

Los Angeles Auto Outlook



Comprehensive information on the LA County new vehicle market

FORECAST

County Market Poised for Strong Recovery When Supply Issues Abate

The Los Angeles County new vehicle market has been on a roller coaster ride over the past 24 months. Since the beginning of 2020, there have been sharp cyclical swings in sales that would typically take more than five years to occur. Roller coasters can get your head spinning, and in a similar manner, the peaks and troughs in new vehicle sales over the past two years have been disorienting. The summary below presents the main highlights, and provides a perspective on what lies ahead.

How the market performed in 2021

Focusing on the year as a whole, the market rebounded from the pandemic-lows of 2020. New retail light vehicle registrations in the county last year were up 12.6% from 2020, better than the estimated 5.1% increase in the U.S. It was definitely not a smooth ride, however. The market was up 32% from January through August of 2021 versus year earlier, but then fell 19% from September thru December, as supply issues escalated.

Results in Fourth Quarter of 2021

New retail light registrations in the county during the Fourth Quarter of 2021 were 86,051 units, down 16% versus year earlier. The decrease was in line with Auto Outlook’s baseline projection that was presented in the previous issue.

What’s ahead in 2022

As mentioned below, there are positives and negatives that will impact demand for new vehicles, but sales levels will be determined almost entirely by supply. Based on projections for vehicle production, the consensus outlook for U.S. sales in 2022 is about 15.5 million units. According to Auto Outlook’s analysis of historical trends, this would be equivalent to 442,000 new retail registrations in the county, up 3.4% from 2021. This is the baseline forecast shown below. Alternate upside and downside scenarios are also displayed.

Demand may soften in 2022

The Omicron variant has raised concerns about how quickly the economy can recover from the pandemic and inflation is now a primary concern. Commodity cost pressures and wage-price inflation are both significant. And the prospects of built-in consumer expectations for rising prices could make inflation a longer term issue. Increasing interest rates is the primary tool used to combat inflation and this will lead to some easing in the demand for new vehicles. But even with a moderate slide in consumer affordability, demand will almost certainly exceed supply during 2022. Easing of demand might reign in some of the upward pressure on vehicle prices, but it’s not likely to have an impact on sales levels.

Reasons for optimism

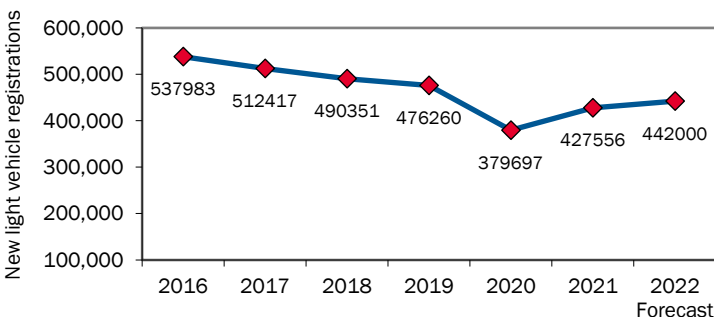
As shown on page 2, the impact of the pandemic and resulting supply issues have resulted in the postponement of a significant number of vehicle purchases. Registrations between 2020 and 2022 will be an estimated 156,047 units lower than they would have been in normal circumstances. It’s a big number that is equal to nearly 35% of sales in an average year. Nearly all of those postponed purchases will occur at some point during the next several years, giving the county market a big boost. As we have learned during past two years, uncertainty abounds and it’s not likely to be a smooth ride, but the directional trend for the market is decidedly positive.

Forecast for LA County New Retail Light Vehicle Registrations in 2022



- Baseline scenario: 442,000 up 3.4% vs. '21
- Alternative upside: 470,000 up 9.9% vs. '21
- Alternative downside: 421,000 down 1.5% vs. '21

Annual Trend in Los Angeles County Market



Market Summary

	2020 Annual	2021 Annual	% Chg. '20 to '21	Mkt. Share 2021
TOTAL	379,697	427,556	12.6%	
Car	156,444	163,134	4.3%	38.2%
Light Truck	223,253	264,422	18.4%	61.8%
Domestic	86,822	101,179	16.5%	23.7%
European	77,444	86,041	11.1%	20.1%
Japanese	182,871	199,178	8.9%	46.6%
Korean	32,560	41,158	26.4%	9.6%

The graph above shows annual new retail light vehicle registrations from 2016 thru 2021 and Auto Outlook’s projection for 2022. Historical Data Source: AutoCount data from Experian.

