

San Diego Auto Outlook



Comprehensive information on the San Diego County new vehicle market

FORECAST

County Market Gets Off to Good Start in 2016

Annual total could approach 170,000 units

Below is a list of four trends in the San Diego County new vehicle market. Following each is Auto Outlook's prediction on whether the trend is likely to continue, or fade out.

Trend #1: New vehicle sales are increasing

County new retail registrations were up 8% in the First Quarter of this year (March figures were estimated). This followed the 9.7% increase from 2014 to 2015. Between 2009 (the low point in the downturn) and 2015, the county market improved by 107%.

Will this trend continue or fade out? We think it will fade out. Sales are likely reaching their peak. Further, significant improvement in sales seems unlikely. However, we do not believe that a precipitous decline is in the cards. Strong consumer affordability, advanced age of cars on the road, and dramatic improvements in today's new vehicles should keep the market strong.

Trend #2: Truck sales are booming

Light truck market share in San Diego County hit 46% in the First Quarter of this year, up

from 42.6% a year earlier. And the truck trend is even more evident when looking back several years. Light truck market share has increased by nearly 10 points since 2012.

Will this trend continue or fade out? Barring a significant spike in gasoline prices, the trend should continue unabated. Consumers have made it clear that if gas is affordable, light trucks (especially SUVs and pickups) are their vehicle of choice. There's obviously a limit to how high truck share can go, but we think it can still move higher.

Trend #3: Luxury car sales are falling

New luxury car registrations in the county declined 9% during the first two months of this year versus a year earlier, while the overall market was up 8%.

Will this trend continue or fade out? It should continue. Obviously, consumer preferences for light trucks are hurting luxury car sales, but there is another force at work here: advanced safety features and connectivity options, once restricted to luxury cars, are now

available on mainstream offerings. This "trickle down" of high tech features has negated some of the tangible benefit of purchasing a luxury car.

Trend #4: Consumer affordability is strong

Consumer affordability for new vehicles remains at very strong levels. The average monthly new vehicle payment as a percent of disposable personal income has been at very low levels for a long time, which has provided sustainable momentum for the new vehicle market.

Will this trend continue or fade out? It should continue. Although interest rates might move marginally higher during the next 12 months, personal incomes are improving. In addition, increasing incentives have kept a lid on vehicle prices which should combine to keep a new vehicle purchase within reach for a significant number of consumers.

Annual Trend in County Market



Historical Data Source: IHS Automotive.

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

Market Summary

	YTD '15 thru Mar.	YTD '16 thru Mar.*	% Chg. '15 to '16	Mkt. Share YTD '16*
TOTAL	37,253	40,238	8.0%	
Car	21,393	21,738	1.6%	54.0%
Light Truck	15,860	18,500	16.6%	46.0%
Domestic	9,354	10,807	15.5%	26.9%
European	5,731	5,607	-2.2%	13.9%
Japanese	19,303	20,823	7.9%	51.7%
Korean	2,865	3,001	4.7%	7.5%

Source: IHS Automotive.

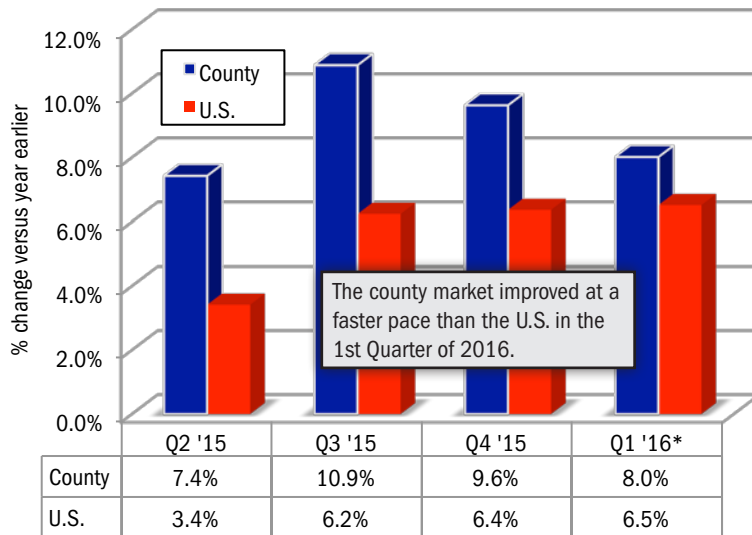
Domestic brands consists of vehicles sold by GM, Ford, FCA (excluding FIAT), and Tesla. *Figures for March, 2016 were estimated by Auto Outlook.

MARKET TRACKER: QUARTERLY RESULTS

County Market Increased 8% in First Quarter of 2016

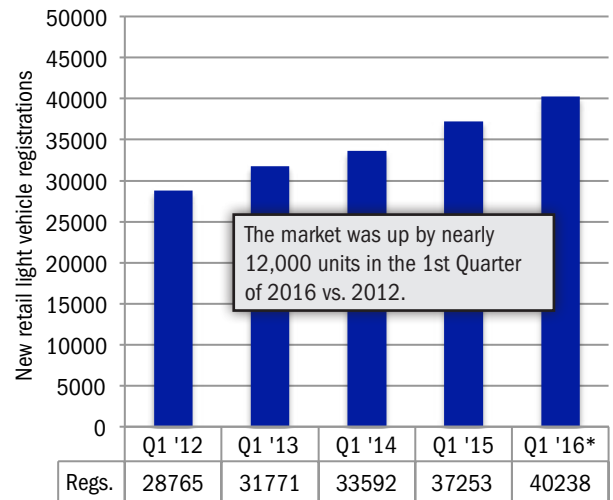
QUARTERLY TREND

Percent Change in County and U.S. New Vehicle Market



QUARTERLY PERSPECTIVE

Five Years of First Quarter Results in County Market



First Quarter registrations during past five years

* Figures for the First Quarter of 2016 were estimated by Auto Outlook based on data for January and February. Source: IHS Automotive.

* Figures for 1Q 2016 were estimated by Auto Outlook based on data for January and February. Source: IHS Automotive.

MARKET TRACKER: COUNTY MARKET VERSUS U.S.

County Domestic Share Trails U.S.

