

San Diego Auto Outlook

Comprehensive information on the San Diego County new vehicle market



FORECAST

County New Vehicle Market Holds Steady in 2016

Market predicted to remain strong in 2017

Below is a summary of eight key trends and developments in the San Diego County new vehicle market.

County new retail light vehicle registrations exceeded 160,000 units in 2016

As shown on page 6, the county new vehicle market has fully recovered from the low point in 2009. Registrations in 2015, 2016, and 2017 should exceed '09 levels by more than 80,000 units.

New vehicle sales likely to soften in 2017

As mentioned in the previous release of Auto Outlook, there are many uncertainties related to the forecast for this year, but the basic outlook has not changed. Registrations are likely to drift lower, but should remain strong based on historical standards.

Trucks grab a larger share of county market

Light truck market share increased from 38.3% in 2012 to 49% in 2016.

Alternative powertrain market declines

County registrations of hybrid and electric cars and trucks declined 5% during the first 11 months of 2016, while the overall market was unchanged for the entire year.

Toyota, Honda, Ford, Nissan, and Chevrolet are leaders in county market

Toyota was the best selling brand last year, with a 17.7% share. Honda's county share was 12.2%, well above its 10% share in the U.S.

Jaguar, Tesla, Volvo, Ram, Land Rover, and Chevrolet gained a lot of ground during past year

New retail registrations for each of these six brands were up more than 11% from 2015 to 2016.

Honda Civic best-selling car in county market; Toyota Tacoma is light truck leader

Toyota Corolla and Honda Accord were ranked second and third behind Civic in the car market, while Ford F-Series and Toyota RAV4 trailed the Tacoma.

Small SUVs account for 16% of market

Combined market share for Subcompact and Compact SUVs increased to 16% during the first eleven months of last year. Mid Size and Large Car market share fell by nearly two points.

Percent Change in County Light Truck and Car Registrations 2016* vs. 2015

Light Trucks (Pickups, SUVs, and Vans)



UP
10.5%

Passenger Cars

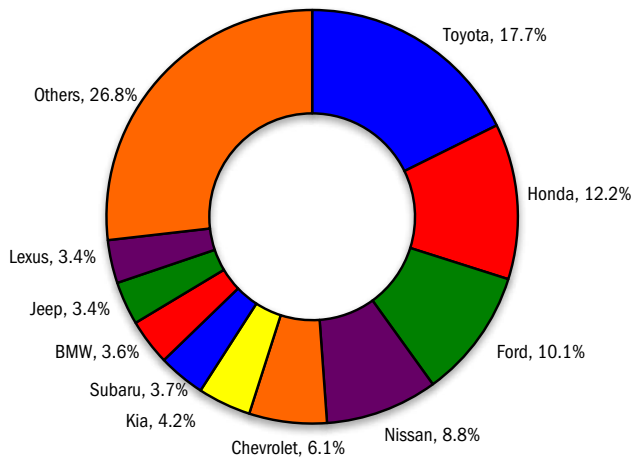


DOWN
8.3%

Source: IHS Markit.

*Dec. 16 estimated.

County Brand Market Share - 2016*



The graph above shows market share leaders in 2016. Source: IHS Markit.

Market Summary

	2015 Annual	2016 Annual*	% Chg. '15 to '16	Mkt. Share 2016*
TOTAL	161,196	161,199	0.0%	
Car	89,744	82,259	-8.3%	51.0%
Light Truck	71,452	78,940	10.5%	49.0%
Domestic	41,684	42,650	2.3%	26.5%
European	24,673	23,808	-3.5%	14.8%
Japanese	82,497	82,557	0.1%	51.2%
Korean	12,342	12,184	-1.3%	7.6%

Source: IHS Markit.

