

San Diego Auto Outlook

Comprehensive information on the San Diego County new vehicle market



FORECAST

County New Vehicle Market On Track for 6.2% Gain in 2015

Seventh consecutive annual increase predicted for next year

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 San Diego County new vehicle market.

County market posts gain during first three quarters of '15; increase is above U.S.

County new retail registrations were up 6.6% for the first nine months of this year (September figures were estimated) versus a year earlier, higher than the 4.8% uptick in the National market.

New vehicle market moves higher in Third Quarter of this year

The Third Quarter increase was 2.9%, lower than the 7.6% improvement in the Second Quarter (see page 2).

Seventh consecutive annual increase possible in 2016

County new retail light vehicle registrations are projected to improve 3.2% from 2015 to 2016. It's possible that the annual total next year could exceed 160,000 units.

Stimulative impact of pent-up demand is waning, but there are still forces pushing new vehicle sales higher

Auto Outlook believes that the primary factor fueling the increase in new vehicle sales is shifting. Following the significant drop in sales after the financial crisis, replacement demand was the key driver. Average vehicle age was at record highs and vehicles were wearing out. After six years of rising sales, however, we think many consumers are now entering the market based on a *desire* to purchase a new vehicle, rather than a *need*. Advances in electronic safety features, performance, fuel economy, and infotainment are top considerations. At the same time, rising incomes, very low interest rates, and an improving job market are boosting affordability.

Sales have room to go higher; but are likely reaching their peak

The main question about the market these days is how high can sales go? Based on a basic analysis of cyclical trends, it would seem that sales have room to move higher. A typical, average year for U.S. sales is about 16 million

units. In 2009, sales were 10.5 million, 5.5 million *below* average. In general, there's no reason why sales could not exceed the average by 5.5 million, which would put the market peak at a robust 21.5 million units. Auto Outlook believes that sales will max out well below that figure. Although general economic conditions are improving, the pace of expansion is not likely to support a sales rate in excess of 20 million units. Slower growth for the next few years is the most likely scenario.

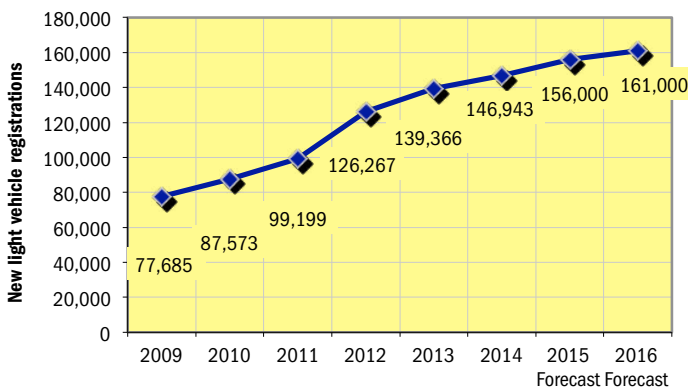
Chrysler, GMC, Mitsubishi, Land Rover, Porsche, Subaru, Ram, and Mercedes gain a lot of ground in 2015

These eight brands had the largest percentage increases during the first nine months of this year versus a year earlier. Registrations for each brand were up by more than 20%

Honda Civic and Toyota Prius are top sellers in county market

Civic and Prius were at the top of the county sales chart so far this year. They were followed by Toyota Corolla, Honda Accord, and Toyota Camry.

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 2014 and Auto Outlook's projections for 2015 and 2016.

Market Summary

| | YTD '14 thru Sept. | YTD '15 thru Sept.* | % Chg. '14 to '15 | Mkt. Share YTD '15* |
|-------------|--------------------|---------------------|-------------------|---------------------|
| TOTAL | 109,712 | 116,951 | 6.6% | |
| Car | 66,104 | 66,635 | 0.8% | 57.0% |
| Light Truck | 43,608 | 50,316 | 15.4% | 43.0% |
| Domestic | 27,191 | 30,016 | 10.4% | 25.7% |
| European | 16,888 | 17,742 | 5.1% | 15.2% |
| Japanese | 57,465 | 60,210 | 4.8% | 51.5% |
| Korean | 8,168 | 8,983 | 10.0% | 7.7% |

Source: IHS Automotive.

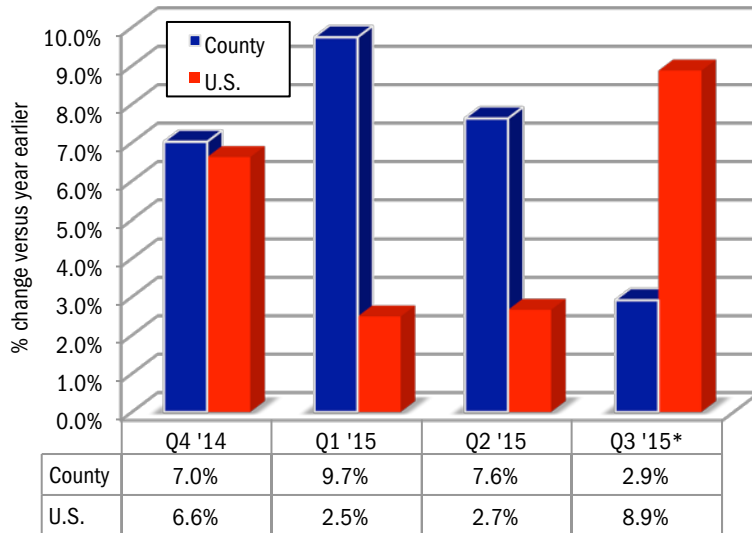
Domestic brands consists of vehicles sold by GM, Ford, FCA (excluding FIAT), and Tesla. *Figures for September, 2015 were estimated by Auto Outlook.

MARKET TRACKER: QUARTERLY RESULTS

County Market Increased 2.9% in Third Quarter of 2015

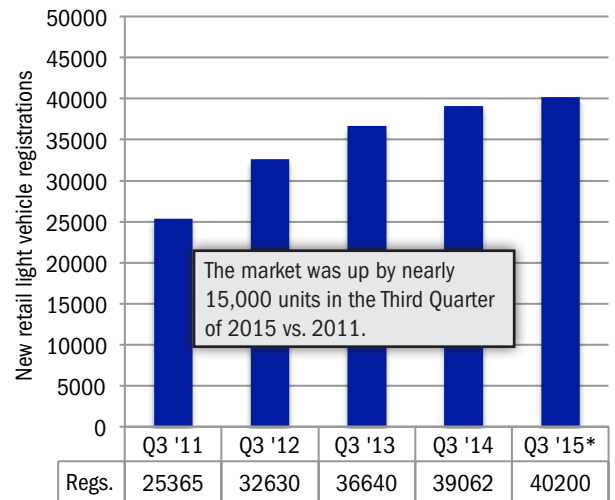
QUARTERLY TREND

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



QUARTERLY PERSPECTIVE

Five Years of Third Quarter Results in County Market



Third Quarter registrations during past five years

* Figures for the Third Quarter of 2015 were estimated by Auto Outlook based on data for July and August. Source: IHS Automotive.

