

# Orange County Auto Outlook™



Comprehensive information on the Orange County automotive market

## FORECAST

### Market Outlook Remains Intact, Despite Weaker Economy

**Full year increase expected to exceed 15% in 2011, 8.6% improvement predicted in 2012**

A preponderance of economic indicators has taken a turn for the worse over the past several months. This had led many economists to downgrade their growth projections, with an increasing number expecting a recession. And clearly, many indicators are flashing warning signs: GDP growth has softened, the national unemployment rate has remained above 9%, real estate and housing are stuck in the basement, the Federal Government debt rating was downgraded, and the risk of banking contagion resulting from the European debt crisis has heightened. It's a long and daunting list, to be sure.

However, despite all of this apparent gloom, Auto Outlook's forecast for the Orange County new vehicle market hasn't varied much from the beginning of this year. Early in 2011, we pegged the new vehicle sales increase for this year at 12.8%. Now, after three quarters in the books, it looks like the market will post a 15.2% improvement.

Why hasn't the weakening economy resulted in a downgrade to our forecast? Simply put, a sluggish economy, with a weak labor market and subdued consumer spending were

already baked into our projections. The easy-credit environment of most of the last decade, combined with the significant expansion of household debt have necessitated the ensuing, and ongoing de-leveraging process. It's a long term process that requires households to cut spending and increase savings, which restricts economic growth, and hinders job creation. With monetary policy tapped out, and fiscal stimulus limited due to high government debt, the economy is likely to be stuck in the slow lane for an extended period.

Considering all of this, why have sales increased this year, and how can they possibly move higher again in 2012? The answer is pent up demand. As we have emphasized since the market downturn in 2009, postponed vehicle purchases will provide a significant sales boost. And below average sales in 2010 and 2011 have added to the pent up demand stockpile.

Bottom line: County new vehicle registrations will remain relatively weak in 2012, but should increase for the third consecutive year. (See sidebar on right for specifics.)

### Market Trends

#### New retail market predicted to approach 133,000 units in 2012

The total represents an 8.6% increase from this year's projected total.

#### Detroit 3 grab share from imports

Market share for Detroit Three brands increased from 17.7% during the first nine months of 2010 to 19.7% this year.

#### Kia, Jeep, and Hyundai post big percentage gains

New registrations increased more than 60% for each of the three brands so far this year.

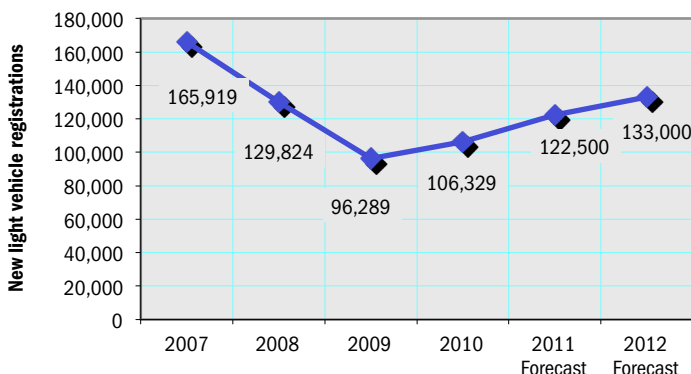
#### Hyundai Elantra share up sharply

The Elantra has posted big gains in the county Sub Compact Car segment.

#### County market out-performs U.S.

County market up 17.8% so far this year, above the 16% increase in the Nation.

### Annual Trend in Orange County New Vehicle Market



The graph above shows annual new retail light vehicle registrations in the county from 2007 thru 2010, and Auto Outlook's projection for all of 2011 and 2012.

### Market Summary

	2009	2010	Forecast	% ch.
			2011	'10 to '11
TOTAL	96,289	106,329	122,500	15.2%
Car	58,419	63,969	73,622	15.1%
Light Truck	37,870	42,360	48,878	15.4%
Detroit Three	18,603	19,172	23,888	24.6%
European	20,236	22,516	26,828	19.2%
Japanese	51,975	56,628	60,025	6.0%
Korean	5,475	8,013	11,759	46.7%