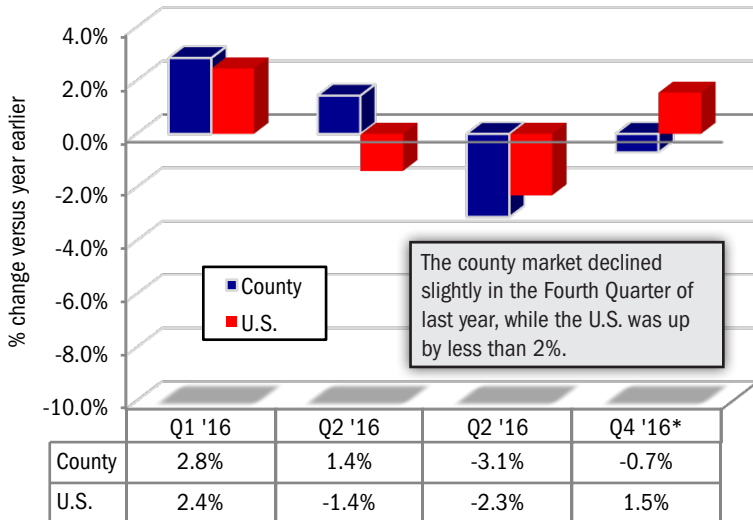
Domestics consist of vehicles sold by GM, Ford, FCA (excluding FIAT), and Tesla. Historical figures were revised by IHS Markit and will differ slightly from those shown in previous releases. *Figures for December, 2016 were estimated by Auto Outlook.

MARKET TRACKER: QUARTERLY RESULTS

County Registrations Declined Slightly in Fourth Quarter '16

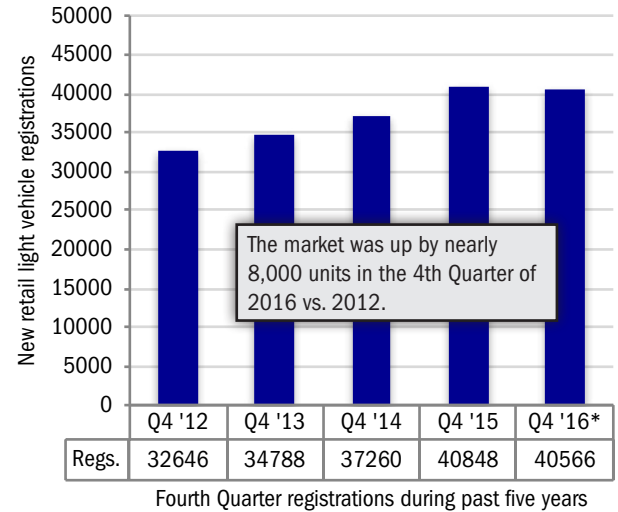
QUARTERLY TREND

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



QUARTERLY PERSPECTIVE

Five Years of Fourth Quarter Results in County Market



* Figures for the Fourth Quarter of 2016 were estimated by Auto Outlook based on data for October and November. Source: IHS Markit.

* Figures for 4Q 2016 were estimated by Auto Outlook based on data for October and November. Source: IHS Markit.

MARKET TRACKER: COUNTY MARKET VERSUS U.S.

County Domestic Share Trails U.S.

	County Market		U.S. Market	
Percent change in registrations 2016* vs. 2015	0.0%		-0.1%	
Passenger car market share 2016* vs. 2015	51.0%		39.0%	
Domestic brand market share 2016* vs. 2015	26.5%		41.4%	
Top 10 brands and market share 2016*				
First	Toyota	17.7%	Toyota	13.1%
Second	Honda	12.2%	Ford	12.1%
Third	Ford	10.1%	Chevrolet	11.3%
Fourth	Nissan	8.8%	Honda	10.0%
Fifth	Chevrolet	6.1%	Nissan	7.4%
Sixth	Kia	4.2%	Jeep	5.2%
Seventh	Subaru	3.7%	Subaru	4.0%
Eighth	BMW	3.6%	Hyundai	3.9%
Ninth	Jeep	3.4%	Kia	3.7%
Tenth	Lexus	3.4%	GMC	3.4%

San Diego Auto Outlook

Covering Fourth Quarter 2016

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*Dec. 2016 figures estimated by Auto Outlook

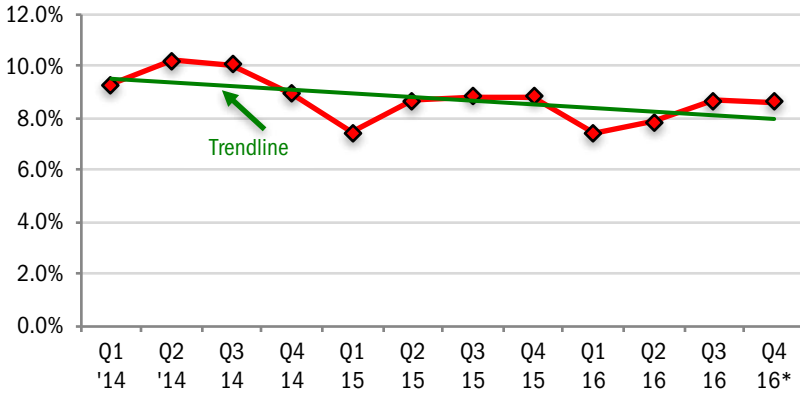
Source: IHS Markit

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MARKET TRACKER: HYBRID AND ELECTRIC VEHICLES

Prius Has Big Lead in Hybrid/Electric Vehicle Market

Quarterly Alternative Powertrain Market Share
(includes hybrid and electric vehicles)