* Figures for 3Q 2015 were estimated by Auto Outlook based on data for July and August. Source: IHS Automotive.

MARKET TRACKER: COUNTY MARKET VERSUS U.S.

County Market Had Larger Gain

| | County Market | | U.S. Market | |
|--|---------------|-------|-------------|-------|
| Percent change in registrations YTD '15 thru Sept.* vs. YTD '14 | 6.6% | | 4.8% | |
| Passenger car market share YTD '15 thru Sept.* | 57.0% | | 44.4% | |
| Domestic brand market share YTD '15 thru Sept.* | 25.7% | | 41.4% | |
| Top 10 brands and market share YTD '15 thru Sept.* | | | | |
| First | Toyota | 18.5% | Toyota | 13.3% |
| Second | Honda | 11.0% | Ford | 12.6% |
| Third | Ford | 10.5% | Chevrolet | 10.7% |
| Fourth | Nissan | 9.0% | Honda | 9.5% |
| Fifth | Chevrolet | 5.2% | Nissan | 7.6% |
| Sixth | Kia | 4.1% | Jeep | 5.1% |
| Seventh | Lexus | 3.6% | Hyundai | 4.2% |
| Eighth | Hyundai | 3.6% | Subaru | 3.9% |
| Ninth | BMW | 3.5% | Kia | 3.8% |
| Tenth | Subaru | 3.5% | GMC | 3.3% |

*Sept. 2015 figures estimated by Auto Outlook

Source: IHS Automotive

San Diego Auto Outlook

Covering Third Quarter 2015

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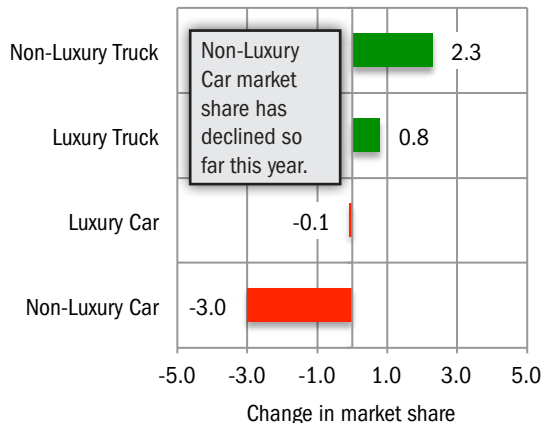
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MARKET TRACKER: PRIMARY SEGMENTS

Light Truck Share Is Up

Change in County Market Share
YTD 2015 thru September* vs. YTD 2014

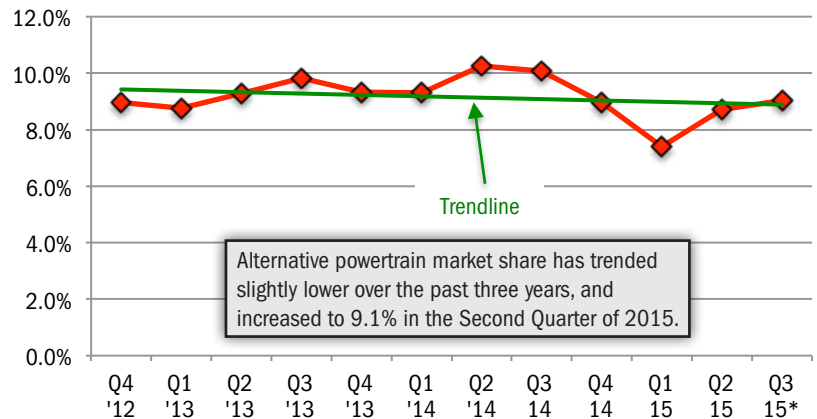


for four primary brand segments. *Figures for September, 2015 were estimated by Auto Outlook. Data Source: IHS Automotive.

MARKET TRACKER: HYBRID AND ELECTRIC VEHICLES

Hybrid/Electric Share is 9%

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. *Third Quarter 2015 includes July and August. Source: IHS Automotive.

MARKET TRACKER: SEGMENTS

Sub Compact Car Segment Leads County Market

| San Diego County Segment Market Share Review | | | | |
|--|----------------------------------|----------------------------------|--------------------------------|-------------------------------|
| Segment | Market Share YTD '14 thru August | Market Share YTD '15 thru August | Change in share YTD '14 to '15 | Best selling model in segment |
| Sub Compact Car | 24.6 | 23.2 | -1.4 | Toyota Corolla |
| Standard Mid Size Car | 15.9 | 14.4 | -1.5 | Honda Accord |
| Compact SUV | 13.6 | 14.2 | 0.6 | Honda CR-V |
| Full Size Pickup | 5.7 | 6.1 | 0.4 | Ford F Series |
| Near Luxury Car | 6.0 | 6.0 | 0.0 | BMW 3-Series |
| Entry Car | 5.3 | 5.1 | -0.2 | Nissan Versa |
| Mid Size SUV 3 Rows | 4.7 | 5.1 | 0.4 | Ford Explorer |
| Luxury and Sports Cars | 4.0 | 3.6 | -0.4 | Tesla Model S |
| Compact Pickup | 2.7 | 3.4 | 0.7 | Toyota Tacoma |
| Mid Size Luxury SUV | 3.7 | 3.4 | -0.3 | Lexus RX |
| Compact Luxury SUV | 2.1 | 3.0 | 0.9 | Lexus NX |
| Mid Size SUV 2 Rows | 2.8 | 2.7 | -0.1 | Jeep Grand Cherokee |
| Mini Van | 2.3 | 2.3 | 0.0 | Honda Odyssey |
| Sport Compact Car | 1.9 | 1.9 | 0.0 | Ford Mustang |
| Entry Luxury Car | 1.5 | 1.7 | 0.2 | Lexus Ct200H |
| Full Size Van | 0.8 | 1.1 | 0.3 | Ford Transit Connect Van |
| Full Size SUV | 1.0 | 1.0 | 0.0 | Chevrolet Tahoe |
| Large Mid Size Car | 1.1 | 1.0 | -0.1 | Toyota Avalon |
| Full Size Luxury SUV | 0.4 | 0.5 | 0.1 | Cadillac Escalade |

The table above shows San Diego county market share for 19 vehicle segments during the first eight months of 2014 and 2015, 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 2015 share. Most popular segment in the county is Sub Compact Car. Compact Luxury SUV had the largest gain. Data Source: IHS Automotive.

