

Los Angeles Auto Outlook



Comprehensive information on the LA County new vehicle market

FORECAST

County Market Predicted to Improve Again in 2016

New vehicle sales are expected to remain at strong levels for several years

The county new vehicle market has been on an amazing run, with new retail registrations increasing for six consecutive years. As shown on the graph below, the market fell to about 240,000 units in 2009 and recovered to more than 521,000 in 2015. That's a 117% increase over the six year period! With sales reaching such high levels, there are concerns that the market has peaked. And based solely on the primary predictors of core demand (i.e., the cyclical nature of sales and the release of pent-up demand) there are reasons to believe that sales will soon begin their inevitable cyclical downturn.

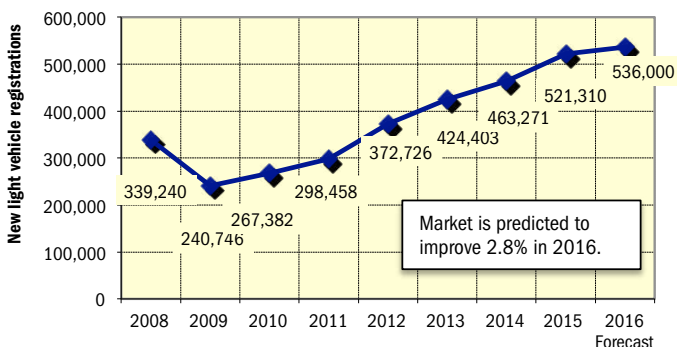
But predicting the course of new vehicle sales is not always as straightforward as it seems. Despite the concerns mentioned above, there are some compelling reasons to believe that the market still has some gas left in the tank. As mentioned previously in Auto Outlook, the impressive array of advanced safety features and infotainment offerings in new vehicles can make even three year old cars seem out-dated. This can provide strong motivation for consumers to enter the new vehicle market. In addition, manufacturers have generally stated a commitment to hold the line on incentives and emphasize profitability over sales volume. However, if demand starts to soften, the battle for market share could result in an opening of the incentives spigot, which would prolong the sales rebound.

Most likely scenario for the county market is slow growth this year, and perhaps in 2017 as well, with moderate easing to follow.

7 Key Market Trends

- 1. County new retail registrations increased 12.5% from 2014 to 2015, well above the 5.7% improvement in the U.S.
- 2. The market is predicted to increase 2.8% in 2016.
- 3. County light truck market share increased from 33.4% during 2014 to 35.5% last year.
- 4. Domestic brand registrations were up 17.4%, higher than the 12.5% improvement in the overall market
- 5. Hybrid and electric vehicle market share was 8.3% last year, down from 9.8% in 2014.
- 6. Toyota, Honda, Mercedes, Lexus, and BMW are strong performing brands in the county market (see page 3).
- 7. SUVs have gained ground, with market share increasing 1.7 points from 2014.

Annual Trend in LA County New Vehicle Market



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

Market Summary

	2014 Annual	2015 Annual	% Chg. '14 to '15	Mkt. Share YTD '15
TOTAL	463,271	521,310	12.5%	
Car	308,864	336,501	8.9%	64.5%
Light Truck	154,407	184,809	19.7%	35.5%
Domestic	83,784	98,387	17.4%	18.9%
European	100,765	108,371	7.5%	20.8%
Japanese	242,294	271,417	12.0%	52.1%
Korean	36,428	43,135	18.4%	8.3%

