

Los Angeles Auto Outlook



Comprehensive information on the LA County new vehicle market

FORECAST

County New Vehicle Market Predicted to Increase in 2024



Key factors boosting new vehicle sales

Existing vehicle fleet is old. Average age of vehicles in operation has reached an all-time high. No question, modern vehicles are built better and last longer, but today's models offer many upgraded features vs. the average 12.5 year old car. Passive and active safety technology, advanced infotainment options, and alternative powertrains are just a few examples. Many vehicle owners have a strong incentive to upgrade.

Transaction prices are falling. Right now, affordability is a deterrent for new vehicle sales (see right), but increased inventories and rising incentives have pushed down vehicles prices which will spur demand.

Economy is hanging in there. After significant interest rate increases in 2022 and 2023, fingers were crossed for a soft landing. GDP has remained positive, employment levels continue to move higher, and household incomes have largely kept pace with inflation. Interest rates are elevated and prices have risen sharply since 2021, but recession seems unlikely.



Heightened uncertainty. There are always unexpected events lurking that can impact the market. The CDK outage is a recent example. In addition to these surprises, there are ongoing and upcoming events with uncertain outcomes that cloud the sales forecast. The presidential election is at the top of the list. As we have already seen, events related to the campaign are rightfully leading to heightened anxiety and uneasiness. This will last up until election day, and hopefully, for a relatively short period afterwards. Geopolitical unrest surrounding the Ukraine and Middle East conflicts are other examples. Consumer confidence takes a hit when the list of things to worry about lengthens, and this is a negative for new vehicle sales.

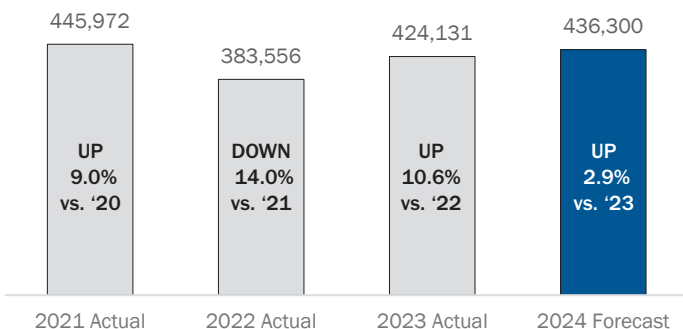
New vehicle affordability is a drag. Monthly finance and lease costs remain elevated due to higher interest rates. As noted on the left, vehicle transaction prices have fallen and household incomes are increasing, but inflation has eroded purchasing power. Monthly new vehicle payments as a percent of consumer income will move lower in the coming months, but are high right now and it's holding back sales.

Key Trends in Los Angeles County Market



- » Forecast summary: replacement demand and falling transaction prices will provide some momentum for the new vehicle market for the rest of '24, while the negative factors will limit growth.
- » We think the market still has a good chance to improve for all of this year vs. 2023. Current forecast is for registrations to increase 2.9%.
- » Registrations exceeded 112,000 units in the Second Quarter of 2024, essentially unchanged versus 2Q '23.
- » Battery electric vehicles accounted for 24.9% of the market in the Second Quarter of this year, up from 22.8% in the First Quarter, and above 2Q '23 levels (see page 4).
- » Lexus, Hyundai, Audi, Honda, and Toyota had the largest percentage increases so far this year (see page 4). Tesla, Honda, BMW, Mercedes, and Lexus are strong performers in the county market based on a comparison to U.S. market share (see page 5).

Forecast for County New Retail Light Vehicle Registrations



The graph above shows annual new retail light vehicle registrations from 2021 through 2023 and Auto Outlook's projection for all of 2024. Historical data sourced from Experian Automotive.

Market Summary

	YTD '23 thru June	YTD '24 thru June	% Chg. '23 to '24	Mkt. Share YTD '24
TOTAL	213,232	215,301	1.0%	
Car	73,755	66,636	-9.7%	31.0%
Light Truck	139,477	148,665	6.6%	69.0%
Domestic	65,117	59,126	-9.2%	27.5%
European	41,174	41,564	0.9%	19.3%
Japanese	86,534	94,292	9.0%	43.8%
Korean	20,407	20,319	-0.4%	9.4%

Domestics consist of vehicles sold by GM, Ford, Stellantis (excluding Alfa Romeo and FIAT), Tesla, Rivian, and Lucid. Data sourced from Experian Automotive.

KEY TRENDS IN LOS ANGELES COUNTY NEW VEHICLE MARKET



COUNTY MARKET VS. U.S.

**% Change In
New Retail Market
YTD 2024 thru June
vs.
YTD 2023**

**Los Angeles County
UP 1.0%**

**U.S.
UP 3.4%**

New retail light vehicle registrations in the county increased 1.0% during the first six months of this year vs. year earlier, below the 3.4% improvement in the Nation.

