

Los Angeles Auto Outlook



Comprehensive information on the LA County new vehicle market

FORECAST

Market Should Post Fourth Consecutive Annual Increase in '13

New retail light vehicle registrations predicted to exceed 2009 total by nearly 170,000 units!

In 2009, when new vehicle sales tumbled to their lows, many industry pundits were downbeat on the prospects for prolonged recovery. And most thought that there was little chance that the market would ever return to peak levels reached in the early to mid 2000's. Auto Outlook disagreed. At the time, our viewpoint was that the incredibly low sales levels would only add momentum to the market, as pent up demand took hold. Add in the long term prognosis for low interest rates, escalated trade in values due to tightened supplies of used cars, eventual improvement in household balance sheets, and significant across-the-board improvement in new products, and we thought new vehicle sales were sure to head higher. And indeed, thru the half way point of 2013, that is exactly what has transpired.

Here are the numbers: In 2009, Los Angeles new retail light vehicle registrations were only 240,746 units, while last year's total was 372,726 an impressive 55% increase during the three year period. And Auto Outlook is predicting that for 2013, the total will approach 410,000 units, close to 2007 levels. What lies ahead for 2014? We think the market will increase again next year. However, the percentage increase is expected to be lower than this year. Here's why:

1. Pent up demand is easing. The vehicle fleet in the U.S. is still at record-high levels, which will help keep the market moving in a positive direction, but the boost supplied by pent up demand will subside somewhat during the next 18 months.

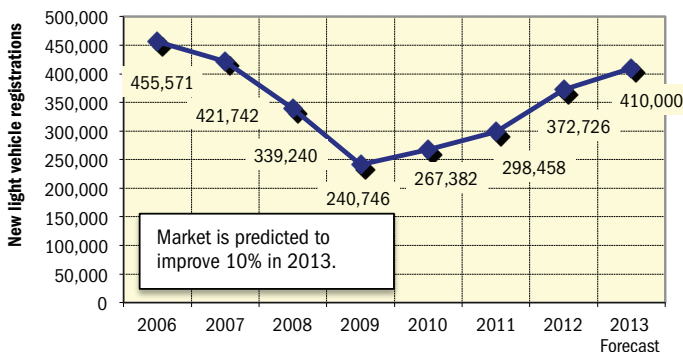
2. Interest rates are likely to increase. It shouldn't be a big jump, but the consensus view of economists is that interest rates will be heading gradually higher for the foreseeable future. Higher rates would lead to higher monthly payments, hampering consumer affordability for new vehicles.
3. Used car prices have reached their peak. Most used vehicle analysts believe that used vehicle values reached their highs by mid 2013. Softening used car prices reduces trade in values, thereby increasing the net cost of a new vehicle purchase.

Bottom line outlook for the county new vehicle market for the rest of this year and 2014: Continued growth, but at a slower pace.

Three Key Market Trends

1. Cars are grabbing a larger share of the county market Car share was up 0.6 points during the first five months of '13.
2. Detroit Three post gains. Detroit Three registrations increased 19.7 for the first five months of '13 vs. 16.7% for the industry.
3. Green vehicle market share is increasing. Hybrid and electric share increased from 7.8% during the first five months of 2012 to 8.7% this year.

Annual Trend in County Market



The graph above shows annual new retail light vehicle registrations in Los Angeles County from 2006 thru 2012, and Auto Outlook's projection for 2013. Historical data source: AutoCount data from Experian Automotive.

Market Summary

	YTD '12 thru May	YTD '13 thru May	% Chg. '12 to '13	Mkt. Share YTD '13
TOTAL	142,029	165,808	16.7%	
Car	94,635	111,438	17.8%	67.2%
Light Truck	47,394	54,370	14.7%	32.8%
Detroit Three	25,217	30,187	19.7%	18.2%
European	32,899	38,731	17.7%	23.4%
Japanese	71,812	83,131	15.8%	50.1%
Korean	12,101	13,759	13.7%	8.3%

