

Orange County Auto Outlook™



Comprehensive information on the Orange County automotive market

FORECAST

County New Vehicle Market On Track for 7.7% Gain in 2015

Seventh consecutive annual increase predicted for next year

Information overload is hard to avoid these days. Here's our attempt to cut through the clutter. Below is a concise summary of key trends and developments in the Orange County new vehicle market.

County market posts gain during first three quarters of '15; increase is above U.S.

County new retail registrations were up 8.5% for the first nine months of this year versus a year earlier, higher than the 5% uptick in the National market.

New vehicle market moves higher in Third Quarter of this year

The Third Quarter increase was 14%, well above the 3.5% improvement in the Second Quarter.

Seventh consecutive annual increase possible in 2016

County new retail light vehicle registrations are projected to improve 3.9% from 2015 to 2016. It's possible that the annual total next year could exceed 200,000 units.

Stimulative impact of pent-up demand is waning, but there are still forces pushing new vehicle sales higher

Auto Outlook believes that the primary factor fueling the increase in new vehicle sales is shifting. Following the significant drop in sales after the financial crisis, replacement demand was the key driver. Average vehicle age was at record highs and vehicles were wearing out. After six years of rising sales, however, we think many consumers are now entering the market based on a *desire* to purchase a new vehicle, rather than a *need*. Advances in electronic safety features, performance, fuel economy, and infotainment are top considerations. At the same time, rising incomes, very low interest rates, and an improving job market are boosting affordability.

Sales have room to go higher; but are likely reaching their peak

The main question about the market these days is how high can sales go? Based on a basic analysis of cyclical trends, it would seem that sales have room to move higher. A typical, average year for U.S. sales is about 16 million

units. In 2009, sales were 10.5 million, 5.5 million *below* average. In general, there's no reason why sales could not *exceed* the average by 5.5 million, which would put the market peak at a robust 21.5 million units. Auto Outlook believes that sales will max out well below that figure. Although general economic conditions are improving, the pace of expansion is not likely to support a sales rate in excess of 20 million units. Slower growth for the next few years is the most likely scenario.

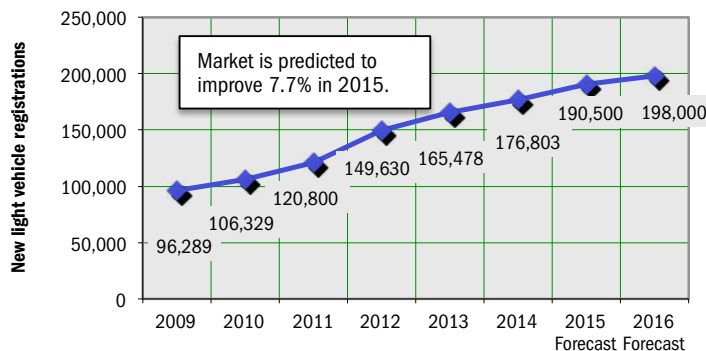
Honda, Lexus, Mercedes, Ford, Chevrolet, Hyundai, Jeep, Mazda, GMC, and BMW gain a lot of ground in 2015

These 10 brands had the largest unit increases during the first nine months of this year versus a year earlier. Registrations for each brand were up by more than 500 units (see page 4).

Honda Civic and Accord are top sellers in county market

Civic and Accord were at the top of the county sales chart so far this year. They were followed by Toyota Prius, Toyota Camry, and Toyota Corolla.

Annual Trend in Orange County New Vehicle Market



Market Summary

	YTD '13 thru Sept.	YTD '14 thru Sept.	YTD '15 thru Sept.	% ch. '14 to '15
TOTAL	125,857	134,394	145,769	8.5%
Car	78,241	82,245	85,463	3.9%
Light Truck	47,616	52,149	60,306	15.6%
Detroit Three	24,907	27,827	31,429	12.9%
European	24,879	25,230	27,707	9.8%
Japanese	62,686	68,265	73,292	7.4%
Korean	13,385	13,072	13,341	2.1%

The graph above shows annual new retail light vehicle registrations in the county from 2009 thru 2014 and Auto Outlook's projections for 2015 and 2016.

