

Los Angeles Auto Outlook



Comprehensive information on the LA County new vehicle market

FORECAST

County Market Stays Strong in 2nd Quarter of 2014

7.4% improvement predicted for entire year

Flash back to 2009 - the devastating impact that the financial crisis would have on the economy was becoming plainly evident. Banks weren't lending, the stock market crashed, and unemployment was rising. The writing was on the wall for a sharp decline in new vehicle sales, and that's exactly what transpired. New retail light vehicle registrations in Los Angeles County fell from 421,742 in 2007, to just 240,746 in 2009, a 43% drop in two years.

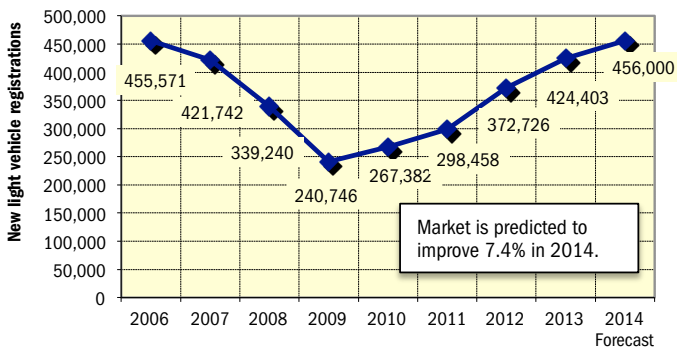
At the time, the prevailing view was that it could take a decade or more for the market to return to sales level reached during the early and mid-2000's. We disagreed. At the time, we pointed out that the combination of significant pent up demand, extremely low interest rates, higher used vehicle prices, and greatly improving new vehicle offerings would more than offset the negative impact of a slowing economy and household de-leveraging. We predicted that within about five years, the market could easily approach, or exceed, sales levels attained in 2007. And that is exactly what has transpired. This year's total is predicted to reach 456,000, well above the 2007 total.

So where is the market likely to head in 2015 and beyond? As mentioned in the past few issues of Auto Outlook, there are reasons to believe that the pace of the sales recovery will ease during the next 18 months. At this point, we are predicting a 4% increase next year, with registrations exceeding 470,000.

6 Key Market Trends

- 1. County new retail registrations increased 10.3% for the first six months of this year versus a year earlier (June figures were estimated), well above the 4.3% improvement in the U.S.
- 2. The market is predicted to increase 5% in the second half of 2014 versus 2013.
- 3. County light truck market share has increased from 32.9% during the first half of 2013 to 33.5% this year.
- 4. Japanese brand registrations were up 14.4%, higher than the 10.3% improvement in the overall market
- 5. Hybrid and electric vehicle market share was 9.5% thru June of this year, up from 8.9% in 2013.
- 6. Toyota, Mercedes, Honda, Lexus, and BMW are strong performing brands in the county market (see page 3).

Annual Trend in LA County New Vehicle Market



Market Summary

	YTD '13 thru June	YTD '14 thru June	% Chg. '13 to '14	Mkt. Share YTD '14
TOTAL	209,204	230,737	10.3%	
Car	140,350	153,435	9.3%	66.5%
Light Truck	68,854	77,302	12.3%	33.5%
Domestic	38,725	42,247	9.1%	18.3%
European	48,034	50,338	4.8%	21.8%
Japanese	105,047	120,158	14.4%	52.1%
Korean	17,398	17,994	3.4%	7.8%

The graph above shows annual new retail light vehicle registrations in the county from 2006 thru 2013 and Auto Outlook's projection for 2014.

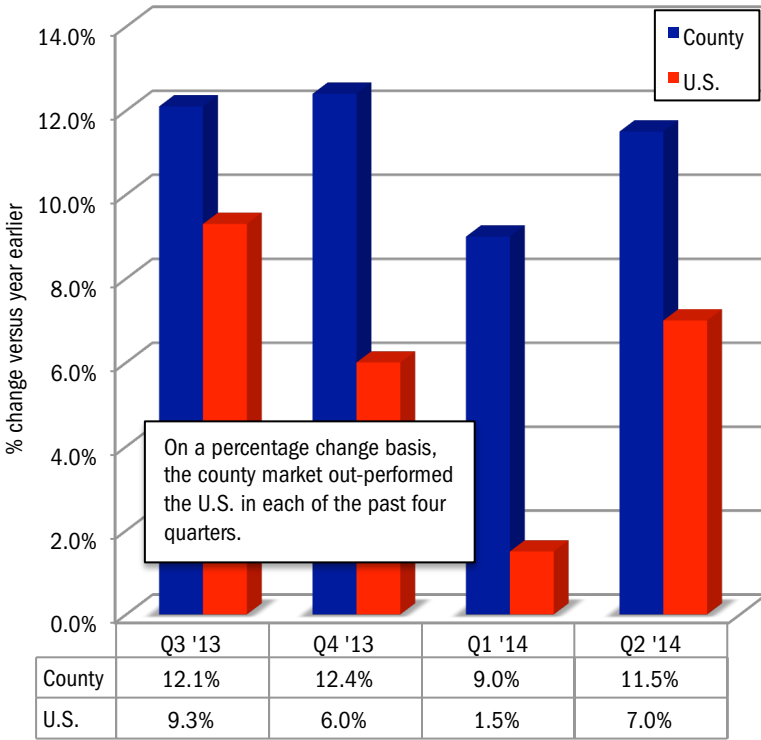
Domestic brands consist of vehicles sold by GM, Ford, Chrysler, and Tesla. Data source: AutoCount data from Experian Automotive.

