

# Orange County Auto Outlook™



Comprehensive information on the Orange County automotive market

## FORECAST

### County New Vehicle Market Predicted to Increase 7% in 2014

#### Improvement follows estimated 10.9% uptick in 2013

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 solid gains during first three quarters of 2013; increase is above Nation

County new retail registrations were up 11.9% for the first nine months of this year versus a year earlier, above the 8% uptick in the National market.

#### New vehicle market increases again in Third Quarter of this year

The Third Quarter increase was 9.1%, identical to the increase in the Second Quarter.

#### Fifth consecutive annual increase likely in 2014

County new retail light vehicle registrations are predicted to increase 7% from 2013 to 2014. This year's annual increase is pegged at 10.9%.

#### Forecast determinants point to slower growth in new vehicle sales during next several years

The likelihood of less than stellar economic growth, economically restrictive fiscal policy from Washington, and a slowing global economy are likely to put a mild damper on the rate of growth in new vehicle sales. Moderate pent up demand, an improving housing market, low interest rates, and gradually improving household debt levels should ensure sales will continue to head higher, but at a slightly slower pace.

#### Trucks grab a larger share of county market

Light truck market share increased from 37.3% during the first nine months of 2012 to 37.8% this year. Primary factors were steady fuel prices and strong sales of Full Size Pick-ups and Crossovers.

#### Alternative powertrain vehicle sales are up sharply in 2013

County sales of hybrid and electric cars and trucks were up 49% so far this year. Market share was 9%.

#### Toyota, Honda, Ford, Hyundai, and Nissan are leaders in Orange County market

Toyota was the best selling brand during the first three quarters of this year, with an 18.6% share. Honda's share was 13.1%.

#### Mazda, Subaru, Dodge, Ram, and BMW gain a lot of ground in 2013

New retail registrations for each of these five brands were up more than 29% so far in 2013.

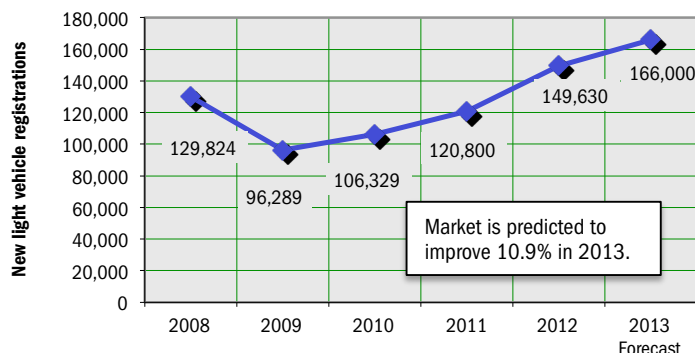
#### Toyota Prius best-selling car in county market; Honda CRV is light truck leader

Honda Accord and Civic were ranked second and third behind Prius in the car market, while F-Series and Tacoma trailed the CRV.

#### Detroit Three gain ground in 2013, as Korean brands lose share

Detroit Three accounted for a larger chunk of the county market so far this year, with share increasing from 19.2% during the first nine months of 2012 to 19.8% in 2013.

Annual Trend in Orange County New Vehicle Market



Market Summary

	YTD '11 thru Sept.	YTD '12 thru Sept.	YTD '13 thru Sept.	% ch. '12 to '13
TOTAL	91,294	112,513	125,857	11.9%
Car	55,304	70,572	78,243	10.9%
Light Truck	35,990	41,941	47,614	13.5%
Detroit Three	18,011	21,618	24,907	15.2%
European	19,735	23,051	24,879	7.9%
Japanese	43,647	55,038	62,686	13.9%
Korean	9,901	12,806	13,385	4.5%

Detroit Three consists of vehicles sold by GM, Ford, and Chrysler.

Data Source: AutoCount data from Experian Automotive.

The graph above shows annual new retail light vehicle registrations in the county from 2008 thru 2012 and Auto Outlook's projection for 2013.