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

MARKET TRACKER: MONTHLY MOVING AVERAGE

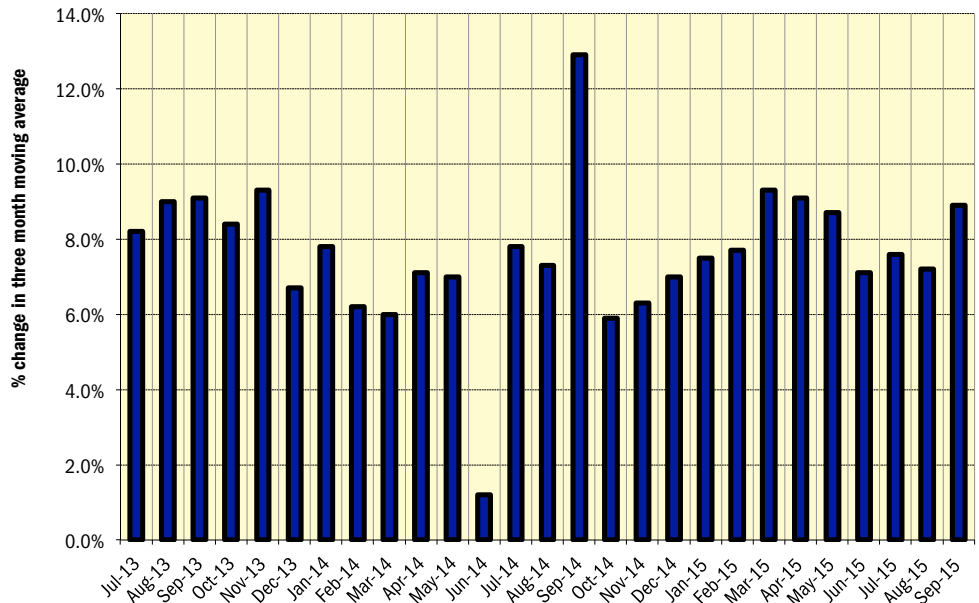
New Vehicle Market Stays Hot

Percent change in three month moving average has improved for 46 consecutive months!

The graph to the right provides a clear picture of the general trending direction of the Orange County new retail light vehicle market. And as highlighted in the graph, the trend over the past two years is decidedly positive. 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.

New vehicle registrations have continued to post solid gains during the past several years, with the three month moving average increasing by more than 6% in each of the past 11 months.

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

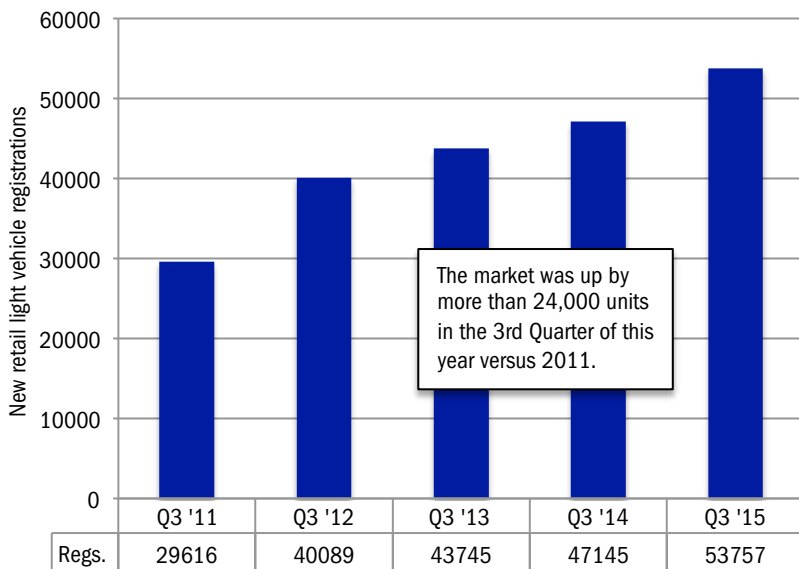


MARKET TRACKER: QUARTERLY PERSPECTIVE

3Q '15 Registrations Up From '14

Third Quarter total was up 81% from 2011

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



The market was up by more than 24,000 units in the 3rd Quarter of this year versus 2011.

Third Quarter registrations during past five years

WHO ARE MY TOP COMPETITORS?
-BY MARKET AREA?

WHAT NEW AND USED CARS SELL WELL IN MY MARKETS?

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.