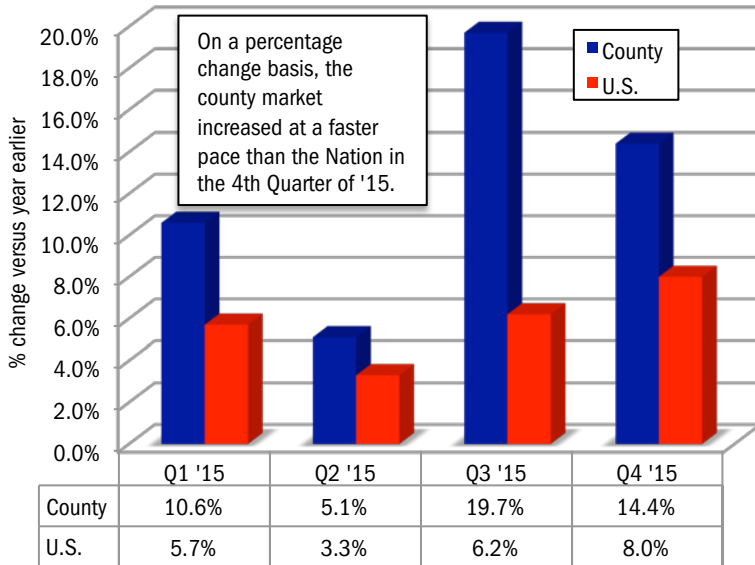
Domestic brands consist of vehicles sold by GM, Ford, Chrysler, and Tesla. Data source: AutoCount data from Experian Automotive.

MARKET TRACKER: QUARTERLY RESULTS

County Market Up 14.4% in 4th Quarter of 2015 vs. 8% in U.S.

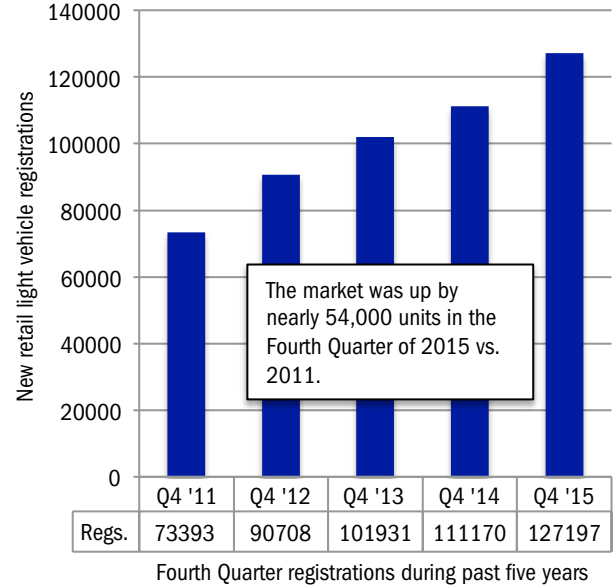
QUARTERLY TREND

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



QUARTERLY PERSPECTIVE

Five Years of Fourth 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: COUNTY MARKET VERSUS U.S.

Increase in County Higher Than U.S.

	County Market		U.S. Market*	
Percent change in registrations 2015 vs. 2014	12.5%		5.7%	
Passenger car market share 2015	64.5%		43.3%	
Domestic brand market share 2015	18.9%		45.1%	
Top 10 brands and market share 2015				
First	Toyota	18.5%	Ford	14.3%
Second	Honda	13.7%	Toyota/Scion	12.3%
Third	Nissan	7.2%	Chevrolet	12.2%
Fourth	Ford	6.1%	Honda	8.1%
Fifth	Mercedes	5.6%	Nissan	7.7%
Sixth	Lexus	5.6%	Jeep	5.0%
Seventh	BMW	5.4%	Hyundai	4.4%
Eighth	Chevrolet	5.3%	Kia	3.6%
Ninth	Kia	4.9%	Subaru	3.3%
Tenth	Hyundai	3.3%	GMC	3.2%

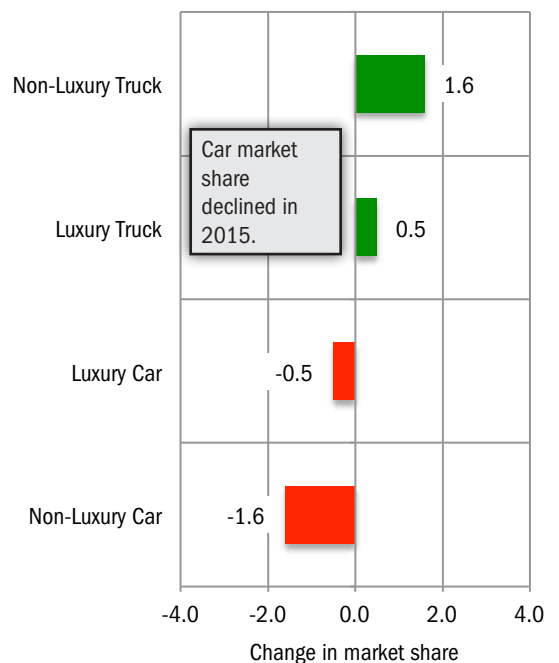
Source for LA County data: AutoCount data from Experian Automotive.