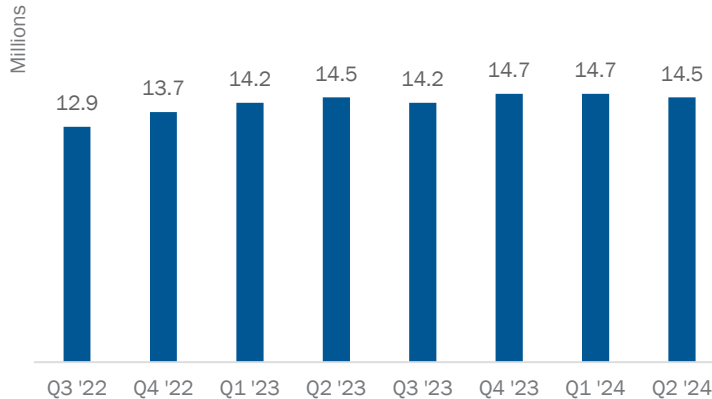
Data sourced from Experian Automotive.



QUARTERLY RESULTS

Los Angeles County Quarterly Registrations

**Seasonally Adjusted
Annual Rate, Converted
to Equivalent U.S. New
Vehicle Market SAAR
(millions of units)**



The graph on the left provides an easily recognizable way to gauge the strength of the county market. It shows quarterly registrations based on a seasonally adjusted annual rate. These figures are then indexed to SAAR sales figures for the U.S. new vehicle market. So just like in the national market, when the quarterly SAAR is above 17 million units, the county market is strong, 15 million is about average, and below 13 million is weak. Equivalent SAAR levels in the county slipped from 14.7 million in the First Quarter of this year to 14.5 million in the Second Quarter.

Data sourced from Experian Automotive. SAAR estimates: Auto Outlook.

**% Change in quarterly
registrations vs.
year earlier
(2Q '24 vs. 2Q '23)**

**DOWN
0.1%**

**% Change in
registrations vs.
previous quarter
(2Q '24 vs. 1Q '24)**

**UP
9.4%**

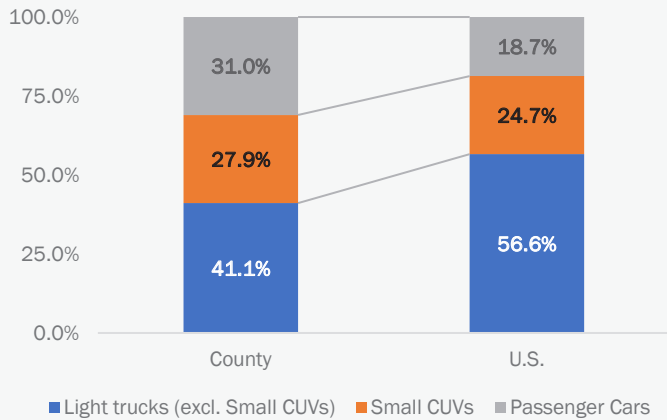
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KEY TRENDS IN LOS ANGELES COUNTY NEW VEHICLE MARKET



VEHICLE AND BRAND SEGMENTS - COUNTY AND U.S. (YTD '24 thru June)

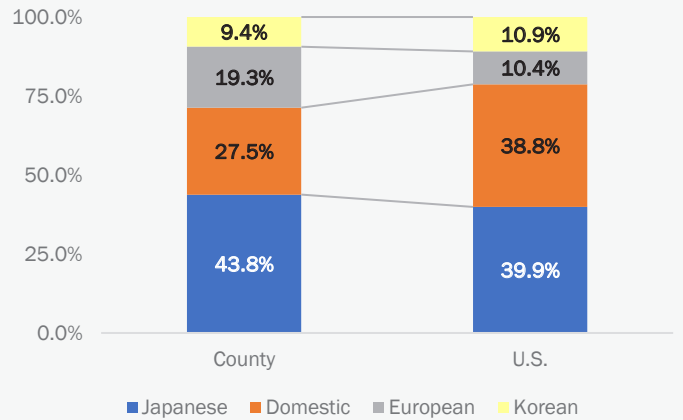
Market Share by Type of Vehicle



Combining the blue and orange sections in the graph above corresponds to the standard industry definition of light trucks. Small crossovers are broken out, however, since many are more similar to compact hatchbacks than to trucks. Light truck share (excluding small CUVs) was **41.1%** so far this year, below the **56.6%** share in the U.S.

Data sourced from Experian Automotive.