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Details on Data

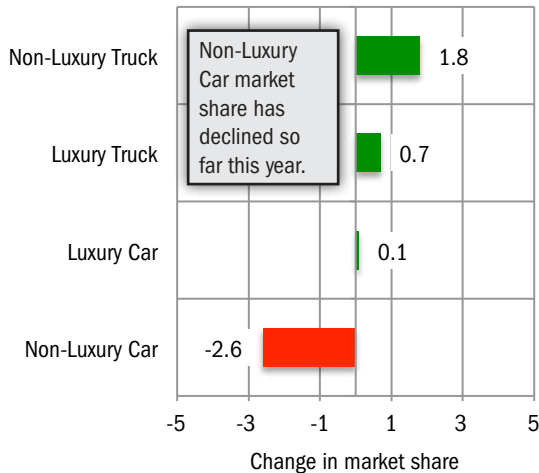
Data presented measures new vehicles registered to purchasers (or lessees) residing in Orange County. Monthly recording of registrations occurs when vehicle title is processed.

Data Source: AutoCount Data from Experian Automotive.

MARKET TRACKER: PRIMARY SEGMENTS

Trucks Gain Share

Change in County Market Share
YTD 2015 thru September* vs. YTD 2014

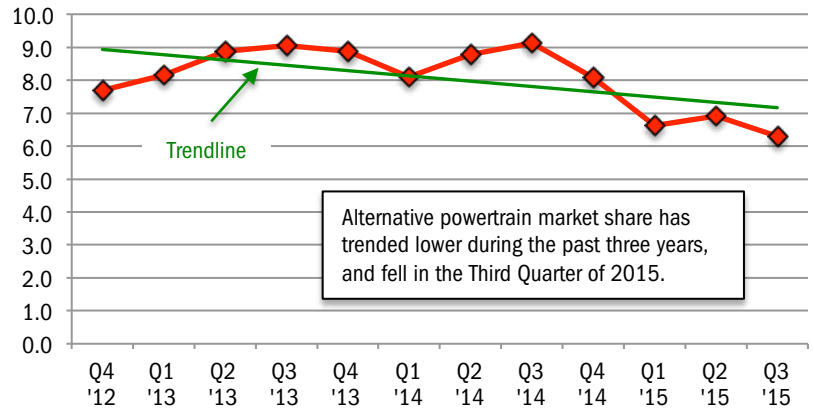


Source: AutoCount data from Experian Automotive.

MARKET TRACKER: HYBRID AND ELECTRIC VEHICLES

Hybrid/Electric Share Falls

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 Declines

Orange County Segment Market Share Review				
Segment	Market Share YTD '14 thru September	Market Share YTD '15 thru September	Change in share YTD '14 to '15	Best selling model in segment
Sub Compact Car	21.2	20.2	-1.0	Honda Civic
Standard Mid Size Car	16.2	15.3	-0.9	Honda Accord
Compact SUV	10.4	11.2	0.8	Honda CR-V
Near Luxury Car	9.0	10.0	1.0	Mercedes C-Class
Luxury Car	6.5	5.6	-0.9	Mercedes E-Class
Full Size Pickup	4.8	5.1	0.3	Ford F-Series
Mid Size Luxury SUV	4.9	4.7	-0.2	Lexus RX
Entry Car	4.4	3.6	-0.8	Kia Soul
Mid Size Crossover SUV	3.5	3.3	-0.2	Toyota Highlander
Compact Luxury SUV	2.3	3.0	0.7	Lexus NX
Mid Size SUV	2.8	3.0	0.2	Jeep Grand Cherokee
Mini Van	2.8	2.9	0.1	Toyota Sienna
Full Size Crossover SUV	2.2	2.5	0.3	Ford Explorer
Compact Pickup	1.9	2.3	0.4	Toyota Tacoma
Sport Compact Car	1.9	2.0	0.1	Ford Mustang
Full Size Van	1.1	1.3	0.2	Ford Transit Connect
Full Size Luxury SUV	1.0	1.2	0.2	Mercedes GL-Class
Full Size SUV	1.0	1.0	0.0	Chevrolet Tahoe
Large Mid Size Car	1.3	1.0	-0.3	Toyota Avalon
Sports Car	0.8	0.8	0.0	Chevrolet Corvette

The table above shows Orange county market share for 20 vehicle segments during the first nine months of 2014 and 2015, 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 2015 share. Most popular segment in the county is Sub Compact Car, while Near Luxury Car had the largest increase. Source: AutoCount data from Experian Automotive.

