Orange County Auto Outlook™

Comprehensive information on the Orange County automotive market

orange county OCADA automobile dealers association

FORECAST

County Market Has Good First Quarter

Momentum likely to continue; 10.1% increase predicted for entire year

A lot has transpired over the past few months that, on the surface, would seem to have been enough to derail the automotive market recovery. Fuel prices moved higher, the pace of economic growth eased, the unemployment rate remained above 8% (despite moving lower), and uncertainty from the European sovereign debt crisis remained front and center. And yet, despite all of this, the county new retail light vehicle market posted solid improvement in the first quarter of this year.

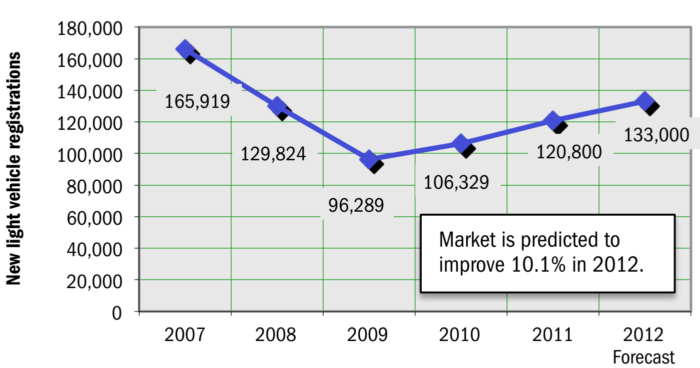
Did the increase, then, come as a surprise? Absolutely not. In fact, as we have emphasized in Auto Outlook for the past 36 months, the county market had nowhere to go but up, and a prolonged recovery in new vehicle sales was practically guaranteed. And that is exactly what has transpired. 2012 will almost certainly mark the third consecutive annual increase for the county market, and as noted on the right, the streak should extend to four years in 2013.

How has the market managed to improve, in spite of some formidable headwinds? There are five primary reasons. First, pent up demand, and the aging of the vehicle fleet has forced many consumers to enter the new vehicle market. Second, the economy has recovered slowly since the 2008 financial crisis. Third, used car values are high, leading to good trade-in values. Fourth, 92% of the workforce that has remained employed has made significant headway in reducing debt and are in a decent position to purchase a new vehicle. And five, automotive credit markets have eased considerably, and arranging financing for all but the highest credit risks is much easier.

5 Key Market Trends

1. Orange county new retail light vehicle registrations increased 8.7% in the First Quarter of 2012 versus a year earlier, stronger than the 7.1% improvement in the Nation.
2. Auto Outlook projects that the county new vehicle market will improve 10.1% for all of this year, with an increase likely in 2013 as well. The uptick next year would mark the fourth consecutive annual increase.
3. Higher fuel prices during the first three months of this year have had a minimal impact on light truck sales. Light truck market share has slipped, but registrations still increased from a year earlier.
4. Among the top 25 selling brands, Chrysler, Kia, Jeep, and Volkswagen have had the largest increases so far this year. County registrations for each of the four brands were up more than 50%.
5. Toyota was the best selling brand in the county during the First Quarter of this year, with a 5.7 market share point advantage over second place Honda.

Annual Trend in Orange County New Vehicle Market



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

Market Summary

	YTD '10 thru Mar.	YTD '11 thru Mar.	YTD '12 thru Mar.	% ch. '11 to '12
TOTAL	24,156	31,412	34,143	8.7%
Car	14,467	18,783	21,132	12.5%
Light Truck	9,689	12,629	13,011	3.0%
Detroit Three	4,308	6,030	6,748	11.9%
European	5,325	6,242	7,696	23.3%
Japanese	13,049	16,282	15,738	-3.3%
Korean	1,474	2,858	3,961	38.6%

