orange county OCADA automobile dealers association

3RD QTR SALES REPORT

ORANGE COUNTY AUTO OUTLOOK™ 2017

Comprehensive Information on the Orange County Automotive Market

FORECAST

2017 Should be Another Strong Year for New Vehicle Market

Key factors providing a boost to new vehicle sales

Incentive to upgrade. Advanced features that were once restricted to luxury vehicles are now commonplace on mainstream products (i.e, mitigation braking, lane alert, smart cruise control, blind spot monitoring, rear-view cameras, etc.). These new technologies are providing a strong motivation for consumers to enter the new vehicle market.

New products. In the past, auto companies have not been responsive to shifting consumer tastes. But that's not the case in 2017. As demand for SUVs has grown, manufacturers have introduced desirable new products in every conceivable size and configuration. And if fuel prices were to unexpectedly surge, there are a slew of plug in and all-electric vehicles scheduled to be introduced over the next few years.

Economic fundamentals are sound. Unemployment rates are very low, incomes are moving higher, household net worth is at an all-time high, GDP growth is solid, and consumer confidence is strong. It would be unprecedented for new vehicle sales to decline sharply in an environment with such strong core economic fundamentals.

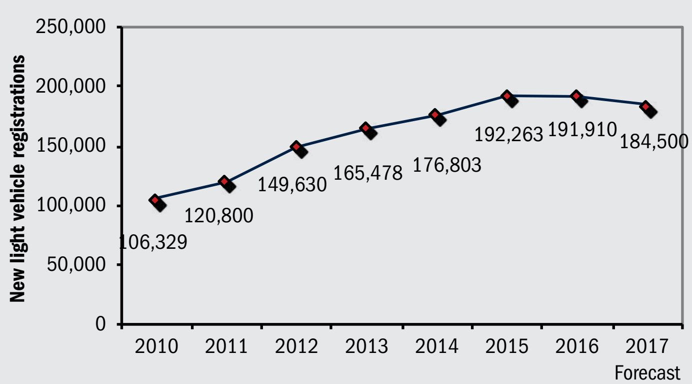
Key factors holding back new vehicle sales

Pent up demand is easing. Following seven years of increasing sales, the market has fully recovered from the low point in 2009, and as a result, pent up demand is easing. As pointed out on the left, there are a multitude of reasons for automotive consumers to be motivated to replace their current vehicles, but the frequency of purchases that occur out of necessity (i.e., current cars are wearing out) is lessening.

Rising interest rates. After several years of hovering near zero, interest rates are on the rise. It's not likely to be an abrupt, upward march, but it's inevitable that they will increase. Higher interest rates lead to increasing monthly finance and lease payments, which put a drag on new vehicle sales.

Insufficient savings. Leading into the financial crisis of 2008, households had amassed record debt. After several years of deleveraging, the debt burden has eased significantly. However, most households still have insufficient savings for retirement. As a result, consumers need to build savings, which will put a crimp on retail spending.

Annual Trend in County Market



The graph above shows annual new retail light vehicle registrations in the county from 2010 thru 2016 and Auto Outlook's projection for 2017.

Market Summary

	YTD '15 thru Sept.	YTD '16 thru Sept.	YTD '17 thru Sept.	% ch. '16 to '17
TOTAL	146,736	147,360	140,195	-4.9%
Car	85,960	78,948	71,356	-9.6%
Light Truck	60,776	68,412	68,839	0.6%
Detroit Three	31,693	33,633	30,437	-9.5%
European	27,968	28,029	26,476	-5.5%
Japanese	73,693	72,473	71,619	-1.2%
Korean	13,382	13,225	11,663	-11.8%