Source for U.S. market data: Automotive News. U.S. figures include fleets.

MARKET TRACKER: PRIMARY SEGMENTS

Non-Luxury Trucks Gain

Change in County Market Share 2015 vs. 2014



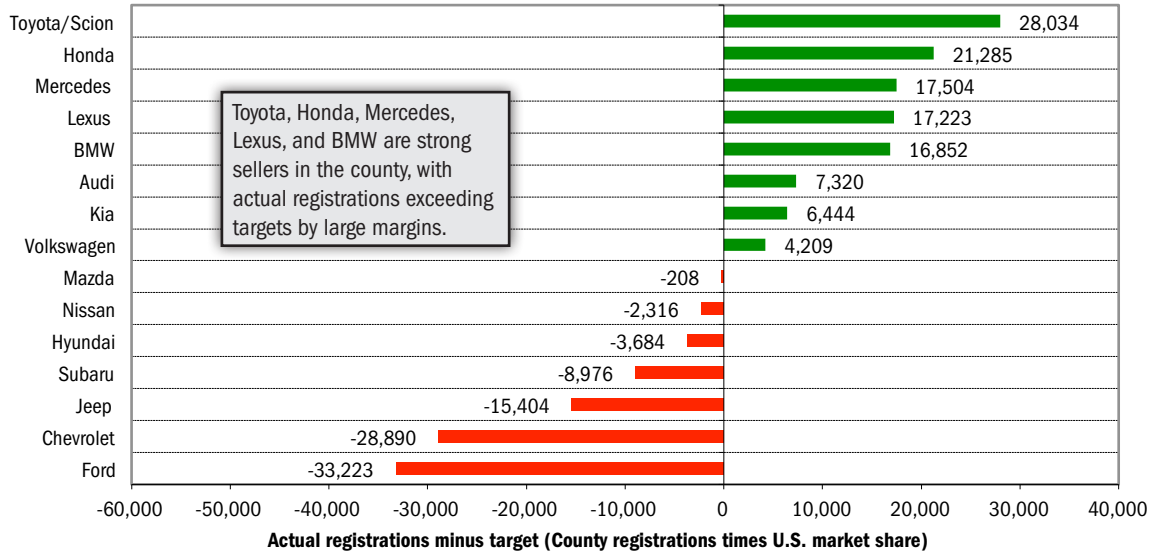
Source: AutoCount data from Experian Automotive.

BRAND SCOREBOARD

Toyota and Honda 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 2015. This yields a "target" for the state 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 2015
Actual registrations minus target (county industry registrations times U.S. market share)



Source: AutoCount data from Experian Automotive.

