Los Angeles Auto Outlook

Comprehensive information on the LA County new vehicle market

Greater Los Angeles New Car Dealers Association

FORECAST

County New Vehicle Market On Track for 10% Gain in 2015

Seventh consecutive annual increase predicted for next year

Information overload is hard to avoid these days. Here's our attempt to cut through the clutter. Below is a concise summary of key trends and developments in the Los Angeles County new vehicle market.

County market posts gain during first three quarters of '15; increase is well above U.S.
County new retail registrations were up 11.3% for the first nine months of this year versus a year earlier, significantly higher than the 5% uptick in the National market.

New vehicle market moves higher in Third Quarter of this year
The Third Quarter increase was 19.7%, higher than the 5.1% improvement in the Second Quarter (see page 2).

Seventh consecutive annual increase possible in 2016
County new retail light vehicle registrations are projected to improve 3.9% from 2015 to 2016. It's possible that the annual total next year could exceed 530,000 units.

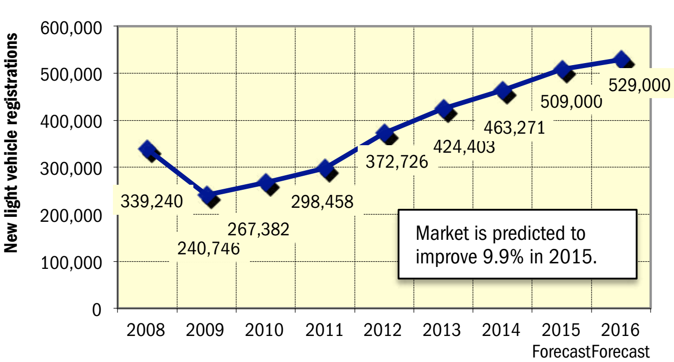
Stimulative impact of pent-up demand is waning, but there are still forces pushing new vehicle sales higher
Auto Outlook believes that the primary factor fueling the increase in new vehicle sales is shifting. Following the significant drop in sales after the financial crisis, replacement demand was the key driver. Average vehicle age was at record highs and vehicles were wearing out. After six years of rising sales, however, we think many consumers are now entering the market based on a *desire* to purchase a new vehicle, rather than a *need*. Advances in electronic safety features, performance, fuel economy, and infotainment are top considerations. At the same time, rising incomes, very low interest rates, and an improving job market are boosting affordability.

Sales have room to go higher; but are likely reaching their peak
The main question about the market these days is how high can sales go? Based on a basic analysis of cyclical trends, it would seem that sales have room to move higher. A typical, average year for U.S. sales is about 16 million units. In 2009, sales were 10.5 million, 5.5 million *below* average. In general, there's no reason why sales could not *exceed* the average by 5.5 million, which would put the market peak at a robust 21.5 million units. Auto Outlook believes that sales will max out well below that figure. Although general economic conditions are improving, the pace of expansion is not likely to support a sales rate in excess of 20 million units. Slower growth for the next few years is the most likely scenario.

Chrysler, GMC, Infiniti, Subaru, Lincoln, Ram, Chevrolet, and Kia gain a lot of ground in 2015
These eight brands had the largest percentage increases during the first nine months of this year versus a year earlier. Registrations for each brand were up by more than 20%.

Honda Civic and Toyota Prius are top sellers in county market
Civic and Prius were at the top of the county sales chart so far this year. They were followed by Honda Accord, Toyota Camry, and Toyota Corolla.

Annual Trend in LA County New Vehicle Market



The graph above shows annual new retail light vehicle registrations in the county from 2008 thru 2014 and Auto Outlook's projections for 2015 and 2016.