MARKET TRACKER: MONTHLY MOVING AVERAGE

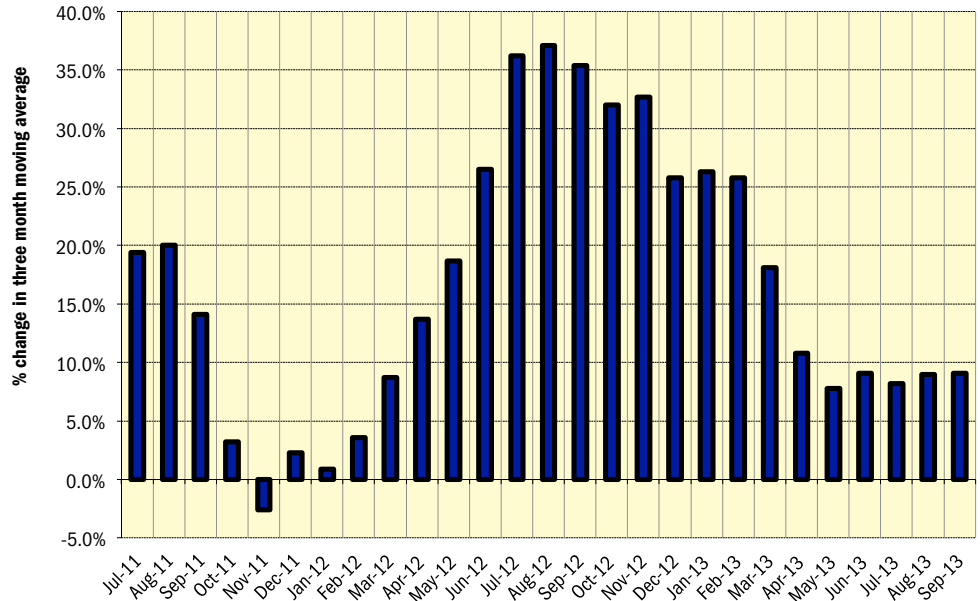
# Market Continues to Post Consistent Gains

**Percent change in three month moving average has improved for 22 straight 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.

New vehicle registrations have continued their upward trend during the past several years, with the three month moving average increasing from year earlier levels in 44 of the past 46 months!

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

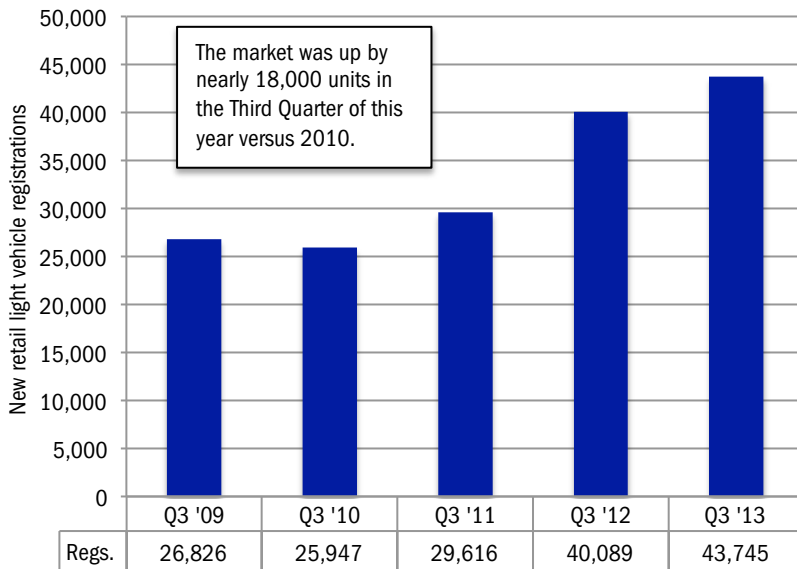


MARKET TRACKER: QUARTERLY PERSPECTIVE

## Third Quarter Up Sharply from 2010

**3Q 2013 registrations highest since 2Q 2007**

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



Third quarter registrations during past five years

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**

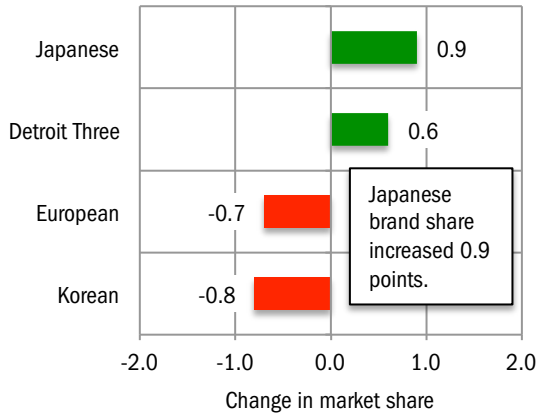
Data presented measures new vehicles registered to purchasers (or lessees) residing in Orange County. Monthly recording of registrations occurs when vehicle title is processed.

Data Source: AutoCount Data from Experian Automotive.