	County Market		U.S. Market	
Percent change in registrations YTD '16 thru Mar.* vs. YTD '15	8.0%		6.5%	
Passenger car market share YTD '16 thru Mar.*	54.0%		41.0%	
Domestic brand market share YTD '16 thru Mar.*	26.9%		42.4%	
Top 10 brands and market share YTD '16 thru Mar.*				
First	Toyota	17.7%	Ford	12.8%
Second	Honda	11.1%	Toyota	12.7%
Third	Ford	10.7%	Chevrolet	11.0%
Fourth	Nissan	10.3%	Honda	9.3%
Fifth	Chevrolet	5.5%	Nissan	8.2%
Sixth	Kia	3.9%	Jeep	5.4%
Seventh	Subaru	3.7%	Subaru	4.0%
Eighth	Jeep	3.7%	Hyundai	3.9%
Ninth	Hyundai	3.6%	Kia	3.6%
Tenth	Lexus	3.5%	GMC	3.3%

*March 2016 figures estimated by Auto Outlook

Source: IHS Automotive

San Diego Auto Outlook

Covering First Quarter 2016

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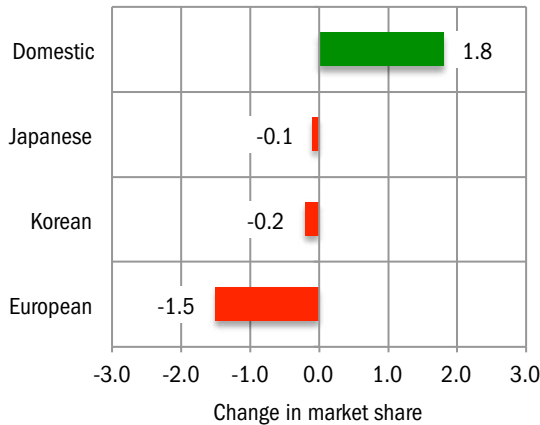
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MARKET TRACKER: PRIMARY SEGMENTS

Detroit 3 Post Gains

Change in County Market Share
YTD 2016 thru March* vs. YTD 2015

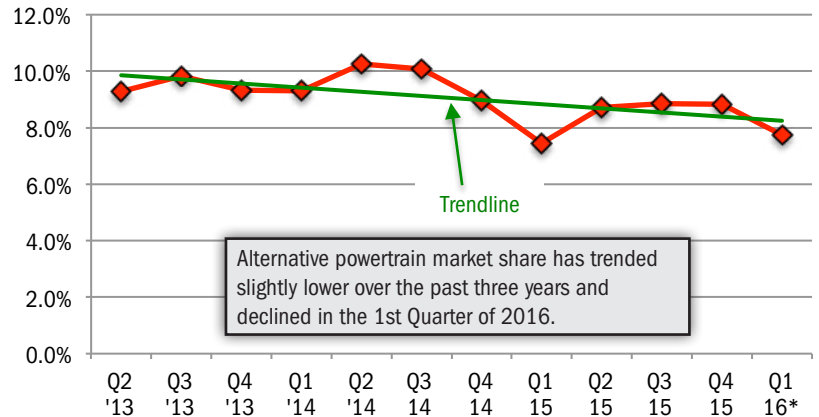


The graph above shows the change in year-to-date market share for four primary brand segments. *Figures for March, 2016 were estimated by Auto Outlook. Data Source: IHS Automotive.

MARKET TRACKER: HYBRID AND ELECTRIC VEHICLES

Hybrid/Electric Share Declines

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. *First Quarter 2016 includes January and February. Source: IHS Automotive.

MARKET TRACKER - SEGMENTS

Compact SUV Market Share Rises to 15.1% in Early 2016

San Diego County Segment Market Share Review				
Segment	Market Share YTD '15 thru February	Market Share YTD '16 thru February	Change in share YTD '15 to '16	Best selling model in segment
Sub Compact Car	23.0	24.0	1.0	Honda Civic
Compact SUV	13.7	15.1	1.4	Toyota RAV4
Standard Mid Size Car	14.4	13.7	-0.7	Honda Accord
Full Size Pickup	5.9	6.2	0.3	Ford F Series
Mid Size SUV 3 Rows	5.3	5.0	-0.3	Ford Explorer
Near Luxury Car	6.3	4.9	-1.4	BMW 3-Series
Mid Size Luxury SUV	3.9	3.9	0.0	Lexus RX
Compact Luxury SUV	3.0	3.7	0.7	Lexus NX
Compact Pickup	3.5	3.6	0.1	Toyota Tacoma
Entry Car	4.8	3.6	-1.2	Kia Soul
Luxury and Sports Cars	4.0	3.4	-0.6	Tesla Model S
Mid Size SUV 2 Rows	2.8	3.0	0.2	Jeep Grand Cherokee
Mini Van	2.3	2.3	0.0	Toyota Sienna
Sport Compact Car	2.0	2.0	0.0	Ford Mustang
Entry Luxury Car	1.6	1.6	0.0	Audi A3
Full Size Van	0.9	1.3	0.4	Ford Transit Connect Van
Large Mid Size Car	1.1	1.2	0.1	Dodge Charger
Full Size SUV	1.0	1.0	0.0	Chevrolet Tahoe
Full Size Luxury SUV	0.5	0.5	0.0	Land Rover Range Rover

The table above shows San Diego county market share for 19 vehicle segments during the first two 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 2016 share. Most popular segment in the county is Sub Compact Car. Compact SUV had the largest gain. Data Source: IHS Automotive.