BRAND SCOREBOARD - PART ONE

Honda Registrations Increase by Over 700 Units

Chrysler had the biggest percentage gain so far this year

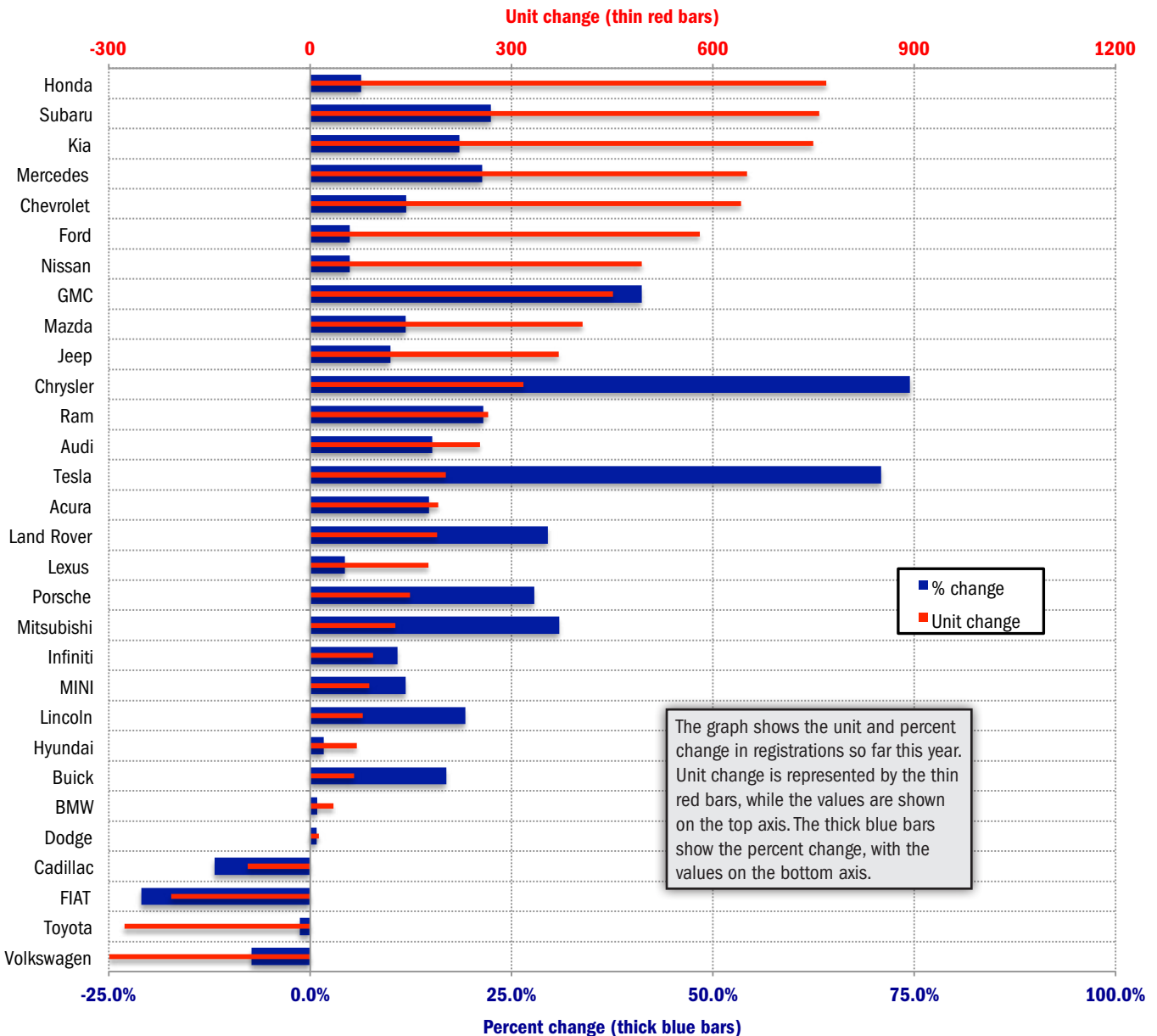
The graph below presents a comprehensive picture of brands that are gaining (or losing) ground in the county market. It shows both the unit AND percent change in registrations during the first nine months of this year versus the same period a year earlier. Viewing both

measures on the same graph provides a more clear-cut signal on how each brand is doing.

Here are a couple of examples: Mitsubishi has had a big percentage increase so far this year (up 30.9%; shown by the thick blue bar on the graph), but it's a relatively low-selling brand.

Mitsubishi registrations have increased by only 127 units. Ford's percentage increase is in the middle of the pack (up 4.9%), but unit registrations were up by a sizeable 580.

Change in County New Retail Light Vehicle Registrations (YTD 2015 thru September* vs. YTD 2014)



The graph shows the unit and percent change in registrations so far this year. Unit change is represented by the thin red bars, while the values are shown on the top axis. The thick blue bars show the percent change, with the values on the bottom axis.

*Figures for Sept., 2015 were estimated by Auto Outlook.

Source: IHS Automotive.

