

San Diego Auto Outlook



**NEW CAR
DEALERS ASSOCIATION
SAN DIEGO COUNTY**

Comprehensive information on the San Diego County new vehicle market

FORECAST

County New Vehicle Market Declines Slightly in First Half of 2017

Below is a list of 10 key trends and developments in the San Diego County new vehicle market:

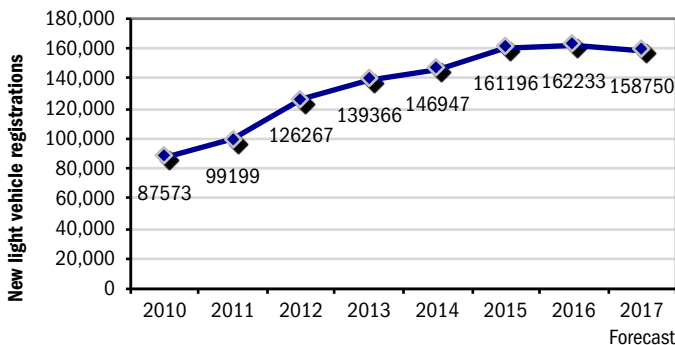
- 1. County new retail registrations declined by 1% in the first half of this year versus a year earlier, about the same as the 0.5% drop in the Nation. (Note: June figures were estimated).
- 2. Despite the small decline, the market is still well above the low point in 2009. Registrations in the first half of this year were an estimated 78,192 units, up by more than 42,000 compared to the first six months of 2009!
- 3. Auto Outlook's annual forecast for 2017 new retail light vehicle registrations: 158,750 units, down slightly from 2016.
- 4. Light truck market share increased from 47.7% during the first six months of 2016 to 53.2% this year.
- 5. Registrations for Detroit Three brands were off a slim 0.2% so far this year. Korean brands were up 4.2%
- 6. Alternative powertrain (hybrid and electric) market share was 8.9% thru May of this year, up from last year.
- 7. Three biggest segments in the county are Compact Car, Compact SUV, and Mid Size SUV.
- 8. Brands with the largest percentage increases in registrations during the first six months of this year (among top 30 brands): FIAT, Infiniti, Tesla, Volkswagen, Chrysler, and Audi.
- 9. County market share leaders in the first half of 2017 were Toyota, Honda, Ford, Nissan, and Chevrolet.
- 10. Top ten selling vehicles in county market: Honda Civic, Ford F-Series, Toyota Tacoma, Honda Accord, Honda CR-V, Toyota Corolla, Toyota RAV4, Toyota Prius, Toyota Camry, and Nissan Rogue.

**General Market Outlook for next two years:
New vehicle sales likely to move lower;
but should remain at healthy levels**



After fully recovering from the low point in sales that occurred in 2009, the county new vehicle market is likely to soften during the next few years. But the healthy job market, strong consumer affordability, and significant advances in new vehicle technology and safety features should keep sales strong.

Annual Trend in County Market



Historical Data Source: IHS Markit.

The graph above shows annual new retail light vehicle registrations in the county from 2010 thru 2016 and Auto Outlook's projection for 2017.

Market Summary

	YTD '16 thru Jun.	YTD '17 thru Jun.*	% Chg. '16 to '17	Mkt. Share 2017*
TOTAL	78,945	78,192	-1.0%	
Car	41,306	36,579	-11.4%	46.8%
Light Truck	37,639	41,613	10.6%	53.2%
Domestic	21,134	21,099	-0.2%	27.0%
European	11,150	11,454	2.7%	14.6%
Japanese	40,879	39,617	-3.1%	50.7%
Korean	5,782	6,022	4.2%	7.7%

Source: IHS Markit.

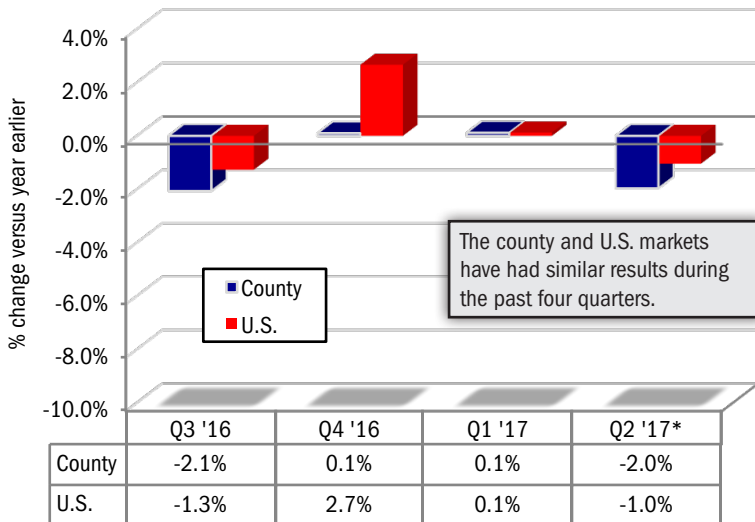
Domestics consist of vehicles sold by GM, Ford, FCA (excluding FIAT), and Tesla. Historical figures were revised by IHS Markit and will differ slightly from those shown in previous releases. *Figures for June, 2017 were estimated by Auto Outlook.

MARKET TRACKER: QUARTERLY RESULTS

County Market Off Slightly in 2Q '17; Sales Stay at Healthy Levels

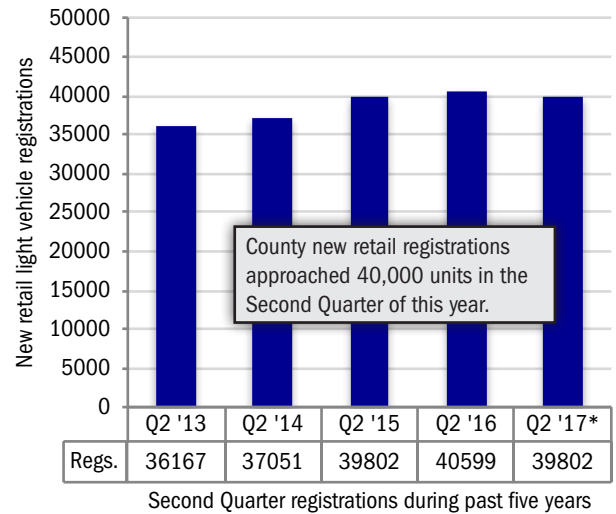
QUARTERLY TREND

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



QUARTERLY PERSPECTIVE

Five Years of Second Quarter Results in County Market



* Figures for the Second Quarter of 2017 were estimated by Auto Outlook based on data for April and May. Source: IHS Markit.