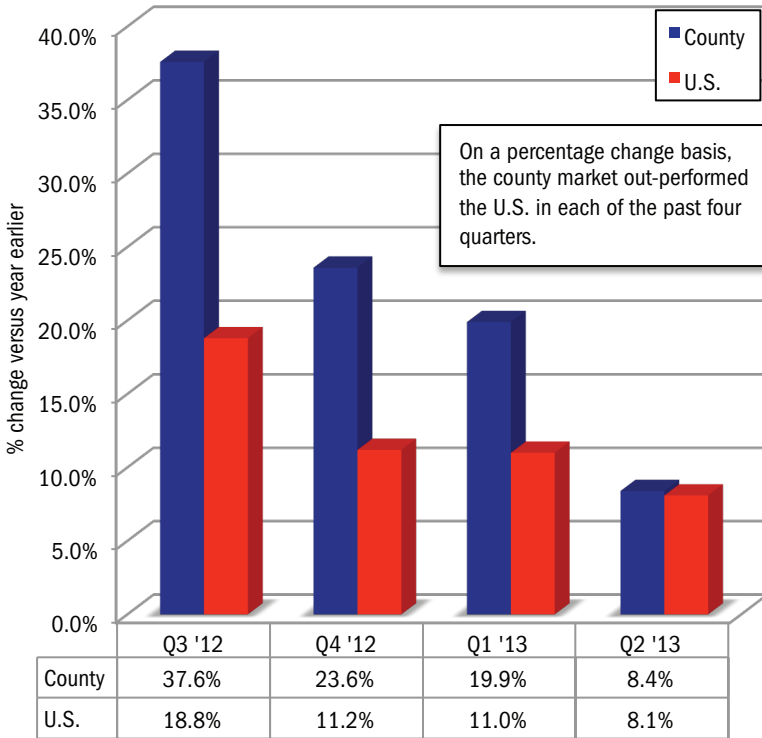
Detroit Three consists of vehicles sold by GM, Ford, and Chrysler. Data source: AutoCount data from Experian Automotive.

MARKET TRACKER: QUARTERLY RESULTS

County Market Up an Estimated 8.4% in 2nd Quarter vs. 8.1% in U.S.

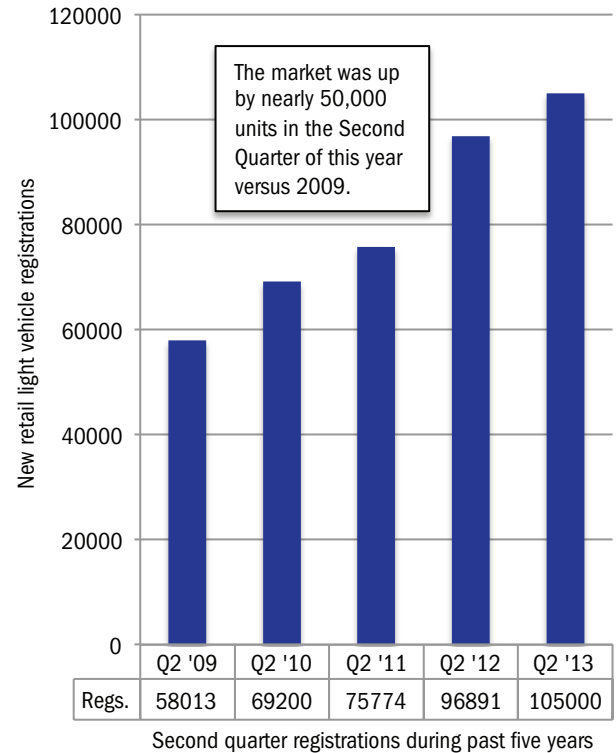
QUARTERLY TREND

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



QUARTERLY PERSPECTIVE

Five Years of First Quarter Results in County Market



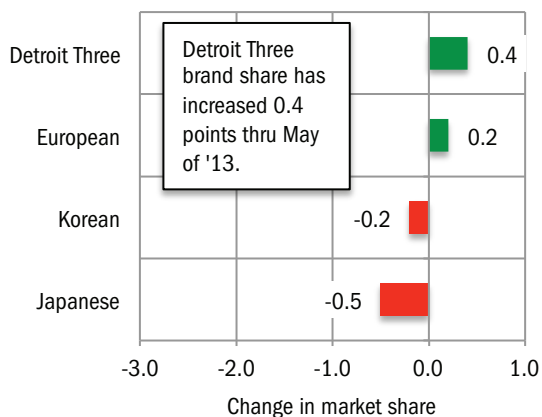
Note: Figures for Second Quarter 2013 are estimated by Auto Outlook based on data for April and May. Source: AutoCount data from Experian Automotive.

2nd Quarter '13 was estimated by Auto Outlook based on data for April and May. Source: AutoCount data from Experian Automotive.