Domestic, European, Japanese, & Korean Brand Share



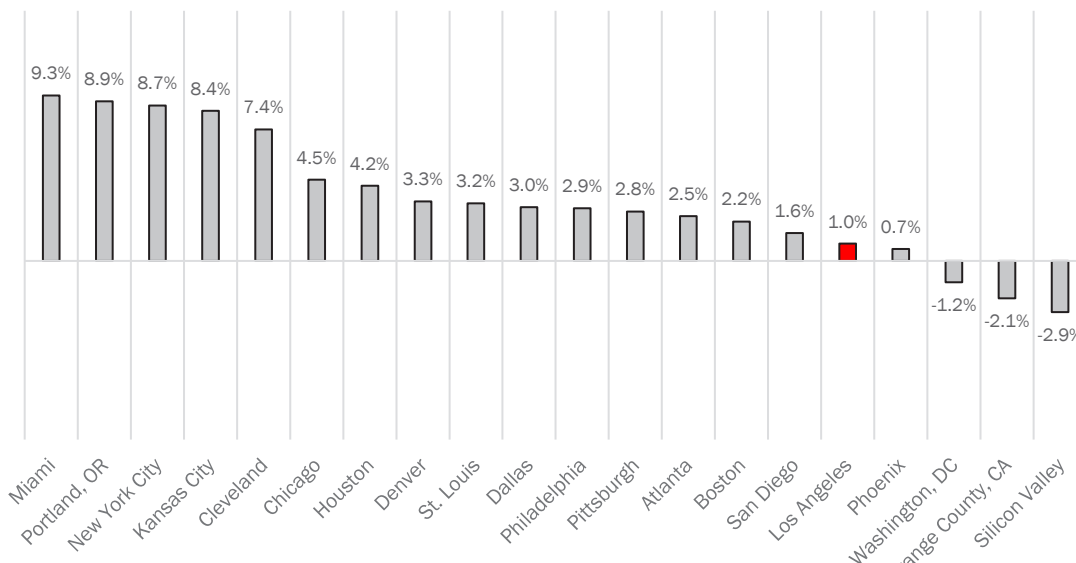
Japanese brand market share in the county was higher than U.S. levels: **43.8%** vs. **39.9%**. County Domestic brand share (which includes Tesla and Rivian) was **27.5%** in the first half of this year. European brands accounted for a higher share of the county market than in the Nation.

Data sourced from Experian Automotive.



COMPARISON OF METRO AREA MARKETS

Percent Change in New Retail Light Vehicle Registrations - YTD 2024 thru June vs. YTD 2023



Data sourced from Experian Automotive.

Observations and Key Facts

- Los Angeles County registrations increased **1.0%** in the first half of this year, below the average for other areas, but in line with California markets. The Miami market improved by **9.3%**.
- BEV market share in the county was **23.9%** vs. **8.5%** in the Nation. BEV penetration was highest in Silicon Valley - **37.3%**
- Toyota was the best-selling brand in the county during the first six months of this year and was also the leader in 12 out of the other 20 markets. Highest share for Toyota was in Portland, OR (**24.1%**).

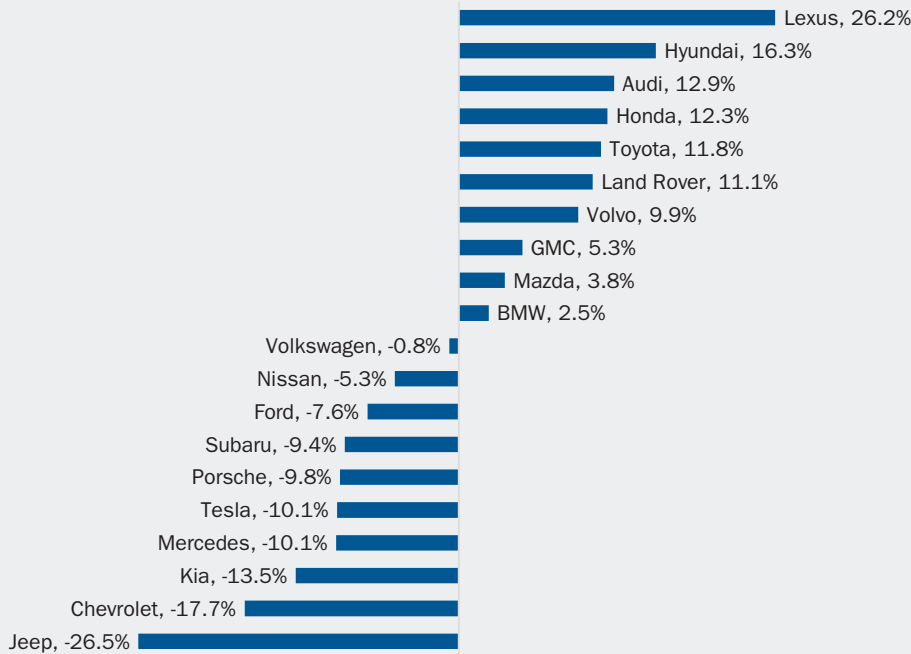
BRANDS AND MODELS



WINNERS AND LOSERS

The primary metric used to identify winning and losing brands is the percent change in registrations vs. year earlier, shown on the graph below. Lexus and Hyundai were the biggest gainers in the county market in the first six months of this year among the top 20 brands. BUT this snapshot does not capture the shorter term trend in sales, and this matters! Registrations for a brand may have posted a big year-over year increase (definitely a positive), but if growth has stalled during the most recent quarter, that's significant. The tables to the right of the graph show results from the First to the Second Quarters of 2024.