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

MARKET TRACKER: MONTHLY MOVING AVERAGE

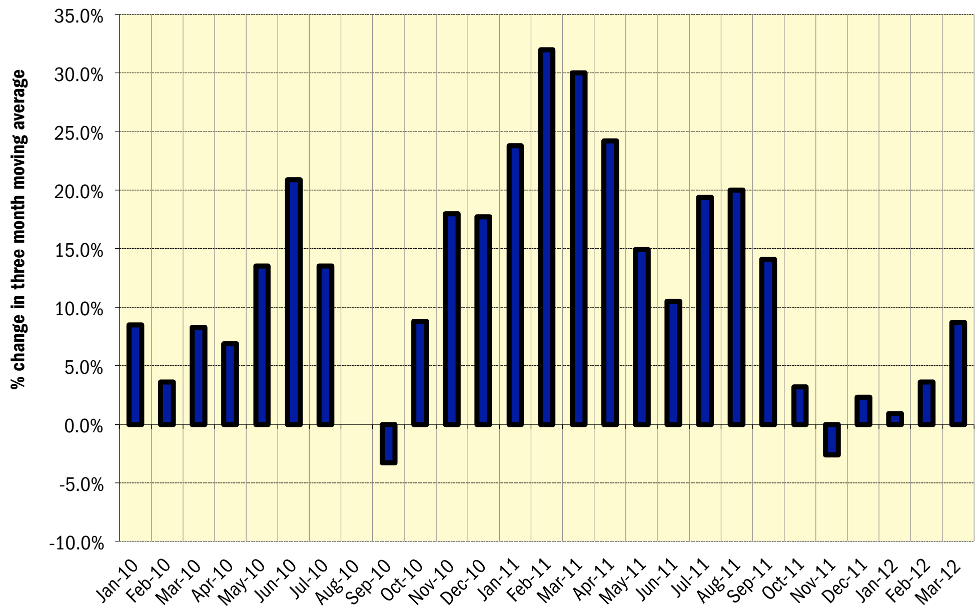
Market Gains Strength in March

Percent change in three month moving average increased in 24 of past 27 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 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 24 of the past 27 months.

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

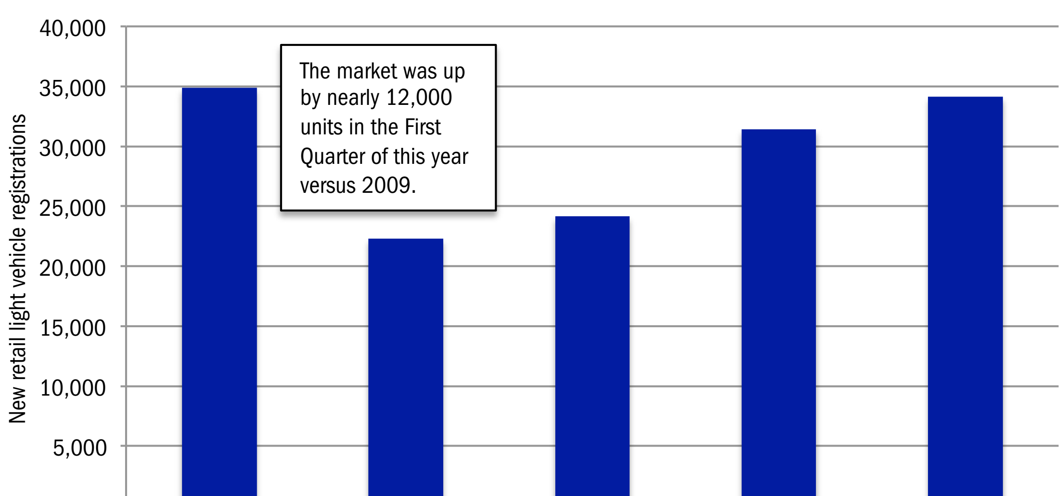


MARKET TRACKER: QUARTERLY PERSPECTIVE

Orange County Market Improves Again in First Quarter

Market increases in First Quarter for third straight year

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



	Q1 '08	Q1 '09	Q1 '10	Q1 '11	Q1 '12
Regs.	34,871	22,309	24,156	31,412	34,143

First quarter registrations during past five years

Details on Data

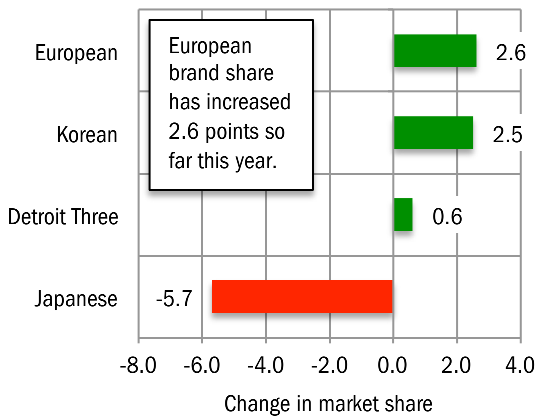
Data presented measures new vehicles registered to purchasers (or lessees) residing in Orange County. Monthly recording of registrations occurs when vehicle title is processed.

Statistics are complied by AutoCount Data by Experian Automotive.