**MARKET TRACKER: BRAND MARKET SHARE**

**Japanese Brands Are Up**

Change in County Market Share  
YTD 2013 thru September vs. YTD 2012



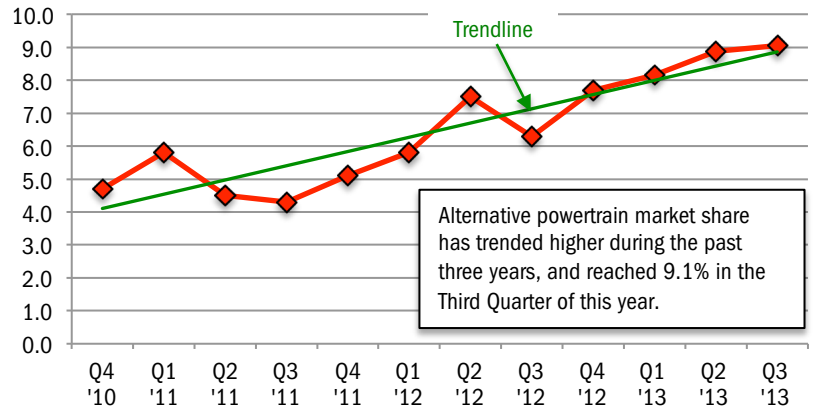
The graph above shows the change in year to date market share for four primary brand segments.

Data Source: AutoCount data from Experian Automotive.

**MARKET TRACKER: HYBRID AND ELECTRIC VEHICLES**

**Green Vehicle Share Moves Higher**

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 Cars are Biggest Segment in County Market**

Orange County Segment Market Share Review				
Segment	Market Share YTD '12 thru September	Market Share YTD '13 thru September	Change in share YTD '12 to '13	Best selling model in segment
Sub Compact Car	22.4	22.7	0.3	Toyota Prius
Standard Mid Size Car	16.8	16.4	-0.4	Honda Accord
Compact SUV	9.1	9.2	0.1	Honda CRV
Near Luxury Car	8.7	8.6	-0.1	BMW 3-Series
Luxury Car	5.8	6.1	0.3	Mercedes E-Class
Mid Size Luxury SUV	5.1	5.0	-0.1	Lexus RX
Mid Size Crossover SUV	4.6	4.7	0.1	Ford Edge
Entry Car	5.0	4.3	-0.7	Nissan Versa
Full Size Pickup	4.1	4.3	0.2	Ford F-Series
Mini Van	3.3	3.0	-0.3	Toyota Sienna
Mid Size SUV	2.5	2.6	0.1	Jeep Grand Cherokee
Compact Luxury SUV	1.6	2.3	0.7	Mercedes GLK-Class
Full Size Crossover SUV	2.1	2.2	0.1	Ford Explorer
Sport Compact Car	2.1	2.0	-0.1	Chevrolet Camaro
Compact Pickup	2.0	1.9	-0.1	Toyota Tacoma
Large Mid Size Car	1.2	1.4	0.2	Toyota Avalon
Full Size Luxury SUV	1.1	1.0	-0.1	Mercedes GL-Class
Full Size SUV	1.0	0.8	-0.2	Chevrolet Tahoe
Full Size Van	0.7	0.7	0.0	Ford Transit Connect
Sports Car	0.7	0.6	-0.1	Porsche 911

The table above shows Orange county market share for 20 vehicle segments during the first nine months of 2012 and 2013, 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 2013 share. Most popular segment in the county is Sub Compact Car. Source: AutoCount data from Experian Automotive.