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

MARKET TRACKER

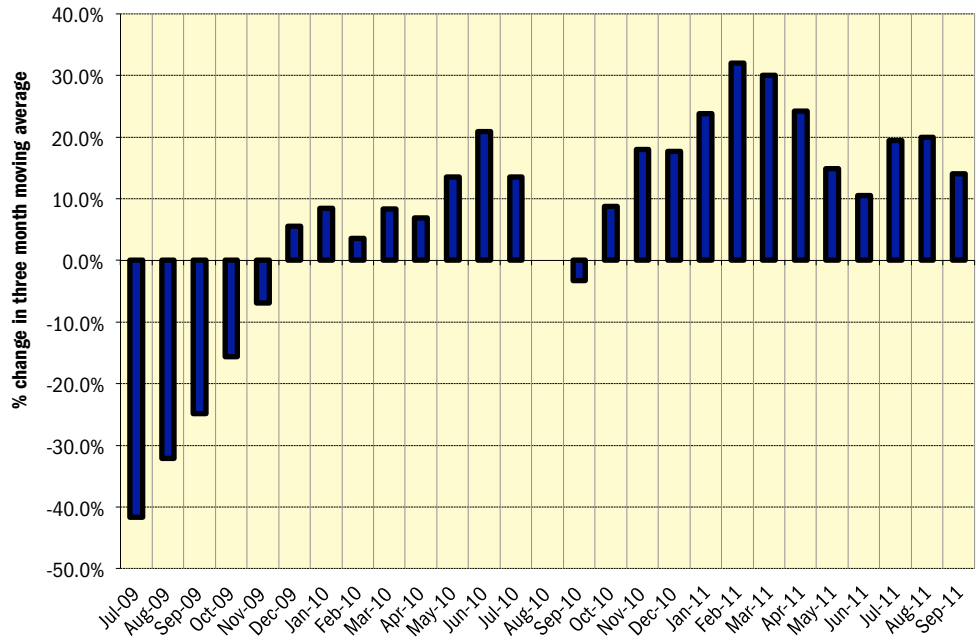
# Market Keeps Momentum Going

**Percent change in three month moving average increases for 12 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 year is 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.

The market is clearly emerging from the 2009 slump. The three month moving average has increased from year earlier levels in 20 of the past 22 months.

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



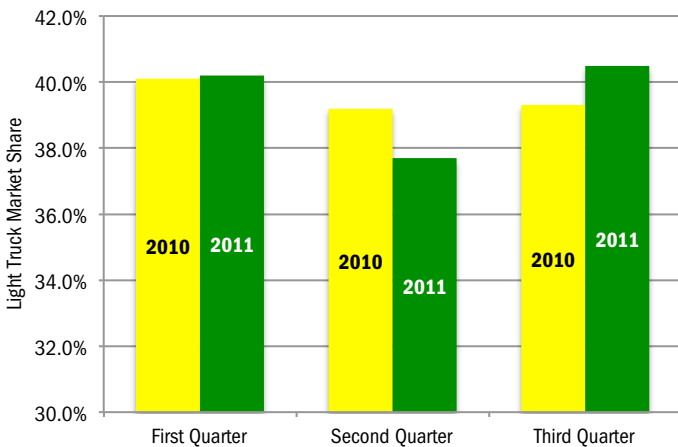
MARKET TRACKER (Continued)

## Light Truck Market Share Increases in Third Quarter

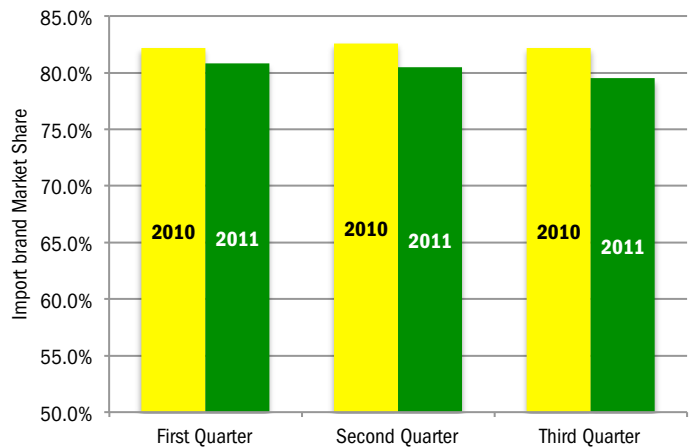
**Detroit Three continue to grab share from imports**

The two graphs below show light truck and import brand share of the overall Orange County market during the first three quarters of 2010 and 2011. Light truck share was higher than year earlier levels in the Third Quarter of this year. Strong new product introductions by the Detroit Three and the Japanese earthquake and tsunami contributed to the decline in import brand share during 2011.

