

San Diego Auto Outlook

Comprehensive information on the San Diego County new vehicle market



FORECAST

County Market Predicted to Improve Again in 2016

New vehicle sales are expected to remain at strong levels for several years

The county new vehicle market has been on an amazing run, with new retail registrations increasing for six consecutive years. As shown on the graph on page 7, the market fell to about 77,000 units in 2009 and recovered to more than 162,000 in 2015. That's a 109% increase over the six year period! With sales reaching such high levels, there are concerns that the market has peaked. And based solely on the primary predictors of core demand (i.e., the cyclical nature of sales and the release of pent-up demand) there are reasons to believe that sales will soon begin their inevitable cyclical downturn.

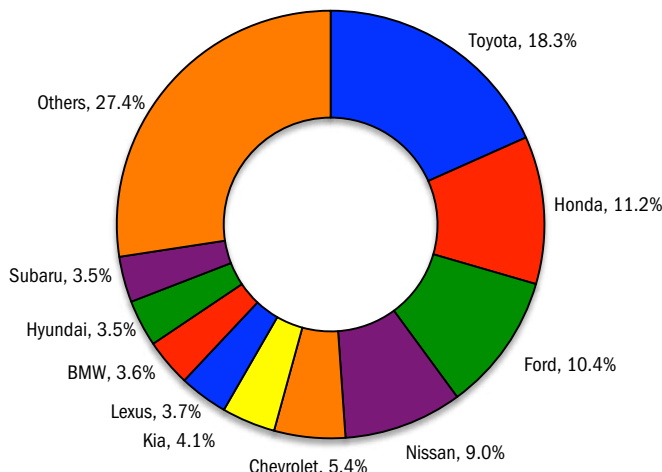
But predicting the course of new vehicle sales is not always as straightforward as it seems. Despite the concerns mentioned above, there are some compelling reasons to believe that the market still has some gas left in the tank. As mentioned previously in Auto Outlook, the impressive array of advanced safety features and infotainment offerings in new vehicles can make even three year old cars seem out-dated. This can provide strong motivation for consumers to enter the new vehicle market. In addition, manufacturers have generally stated a commitment to hold the line on incentives and emphasize profitability over sales volume. However, if demand starts to soften, the battle for market share could result in an opening of the incentives spigot, which would prolong the sales rebound.

Most likely scenario for the county market is slow growth this year, and perhaps in 2017 as well, with moderate easing to follow.

7 Key Market Trends

- 1. County new retail registrations increased 10.3% from 2014 to 2015 (December, '15 figures were estimated), well above the 5.7% improvement in the U.S.
- 2. The market is predicted to increase 3.7% in 2016.
- 3. County light truck market share increased from 40% during 2014 to 43.6% last year.
- 4. Domestic brand registrations were up 15.1%, higher than the 10.3% improvement in the overall market
- 5. Hybrid and electric vehicle market share was 8.5% thru November of last year, down from 9.7% in 2014.
- 6. Toyota, Honda, BMW, Lexus, Mazda, Nissan, Volkswagen, and Mercedes are strong performing brands in the county market (see page 6).
- 7. SUVs have gained ground, with market share increasing 2.1 points from 2014.

County Brand Market Share - 2015*



The graph above shows market share leaders in 2015. Source: IHS Automotive.

Market Summary

	2014 Annual	2015 Annual*	% Chg. '14 to '15	Mkt. Share 2015*
TOTAL	146,947	162,055	10.3%	
Car	88,098	91,459	3.8%	56.4%
Light Truck	58,849	70,596	20.0%	43.6%
Domestic	36,291	41,769	15.1%	25.8%
European	23,592	24,715	4.8%	15.3%
Japanese	76,361	83,280	9.1%	51.4%
Korean	10,703	12,291	14.8%	7.6%

Source: IHS Automotive.

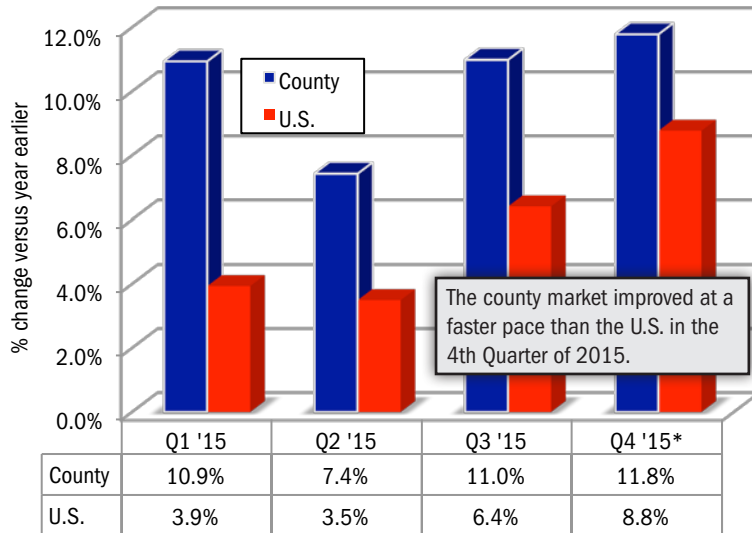
Domestic brands consists of vehicles sold by GM, Ford, FCA (excluding FIAT), and Tesla. *Figures for December, 2015 were estimated by Auto Outlook.

MARKET TRACKER: QUARTERLY RESULTS

County Market Increases 11.8% in Fourth Quarter of 2015

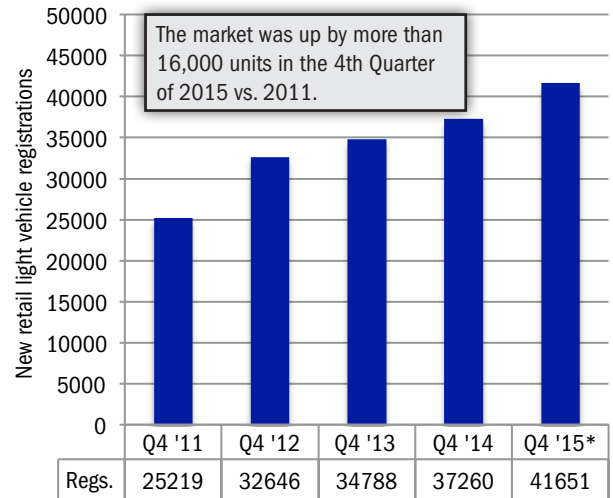
QUARTERLY TREND

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



QUARTERLY PERSPECTIVE

Five Years of Fourth Quarter Results in County Market



Fourth Quarter registrations during past five years

* Figures for the Fourth Quarter of 2015 were estimated by Auto Outlook based on data for October and November. Source: IHS Automotive.