BRAND SCOREBOARD - PART ONE

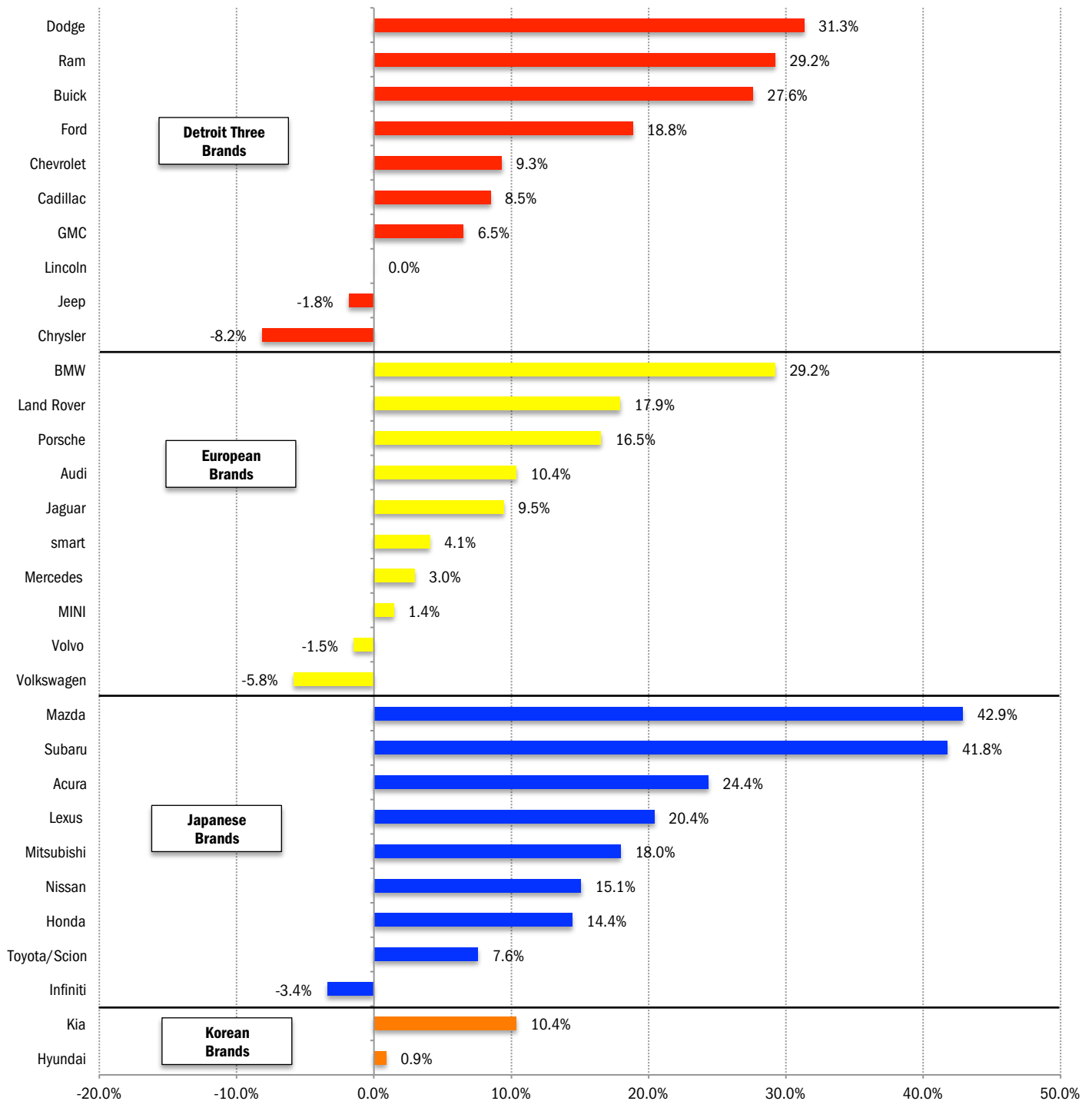
# Mazda and Subaru Post Largest Gains So Far This Year

**Dodge, Ram, and BMW also have big gains**

The graphs below provide a comparative evaluation of brand sales performance in the county market. They show 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 2013 thru September vs. YTD 2012**