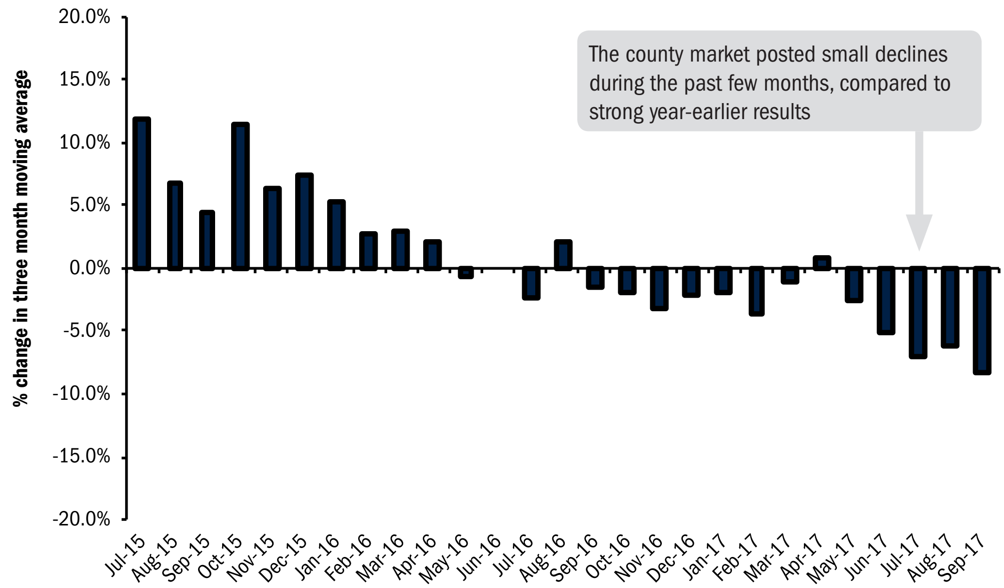
Detroit Three consists of vehicles sold by GM, Ford, and Chrysler.
Data Source: AutoCount data from Experian.

MARKET TRACKER: MONTHLY MOVING AVERAGE

Market Eases During Summer; Sales Remain Strong

The graph to the right provides a clear picture of the general trending direction of the Orange County new retail light vehicle market. The graph shows the year-over-year percent change in the three month moving average of new retail light vehicle registrations. The three month moving average provides a clearer picture of the trending direction than individual monthly registrations, which can fluctuate due to such factors as the timing of manufacturer incentive programs, weather, and vehicle title processing delays by governmental agencies.

Percent Change in Orange County New Retail Light Vehicle Registrations
Three Month Moving Average versus Year Earlier

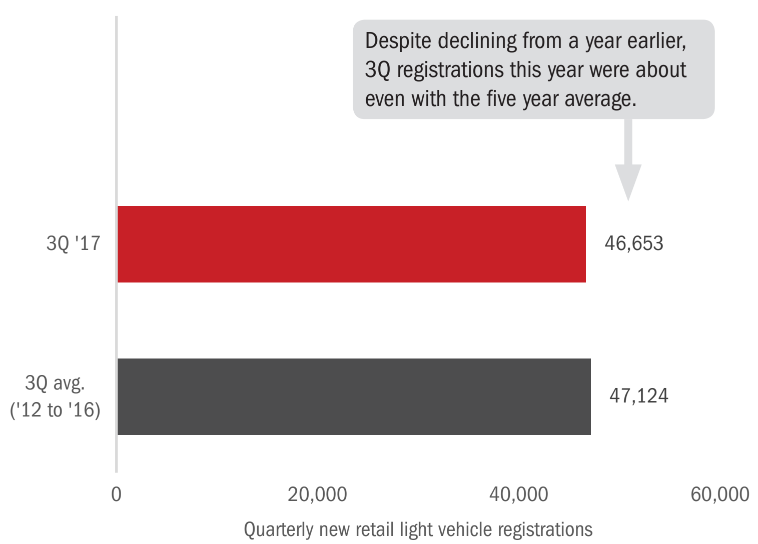


MARKET TRACKER: QUARTERLY PERSPECTIVE

3Q '17 Total Exceeds 46,000 Units

QUARTERLY PERSPECTIVE

3Q 2017 Registrations Versus Average for Previous Five Years



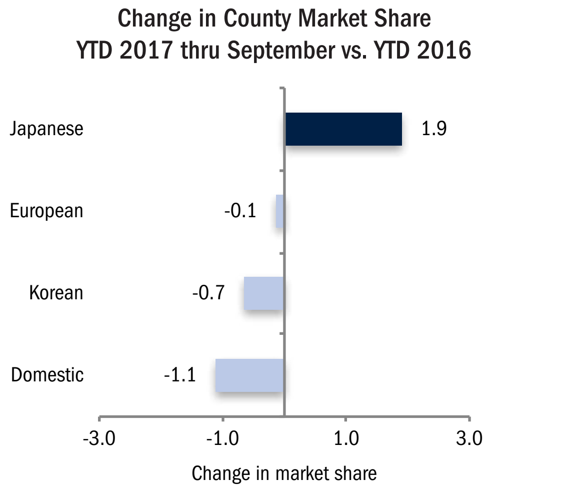
Details on Data

Data presented measures new vehicles registered to purchasers (or lessees) residing in Orange County. Monthly recording of registrations occurs when vehicle title is processed.