* Figures for 4Q 2015 were estimated by Auto Outlook based on data for October and November. Source: IHS Automotive.

MARKET TRACKER: COUNTY MARKET VERSUS U.S.

U.S. Increase is Lower Than County

	County Market		U.S. Market	
Percent change in registrations 2015* vs. 2014	10.3%		5.7%	
Passenger car market share 2015*	56.4%		43.6%	
Domestic brand market share 2015*	25.8%		41.4%	
Top 10 brands and market share 2015*				
First	Toyota	18.3%	Toyota	13.1%
Second	Honda	11.2%	Ford	12.4%
Third	Ford	10.4%	Chevrolet	10.8%
Fourth	Nissan	9.0%	Honda	9.6%
Fifth	Chevrolet	5.4%	Nissan	7.6%
Sixth	Kia	4.1%	Jeep	5.1%
Seventh	Lexus	3.7%	Hyundai	4.0%
Eighth	BMW	3.6%	Subaru	3.9%
Ninth	Hyundai	3.5%	Kia	3.7%
Tenth	Subaru	3.5%	GMC	3.4%

*Dec. 2015 figures estimated by Auto Outlook

Source: IHS Automotive

San Diego Auto Outlook

Covering Fourth Quarter 2015

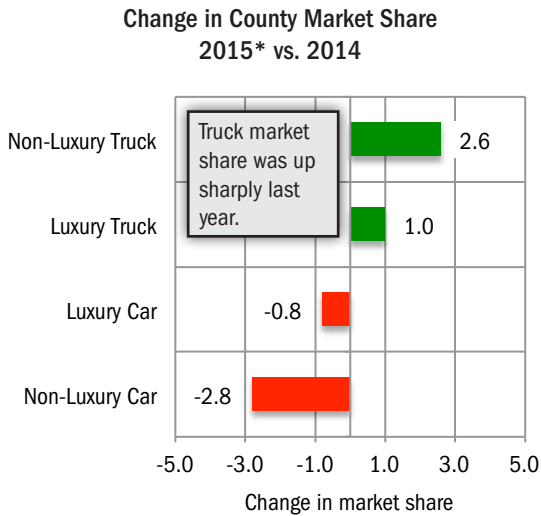
Published by:
 Auto Outlook, Inc.
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MARKET TRACKER: PRIMARY SEGMENTS

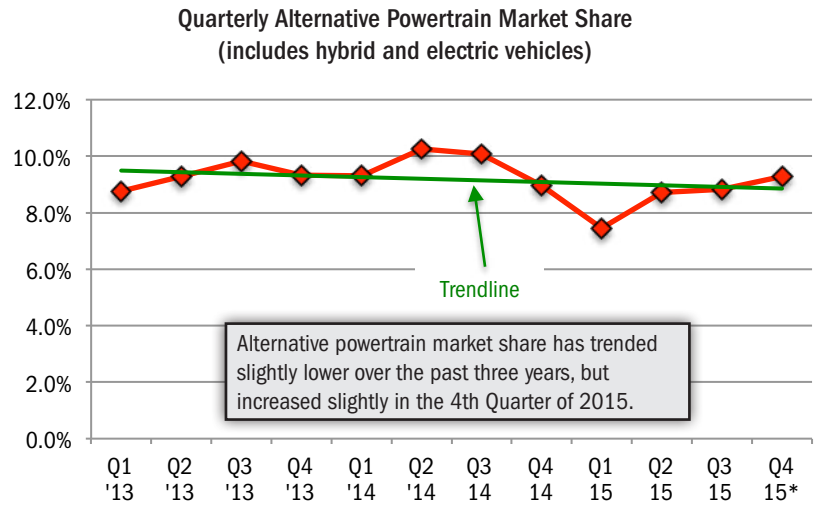
Non-Luxury Trucks Gain



The graph above shows the change in year-to-date market share for four primary brand segments. *Figures for December, 2015 were estimated by Auto Outlook. Data Source: IHS Automotive.

MARKET TRACKER: HYBRID AND ELECTRIC VEHICLES

Hybrids/Electric Share Up Slightly



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. *Fourth Quarter 2015 includes October and November. Source: IHS Automotive.

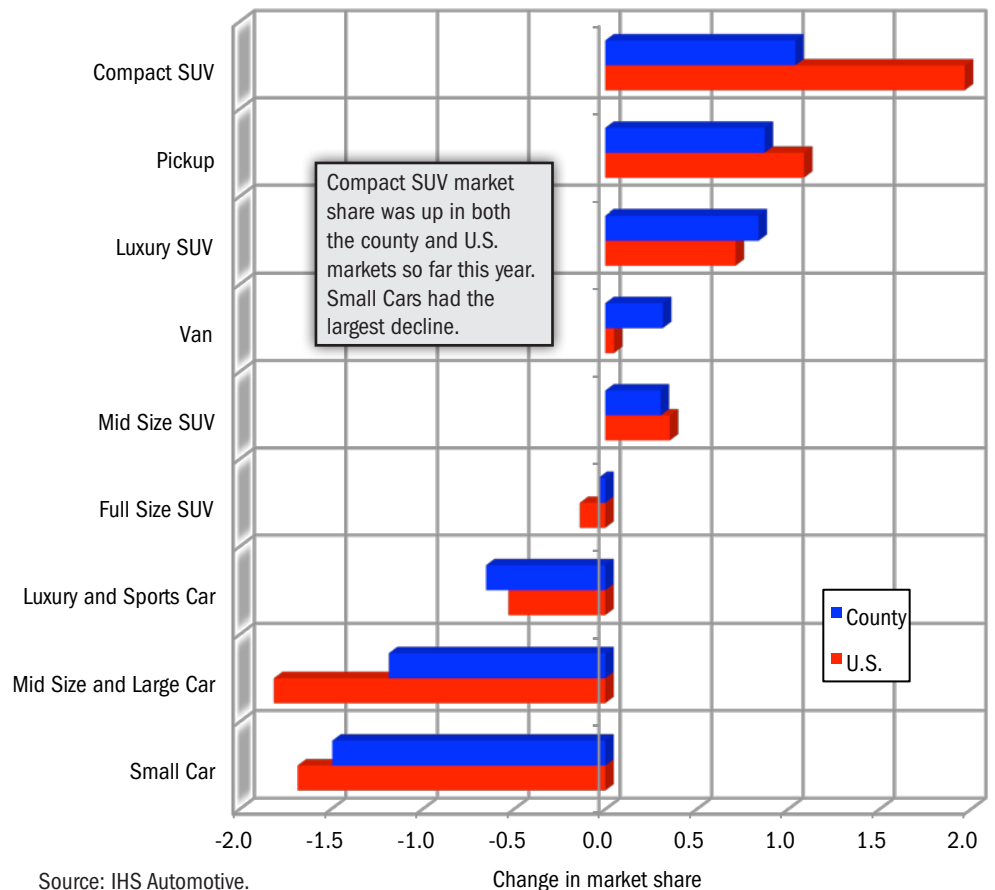
MARKET TRACKER - SEGMENTS

SUV Market Share Increases by 2.1 Points in 2015

Change in Segment Market Share
YTD 2015 thru November vs. YTD 2014
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
- Compact SUV: Jeep Cherokee
- Mid Size SUV: Kia Sorento
- Full Size SUV: Chevrolet Tahoe
- Luxury SUV: Lexus RX



Source: IHS Automotive.