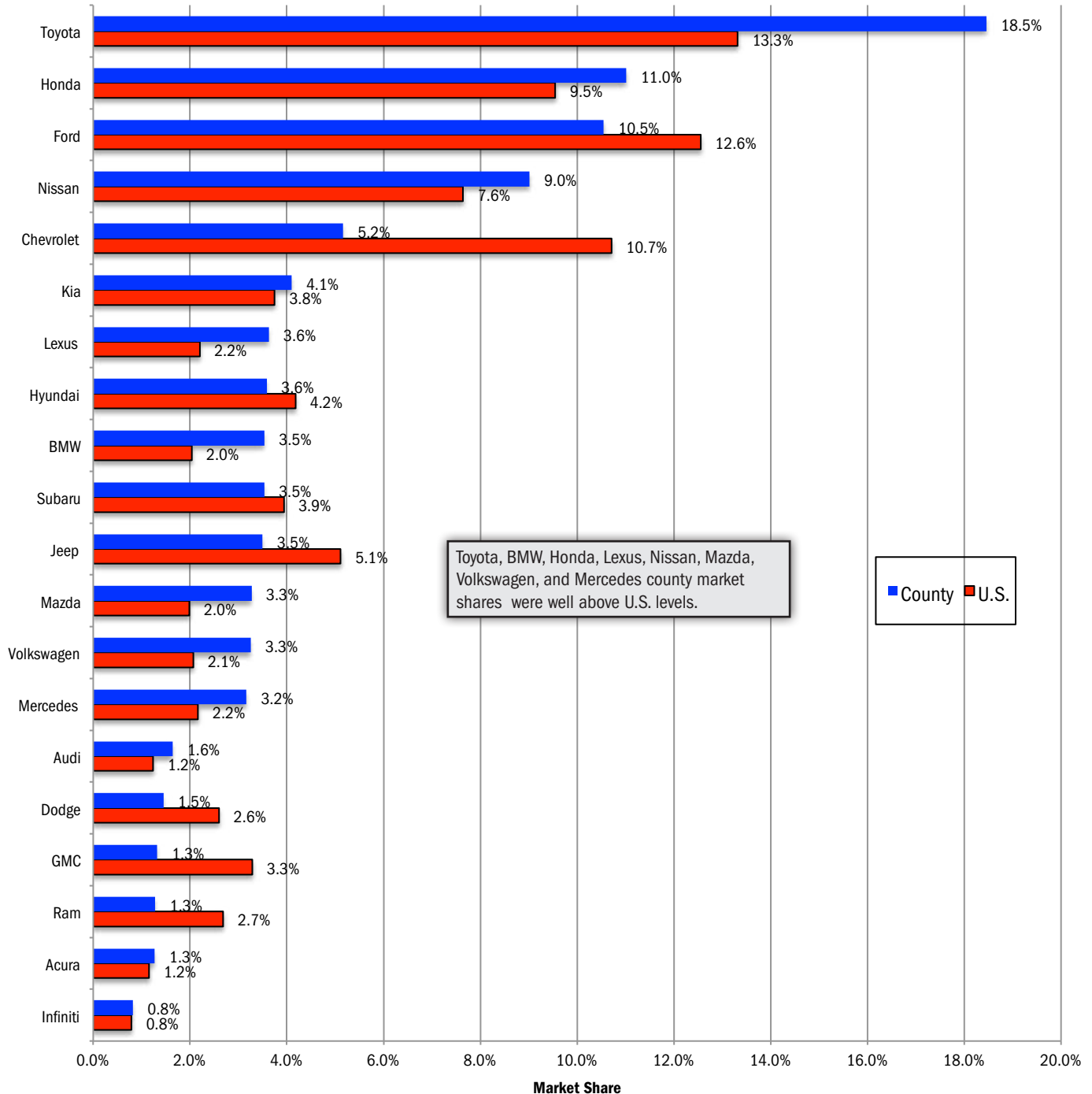
BRAND SCOREBOARD - PART TWO

Toyota County Market Share is Well Above U.S.

Toyota, Honda, Ford, Nissan, and Chevrolet were top sellers in the county

The graph below provides a comparison of San Diego 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 18.5% of the market, well above its 13.3% share in the Nation.

County and U.S. Market Share - YTD 2015 thru September*



*Figures for September, 2015 were estimated.

Source: IHS Automotive.

BRAND SCOREBOARD - PART THREE

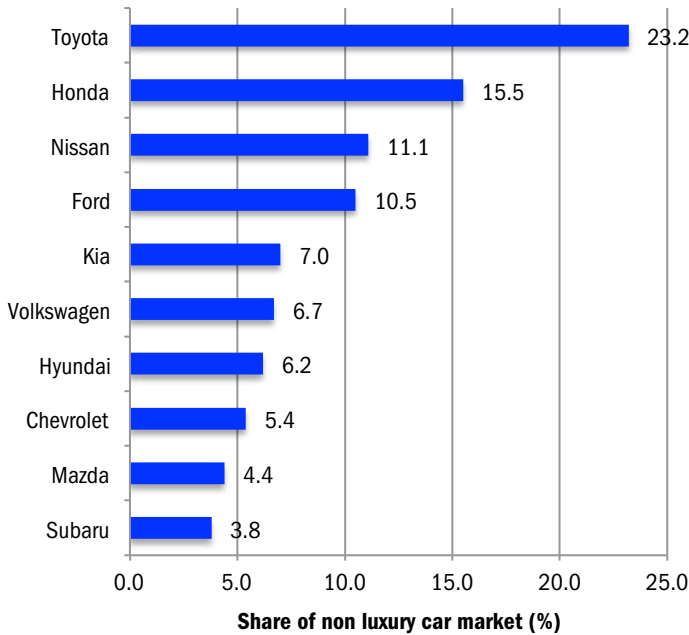
Toyota is Non-Luxury Car Brand Leader

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 September, 2015 were estimated.) Toyota/Scion was the best-selling Non-Luxury Car brand, with a 7.7 point lead over second place Honda.

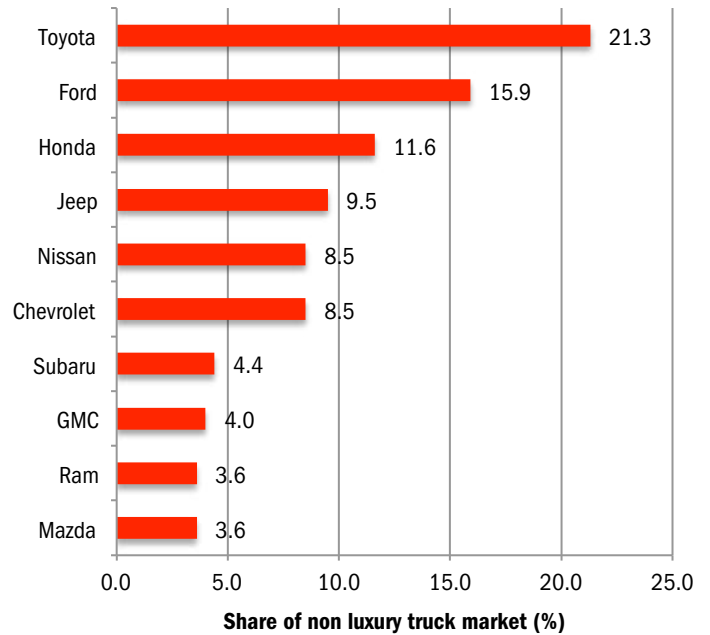
Toyota was also the top ranked Non-Luxury Light Truck brand, ahead of Ford and Honda. BMW was the best-selling Luxury Car brand, while Mercedes was highest for trucks.

**Top 10 Non-Luxury Car Brands in County Market
April 2015 thru September 2015**



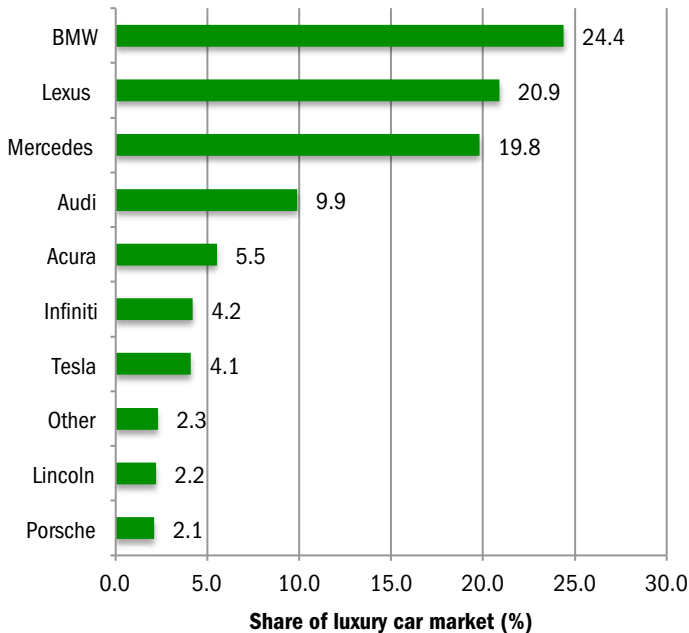
Source: IHS Automotive.