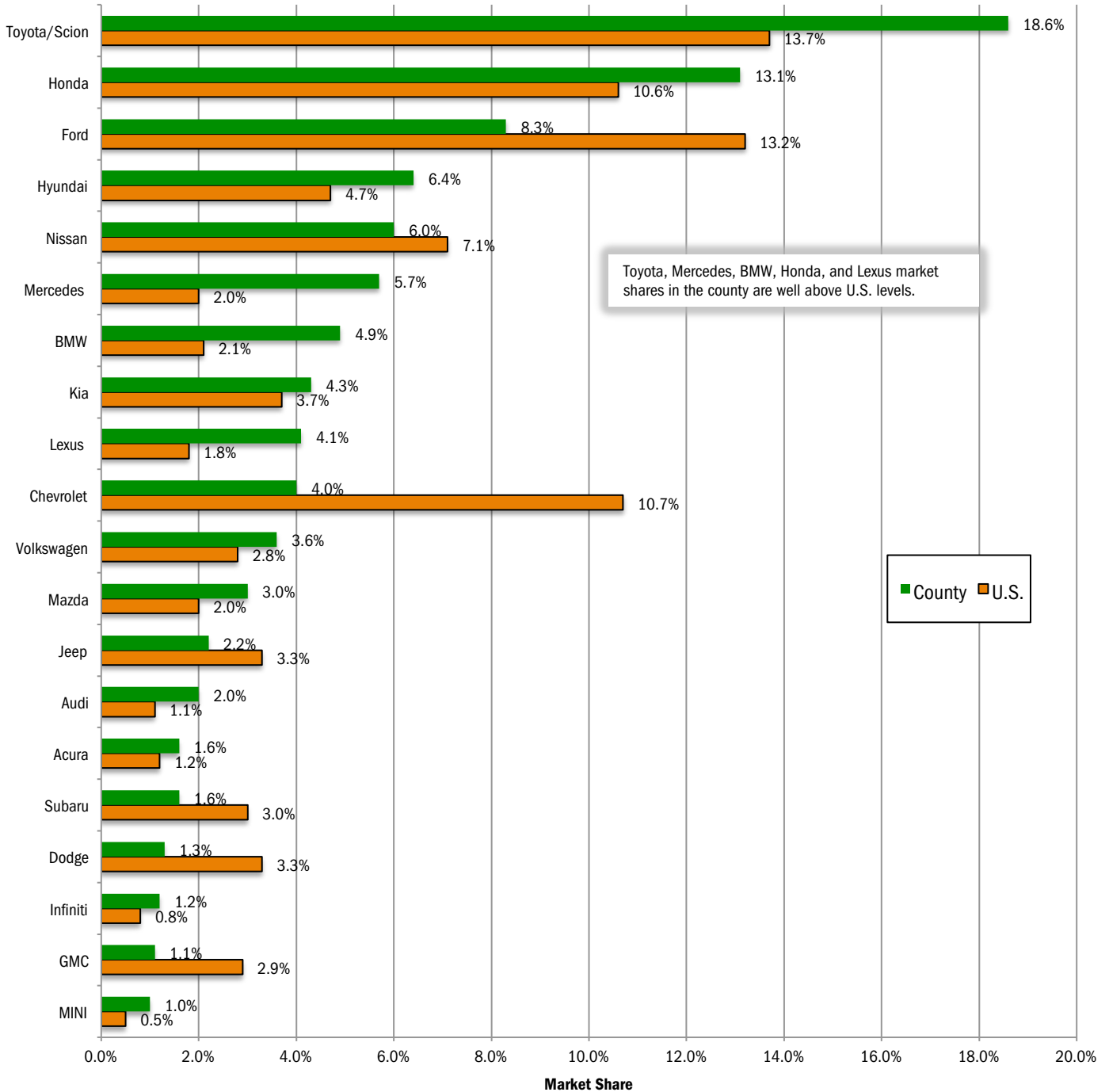
BRAND SCOREBOARD - PART TWO

# Toyota Market Share in County Easily Exceeds U.S.

## Honda and Ford rank second and third

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 18.6% of the market, well above its 13.7% share in the Nation. Mercedes market share in the county was 5.7%, 3.7 points higher than its U.S. share. Source: AutoCount data from Experian Automotive.

County and U.S. Market Share - YTD 2013 thru September



FORECAST DETERMINANTS

# Three Primary Factors Impacting New Vehicle Sales

Indicators point to continued improvement in county new vehicle market

**#1**

**Consumer Sentiment**

Consumer attitudes have risen from recession levels, but still reflect concerns

Impact on new vehicle sales:  
**MILDLY POSITIVE**

Sentiment reached a five year high of 81.9 in the Third Quarter of 2013, well above the recession-low point of 57.7 in the Fourth Quarter of 2008. However, consumer attitudes have remained stagnant for the past several quarters. Source: University of Michigan.