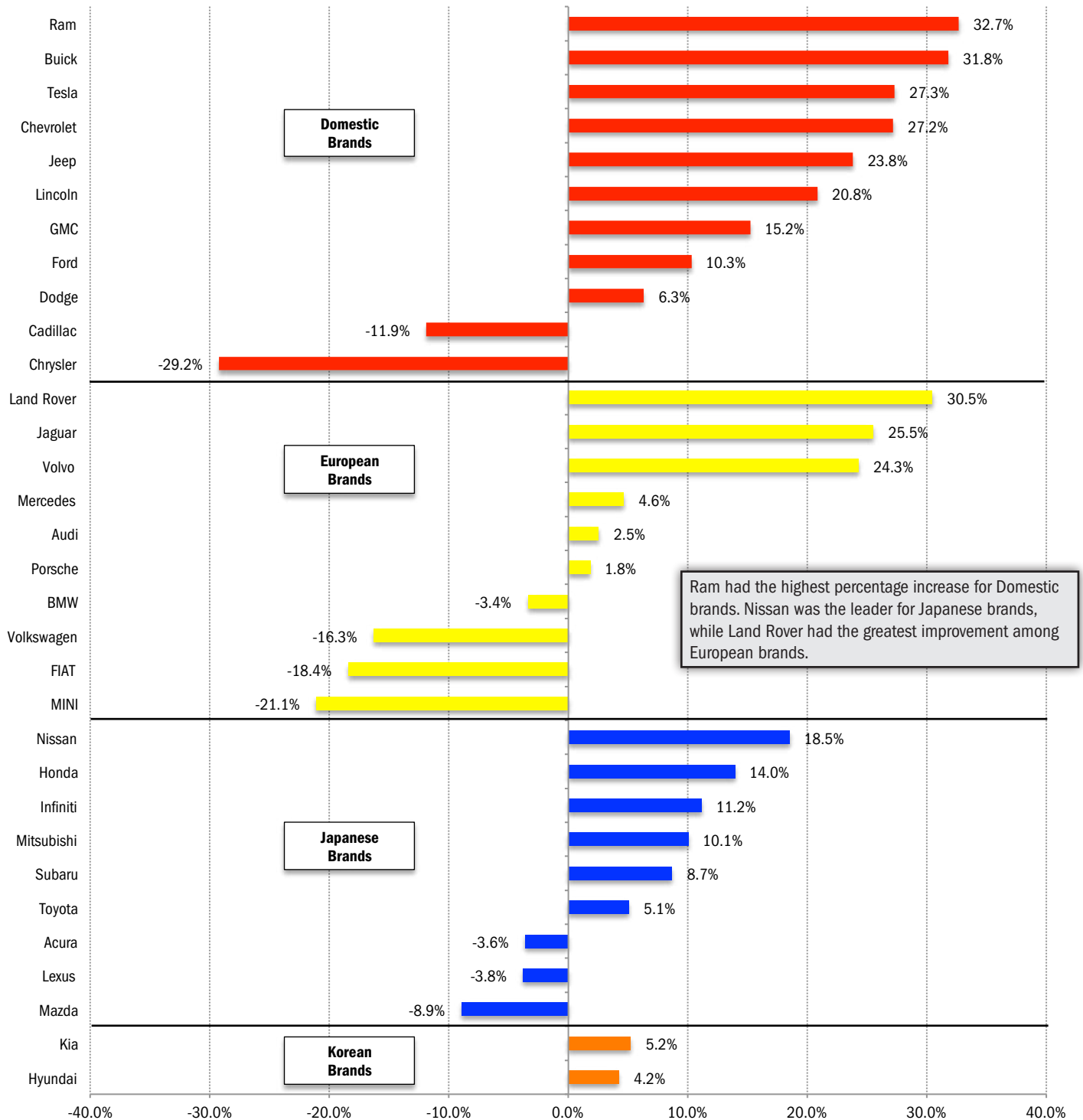
BRAND SCOREBOARD - PART ONE

Ram and Land Rover Post Large Percentage Gains

Nissan had largest increase among Japanese brands

The graph 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., Domestic, European, Japanese, and Korean).

**Percent Change in County New Retail Light Vehicle Registrations
YTD 2016 thru March* vs. YTD 2015**



Ram had the highest percentage increase for Domestic brands. Nissan was the leader for Japanese brands, while Land Rover had the greatest improvement among European brands.

*Figures for March, 2016 were estimated by Auto Outlook.

Source: IHS Automotive.

BRAND SCOREBOARD - PART TWO

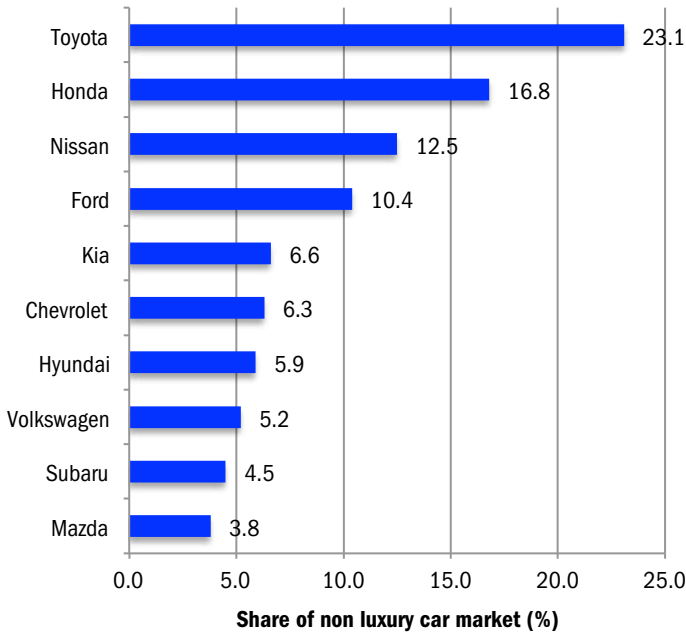
Toyota is Non-Luxury Car Brand Leader; Ford #2 for Trucks

BMW is best selling luxury car brand; Mercedes leads for luxury trucks

The four graphs below show market share leaders in San Diego County during the past six months for four primary segments. (Note: figures for March, 2016 were estimated.) Toyota was the best-selling Non Luxury Car brand, with a 6.3 point lead over second place Honda. Toyota was

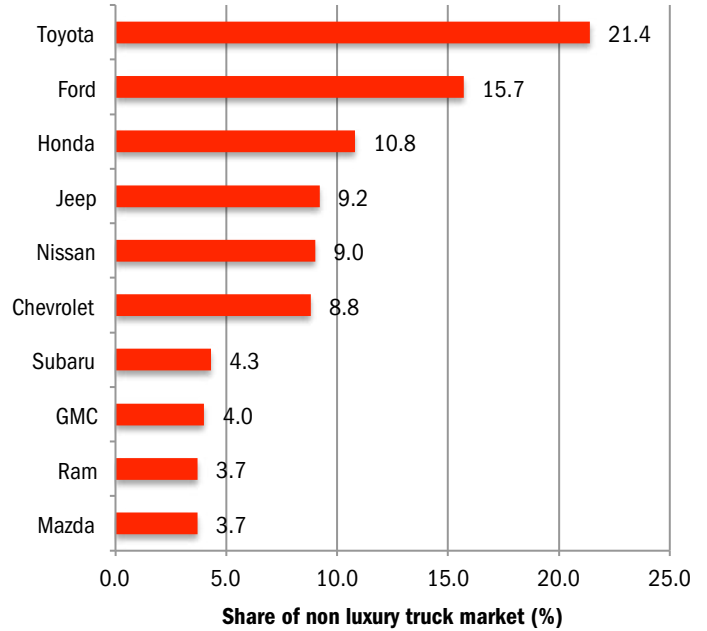
also the top ranked Non Luxury Light Truck brand, ahead of Ford and Honda. BMW was the best-selling Luxury Car brand, while Mercedes was highest for trucks.

