

# Orange County Auto Outlook™



Comprehensive information on the Orange County automotive market

## FORECAST

### New Vehicle Registrations Up About 1% So Far This Year

**Peak in sales has likely been reached, but market is expected to remain strong**

Beginning in 2010, the Orange County new vehicle market began an unprecedented run of six consecutive years of increasing sales. New retail registrations last year exceeded the lofty total of more than 192,000 units. Based on the heights that the market has reached, (which is clearly depicted on the graph below), the consensus view is that sales have reached their cyclical peak and will now start to drift lower.

Indeed, this has been the established historical pattern. The market has almost always resembled a roller coaster ride, with sales climbing to peaks, and falling to troughs. Escalating incentives during this year are a sign that demand is easing, as manufacturers try to protect market share in a stable, or perhaps, declining market.

So attention has now shifted from asking how high the market will go, to how fast it will fall. As discussed in the previous release of Auto Outlook, forecasting new vehicle sales

is risky. Local, national, and global economic conditions are dynamic and volatile and can have definite consequences for the course of new vehicle sales. But the way we see it now, there are some tangible reasons to believe that the market softening will be gradual and that sales will remain at relatively strong levels for the foreseeable future. Here are three key factors providing support to the county new vehicle market:

- **New vehicle affordability is at healthy levels.** Interest rates are very low, and although they are likely to drift higher in the coming months, low vehicle financing costs should remain a stimulant for the market for quite some time. Combined with aggressive discount offers and growth in personal incomes, a new vehicle purchase is within reach for many consumers.
- **Average age of cars on the road is high.** Pent up demand has eased after six years of increasing sales, but the average age for

all vehicles in operations still exceeds 10 years old.

- **Today's new vehicles offer significant improvements compared to the average 10 year old car.** Aside from the fact that their current vehicle may be wearing out, there are a multitude of compelling reasons for consumers to be inclined to purchase something new. Advances in electronic safety features, performance, fuel economy, and infotainment are all factors luring shoppers into dealerships.

Auto Outlook's latest estimate of where the market is headed: small increase for all of this year versus 2015, with a small decline likely in 2017. Registrations next year still have a chance to exceed 190,000 units, which on an historical basis, is a very good performance for the county market.

**Annual Trend in Orange County New Vehicle Market**



**Market Summary**

	YTD '14 thru Sept.	YTD '15 thru Sept.	YTD '16 thru Sept.	% ch. '15 to '16
TOTAL	134,394	145,769	147,360	1.1%
Car	82,245	85,399	78,932	-7.6%
Light Truck	52,149	60,370	68,428	13.3%
Detroit Three	27,827	31,491	33,633	6.8%
European	25,230	27,782	28,029	0.9%
Japanese	68,265	73,207	72,473	-1.0%
Korean	13,072	13,289	13,225	-0.5%

The graph above shows annual new retail light vehicle registrations in the county from 2009 thru 2015 and Auto Outlook's for projection 2016.

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

**MARKET TRACKER: MONTHLY MOVING AVERAGE**

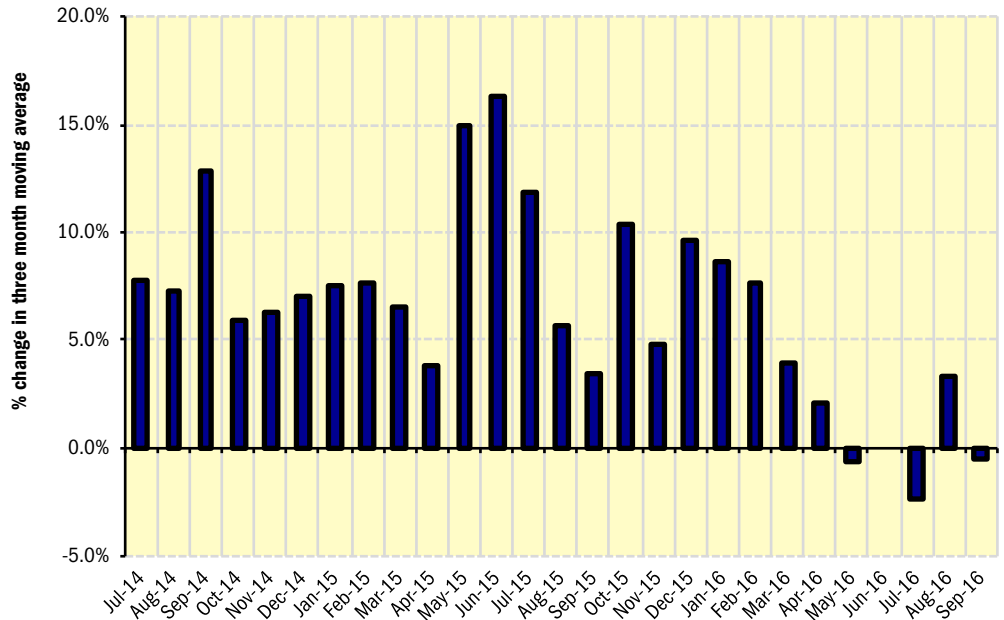
# Market Recovery Slows During '16, But Sales Remain Strong