BRAND SCOREBOARD - PART ONE

Honda Registrations Increase by More Than 2,000 Units

Chrysler had the largest percentage increase

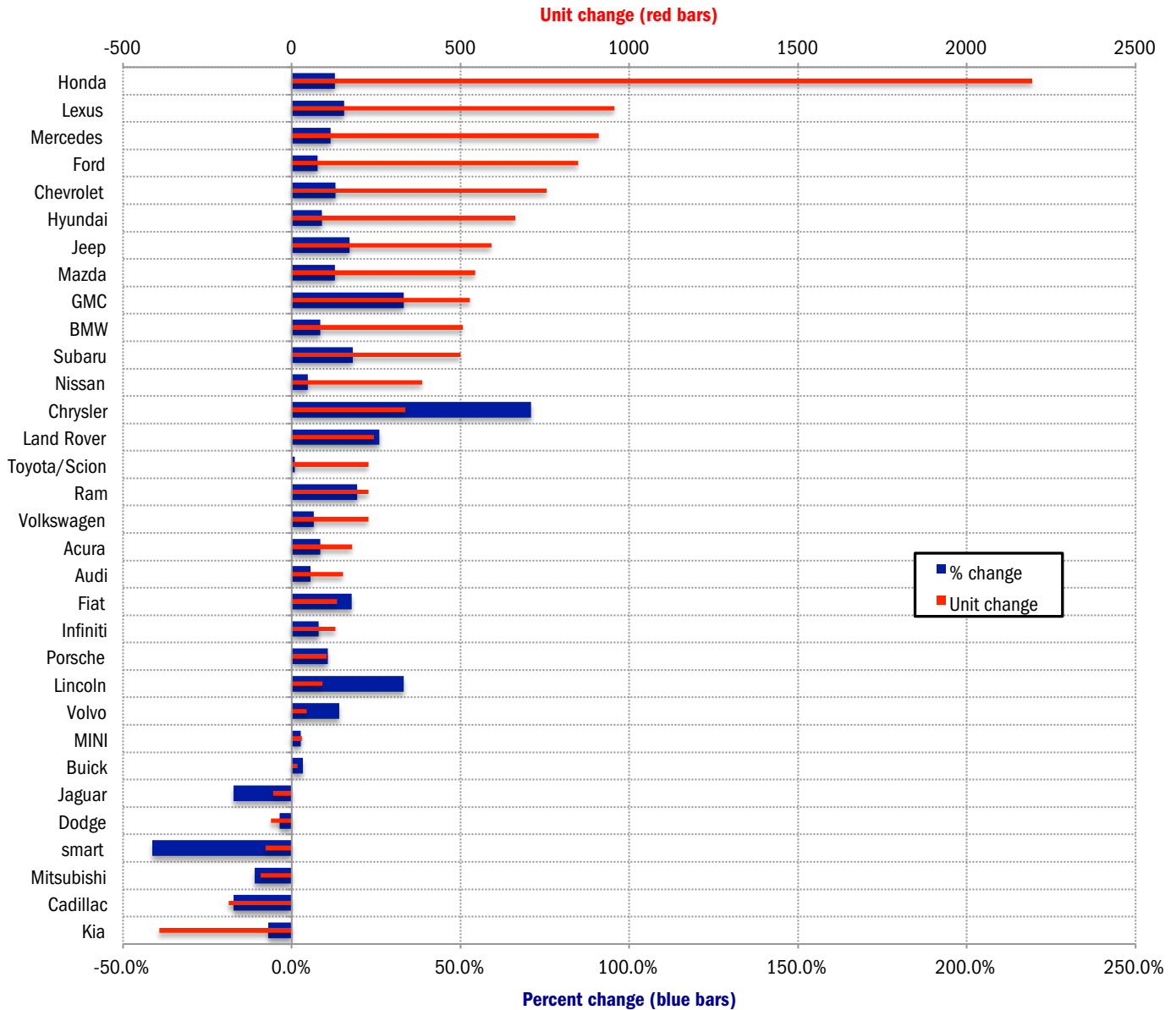
The graph below presents a comprehensive picture of brands that are gaining (or losing) ground in the county market. It shows both the unit AND percent change in registrations during the first nine months of this year versus a year earlier. Viewing both measures on the

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

Here are a couple of examples: Chrysler had a sizeable percentage increase in the first nine months of this year (up 70.9%; shown by the thick blue bar on the graph), but it's not a top-

selling brand. Chrysler registrations increased by just over 330 units. Honda's percentage increase was in the middle of the pack (up 12.8%), but unit registrations were up by nearly 2,200 units.

Change in New Retail Light Vehicle Registrations (YTD 2015 thru September vs. YTD 2014)



Source: AutoCount data from Experian Automotive.