Market Summary

	YTD '14 thru Sept.	YTD '15 thru Sept.	% Chg. '14 to '15	Mkt. Share YTD '15
TOTAL	354,005	394,113	11.3%	
Car	236,300	255,405	8.1%	64.8%
Light Truck	117,705	138,708	17.8%	35.2%
Domestic	64,150	74,403	16.0%	18.9%
European	76,330	81,110	6.3%	20.6%
Japanese	185,685	206,206	11.1%	52.3%
Korean	27,840	32,394	16.4%	8.2%

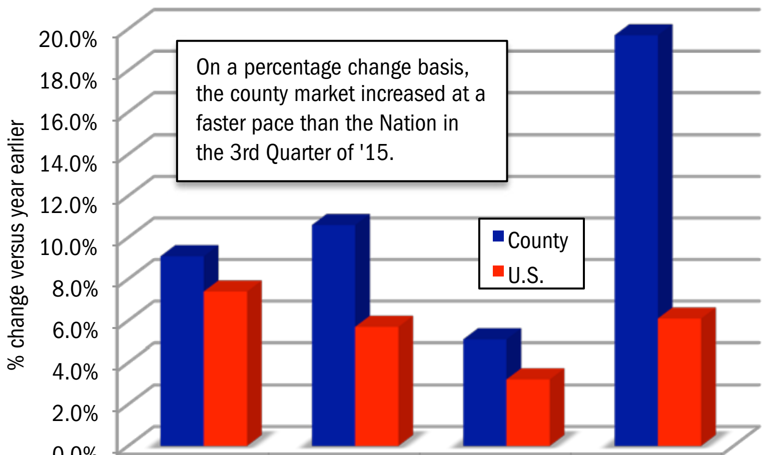
Domestic brands consist of vehicles sold by GM, Ford, Chrysler, and Tesla.
Data source: AutoCount data from Experian Automotive.

MARKET TRACKER: QUARTERLY RESULTS

County Market Up 19.7% in 3rd Quarter of 2015 vs. 6.1% in U.S.

QUARTERLY TREND

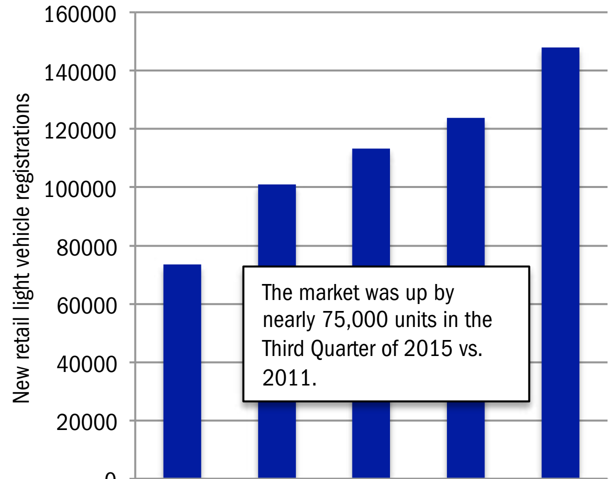
Percent Change in New Vehicle Market - County and U.S.



	Q4 '14	Q1 '15	Q2 '15	Q3 '15
County	9.1%	10.6%	5.1%	19.7%
U.S.	7.4%	5.7%	3.2%	6.1%