**Top 10 Non Luxury Car Brands in County Market
October 2015 thru March 2016**



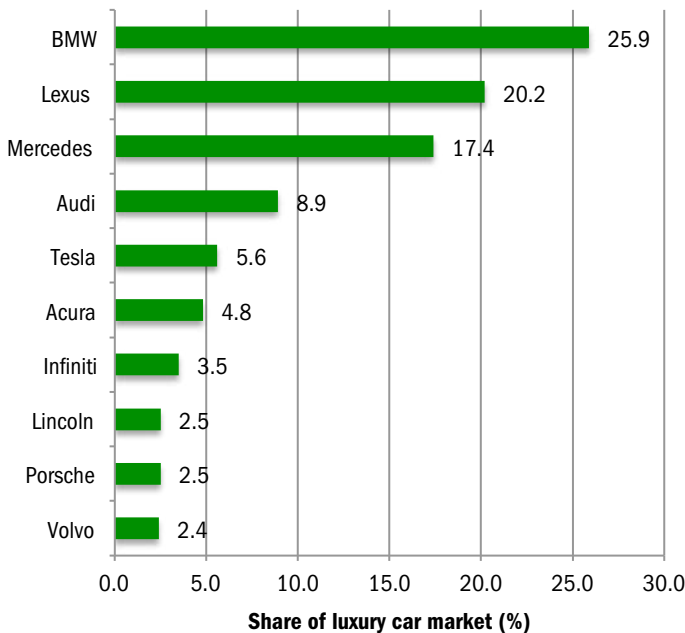
Source: IHS Automotive.

**Top 10 Non Luxury Truck Brands in County Market
October 2015 thru March 2016**



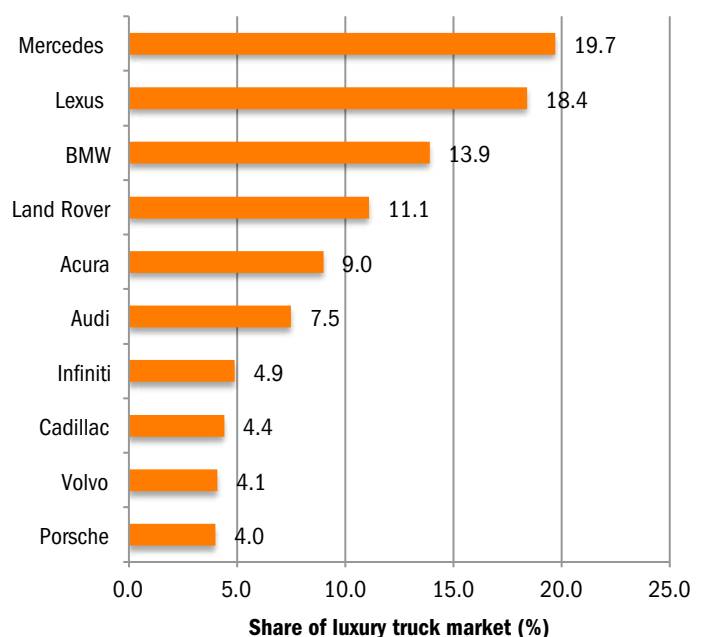
Source: IHS Automotive.

**Top 10 Luxury Car Brands in County Market
October 2015 thru March 2016**



Source: IHS Automotive.

**Top 10 Luxury Light Truck Brands in County Market
October 2015 thru March 2016**



Source: IHS Automotive.

BRAND SCOREBOARD-PART THREE

Toyota, Nissan, and Ford Have Big Gains During Past Six Years

County registrations for all three brands were up more than 8,800 units between 2009 and 2015

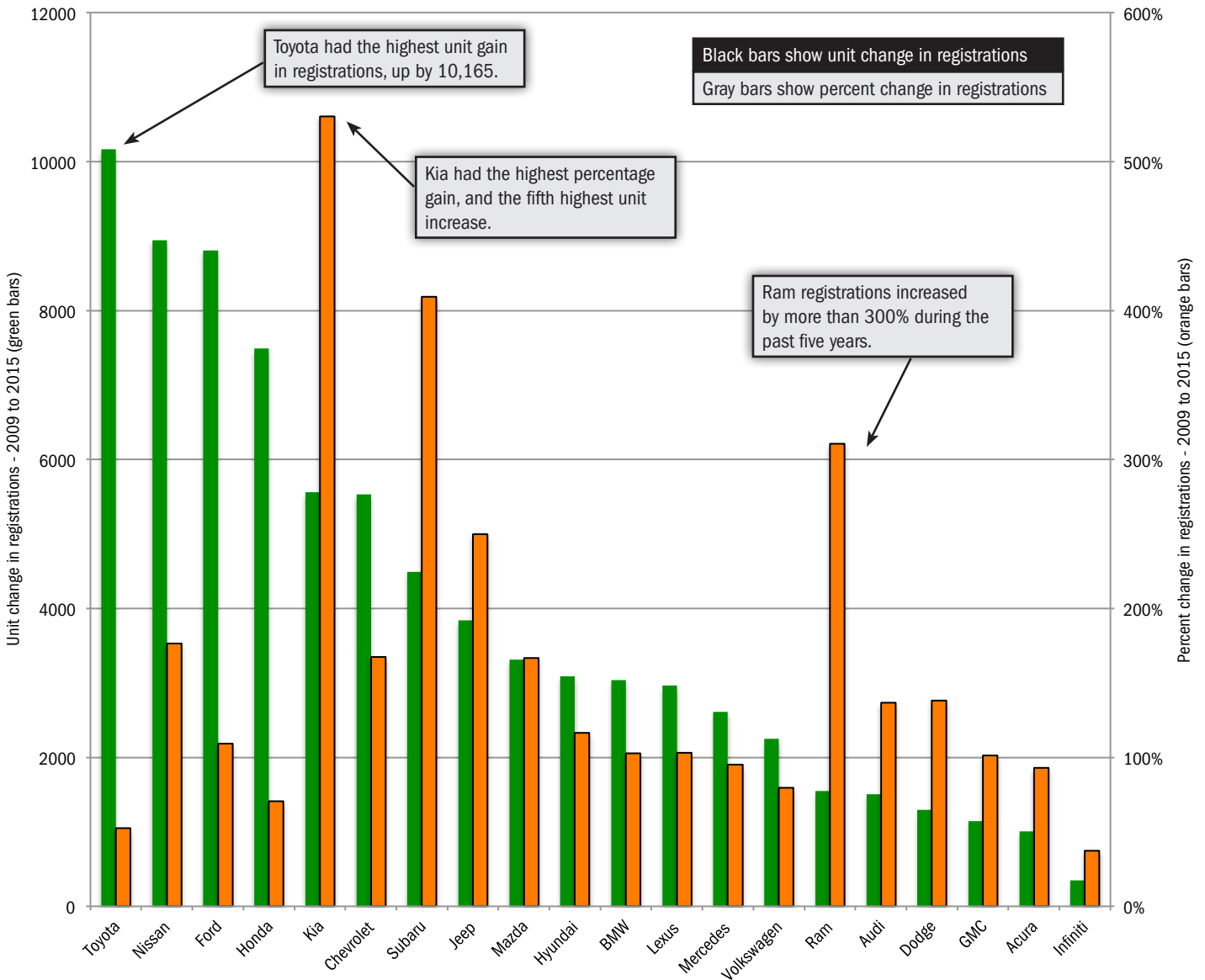
Since the new vehicle market hit bottom in 2009, the recovery has been strong and steady. New vehicle registrations increased for six straight years, and were 107% higher in 2015 than in 2009. Not surprisingly, nearly all brands posted impressive gains during the six year period, and among the top 20 sellers no brands had a decline. However, as shown on