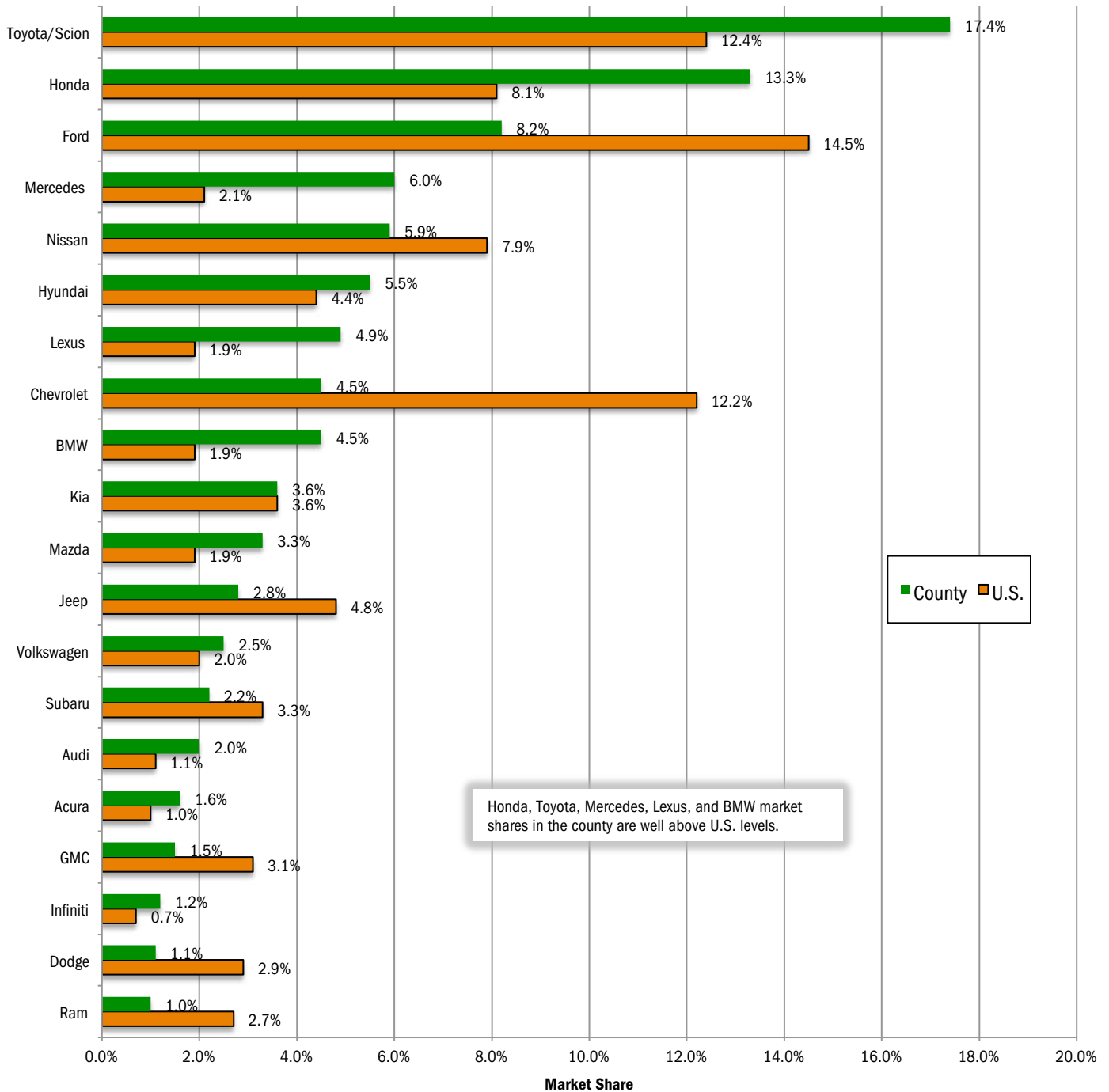
BRAND SCOREBOARD - PART TWO

Toyota and Honda are Leaders in Orange County Market

Honda's county market share is 5.2 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 17.4% of the market, well above its 12.4% share in the Nation. Mercedes market share in the county was 6%, 3.9 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 2015 thru September