Data Source: AutoCount Data from Experian.

MARKET TRACKER: BRAND MARKET SHARE

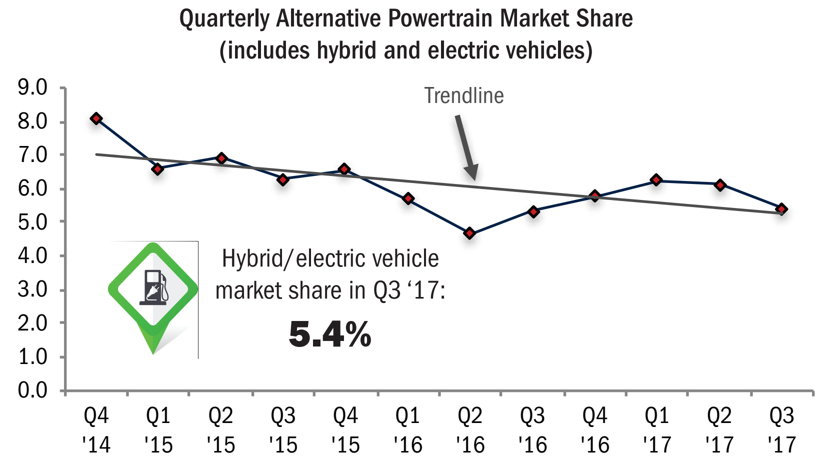
Japanese Brands Gain



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

MARKET TRACKER: HYBRID AND ELECTRIC VEHICLES

Hybrids/Electric Share Slips



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.
Data Source: AutoCount data from Experian.

MARKET TRACKER - SEGMENTS

Compact SUV Segment Has Big Increase

Orange County Segment Market Share Review				
Segment	Market Share YTD '16 thru September	Market Share YTD '17 thru September	Change in share YTD '16 to '17	Best selling model in segment
Sub Compact Car	19.2	18.9	-0.3	Honda Civic
Compact SUV	12.7	15.0	2.3	Toyota RAV4
Standard Mid Size Car	13.5	12.9	-0.6	Honda Accord
Near Luxury Car	8.3	7.4	-0.9	Mercedes C-Class
Mid Size Luxury SUV	5.7	6.2	0.5	Lexus RX
Full Size Pickup	5.4	5.1	-0.3	Ford F-Series
Compact Luxury SUV	4.3	5.0	0.7	Lexus NX
Luxury Car	5.1	4.8	-0.3	Mercedes E-Class
Mid Size Crossover SUV	3.2	3.8	0.6	Toyota Highlander
Entry Car	3.6	3.4	-0.2	FIAT 500
Mid Size SUV	3.0	3.1	0.1	Jeep Grand Cherokee
Compact Pickup	2.8	2.8	0.0	Toyota Tacoma
Full Size Crossover SUV	2.6	2.8	0.2	Ford Explorer
Mini Van	2.9	2.4	-0.5	Toyota Sienna
Full Size Luxury SUV	1.3	1.3	0.0	Mercedes GLS-Class
Sport Compact Car	1.9	1.3	-0.6	Ford Mustang
Full Size SUV	1.3	1.2	-0.1	Chevrolet Tahoe
Full Size Van	1.4	0.9	-0.5	Ford Transit Connect
Large Mid Size Car	0.9	0.9	0.0	Dodge Charger
Sports Car	0.9	0.8	-0.1	Porsche 911

The table above shows Orange county market share for 20 vehicle segments during the first nine months of 2016 and 2017, and the change in market share over the period. The best selling model in each segment is also shown. Segments are ranked from top to bottom based on ytd 2017 share. Source: AutoCount data from Experian.

BRAND SCOREBOARD - PART ONE

Honda and Subaru Registrations Increase by More Than 600 Units

The graph below presents a comprehensive picture of brands that are gaining (or losing) ground in the county market. It shows both the unit AND percent change in registrations during the first nine months of this year versus the same period a year earlier. Viewing both measures on the same graph provides a more clear-cut signal on how each brand is doing.