the graph below, some have had bigger gains than others.

The graph provides a thorough picture of brand sales performance by showing both the unit and percentage gains between 2009 and 2015. Brands are positioned from left to right based on the unit gain in registrations (shown

by the black bars and represented by the left axis). Percentage change (shown by the gray bars and represented by the right axis) is also shown for each brand.

Unit and Percent Change in County New Retail Light Vehicle Registrations 2015 vs. 2009



Source: IHS Automotive.

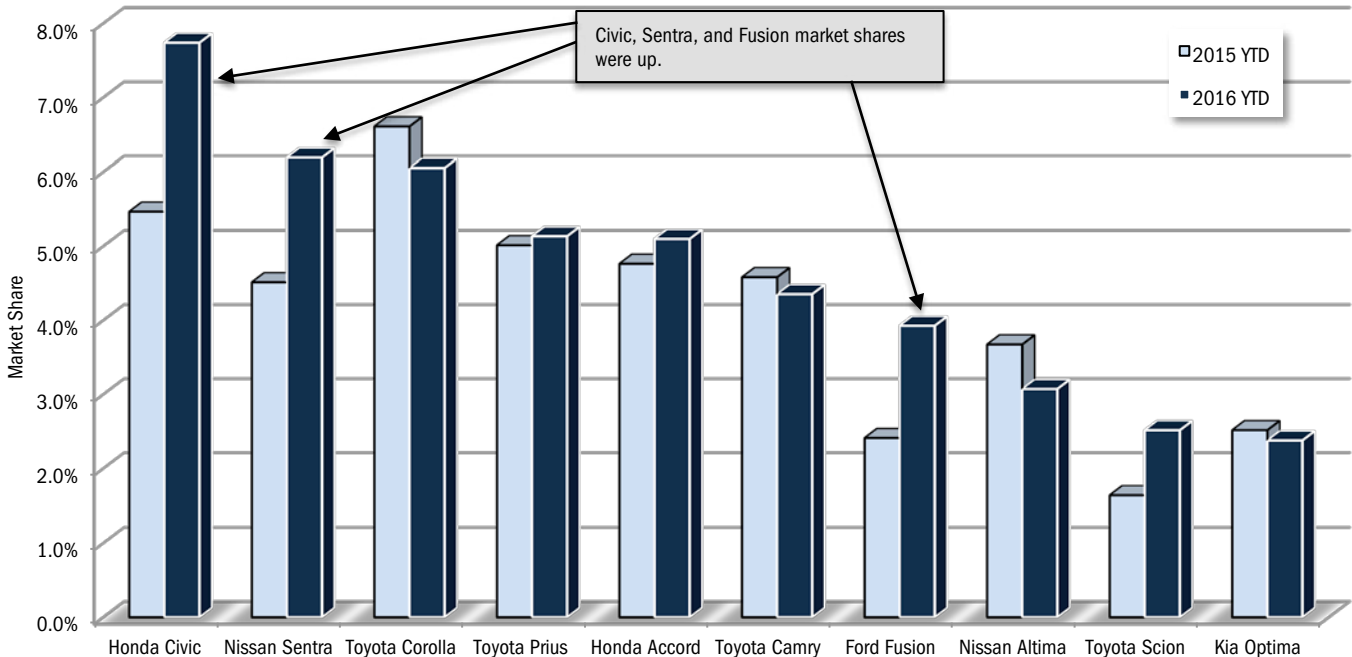
MODEL SCOREBOARD

Civic Top Seller in County Car Market; Tacoma is Truck Leader

Civic, Sentra, and Fusion have big market share gains

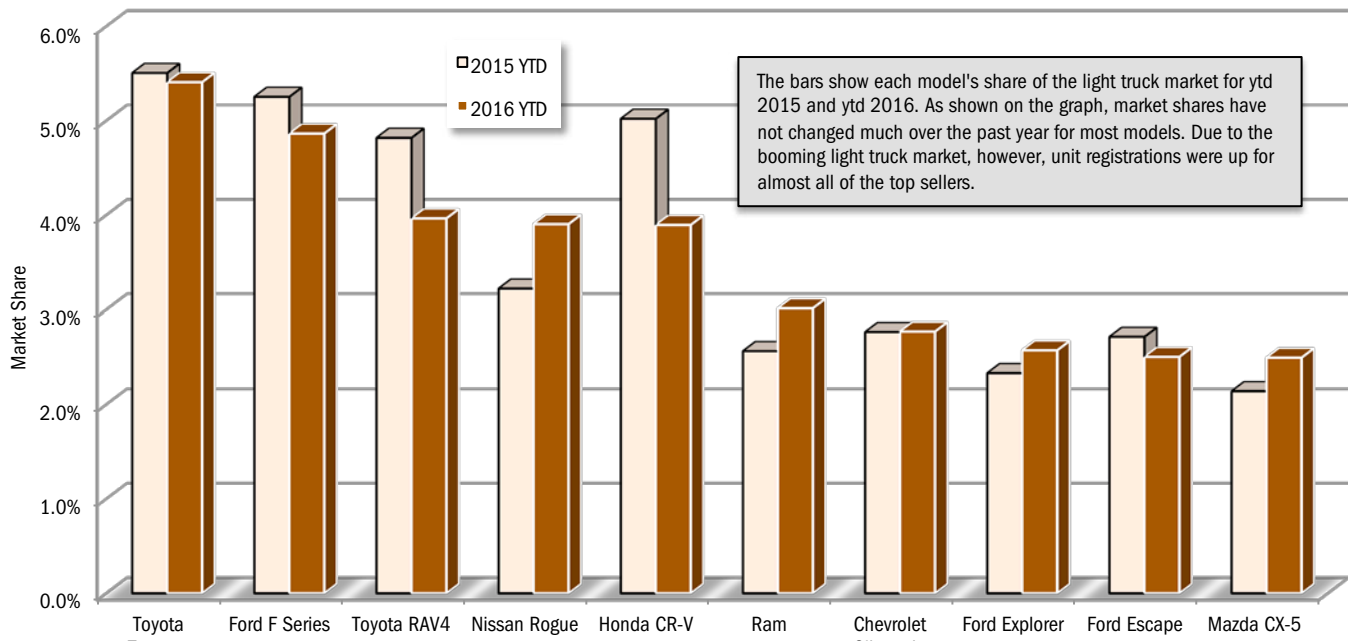
The two graphs below show market shares in the county car and light truck markets during the first two months of 2015 and 2016. Includes the top ten selling car and light truck models.

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



Source: IHS Automotive.

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



Source: IHS Automotive.

Brand Registrations Report												
San Diego County New Retail Car and Light Truck Registrations												
	First Quarter*						Annual Totals					
	Registrations			Market Share (%)			Registrations			Market Share (%)		
	1Q 2015	1Q 2016	% change	1Q 2015	1Q 2016	Change	2014	2015	% change	2014	2015	Change
TOTAL	37,253	40,238	8.0				146,947	161,196	9.7			
Cars	21,393	21,738	1.6	57.4	54.0	-3.4	88,098	91,167	3.5	60.0	56.6	-3.4
Light Trucks	15,860	18,500	16.6	42.6	46.0	3.4	58,849	70,029	19.0	40.0	43.4	3.4
Domestic Brands	9,354	10,807	15.5	25.1	26.9	1.8	36,291	41,684	14.9	24.7	25.9	1.2
European Brands	5,731	5,607	-2.2	15.4	13.9	-1.5	23,592	24,673	4.6	16.1	15.3	-0.8
Japanese Brands	19,303	20,823	7.9	51.8	51.7	-0.1	76,361	82,497	8.0	52.0	51.2	-0.8
Korean Brands	2,865	3,001	4.7	7.7	7.5	-0.2	10,703	12,342	15.3	7.3	7.7	0.4
Acura	497	479	-3.6	1.3	1.2	-0.1	1,810	2,096	15.8	1.2	1.3	0.1