% Change in County Registrations for Top 20 Brands- YTD '24 thru June vs. YTD '23



Brands Gaining Ground

Largest % increases from 1Q '24 to 2Q '24

Hyundai	Up	47.5%
Nissan	Up	32.1%
GMC	Up	21.0%
Mazda	Up	12.6%
Chevrolet	Up	10.9%

Brands Losing Ground

Largest % declines from 1Q '24 to 2Q '24

Audi	Down	13.5%
Jeep	Down	8.0%
Mercedes	Down	2.1%
Land Rover	Down	1.5%
Subaru	Down	1.1%

Largest % increases during YTD '24 vs. YTD '23: Lexus, Hyundai, Audi, Honda, and Toyota.

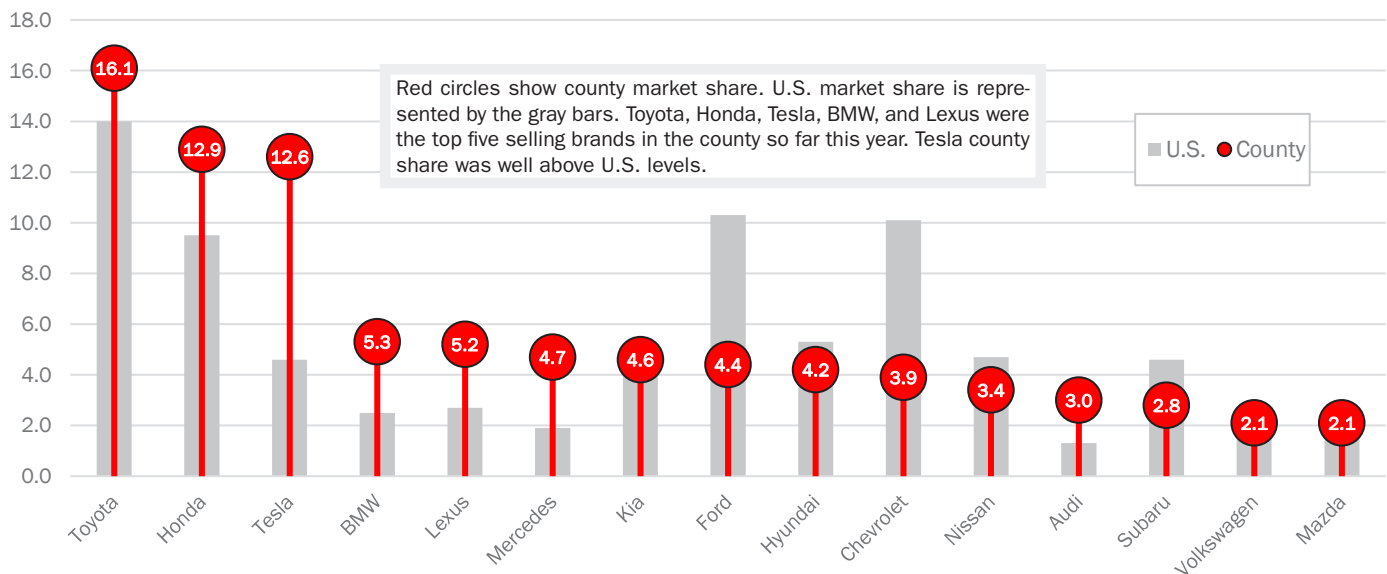
Largest % increases in 2Q '24 vs. 1Q '24: Hyundai, Nissan, GMC, Mazda, and Chevrolet.

Data sourced from Experian Automotive.



TOP SELLING BRANDS

Los Angeles County and U.S. Market Shares for Top 15 Brands in County - YTD '24 thru June



Data sourced from Experian Automotive.