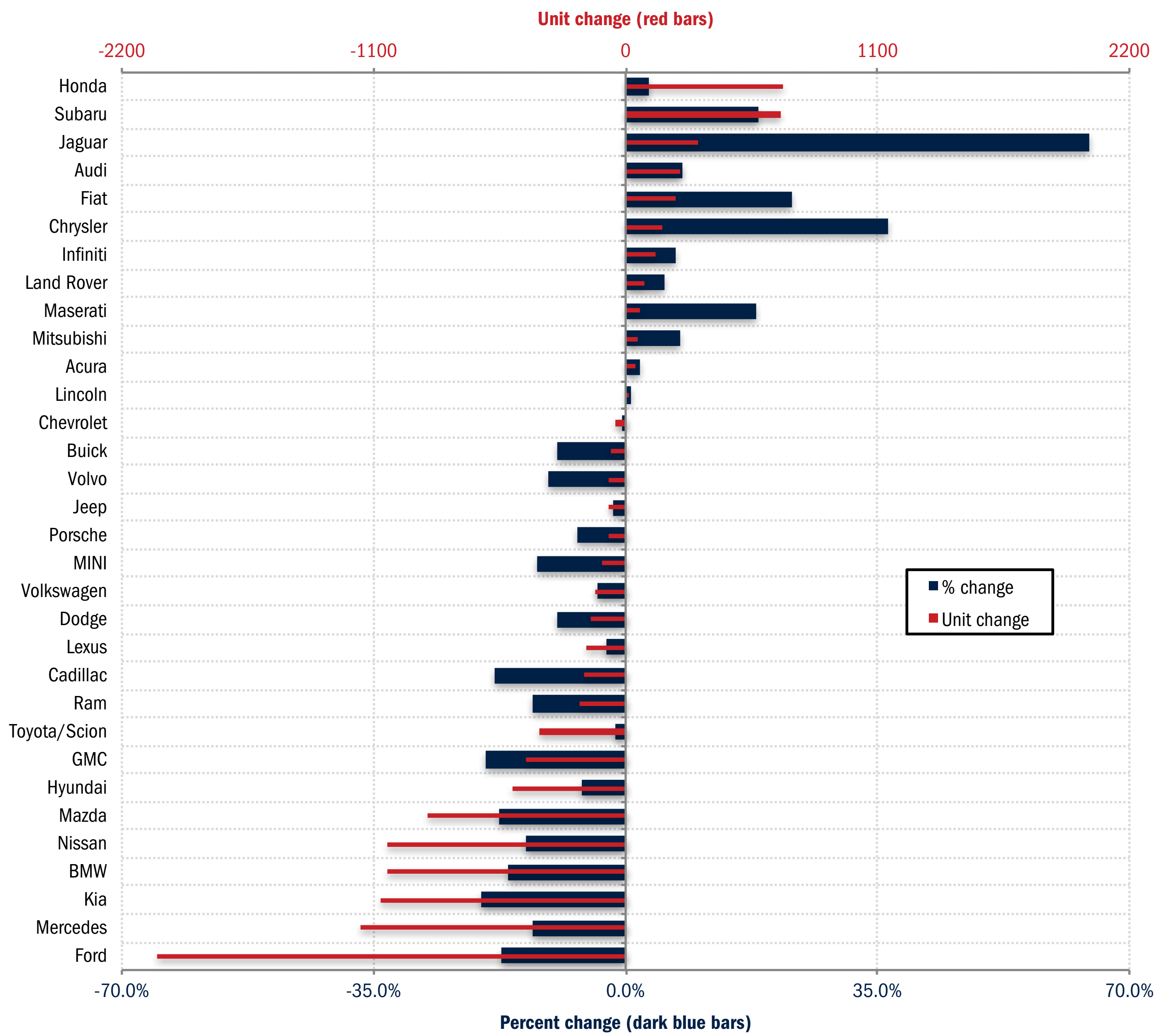
18 percent

Five brands had increases of greater than 18%: Jaguar, Chrysler, FIAT, Subaru, and Maserati

200 units

Five brands had increases of greater than 200 units: Honda, Subaru, Jaguar, Audi, and FIAT.