MARKET TRACKER: BRAND MARKET SHARE

European Brands Are Up

Change in County Market Share
YTD 2012 thru March vs. YTD 2011

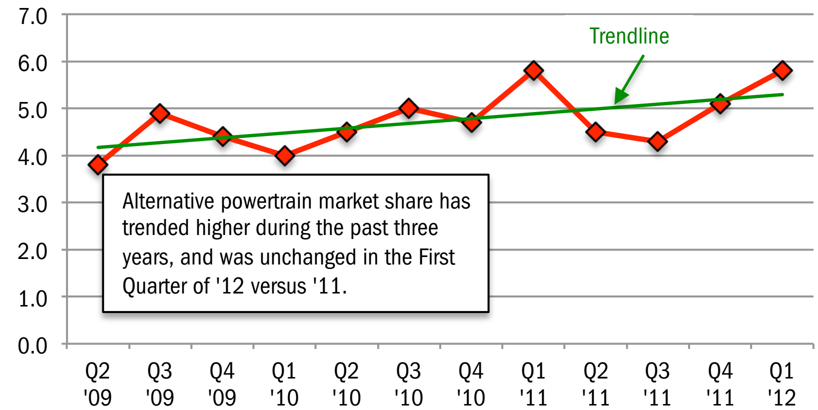


The graph above shows the change in year-to-date market share for four primary brand segments.

MARKET TRACKER: HYBRID AND ELECTRIC VEHICLES

Hybrid & Electric Share Increases

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.

MARKET TRACKER: SEGMENTS

Entry and Standard Mid Size Car Shares Move Higher

Orange County Segment Market Share Review

Segment	Market Share YTD '11 thru March	Market Share YTD '12 thru March	Change in share YTD '11 to '12	Best selling model in segment
Sub Compact Car	20.9	21.3	0.4	Toyota Prius
Standard Mid Size Car	15.0	15.9	0.9	Toyota Camry
Near Luxury Car	10.0	9.8	-0.2	Mercedes C-Class
Compact SUV	9.1	8.7	-0.4	Honda CRV
Luxury Car	6.4	5.9	-0.5	Mercedes E-Class
Entry Car	4.2	5.2	1.0	Nissan Versa
Mid Size Luxury SUV	5.7	5.2	-0.5	Lexus RX
Mid Size Crossover SUV	5.7	4.9	-0.8	Ford Edge
Full Size Pickup	4.4	4.0	-0.4	Ford F-Series
Mini Van	3.0	2.9	-0.1	Honda Odyssey
Mid Size SUV	2.2	2.5	0.3	Jeep Grand Cherokee
Compact Pickup	2.1	2.2	0.1	Toyota Tacoma
Full Size Crossover SUV	2.4	2.2	-0.2	Ford Explorer
Sport Compact Car	1.6	2.0	0.4	Hyundai Veloster
Full Size Luxury SUV	1.8	1.9	0.1	Range Rover
Compact Luxury SUV	1.6	1.5	-0.1	Audi Q5
Full Size SUV	1.5	1.3	-0.2	Chevrolet Tahoe
Large Mid Size Car	1.1	1.2	0.1	Chrysler 300
Full Size Van	0.6	0.7	0.1	Ford E-Series
Sports Car	0.6	0.6	0.0	Porsche 911

The table above shows Orange county market share for 20 vehicle segments during the first three months of 2011 and 2012, 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 2012 share. Most popular segment in the county is Sub Compact Car, while Entry Car had the largest market share gain. Source: AutoCount data from Experian Automotive.