*Three month moving average declined in July and September of this year versus year earlier*

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.

Following big gains during the past several years, the market has started to cool off a bit during 2016. The three month moving average failed to improve from year-earlier levels in four of the past five months. As pointed out on page one, despite the levelling off, sales remain at historically strong levels.

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

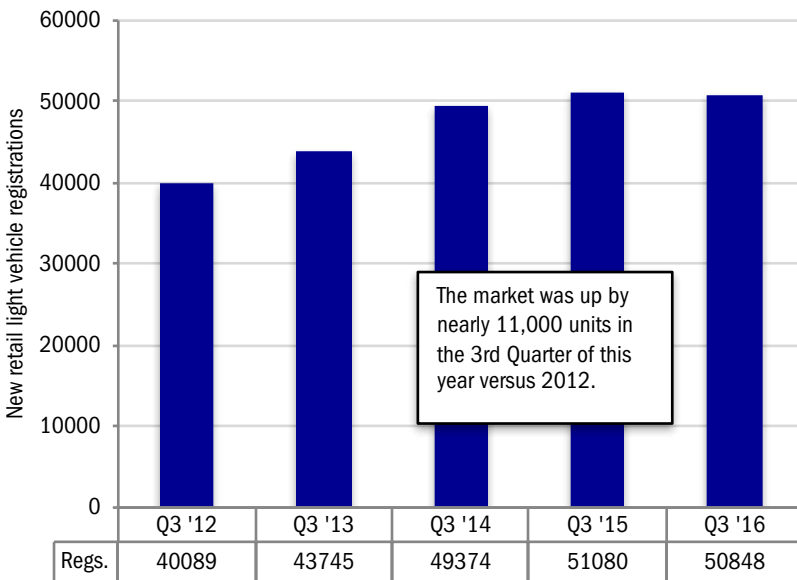


**MARKET TRACKER: QUARTERLY PERSPECTIVE**

## 3Q '16 Total Exceeds 50,000 Units

*Third Quarter total was up 26% from 2012*

**QUARTERLY PERSPECTIVE**  
Five Years of Third Quarter Results in Orange County Market



WHAT

NEW AND USED CARS SELL WELL IN MY MARKETS?

WHO ARE MY TOP COMPETITORS?

-BY MARKET AREA?

**ANSWERS DRIVE RESULTS.**

You need insights into your marketplace to make the best decisions to maximize profits. The AutoCount® Dealer Report analyzes full details on new and used competitive dealer market share, down to specific areas you define. You bring the questions. We'll bring the answers.



[www.experianautomotive.com](http://www.experianautomotive.com) 888 211 5809

**Details on Data**

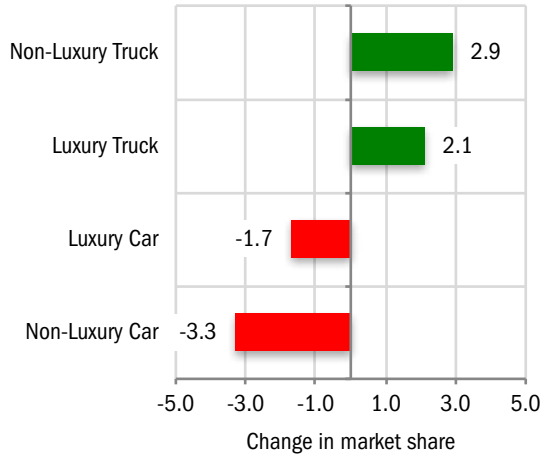
Data presented measures new vehicles registered to purchasers (or lessees) residing in Orange County. Monthly recording of registrations occurs when vehicle title is processed.

Data Source: AutoCount Data from Experian Automotive.