BRAND MARKET SHARE TRENDS

Nissan Market Share Trend in County Market is Up Slightly

Following two pages show three year market share results for top ten brands in county market

In today's hotly competitive automotive marketplace, the gain (or loss) of a few tenths of a market share point is significant. And as shown on the graphs below and on the following page, some brands have had much bigger swings than that over the past 36 months.

Each graph shows quarterly market share in the San Diego County new retail light vehicle market, along with a trendline which illustrates

the overall trending direction during the past three years. Here's the breakdown:

The three year market share trend for these brands is up sharply: Subaru

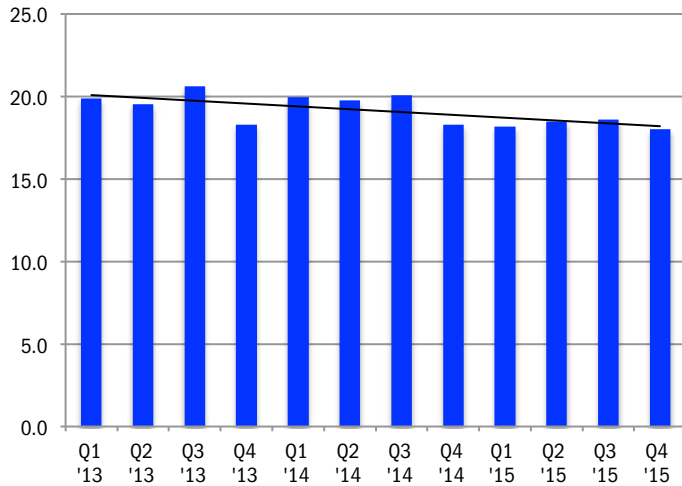
The three year market share trend for these brands is up slightly: Nissan, Chevrolet, and Lexus.

Three year market share trend for these brands is roughly flat: Toyota, Honda, Kia, and BMW.

Three year market share trend for these brands is declining: Ford and Hyundai.

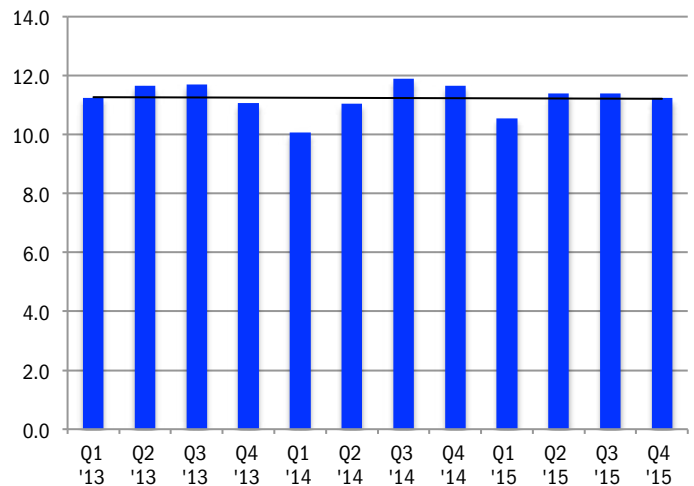
Keep in mind that due to the expanding market during the three year period, brands could still have increasing unit registrations even while market share is declining.

Toyota Quarterly Market Share (%)



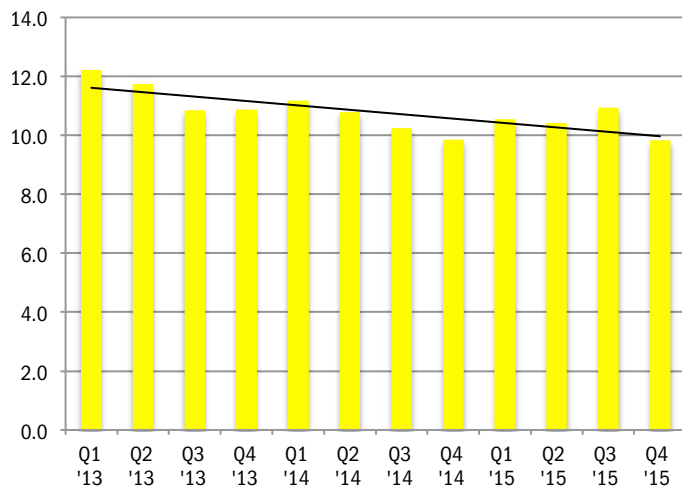
Source: IHS Automotive.

Honda Quarterly Market Share (%)



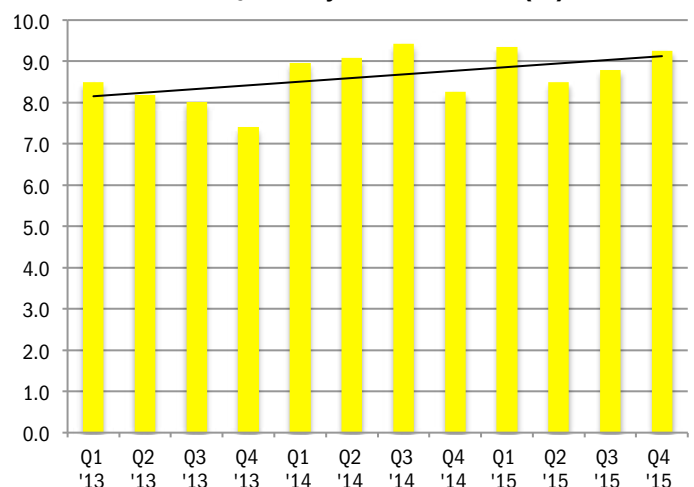
Source: IHS Automotive.

Ford Quarterly Market Share (%)



Source: IHS Automotive.