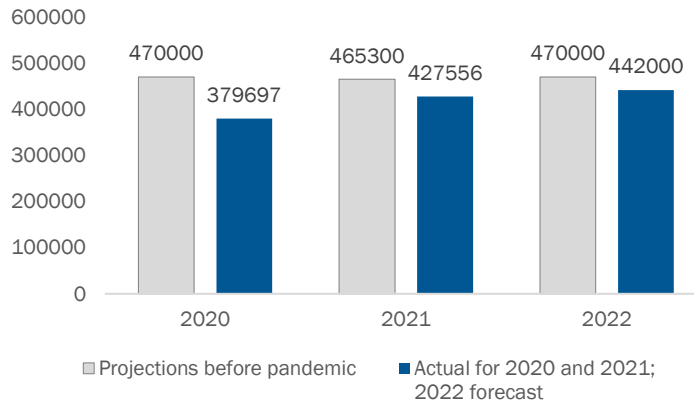
Domestics consist of vehicles sold by GM, Ford, Stellantis (excluding Alfa Romeo and FIAT), and Tesla. Data Source: AutoCount data from Experian.

Los Angeles County New Vehicle Market Dashboard



PENT UP DEMAND

New retail light vehicle registrations in 2020, 2021, and 2022 forecast versus projections before onset of pandemic



Estimated
156,047
 new vehicle purchases will be postponed between 2020 & 2022 representing **35%** of sales in an average year

Historical Data Source: AutoCount data from Experian. Projections: Auto Outlook.



COUNTY MARKET VS. U.S.

% Change In New Retail Market for all of 2021 vs. 2020

Los Angeles County
UP 12.6%

U.S.
UP 5.1%

New retail light vehicle registrations in the county market increased 12.6% during all of last year, higher than the 5.1% increase in the Nation. The big increase in the county last year was primarily due to significant impact the pandemic had on new vehicle sales in 2020.

Source for county registrations: AutoCount data from Experian. U.S. figures estimated by Auto Outlook.

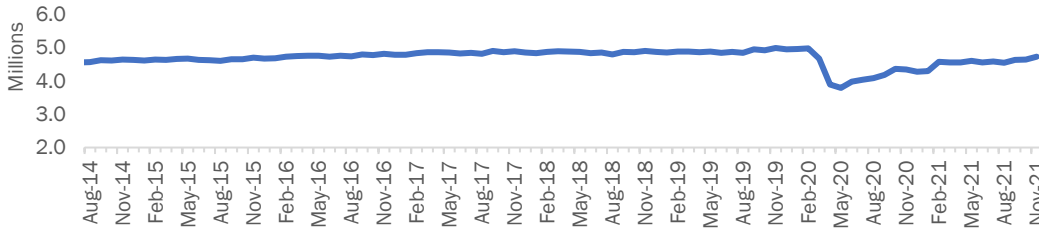
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Los Angeles County New Vehicle Market Dashboard



TRACKING ECONOMIC INDICATORS

Total Employment in Los Angeles County



The county unemployment rate fell to 7.1% in November of last year, a considerable improvement from the 11.9% rate a year earlier. Total employment in November was 4.72 million, up from the lows in May of 2020, but still 261,000 below pre-pandemic levels. Average hourly earnings were up versus year earlier. Consumer sentiment has softened over the past few months.