BRAND SCOREBOARD - PART ONE

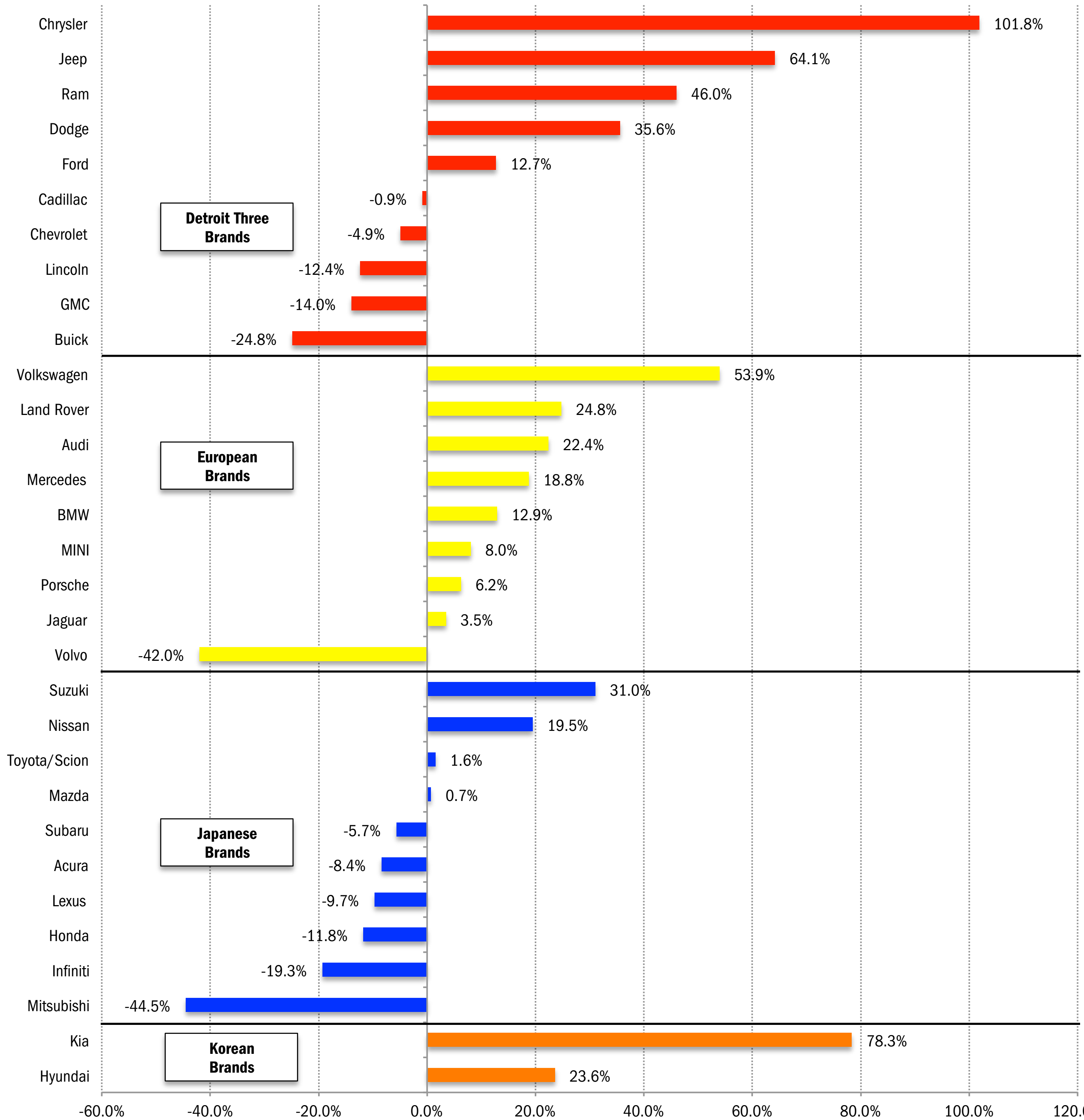
Chrysler and Kia Post Largest Gains So Far This Year

Volkswagen has largest percentage increase among European brands

The graphs below provide 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).

Source: AutoCount data from Experian Automotive.

Percent Change in County New Retail Light Vehicle Registrations
YTD 2012 thru March vs. YTD 2011