Nissan Quarterly Market Share (%)



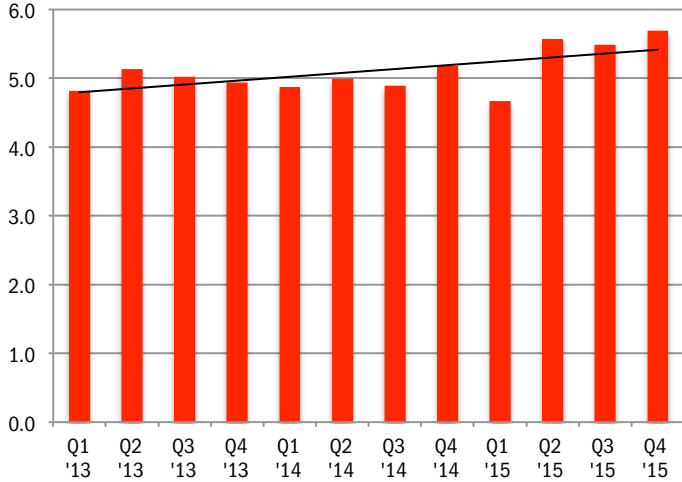
Source: IHS Automotive.

BRAND MARKET SHARE TRENDS

Subaru Posts Big Gains; Chevrolet and Lexus are also Up

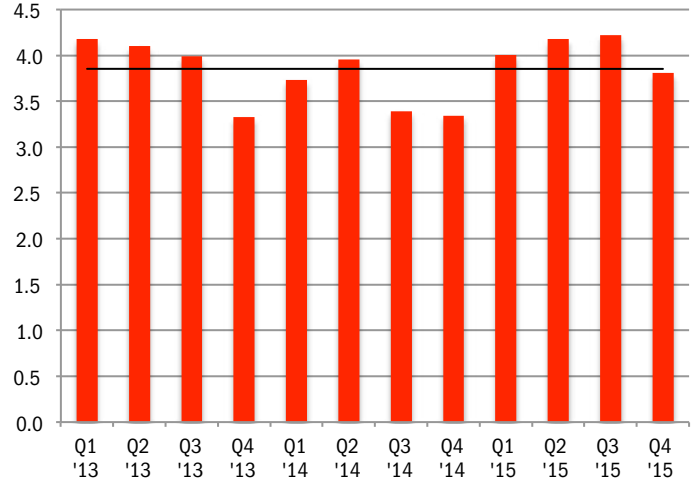
Hyundai is declining

Chevrolet Quarterly Market Share (%)



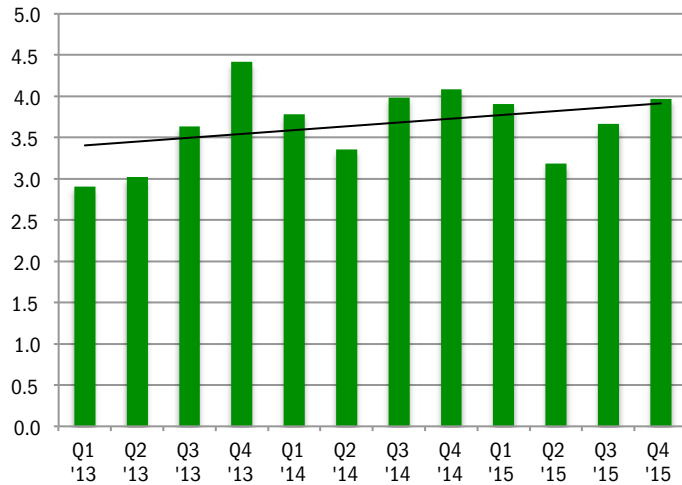
Source: IHS Automotive.

Kia Quarterly Market Share (%)



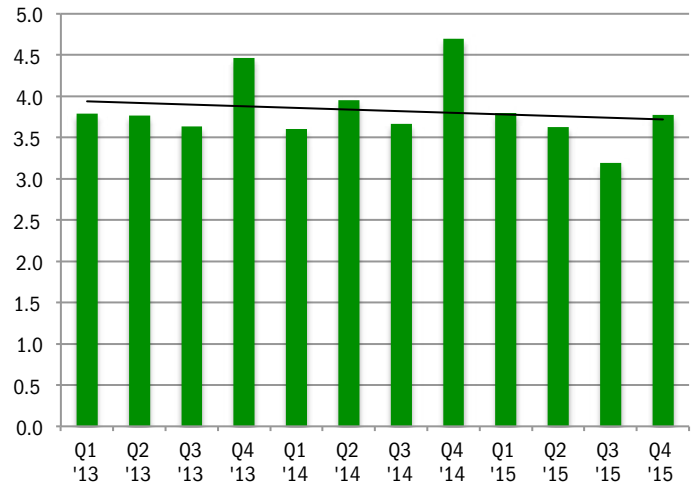
Source: IHS Automotive.

Lexus Quarterly Market Share (%)



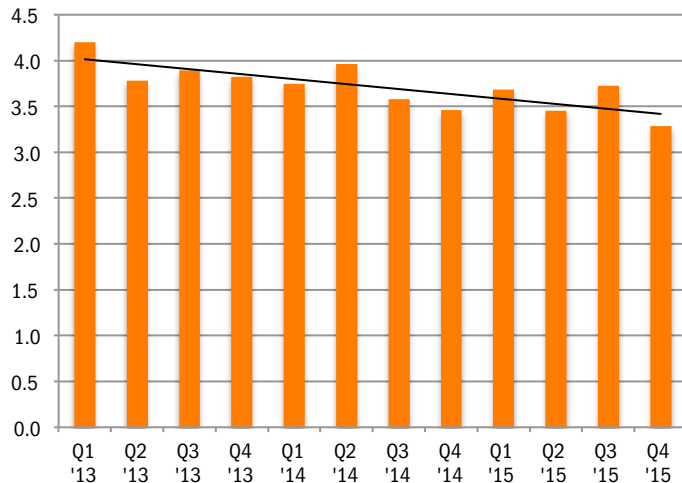
Source: IHS Automotive.