Monthly Unemployment Rates in Los Angeles County



Average Hourly Earnings for All Workers in County - Nov. 2021



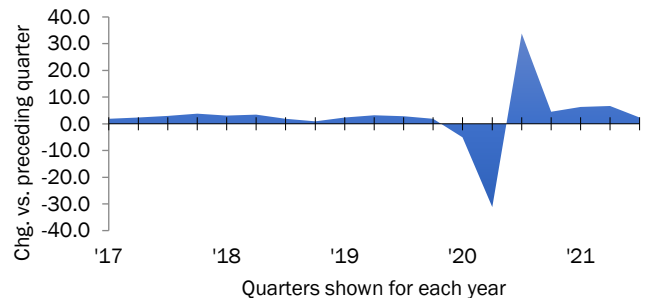
University of Michigan Consumer Sentiment (U.S.)



10 year high - 101.4 (Mar. 2018)
12 month high - 88.2 (Apr. 2021)
Most recent - 70.6 (Dec. 2021)
10 year low - 67.4 (Nov. 2021)

Key Values During Past 10 Years

Percent Change in U.S. Gross Domestic Product

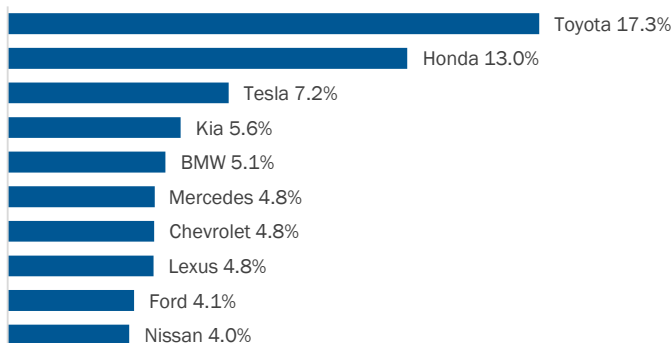


Sources: Bureau of Labor Statistics, University of Michigan, and U.S. Bureau of Econ. Analysis.

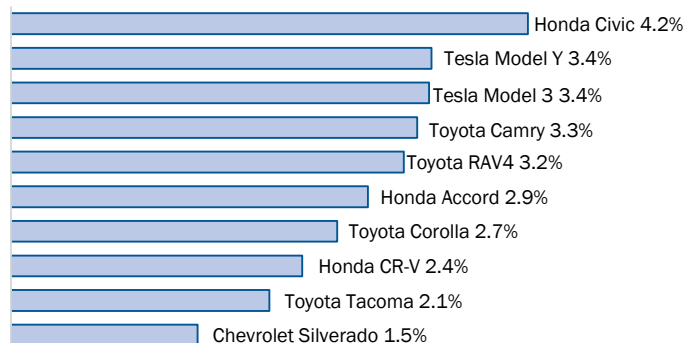


TOP TEN RANKINGS IN COUNTY MARKET

Market Share for Top Ten Selling Brands in Los Angeles County 2021 Annual



Market Share for Top Ten Selling Models in Los Angeles County 2021 Annual

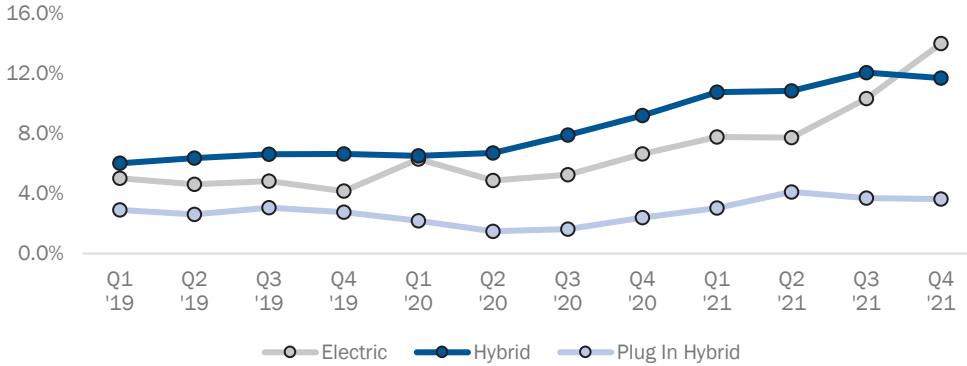


Data Source: AutoCount data from Experian.