Change in New Retail Light Vehicle Registrations (YTD 2017 thru September vs. YTD 2016)



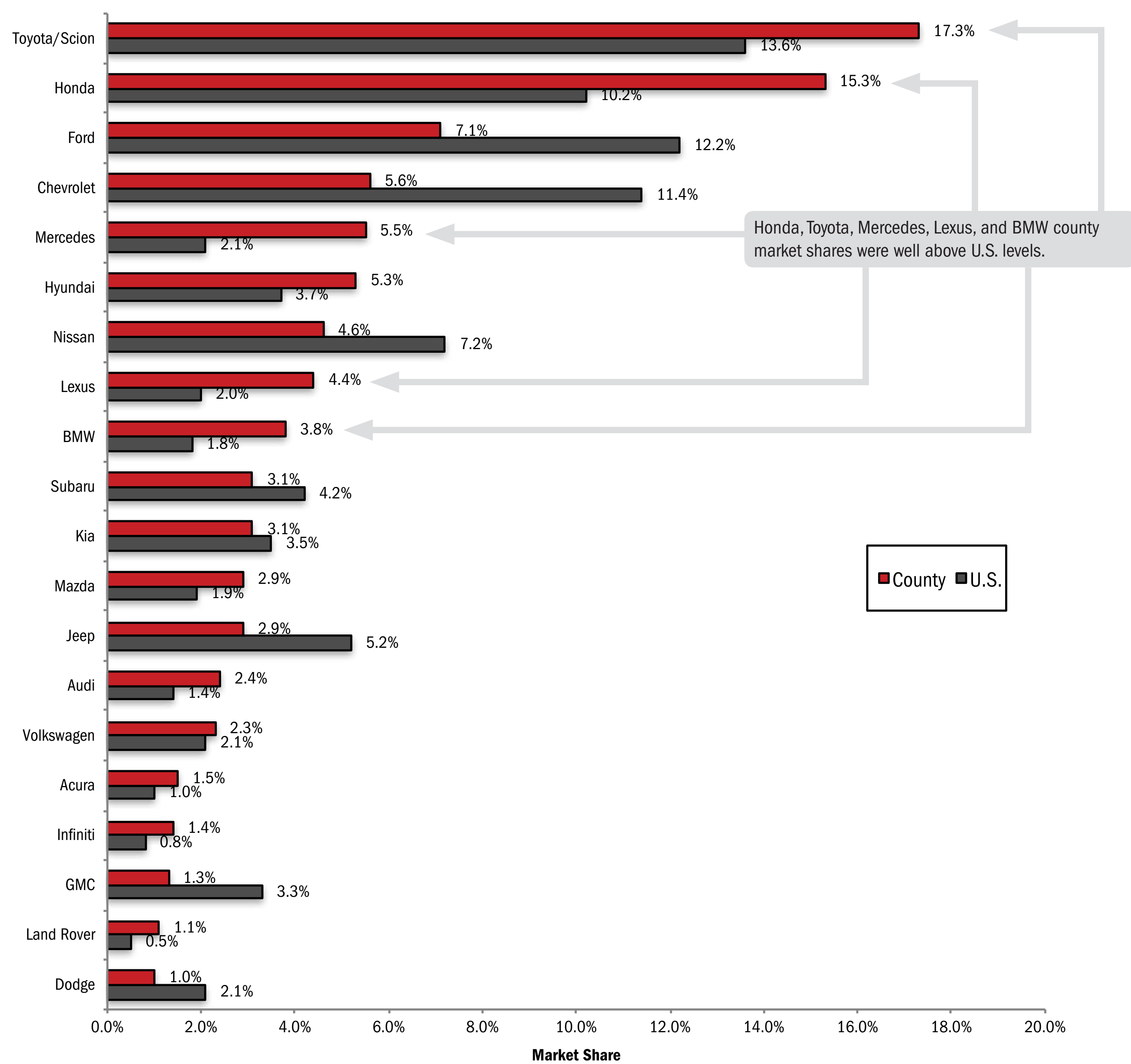
Source: AutoCount data from Experian.

BRAND SCOREBOARD - PART TWO

Honda and Toyota County Shares are Well Above U.S.

The graph below provides a comparison of Orange County and U.S. new retail market share during the first nine months of this year for the top 20 selling brands in the county. Brands are positioned on the graph from top to bottom based on county market share. Toyota was the county leader, accounting for 17.3% of the market, well above its 13.6% share in the Nation.