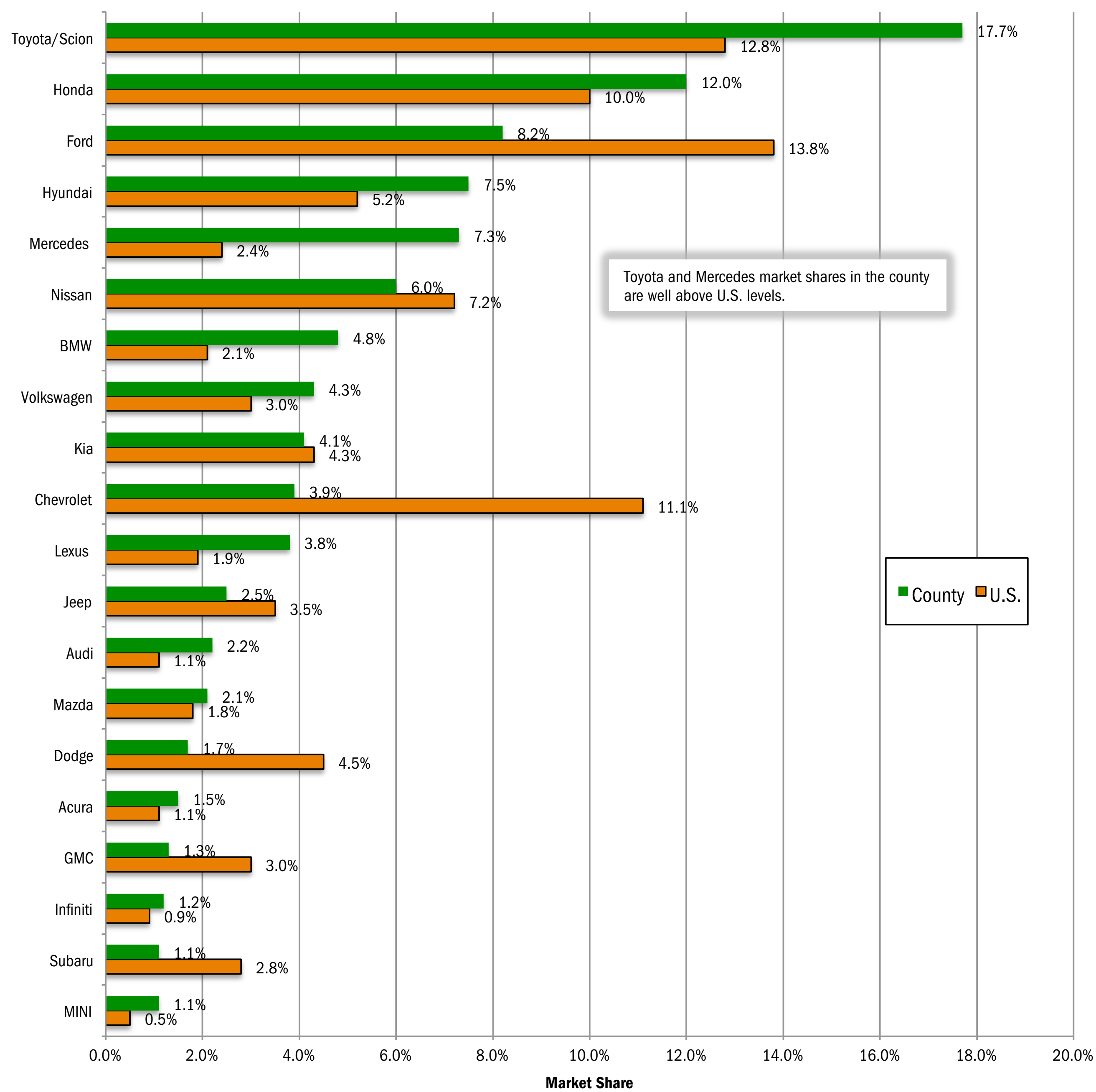
BRAND SCOREBOARD - PART TWO

Toyota Stays on Top of County Market

County market share for Toyota exceeds U.S. by 4.9 points

The graph below provides a comparison of Orange County and U.S. new retail market share during the first three 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 17.7% of the market, well above its 12.8% share in the Nation. Mercedes market share in the county was 7.3%, 4.9 points higher than its U.S. share. Source: AutoCount data from Experian Automotive.

County and U.S. Market Share - YTD 2012 thru March



MODEL SCOREBOARD

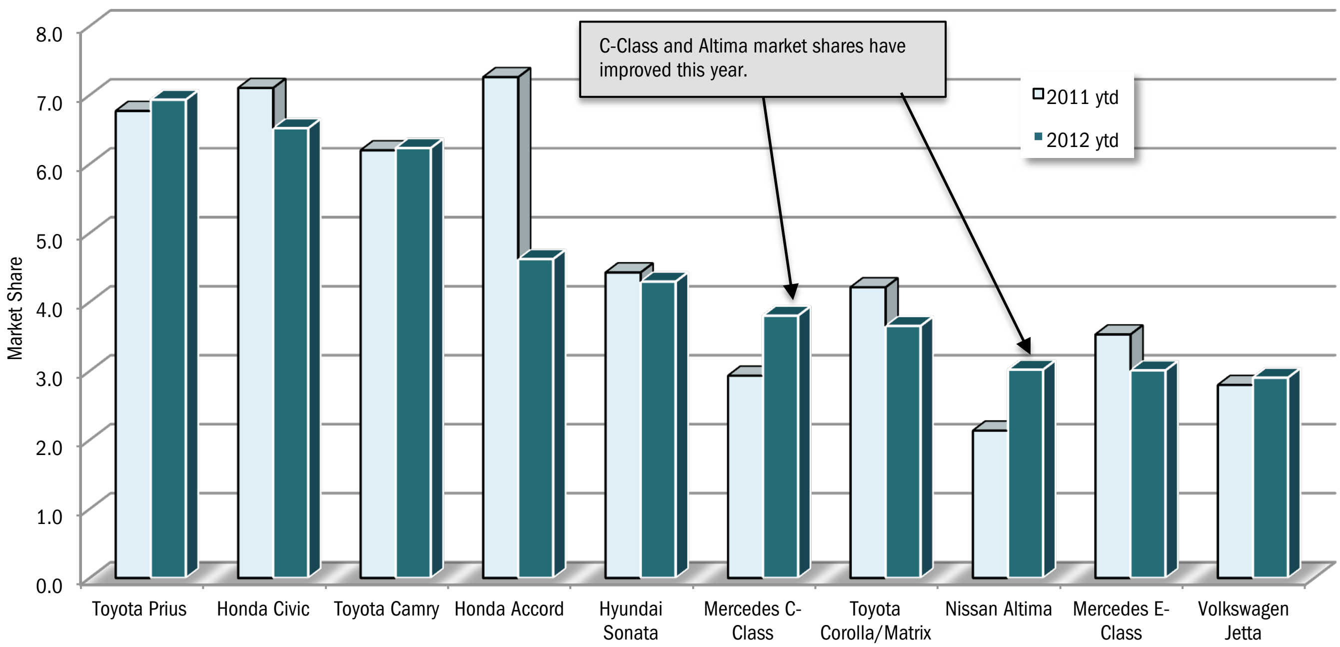
Grand Cherokee & M-Class Gain Market Share