BMW Quarterly Market Share (%)



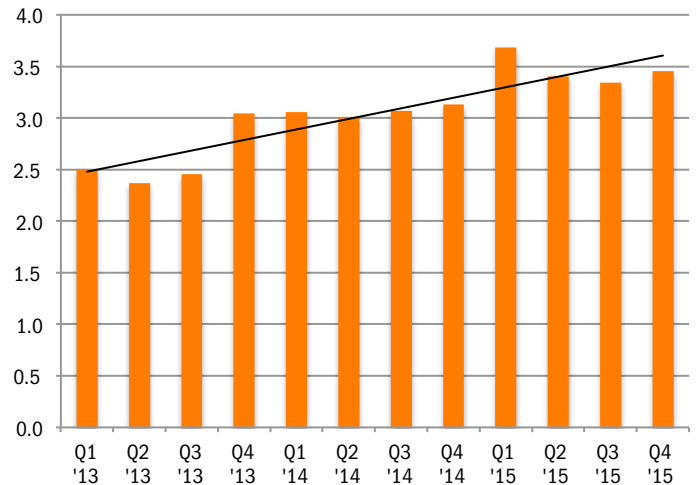
Source: IHS Automotive.

Hyundai Quarterly Market Share (%)



Source: IHS Automotive.

Subaru Quarterly Market Share (%)



Source: IHS Automotive.

BRAND SCOREBOARD

Toyota is a Strong Performer in County Market

Honda, BMW, Lexus, Mazda, Nissan, Volkswagen, and Mercedes 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.

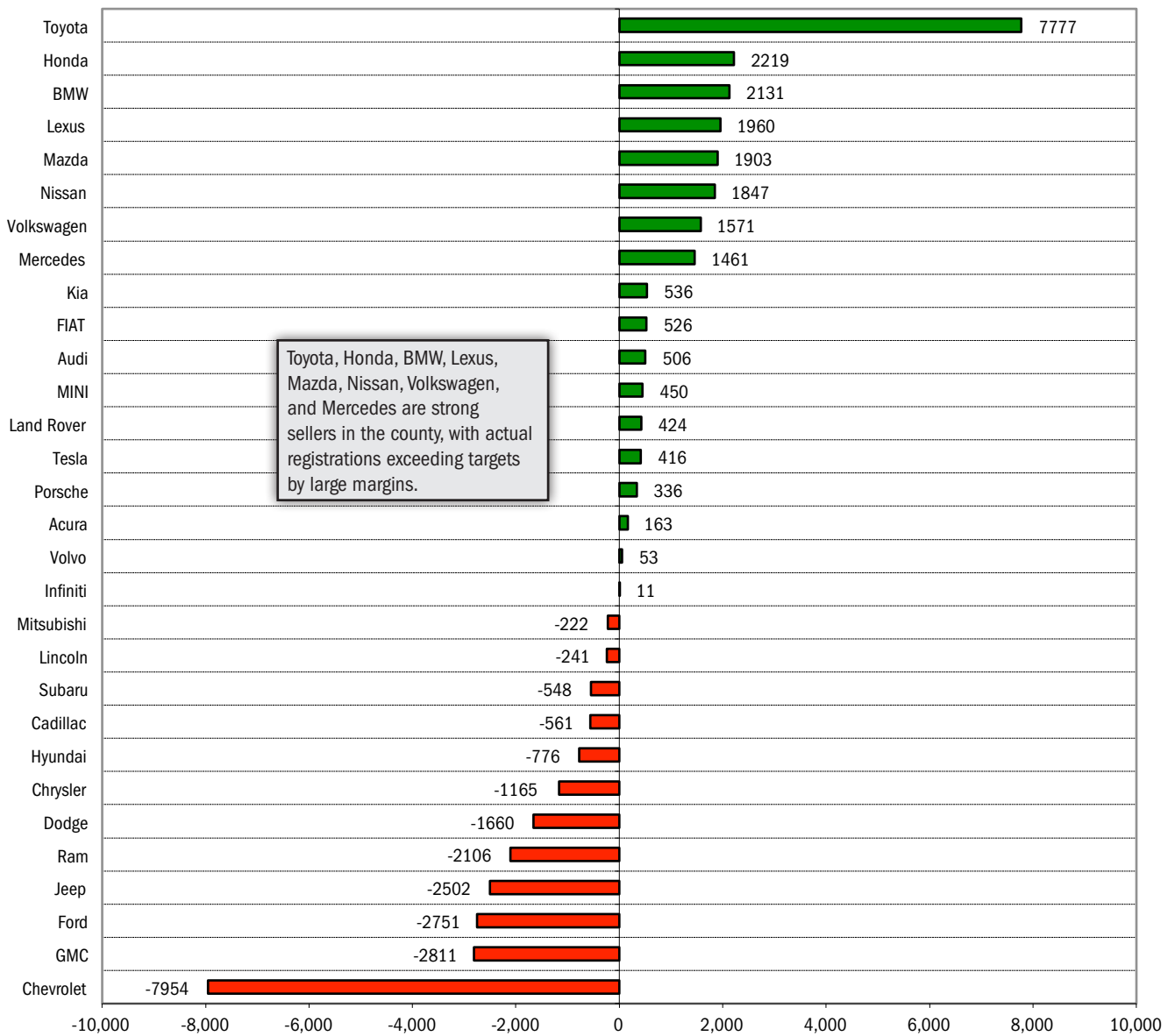
in the county during 2015. This yields a “target” for the county market. Target registrations are subtracted from actual registrations to derive the measurement of sales performance.

sellers in the county, with actual registrations exceeding calculated targets by large margins. For instance, Toyota registrations exceeded the target by 7,777 units.

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

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

San Diego County Retail Market Performance based on registrations for 2015*
Actual registrations minus target (county industry registrations times U.S. market share)



Toyota, Honda, BMW, Lexus, Mazda, Nissan, Volkswagen, and Mercedes are strong sellers in the county, with actual registrations exceeding targets by large margins.

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

*Figures for December, 2015 were estimated.

Source for registration data: IHS Automotive.