**Quarterly Light Truck Market Share First Three Quarters of 2010 and 2011**



**Import Brand Market Share First Three Quarters of 2010 and 2011**



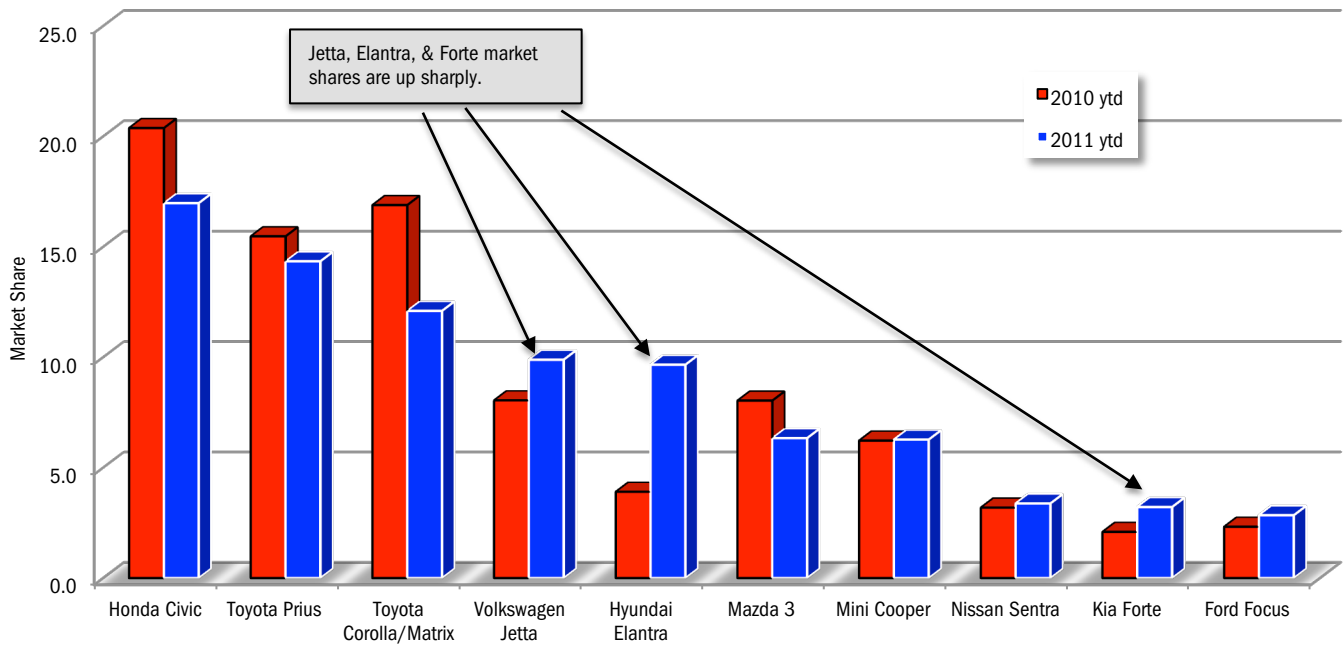
MODEL SCOREBOARD

# Hyundai Elantra Gains Ground in Sub Compact Car Segment

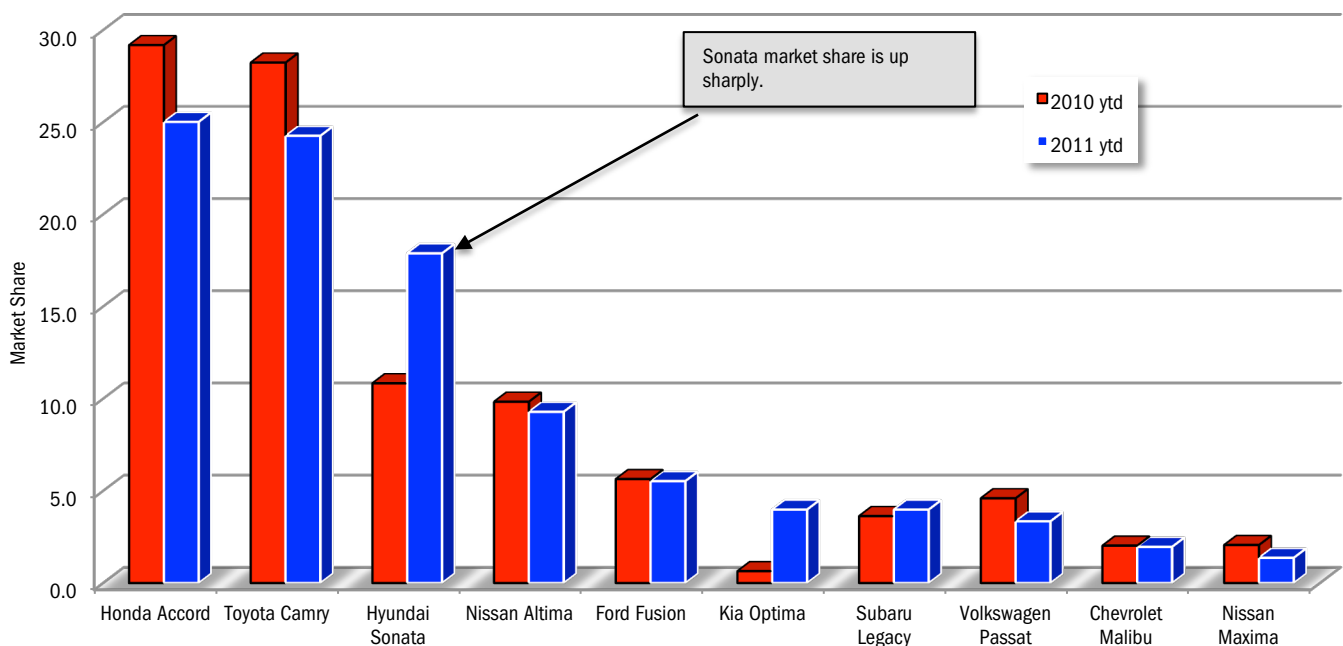
## Sonata is big winner among Standard Mid Size Cars

The two graphs below show market shares in the Sub Compact and Standard Mid Size Car segments during the first nine months of 2010 and 2011. Supply disruptions brought about by the earthquake and tsunami pushed down market shares for most Japanese models, while giving a boost to many redesigned Korean and Detroit Three models. Data source: AutoCount data from Experian Automotive.