**MARKET TRACKER: PRIMARY SEGMENTS**

## Non-Luxury Trucks Gain

Change in County Market Share  
YTD '16 thru Sept. vs. YTD '15

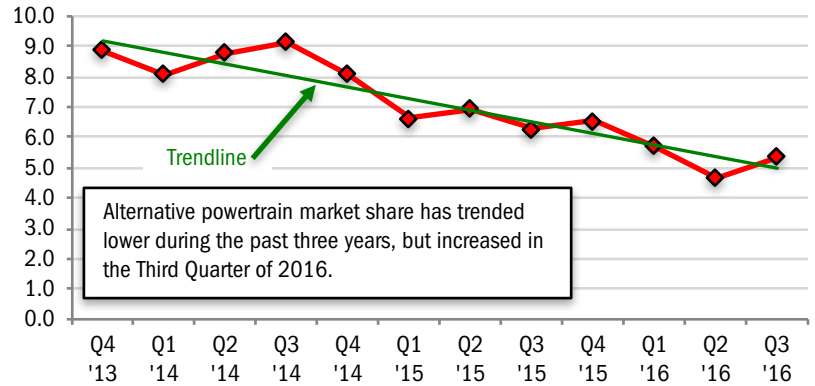


Source: AutoCount data from Experian Automotive.

**MARKET TRACKER: HYBRID AND ELECTRIC VEHICLES**

## Hybrids/Electric Share Improves

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.

Data Source: AutoCount data from Experian Automotive.

**MARKET TRACKER: SEGMENTS**

## Sub Compact Car Market Share Falls Below 20%

Orange County Segment Market Share Review				
Segment	Market Share YTD '15 thru September	Market Share YTD '16 thru September	Change in share YTD '15 to '16	Best selling model in segment
Sub Compact Car	20.4	19.0	-1.4	Honda Civic
Standard Mid Size Car	15.2	13.5	-1.7	Honda Accord
Compact SUV	11.1	12.8	1.7	Honda CR-V
Near Luxury Car	9.7	8.3	-1.4	Mercedes C-Class
Mid Size Luxury SUV	4.7	5.8	1.1	Lexus RX
Full Size Pickup	5.1	5.5	0.4	Ford F-Series
Luxury Car	5.6	5.1	-0.5	Mercedes E-Class
Compact Luxury SUV	3.3	4.4	1.1	Mercedes GLC-Class
Entry Car	3.7	3.6	-0.1	Kia Soul
Mid Size Crossover SUV	3.2	3.2	0.0	Toyota Highlander
Mid Size SUV	3.0	3.0	0.0	Jeep Grand Cherokee
Mini Van	2.9	2.9	0.0	Toyota Sienna
Compact Pickup	2.3	2.8	0.5	Toyota Tacoma
Full Size Crossover SUV	2.4	2.6	0.2	Ford Explorer
Sport Compact Car	2.0	1.9	-0.1	Ford Mustang
Full Size Van	1.3	1.4	0.1	Ford Transit Connect
Full Size SUV	1.0	1.3	0.3	Chevrolet Tahoe
Full Size Luxury SUV	1.3	1.2	-0.1	Mercedes GLS-Class
Large Mid Size Car	1.0	0.9	-0.1	Toyota Avalon
Sports Car	0.8	0.9	0.1	Chevrolet Corvette

The table above shows Orange county market share for 20 vehicle segments during the first nine months of 2015 and 2016, 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 2016 share. Most popular segment in the county is Sub Compact Car, while Compact SUV had the largest increase. Source: AutoCount data from Experian Automotive.