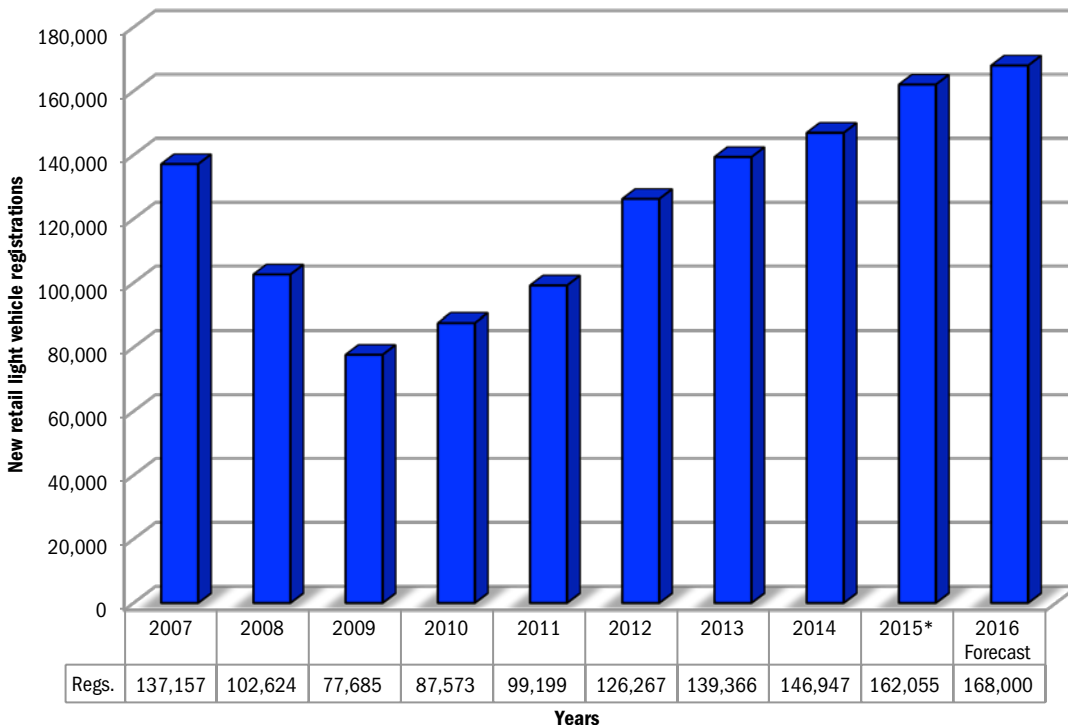
LONG TERM TRENDS

New Vehicle Sales Have a Chance to Improve Again in 2016

Increase would mark seventh consecutive annual increase

The two graphs below provide a long term perspective of trends in the San Diego County new retail light vehicle market. The first graph shows historical registrations from 2007 thru 2015, along with Auto Outlook’s forecast for 2016. The second graph shows light truck share of the overall light vehicle market.

County New Retail Light Vehicle Registrations - 2007 thru 2015, 2016 Forecast



Key Trends

Between 2009 (the low point during the market downturn) and 2015, county new retail light vehicle registrations have increased by more than 84,000 units, an increase of 108%!

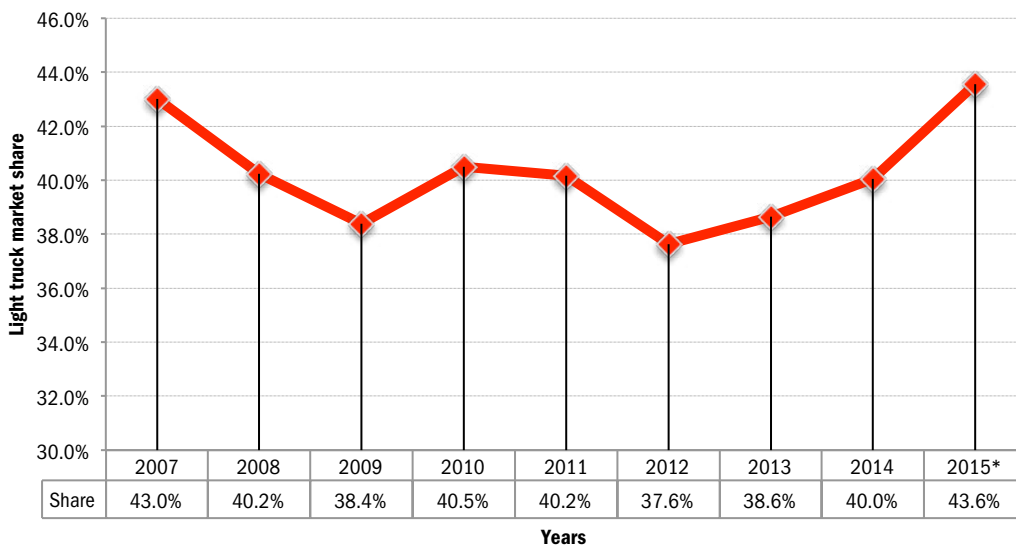
The market was up 10.3% last year versus 2014, and Auto Outlook is predicting a slight increase this year.

Following a wild roller-coaster ride during the eight year period, county registrations this year are should exceed 2007 levels for the fourth consecutive year.

Historical Data Source: IHS Automotive.

* December 2015 figures were estimated by Auto Outlook.

County New Retail Light Truck Market Share - 2007 thru 2015



Key Trends

Light truck share of the San Diego County light vehicle market declined by nearly five market share points between 2007 and 2009.

After declining slightly from 2011 to 2012, light truck share increased to 43.6% in 2015, and was up 5.2 points from 2009.

Source: IHS Automotive.

* December 2015 figures were estimated by Auto Outlook.