Audi	589	604	2.5	1.6	1.5	-0.1	2,395	2,611	9.0	1.6	1.6	0.0
BMW	1,416	1,368	-3.4	3.8	3.4	-0.4	5,856	5,992	2.3	4.0	3.7	-0.3
Buick	129	170	31.8	0.3	0.4	0.1	527	648	23.0	0.4	0.4	0.0
Cadillac	244	215	-11.9	0.7	0.5	-0.2	1,017	931	-8.5	0.7	0.6	-0.1
Chevrolet	1,733	2,204	27.2	4.7	5.5	0.8	7,324	8,839	20.7	5.0	5.5	0.5
Chrysler	284	201	-29.2	0.8	0.5	-0.3	663	952	43.6	0.5	0.6	0.1
Dodge	604	642	6.3	1.6	1.6	0.0	2,183	2,230	2.2	1.5	1.4	-0.1
FIAT	293	239	-18.4	0.8	0.6	-0.2	1,235	925	-25.1	0.8	0.6	-0.2
Ford	3,919	4,323	10.3	10.5	10.7	0.2	15,428	16,876	9.4	10.5	10.5	0.0
GMC	440	507	15.2	1.2	1.3	0.1	1,603	2,269	41.5	1.1	1.4	0.3
Honda	3,934	4,483	14.0	10.6	11.1	0.5	16,451	18,104	10.0	11.2	11.2	0.0
Hyundai	1,373	1,431	4.2	3.7	3.6	-0.1	5,413	5,737	6.0	3.7	3.6	-0.1
Infiniti	340	378	11.2	0.9	0.9	0.0	1,186	1,277	7.7	0.8	0.8	0.0
Jaguar	47	59	25.5	0.1	0.1	0.0	233	201	-13.7	0.2	0.1	-0.1
Jeep	1,201	1,487	23.8	3.2	3.7	0.5	4,800	5,376	12.0	3.3	3.3	0.0
Kia	1,492	1,570	5.2	4.0	3.9	-0.1	5,290	6,605	24.9	3.6	4.1	0.5
Land Rover	279	364	30.5	0.7	0.9	0.2	861	1,221	41.8	0.6	0.8	0.2
Lexus	1,455	1,400	-3.8	3.9	3.5	-0.4	5,593	5,843	4.5	3.8	3.6	-0.2
Lincoln	168	203	20.8	0.5	0.5	0.0	555	715	28.8	0.4	0.4	0.0
Mazda	1,264	1,151	-8.9	3.4	2.9	-0.5	4,475	5,305	18.5	3.0	3.3	0.3
Mercedes	1,167	1,221	4.6	3.1	3.0	-0.1	4,500	5,357	19.0	3.1	3.3	0.2
MINI	256	202	-21.1	0.7	0.5	-0.2	1,019	1,083	6.3	0.7	0.7	0.0
Mitsubishi	179	197	10.1	0.5	0.5	0.0	522	682	30.7	0.4	0.4	0.0
Nissan	3,482	4,127	18.5	9.3	10.3	1.0	13,128	14,021	6.8	8.9	8.7	-0.2
Other	148	184	24.3	0.4	0.5	0.1	622	637	2.4	0.4	0.4	0.0
Porsche	271	276	1.8	0.7	0.7	0.0	764	912	19.4	0.5	0.6	0.1
Ram	447	593	32.7	1.2	1.5	0.3	1,703	2,048	20.3	1.2	1.3	0.1
Subaru	1,372	1,491	8.7	3.7	3.7	0.0	4,505	5,591	24.1	3.1	3.5	0.4
Tesla	176	224	27.3	0.5	0.6	0.1	458	767	67.5	0.3	0.5	0.2
Toyota	6,773	7,116	5.1	18.2	17.7	-0.5	28,675	29,563	3.1	19.5	18.3	-1.2
Volkswagen	1,141	955	-16.3	3.1	2.4	-0.7	5,550	5,073	-8.6	3.8	3.1	-0.7
Volvo	140	174	24.3	0.4	0.4	0.0	603	709	17.6	0.4	0.4	0.0