University of Michigan Consumer Sentiment Index



**#2**

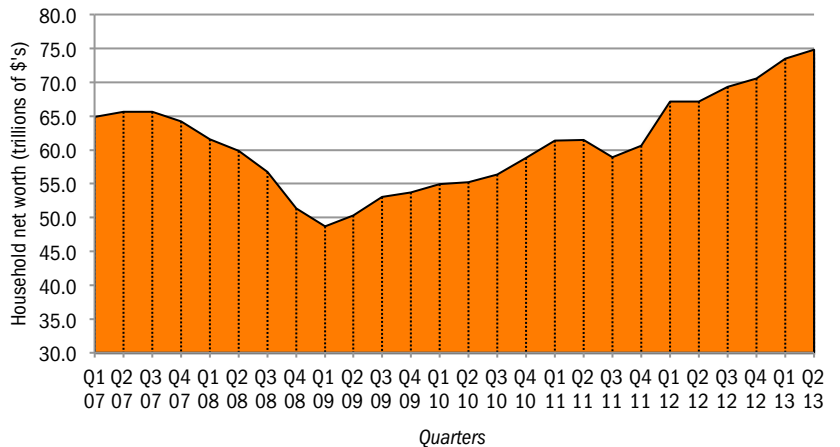
**Household Net Worth**

Household net worth has moved higher from the lows in early 2009

Impact on new vehicle sales:  
**POSITIVE**

After declining sharply from 2007 to the First Quarter of 2009, household net worth recovered, and approached \$75 trillion in the Second Quarter of 2013. The trend of improving net worth provides a boost to consumer spending. Source: Federal Reserve.

U.S. Household Net Worth



**#3**

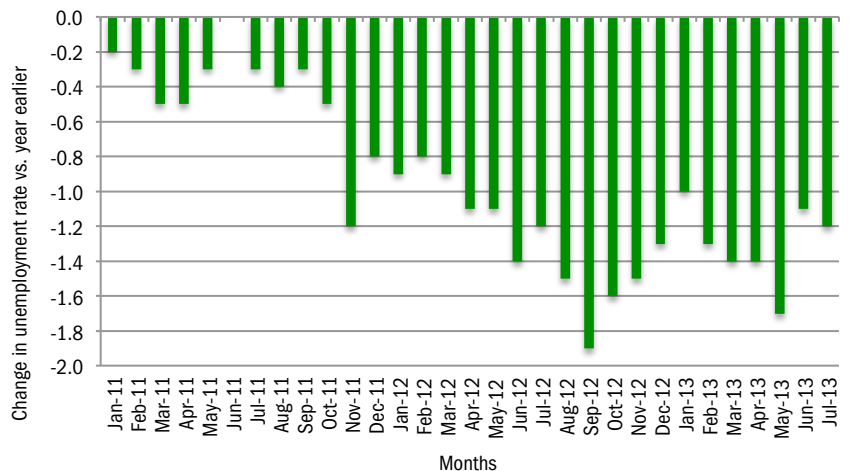
**County Unemployment**

County unemployment rate declined during past two years

Impact on new vehicle sales:  
**POSITIVE**

The graph on the right shows the monthly change in the county unemployment rate versus the same month a year earlier. The rate has moved steadily lower during the past two years. Source: BLS.

Monthly Change in County Unemployment Rate (vs. year earlier)



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

# Orange County Market Up 11.9% So Far This Year

Los Angeles County market was up 14.3%

	Orange County Retail Market	Los Angeles County Retail Market	U.S. Market*
<b>Market Growth</b> % change in registrations YTD '13 thru September vs. YTD '12	11.9%	14.3%	8.0%
<b>Car Market Share</b> Car share of industry retail light vehicle YTD '13 thru September	62.2%	67.2%	50.8%
<b>Domestic Brand Market Share</b> Domestic brand share of industry retail light vehicle registrations - YTD '13 thru September	19.8%	18.5%	45.3%