MARKET TRACKER: QUARTERLY RESULTS

County Market Up 11.5% in 2nd Quarter of 2014 vs. 7% in U.S.

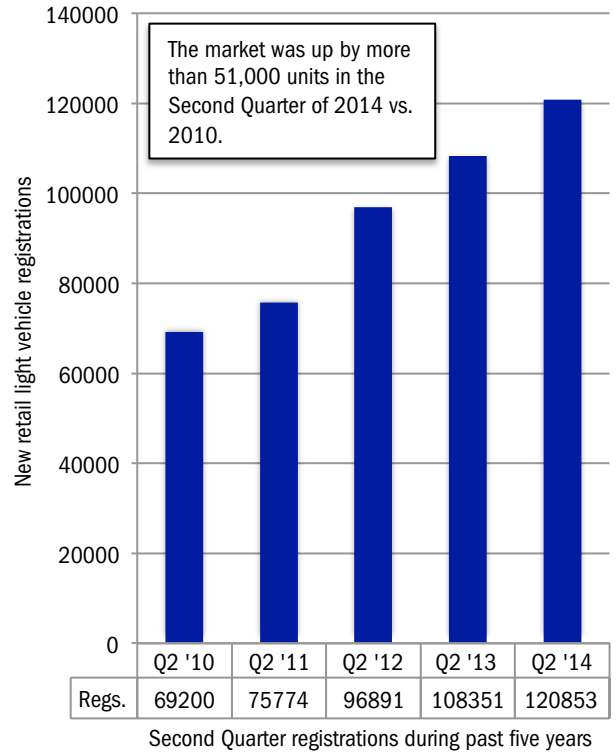
QUARTERLY TREND

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



QUARTERLY PERSPECTIVE

Five Years of Second Quarter Results in County Market

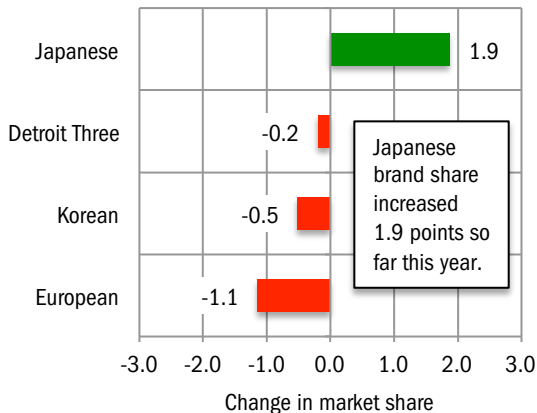


Source for LA County registration data: AutoCount data from Experian Automotive. Source for U.S. data: Automotive News. (U.S. figures include fleets.)

MARKET TRACKER: BRAND MARKET SHARE

Japanese Brands Are Up

Change in County Market Share YTD 2014 thru June vs. YTD 2013

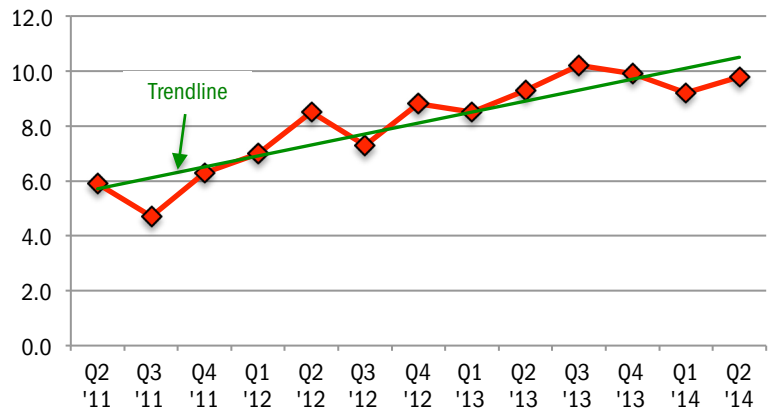


The graph above shows the change in year-to-date market share for four primary brand segments. Source: AutoCount data from Experian Automotive.