MODEL SCOREBOARD

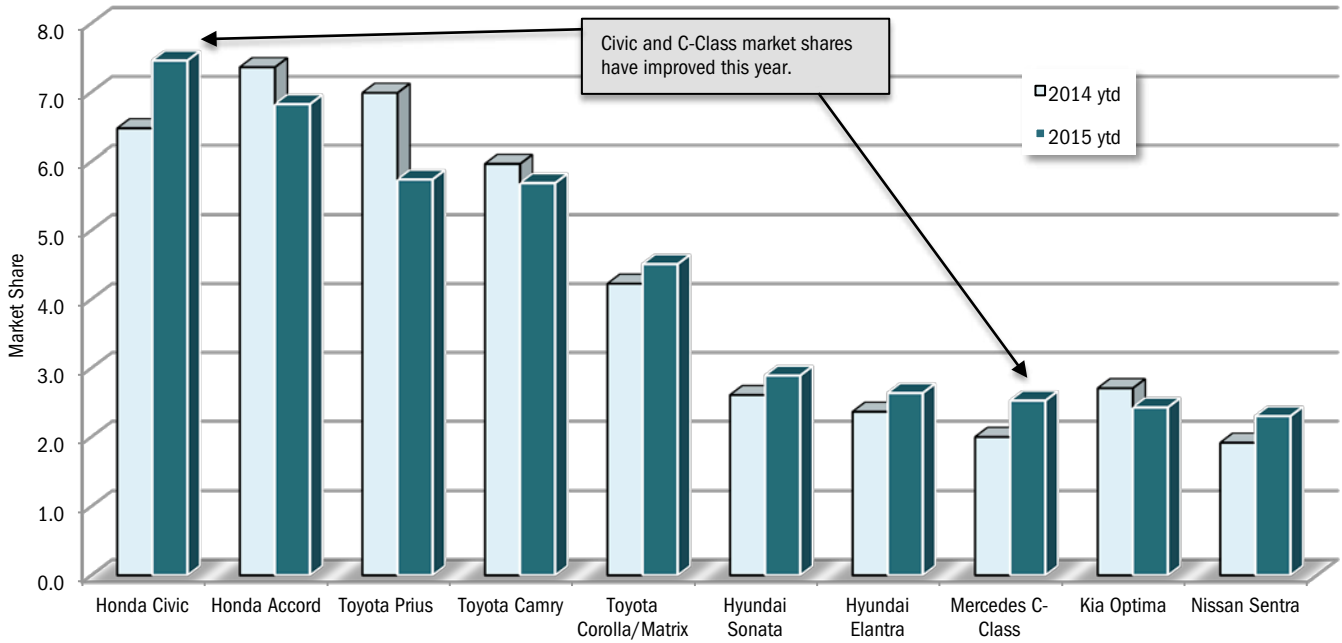
Honda Civic is Best-Seller in County Car Market

Civic and C-Class market shares increase

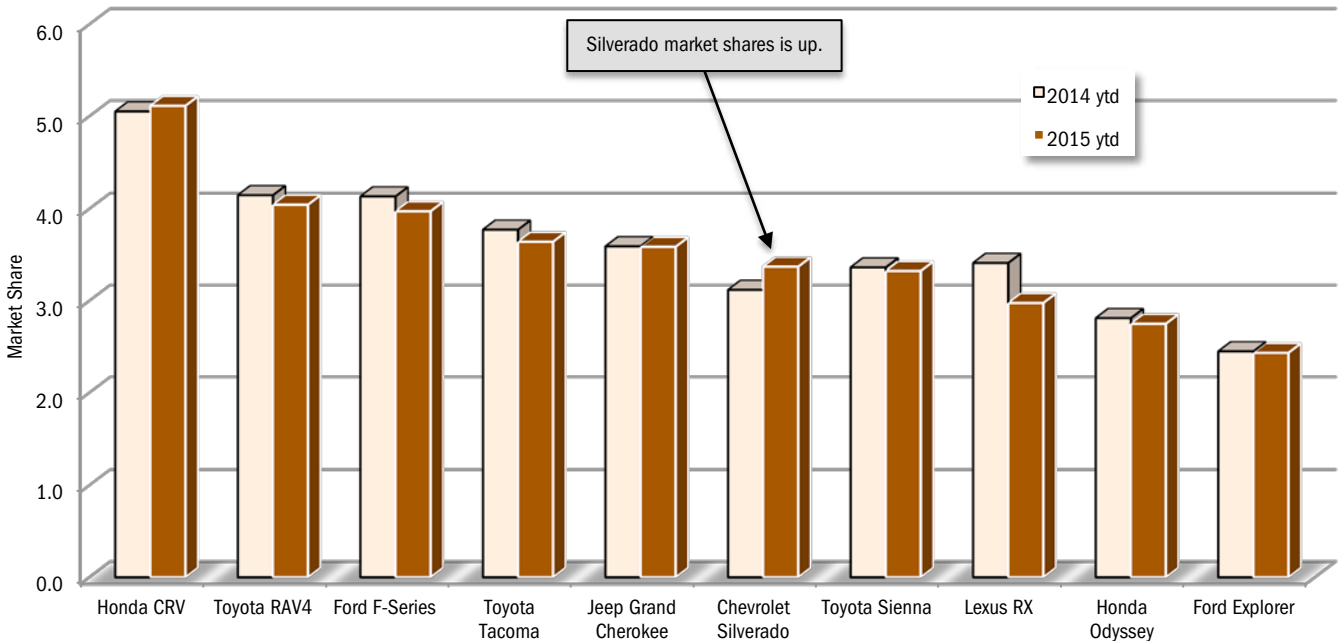
The two graphs below show market shares in the county car and light truck markets during the first nine months of 2014 and 2015. Includes the top ten selling car and light truck models.