BRAND SCOREBOARD - PART ONE

# Honda Registrations Increase by Nearly 1,400 Units

## Volvo and Jaguar had the largest percentage increases

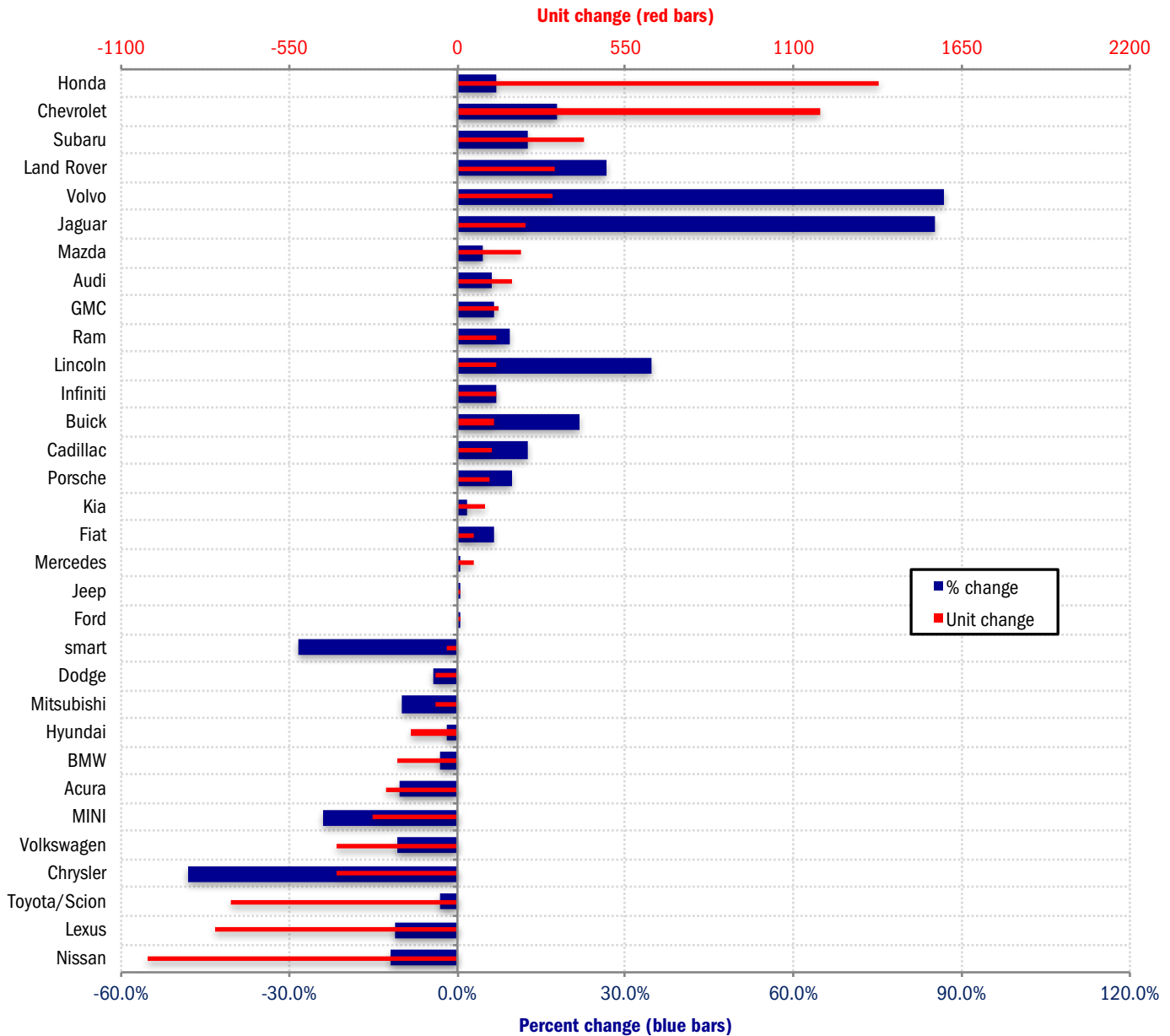
The graph below presents a comprehensive picture of brands that are gaining (or losing) ground in the county market. It shows both the unit AND percent change in registrations during the first nine months of 2016 versus 2015. Viewing both measures on the same

graph provides a more clear-cut signal on how each brand is doing.

Here are a couple of examples: Volvo had a sizeable percentage increase (up 87%; shown by the thick blue bar on the graph), but it's not a top-selling brand. Volvo registrations in-

creased by just over 300 units. Honda's percentage increase was slightly above average (up 7.1%), but unit registrations were up by 1,377 units.

**Change in New Retail Light Vehicle Registrations (YTD 2016 thru September vs. YTD 2015)**



Source: AutoCount data from Experian Automotive.