Brand Registrations Report												
San Diego County New Retail Car and Light Truck Registrations												
	Fourth Quarter*						Annual Totals					
	Registrations			Market Share (%)			Registrations			Market Share (%)		
	4Q 2014	4Q 2015	% change	4Q 2014	4Q 2015	Change	2014	2015*	% change	2014	2015*	Change
TOTAL	37,260	41,651	11.8				146,947	162,055	10.3			
Cars	22,023	22,701	3.1	59.1	54.5	-4.6	88,098	91,459	3.8	60.0	56.4	-3.6
Light Trucks	15,237	18,950	24.4	40.9	45.5	4.6	58,849	70,596	20.0	40.0	43.6	3.6
Domestic Brands	9,100	10,671	17.3	24.4	25.6	1.2	36,291	41,769	15.1	24.7	25.8	1.1
European Brands	6,692	6,646	-0.7	18.0	16.0	-2.0	23,592	24,715	4.8	16.1	15.3	-0.8
Japanese Brands	18,933	21,391	13.0	50.8	51.4	0.6	76,361	83,280	9.1	52.0	51.4	-0.6
Korean Brands	2,535	2,943	16.1	6.8	7.1	0.3	10,703	12,291	14.8	7.3	7.6	0.3
Acura	517	504	-2.5	1.4	1.2	-0.2	1,810	2,069	14.3	1.2	1.3	0.1
Audi	727	717	-1.4	2.0	1.7	-0.3	2,395	2,649	10.6	1.6	1.6	0.0
BMW	1,750	1,572	-10.2	4.7	3.8	-0.9	5,856	5,812	-0.8	4.0	3.6	-0.4
Buick	142	167	17.6	0.4	0.4	0.0	527	646	22.6	0.4	0.4	0.0
Cadillac	234	268	14.5	0.6	0.6	0.0	1,017	934	-8.2	0.7	0.6	-0.1
Chevrolet	1,929	2,372	23.0	5.2	5.7	0.5	7,324	8,710	18.9	5.0	5.4	0.4
Chrysler	236	223	-5.5	0.6	0.5	-0.1	663	1,000	50.8	0.5	0.6	0.1
Dodge	499	537	7.6	1.3	1.3	0.0	2,183	2,292	5.0	1.5	1.4	-0.1
FIAT	248	166	-33.1	0.7	0.4	-0.3	1,235	937	-24.1	0.8	0.6	-0.2
Ford	3,673	4,092	11.4	9.9	9.8	-0.1	15,428	16,907	9.6	10.5	10.4	-0.1
GMC	507	636	25.4	1.4	1.5	0.1	1,603	2,271	41.7	1.1	1.4	0.3
Honda	4,341	4,679	7.8	11.7	11.2	-0.5	16,451	18,090	10.0	11.2	11.2	0.0
Hyundai	1,289	1,369	6.2	3.5	3.3	-0.2	5,413	5,732	5.9	3.7	3.5	-0.2
Infiniti	321	362	12.8	0.9	0.9	0.0	1,186	1,363	14.9	0.8	0.8	0.0
Jaguar	52	57	9.6	0.1	0.1	0.0	233	196	-15.9	0.2	0.1	-0.1
Jeep	1,078	1,480	37.3	2.9	3.6	0.7	4,800	5,527	15.1	3.3	3.4	0.1
Kia	1,246	1,586	27.3	3.3	3.8	0.5	5,290	6,571	24.2	3.6	4.1	0.5
Land Rover	221	370	67.4	0.6	0.9	0.3	861	1,209	40.4	0.6	0.7	0.1
Lexus	1,523	1,653	8.5	4.1	4.0	-0.1	5,593	5,962	6.6	3.8	3.7	-0.1
Lincoln	150	183	22.0	0.4	0.4	0.0	555	705	27.0	0.4	0.4	0.0
Mazda	1,054	1,276	21.1	2.8	3.1	0.3	4,475	5,304	18.5	3.0	3.3	0.3
Mercedes	1,447	1,483	2.5	3.9	3.6	-0.3	4,500	5,328	18.4	3.1	3.3	0.2
MINI	278	242	-12.9	0.7	0.6	-0.1	1,019	1,088	6.8	0.7	0.7	0.0
Mitsubishi	111	149	34.2	0.3	0.4	0.1	522	667	27.8	0.4	0.4	0.0
Nissan	3,078	3,856	25.3	8.3	9.3	1.0	13,128	14,527	10.7	8.9	9.0	0.1
Other	160	159	-0.6	0.4	0.4	0.0	622	619	-0.5	0.4	0.4	0.0
Porsche	221	261	18.1	0.6	0.6	0.0	764	957	25.3	0.5	0.6	0.1
Ram	469	560	19.4	1.3	1.3	0.0	1,703	2,082	22.3	1.2	1.3	0.1
Subaru	1,166	1,438	23.3	3.1	3.5	0.4	4,505	5,612	24.6	3.1	3.5	0.4
Tesla	173	237	37.0	0.5	0.6	0.1	458	751	64.0	0.3	0.5	0.2
Toyota	6,817	7,505	10.1	18.3	18.0	-0.3	28,675	29,704	3.6	19.5	18.3	-1.2
Volkswagen	1,446	1,216	-15.9	3.9	2.9	-1.0	5,550	5,111	-7.9	3.8	3.2	-0.6
Volvo	157	276	75.8	0.4	0.7	0.3	603	723	19.9	0.4	0.4	0.0

*December 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 Fourth Quarters of 2014 and 2015, 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 Has Solid Gain in 2015

Used vehicle registrations increased 4.4% thru November of last year

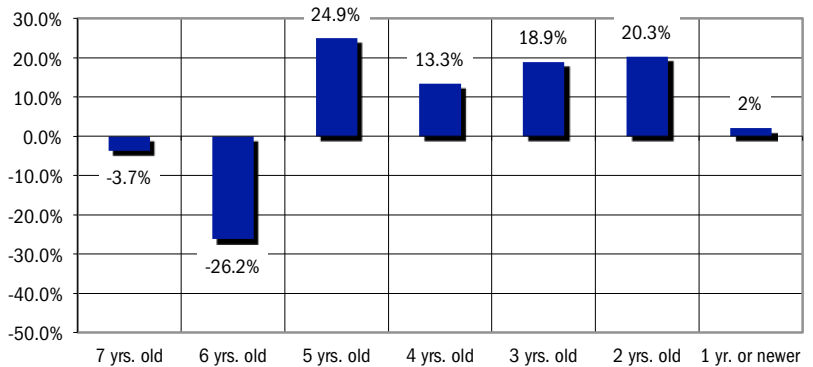
Below is a list of key trends in the San Diego County retail used vehicle market:

- Retail used car and light truck registrations in the county increased 4.4% during the first 11 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) has remained fairly stable during the past two years. New vehicle registrations increased 10.2% during the first 11 months of 2015 (versus a year earlier), while 6 year old or newer used registrations were up 7.8%.
- Used registrations for vehicles 5 years old or newer moved higher toward the end of last year. As shown on the graph to the right, 5 year old used vehicle registrations were up 24.9%. The 6 year old market declined 26.2%.
- Korean brand used registrations increased 19.1%, while Japanese brands were up 5.4%.
- Toyota Corolla was the best-selling model in the county among 6 year old or newer vehicles. Kia Optima, Nissan Versa, and Hyundai Sonata registrations were up sharply.

San Diego County Retail Used Light Vehicle Registrations YTD thru November					
	Registrations		% Change '14 TO '15	Market Share	
	YTD '14	YTD '15		YTD '14	YTD '15
TOTAL	266,960	278,834	4.4%		
Cars	161,440	168,552	4.4%	60.5%	60.4%
Light Trucks	105,520	110,282	4.5%	39.5%	39.6%
Detroit Three	96,436	97,999	1.6%	36.1%	35.1%
European	42,693	44,529	4.3%	16.0%	16.0%
Japanese	116,207	122,464	5.4%	43.5%	43.9%
Korean	11,624	13,842	19.1%	4.4%	5.0%