Data source: AutoCount data from Experian Automotive.

Change in Market Share for Top 10 Selling Cars - YTD 2015 thru September vs. YTD 2014



Change in Market Share for Top 10 Selling Light Trucks - YTD 2015 thru September vs. YTD 2014



COMPARISON OF ORANGE COUNTY AND U.S. MARKETS

Orange County Market Up 8.5% for First Nine Months of '15

U.S. market was up 5%

	Orange County Retail Market	U.S. Market*
Market Growth % change in registrations YTD 2015 thru September vs. YTD 2014	8.5%	5.0%
Car Market Share Car share of industry retail light vehicle YTD 2015 thru September	58.6%	44.4%
Domestic Brand Market Share Domestic brand share of industry retail light vehicle registrations - YTD 2015 thru September	21.6%	45.1%

Brand	New Retail Registrations -YTD 2015 thru September				Market Share (YTD 2015 thru Sept.)	
	Orange County		U.S.*		Orange County	U.S.
	Regs.	% ch. from '14	Sales	% ch. from '14		
Acura	2,300	8.4%	132,019	10.2%	1.6	1.0
Audi	2,865	5.6%	147,403	12.5%	2.0	1.1
BMW	6,559	8.4%	249,956	5.6%	4.5	1.9
Buick	533	3.3%	167,727	-1.8%	0.4	1.3
Cadillac	894	-17.3%	125,699	-1.7%	0.6	1.0
Chevrolet	6,611	12.9%	1,596,182	3.5%	4.5	12.2
Chry Dodge Jeep Ram	7,920	16.0%	1,622,545	6.7%	5.4	12.4
Chrysler	810	70.9%	248,800	11.5%	0.6	1.9
Dodge	1,653	-3.6%	382,347	-13.9%	1.1	2.9
Jeep	4,055	17.1%	632,910	22.6%	2.8	4.8
Ram	1,402	19.4%	358,488	6.3%	1.0	2.7
Fiat	888	17.8%	31,819	-10.4%	0.6	0.2
Ford	11,934	7.6%	1,891,518	4.5%	8.2	14.5
GMC	2,123	33.1%	410,239	12.0%	1.5	3.1
Honda	19,372	12.8%	1,056,547	1.5%	13.3	8.1
Hyundai	8,078	8.9%	578,190	3.7%	5.5	4.4
Infiniti	1,746	8.0%	95,568	12.6%	1.2	0.7
Jaguar	263	-17.3%	11,216	-5.2%	0.2	0.1
Kia	5,263	-6.9%	475,978	7.0%	3.6	3.6
Land Rover	1,184	26.0%	48,403	26.0%	0.8	0.4
Lexus	7,129	15.5%	247,445	12.1%	4.9	1.9
Lincoln	365	33.2%	73,964	9.1%	0.3	0.6
Mazda	4,767	12.9%	241,701	0.3%	3.3	1.9
Mercedes	8,817	11.5%	270,164	7.6%	6.0	2.1
MINI	1,153	2.7%	44,974	14.8%	0.8	0.3
Mitsubishi	743	-11.0%	73,257	25.5%	0.5	0.6
Nissan	8,557	4.7%	1,026,920	5.0%	5.9	7.9
Porsche	1,072	10.6%	39,300	11.1%	0.7	0.3
smart	111	-41.3%	5,432	-32.8%	0.1	0.0
Subaru	3,273	18.0%	428,702	14.2%	2.2	3.3
Toyota/Scion	25,402	0.9%	1,619,956	2.9%	17.4	12.4
Volkswagen	3,696	6.5%	264,215	-2.5%	2.5	2.0
Volvo	357	14.1%	46,381	5.8%	0.2	0.4
Other	1,794	66.7%	29,864	5.1%	1.2	0.2