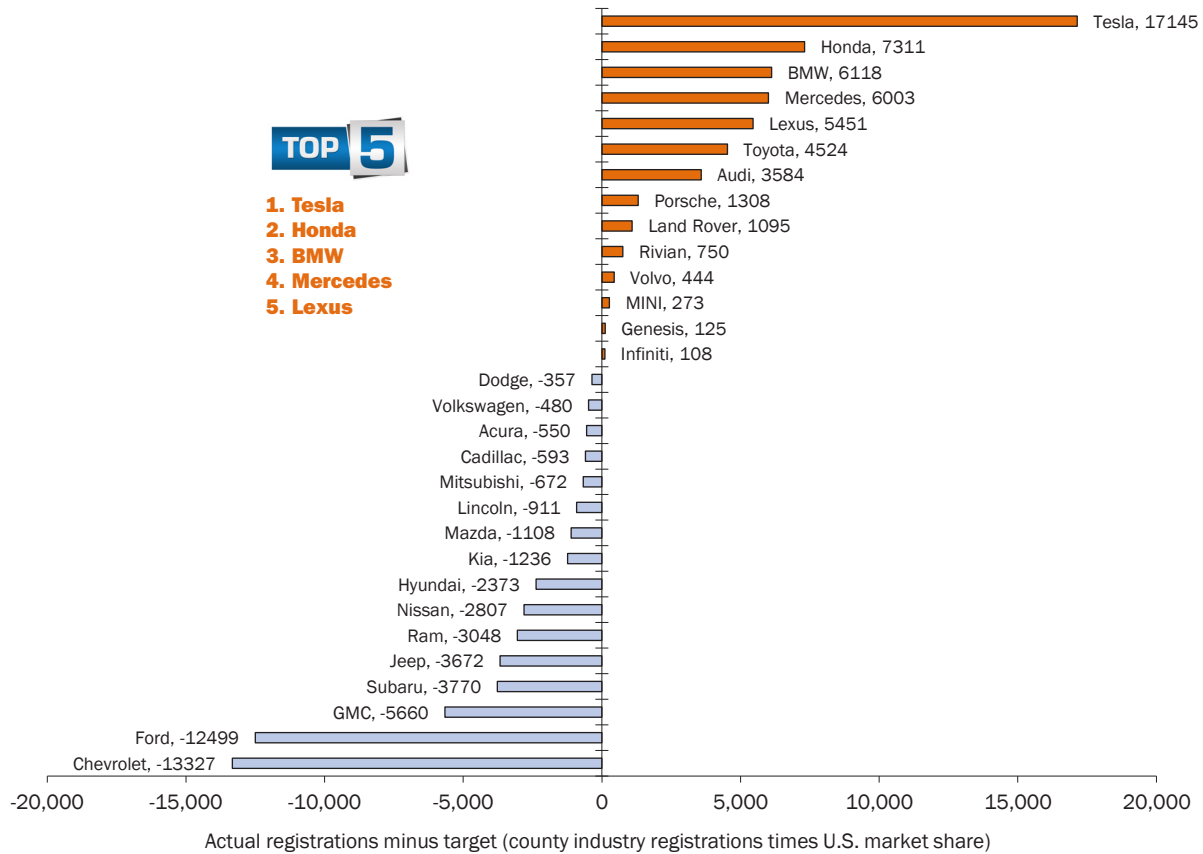
BRANDS AND MODELS



BRAND SALES PERFORMANCE

The graph below provides an indicator of brands that are popular in Los Angeles County (relative to the National standard), and those that are not. Here's how it works: For the top 30 selling brands, each brand's share of the U.S. market is multiplied by industry retail registrations in the county during the first six months of 2024. 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 (i.e., Tesla, Honda, BMW, Mercedes, and Lexus) are relatively strong sellers in the county, with actual registrations exceeding calculated targets by large margins. For instance, Tesla registrations exceeded the target by 7,145 units.

Los Angeles County Retail Market Performance based on registrations during YTD 24 thru June
Actual registrations minus target (county industry registrations times U.S. market share)



Data sourced from Experian Automotive.



TOP SELLING MODELS

Top 20 Selling Models during YTD '24 thru June - Market Share and % Change in Registrations vs. YTD '23							
Rank	Model	County Share %	% chg. '23 to '24	Rank	Model	County Share %	% chg. '23 to '24
1	Tesla Model Y	8.4	4.3	11	Lexus NX	1.3	24.9
2	Toyota RAV4	3.8	33.0	12	Chevrolet Silverado	1.2	-6.4
3	Honda Civic	3.8	29.5	13	Toyota Tacoma	1.1	-41.9
4	Toyota Camry	3.4	10.8	14	Kia Forte	1.0	-41.4
5	Honda CR-V	3.2	36.5	15	Hyundai Ioniq 5	1.0	138.4
6	Tesla Model 3	3.0	-40.4	16	Jeep Wrangler	0.9	-15.3
7	Honda Accord	2.4	-17.3	17	Honda Pilot	0.9	16.0
8	Toyota Corolla	2.1	13.3	18	Nissan Sentra	0.9	27.4
9	Honda HR-V	1.8	10.8	19	Lexus ES	0.9	14.6
10	Lexus RX	1.3	3.5	20	Subaru Crosstrek	0.9	-0.2

Table on the left presents the top 20 selling models in the county during the first six months of this year. Share of industry registrations and the percent change versus the same period a year earlier is also shown. Models with the five largest percentage increase are shaded blue.

Data sourced from Experian Automotive.