HYBRID AND ELECTRIC VEHICLES

Estimated Electric Vehicle Share Reached 14% in 4Q of 2021

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



Annual Share by Engine Type
(2020 and 2021)

	2020	2021	
Hybrid	7.6%	11.3%	↑
Electric	5.8%	9.6%	↑
Plug In Hybrid	2.0%	3.6%	↑

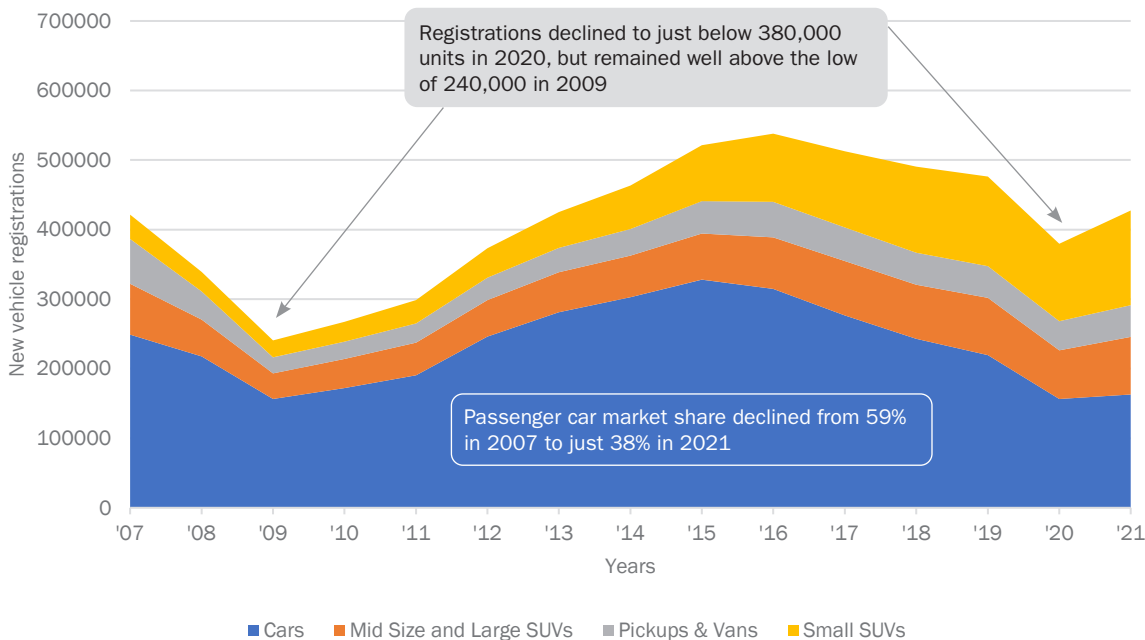
The graph above shows estimated hybrid powertrain and electric vehicle market share. Registrations by powertrain for vehicles equipped with multiple engine types were estimated by Auto Outlook. The estimates are based on model registrations compiled by Experian, and engine installation rates collected from other sources.

LONG TERM TRENDS

New Vehicle Registrations in 2021 About the Same as In 2013

The graph below provides a long term perspective of trends in the Los Angeles County market. It shows new retail light vehicle registrations divided among four primary segments: Small SUVs, Pickups and Vans, Mid Size and Large SUVs, and Passenger Cars.

County New Retail Light Vehicle Registrations - 2007 thru 2021



County market declined sharply in 2020 as the pandemic impacted new vehicle sales. Registrations were up in 2021. A small increase is predicted this year, with a 10% or higher increase possible in 2023.

Data Source: AutoCount data from Experian.