**Top 10 Non-Luxury Light Truck Brands
April 2015 thru September 2015**



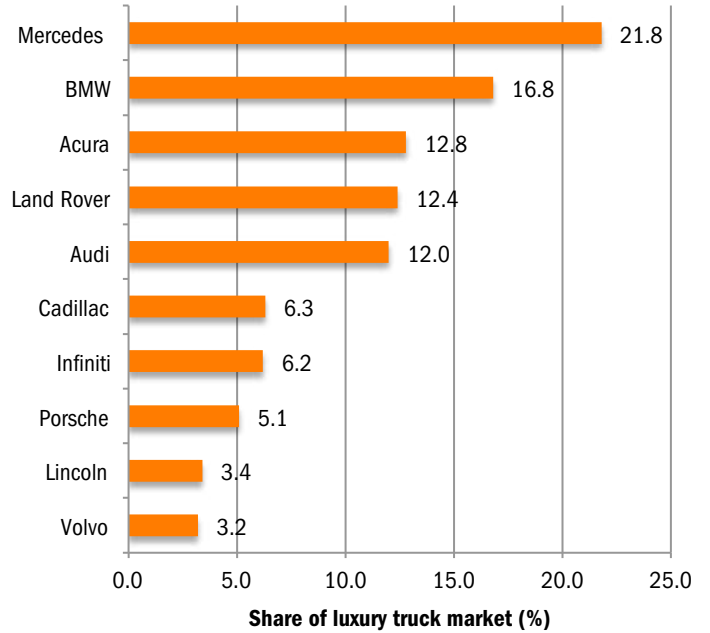
Source: IHS Automotive.

**Top 10 Luxury Car Brands in County Market
April 2015 thru September 2015**



Source: IHS Automotive.

**Top 10 Luxury Light Truck Brands in County Market
April 2015 thru September 2015**



Source: IHS Automotive.

