0	0.1	3,203	3,571	11.5	0.8	0.9	0.1
smart	36	16	-55.6	0.1	0.0	0.0	338	194	-42.6	0.1	0.0	0.0
Subaru	1,110	1,248	12.4	2.2	2.7	0.5	8,490	9,745	14.8	2.2	2.4	0.2
Tesla	179	453	153.1	0.4	1.0	0.6	2,036	3,448	69.4	0.5	0.8	0.3
Toyota/Scion	9,728	8,311	-14.6	19.1	17.7	-1.4	73,537	71,405	-2.9	18.7	17.3	-1.4
Volkswagen	1,514	1,346	-11.1	3.0	2.9	-0.1	11,340	11,508	1.5	2.9	2.8	-0.1
Volvo	135	219	62.2	0.3	0.5	0.2	1,215	1,994	64.1	0.3	0.5	0.2
Other	65	113	73.8	0.1	0.2	0.1	741	722	-2.6	0.2	0.2	0.0

Source: AutoCount data from Experian Automotive

Top ten brands are shaded green.

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