* Figures for 2Q 2017 were estimated by Auto Outlook based on data for April and May. Source: IHS Markit.

MARKET TRACKER: COUNTY MARKET VERSUS U.S.

Toyota County Market Share Is 17.7%

	County Market		U.S. Market	
Percent change in registrations YTD '17 thru June* vs. YTD '16	-1.0%		-0.5%	
Passenger car market share YTD '17 thru June*	46.8%		36.3%	
Domestic brand market share YTD '17 thru June	27.0%		41.5%	
Top 10 brands and market share YTD '17 thru June*				
First	Toyota	17.7%	Toyota	13.2%
Second	Honda	12.2%	Ford	12.1%
Third	Ford	10.4%	Chevrolet	11.2%
Fourth	Nissan	7.9%	Honda	10.2%
Fifth	Chevrolet	6.2%	Nissan	7.4%
Sixth	Kia	4.1%	Jeep	5.3%
Seventh	Subaru	4.0%	Subaru	4.2%
Eighth	Jeep	3.5%	Hyundai	3.7%
Ninth	Hyundai	3.5%	Kia	3.5%
Tenth	Mazda	3.3%	GMC	3.3%

*June 2017 figures estimated by Auto Outlook

Source: IHS Markit

San Diego Auto Outlook

Covering Second Quarter 2017

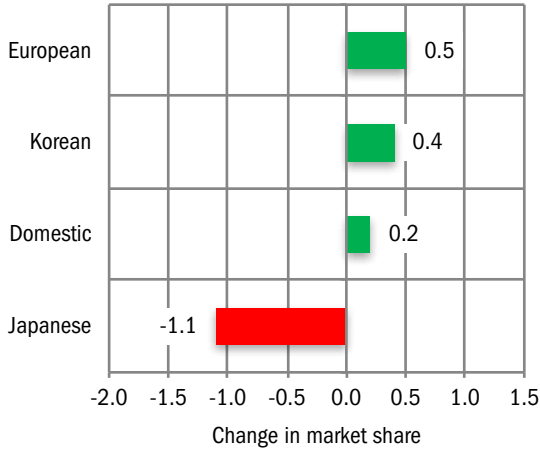
Published by:
 Auto Outlook, Inc.
 PO Box 390
 Exton, PA 19341
 Phone: 800-206-0102
 EMail: jfoltz@autooutlook.com
 Editor: Jeffrey A. Foltz

Reproduction, including photocopying of this publication in whole or in part, is prohibited without the express permission of Auto Outlook, Inc. Any material quoted must be attributed to San Diego Auto Outlook, published by Auto Outlook, Inc. on behalf of the New Car Dealers Association San Diego County, and must also include the statement: "Data Source: IHS Markit." Unforeseen events may affect the forecast projections. Consequently, Auto Outlook is not responsible for management decisions based on the content of San Diego Auto Outlook

MARKET TRACKER: PRIMARY SEGMENTS

European Brands Gain

Change in County Market Share
YTD 2017 thru June* vs. YTD 2016

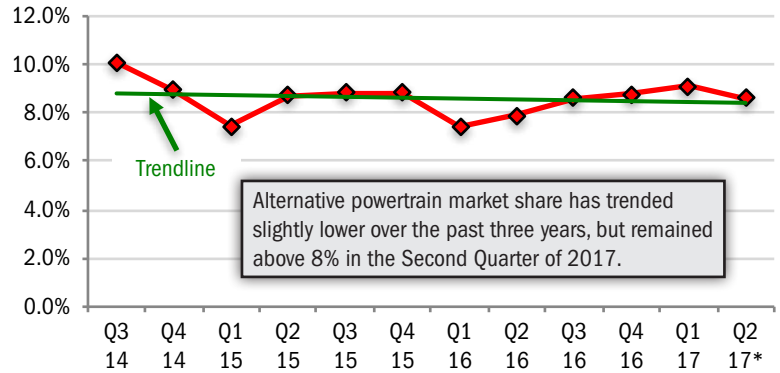


The graph above shows the change in year-to-date market share for four primary brand segments. *Figures for June, 2017 were estimated by Auto Outlook. Data Source: IHS Markit.

MARKET TRACKER: HYBRID AND ELECTRIC VEHICLES

Hybrid/Electric Share Exceeds 8%

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. *Second Quarter 2017 includes April and May. Source: IHS Markit.