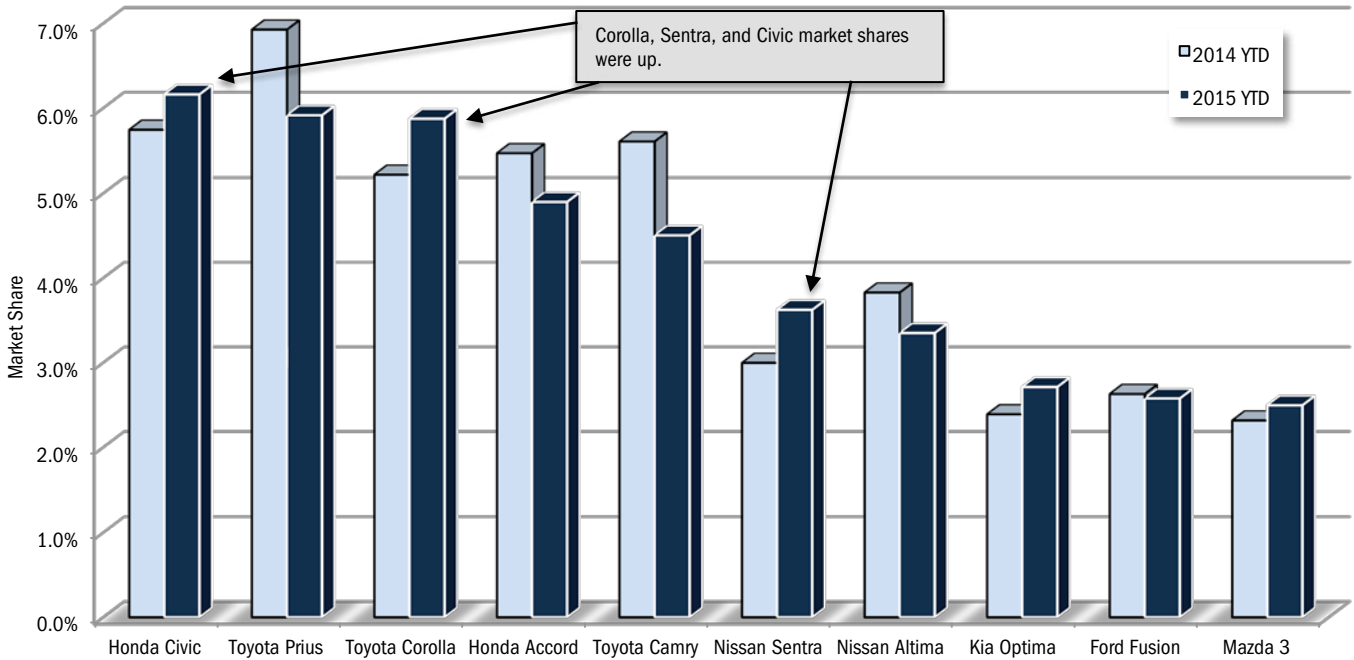
MODEL SCOREBOARD

Tacoma and F-Series Lead County Light Truck Market

Corolla and Sentra have big market share gains

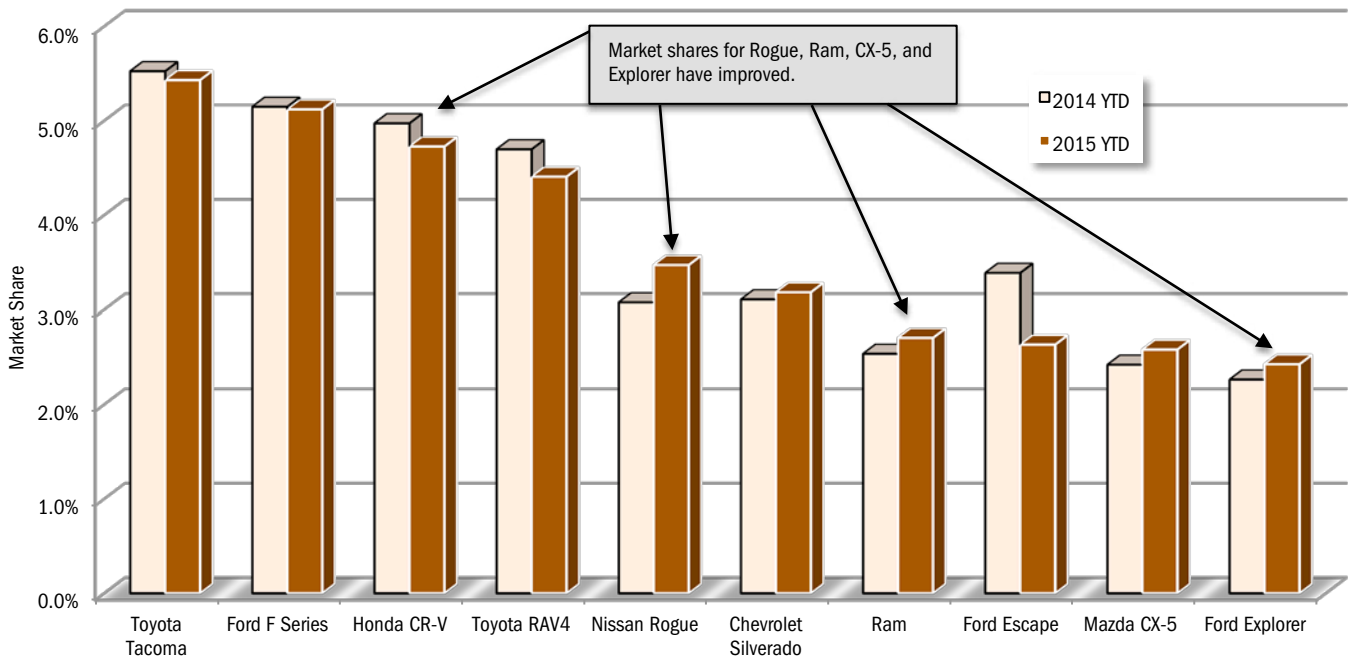
The two graphs below show market shares in the county car and light truck markets during the first eight months of 2014 and 2015. Includes the top ten selling car and light truck models.

Change in Market Share for Top 10 Selling Cars - YTD 2015 thru August vs. YTD 2014



Source: IHS Automotive.

Change in Market Share for Top 10 Selling Light Trucks - YTD 2015 thru August vs. YTD 2014



Source: IHS Automotive.

| Brand Registrations Report | | | | | | | | | | | | |
|---|----------------|---------|----------|------------------|---------|--------|------------------------------|---------|----------|------------------|---------|--------|
| San Diego County New Retail Car and Light Truck Registrations | | | | | | | | | | | | |
| | Third Quarter* | | | | | | Year-to-date thru September* | | | | | |
| | Registrations | | | Market Share (%) | | | Registrations | | | Market Share (%) | | |
| | 3Q 2014 | 3Q 2015 | % change | 3Q 2014 | 3Q 2015 | Change | YTD '14 | YTD '15 | % change | YTD '14 | YTD '15 | Change |
| TOTAL | 39,062 | 40,200 | 2.9 | | | | 109,712 | 116,951 | 6.6 | | | |
| Cars | 23,726 | 22,682 | -4.4 | 60.7 | 56.4 | -4.3 | 66,104 | 66,635 | 0.8 | 60.3 | 57.0 | -3.3 |
| Light Trucks | 15,336 | 17,518 | 14.2 | 39.3 | 43.6 | 4.3 | 43,608 | 50,316 | 15.4 | 39.7 | 43.0 | 3.3 |
| Domestic Brands | 9,409 | 10,267 | 9.1 | 24.1 | 25.5 | 1.4 | 27,191 | 30,016 | 10.4 | 24.8 | 25.7 | 0.9 |
| European Brands | 5,919 | 6,043 | 2.1 | 15.2 | 15.0 | -0.2 | 16,888 | 17,742 | 5.1 | 15.4 | 15.2 | -0.2 |
| Japanese Brands | 21,012 | 20,775 | -1.1 | 53.8 | 51.7 | -2.1 | 57,465 | 60,210 | 4.8 | 52.4 | 51.5 | -0.9 |
| Korean Brands | 2,722 | 3,115 | 14.4 | 7.0 | 7.7 | 0.7 | 8,168 | 8,983 | 10.0 | 7.4 | 7.7 | 0.3 |
| Acura | 433 | 442 | 2.1 | 1.1 | 1.1 | 0.0 | 1,293 | 1,484 | 14.8 | 1.2 | 1.3 | 0.1 |
| Audi | 560 | 633 | 13.0 | 1.4 | 1.6 | 0.2 | 1,668 | 1,921 | 15.2 | 1.5 | 1.6 | 0.1 |
| BMW | 1,430 | 1,354 | -5.3 | 3.7 | 3.4 | -0.3 | 4,103 | 4,138 | 0.9 | 3.7 | 3.5 | -0.2 |
| Buick | 140 | 159 | 13.6 | 0.4 | 0.4 | 0.0 | 385 | 450 | 16.9 | 0.4 | 0.4 | 0.0 |
| Cadillac | 294 | 230 | -21.8 | 0.8 | 0.6 | -0.2 | 783 | 690 | -11.9 | 0.7 | 0.6 | -0.1 |
| Chevrolet | 1,909 | 2,103 | 10.2 | 4.9 | 5.2 | 0.3 | 5,395 | 6,037 | 11.9 | 4.9 | 5.2 | 0.3 |
| Chrysler | 179 | 196 | 9.5 | 0.5 | 0.5 | 0.0 | 427 | 745 | 74.5 | 0.4 | 0.6 | 0.2 |
| Dodge | 519 | 506 | -2.5 | 1.3 | 1.3 | 0.0 | 1,684 | 1,697 | 0.8 | 1.5 | 1.5 | 0.0 |
| FIAT | 310 | 289 | -6.8 | 0.8 | 0.7 | -0.1 | 987 | 780 | -21.0 | 0.9 | 0.7 | -0.2 |
| Ford | 4,003 | 4,258 | 6.4 | 10.2 | 10.6 | 0.4 | 11,755 | 12,335 | 4.9 | 10.7 | 10.5 | -0.2 |
| GMC | 400 | 556 | 39.0 | 1.0 | 1.4 | 0.4 | 1,096 | 1,547 | 41.1 | 1.0 | 1.3 | 0.3 |
| Honda | 4,641 | 4,445 | -4.2 | 11.9 | 11.1 | -0.8 | 12,110 | 12,879 | 6.4 | 11.0 | 11.0 | 0.0 |
| Hyundai | 1,398 | 1,469 | 5.1 | 3.6 | 3.7 | 0.1 | 4,124 | 4,193 | 1.7 | 3.8 | 3.6 | -0.2 |
| Infiniti | 243 | 299 | 23.0 | 0.6 | 0.7 | 0.1 | 865 | 959 | 10.9 | 0.8 | 0.8 | 0.0 |
| Jaguar | 48 | 48 | 0.0 | 0.1 | 0.1 | 0.0 | 181 | 141 | -22.1 | 0.2 | 0.1 | -0.1 |
| Jeep | 1,262 | 1,481 | 17.4 | 3.2 | 3.7 | 0.5 | 3,722 | 4,092 | 9.9 | 3.4 | 3.5 | 0.1 |
| Kia | 1,324 | 1,649 | 24.5 | 3.4 | 4.1 | 0.7 | 4,044 | 4,793 | 18.5 | 3.7 | 4.1 | 0.4 |
| Land Rover | 220 | 277 | 25.9 | 0.6 | 0.7 | 0.1 | 640 | 829 | 29.5 | 0.6 | 0.7 | 0.1 |
| Lexus | 1,555 | 1,528 | -1.7 | 4.0 | 3.8 | -0.2 | 4,070 | 4,246 | 4.3 | 3.7 | 3.6 | -0.1 |
| Lincoln | 143 | 145 | 1.4 | 0.4 | 0.4 | 0.0 | 405 | 483 | 19.3 | 0.4 | 0.4 | 0.0 |
| Mazda | 1,272 | 1,259 | -1.0 | 3.3 | 3.1 | -0.2 | 3,421 | 3,827 | 11.9 | 3.1 | 3.3 | 0.2 |
| Mercedes | 1,084 | 1,185 | 9.3 | 2.8 | 2.9 | 0.1 | 3,051 | 3,702 | 21.3 | 2.8 | 3.2 | 0.4 |
| MINI | 265 | 260 | -1.9 | 0.7 | 0.6 | -0.1 | 741 | 829 | 11.9 | 0.7 | 0.7 | 0.0 |
| Mitsubishi | 133 | 178 | 33.8 | 0.3 | 0.4 | 0.1 | 411 | 538 | 30.9 | 0.4 | 0.5 | 0.1 |
| Nissan | 3,678 | 3,711 | 0.9 | 9.4 | 9.2 | -0.2 | 10,050 | 10,544 | 4.9 | 9.2 | 9.0 | -0.2 |
| Other | 170 | 134 | -21.2 | 0.4 | 0.3 | -0.1 | 462 | 442 | -4.3 | 0.4 | 0.4 | 0.0 |
| Porsche | 227 | 224 | -1.3 | 0.6 | 0.6 | 0.0 | 536 | 685 | 27.8 | 0.5 | 0.6 | 0.1 |
| Ram | 460 | 546 | 18.7 | 1.2 | 1.4 | 0.2 | 1,234 | 1,499 | 21.5 | 1.1 | 1.3 | 0.2 |
| Subaru | 1,223 | 1,395 | 14.1 | 3.1 | 3.5 | 0.4 | 3,376 | 4,134 | 22.5 | 3.1 | 3.5 | 0.4 |
| Tesla | 93 | 152 | 63.4 | 0.2 | 0.4 | 0.2 | 285 | 487 | 70.9 | 0.3 | 0.4 | 0.1 |
| Toyota | 7,831 | 7,510 | -4.1 | 20.0 | 18.7 | -1.3 | 21,858 | 21,581 | -1.3 | 19.9 | 18.5 | -1.4 |
| Volkswagen | 1,442 | 1,415 | -1.9 | 3.7 | 3.5 | -0.2 | 4,104 | 3,805 | -7.3 | 3.7 | 3.3 | -0.4 |
| Volvo | 173 | 164 | -5.2 | 0.4 | 0.4 | 0.0 | 446 | 439 | -1.6 | 0.4 | 0.4 | 0.0 |