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

*U.S. figures include fleets

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			YTD thru September			YTD		
	Orange County			Orange County			Market Share (%)		
	2014	2015	% chg.	2014	2015	% chg.	2014	2015	Chg.
MARKET SUMMARY									
TOTAL	18,593	20,428	9.9%	134,394	145,769	8.5%	0.0	0.0	0.0
Cars	11,455	11,933	4.2%	82,245	85,463	3.9%	61.2	58.6	-2.6
Light Trucks	7,138	8,495	19.0%	52,149	60,306	15.6%	38.8	41.4	2.6
Domestic	3,814	4,455	16.8%	27,827	31,429	12.9%	20.7	21.6	0.9
European	3,285	3,615	10.0%	25,230	27,707	9.8%	18.8	19.0	0.2
Japanese	9,650	10,683	10.7%	68,265	73,292	7.4%	50.8	50.3	-0.5
Korean	1,844	1,675	-9.2%	13,072	13,341	2.1%	9.7	9.2	-0.6
BRAND REGISTRATIONS									
Acura	277	307	10.8%	2,121	2,300	8.4%	1.6	1.6	0.0
Audi	421	375	-10.9%	2,713	2,865	5.6%	2.0	2.0	0.0
BMW	745	784	5.2%	6,052	6,559	8.4%	4.5	4.5	0.0
Buick	67	92	37.3%	516	533	3.3%	0.4	0.4	0.0
Cadillac	167	116	-30.5%	1,081	894	-17.3%	0.8	0.6	-0.2
Chevrolet	799	883	10.5%	5,855	6,611	12.9%	4.4	4.5	0.1
C/D/J/R	958	1,010	5.4%	6,827	7,920	16.0%	5.1	5.4	0.3
Chrysler	75	65	-13.3%	474	810	70.9%	0.4	0.6	0.2
Dodge	224	200	-10.7%	1,715	1,653	-3.6%	1.3	1.1	-0.2
Jeep	487	577	18.5%	3,464	4,055	17.1%	2.6	2.8	0.2
Ram	172	168	-2.3%	1,174	1,402	19.4%	0.9	1.0	0.1
Fiat	86	154	79.1%	754	888	17.8%	0.6	0.6	0.0
Ford	1,530	1,904	24.4%	11,086	11,934	7.6%	8.2	8.2	0.0
GMC	222	270	21.6%	1,595	2,123	33.1%	1.2	1.5	0.3
Honda	2,529	2,908	15.0%	17,179	19,372	12.8%	12.8	13.3	0.5
Hyundai	1,081	969	-10.4%	7,416	8,078	8.9%	5.5	5.5	0.0
Infiniti	225	265	17.8%	1,616	1,746	8.0%	1.2	1.2	0.0
Jaguar	22	35	59.1%	318	263	-17.3%	0.2	0.2	0.0
Kia	763	706	-7.5%	5,656	5,263	-6.9%	4.2	3.6	-0.6
Land Rover	109	155	42.2%	940	1,184	26.0%	0.7	0.8	0.1
Lexus	889	961	8.1%	6,173	7,129	15.5%	4.6	4.9	0.3
Lincoln	49	48	-2.0%	274	365	33.2%	0.2	0.3	0.1
Mazda	563	786	39.6%	4,224	4,767	12.9%	3.1	3.3	0.2
Mercedes	1,004	1,062	5.8%	7,907	8,817	11.5%	5.9	6.0	0.1
MINI	129	191	48.1%	1,123	1,153	2.7%	0.8	0.8	0.0
Mitsubishi	86	78	-9.3%	835	743	-11.0%	0.6	0.5	-0.1
Nissan	1,112	1,129	1.5%	8,170	8,557	4.7%	6.1	5.9	-0.2
Porsche	163	145	-11.0%	969	1,072	10.6%	0.7	0.7	0.0
smart	20	15	-25.0%	189	111	-41.3%	0.1	0.1	0.0
Subaru	376	440	17.0%	2,773	3,273	18.0%	2.1	2.2	0.1
Toyota/Scion	3,593	3,809	6.0%	25,174	25,402	0.9%	18.7	17.4	-1.3
Volkswagen	473	536	13.3%	3,469	3,696	6.5%	2.6	2.5	-0.1
Volvo	38	60	57.9%	313	357	14.1%	0.2	0.2	0.0
Other	97	235	142.3%	1,076	1,794	66.7%	0.8	1.2	0.4

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 Automotive.