*March 2016 figures were estimated by Auto Outlook.

Source: IHS Automotive.

The table above shows new retail light vehicle (car and light truck) registrations in San Diego County. Figures are shown for the First Quarters of 2015 and 2016, and annual totals for 2014 and 2015. The top ten ranked brands in each category are shaded yellow.

USED VEHICLE MARKET REPORT

County Used Vehicle Market Improved in Early 2016

Used vehicle registrations increased 4.4% thru February

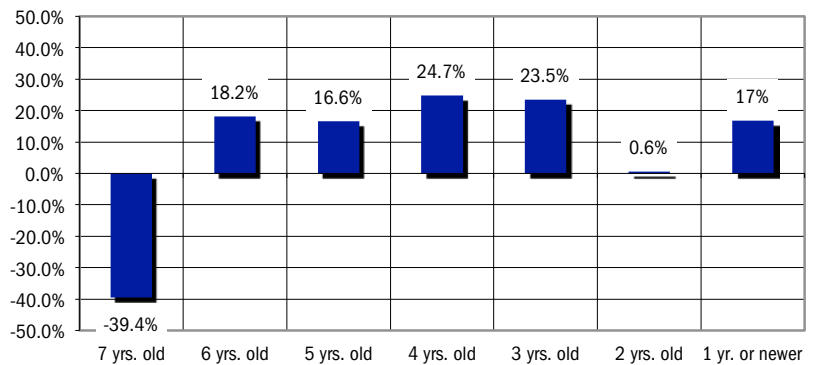
Below is a list of key trends in the San Diego County retail used vehicle market:

- Retail used car and light truck registrations in the county increased 4.4% during the first two months of 2016 versus a year earlier.
- As shown on the graph below, the gap between the size of the new and used vehicle markets (vehicles six year old or newer) has remained fairly stable during the past two years. New vehicle registrations increased 8% during the first three months of 2016 (versus a year earlier), while 6 year old or newer used registrations were up 15.9%.
- Used registrations for vehicles 6 years old or newer moved higher at the beginning of this year. As shown on the graph to the right, 1, 3, 4, 5, and 6 year old used vehicle registrations were up more than 16%. The 7 year old market declined 39.4%.
- Korean brand used registrations increased 17.6%, while Japanese brands were up 5.7%.
- Toyota Corolla was the best-selling model in the county among 2 year old or newer vehicles. Honda Civic was the leader among 3 and 4 year old vehicles.

San Diego County Retail Used Light Vehicle Registrations YTD thru February					
	Registrations		% Change '15 TO '16	Market Share	
	YTD '15	YTD '16		YTD '15	YTD '16
TOTAL	48,323	50,431	4.4%		
Cars	28,954	30,125	4.0%	59.9%	59.7%
Light Trucks	19,369	20,306	4.8%	40.1%	40.3%
Detroit Three	17,517	17,847	1.9%	36.2%	35.4%
European	7,767	7,965	2.5%	16.1%	15.8%
Japanese	20,872	22,071	5.7%	43.2%	43.8%
Korean	2,167	2,548	17.6%	4.5%	5.1%

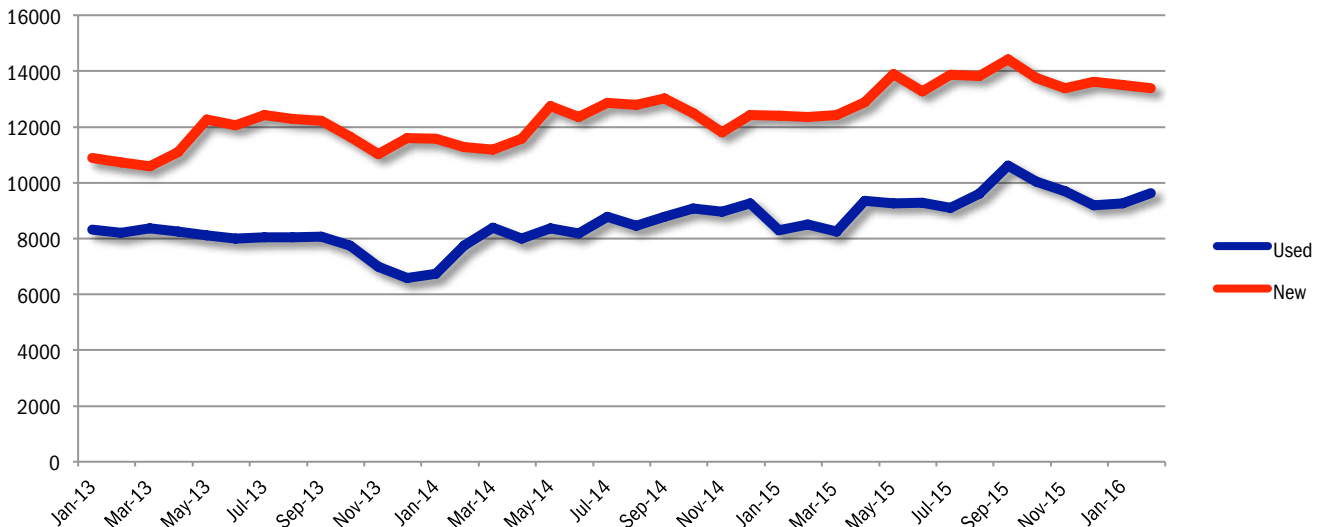
Source: IHS Automotive.