BRAND SEGMENT MARKET SHARES

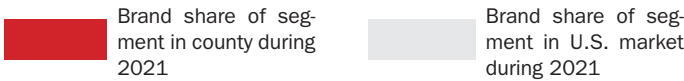
Top Selling Brands in 7 Primary Segments



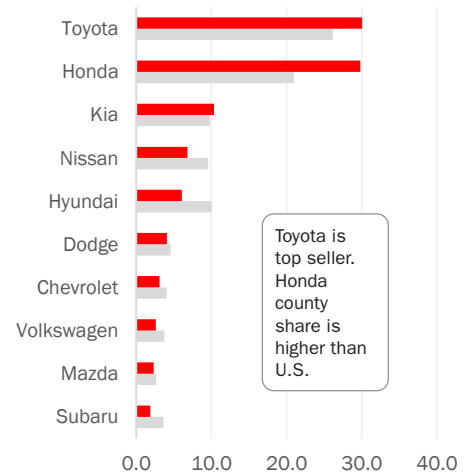
The seven graphs on this page show brand market share in seven key segments for all of 2021 in both the Los Angeles County and U.S. markets. County percent share is depicted by the red bars, U.S. share is light gray. Top ten brands in each segment are ranked from top to bottom based on Los Angeles market share.

Segments were defined based on model classifications instead of overall brand positioning. For instance, Chevrolet appears on the Luxury and Sports cars graph because of the Corvette. Small SUVs consists of both Sub Compact and Compact Models. Email Auto Outlook (autooutlook@icloud.com) for market share information for Vans and Mini Vans.