**Change in Market Share for Top 10 Selling Sub Compact Cars - YTD 2011 thru September vs. YTD 2010**



**Change in Market Share for Top 10 Selling Standard Mid Size Cars - YTD 2011 thru September vs. YTD 2010**



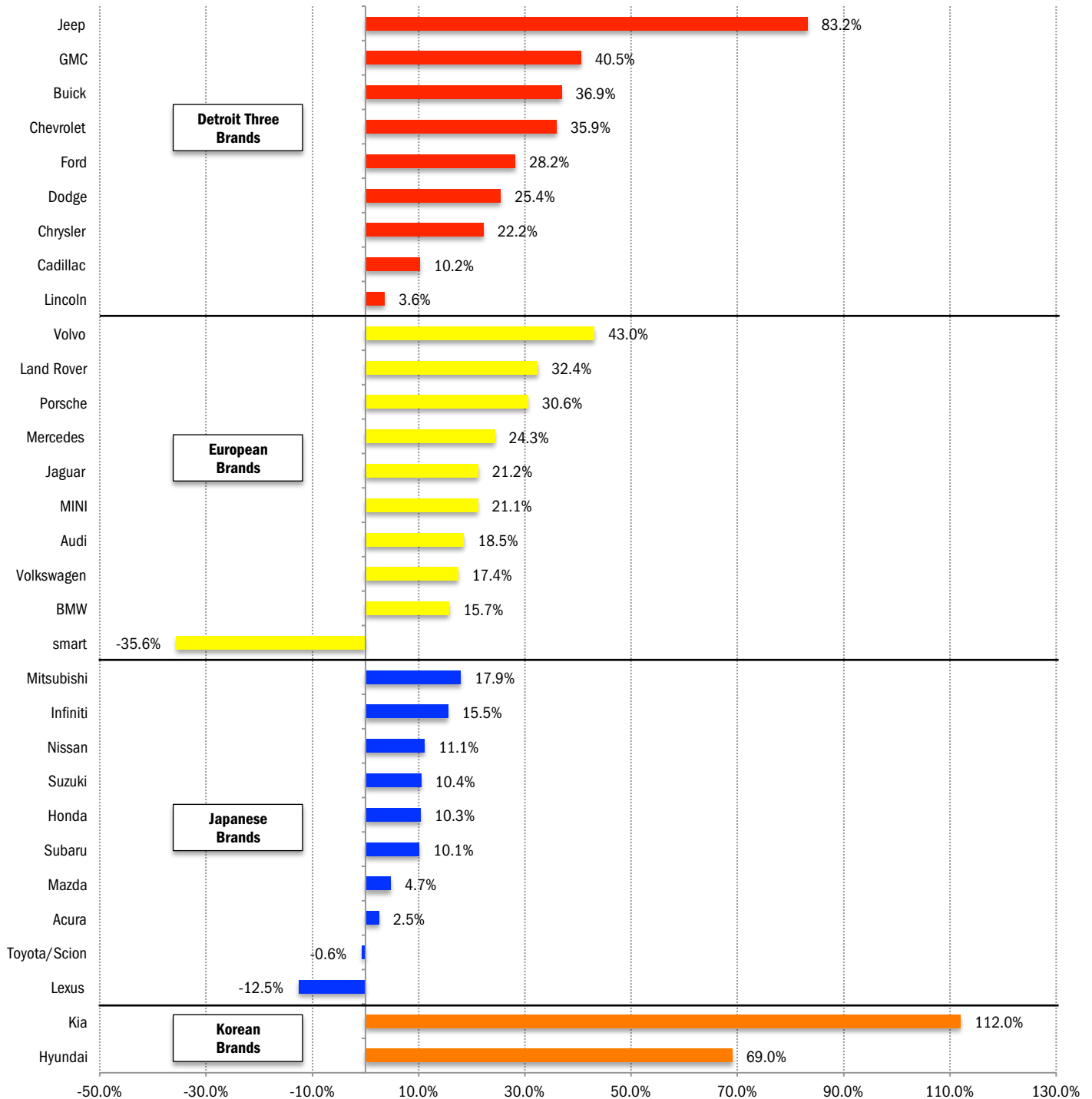
**BRAND SCOREBOARD - PART ONE**

# Kia and Jeep Post Largest Gains So Far This Year

## Mitsubishi has largest percentage increase among Japanese brands

The graphs below provides a comparative evaluation of brand sales performance in the county market. It shows the year-to-date percent change in registrations for each brand, organized by category (i.e., Detroit Three, European, Japanese, and Korean). The March earthquake and tsunami were major factors for the relatively weak performance of Japanese brands. Source: AutoCount data from Experian Automotive.