ALTERNATIVE POWERTRAIN MARKET

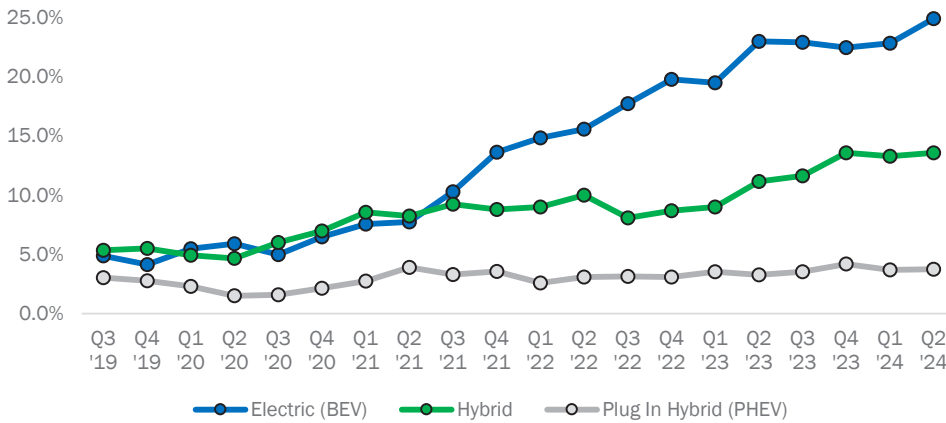
FIVE KEY TRENDS

1. BEV share increased from 21.3% in the first half of '23 to 23.9% this year.
2. BEV share was 24.9% in 2Q '24, up from 22.8% in 1Q.
3. Franchised dealer share of BEV market was 43.1% in first half of '24 vs. 31.5% a year earlier.
4. Hybrid share was 13.4% in the first half of 2024, up from 10.1% in 2023.
5. Plug in hybrid share was 3.7% so far this year.



BEV, PHEV, AND HYBRID MARKET SHARE

Percent Share of Industry Registrations by Powertrain Type



YTD thru June		
	YTD '23	YTD '24
Electric (BEV)	21.3%	23.9% ↑
Hybrid	10.1%	13.4% ↑
Plug In Hybrid (PHEV)	3.4%	3.7% ↑

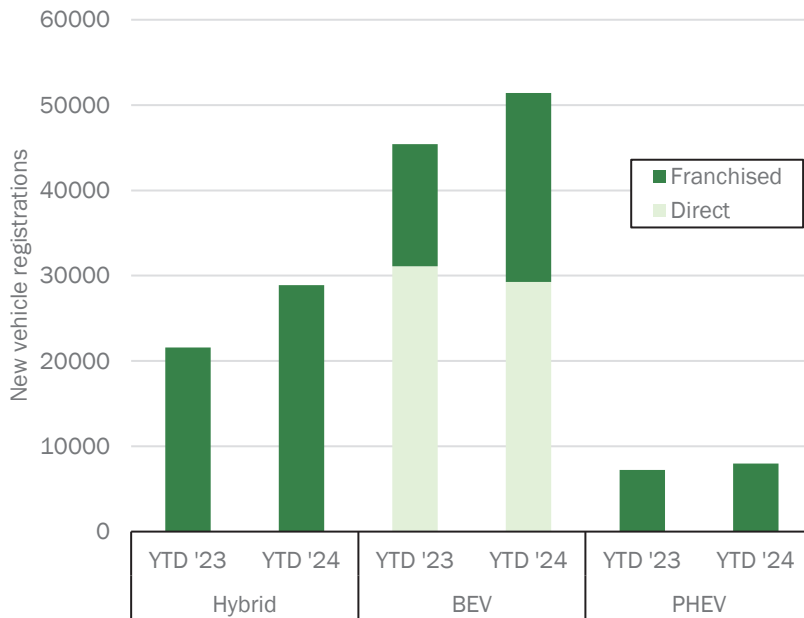
Quarterly		
	1Q '24	2Q '24
Electric (BEV)	22.8%	24.9% ↑
Hybrid	13.3%	13.6% ↑
Plug In Hybrid (PHEV)	3.7%	3.7% FLAT

Data sourced from Experian Automotive. Hybrid registrations exclude mild hybrids.



FRANCHISED DEALERSHIPS AND DIRECT SELLERS

New Hybrid, BEV, and PHEV Registrations in Los Angeles County by Type of Selling Dealership



BEV Registrations and Market Share		
	Franchised Dealerships	Direct Sellers
YTD '23 thru Jun. regs.	14,322	31,096
YTD '24 thru Jun. regs.	22,153	29,258
% change	54.7%	-5.9%
YTD '23 mkt. share %	31.5	68.5
YTD '24 mkt. share %	43.1	56.9
change	11.6	-11.6
1Q '24 regs.	9,691	13,750
2Q '24 regs.	12,462	15,508
% change	28.6%	12.8%
1Q '24 mkt. share %	41.3	58.7
2Q '24 mkt. share %	44.6	55.4
change	3.3	-3.3

The dark green areas in the graph show registrations by powertrain type for franchised dealerships. Sum of the green areas is 59,013 units, 67% of the overall total.