Percent Change in County Retail Used Registrations
by Vehicle Age, YTD '16 thru Feb. vs. YTD '15



Source: IHS Automotive.

San Diego County New and Used Retail Registrations - Three Month Moving Average
(used only includes vehicles 6 years old or newer)



Source: IHS Automotive.

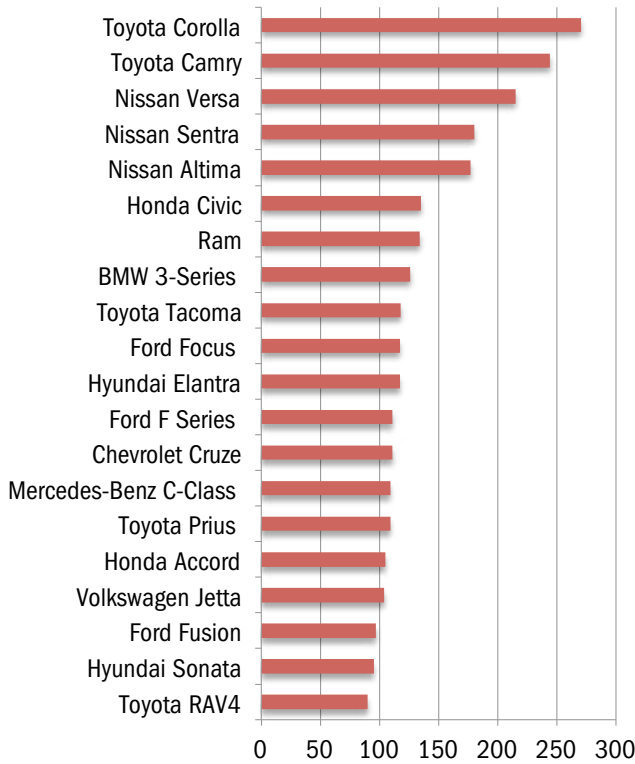
TOP SELLING MODELS

Honda Civic is Best Seller in 3 to 4 Year Old Market

Corolla and Camry are leaders in 2 year old or newer category

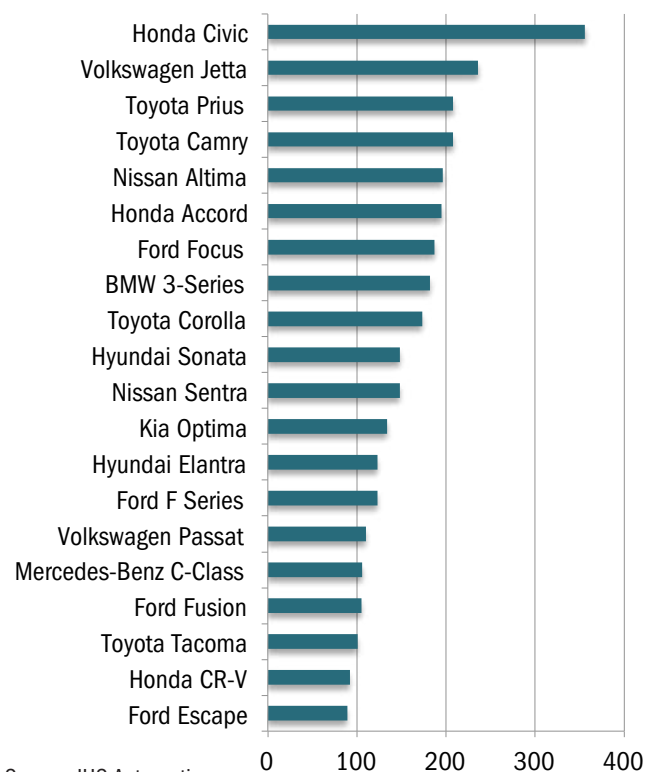
The graphs below show top selling models in two age categories: vehicles two years old or newer, and three and four year old vehicles.

Top 20 Selling Models (Two years old or newer)
Used retail registrations, YTD '16 thru Feb.



Source: IHS Automotive.

Top 20 Selling Models (3 and 4 years old)
Used retail registrations, YTD '16 thru Feb.



Source: IHS Automotive.

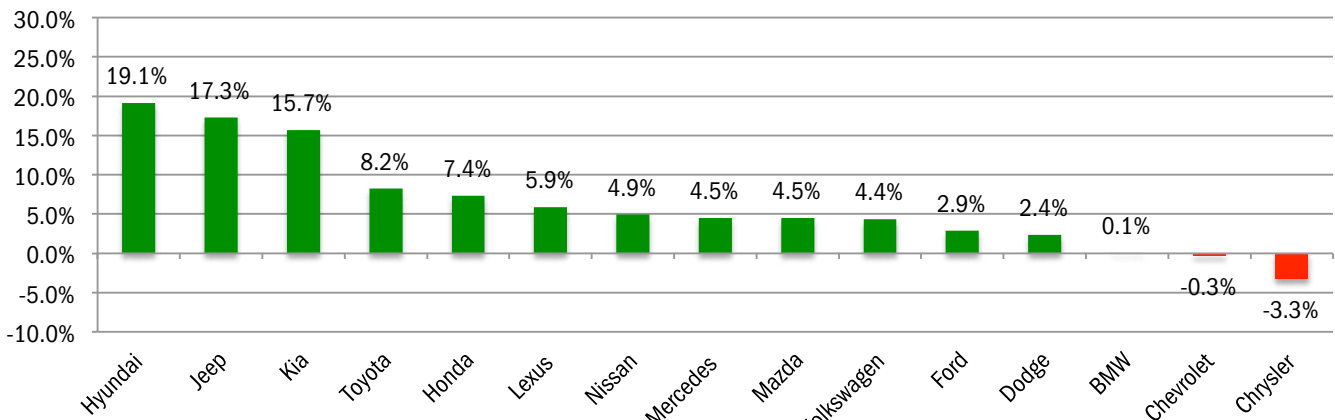
USED VEHICLE BRAND SCOREBOARD

Used Hyundai Registrations Increase 19.1%

Registrations for Jeep and Kia were also up sharply

The graph below shows the percent change in used registrations for the top 15 selling makes during the first 2 months of 2016 vs. year earlier.

Percent Change in Used Registrations (top 15 brands in county) - YTD '16 thru February vs. YTD '15



Source: IHS Automotive.