Tight supplies and stiff new competition pushes Accord share lower

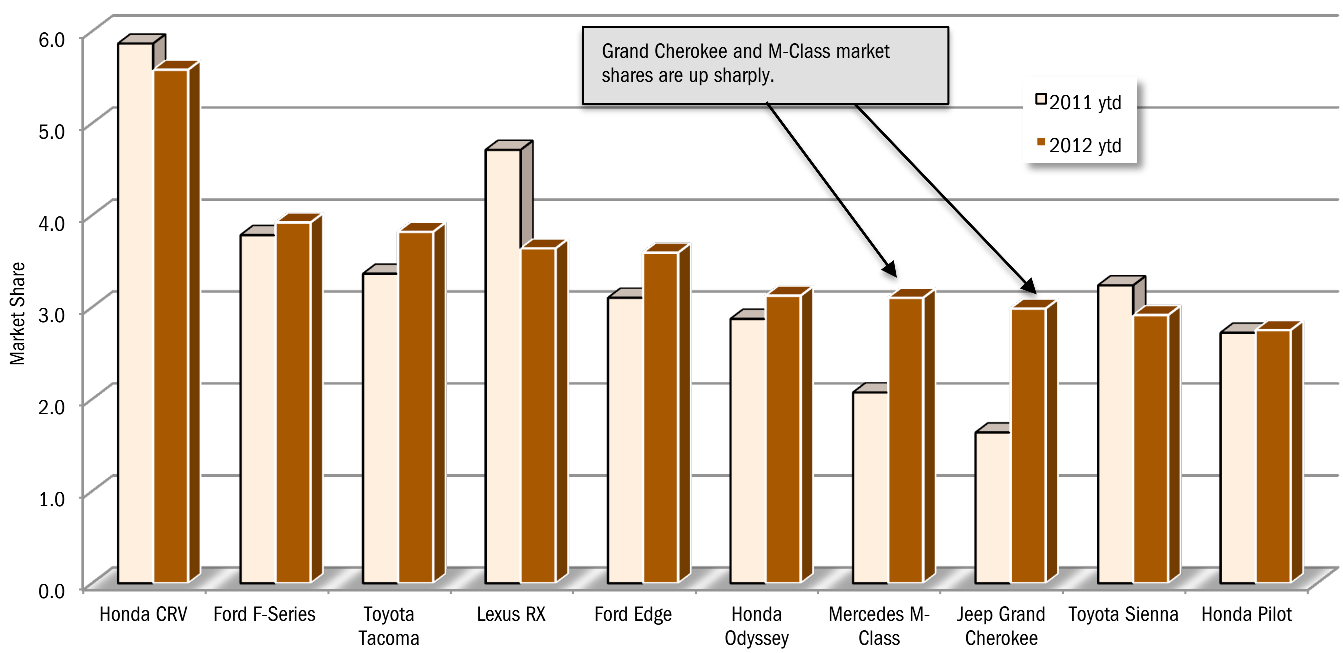
The two graphs below show market shares in the county car and light truck markets during the first three months of 2011 and 2012. Includes the top ten selling models for cars and light trucks.

Data source: AutoCount data from Experian Automotive.

Change in Market Share for Top 10 Selling Cars - YTD 2012 thru March vs. YTD 2011



Change in Market Share for Top 10 Selling Light Trucks - YTD 2012 thru March vs. YTD 2011



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

Orange County Market Up 8.7% in First Quarter of 2012

Los Angeles County market was up 10.9%; U.S. up 7.1%

	Orange County Retail Market	Los Angeles County Retail Market	U.S. Retail Market
Market Growth **% change in registrations** **YTD 2012 thru March vs. YTD 2011**	8.7%	10.9%	7.1%
Car Market Share **Car share of industry retail light vehicle** **YTD 2012 thru March**	61.9%	65.7%	49.7%
Domestic Brand Market Share **Domestic brand share of industry retail light vehicle** **registrations - YTD 2012**	19.8%	18.1%	41.4%