**Percent Change in County New Retail Light Vehicle Registrations  
YTD 2011 thru September vs. YTD 2010**



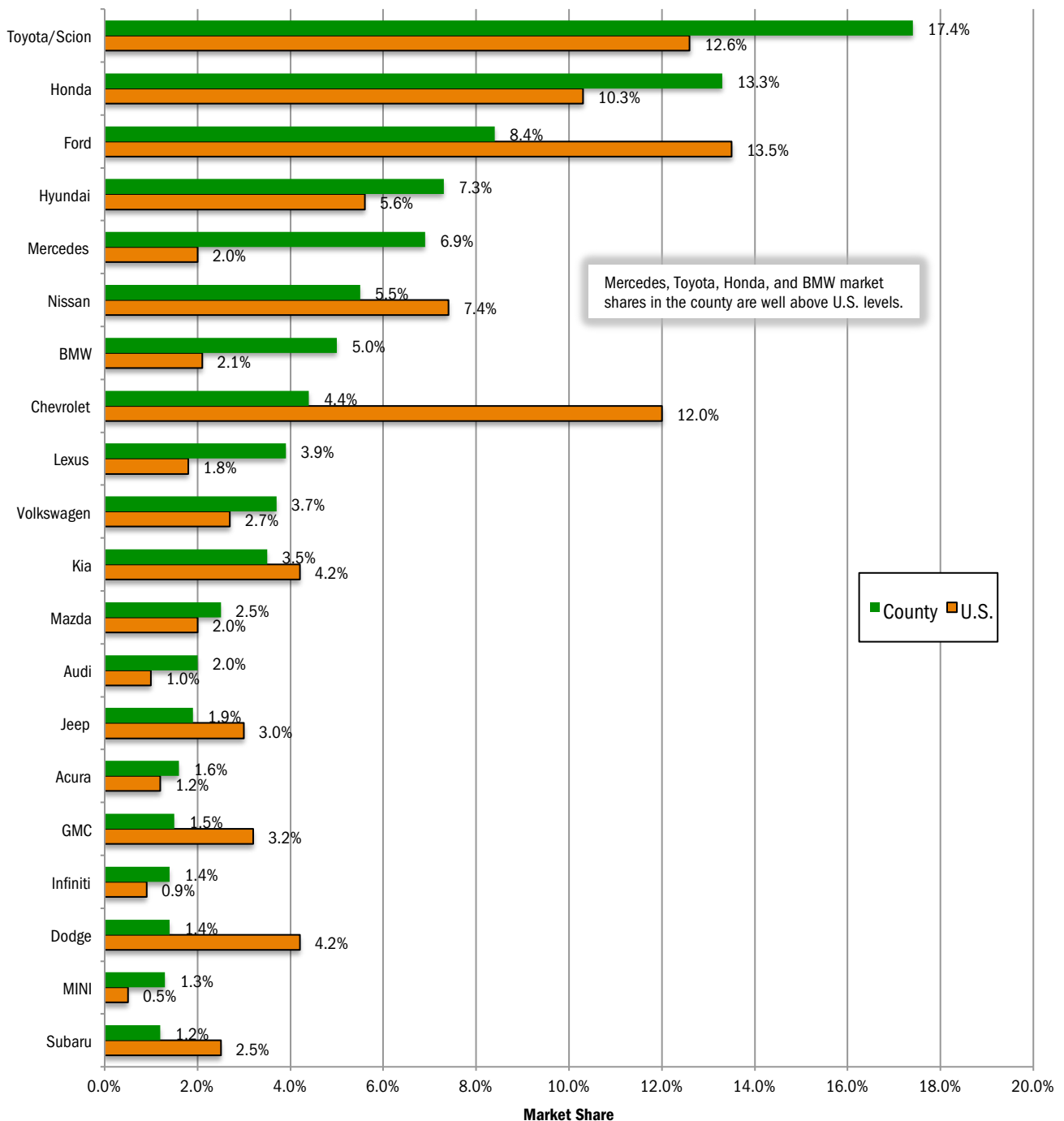
**BRAND SCOREBOARD - PART TWO**

# Toyota Still Top Seller in County; Share is Well Above U.S.

## Mercedes' share of county market exceeds U.S. by 4.9 points

The graphs below provide 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/Scion was the county leader, accounting for 17.4% of the market, above its 12.6% share in the Nation. Honda market share in the county was 13.3%, three points higher than its U.S. share. Source: AutoCount data from Experian Automotive.

**County and U.S. Market Share - YTD 2011 thru September**



## SEGMENT WATCH

## Compact SUV Market Share Increases

### County Near Luxury Car market share much higher than U.S.

The table below provides a synopsis of the five most popular vehicle segments in the Orange County market. Below is an explanation of the three main sections of the table:

**County market share review:** Segment share of the overall market during the first nine months of 2010 and 2011, and the change in share. Also displays the primary reason contributing to the change in market share.