County and U.S. Market Share - YTD 2017 thru September



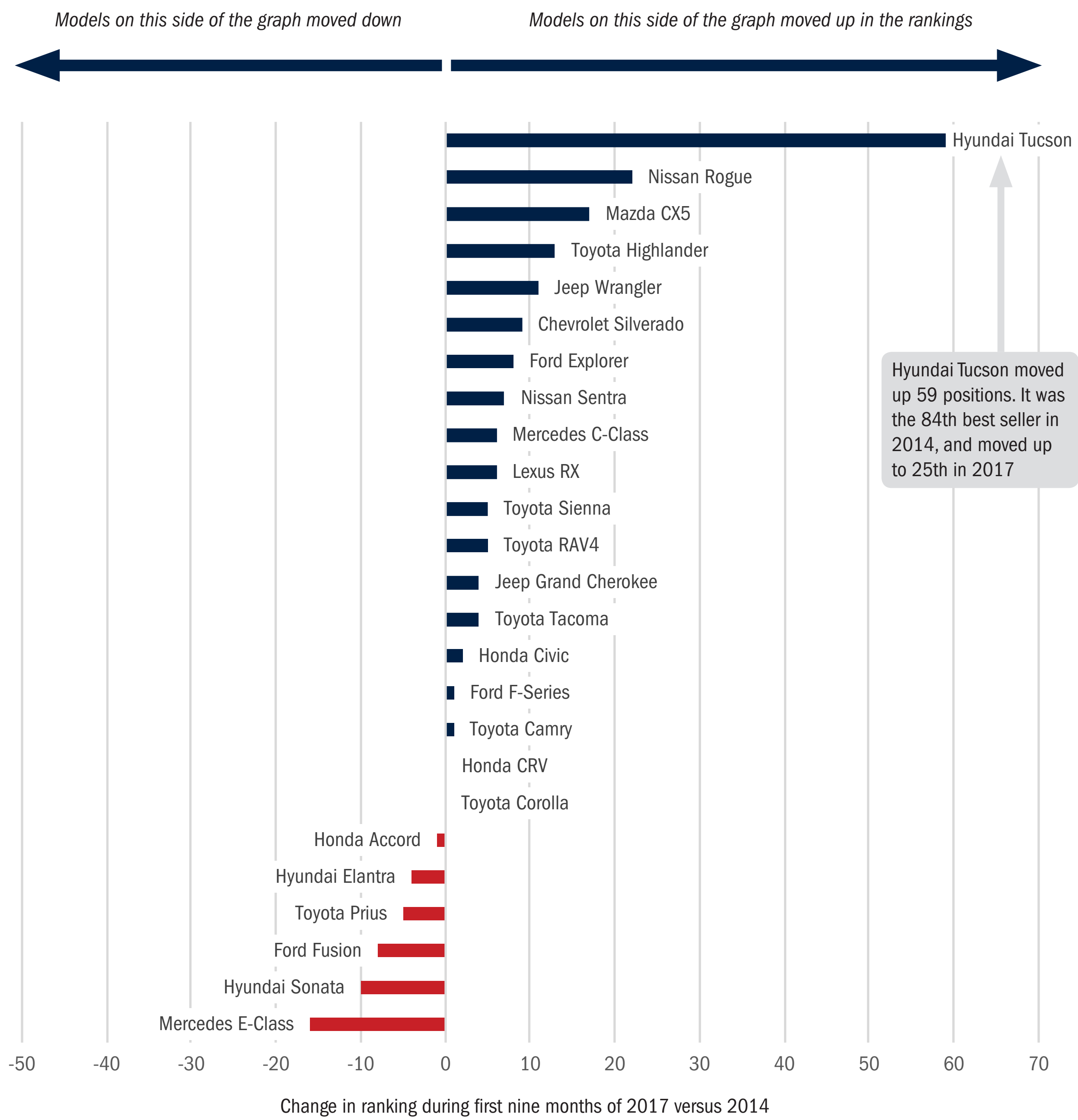
Source: AutoCount data from Experian

MODEL RANKINGS

Hyundai Tucson Moves Up in County Market During Past 3 Years

The graph below shows the change in rankings during the first nine months of 2014 versus 2017 for the top 25 selling models in the Orange County market. Models are positioned on the graph from top to bottom based on the change in rankings. The biggest gainer during the three year period was the Hyundai Tucson, which moved up 59 positions during the three year period. Tucson was the 25th best seller in 2017 compared to 84th in 2014. Other winners were Nissan Rogue, Mazda CX-5, Toyota Highlander, and Jeep Wrangler.