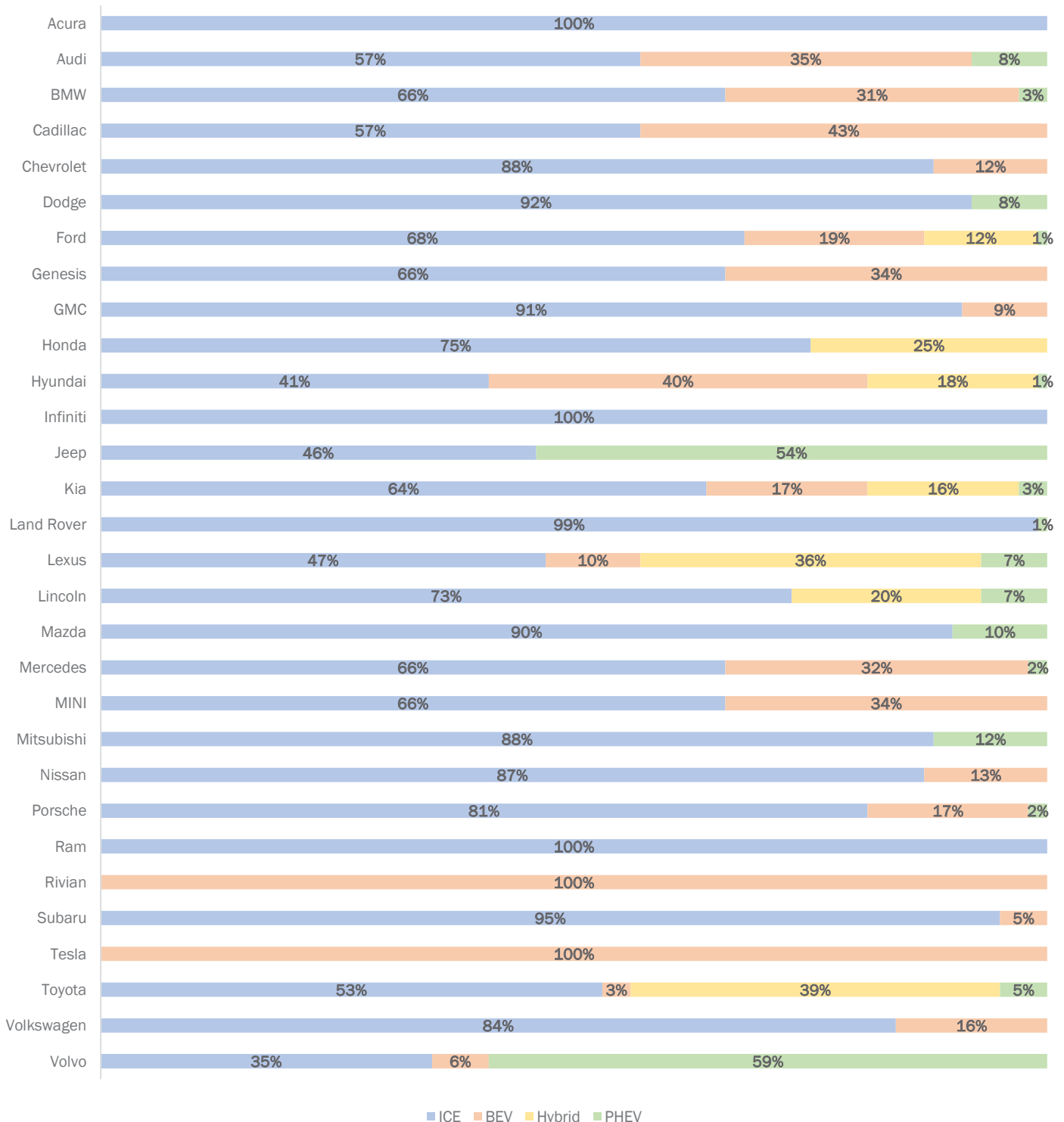
Data sourced from Experian Automotive. Hybrid registrations exclude mild hybrids.

ALTERNATIVE POWERTRAIN MARKET



MAKES

Share of Brand Registrations in County by Type of Powertrain - Second Quarter, 2024 (top 30 brands)



The graph above shows the breakdown of new vehicle registrations by powertrain type for each of the top 30 selling brands in the county during the Second Quarter of 2024. Data sourced from Experian Automotive.