MARKET TRACKER - SEGMENTS

SUV Market Share Continues to March Higher

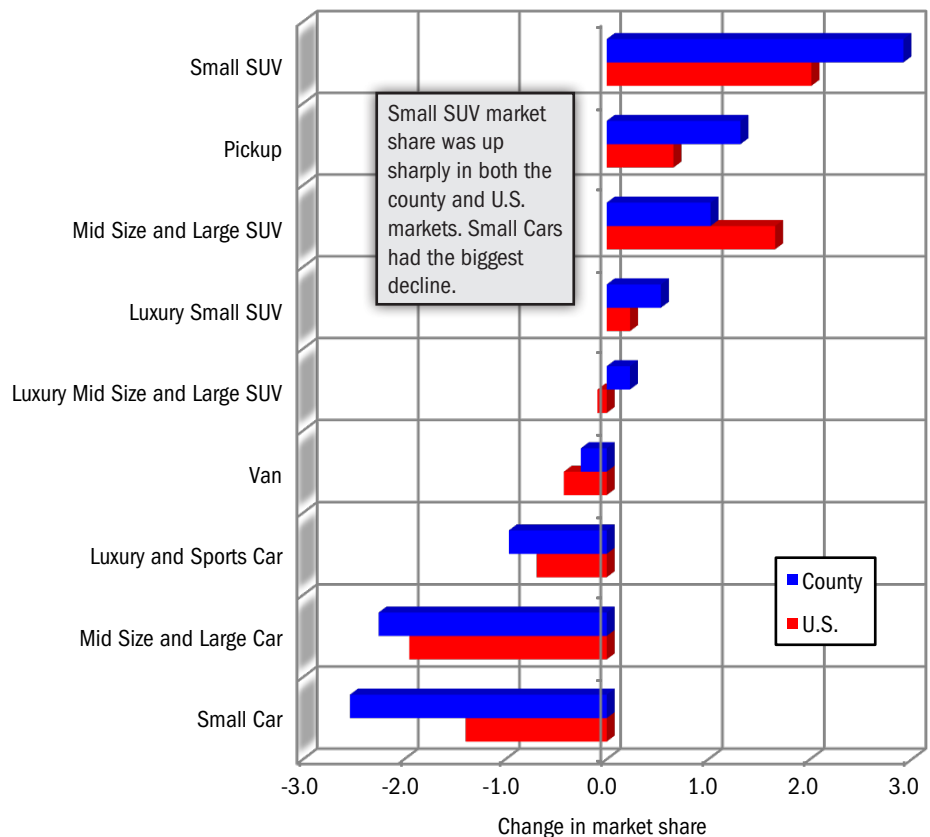
Change in Segment Market Share

YTD 2017 thru May
vs.
YTD 2016

San Diego County and U.S. Markets

Typical models in segments:

- Small Car: Hyundai Elantra
- Mid Size & Large Car: Toyota Camry
- Luxury & Sports Car: BMW 3-Series
- Pickup: Ford F-Series
- Van: Honda Odyssey
- Small SUV: Jeep Cherokee
- Mid Size and Large SUV: Kia Sorento
- Luxury Small SUV: Audi Q5
- Luxury Mid Size and Large SUV: Lexus RX



Source: IHS Markit.

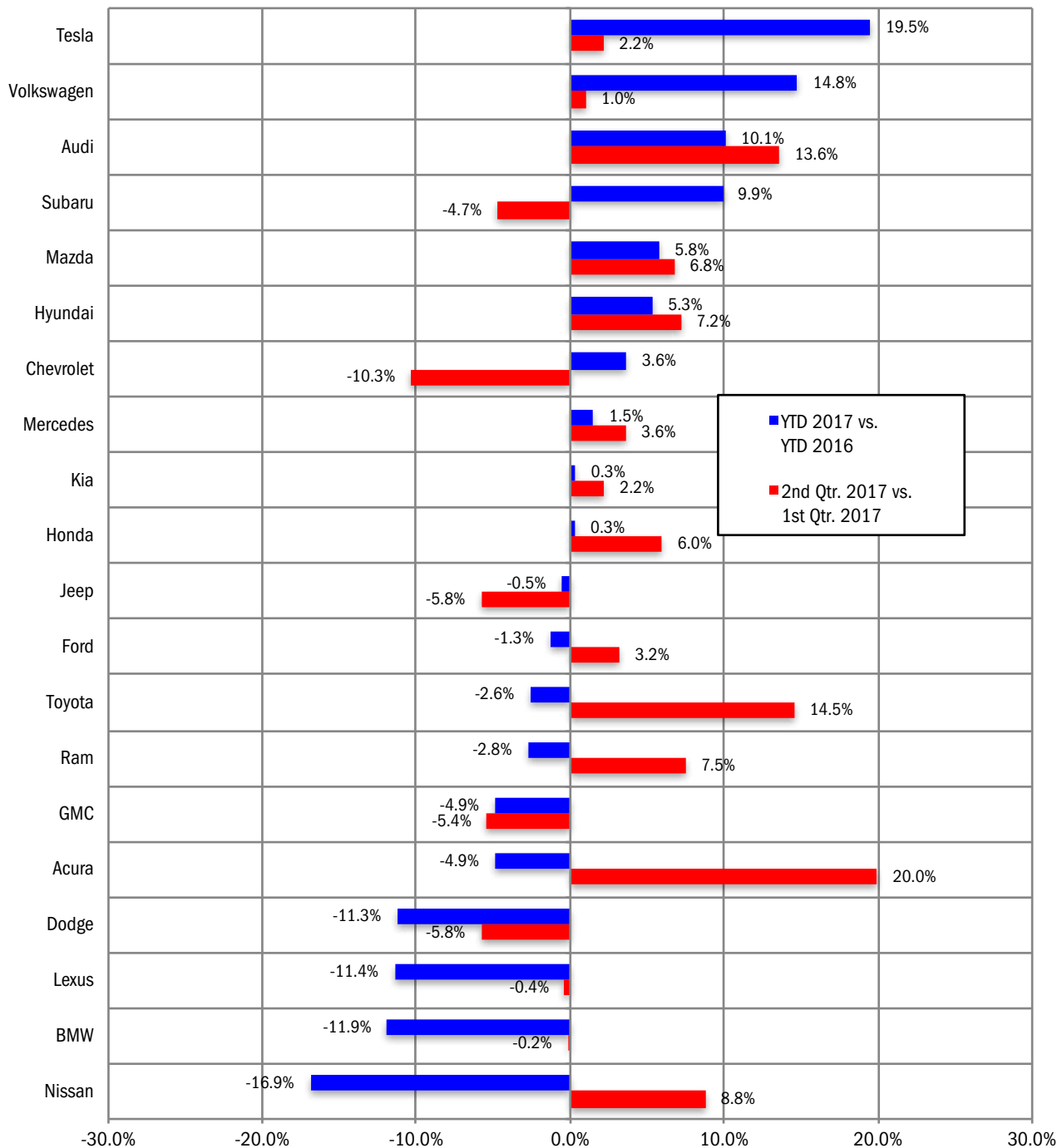
BRAND SCOREBOARD - PART ONE

Tesla & VW Had Largest YTD Gains Among Top 20 Brands

Acura new retail registrations improved 20% from First to Second Quarter of 2017

The graph below provides a quick snapshot of brand sales performance in the county market. For the top 20 selling brands, it shows the percent change in new retail light vehicle registrations during the first six months of this year versus the same period a year earlier, and the change from the First Quarter of 2017 to the Second Quarter. Brands are shown from top to bottom based on the year-to-date percent change.