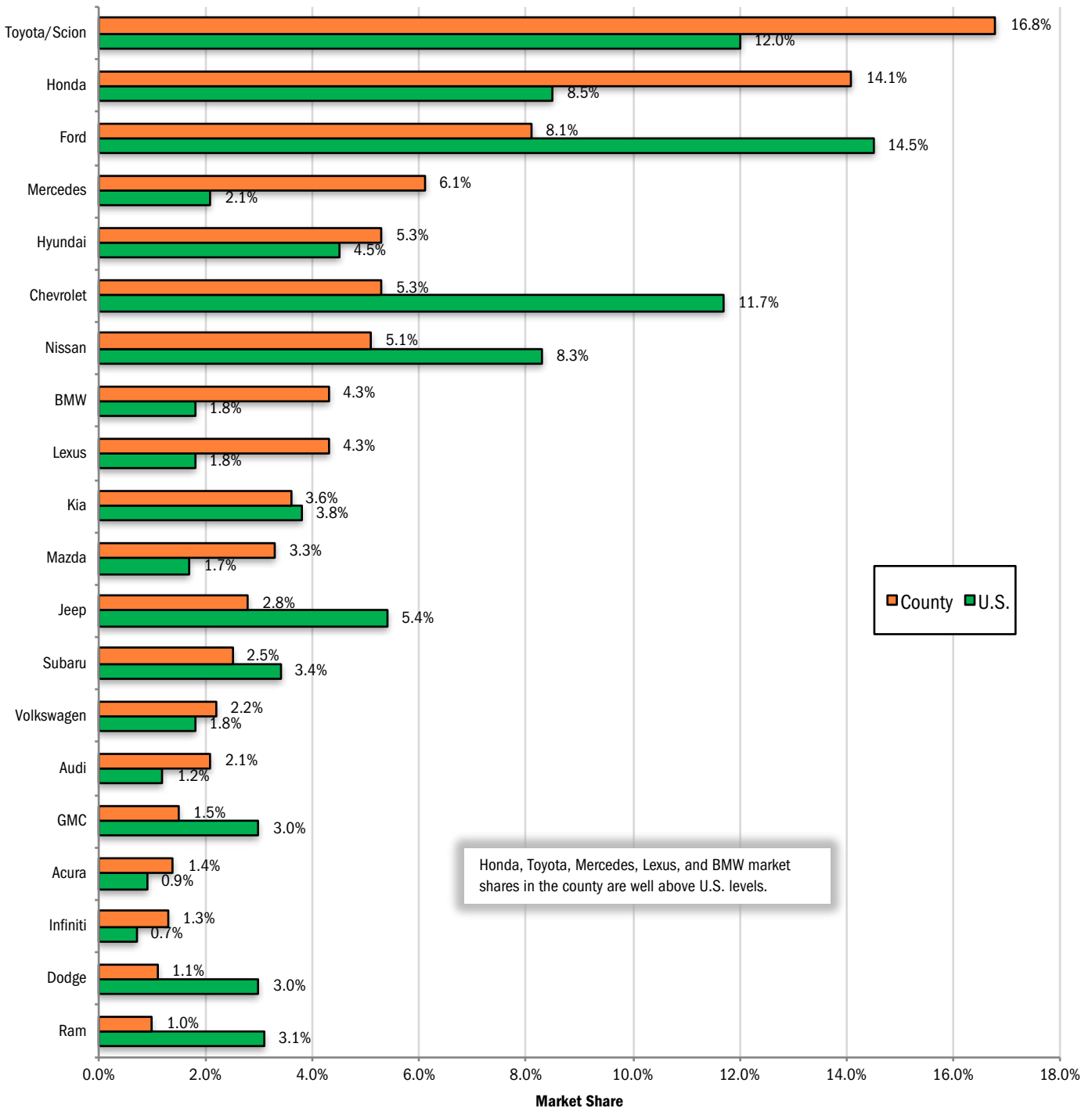
BRAND SCOREBOARD - PART TWO

# Combined Share for Toyota and Honda Exceeds 30%

**Honda's county market share is 5.6 points higher than in the Nation.**

The graph below provides a comparison of Orange County and U.S. 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 16.8% of the market, well above its 12% share in the Nation. Honda market share in the county was 14.1%, 5.8 points higher than its U.S. share. Source for Orange County registrations: AutoCount data from Experian Automotive. Source for U.S. sales: Automotive News.