Change in Rankings for Top 25 Selling Models - YTD 2017 thru September vs. YTD 2014



Source: AutoCount data from Experian.

COMPARISON OF ORANGE COUNTY AND U.S. MARKETS

Car Market Share in Orange County Declines; Still Exceeds 50%

	Orange County Retail Market	U.S. Retail Market
% change in registrations **YTD '17 thru September vs. YTD '16**	-4.9%	-1.0%
Car share of industry retail light vehicle **YTD '17 thru September**	50.9%	36.1%
Domestic brand share of industry retail light vehicle registrations **YTD '17 thru September**	21.7%	41.5%

	New Retail Registrations - YTD 2017 thru September				Market Share (YTD 2017)	
	Orange County		U.S.			
Brand	Regs.	% ch. vs. YTD '16	Regs.	% ch. vs. YTD '16	Orange County	U.S.
Acura	2,097	2.0%	108,303	-4.5%	1.5	1.0
Audi	3,303	7.8%	145,115	3.2%	2.4	1.4
BMW	5,313	-16.4%	195,869	-13.3%	3.8	1.8
Buick	594	-9.6%	143,527	-1.1%	0.4	1.3
Cadillac	818	-18.2%	95,525	-8.0%	0.6	0.9
Chevrolet	7,792	-0.5%	1,216,645	0.5%	5.6	11.4
Chry Dodge Jeep Ram	7,384	-3.5%	1,199,873	-4.0%	5.3	11.2
Chrysler	585	36.4%	101,773	-18.2%	0.4	1.0
Dodge	1,443	-9.6%	220,439	-10.0%	1.0	2.1
Jeep	4,015	-1.9%	560,193	-3.1%	2.9	5.2
Ram	1,341	-12.8%	317,468	5.1%	1.0	3.0
Fiat	1,155	23.1%	20,510	-9.1%	0.8	0.2
Ford	9,887	-17.2%	1,304,814	0.0%	7.1	12.2
GMC	1,823	-19.3%	348,891	-1.6%	1.3	3.3
Honda	21,399	3.3%	1,093,234	1.1%	15.3	10.2
Hyundai	7,387	-6.2%	394,079	-6.7%	5.3	3.7
Infiniti	1,996	7.1%	88,405	5.7%	1.4	0.8
Jaguar	808	64.6%	25,783	43.7%	0.6	0.2
Kia	4,276	-20.0%	378,847	-6.6%	3.1	3.5
Land Rover	1,593	5.4%	48,267	-4.1%	1.1	0.5
Lexus	6,174	-2.8%	211,818	-8.0%	4.4	2.0
Lincoln	501	0.8%	70,866	3.7%	0.4	0.7
Maserati	423	18.2%	9,116	27.2%	0.3	0.1
Mazda	4,074	-17.4%	205,624	-0.3%	2.9	1.9
Mercedes	7,769	-13.0%	227,865	-6.0%	5.5	2.1
MINI	760	-12.4%	33,534	-12.9%	0.5	0.3
Mitsubishi	716	7.5%	66,578	2.5%	0.5	0.6
Nissan	6,483	-13.8%	771,883	-3.7%	4.6	7.2
Porsche	1,116	-6.6%	38,476	3.7%	0.8	0.4
Subaru	4,364	18.5%	449,803	5.1%	3.1	4.2
Toyota/Scion	24,316	-1.5%	1,450,971	2.4%	17.3	13.6
Volkswagen	3,172	-4.0%	220,859	7.5%	2.3	2.1
Volvo	590	-10.9%	48,109	-9.1%	0.4	0.5
Other	2,112	-2.1%	62,938	49.7%	1.5	0.6

The two tables above provide a comparison of the Orange County and U.S. new retail light vehicle markets.

Data Source: AutoCount data from Experian. Note: some time periods for U.S. data were estimated due to incomplete reporting by some states.