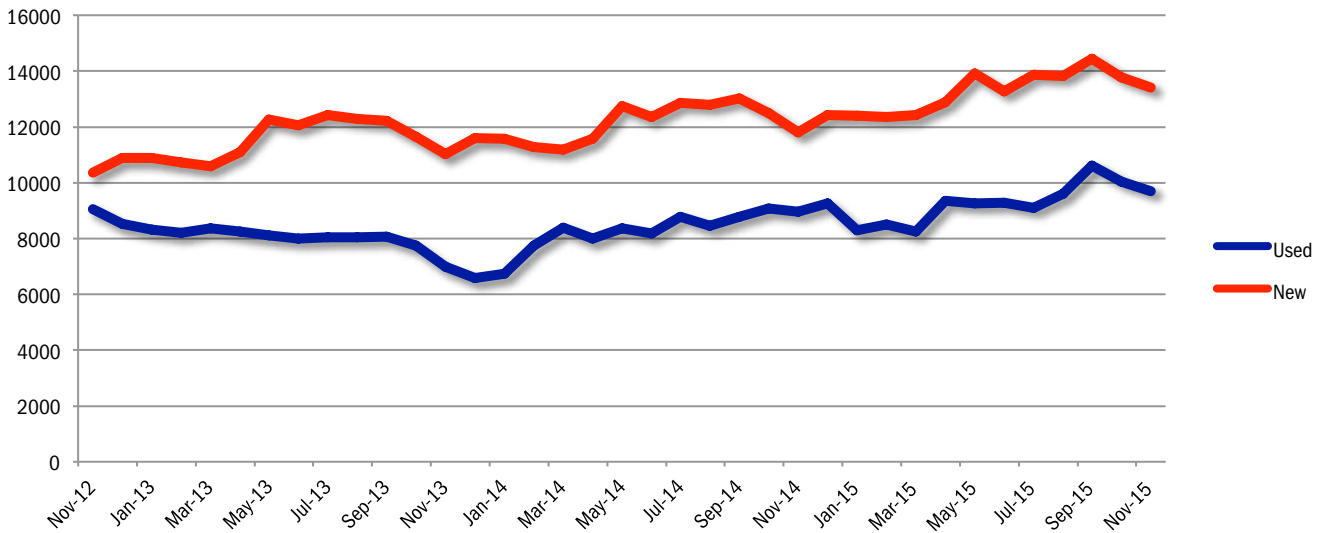
Source: IHS Automotive.

Percent Change in County Retail Used Registrations by Vehicle Age, Sep '15 thru Nov '15 vs. Year Earlier



Source: IHS Automotive.

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



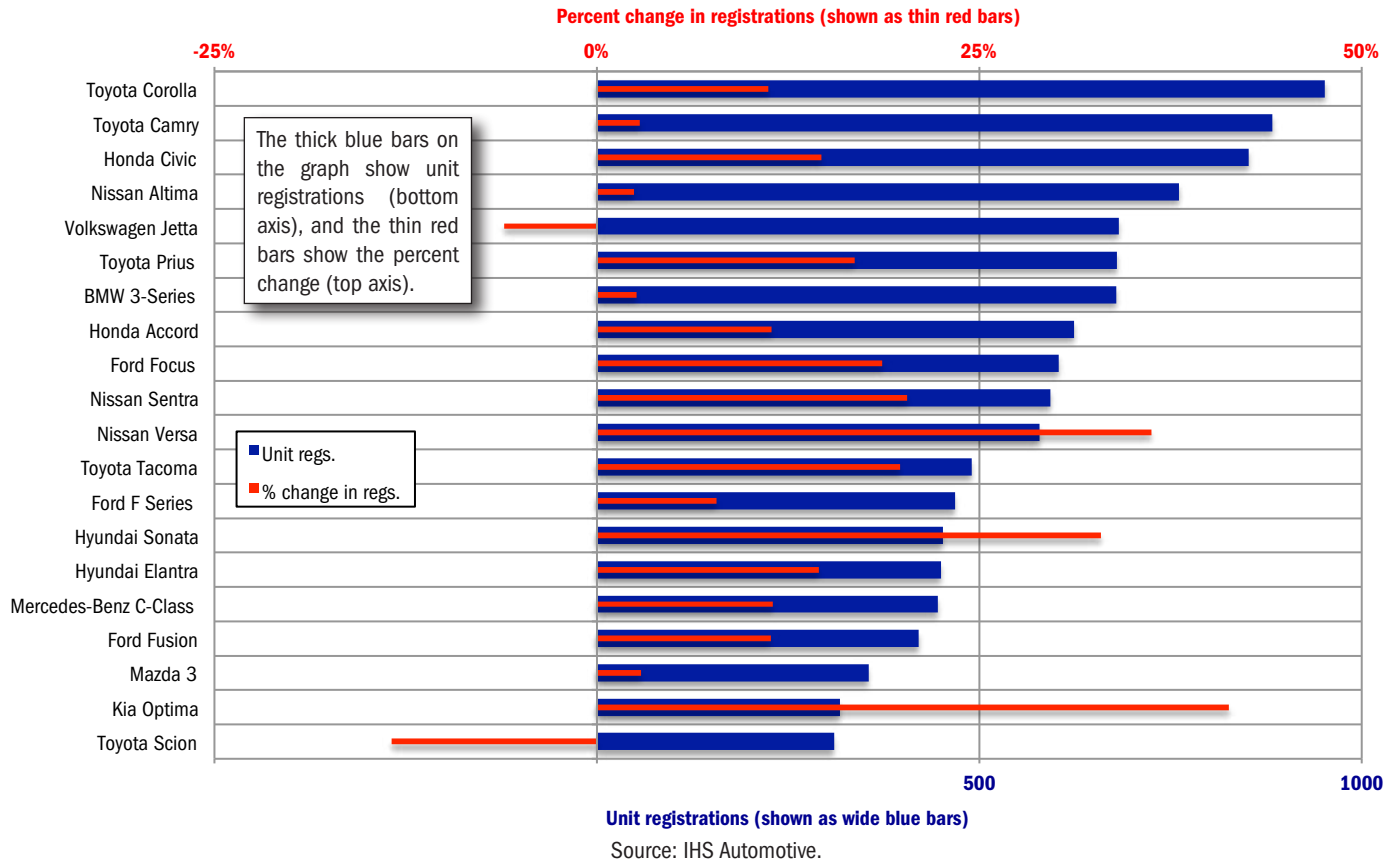
Source: IHS Automotive.

TOP SELLING MODELS

Optima, Versa, and Sonata Have Big Gains in Used Market

Corolla, Camry, and Civic are best sellers

Registrations (Sep. '15 thru Nov. '15) and Percent Change (Sep. '15 thru Nov. '15 vs. year earlier)
Top 20 Selling Models (6 years old or newer)



USED VEHICLE BRAND SCOREBOARD

Used Hyundai Registrations Increase 22.8%

Registrations for Kia, Lexus, and Nissan also move higher

The graph below shows the percent change in used registrations for the top 15 selling makes during the first 11 months of 2015 vs. year earlier.