**County market share versus U.S.:** Comparison of segment market shares in the Orange County and U.S. markets during the first three quarters of this year.

**Top five selling vehicles in segment:** top five selling models, based on new retail registrations, so far this year.

#### Primary Conclusions

- Sub Compact Car is the most popular segment in the county (20.5% share).
- Compact SUV share increased 0.6 points so far this year.
- County near luxury car share was 4 points higher than in the U.S.

### Review of Top Five Vehicle Segments in Orange County Market

		Sub Compact Car	Standard Mid Size Car	Near Luxury Car	Compact SUV	Luxury Car
<b>County Market Share Review YTD thru September</b>	<b>YTD '10 share</b>	20.1%	15.5%	11.1%	8.5%	6.2%
	<b>YTD '11 share</b>	20.5%	15.1%	10.3%	9.1%	6.4%
	<b>Change in share</b>	Up 0.4 points	Down 0.4 points	Down 0.8 points	Up 0.6 points	Up 0.2 points
	<b>Primary reason for gain or loss</b>	Higher fuel prices	Tight supplies of top selling models	Lack of key new/redesigned products	Higher fuel prices	Not much change
<b>County Market Share vs. U.S. YTD thru September</b>	<b>YTD '11 county share</b>	20.5%	15.1%	10.3%	9.1%	6.4%
	<b>YTD '11 U.S. share</b>	17.2%	16.6%	4.9%	13.3%	2.4%
	<b>County versus U.S.</b>	3.3 points higher in county	1.5 points lower in county	5.4 points higher in county	4.2 points lower in county	4 points higher in county
<b>Top Five Selling Vehicles in Segment YTD '11 thru September</b>	<b>#1</b>	Honda Civic	Honda Accord	BMW 3-Series	Honda CRV	Mercedes E-Class
	<b>#2</b>	Toyota Prius	Toyota Camry	Mercedes C-Class	Toyota RAV4	BMW 5-Series
	<b>#3</b>	Toyota Corolla/Matrix	Hyundai Sonata	Hyundai Genesis	Ford Escape	Mercedes S-Class
	<b>#4</b>	Volkswagen Jetta	Nissan Altima	Infiniti G	Jeep Wrangler	Audi A5
	<b>#5</b>	Hyundai Elantra	Ford Fusion	Lexus IS	Chevrolet Equinox	Porsche Panamera

COMPARISON OF ORANGE COUNTY, LOS ANGELES COUNTY, AND U.S. MARKETS

# Orange County Market Up 17.8% So Far This Year

Los Angeles County market was up 15.5%; U.S. up 16%

	Orange County Retail Market	Los Angeles County Retail Market	U.S. Retail Market
<b>Market Growth</b> % change in registrations YTD 2011 thru Sept. vs. YTD 2010	17.8%	15.5%	16.0%
<b>Car Market Share</b> Car share of industry retail light vehicle YTD 2011 thru Sept.	60.5%	65.0%	50.1%
<b>Domestic Brand Market Share</b> Domestic brand share of industry retail light vehicle registrations - YTD 2011 thru Sept.	19.7%	18.0%	41.0%