QUARTERLY PERSPECTIVE

Five Years of Third Quarter Results in County Market



	Q3 '11	Q3 '12	Q3 '13	Q3 '14	Q3 '15
Regs.	73448	101028	113268	123739	148061

Third Quarter registrations during past five years

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 Market Had Larger Gain

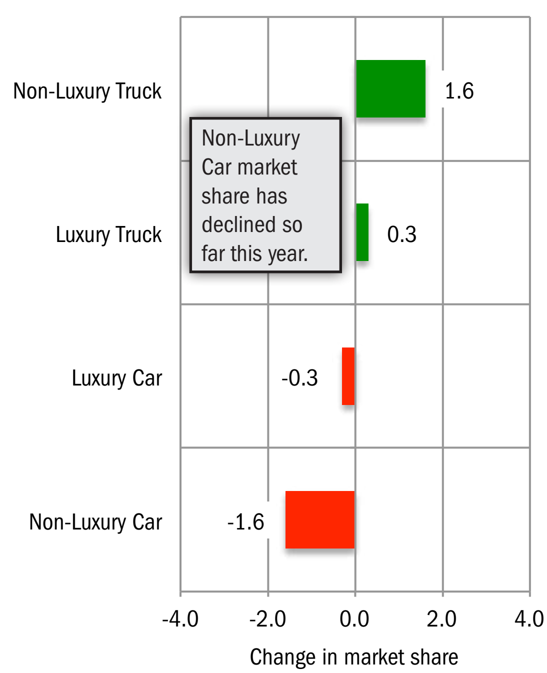
	County Market		U.S. Market*	
Percent change in registrations YTD '15 thru September vs. YTD '14	11.3%		5.0%	
Passenger car market share YTD '15 thru September	64.8%		44.4%	
Domestic brand market share YTD '15 thru September	18.9%		45.1%	
Top 10 brands and market share YTD '15 thru September				
First	Toyota	18.7%	Ford	14.5%
Second	Honda	13.8%	Toyota/Scion	12.4%
Third	Nissan	7.2%	Chevrolet	12.2%
Fourth	Ford	6.1%	Honda	8.1%
Fifth	Lexus	5.6%	Nissan	7.9%
Sixth	Mercedes	5.5%	Jeep	4.8%
Seventh	BMW	5.3%	Hyundai	4.4%
Eighth	Chevrolet	5.2%	Kia	3.6%
Ninth	Kia	4.8%	Subaru	3.3%
Tenth	Hyundai	3.4%	GMC	3.1%

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

MARKET TRACKER: PRIMARY SEGMENTS

Non-Luxury Trucks Gain

Change in County Market Share
YTD 2015 thru September* vs. YTD 2014

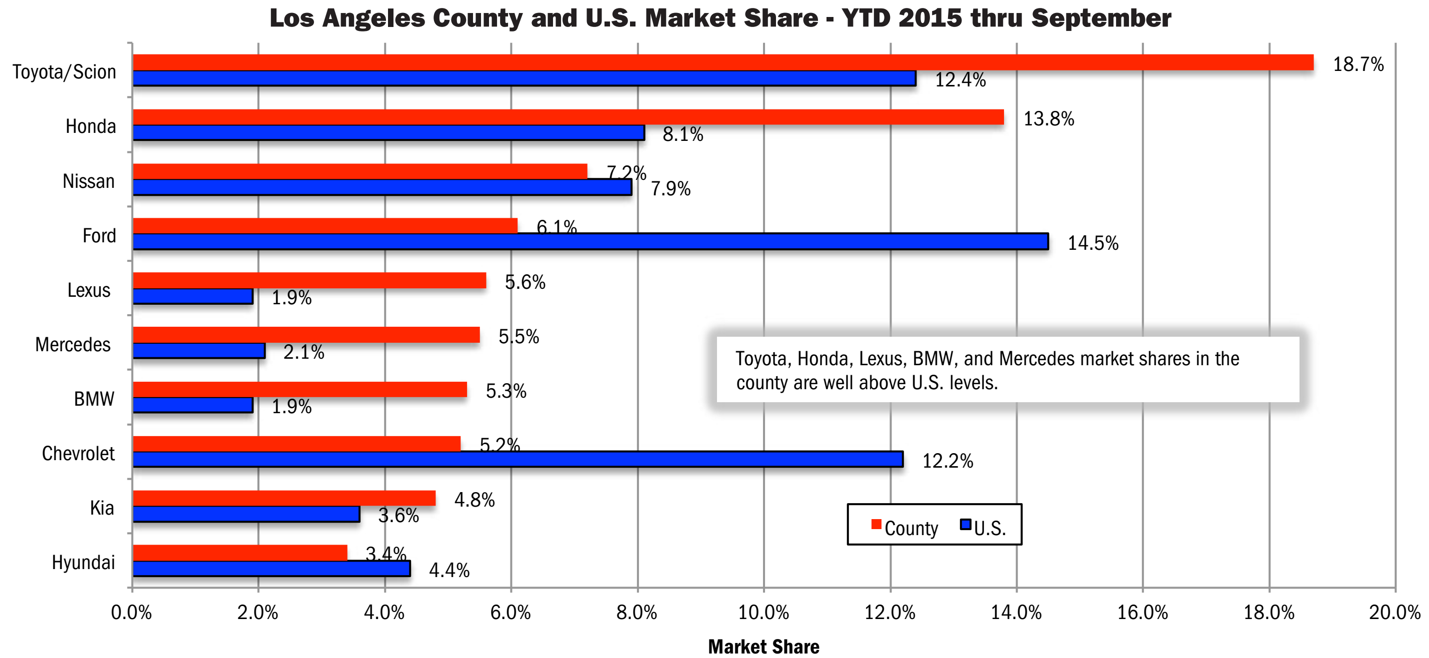


Source: AutoCount data from Experian Automotive.