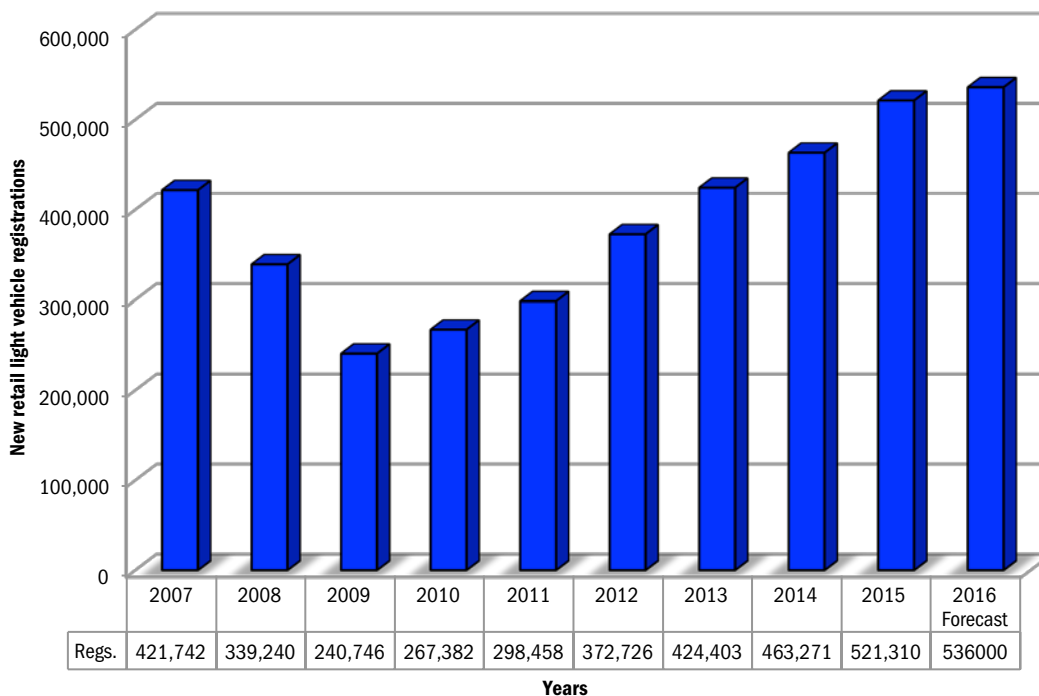
LONG TERM TRENDS

New Vehicle Sales Have a Chance to Improve Again in 2016

Increase would mark seventh consecutive annual increase

The graph below provides a long term perspective of trends in the Los Angeles County new retail light vehicle market. It shows historical registrations from 2007 thru 2015, along with Auto Outlook's forecast for 2016.

County New Retail Light Vehicle Registrations - 2007 thru 2015, 2016 Forecast



Source: AutoCount data from Experian Automotive.

Key Trends

Between 2009 (the low point during the market downturn) and 2015, county new retail light vehicle registrations have increased by more than 280,000 units an increase of 117%!

The market was up 12.5% last year versus 2014, and Auto Outlook is predicting a 2.8% increase this year.

Following a wild roller-coaster ride during the 10 year period, county registrations this year should exceed 2007 levels for the fourth consecutive year.