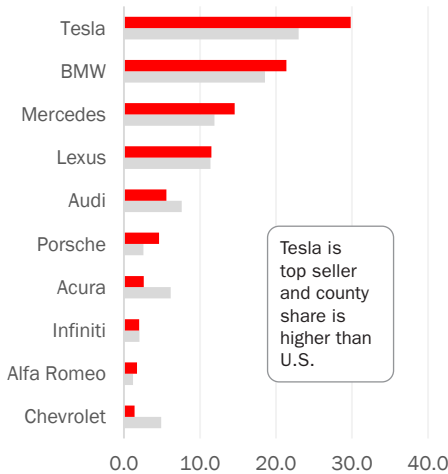
Legend for all graphs



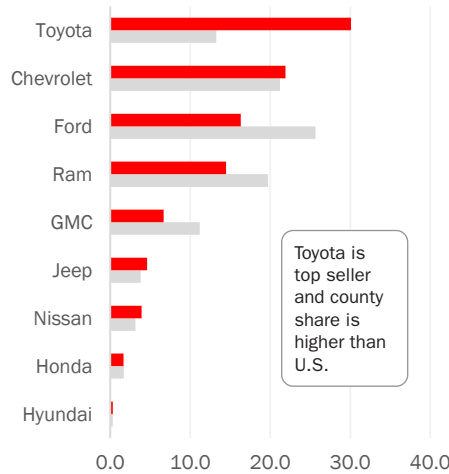
Non Luxury Cars



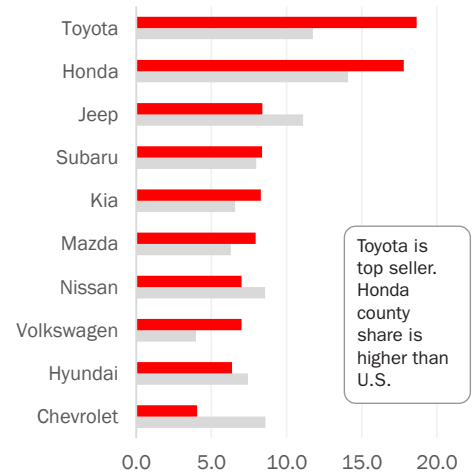
Luxury and Sports Cars



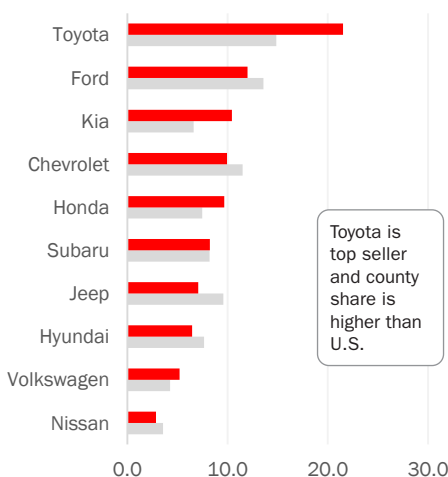
Pickups



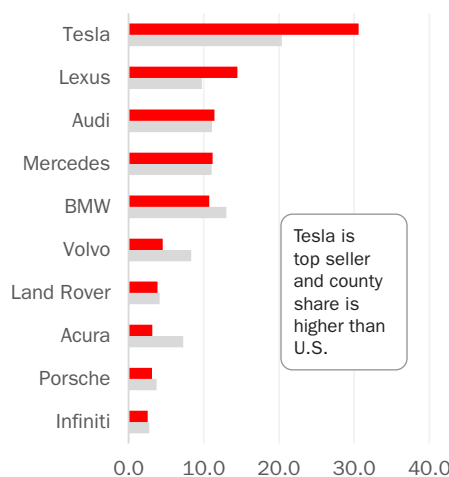
Small Non Luxury SUVs



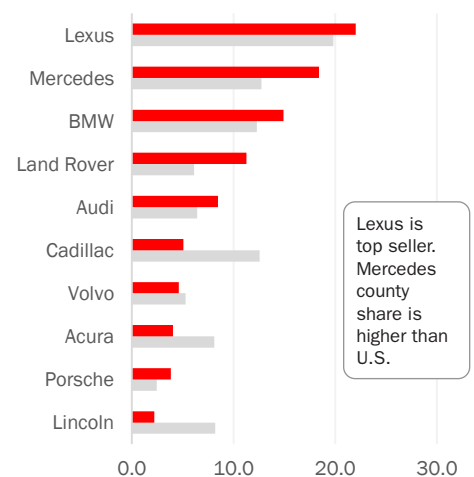
Mid and Full Size Non Luxury SUVs



Small Luxury SUVs



Mid and Full Size Luxury SUVs



Brand Registrations Report												
Los Angeles County New Retail Car and Light Truck Registrations												
	Fourth Quarter						Annual Totals					
	Registrations			Market Share (%)			Registrations			Market Share (%)		
	4Q '20	4Q '21	% change	4Q '20	4Q '21	Change	2020	2021	% change	2020	2021	Change
TOTAL	102,721	86,051	-16.2				379,697	427,556	12.6			
Cars	39,734	30,902	-22.2	38.7	35.9	-2.8	156,444	163,134	4.3	41.2	38.2	-3.0
Light Trucks	62,987	55,149	-12.4	61.3	64.1	2.8	223,253	264,422	18.4	58.8	61.8	3.0
Domestic Brands	24,071	23,786	-1.2	23.4	27.6	4.2	86,822	101,179	16.5	22.9	23.7	0.8
European Brands	21,543	17,061	-20.8	21.0	19.8	-1.2	77,444	86,041	11.1	20.4	20.1	-0.3
Japanese Brands	48,528	36,125	-25.6	47.2	42.0	-5.2	182,871	199,178	8.9	48.2	46.6	-1.6
Korean Brands	8,579	9,079	5.8	8.4	10.6	2.2	32,560	41,158	26.4	8.6	9.6	1.0
Acura	976	996	2.0	1.0	1.2	0.2	3,650	4,416	21.0	1.0	1.0	0.0
Alfa Romeo	592	298	-49.7	0.6	0.3	-0.3	2,137	1,756	-17.8	0.6	0.4	-0.2
Audi	2,901	1,968	-32.2	2.8	2.3	-0.5	10,619	11,288	6.3	2.8	2.6	-0.2
BMW	4,819	4,985	3.4	4.7	5.8	1.1	16,851	22,002	30.6	4.4	5.1	0.7
Buick	172	91	-47.1	0.2	0.1	-0.1	674	720	6.8	0.2	0.2	0.0
Cadillac	549	362	-34.1	0.5	0.4	-0.1	1,782	2,166	21.5	0.5	0.5	0.0
Chevrolet	6,315	3,266	-48.3	6.1	3.8	-2.3	20,862	20,447	-2.0	5.5	4.8	-0.7
Chrysler	240	88	-63.3	0.2	0.1	-0.1	723	811	12.2	0.2	0.2	0.0
Dodge	1,547	980	-36.7	1.5	1.1	-0.4	6,100	5,612	-8.0	1.6	1.3	-0.3