**Percent Change in County New Retail Light Vehicle Registrations (Top 20 Selling Brands)
YTD 2017 thru June* vs. YTD 2016, and Second Quarter 2017* vs. First Quarter 2017**



*Figures for June, 2017 were estimated by Auto Outlook.

Source: IHS Markit.

BRAND SCOREBOARD - PART TWO

Light Truck Registrations Increase for 19 of Top 20 Brands

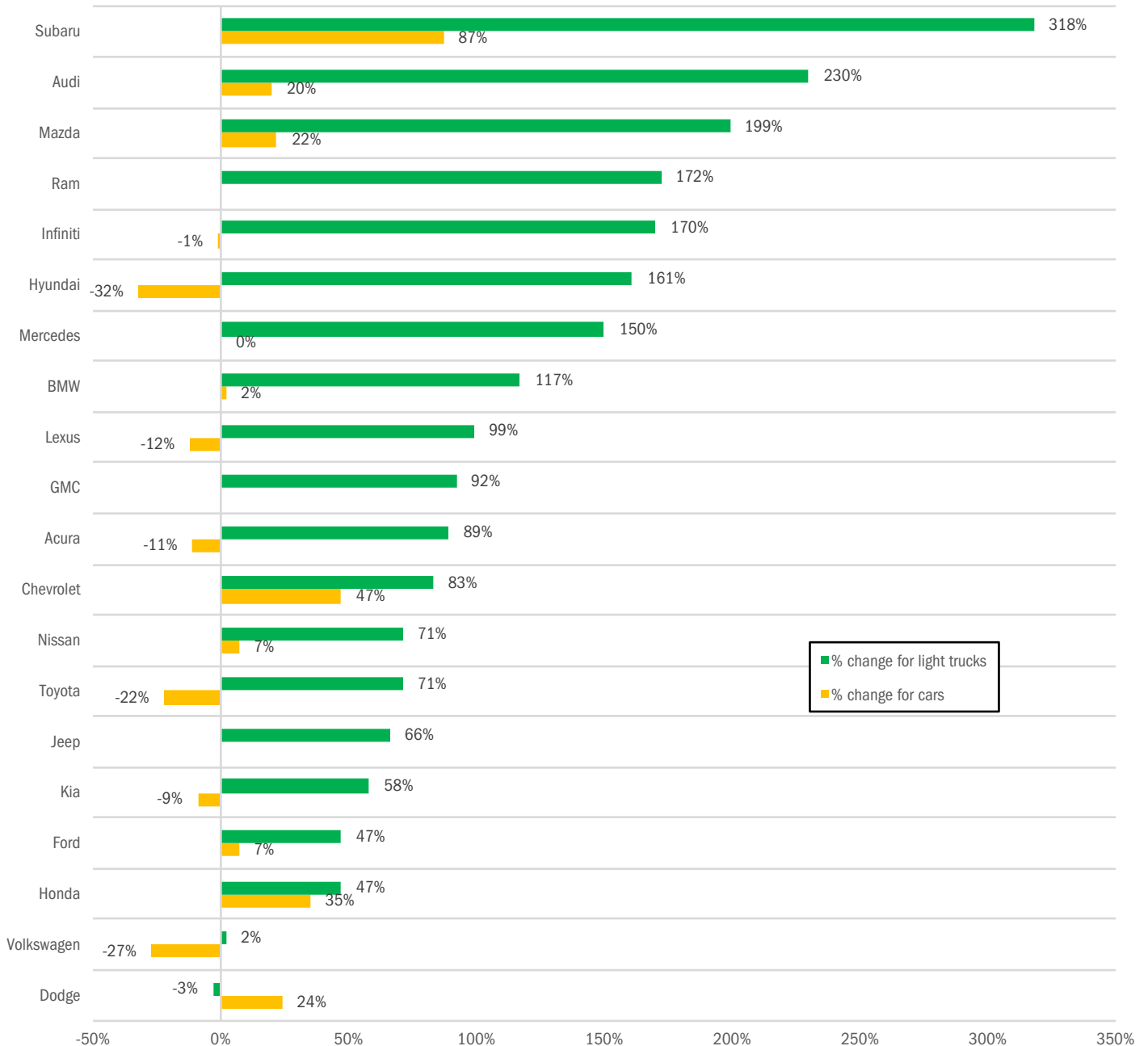
Hyundai light trucks were up 161% during past five years, while cars were off 32%

The graph below shows the percent change in new retail car and light truck registrations during the first five months of 2017 versus the same period in 2012 for the top 20 selling

brands in the county. Brands are positioned from top to bottom based on the change in truck registrations. Not surprisingly, trucks led the way, with increases of more than 100% for

several brands. Of the 17 brands that sell both types of vehicles, trucks out-performed cars for all brands, except Dodge.

Five Year Percent Change in New Retail Car and Light Truck Registrations for Top 20 Selling Brands YTD 2017 thru May versus YTD 2012



Source: IHS Markit.

BRAND SCOREBOARD - PART THREE

Toyota is a Strong Performer in County Market

Honda, Mazda, BMW, and Lexus also rank high

The graph below provides an indicator of brands that are popular in San Diego County (relative to the National standard), and those that are not.