MARKET TRACKER: BRAND MARKET SHARE

Detroit 3 Gain Share

Change in LA County Market Share YTD 2013 thru May vs. YTD 2012

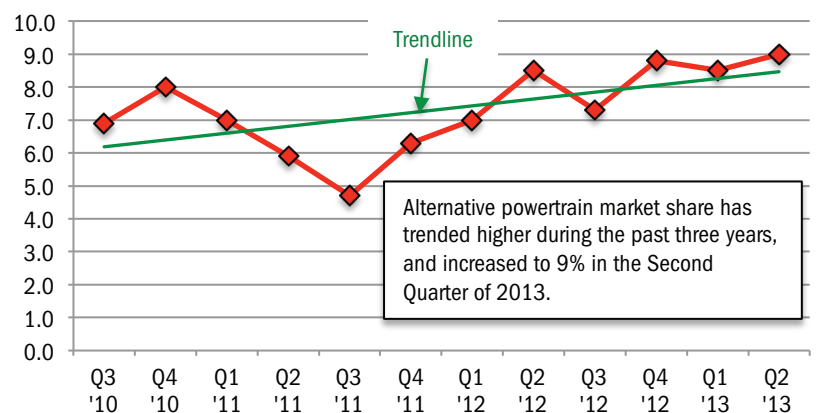


The graph above shows the change in year-to-date market share for four primary brand segments. Data Source: AutoCount data from Experian Automotive.

MARKET TRACKER: HYBRID AND ELECTRIC VEHICLES

Hybrid & Electric Share Hits 9%

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 12 quarters. Second Quarter 2013 includes April and May. Data source: AutoCount data from Experian Automotive.

BRAND SCOREBOARD - PART ONE

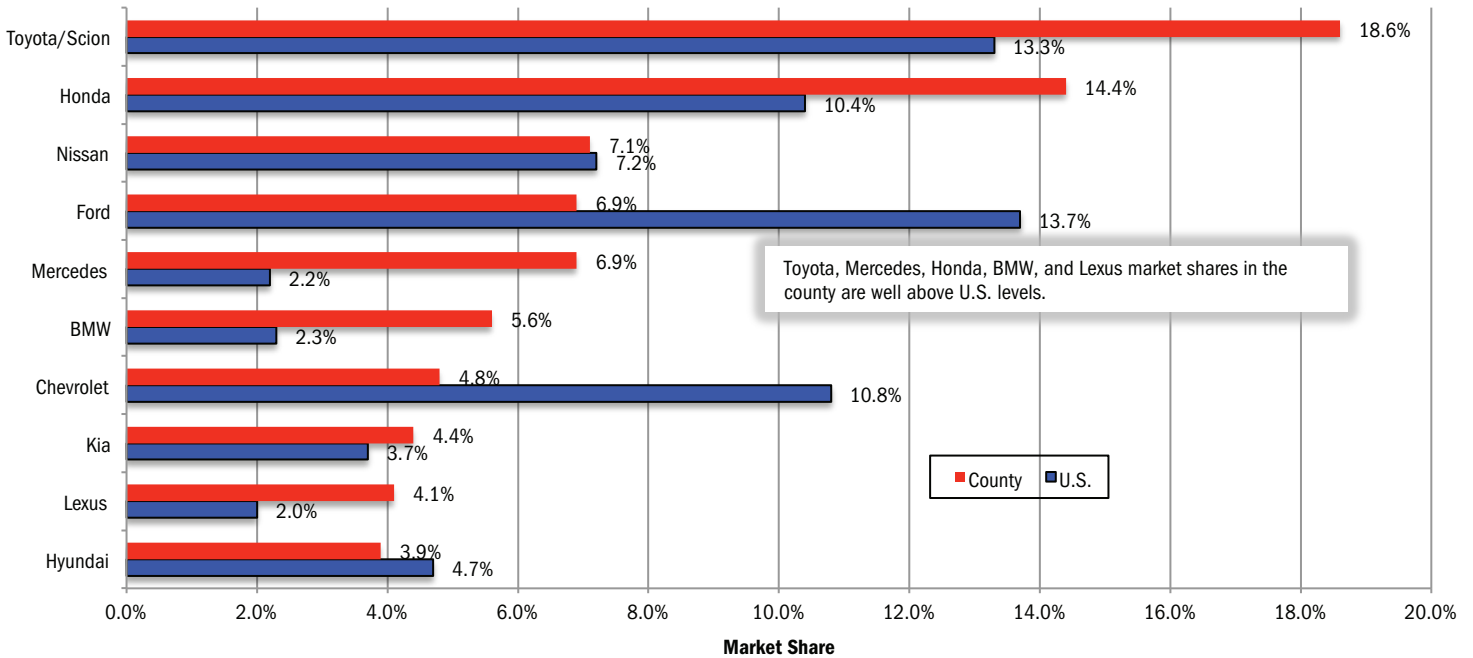
Toyota is Leader in LA County Market; Share is Above U.S.