BRAND SCOREBOARD

Combined Share for Toyota and Honda Exceeds 32%

Toyota's share of county market is 6.3 points higher than in U.S.



MARKET TRACKER: SEGMENTS

Sub Compact Car Segment is Largest in County Market

Los Angeles County Segment Market Share Review

Segment	Market Share YTD '14 thru September	Market Share YTD '15 thru September	Change in share YTD '14 to '15	Best selling model in segment
Sub Compact Car	23.6	23.5	-0.1	Honda Civic
Standard Mid Size Car	16.7	16.0	-0.7	Honda Accord
Near Luxury Car	10.4	11.4	1.0	Mercedes C-Class
Compact SUV	9.7	10.5	0.8	Honda CR-V
Luxury Car	7.1	5.8	-1.3	Mercedes E-Class
Mid Size Luxury SUV	4.7	4.3	-0.4	Lexus RX
Entry Car	4.9	4.1	-0.8	Nissan Versa
Full Size Pickup	3.3	3.7	0.4	Chevrolet Silverado
Compact Luxury SUV	2.4	3.0	0.6	Audi Q5
Mid Size Crossover SUV	2.7	2.5	-0.2	Honda Pilot
Mid Size SUV	2.4	2.5	0.1	Jeep Grand Cherokee
Mini Van	2.5	2.5	0.0	Toyota Sienna
Sport Compact Car	2.2	2.4	0.2	Ford Mustang
Compact Pickup	1.6	1.9	0.3	Toyota Tacoma
Full Size Crossover SUV	1.7	1.7	0.0	Ford Explorer
Full Size Luxury SUV	0.8	1.0	0.2	Mercedes GL-Class
Large Mid Size Car	1.1	1.0	-0.1	Dodge Charger
Full Size Van	0.8	0.9	0.1	Ford Transit Connect
Full Size SUV	0.6	0.7	0.1	Chevrolet Tahoe
Sports Car	0.7	0.6	-0.1	Porsche 911

The table above shows county market share for 20 vehicle segments during the first nine months of 2014 and 2015, and the change in share over the period. The best selling model in each segment is also shown. Segments are ranked from top to bottom based on ytd 2015 share. Source: AutoCount data from Experian Automotive.

Brand Registrations Report
Los Angeles County New Retail Car and Light Truck Registrations