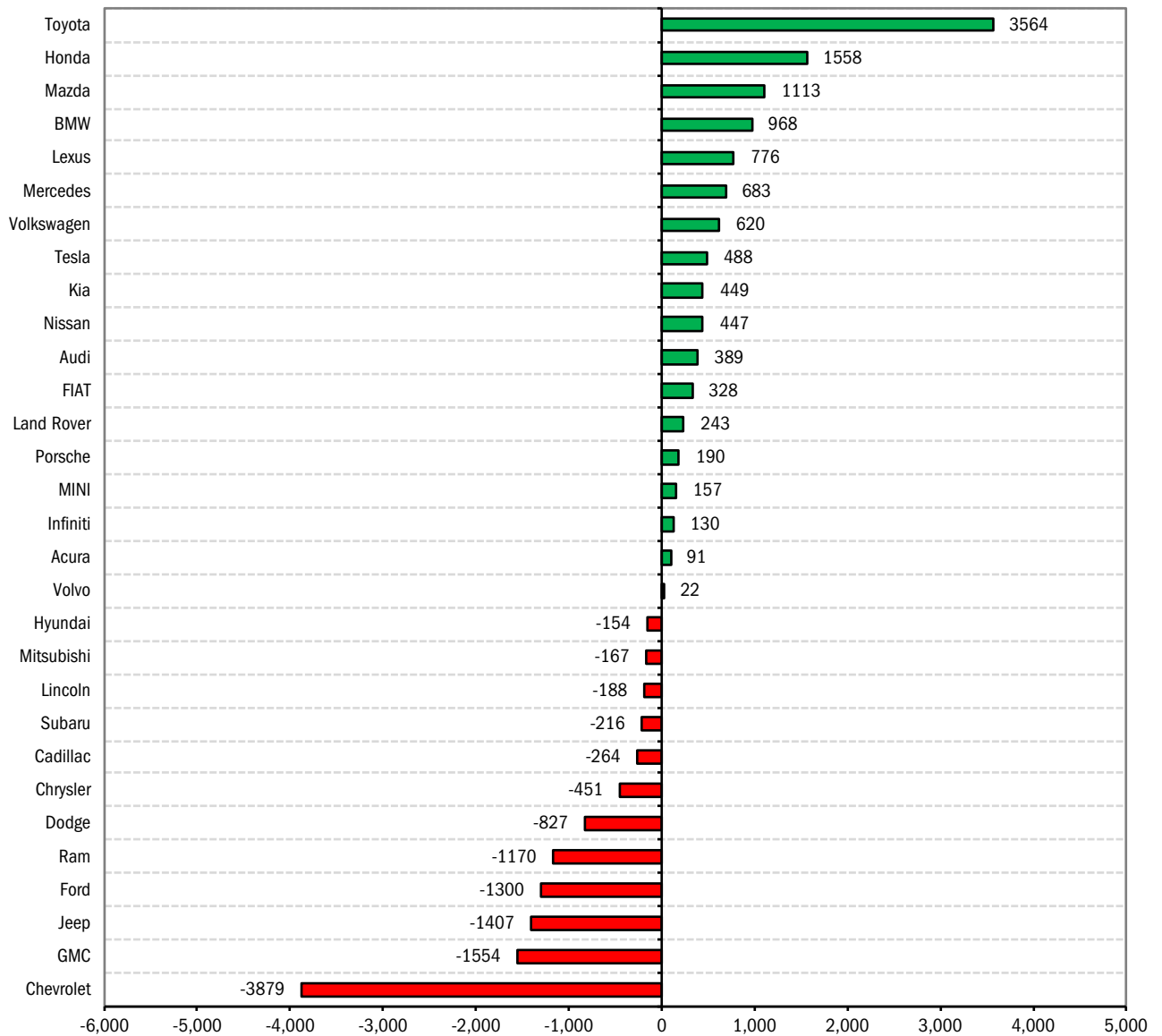
Here's how it works: For the top 30 selling brands, each brand's share of the U.S. market is multiplied by retail registrations in the

county during the first six months of 2017. This yields a "target" for the county market. Target registrations are subtracted from actual registrations to derive the measurement of sales performance.

Brands at the top of the graph (i.e., Toyota, Honda, Mazda, BMW, and Lexus) are relatively

strong sellers in the county, with actual registrations exceeding calculated targets by large margins. For instance, Toyota registrations exceeded the target by 3,564 units.

San Diego County Retail Market Performance based on registrations for YTD 2017 thru June*
Actual registrations minus target (county industry registrations times U.S. market share)



Actual registrations minus target (county industry registrations times U.S. market share)

*Figures for June, 2017 were estimated.

Source for registration data: IHS Markit.

SEGMENT CLOSE-UP: SMALL SUVs

Honda is Leader in County Small SUV Segment

Honda CR-V is best selling model, followed by RAV4 and Rogue

Brand Results - Three Year Perspective

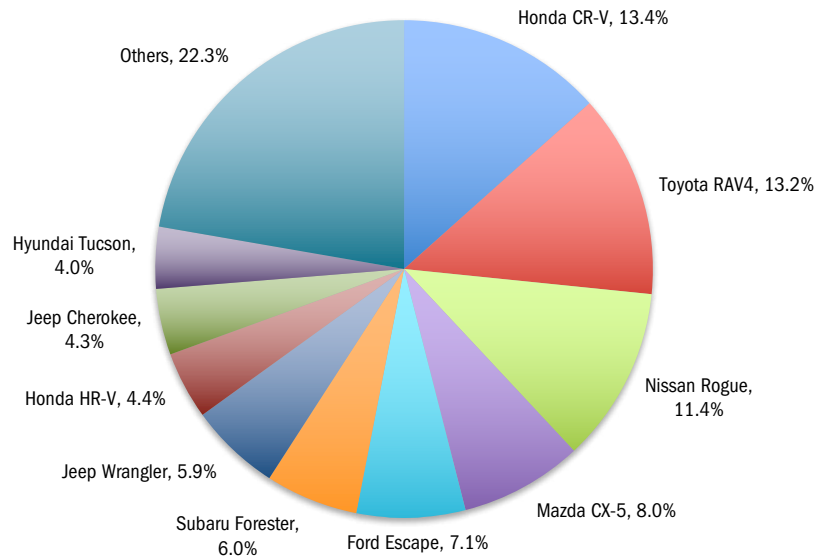
% change in county new retail Small SUV registrations
YTD '17 thru May vs, YTD '14 (sorted by YTD '17)

Brand	New registrations YTD '14 thru May	New registrations YTD '17 thru May	% change YTD '17 vs. YTD '14
Honda	1158	2169	87%
Jeep	1473	1712	16%
Toyota	990	1648	66%
Nissan	1123	1441	28%
Subaru	831	1196	44%
Mazda	533	1037	95%
Ford	789	861	9%
Hyundai	126	489	288%
Kia	144	463	222%
Chevrolet	233	352	51%
Volkswagen	149	264	77%
Mitsubishi	102	173	70%
GMC	140	144	3%
Buick	43	126	193%
MINI	164	88	-46%
FIAT	81	33	-59%

Source: IHS Markit.