**County and U.S. Market Share - YTD 2016 thru Sept.**



MODEL SCOREBOARD

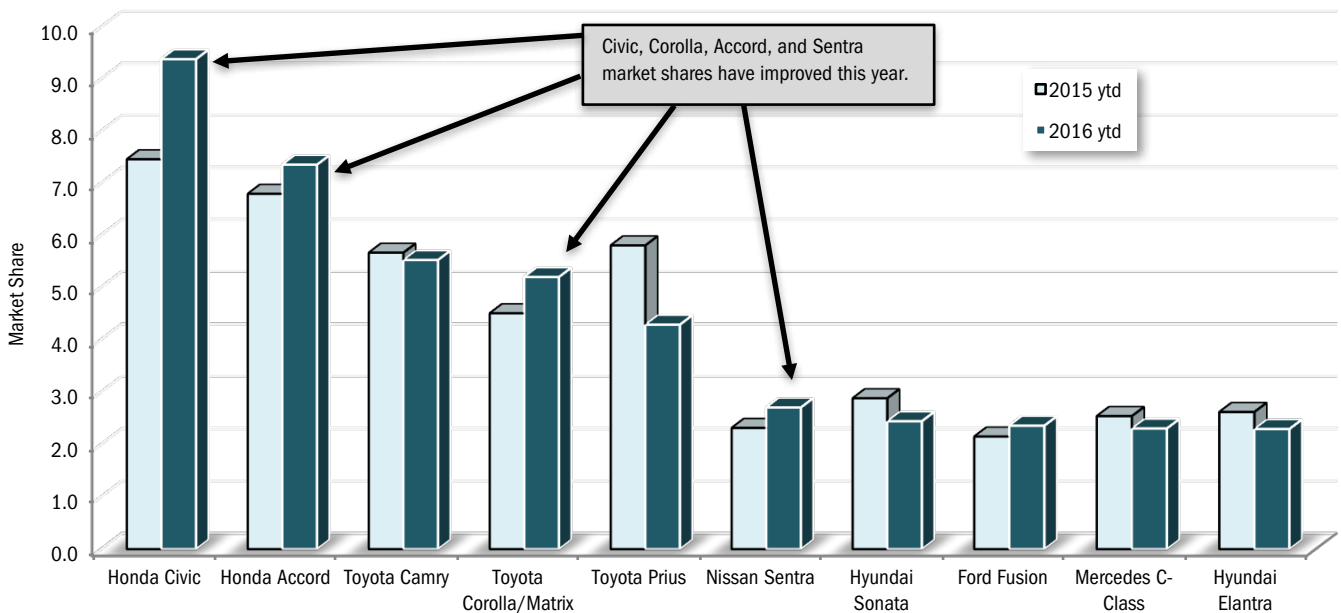
# Honda Civic is Best-Seller in County Car Market

## Civic, Corolla, Accord, and Sentra market shares increase

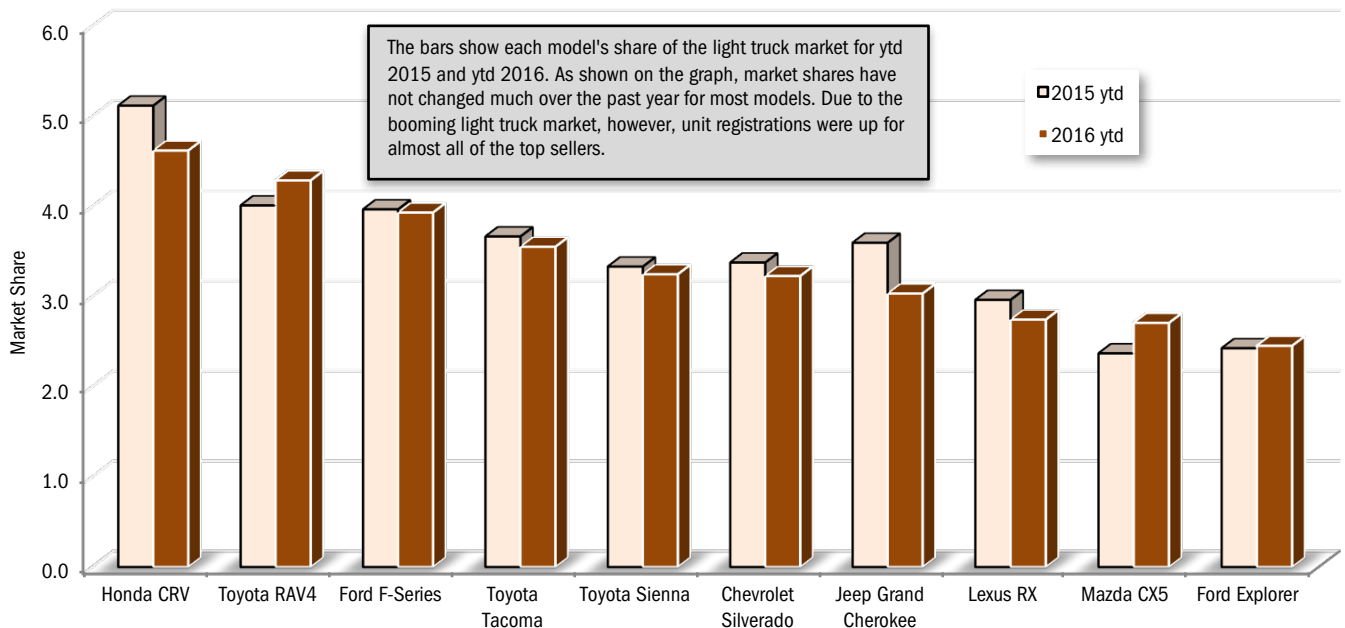
The two graphs below show market shares in the county car and light truck markets during the first nine months of 2015 and 2016. Includes the top ten selling car and light truck models.