	New Retail Registrations - YTD 2012 thru March						Market Share (YTD '12)		
	Orange County		Los Angeles County		U.S.				
Brand	Regs.	% ch. from '11	Regs.	% ch. from '11	Regs.	% ch. from '11	Orange County	L.A. County	U.S.
Acura	512	-8.4%	1,104	-19.4%	30,294	-6.8%	1.5	1.3	1.1
Audi	765	22.4%	2,116	7.6%	29,658	22.0%	2.2	2.5	1.1
BMW	1,628	12.9%	4,479	6.4%	56,731	10.3%	4.8	5.3	2.1
Buick	124	-24.8%	299	-11.3%	33,452	-14.4%	0.4	0.4	1.3
Cadillac	344	-0.9%	851	0.5%	31,365	-14.4%	1.0	1.0	1.2
Chevrolet	1,338	-4.9%	3,636	7.3%	293,988	-5.9%	3.9	4.3	11.1
Chry Dodge Jeep Ram	1,631	58.0%	3,329	60.3%	256,322	32.5%	4.8	4.0	9.7
Chrysler	220	101.8%	481	101.3%	44,845	51.5%	0.6	0.6	1.7
Dodge	385	35.6%	606	190.0%	67,887	23.8%	1.1	0.7	2.6
Jeep	842	64.1%	1,431	64.9%	91,590	40.0%	2.5	1.7	3.5
Ram	184	46.0%	811	6.6%	52,000	19.4%	0.5	1.0	2.0
Fiat	145		480		6,878		0.4	0.6	0.3
Ford	2,802	12.7%	6,055	20.1%	367,079	12.1%	8.2	7.2	13.8
GMC	431	-14.0%	770	-15.7%	79,395	-9.8%	1.3	0.9	3.0
Honda	4,088	-11.8%	11,973	-3.5%	265,073	-2.8%	12.0	14.2	10.0
Hyundai	2,563	23.6%	3,521	35.5%	137,654	14.8%	7.5	4.2	5.2
Infiniti	410	-19.3%	1,154	-17.6%	22,733	-12.1%	1.2	1.4	0.9
Jaguar	89	3.5%	312	30.0%	2,820	11.7%	0.3	0.4	0.1
Kia	1,398	78.3%	3,360	105.0%	114,973	37.0%	4.1	4.0	4.3
Land Rover	272	24.8%	661	8.2%	9,750	26.9%	0.8	0.8	0.4
Lexus	1,282	-9.7%	3,000	-7.2%	49,480	-3.5%	3.8	3.6	1.9
Lincoln	78	-12.4%	269	-4.9%	18,503	9.8%	0.2	0.3	0.7
Mazda	700	0.7%	1,243	12.4%	47,180	6.4%	2.1	1.5	1.8
Mercedes	2,488	18.8%	6,346	30.3%	62,813	27.8%	7.3	7.5	2.4
MINI	376	8.0%	1,141	6.4%	13,577	17.9%	1.1	1.4	0.5
Mitsubishi	181	-44.5%	303	14.3%	12,832	2.1%	0.5	0.4	0.5
Nissan	2,054	19.5%	6,002	16.2%	189,937	4.4%	6.0	7.1	7.2
Porsche	205	6.2%	599	-3.2%	5,991	-4.6%	0.6	0.7	0.2
smart	51	628.6%	77	51.0%	1,790	107.4%	0.1	0.1	0.1
Subaru	384	-5.7%	947	6.0%	73,650	15.4%	1.1	1.1	2.8
Suzuki	76	31.0%	5	-58.3%	5,186	-4.5%	0.2	0.0	0.2
Toyota/Scion	6,051	1.6%	15,768	0.3%	338,646	0.9%	17.7	18.7	12.8
Volkswagen	1,484	53.9%	3,654	27.6%	78,297	33.6%	4.3	4.3	3.0
Volvo	112	-42.0%	472	8.5%	12,939	1.7%	0.3	0.6	0.5
Other	81	20.9%	164	1.2%	3,331	-45.2%	0.2	0.2	0.1