Model Sales Leaders

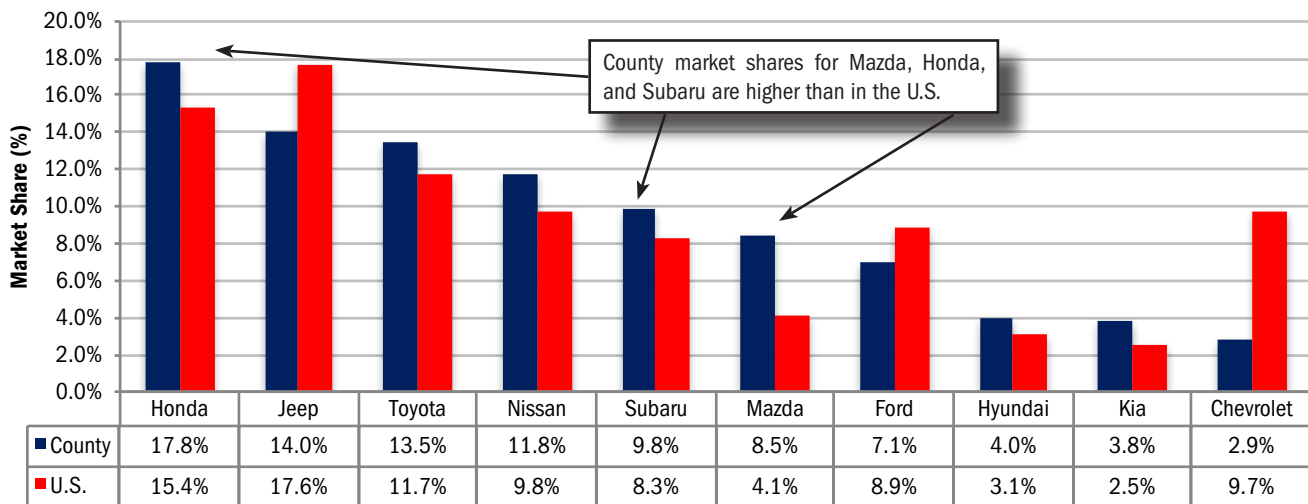
Top 10 selling Small SUVs in county new retail market
YTD 2017 thru May



Source: IHS Markit.

Brand Sales Performance - County market vs. U.S.

Brand market share in San Diego County and U.S.
YTD 2017 thru May (shown from left to right based on county share)



Source: IHS Markit.

All figures above include combined totals for Subcompact and Compact SUVs.

Brand Registrations Report												
San Diego County New Retail Car and Light Truck Registrations												
	Second Quarter*						YTD totals thru June*					
	Registrations			Market Share (%)			Registrations			Market Share (%)		
	2Q '16	2Q '17*	% change	2Q '16	2Q '17*	Change	YTD '16	YTD '17	% change	YTD '16	YTD '17	Change
TOTAL	40,599	39,802	-2.0				78,945	78,192	-1.0			
Cars	20,879	18,572	-11.0	51.4	46.7	-4.7	41,306	36,579	-11.4	52.3	46.8	-5.5
Light Trucks	19,720	21,230	7.7	48.6	53.3	4.7	37,639	41,613	10.6	47.7	53.2	5.5
Domestic Brands	11,014	10,460	-5.0	27.1	26.3	-0.8	21,134	21,099	-0.2	26.8	27.0	0.2
European Brands	5,791	5,729	-1.1	14.3	14.4	0.1	11,150	11,454	2.7	14.1	14.6	0.5
Japanese Brands	20,749	20,548	-1.0	51.1	51.6	0.5	40,879	39,617	-3.1	51.8	50.7	-1.1
Korean Brands	3,045	3,065	0.7	7.5	7.7	0.2	5,782	6,022	4.2	7.3	7.7	0.4
Acura	458	487	6.3	1.1	1.2	0.1	939	893	-4.9	1.2	1.1	-0.1
Alfa Romeo	3	50	1566.7	0.0	0.1	0.1	6	70	1066.7	0.0	0.1	0.1
Audi	748	778	4.0	1.8	2.0	0.2	1,329	1,463	10.1	1.7	1.9	0.2
BMW	1,394	1,230	-11.8	3.4	3.1	-0.3	2,794	2,462	-11.9	3.5	3.1	-0.4
Buick	167	158	-5.4	0.4	0.4	0.0	333	301	-9.6	0.4	0.4	0.0
Cadillac	247	244	-1.2	0.6	0.6	0.0	460	455	-1.1	0.6	0.6	0.0
Chevrolet	2,463	2,296	-6.8	6.1	5.8	-0.3	4,686	4,857	3.6	5.9	6.2	0.3
Chrysler	176	196	11.4	0.4	0.5	0.1	333	372	11.7	0.4	0.5	0.1
Dodge	551	455	-17.4	1.4	1.1	-0.3	1,057	938	-11.3	1.3	1.2	-0.1
FIAT	158	179	13.3	0.4	0.4	0.0	317	489	54.3	0.4	0.6	0.2
Ford	4,263	4,143	-2.8	10.5	10.4	-0.1	8,268	8,157	-1.3	10.5	10.4	-0.1
Genesis	0	34		0.0	0.1	0.1	0	90		0.0	0.1	0.1
GMC	543	491	-9.6	1.3	1.2	-0.1	1,062	1,010	-4.9	1.3	1.3	0.0
Honda	5,050	4,924	-2.5	12.4	12.4	0.0	9,542	9,571	0.3	12.1	12.2	0.1
Hyundai	1,327	1,417	6.8	3.3	3.6	0.3	2,600	2,739	5.3	3.3	3.5	0.2
Infiniti	200	351	75.5	0.5	0.9	0.4	514	790	53.7	0.7	1.0	0.3
Jaguar	92	135	46.7	0.2	0.3	0.1	147	276	87.8	0.2	0.4	0.2
Jeep	1,450	1,332	-8.1	3.6	3.3	-0.3	2,761	2,746	-0.5	3.5	3.5	0.0
Kia	1,718	1,614	-6.1	4.2	4.1	-0.1	3,182	3,193	0.3	4.0	4.1	0.1
Land Rover	282	303	7.4	0.7	0.8	0.1	656	599	-8.7	0.8	0.8	0.0
Lexus	1,247	1,129	-9.5	3.1	2.8	-0.3	2,554	2,262	-11.4	3.2	2.9	-0.3
Lincoln	153	166	8.5	0.4	0.4	0.0	341	352	3.2	0.4	0.5	0.1
Maserati	50	57	14.0	0.1	0.1	0.0	73	120	64.4	0.1	0.2	0.1
Mazda	1,292	1,342	3.9	3.2	3.4	0.2	2,457	2,599	5.8	3.1	3.3	0.2
Mercedes	1,229	1,230	0.1	3.0	3.1	0.1	2,381	2,417	1.5	3.0	3.1	0.1
MINI	239	198	-17.2	0.6	0.5	-0.1	436	403	-7.6	0.6	0.5	-0.1
Mitsubishi	154	161	4.5	0.4	0.4	0.0	340	316	-7.1	0.4	0.4	0.0
Nissan	3,647	3,234	-11.3	9.0	8.1	-0.9	7,470	6,207	-16.9	9.5	7.9	-1.6
Other	117	53	-54.7	0.3	0.1	-0.2	196	130	-33.7	0.2	0.2	0.0
Porsche	250	238	-4.8	0.6	0.6	0.0	479	480	0.2	0.6	0.6	0.0
Ram	602	603	0.2	1.5	1.5	0.0	1,197	1,164	-2.8	1.5	1.5	0.0
Subaru	1,417	1,513	6.8	3.5	3.8	0.3	2,822	3,101	9.9	3.6	4.0	0.4
Tesla	389	375	-3.6	1.0	0.9	-0.1	621	742	19.5	0.8	0.9	0.1
Toyota	7,283	7,403	1.6	17.9	18.6	0.7	14,238	13,866	-2.6	18.0	17.7	-0.3
Volkswagen	1,028	1,109	7.9	2.5	2.8	0.3	1,923	2,207	14.8	2.4	2.8	0.4
Volvo	212	174	-17.9	0.5	0.4	-0.1	431	355	-17.6	0.5	0.5	0.0