Brand Registrations Report												
Los Angeles County New Retail Car and Light Truck Registrations												
	December						Annual Totals					
	Registrations			Market Share (%)			Registrations			Market Share (%)		
	2014	2015	% change	2014	2015	Change	2014	2015	% change	2014	2015	Change
TOTAL	42,635	49,364	15.8				463,271	521,310	12.5			
Cars	27,766	31,296	12.7	65.1	63.4	-1.7	308,864	336,501	8.9	66.6	64.5	-2.1
Light Trucks	14,869	18,068	21.5	34.9	36.6	1.7	154,407	184,809	19.7	33.4	35.5	2.1
Domestic Brands	7,912	9,277	17.3	18.6	18.8	0.2	83,784	98,387	17.4	18.1	18.9	0.8
European Brands	9,944	10,835	9.0	23.3	21.9	-1.4	100,765	108,371	7.5	21.8	20.8	-1.0
Japanese Brands	21,469	25,091	16.9	50.4	50.8	0.5	242,294	271,417	12.0	52.3	52.1	-0.2
Korean Brands	3,310	4,161	25.7	7.8	8.4	0.7	36,428	43,135	18.4	7.9	8.3	0.4
Acura	604	528	-12.6	1.4	1.1	-0.3	5,725	6,306	10.1	1.2	1.2	0.0
Audi	1,225	1,533	25.1	2.9	3.1	0.2	11,677	13,948	19.4	2.5	2.7	0.2
BMW	3,098	2,923	-5.6	7.3	5.9	-1.3	26,398	27,931	5.8	5.7	5.4	-0.3
Buick	140	200	42.9	0.3	0.4	0.1	1,389	1,650	18.8	0.3	0.3	0.0
Cadillac	298	315	5.7	0.7	0.6	-0.1	3,461	2,839	-18.0	0.7	0.5	-0.2
Chevrolet	2,069	2,736	32.2	4.9	5.5	0.7	22,014	27,409	24.5	4.8	5.3	0.5
Chrysler	226	167	-26.1	0.5	0.3	-0.2	1,555	2,459	58.1	0.3	0.5	0.1
Dodge	605	586	-3.1	1.4	1.2	-0.2	6,883	6,997	1.7	1.5	1.3	-0.1
Fiat	230	244	6.1	0.5	0.5	0.0	3,625	3,368	-7.1	0.8	0.6	-0.1
Ford	2,696	2,857	6.0	6.3	5.8	-0.5	28,768	31,603	9.9	6.2	6.1	-0.1
GMC	442	543	22.9	1.0	1.1	0.1	3,906	5,398	38.2	0.8	1.0	0.2
Honda	5,310	6,484	22.1	12.5	13.1	0.7	63,317	71,345	12.7	13.7	13.7	0.0
Hyundai	1,372	1,544	12.5	3.2	3.1	-0.1	15,435	17,369	12.5	3.3	3.3	0.0
Infiniti	676	872	29.0	1.6	1.8	0.2	5,698	7,781	36.6	1.2	1.5	0.3
Jaguar	87	94	8.0	0.2	0.2	0.0	991	974	-1.7	0.2	0.2	0.0
Jeep	818	1,033	26.3	1.9	2.1	0.2	9,357	11,218	19.9	2.0	2.2	0.1
Kia	1,938	2,617	35.0	4.5	5.3	0.8	20,993	25,766	22.7	4.5	4.9	0.4
Land Rover	233	440	88.8	0.5	0.9	0.3	3,169	4,058	28.1	0.7	0.8	0.1
Lexus	2,889	3,216	11.3	6.8	6.5	-0.3	25,510	29,057	13.9	5.5	5.6	0.1
Lincoln	169	183	8.3	0.4	0.4	0.0	1,441	1,824	26.6	0.3	0.3	0.0
Mazda	717	913	27.3	1.7	1.8	0.2	8,415	10,210	21.3	1.8	2.0	0.1
Mercedes	2,257	3,156	39.8	5.3	6.4	1.1	27,465	29,320	6.8	5.9	5.6	-0.3
MINI	430	311	-27.7	1.0	0.6	-0.4	4,431	4,585	3.5	1.0	0.9	-0.1
Mitsubishi	156	149	-4.5	0.4	0.3	-0.1	1,770	1,667	-5.8	0.4	0.3	-0.1
Nissan	2,871	3,261	13.6	6.7	6.6	-0.1	33,025	37,294	12.9	7.1	7.2	0.0
Porsche	407	416	2.2	1.0	0.8	-0.1	3,946	4,245	7.6	0.9	0.8	0.0
Ram	292	362	24.0	0.7	0.7	0.0	3,283	4,160	26.7	0.7	0.8	0.1
smart	21	30	42.9	0.0	0.1	0.0	674	413	-38.7	0.1	0.1	-0.1
Subaru	785	1,099	40.0	1.8	2.2	0.4	8,432	11,208	32.9	1.8	2.1	0.3
Tesla	157	295	87.9	0.4	0.6	0.2	1,727	2,830	63.9	0.4	0.5	0.2
Toyota/Scion	7,461	8,569	14.9	17.5	17.4	-0.1	90,402	96,549	6.8	19.5	18.5	-1.0
Volkswagen	1,563	1,227	-21.5	3.7	2.5	-1.2	14,713	14,995	1.9	3.2	2.9	-0.3
Volvo	126	187	48.4	0.3	0.4	0.1	1,501	1,695	12.9	0.3	0.3	0.0
Other	267	274	2.6	0.6	0.6	-0.1	2,175	2,839	30.5	0.5	0.5	0.1

Source: AutoCount data from Experian Automotive

Top ten brands are shaded green.

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