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

	March			Year-to-Date thru March			Annual Totals			Annual Market Share (%)		
	Orange County			Orange County			Orange County			Orange County		
	2011	2012	% chg.	2011	2012	% chg.	2010	2011	% chg.	2010	2011	Chg.
MARKET SUMMARY												
TOTAL	11,795	14,554	23.4%	31,412	34,143	8.7%	106,329	120,800	13.6%			
Cars	7,244	9,271	28.0%	18,784	21,131	12.5%	63,970	72,716	13.7%	60.2	60.2	0.0
Light Trucks	4,551	5,283	16.1%	12,628	13,012	3.0%	42,359	48,084	13.5%	39.8	39.8	0.0
Domestic	2,288	2,976	30.1%	6,030	6,748	11.9%	19,172	24,130	25.9%	18.0	20.0	2.0
European	2,245	2,867	27.7%	6,242	7,696	23.3%	22,516	26,760	18.8%	21.2	22.2	1.0
Japanese	6,204	6,951	12.0%	16,282	15,738	-3.3%	56,628	56,846	0.4%	53.3	47.1	-6.2
Korean	1,058	1,760	66.4%	2,858	3,961	38.6%	8,013	13,064	63.0%	7.5	10.8	3.3
BRAND REGISTRATIONS												
Acura	201	220	9.5%	559	512	-8.4%	1,933	1,924	-0.5%	1.8	1.6	-0.2
Audi	216	282	30.6%	625	765	22.4%	2,138	2,513	17.5%	2.0	2.1	0.1
BMW	492	612	24.4%	1,442	1,628	12.9%	5,524	6,247	13.1%	5.2	5.2	0.0
Buick	61	57	-6.6%	165	124	-24.8%	462	543	17.5%	0.4	0.4	0.0
Cadillac	118	128	8.5%	347	344	-0.9%	1,142	1,193	4.5%	1.1	1.0	-0.1
Chevrolet	550	610	10.9%	1,407	1,338	-4.9%	4,111	5,268	28.1%	3.9	4.4	0.5
C/D/J/R	398	782	96.5%	1,032	1,631	58.0%	3,249	4,822	48.4%	3.1	4.0	0.9
Chrysler	34	109	220.6%	109	220	101.8%	450	611	35.8%	0.4	0.5	0.1
Dodge	124	192	54.8%	284	385	35.6%	1,304	1,612	23.6%	1.2	1.3	0.1
Jeep	196	380	93.9%	513	842	64.1%	1,369	2,415	76.4%	1.3	2.0	0.7
Ram	44	101	129.5%	126	184	46.0%	126	184	46.0%	0.1	0.2	0.1
FIAT	0	76		0	145		0	255		0.0	0.2	0.2
Ford	933	1,204	29.0%	2,486	2,802	12.7%	8,346	10,215	22.4%	7.8	8.5	0.7
GMC	199	168	-15.6%	501	431	-14.0%	1,333	1,733	30.0%	1.3	1.4	0.1
Honda	1,807	1,774	-1.8%	4,633	4,088	-11.8%	14,755	15,290	3.6%	13.9	12.7	-1.2
Hyundai	783	1,147	46.5%	2,074	2,563	23.6%	5,722	8,843	54.5%	5.4	7.3	1.9
Infiniti	200	146	-27.0%	508	410	-19.3%	1,566	1,710	9.2%	1.5	1.4	-0.1
Jaguar	23	42	82.6%	86	89	3.5%	327	356	8.9%	0.3	0.3	0.0
Kia	275	613	122.9%	784	1,398	78.3%	2,291	4,221	84.2%	2.2	3.5	1.3
Land Rover	77	103	33.8%	218	272	24.8%	651	860	32.1%	0.6	0.7	0.1
Lexus	488	486	-0.4%	1,419	1,282	-9.7%	5,350	4,797	-10.3%	5.0	4.0	-1.0
Lincoln	29	27	-6.9%	89	78	-12.4%	348	351	0.9%	0.3	0.3	0.0
Mazda	262	300	14.5%	695	700	0.7%	2,901	2,925	0.8%	2.7	2.4	-0.3
Mercedes	687	855	24.5%	2,095	2,488	18.8%	7,249	8,628	19.0%	6.8	7.1	0.3
MINI	145	141	-2.8%	348	376	8.0%	1,245	1,493	19.9%	1.2	1.2	0.0
Mitsubishi	123	85	-30.9%	326	181	-44.5%	986	1,018	3.2%	0.9	0.8	-0.1
Nissan	648	882	36.1%	1,719	2,054	19.5%	6,088	6,714	10.3%	5.7	5.6	-0.1
Porsche	75	75	0.0%	193	205	6.2%	701	822	17.3%	0.7	0.7	0.0
smart	1	40	3900.0%	7	51	628.6%	66	54	-18.2%	0.1	0.0	-0.1
Subaru	158	193	22.2%	407	384	-5.7%	1,343	1,387	3.3%	1.3	1.1	-0.2
Suzuki	31	23	-25.8%	58	76	31.0%	184	185	0.5%	0.2	0.2	0.0
Toyota/Scion	2,286	2,842	24.3%	5,958	6,051	1.6%	21,515	20,895	-2.9%	20.2	17.3	-2.9
Volkswagen	420	566	34.8%	964	1,484	53.9%	3,885	4,596	18.3%	3.7	3.8	0.1
Volvo	83	52	-37.3%	193	112	-42.0%	485	638	31.5%	0.5	0.5	0.0
Other	26	23	-11.5%	74	81	9.5%	433	304	-29.8%	0.4	0.3	-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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