Mercedes' share of county market exceeds U.S. by 4.7 points

The graph below provides a comparison of Los Angeles County and U.S. new retail market share during the first five 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 market share.

Data Source: AutoCount data from Experian Automotive.

Los Angeles County and U.S. Market Share - YTD 2013 thru May



Toyota, Mercedes, Honda, BMW, and Lexus market shares in the county are well above U.S. levels.

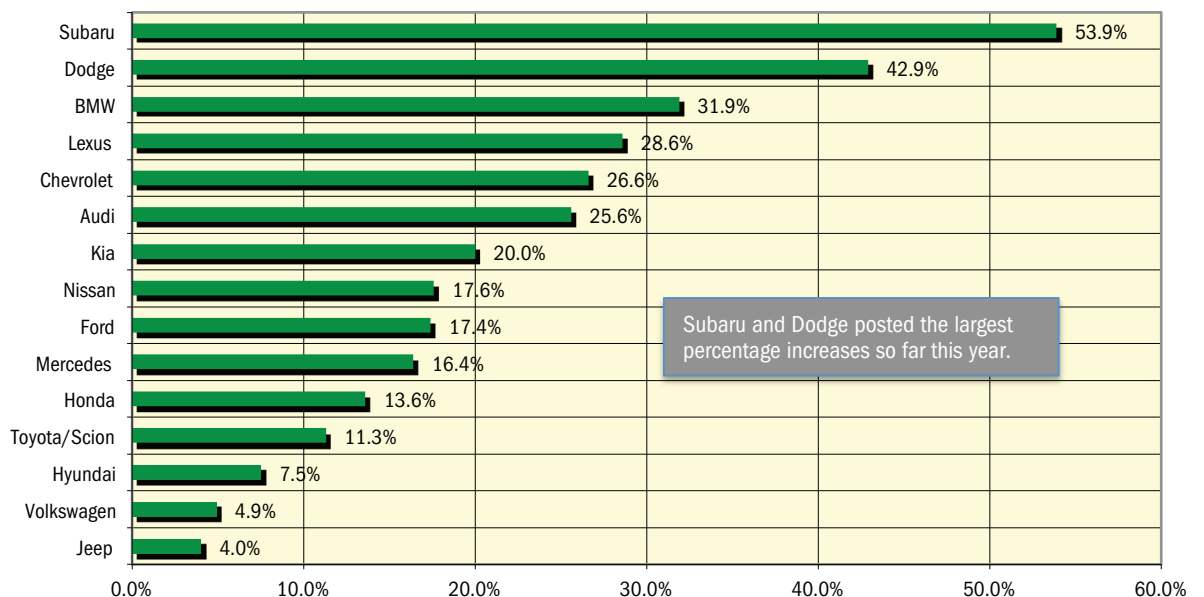
BRAND SCOREBOARD - PART TWO

Subaru and Dodge Post Big Percentage Gains So Far This Year

BMW, Lexus, Chevrolet, Audi, and Kia are also up sharply

The graph on the right shows the percent change in Los Angeles County new retail light vehicle registrations during the first five months of this year versus the same period a year earlier. The following brands had increases of greater than 20%: Subaru, Dodge, BMW, Lexus, Chevrolet, Audi, and Kia.

% Change in New Retail Registrations for Top 15 Brands - YTD '13 thru May vs. YTD '12



Subaru and Dodge posted the largest percentage increases so far this year.

Data Source: AutoCount data from Experian Automotive.