Data source: AutoCount data from Experian Automotive.

**Change in Market Share for Top 10 Selling Cars - YTD 2016 thru September vs. YTD 2015**



**Change in Market Share for Top 10 Selling Light Trucks - YTD 2016 thru September vs. YTD 2015**



## COMPARISON OF ORANGE COUNTY AND U.S. MARKETS

**County Market Was Up 1.1% During First Nine Months of '16****U.S. market was essentially flat**

	Orange County Retail Market	U.S. Market (includes fleet)
% change in registrations YTD 2016 thru September vs. YTD 2015	1.1%	0.3%
Car share of industry retail light vehicle YTD 2016 thru September	53.6%	40.3%
Domestic brand share of industry retail light vehicle registrations - YTD 2016 thru September	22.8%	44.9%

Brand	New Retail Registrations - YTD 2016 thru September				Market Share (YTD 2016)	
	Orange County		U.S. (includes fleet)		Orange County	U.S.
	Regs.	% ch. from '15	Sales	% ch. from '15		
Acura	2,056	-10.3%	119,727	-9.3%	1.4	0.9
Audi	3,064	6.3%	152,179	3.2%	2.1	1.2
BMW	6,354	-3.0%	230,133	-7.9%	4.3	1.8
Buick	657	21.9%	169,767	1.2%	0.4	1.3
Cadillac	1,000	12.4%	119,286	-5.1%	0.7	0.9
Chevrolet	7,834	17.9%	1,531,912	-4.0%	5.3	11.7
Chry Dodge Jeep Ram	7,654	-4.0%	1,688,843	4.1%	5.2	12.9
Chrysler	429	-48.1%	186,497	-22.4%	0.3	1.4
Dodge	1,596	-4.1%	394,940	1.7%	1.1	3.0
Jeep	4,091	0.3%	707,106	11.6%	2.8	5.4
Ram	1,538	9.2%	400,300	11.1%	1.0	3.1
Fiat	938	6.3%	25,099	-19.1%	0.6	0.2
Ford	11,934	0.1%	1,896,858	0.3%	8.1	14.5
GMC	2,259	6.5%	391,432	-4.6%	1.5	3.0
Honda	20,711	7.1%	1,108,653	4.9%	14.1	8.5
Hyundai	7,878	-1.9%	587,688	1.6%	5.3	4.5
Infiniti	1,864	7.1%	96,775	1.3%	1.3	0.7
Jaguar	491	85.3%	20,349	81.4%	0.3	0.2
Kia	5,347	1.8%	491,764	3.3%	3.6	3.8
Land Rover	1,511	26.8%	54,391	12.4%	1.0	0.4
Lexus	6,350	-11.1%	236,193	-4.5%	4.3	1.8
Lincoln	497	34.7%	80,435	8.7%	0.3	0.6
Maserati	358	-28.1%	8,156	-2.6%	0.2	0.1
Mazda	4,935	4.4%	224,267	-7.2%	3.3	1.7
Mercedes	8,926	0.6%	274,360	1.6%	6.1	2.1
MINI	868	-24.1%	38,911	-13.5%	0.6	0.3
Mitsubishi	666	-9.9%	74,351	1.5%	0.5	0.6
Nissan	7,519	-11.9%	1,086,249	5.8%	5.1	8.3
Porsche	1,195	9.9%	40,246	2.4%	0.8	0.3
smart	81	-28.3%	4,044	-25.6%	0.1	0.0
Subaru	3,684	12.7%	446,887	4.2%	2.5	3.4
Toyota/Scion	24,688	-2.9%	1,586,226	-2.1%	16.8	12.1
Volkswagen	3,303	-10.7%	231,268	-12.5%	2.2	1.8
Volvo	662	87.0%	58,532	26.2%	0.4	0.4
Other	2,076	63.9%	26,305	3.0%	1.4	0.2

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

Data Source for Orange County: AutoCount data from Experian Automotive. Source for U.S. figures: Automotive News.