Brand Registrations Report												
Los Angeles County New Retail Car and Light Truck Registrations												
	Second Quarter						Year to date thru June					
	Registrations			Market Share (%)			Registrations			Market Share (%)		
	2Q '23	2Q '24	% change	2Q '23	2Q '24	Change	YTD '23	YTD '24	% change	YTD '23	YTD '24	Change
TOTAL	112,539	112,469	-0.1				213,232	215,301	1.0			
Cars	39,110	34,260	-12.4	34.8	30.5	-4.3	73,755	66,636	-9.7	34.6	31.0	-3.6
Light Trucks	73,429	78,209	6.5	65.2	69.5	4.3	139,477	148,665	6.6	65.4	69.0	3.6
Domestic Brands	35,401	30,986	-12.5	31.5	27.6	-3.9	65,117	59,126	-9.2	30.5	27.5	-3.0
European Brands	21,838	20,678	-5.3	19.4	18.4	-1.0	41,174	41,564	0.9	19.3	19.3	0.0
Japanese Brands	44,694	49,487	10.7	39.7	44.0	4.3	86,534	94,292	9.0	40.6	43.8	3.2
Korean Brands	10,606	11,318	6.7	9.4	10.1	0.7	20,407	20,319	-0.4	9.6	9.4	-0.2
Acura	961	725	-24.6	0.9	0.6	-0.3	1,745	1,440	-17.5	0.8	0.7	-0.1
Alfa Romeo	154	108	-29.9	0.1	0.1	0.0	276	297	7.6	0.1	0.1	0.0
Audi	3,169	2,948	-7.0	2.8	2.6	-0.2	5,632	6,356	12.9	2.6	3.0	0.4
BMW	5,912	5,946	0.6	5.3	5.3	0.0	11,184	11,460	2.5	5.2	5.3	0.1
Buick	163	171	4.9	0.1	0.2	0.1	324	335	3.4	0.2	0.2	0.0
Cadillac	770	943	22.5	0.7	0.8	0.1	1,459	1,701	16.6	0.7	0.8	0.1
Chevrolet	4,974	4,392	-11.7	4.4	3.9	-0.5	10,150	8,352	-17.7	4.8	3.9	-0.9
Chrysler	213	174	-18.3	0.2	0.2	0.0	378	368	-2.6	0.2	0.2	0.0
Dodge	820	931	13.5	0.7	0.8	0.1	1,466	1,617	10.3	0.7	0.8	0.1
Ford	5,238	4,962	-5.3	4.7	4.4	-0.3	10,355	9,572	-7.6	4.9	4.4	-0.5
Genesis	568	600	5.6	0.5	0.5	0.0	1,129	1,055	-6.6	0.5	0.5	0.0
GMC	1,199	1,325	10.5	1.1	1.2	0.1	2,299	2,420	5.3	1.1	1.1	0.0
Honda	13,203	14,586	10.5	11.7	13.0	1.3	24,718	27,755	12.3	11.6	12.9	1.3
Hyundai	4,250	5,440	28.0	3.8	4.8	1.0	7,848	9,127	16.3	3.7	4.2	0.5
Infiniti	516	437	-15.3	0.5	0.4	-0.1	958	967	0.9	0.4	0.4	0.0
Jaguar	68	66	-2.9	0.1	0.1	0.0	124	145	16.9	0.1	0.1	0.0
Jeep	2,703	1,756	-35.0	2.4	1.6	-0.8	4,988	3,665	-26.5	2.3	1.7	-0.6
Kia	5,761	5,104	-11.4	5.1	4.5	-0.6	11,403	9,864	-13.5	5.3	4.6	-0.7
Land Rover	1,021	1,215	19.0	0.9	1.1	0.2	2,204	2,448	11.1	1.0	1.1	0.1
Lexus	4,929	5,851	18.7	4.4	5.2	0.8	8,841	11,156	26.2	4.1	5.2	1.1
Lincoln	257	339	31.9	0.2	0.3	0.1	518	609	17.6	0.2	0.3	0.1
Maserati	75	157	109.3	0.1	0.1	0.0	136	299	119.9	0.1	0.1	0.0
Mazda	2,250	2,347	4.3	2.0	2.1	0.1	4,269	4,432	3.8	2.0	2.1	0.1
Mercedes	6,128	5,044	-17.7	5.4	4.5	-0.9	11,349	10,198	-10.1	5.3	4.7	-0.6
MINI	406	274	-32.5	0.4	0.2	-0.2	808	710	-12.1	0.4	0.3	-0.1
Mitsubishi	260	251	-3.5	0.2	0.2	0.0	520	460	-11.5	0.2	0.2	0.0
Nissan	4,041	4,180	3.4	3.6	3.7	0.1	7,755	7,344	-5.3	3.6	3.4	-0.2
Polestar	71	179	152.1	0.1	0.2	0.1	151	286	89.4	0.1	0.1	0.0
Porsche	1,282	1,127	-12.1	1.1	1.0	-0.1	2,474	2,231	-9.8	1.2	1.0	-0.2
Ram	1,161	660	-43.2	1.0	0.6	-0.4	2,111	1,503	-28.8	1.0	0.7	-0.3
Rivian	403	917	127.5	0.4	0.8	0.4	689	1,442	109.3	0.3	0.7	0.4
Subaru	3,214	3,044	-5.3	2.9	2.7	-0.2	6,760	6,123	-9.4	3.2	2.8	-0.4
Tesla	17,360	14,171	-18.4	15.4	12.6	-2.8	30,111	27,077	-10.1	14.1	12.6	-1.5
Toyota	15,320	18,066	17.9	13.6	16.1	2.5	30,968	34,615	11.8	14.5	16.1	1.6
Volkswagen	2,282	2,244	-1.7	2.0	2.0	0.0	4,540	4,504	-0.8	2.1	2.1	0.0
Volvo	1,005	1,004	-0.1	0.9	0.9	0.0	1,799	1,977	9.9	0.8	0.9	0.1
Other	432	785	81.7	0.4	0.7	0.3	793	1,391	75.4	0.4	0.6	0.2

Data sourced from Experian Automotive. Top 10 in percent change are shaded yellow.

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714 W Olympic Boulevard, Suite 601
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Bob Smith, Executive Director

Phone: 213-748-0240
Web: www.glanca.org

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Auto Outlook, Inc.
PO Box 390
Exton, PA 19341

Phone: 610-640-1233
Email: jfoltz@autooutlook.com

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