*June 2017 figures were estimated by Auto Outlook.

Source: IHS Markit.

The table above shows new retail light vehicle (car and light truck) registrations in San Diego County. Figures are shown for the Second Quarters of 2016 and 2017, and ytd totals for 2016 and 2017. The top ten ranked brands in each category are shaded yellow.

USED VEHICLE MARKET REPORT

County Used Vehicle Market Moves Lower

Used vehicle registrations slipped 6.7% thru May of this year

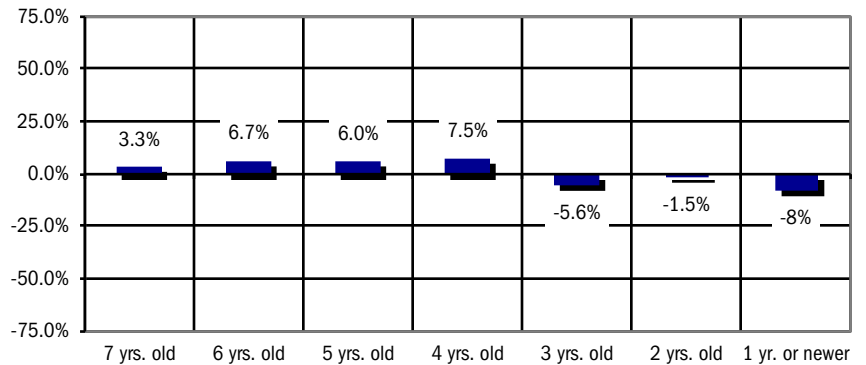
Below is a list of key trends in the San Diego County retail used vehicle market:

- Retail used car and light truck registrations in the county were off 6.7% during the first five months of 2017 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) widened in the beginning of this year.
- Used registrations for vehicles in the four thru seven year old ranges increased so far this year. The one year old or newer market was off 8%.
- Korean brand used registrations increased 7.8%. European brands declined.
- Nissan Sentra was the best-selling model in the county among two year old or newer vehicles. Honda Civic and Toyota Prius were the leaders among three and four year old vehicles.
- Kia, Hyundai, and Mazda used registrations (vehicles six year old or newer) increased by more than 10% during the first five months of this year versus the same period a year earlier.

San Diego County Retail Used Light Vehicle Registrations					
YTD thru May					
	Registrations		% Change '16 TO '17	Market Share	
	YTD '16	YTD '17		YTD '16	YTD '17
TOTAL	132,952	124,047	-6.7%		
Cars	79,617	72,727	-8.7%	59.9%	58.6%
Light Trucks	53,335	51,320	-3.8%	40.1%	41.4%
Detroit Three	46,914	43,583	-7.1%	35.3%	35.1%
European	20,930	18,168	-13.2%	15.7%	14.6%
Japanese	58,315	54,973	-5.7%	43.9%	44.3%
Korean	6,793	7,324	7.8%	5.1%	5.9%

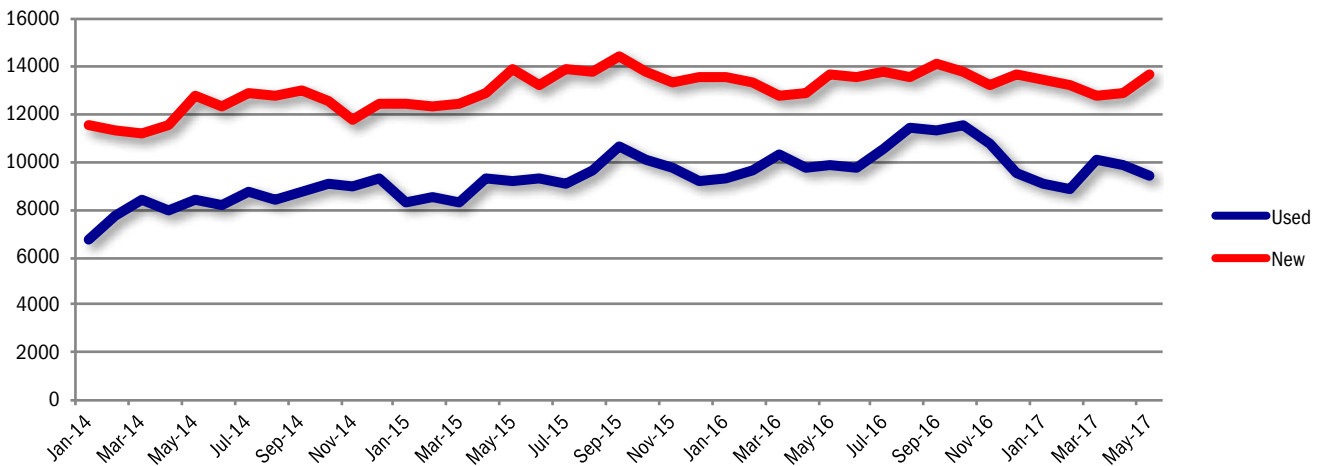
Source: IHS Markit.