Orange County New Retail Car and Light Truck Registrations									
	September			Year to date thru September			Year-to-date market share (%)		
	Orange County			Orange County			Orange County		
	2015	2016	% chg.	2015	2016	% chg.	2015	2016	Chg.
<b>MARKET SUMMARY</b>									
TOTAL	18,428	17,043	-7.5%	145,769	147,360	1.1%	0.0	0.0	0.0
Cars	10,766	8,859	-17.7%	85,399	78,932	-7.6%	58.6	53.6	-5.0
Light Trucks	7,662	8,184	6.8%	60,370	68,428	13.3%	41.4	46.4	5.0
Domestic	4,025	4,007	-0.4%	31,491	33,633	6.8%	21.6	22.8	1.2
European	3,268	3,366	3.0%	27,782	28,029	0.9%	19.1	19.0	0.0
Japanese	9,623	8,224	-14.5%	73,207	72,473	-1.0%	50.2	49.2	-1.0
Korean	1,512	1,446	-4.4%	13,289	13,225	-0.5%	9.1	9.0	-0.1
<b>BRAND REGISTRATIONS</b>									
Acura	277	200	-27.8%	2,291	2,056	-10.3%	1.6	1.4	-0.2
Audi	341	341	0.0%	2,883	3,064	6.3%	2.0	2.1	0.1
BMW	707	808	14.3%	6,550	6,354	-3.0%	4.5	4.3	-0.2
Buick	83	48	-42.2%	539	657	21.9%	0.4	0.4	0.0
Cadillac	106	120	13.2%	890	1,000	12.4%	0.6	0.7	0.1
Chevrolet	799	965	20.8%	6,644	7,834	17.9%	4.6	5.3	0.7
C/D/J/R	912	882	-3.3%	7,977	7,654	-4.0%	5.5	5.2	-0.3
Chrysler	59	55	-6.8%	826	429	-48.1%	0.6	0.3	-0.3
Dodge	180	175	-2.8%	1,665	1,596	-4.1%	1.1	1.1	0.0
Jeep	520	445	-14.4%	4,078	4,091	0.3%	2.8	2.8	0.0
Ram	153	207	35.3%	1,408	1,538	9.2%	1.0	1.0	0.0
Fiat	140	164	17.1%	882	938	6.3%	0.6	0.6	0.0
Ford	1,717	1,456	-15.2%	11,927	11,934	0.1%	8.2	8.1	-0.1
GMC	245	262	6.9%	2,122	2,259	6.5%	1.5	1.5	0.0
Honda	2,623	2,239	-14.6%	19,334	20,711	7.1%	13.3	14.1	0.8
Hyundai	874	852	-2.5%	8,034	7,878	-1.9%	5.5	5.3	-0.2
Infiniti	239	209	-12.6%	1,740	1,864	7.1%	1.2	1.3	0.1
Jaguar	32	82	156.3%	265	491	85.3%	0.2	0.3	0.1
Kia	638	594	-6.9%	5,255	5,347	1.8%	3.6	3.6	0.0
Land Rover	140	170	21.4%	1,192	1,511	26.8%	0.8	1.0	0.2
Lexus	868	773	-10.9%	7,141	6,350	-11.1%	4.9	4.3	-0.6
Lincoln	44	57	29.5%	369	497	34.7%	0.3	0.3	0.0
Maserati	70	43	-38.6%	498	358	-28.1%	0.3	0.2	-0.1
Mazda	709	644	-9.2%	4,728	4,935	4.4%	3.2	3.3	0.1
Mercedes	956	989	3.5%	8,874	8,926	0.6%	6.1	6.1	0.0
MINI	173	91	-47.4%	1,144	868	-24.1%	0.8	0.6	-0.2
Mitsubishi	71	54	-23.9%	739	666	-9.9%	0.5	0.5	0.0
Nissan	1,019	741	-27.3%	8,532	7,519	-11.9%	5.9	5.1	-0.8
Porsche	130	149	14.6%	1,087	1,195	9.9%	0.7	0.8	0.1
smart	14	5	-64.3%	113	81	-28.3%	0.1	0.1	0.0
Subaru	397	426	7.3%	3,268	3,684	12.7%	2.2	2.5	0.3
Toyota/Scion	3,420	2,938	-14.1%	25,431	24,688	-2.9%	17.4	16.8	-0.6
Volkswagen	485	407	-16.1%	3,699	3,303	-10.7%	2.5	2.2	-0.3
Volvo	54	76	40.7%	354	662	87.0%	0.2	0.4	0.2
Other	145	258	77.9%	1,267	2,076	63.9%	0.9	1.4	0.5

### Orange County Auto Outlook

Published by Auto Outlook, Inc.

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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 Automotive.