MARKET TRACKER: HYBRID AND ELECTRIC VEHICLES

Hybrid/Electric Share Increases

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



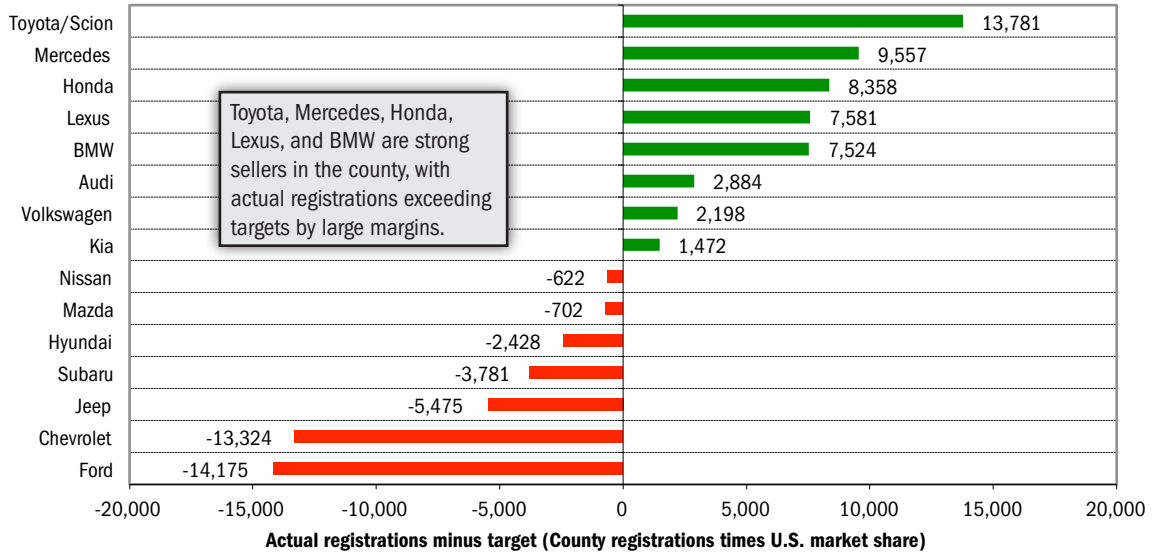
The graph above shows hybrid powertrain and electric vehicle quarterly market share in the county. The line shows market share trend over the past 13 quarters. Source: AutoCount data from Experian Automotive.

BRAND SCOREBOARD

Toyota and Mercedes Relatively Strong Performers in County

The graph provides an indicator of brands that are popular in Los Angeles County. For the top 15 selling brands in the county, each brand's share of the U.S. market is multiplied by registrations in the county during the first half of 2014. This yields a "target" for the county market. Target registrations are subtracted from actual registrations to derive the measurement of sales performance. Brands at the top of the graph are relatively strong sellers in the county, with actual registrations exceeding calculated targets by large margins.

Los Angeles County Retail Market Performance based on registrations for YTD '14
Actual registrations minus target (county industry registrations times U.S. market share)



Toyota, Mercedes, Honda, Lexus, and BMW are strong sellers in the county, with actual registrations exceeding targets by large margins.