Percent Change in County Retail Used Registrations by Vehicle Age, YTD '17 thru May vs. YTD '16



Source: IHS Markit.

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



Source: IHS Markit.

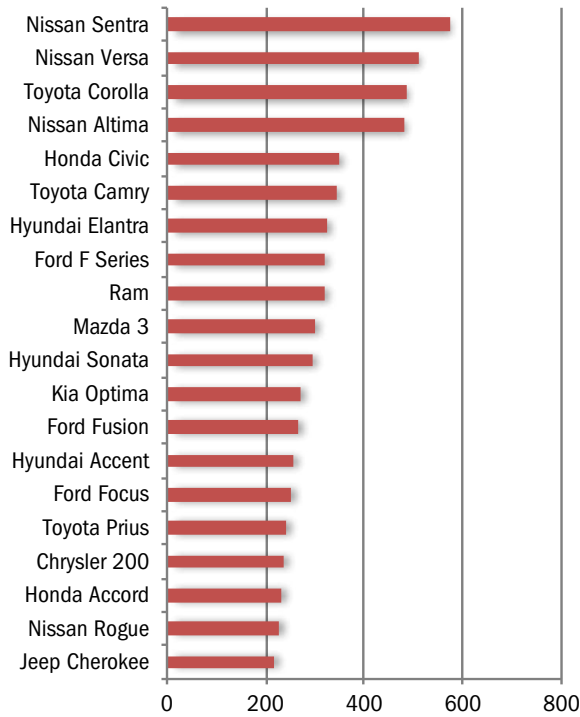
TOP SELLING MODELS

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

Sentra and Versa are leaders in 2 year old or newer category

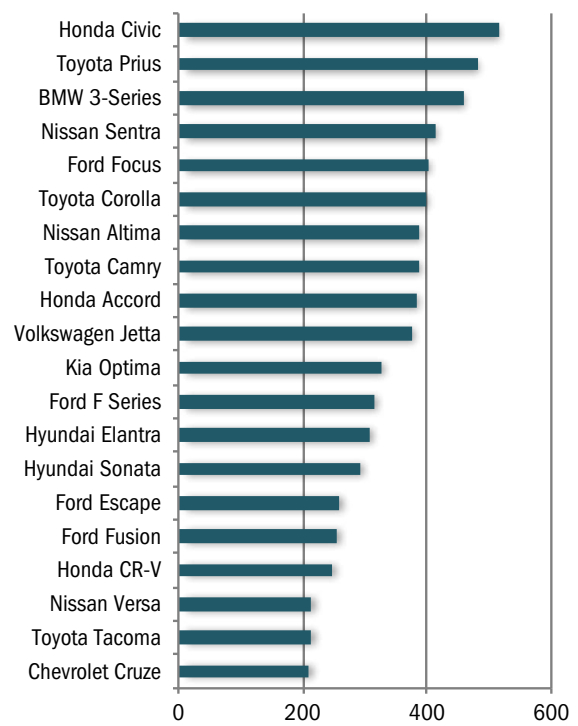
The graphs below show top selling models in two age categories: vehicles two years old or newer, and three and four year old vehicles.

Top 20 Selling Models (Two years old or newer)
Used retail registrations, YTD '17 thru May



Source: IHS Markit.

Top 20 Selling Models (3 and 4 years old)
Used retail registrations, YTD '17 thru May



Source: IHS Markit.

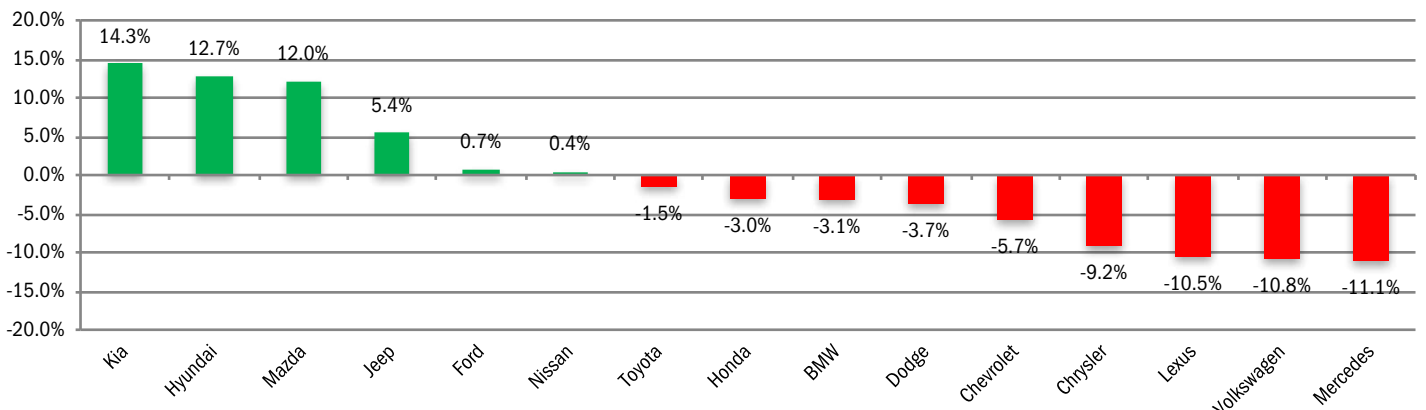
USED VEHICLE BRAND SCOREBOARD

Kia Posts Largest Increase in Used Registrations

Hyundai and Mazda were up by more than 12%

The graph below shows the percent change in used registrations for the top 15 selling makes during the first five months of 2017 vs. year earlier.

% Change in Used Registrations (top 15 brands, vehicles six years old or newer) - YTD '17 thru May vs. YTD '16



Source: IHS Markit.