Brand Registrations Report												
Los Angeles County New Retail Car and Light Truck Registrations												
	May						Year-to-date thru May					
	Registrations			Market Share (%)			Registrations			Market Share (%)		
	2012	2013	% change	2012	2013	Change	YTD '12	YTD '13	% change	YTD '12	YTD '13	Change
TOTAL	29,006	32,272	11.3				142,029	165,808	16.7			
Cars	19,553	21,785	11.4	67.4	67.5	0.1	94,635	111,438	17.8	66.6	67.2	0.6
Light Trucks	9,453	10,487	10.9	32.6	32.5	-0.1	47,394	54,370	14.7	33.4	32.8	-0.6
Domestic Brands	4,975	6,091	22.4	17.2	18.9	1.7	25,217	30,187	19.7	17.8	18.2	0.4
European Brands	6,118	7,188	17.5	21.1	22.3	1.2	32,899	38,731	17.7	23.2	23.4	0.2
Japanese Brands	15,422	16,399	6.3	53.2	50.8	-2.4	71,812	83,131	15.8	50.6	50.1	-0.5
Korean Brands	2,491	2,594	4.1	8.6	8.0	-0.6	12,101	13,759	13.7	8.5	8.3	-0.2
Acura	303	410	35.3	1.0	1.3	0.3	1,734	2,271	31.0	1.2	1.4	0.2
Audi	697	790	13.3	2.4	2.4	0.0	3,405	4,275	25.6	2.4	2.6	0.2
BMW	1,119	1,763	57.6	3.9	5.5	1.6	7,087	9,350	31.9	5.0	5.6	0.6
Buick	89	91	2.2	0.3	0.3	0.0	465	586	26.0	0.3	0.4	0.1
Cadillac	238	295	23.9	0.8	0.9	0.1	1,376	1,570	14.1	1.0	0.9	-0.1
Chevrolet	1,350	1,655	22.6	4.7	5.1	0.4	6,351	8,039	26.6	4.5	4.8	0.3
Chrysler	145	125	-13.8	0.5	0.4	-0.1	778	699	-10.2	0.5	0.4	-0.1
Dodge	353	485	37.4	1.2	1.5	0.3	1,783	2,548	42.9	1.3	1.5	0.2
Fiat	252	162	-35.7	0.9	0.5	-0.4	891	940	5.5	0.6	0.6	0.0
Ford	1,878	2,225	18.5	6.5	6.9	0.4	9,777	11,478	17.4	6.9	6.9	0.0
GMC	270	271	0.4	0.9	0.8	-0.1	1,287	1,356	5.4	0.9	0.8	-0.1
Honda	4,735	4,811	1.6	16.3	14.9	-1.4	20,964	23,812	13.6	14.8	14.4	-0.4
Hyundai	1,282	1,177	-8.2	4.4	3.6	-0.8	6,079	6,534	7.5	4.3	3.9	-0.4
Infiniti	357	353	-1.1	1.2	1.1	-0.1	1,809	2,008	11.0	1.3	1.2	-0.1
Jaguar	84	69	-17.9	0.3	0.2	-0.1	487	399	-18.1	0.3	0.2	-0.1
Jeep	472	522	10.6	1.6	1.6	0.0	2,397	2,494	4.0	1.7	1.5	-0.2
Kia	1,209	1,417	17.2	4.2	4.4	0.2	6,022	7,225	20.0	4.2	4.4	0.2
Land Rover	164	234	42.7	0.6	0.7	0.1	1,061	1,284	21.0	0.7	0.8	0.1
Lexus	1,059	1,225	15.7	3.7	3.8	0.1	5,229	6,724	28.6	3.7	4.1	0.4
Lincoln	67	115	71.6	0.2	0.4	0.2	409	435	6.4	0.3	0.3	0.0
Mazda	422	545	29.1	1.5	1.7	0.2	2,047	2,322	13.4	1.4	1.4	0.0
Mercedes	1,689	2,055	21.7	5.8	6.4	0.6	9,848	11,463	16.4	6.9	6.9	0.0
MINI	359	436	21.4	1.2	1.4	0.2	1,876	1,876	0.0	1.3	1.1	-0.2
Mitsubishi	109	110	0.9	0.4	0.3	-0.1	488	632	29.5	0.3	0.4	0.1
Nissan	1,828	2,297	25.7	6.3	7.1	0.8	10,050	11,817	17.6	7.1	7.1	0.0
Porsche	228	232	1.8	0.8	0.7	-0.1	1,015	1,414	39.3	0.7	0.9	0.2
Ram	112	158	41.1	0.4	0.5	0.1	592	833	40.7	0.4	0.5	0.1
smart	24	31	29.2	0.1	0.1	0.0	139	167	20.1	0.1	0.1	0.0
Subaru	400	524	31.0	1.4	1.6	0.2	1,708	2,629	53.9	1.2	1.6	0.4
Toyota/Scion	6,209	6,124	-1.4	21.4	19.0	-2.4	27,775	30,913	11.3	19.6	18.6	-1.0
Volkswagen	1,292	1,228	-5.0	4.5	3.8	-0.7	6,029	6,326	4.9	4.2	3.8	-0.4
Volvo	153	120	-21.6	0.5	0.4	-0.1	777	821	5.7	0.5	0.5	0.0
Other	58	217	274.1	0.2	0.7	0.5	294	568	93.2	0.2	0.3	0.1

Source: AutoCount data from Experian Automotive

Top ten brands are shaded green.

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