Orange County New Retail Car and Light Truck Registrations									
	September			Year-to-date thru September			YTD Market Share		
	Orange County			Orange County			Orange County		
	2016	2017	% chg.	2016	2017	% chg.	2016	2017	Chg.
MARKET SUMMARY									
TOTAL	17,043	14,945	-12.3%	147,360	140,195	-4.9%	0.0	0.0	0.0
Cars	8,875	7,365	-17.0%	78,948	71,356	-9.6%	53.6	50.9	-2.7
Light Trucks	8,168	7,580	-7.2%	68,412	68,839	0.6%	46.4	49.1	2.7
Domestic	4,007	3,333	-16.8%	33,633	30,437	-9.5%	22.8	21.7	-1.1
European	3,366	2,732	-18.8%	28,029	26,476	-5.5%	19.0	18.9	-0.1
Japanese	8,224	7,779	-5.4%	72,473	71,619	-1.2%	49.2	51.1	1.9
Korean	1,446	1,101	-23.9%	13,225	11,663	-11.8%	9.0	8.3	-0.7
BRAND REGISTRATIONS									
Acura	200	214	7.0%	2,056	2,097	2.0%	1.4	1.5	0.1
Audi	341	327	-4.1%	3,064	3,303	7.8%	2.1	2.4	0.3
BMW	808	542	-32.9%	6,354	5,313	-16.4%	4.3	3.8	-0.5
Buick	48	57	18.8%	657	594	-9.6%	0.4	0.4	0.0
Cadillac	120	99	-17.5%	1,000	818	-18.2%	0.7	0.6	-0.1
Chevrolet	965	840	-13.0%	7,834	7,792	-0.5%	5.3	5.6	0.3
C/D/J/R	882	778	-11.8%	7,654	7,384	-3.5%	5.2	5.3	0.1
Chrysler	55	63	14.5%	429	585	36.4%	0.3	0.4	0.1
Dodge	175	173	-1.1%	1,596	1,443	-9.6%	1.1	1.0	-0.1
Jeep	445	404	-9.2%	4,091	4,015	-1.9%	2.8	2.9	0.1
Ram	207	138	-33.3%	1,538	1,341	-12.8%	1.0	1.0	0.0
Fiat	164	100	-39.0%	938	1,155	23.1%	0.6	0.8	0.2
Ford	1,456	1,109	-23.8%	11,934	9,887	-17.2%	8.1	7.1	-1.0
GMC	262	204	-22.1%	2,259	1,823	-19.3%	1.5	1.3	-0.2
Honda	2,239	2,211	-1.3%	20,711	21,399	3.3%	14.1	15.3	1.2
Hyundai	852	677	-20.5%	7,878	7,387	-6.2%	5.3	5.3	0.0
Infiniti	209	193	-7.7%	1,864	1,996	7.1%	1.3	1.4	0.1
Jaguar	82	76	-7.3%	491	808	64.6%	0.3	0.6	0.3
Kia	594	424	-28.6%	5,347	4,276	-20.0%	3.6	3.1	-0.5
Land Rover	170	185	8.8%	1,511	1,593	5.4%	1.0	1.1	0.1
Lexus	773	753	-2.6%	6,350	6,174	-2.8%	4.3	4.4	0.1
Lincoln	57	51	-10.5%	497	501	0.8%	0.3	0.4	0.1
Maserati	43	50	16.3%	358	423	18.2%	0.2	0.3	0.1
Mazda	644	481	-25.3%	4,935	4,074	-17.4%	3.3	2.9	-0.4
Mercedes	989	695	-29.7%	8,926	7,769	-13.0%	6.1	5.5	-0.6
MINI	91	81	-11.0%	868	760	-12.4%	0.6	0.5	-0.1
Mitsubishi	54	66	22.2%	666	716	7.5%	0.5	0.5	0.0
Nissan	741	590	-20.4%	7,519	6,483	-13.8%	5.1	4.6	-0.5
Porsche	149	103	-30.9%	1,195	1,116	-6.6%	0.8	0.8	0.0
smart	5	4	-20.0%	81	74	-8.6%	0.1	0.1	0.0
Subaru	426	475	11.5%	3,684	4,364	18.5%	2.5	3.1	0.6
Toyota/Scion	2,938	2,796	-4.8%	24,688	24,316	-1.5%	16.8	17.3	0.5
Volkswagen	407	427	4.9%	3,303	3,172	-4.0%	2.2	2.3	0.1
Volvo	76	75	-1.3%	662	590	-10.9%	0.4	0.4	0.0
Other	258	262	1.6%	2,076	2,038	-1.8%	1.4	1.5	0.1

Orange County Auto Outlook

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Explanation of Data

Data presented in Auto Outlook measures new vehicle registrations in Orange County. Monthly recording of registrations occurs when vehicle title information is processed.

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Data Source: AutoCount data from Experian.