Brand	New Retail Registrations - YTD 2011 thru September						Market Share (YTD 2011 thru Sept.)		
	Orange County		Los Angeles County		U.S.		Orange County	L.A. County	U.S.
	Regs.	% ch. from '10	Regs.	% ch. from '10	Regs.	% ch. from '10			
Acura	1,467	2.5%	3,441	6.0%	90,168	3.2%	1.6	1.5	1.2
Audi	1,852	18.5%	5,583	2.3%	77,522	15.2%	2.0	2.5	1.0
BMW	4,587	15.7%	12,988	21.2%	162,358	20.9%	5.0	5.8	2.1
Buick	438	36.9%	906	23.9%	115,481	29.3%	0.5	0.4	1.5
Cadillac	886	10.2%	2,211	23.4%	96,584	20.0%	1.0	1.0	1.3
Chevrolet	4,012	35.9%	10,501	45.1%	917,123	24.3%	4.4	4.7	12.0
Chry Dodge Jeep Ram	3,433	48.4%	7,215	54.9%	662,473	41.8%	3.8	3.2	8.6
Chrysler	413	22.2%	858	54.0%	107,775	45.2%	0.5	0.4	1.4
Dodge	904	45.6%	2,386	65.5%	185,954	40.3%	1.0	1.1	2.4
Jeep	1,718	83.2%	3,128	67.8%	233,099	57.1%	1.9	1.4	3.0
Ram	398	-4.6%	843	6.2%	135,645	21.0%	0.4	0.4	1.8
Fiat	121		408		6,102		0.1	0.2	0.1
Ford	7,625	28.2%	16,381	29.4%	1,038,519	20.0%	8.4	7.3	13.5
GMC	1,353	40.5%	2,418	22.2%	243,443	26.6%	1.5	1.1	3.2
Honda	12,129	10.3%	32,650	7.5%	789,450	1.5%	13.3	14.5	10.3
Hyundai	6,687	69.0%	9,865	93.8%	430,903	36.9%	7.3	4.4	5.6
Infiniti	1,313	15.5%	3,577	4.8%	69,516	4.6%	1.4	1.6	0.9
Jaguar	303	21.2%	783	-9.3%	8,536	1.5%	0.3	0.3	0.1
Kia	3,214	112.0%	6,556	108.4%	320,049	65.7%	3.5	2.9	4.2
Land Rover	630	32.4%	1,795	16.6%	23,167	17.6%	0.7	0.8	0.3
Lexus	3,551	-12.5%	8,310	-17.0%	139,904	-7.8%	3.9	3.7	1.8
Lincoln	259	3.6%	860	18.8%	51,933	9.1%	0.3	0.4	0.7
Mazda	2,284	4.7%	3,862	6.1%	155,188	2.8%	2.5	1.7	2.0
Mercedes	6,301	24.3%	15,521	15.0%	156,474	13.7%	6.9	6.9	2.0
MINI	1,169	21.1%	3,394	31.3%	41,418	33.2%	1.3	1.5	0.5
Mitsubishi	837	17.9%	968	15.0%	44,406	36.5%	0.9	0.4	0.6
Nissan	4,999	11.1%	16,193	31.5%	565,726	15.4%	5.5	7.2	7.4
Porsche	636	30.6%	2,093	25.3%	21,173	37.8%	0.7	0.9	0.3
Saab	23	109.1%	87	42.6%	4,343	45.1%	0.0	0.0	0.1
smart	38	-35.6%	169	-20.3%	2,954	-28.7%	0.0	0.1	0.0
Subaru	1,078	10.1%	2,403	9.1%	188,250	12.0%	1.2	1.1	2.5
Suzuki	127	10.4%	31	-8.8%	18,206	21.8%	0.1	0.0	0.2
Toyota/Scion	15,862	-0.6%	42,400	-5.0%	965,790	-3.0%	17.4	18.8	12.6
Volkswagen	3,340	17.4%	9,524	26.6%	207,040	24.6%	3.7	4.2	2.7
Volvo	542	43.0%	1,453	21.3%	43,543	27.6%	0.6	0.6	0.6
Other	198	-38.3%	519	-35.5%	13,343	-80.5%	0.2	0.2	0.2

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

Source: AutoCount data from Experian Automotive.