MARKET TRACKER - SEGMENTS

Compact SUV Market Shares Moves Higher

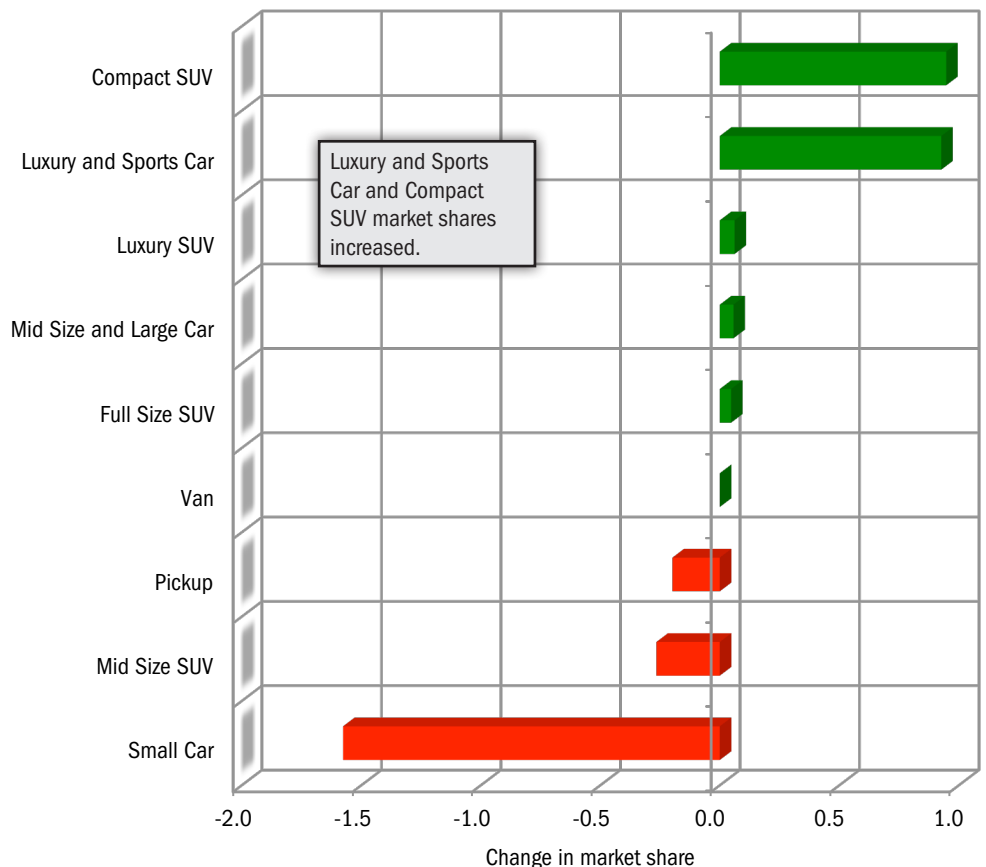
Change in Segment Market Share
YTD 2014 thru June
vs.
YTD 2013

Los Angeles County Market

Typical models in segments:

- Small Car: Hyundai Elantra
- Mid Size & Large Car: Toyota Camry
- Luxury & Sports Car: BMW 3-Series
- Pickup: Ford F-Series
- Van: Honda Odyssey
- Compact SUV: Mazda CX5
- Mid Size SUV: Jeep Grand Cherokee
- Full Size SUV: Chevrolet Tahoe
- Luxury SUV: Lexus RX

Data Source: AutoCount data from Experian Automotive.



Luxury and Sports Car and Compact SUV market shares increased.