	September						YTD thru September					
	Registrations			Market Share (%)			Registrations			Market Share (%)		
	2014	2015	% change	2014	2015	Change	YTD '14	YTD '15	% change	YTD '14	YTD '15	Change
TOTAL	47,837	56,838	18.8				354,005	394,113	11.3			
Cars	32,527	36,801	13.1	68.0	64.7	-3.2	236,300	255,405	8.1	66.8	64.8	-1.9
Light Trucks	15,310	20,037	30.9	32.0	35.3	3.2	117,705	138,708	17.8	33.2	35.2	1.9
Domestic Brands	8,770	10,938	24.7	18.3	19.2	0.9	64,150	74,403	16.0	18.1	18.9	0.8
European Brands	9,673	10,687	10.5	20.2	18.8	-1.4	76,330	81,110	6.3	21.6	20.6	-1.0
Japanese Brands	25,520	30,520	19.6	53.3	53.7	0.3	185,685	206,206	11.1	52.5	52.3	-0.1
Korean Brands	3,874	4,693	21.1	8.1	8.3	0.2	27,840	32,394	16.4	7.9	8.2	0.4
Acura	524	646	23.3	1.1	1.1	0.0	4,196	4,849	15.6	1.2	1.2	0.0
Audi	1,107	1,279	15.5	2.3	2.3	-0.1	8,685	10,336	19.0	2.5	2.6	0.2
BMW	2,620	2,605	-0.6	5.5	4.6	-0.9	19,372	20,962	8.2	5.5	5.3	-0.2
Buick	171	164	-4.1	0.4	0.3	-0.1	1,033	1,143	10.6	0.3	0.3	0.0
Cadillac	356	264	-25.8	0.7	0.5	-0.3	2,726	2,075	-23.9	0.8	0.5	-0.2
Chevrolet	2,327	2,960	27.2	4.9	5.2	0.3	16,765	20,411	21.7	4.7	5.2	0.4
Chrysler	166	283	70.5	0.3	0.5	0.2	1,074	2,006	86.8	0.3	0.5	0.2
Dodge	744	703	-5.5	1.6	1.2	-0.3	5,305	5,423	2.2	1.5	1.4	-0.1
Fiat	333	396	18.9	0.7	0.7	0.0	2,714	2,661	-2.0	0.8	0.7	-0.1
Ford	2,936	3,845	31.0	6.1	6.8	0.6	22,357	24,114	7.9	6.3	6.1	-0.2
GMC	402	606	50.7	0.8	1.1	0.2	2,929	4,073	39.1	0.8	1.0	0.2
Honda	7,327	8,228	12.3	15.3	14.5	-0.8	48,786	54,323	11.3	13.8	13.8	0.0
Hyundai	1,628	1,876	15.2	3.4	3.3	-0.1	11,999	13,346	11.2	3.4	3.4	0.0
Infiniti	521	833	59.9	1.1	1.5	0.4	4,205	5,754	36.8	1.2	1.5	0.3
Jaguar	92	65	-29.3	0.2	0.1	-0.1	778	741	-4.8	0.2	0.2	0.0
Jeep	1,085	1,274	17.4	2.3	2.2	0.0	7,213	8,563	18.7	2.0	2.2	0.1
Kia	2,246	2,817	25.4	4.7	5.0	0.3	15,841	19,048	20.2	4.5	4.8	0.4
Land Rover	258	365	41.5	0.5	0.6	0.1	2,542	2,893	13.8	0.7	0.7	0.0
Lexus	2,402	3,223	34.2	5.0	5.7	0.6	19,163	22,045	15.0	5.4	5.6	0.2
Lincoln	140	163	16.4	0.3	0.3	0.0	1,049	1,355	29.2	0.3	0.3	0.0
Mazda	961	1,100	14.5	2.0	1.9	-0.1	6,529	7,597	16.4	1.8	1.9	0.1
Mercedes	2,553	2,854	11.8	5.3	5.0	-0.3	21,676	21,590	-0.4	6.1	5.5	-0.6
MINI	398	521	30.9	0.8	0.9	0.1	3,388	3,739	10.4	1.0	0.9	0.0
Mitsubishi	177	182	2.8	0.4	0.3	0.0	1,365	1,269	-7.0	0.4	0.3	-0.1
Nissan	3,313	4,187	26.4	6.9	7.4	0.4	25,511	28,306	11.0	7.2	7.2	0.0
Porsche	426	448	5.2	0.9	0.8	-0.1	3,006	3,157	5.0	0.8	0.8	0.0
Ram	385	476	23.6	0.8	0.8	0.0	2,505	3,199	27.7	0.7	0.8	0.1
smart	65	40	-38.5	0.1	0.1	-0.1	562	338	-39.9	0.2	0.1	-0.1
Subaru	865	1,240	43.4	1.8	2.2	0.4	6,357	8,494	33.6	1.8	2.2	0.4
Tesla	58	200	244.8	0.1	0.4	0.2	1,194	2,041	70.9	0.3	0.5	0.2
Toyota/Scion	9,430	10,881	15.4	19.7	19.1	-0.6	69,573	73,569	5.7	19.7	18.7	-1.0
Volkswagen	1,440	1,694	17.6	3.0	3.0	0.0	11,042	11,353	2.8	3.1	2.9	-0.2
Volvo	156	151	-3.2	0.3	0.3	-0.1	1,195	1,214	1.6	0.3	0.3	0.0
Other	225	269	19.6	0.5	0.5	0.0	1,370	2,126	55.2	0.4	0.5	0.2

Source: AutoCount data from Experian Automotive

Top ten brands are shaded green.

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