Brand	New Retail Registrations - YTD thru September						Market Share (YTD '13 thru Sept)		
	Orange County		Los Angeles County		U.S.*		Orange County	L.A. County	U.S.
	Regs.	% ch. from '12	Regs.	% ch. from '12	Regs.	% ch. from '12			
Acura	2,046	24.4%	4,202	6.4%	120,830	4.4%	1.6	1.3	1.0
Audi	2,510	10.4%	8,163	16.8%	114,411	13.6%	2.0	2.5	1.0
BMW	6,194	29.2%	17,390	24.9%	212,565	14.0%	4.9	5.4	1.8
Buick	573	27.6%	1,147	17.6%	157,503	14.7%	0.5	0.4	1.3
Cadillac	1,073	8.5%	2,905	12.0%	133,414	28.9%	0.9	0.9	1.1
Chevrolet	4,997	9.3%	15,926	22.1%	1,493,329	5.1%	4.0	4.9	12.7
Chry Dodge Jeep Ram	5,775	8.8%	13,165	22.7%	1,324,261	8.7%	4.6	4.1	11.2
Chrysler	597	-8.2%	1,413	-0.4%	237,746	-1.5%	0.5	0.4	2.0
Dodge	1,651	31.3%	4,909	48.2%	461,834	17.8%	1.3	1.5	3.9
Jeep	2,749	-1.8%	5,158	7.1%	355,385	-2.7%	2.2	1.6	3.0
Ram	778	29.2%	1,685	42.4%	269,296	22.8%	0.6	0.5	2.3
Fiat	391	-9.9%	1,834	-10.4%	32,742	0.0%	0.3	0.6	0.3
Ford	10,416	18.8%	21,989	16.6%	1,827,820	12.7%	8.3	6.8	15.5
GMC	1,371	6.5%	2,574	4.0%	333,213	8.7%	1.1	0.8	2.8
Honda	16,454	14.4%	46,038	10.3%	1,038,182	9.2%	13.1	14.3	8.8
Hyundai	7,993	0.9%	12,279	2.6%	548,218	1.6%	6.4	3.8	4.7
Infiniti	1,451	-3.4%	3,776	-14.4%	80,919	-6.6%	1.2	1.2	0.7
Jaguar	266	9.5%	717	-10.6%	12,447	30.3%	0.2	0.2	0.1
Kia	5,392	10.4%	14,055	16.2%	416,383	-4.3%	4.3	4.4	3.5
Land Rover	940	17.9%	2,318	17.5%	35,359	11.6%	0.7	0.7	0.3
Lexus	5,104	20.4%	13,737	29.6%	190,760	11.6%	4.1	4.3	1.6
Lincoln	249	0.0%	858	7.7%	59,852	-6.3%	0.2	0.3	0.5
Mazda	3,721	42.9%	5,071	28.3%	220,490	5.3%	3.0	1.6	1.9
Mercedes	7,146	3.0%	20,774	14.4%	229,996	11.1%	5.7	6.4	2.0
MINI	1,262	1.4%	3,680	-0.5%	49,635	2.3%	1.0	1.1	0.4
Mitsubishi	866	18.0%	1,153	26.7%	44,981	-2.5%	0.7	0.4	0.4
Nissan	7,613	15.1%	22,808	18.2%	860,197	10.3%	6.0	7.1	7.3
Porsche	824	16.5%	2,611	24.0%	31,550	26.1%	0.7	0.8	0.3
smart	153	4.1%	350	33.1%	6,937	-5.1%	0.1	0.1	0.1
Subaru	2,036	41.8%	5,202	52.5%	313,407	27.7%	1.6	1.6	2.7
Toyota/Scion	23,371	7.6%	61,956	10.9%	1,507,419	7.6%	18.6	19.2	12.8
Volkswagen	4,523	-5.8%	12,643	1.7%	314,833	-2.6%	3.6	3.9	2.7
Volvo	401	-1.5%	1,477	4.5%	48,193	-6.6%	0.3	0.5	0.4
Other	746	75.5%	1,674	188.1%	14,205	-44.4%	0.6	0.5	0.1

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

\*U.S. figures include fleets

Data Source for Orange and Los Angeles counties: AutoCount data from Experian Automotive. Source for U.S. figures: Automotive News.