*September 2015 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 Third Quarters of 2014 and 2015, and year-to-date totals for 2014 and 2015. The top ten ranked brands in each category are shaded yellow.

USED VEHICLE MARKET REPORT

County Used Vehicle Market Improves During Summer of '15

Used vehicle registrations increased 3.8% thru August of this year

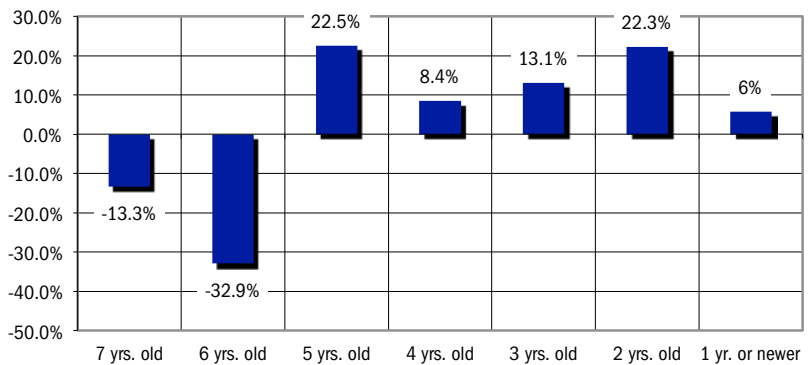
Below is a list of key trends in the San Diego County retail used vehicle market:

- Retail used car and light truck registrations in the county increased 3.8% during the first eight months of 2015 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) narrowed somewhat between June and August of this year. New vehicle registrations increased 6.6% during the first nine months of this year (versus a year earlier), while 6 year old or newer used registrations were up 7.5% thru August.
- Used registrations for vehicles 5 years old or newer have increased so far this year. As shown on the graph to the right, 5 year old used vehicle registrations were up 22.5% and the 2 year old market increased 22.3%. The 6 year old market declined 32.9%.
- Korean brand used registrations increased 20.5%, while European and Japanese brands were up 4.1%.
- Toyota Camry was the best-selling model in the county among 6 year old or newer vehicles. Chevrolet Cruze and Kia Optima registrations were up sharply.
- Among the top 15 selling brands, Hyundai, Kia, Lexus, VW, Nissan, and Mercedes had the largest percentage increases in used registrations so far this year.

| San Diego County Retail Used Light Vehicle Registrations YTD thru August | | | | | |
|---|---------------|---------|------------------------|--------------|---------|
| | Registrations | | % Change '14 TO '15 | Market Share | |
| | YTD '14 | YTD '15 | | YTD '14 | YTD '15 |
| TOTAL | 196,821 | 204,209 | 3.8% | | |
| Cars | 118,995 | 123,559 | 3.8% | 60.5% | 60.5% |
| Light Trucks | 77,826 | 80,650 | 3.6% | 39.5% | 39.5% |
| Detroit Three | 71,203 | 72,040 | 1.2% | 36.2% | 35.3% |
| European | 31,401 | 32,701 | 4.1% | 16.0% | 16.0% |
| Japanese | 85,905 | 89,448 | 4.1% | 43.6% | 43.8% |
| Korean | 8,312 | 10,020 | 20.5% | 4.2% | 4.9% |