Brand Registrations Report												
Los Angeles County New Retail Car and Light Truck Registrations												
	June						Year to date, thru June					
	Registrations			Market Share (%)			Registrations			Market Share (%)		
	2013	2014	% change	2013	2014	Change	YTD '13	YTD '14	% change	YTD '13	YTD '14	Change
TOTAL	43,396	49,234	13.5				209,204	230,737	10.3			
Cars	28,910	32,735	13.2	66.6	66.5	-0.1	140,350	153,435	9.3	67.1	66.5	-0.6
Light Trucks	14,486	16,499	13.9	33.4	33.5	0.1	68,854	77,302	12.3	32.9	33.5	0.6
Domestic Brands	8,538	9,037	5.8	19.7	18.4	-1.3	38,725	42,247	9.1	18.5	18.3	-0.2
European Brands	9,303	10,255	10.2	21.4	20.8	-0.6	48,034	50,338	4.8	23.0	21.8	-1.1
Japanese Brands	21,916	25,880	18.1	50.5	52.6	2.1	105,047	120,158	14.4	50.2	52.1	1.9
Korean Brands	3,639	4,062	11.6	8.4	8.3	-0.1	17,398	17,994	3.4	8.3	7.8	-0.5
Acura	500	553	10.6	1.2	1.1	0.0	2,771	2,877	3.8	1.3	1.2	-0.1
Audi	1,077	1,272	18.1	2.5	2.6	0.1	5,352	5,663	5.8	2.6	2.5	-0.1
BMW	2,083	2,523	21.1	4.8	5.1	0.3	11,433	12,590	10.1	5.5	5.5	0.0
Buick	160	137	-14.4	0.4	0.3	-0.1	746	696	-6.7	0.4	0.3	-0.1
Cadillac	344	392	14.0	0.8	0.8	0.0	1,914	1,835	-4.1	0.9	0.8	-0.1
Chevrolet	2,162	2,306	6.7	5.0	4.7	-0.3	10,201	10,826	6.1	4.9	4.7	-0.2
Chrysler	190	122	-35.8	0.4	0.2	-0.2	889	659	-25.9	0.4	0.3	-0.1
Dodge	759	703	-7.4	1.7	1.4	-0.3	3,307	3,497	5.7	1.6	1.5	-0.1
Fiat	224	414	84.8	0.5	0.8	0.3	1,164	1,867	60.4	0.6	0.8	0.3
Ford	3,168	3,299	4.1	7.3	6.7	-0.6	14,646	15,099	3.1	7.0	6.5	-0.5
GMC	354	434	22.6	0.8	0.9	0.1	1,710	1,956	14.4	0.8	0.8	0.0
Honda	5,962	6,655	11.6	13.7	13.5	-0.2	29,774	31,215	4.8	14.2	13.5	-0.7
Hyundai	1,636	1,773	8.4	3.8	3.6	-0.2	8,170	7,762	-5.0	3.9	3.4	-0.5
Infiniti	403	599	48.6	0.9	1.2	0.3	2,411	2,945	22.1	1.2	1.3	0.1
Jaguar	72	106	47.2	0.2	0.2	0.0	471	518	10.0	0.2	0.2	0.0
Jeep	739	955	29.2	1.7	1.9	0.2	3,233	4,548	40.7	1.5	2.0	0.4
Kia	2,003	2,289	14.3	4.6	4.6	0.0	9,228	10,232	10.9	4.4	4.4	0.0
Land Rover	263	305	16.0	0.6	0.6	0.0	1,547	1,776	14.8	0.7	0.8	0.0
Lexus	1,649	2,387	44.8	3.8	4.8	1.0	8,373	12,260	46.4	4.0	5.3	1.3
Lincoln	115	165	43.5	0.3	0.3	0.1	550	688	25.1	0.3	0.3	0.0
Mazda	756	1,005	32.9	1.7	2.0	0.3	3,078	4,098	33.1	1.5	1.8	0.3
Mercedes	2,584	2,748	6.3	6.0	5.6	-0.4	14,047	14,537	3.5	6.7	6.3	-0.4
MINI	466	531	13.9	1.1	1.1	0.0	2,342	2,139	-8.7	1.1	0.9	-0.2
Mitsubishi	144	174	20.8	0.3	0.4	0.0	776	987	27.2	0.4	0.4	0.1
Nissan	3,153	3,689	17.0	7.3	7.5	0.2	14,970	16,888	12.8	7.2	7.3	0.2
Porsche	310	472	52.3	0.7	1.0	0.2	1,724	1,968	14.2	0.8	0.9	0.0
Ram	229	358	56.3	0.5	0.7	0.2	1,062	1,571	47.9	0.5	0.7	0.2
smart	44	63	43.2	0.1	0.1	0.0	211	308	46.0	0.1	0.1	0.0
Subaru	728	881	21.0	1.7	1.8	0.1	3,357	4,100	22.1	1.6	1.8	0.2
Tesla	318	166		0.7	0.3	-0.4	467	872		0.2	0.4	0.2
Toyota/Scion	8,621	9,937	15.3	19.9	20.2	0.3	39,534	44,788	13.3	18.9	19.4	0.5
Volkswagen	1,900	1,519	-20.1	4.4	3.1	-1.3	8,226	7,436	-9.6	3.9	3.2	-0.7
Volvo	192	160	-16.7	0.4	0.3	-0.1	1,013	756	-25.4	0.5	0.3	-0.2
Other	88	142	61.4	0.2	0.3	0.1	507	780	53.8	0.2	0.3	0.1

Source: AutoCount data from Experian Automotive

Top ten brands are shaded green.

Los Angeles Auto Outlook

Published for:
 Greater Los Angeles New Car Dealers Association
 714 W Olympic Boulevard, Suite 601
 Los Angeles, CA 90015
 Bob Smith, Executive Director
 Phone: 213-748-0240
 Web: www.glanccda.org

Published by:
 Auto Outlook, Inc.
 PO Box 390
 Exton, PA 19341
 Phone: 800-206-0102
 Email: jfoltz@autooutlook.com
 Copyright Auto Outlook, Inc., July 2014

Los Angeles Auto Outlook is distributed free of charge to all members of Greater Los Angeles New Car Dealers Association. The publication is sponsored and supported by GLANCCDA. Los Angeles Auto Outlook is published and edited by Auto Outlook, Inc., an independent automotive market research firm. Opinions expressed in Los Angeles Auto Outlook are solely those of Auto Outlook, Inc., and are not necessarily shared by GLANCCDA.