FIAT	17	7	-58.8	0.0	0.0	0.0	169	52	-69.2	0.0	0.0	0.0
Ford	4,127	4,396	6.5	4.0	5.1	1.1	16,957	17,608	3.8	4.5	4.1	-0.4
Genesis	97	552	469.1	0.1	0.6	0.5	510	1,440	182.4	0.1	0.3	0.2
GMC	987	575	-41.7	1.0	0.7	-0.3	3,391	3,697	9.0	0.9	0.9	0.0
Honda	13,730	9,916	-27.8	13.4	11.5	-1.9	54,815	55,734	1.7	14.4	13.0	-1.4
Hyundai	3,533	3,269	-7.5	3.4	3.8	0.4	13,360	15,601	16.8	3.5	3.6	0.1
Infiniti	810	504	-37.8	0.8	0.6	-0.2	3,387	2,695	-20.4	0.9	0.6	-0.3
Jaguar	217	104	-52.1	0.2	0.1	-0.1	1,091	701	-35.7	0.3	0.2	-0.1
Jeep	3,090	2,676	-13.4	3.0	3.1	0.1	12,116	12,468	2.9	3.2	2.9	-0.3
Kia	4,949	5,258	6.2	4.8	6.1	1.3	18,690	24,117	29.0	4.9	5.6	0.7
Land Rover	1,587	1,058	-33.3	1.5	1.2	-0.3	5,448	5,571	2.3	1.4	1.3	-0.1
Lexus	5,391	3,928	-27.1	5.2	4.6	-0.6	18,472	20,320	10.0	4.9	4.8	-0.1
Lincoln	361	201	-44.3	0.4	0.2	-0.2	1,410	1,050	-25.5	0.4	0.2	-0.2
Maserati	59	108	83.1	0.1	0.1	0.0	401	448	11.7	0.1	0.1	0.0
Mazda	2,049	1,715	-16.3	2.0	2.0	0.0	8,814	10,354	17.5	2.3	2.4	0.1
Mercedes	5,838	3,714	-36.4	5.7	4.3	-1.4	20,197	20,492	1.5	5.3	4.8	-0.5
MINI	482	268	-44.4	0.5	0.3	-0.2	1,788	1,649	-7.8	0.5	0.4	-0.1
Mitsubishi	189	261	38.1	0.2	0.3	0.1	741	1,092	47.4	0.2	0.3	0.1
Nissan	3,990	3,869	-3.0	3.9	4.5	0.6	15,365	16,962	10.4	4.0	4.0	0.0
Other	227	205	-9.7	0.2	0.2	0.0	1,009	1,036	2.7	0.3	0.2	-0.1
Porsche	1,107	1,049	-5.2	1.1	1.2	0.1	4,000	5,250	31.3	1.1	1.2	0.1
Ram	1,425	1,157	-18.8	1.4	1.3	-0.1	5,414	5,778	6.7	1.4	1.4	0.0
Subaru	3,566	2,476	-30.6	3.5	2.9	-0.6	13,259	13,477	1.6	3.5	3.2	-0.3
Tesla	5,258	9,994	90.1	5.1	11.6	6.5	17,393	30,822	77.2	4.6	7.2	2.6
Toyota	17,827	12,460	-30.1	17.4	14.5	-2.9	64,368	74,128	15.2	17.0	17.3	0.3
Volkswagen	2,734	2,496	-8.7	2.7	2.9	0.2	10,172	11,624	14.3	2.7	2.7	0.0
Volvo	963	801	-16.8	0.9	0.9	0.0	3,562	4,172	17.1	0.9	1.0	0.1

Source: AutoCount data from Experian.

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