Orange County New Retail Car and Light Truck Registrations															
	September				Three Month Period July '11 thru September '11				YTD thru September				YTD Market Share (%)		
	Orange County			U.S.	Orange County			U.S.	Orange County			Orange County			
	2010	2011	% chg.	% chg.	Yr. Ago	Current	% chg.	% chg.	2010	2011	% chg.	% chg.	2010	2011	Chg.
<b>MARKET SUMMARY</b>															
TOTAL	11,885	11,574	-2.6%	13.4%	25,947	29,616	14.1%	4.6%	77,485	91,294	17.8%	16.0%			
Cars	7,204	6,839	-5.1%	7.8%	15,749	17,609	11.8%	0.9%	46,869	55,236	17.9%	14.7%	60.5	60.5	0.0
Light Trucks	4,681	4,735	1.2%	19.2%	10,198	12,007	17.7%	8.4%	30,616	36,058	17.8%	17.3%	39.5	39.5	0.0
Domestic	2,047	2,330	13.8%	27.4%	4,628	6,072	31.2%	14.1%	13,709	18,011	31.4%	23.8%	17.7	19.7	2.0
European	2,392	2,387	-0.2%	18.8%	5,366	6,477	20.7%	15.0%	16,226	19,735	21.6%	20.0%	20.9	21.6	0.7
Japanese	6,412	5,513	-14.0%	-3.6%	14,060	13,392	-4.8%	-11.1%	42,077	43,647	3.7%	2.9%	54.3	47.8	-6.5
Korean	1,034	1,344	30.0%	36.7%	1,893	3,675	94.1%	31.6%	5,473	9,901	80.9%	47.9%	7.1	10.8	3.7
<b>BRAND REGISTRATIONS</b>															
Acura	262	143	-45.4%	-8.3%	519	433	-16.6%	-16.5%	1,431	1,467	2.5%	3.2%	1.8	1.6	-0.2
Audi	212	217	2.4%	37.3%	540	608	12.6%	19.1%	1,563	1,852	18.5%	15.2%	2.0	2.0	0.0
BMW	604	600	-0.7%	32.6%	1,384	1,543	11.5%	17.7%	3,964	4,587	15.7%	20.9%	5.1	5.0	-0.1
Buick	43	41	-4.7%	18.0%	111	126	13.5%	9.1%	320	438	36.9%	29.3%	0.4	0.5	0.1
Cadillac	113	108	-4.4%	16.8%	288	259	-10.1%	-3.6%	804	886	10.2%	20.0%	1.0	1.0	0.0
Chevrolet	464	497	7.1%	21.1%	1,016	1,272	25.2%	11.6%	2,952	4,012	35.9%	24.3%	3.8	4.4	0.6
C/D/J/R	364	563	54.7%	42.2%	845	1,341	58.7%	32.6%	2,314	3,433	48.4%	41.8%	3.0	3.8	0.8
Chrysler	47	79	68.1%	55.1%	122	177	45.1%	45.2%	338	413	22.2%	45.2%	0.4	0.5	0.1
Dodge	95	128	34.7%	43.9%	216	328	51.9%	32.1%	621	904	45.6%	40.3%	0.8	1.0	0.2
Jeep	150	296	97.3%	57.7%	339	677	99.7%	47.9%	938	1,718	83.2%	57.1%	1.2	1.9	0.7
Ram	72	60	-16.7%	10.9%	168	159	-5.4%	4.3%	417	398	-4.6%	21.0%	0.5	0.4	-0.1
Fiat	0	40			0	92			0	121			0.0	0.1	0.1
Ford	895	917	2.5%	21.1%	1,976	2,549	29.0%	9.3%	5,949	7,625	28.2%	20.0%	7.7	8.4	0.7
GMC	138	176	27.5%	23.4%	302	448	48.3%	16.1%	963	1,353	40.5%	26.6%	1.2	1.5	0.3
Honda	1,822	1,245	-31.7%	-12.0%	3,819	3,238	-15.2%	-21.2%	10,992	12,129	10.3%	1.5%	14.2	13.3	-0.9
Hyundai	698	831	19.1%	29.5%	1,336	2,392	79.0%	21.7%	3,957	6,687	69.0%	36.9%	5.1	7.3	2.2
Infiniti	217	164	-24.4%	5.0%	451	375	-16.9%	-15.9%	1,137	1,313	15.5%	4.6%	1.5	1.4	-0.1
Jaguar	33	38	15.2%	-2.9%	109	86	-21.1%	-20.2%	250	303	21.2%	1.5%	0.3	0.3	0.0
Kia	336	513	52.7%	47.8%	557	1,283	130.3%	47.4%	1,516	3,214	112.0%	65.7%	2.0	3.5	1.5
Land Rover	52	69	32.7%	32.0%	150	169	12.7%	17.8%	476	630	32.4%	17.6%	0.6	0.7	0.1
Lexus	507	542	6.9%	7.4%	1,246	1,174	-5.8%	-10.8%	4,060	3,551	-12.5%	-7.8%	5.2	3.9	-1.3
Lincoln	22	28	27.3%	27.8%	61	77	26.2%	15.8%	250	259	3.6%	9.1%	0.3	0.3	0.0
Mazda	283	360	27.2%	21.6%	658	882	34.0%	4.4%	2,181	2,284	4.7%	2.8%	2.8	2.5	-0.3
Mercedes	780	704	-9.7%	14.4%	1,452	2,059	41.8%	16.4%	5,069	6,301	24.3%	13.7%	6.5	6.9	0.4
MINI	136	91	-33.1%	-9.1%	342	283	-17.3%	-2.9%	965	1,169	21.1%	33.2%	1.2	1.3	0.1
Mitsubishi	96	85	-11.5%	46.8%	187	227	21.4%	28.2%	710	837	17.9%	36.5%	0.9	0.9	0.0
Nissan	555	743	33.9%	15.5%	1,283	1,648	28.4%	7.1%	4,500	4,999	11.1%	15.4%	5.8	5.5	-0.3
Porsche	66	91	37.9%	27.1%	195	211	8.2%	20.5%	487	636	30.6%	37.8%	0.6	0.7	0.1
smart	4	7	75.0%	0.0%	16	16	0.0%	-34.6%	59	38	-35.6%	-28.7%	0.1	0.0	-0.1
Subaru	121	109	-9.9%	-5.6%	310	328	5.8%	-3.3%	979	1,078	10.1%	12.0%	1.3	1.2	-0.1
Suzuki	3	4	33.3%	14.7%	18	23	27.8%	24.1%	115	127	10.4%	21.8%	0.1	0.1	0.0
Toyota/Scion	2,546	2,118	-16.8%	-9.6%	5,569	5,064	-9.1%	-15.7%	15,965	15,862	-0.6%	-3.0%	20.6	17.4	-3.2
Volkswagen	432	448	3.7%	30.7%	997	1,190	19.4%	20.2%	2,846	3,340	17.4%	24.6%	3.7	3.7	0.0
Volvo	44	63	43.2%	35.4%	112	157	40.2%	25.8%	379	542	43.0%	27.6%	0.5	0.6	0.1
Other	37	19	-48.6%	-77.9%	98	63	-35.7%	-81.3%	332	221	-33.4%	-75.3%	0.4	0.2	-0.2

**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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