Orange County New Retail Car and Light Truck Registrations												
	September			Three Month Period July '13 thru September '13			YTD thru September			YTD Market Share (%)		
	Orange County			Orange County			Orange County			Orange County		
	2012	2013	% chg.	Prev.	Curr.	% chg.	2012	2013	% chg.	2012	2013	Chg.
<b>MARKET SUMMARY</b>												
TOTAL	16,334	17,938	9.8%	40,089	43,745	9.1%	112,513	125,857	11.9%			
Cars	10,413	11,196	7.5%	25,173	27,145	7.8%	70,572	78,243	10.9%	62.7	62.2	-0.5
Light Trucks	5,921	6,742	13.9%	14,916	16,600	11.3%	41,941	47,614	13.5%	37.3	37.8	0.5
Domestic	2,996	3,572	19.2%	7,597	8,757	15.3%	21,618	24,907	15.2%	19.2	19.8	0.6
European	3,010	3,264	8.4%	7,885	8,178	3.7%	23,051	24,879	7.9%	20.5	19.8	-0.7
Japanese	8,344	9,189	10.1%	19,997	22,219	11.1%	55,038	62,686	13.9%	48.9	49.8	0.9
Korean	1,984	1,913	-3.6%	4,610	4,591	-0.4%	12,806	13,385	4.5%	11.4	10.6	-0.8
<b>BRAND REGISTRATIONS</b>												
Acura	271	320	18.1%	586	765	30.5%	1,645	2,046	24.4%	1.5	1.6	0.1
Audi	334	314	-6.0%	821	813	-1.0%	2,274	2,510	10.4%	2.0	2.0	0.0
BMW	670	693	3.4%	1,657	1,882	13.6%	4,793	6,194	29.2%	4.3	4.9	0.6
Buick	69	98	42.0%	166	217	30.7%	449	573	27.6%	0.4	0.5	0.1
Cadillac	150	159	6.0%	350	366	4.6%	989	1,073	8.5%	0.9	0.9	0.0
Chevrolet	661	712	7.7%	1,664	1,805	8.5%	4,571	4,997	9.3%	4.1	4.0	-0.1
C/D/J/R	668	888	32.9%	1,812	2,059	13.6%	5,309	5,775	8.8%	4.7	4.6	-0.1
Chrysler	68	76	11.8%	193	194	0.5%	650	597	-8.2%	0.6	0.5	-0.1
Dodge	147	242	64.6%	420	591	40.7%	1,257	1,651	31.3%	1.1	1.3	0.2
Jeep	364	439	20.6%	984	971	-1.3%	2,800	2,749	-1.8%	2.5	2.2	-0.3
Ram	89	131	47.2%	215	303	40.9%	602	778	29.2%	0.5	0.6	0.1
FIAT	56	46	-17.9%	163	122	-25.2%	434	391	-9.9%	0.4	0.3	-0.1
Ford	1,231	1,387	12.7%	3,066	3,505	14.3%	8,764	10,416	18.8%	7.8	8.3	0.5
GMC	180	197	9.4%	461	467	1.3%	1,287	1,371	6.5%	1.1	1.1	0.0
Honda	2,128	2,435	14.4%	5,075	6,052	19.3%	14,377	16,454	14.4%	12.8	13.1	0.3
Hyundai	1,268	1,117	-11.9%	2,748	2,676	-2.6%	7,921	7,993	0.9%	7.0	6.4	-0.6
Infiniti	235	239	1.7%	657	533	-18.9%	1,502	1,451	-3.4%	1.3	1.2	-0.1
Jaguar	32	34	6.3%	74	91	23.0%	243	266	9.5%	0.2	0.2	0.0
Kia	716	796	11.2%	1,862	1,915	2.8%	4,885	5,392	10.4%	4.3	4.3	0.0
Land Rover	108	119	10.2%	275	298	8.4%	797	940	17.9%	0.7	0.7	0.0
Lexus	682	788	15.5%	1,575	1,844	17.1%	4,238	5,104	20.4%	3.8	4.1	0.3
Lincoln	37	41	10.8%	78	94	20.5%	249	249	0.0%	0.2	0.2	0.0
Mazda	503	523	4.0%	1,124	1,211	7.7%	2,604	3,721	42.9%	2.3	3.0	0.7
Mercedes	714	993	39.1%	2,156	2,393	11.0%	6,939	7,146	3.0%	6.2	5.7	-0.5
MINI	179	168	-6.1%	467	395	-15.4%	1,244	1,262	1.4%	1.1	1.0	-0.1
Mitsubishi	97	119	22.7%	294	316	7.5%	734	866	18.0%	0.7	0.7	0.0
Nissan	975	1,045	7.2%	2,506	2,446	-2.4%	6,615	7,613	15.1%	5.9	6.0	0.1
Porsche	97	112	15.5%	254	263	3.5%	707	824	16.5%	0.6	0.7	0.1
smart	23	32	39.1%	48	59	22.9%	147	153	4.1%	0.1	0.1	0.0
Subaru	165	258	56.4%	471	701	48.8%	1,436	2,036	41.8%	1.3	1.6	0.3
Tesla	0	90		0	244		0	453		0.0	0.4	0.4
Toyota/Scion	3,282	3,461	5.5%	7,688	8,350	8.6%	21,724	23,371	7.6%	19.3	18.6	-0.7
Volkswagen	701	679	-3.1%	1,722	1,647	-4.4%	4,804	4,523	-5.8%	4.3	3.6	-0.7
Volvo	65	43	-33.8%	153	135	-11.8%	407	401	-1.5%	0.4	0.3	-0.1
Other	37	32	-13.5%	116	81	-30.2%	425	293	-31.1%	0.4	0.2	-0.2

### Orange County Auto Outlook

Published by Auto Outlook, Inc.

Phone: 800-206-0102 Email: jfoltz@autooutlook.com

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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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