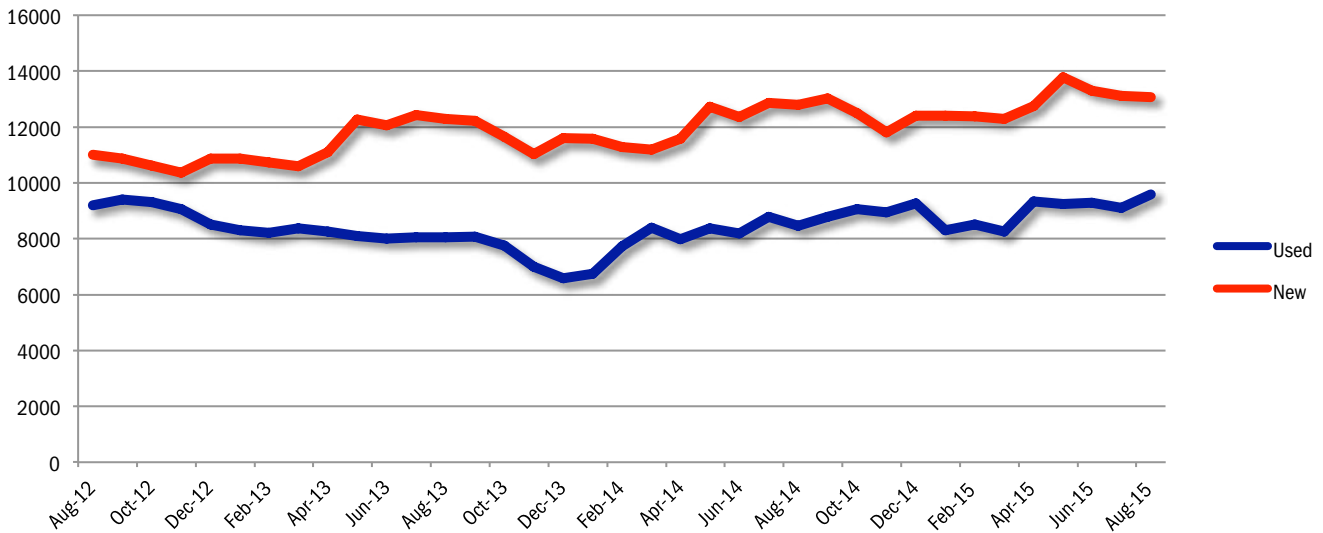
Source: IHS Automotive.

Percent Change in County Retail Used Registrations by Vehicle Age, YTD 2015 thru August vs. YTD 2014



Source: IHS Automotive.

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



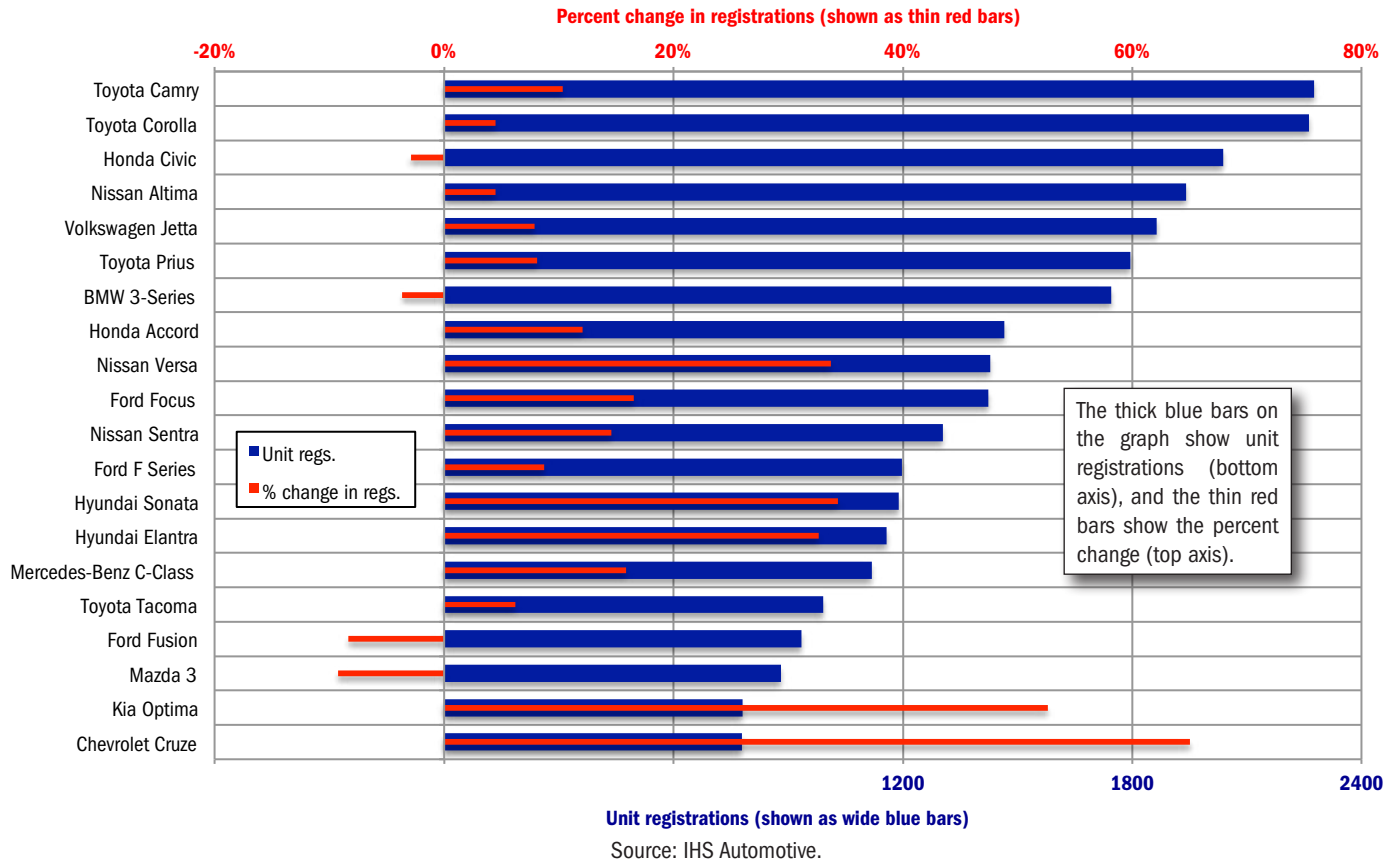
Source: IHS Automotive.

TOP SELLING MODELS

Camry and Corolla Best Sellers in Used Vehicle Market

Chevrolet Cruze and Kia Optima have big percentage gains

Registrations (ytd '15 thru August) and Percent Change in registrations (ytd '15 thru August vs. ytd '14) Top 20 Selling Models (6 years old or newer)



USED VEHICLE BRAND SCOREBOARD

Used Hyundai Registrations Increase 25.1%

Registrations for Volkswagen, Lexus, and Acura also move higher

The graph below shows the percent change in used registrations for the top 15 selling makes during the first eight months of 2015 vs. year earlier.

Percent Change in Used Registrations (top 15 brands in county) - YTD '15 thru August vs. YTD '14