New Retail Hybrid and Electric Vehicle Registrations Top 10 Selling Models in Area - YTD '16 thru Nov.		
Rank	Model	Regs.
1	Toyota Prius	3646
2	Ford Fusion	822
3	Tesla Model S	806
4	Chevrolet Volt	670
5	Toyota RAV4	458
6	Ford C-Max	442
7	Tesla Model X	409
8	Nissan Leaf	390
9	Hyundai Sonata	370
10	BMW I3	370

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 2016 includes October and November. Source: IHS Markit.

MARKET TRACKER - SEGMENTS

SUV and Pickup Market Shares Continue to March Higher

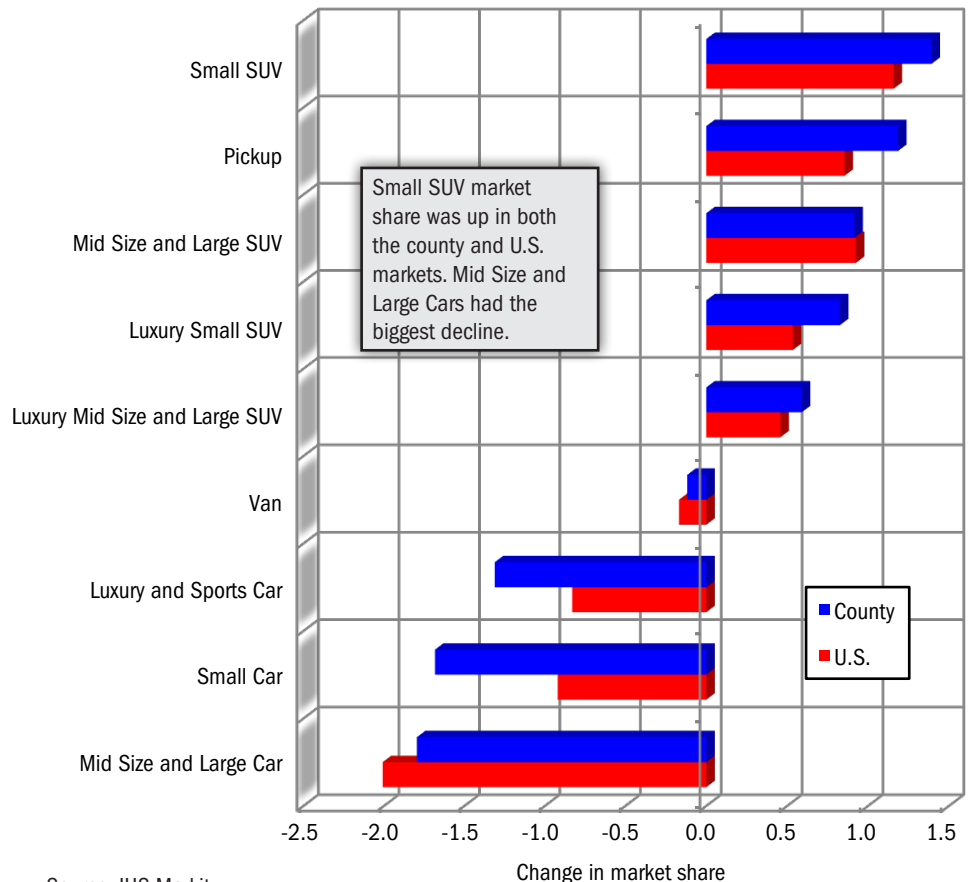
Change in Segment Market Share

YTD 2016 thru November vs. YTD 2015

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

Light Truck Registrations Increase for 17 of Top 20 Brands

Hyundai light trucks were up 37%, while cars were off 15%

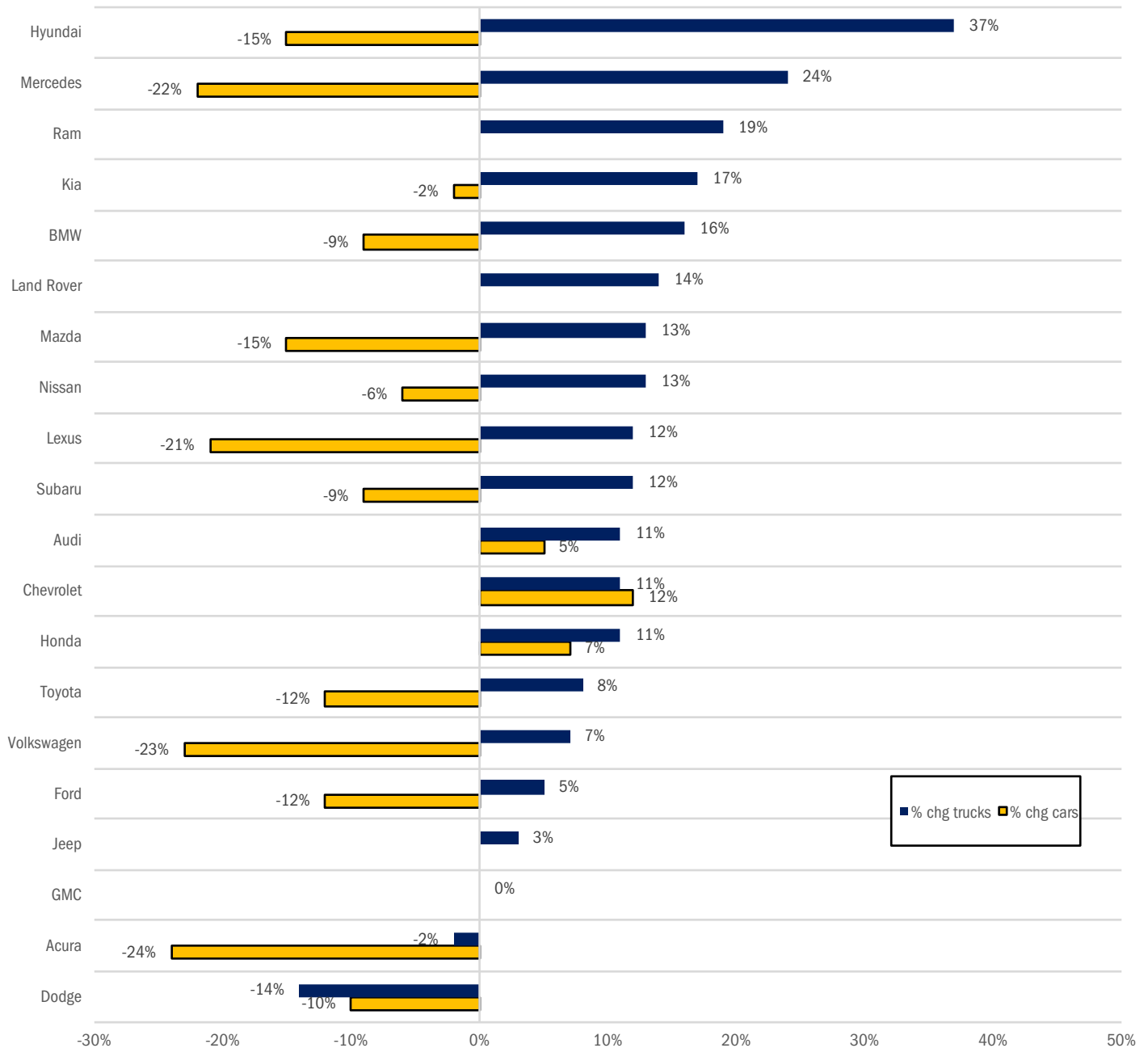
The graph below shows the percent change in new retail car and light truck registrations during the first 11 months of 2016 versus a year earlier for the top 20 selling brands in the county. Brands are positioned from top to

bottom based on the change in truck registrations.

The primary trend in the industry (increasing light truck market and sagging passenger

car sales) is clearly depicted on the graph. Of the 17 brands that sell both cars and trucks, Chevrolet and Dodge were the only two brands where cars out-performed trucks.

Percent Change in New Retail Car and Light Truck Registrations for Top 20 Selling Brands YTD 2016 thru November versus YTD 2015



Source: IHS Markit.

BRAND SCOREBOARD - PART TWO

Toyota is a Strong Performer in County Market

Honda, BMW, Nissan, Mazda, Lexus, 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.

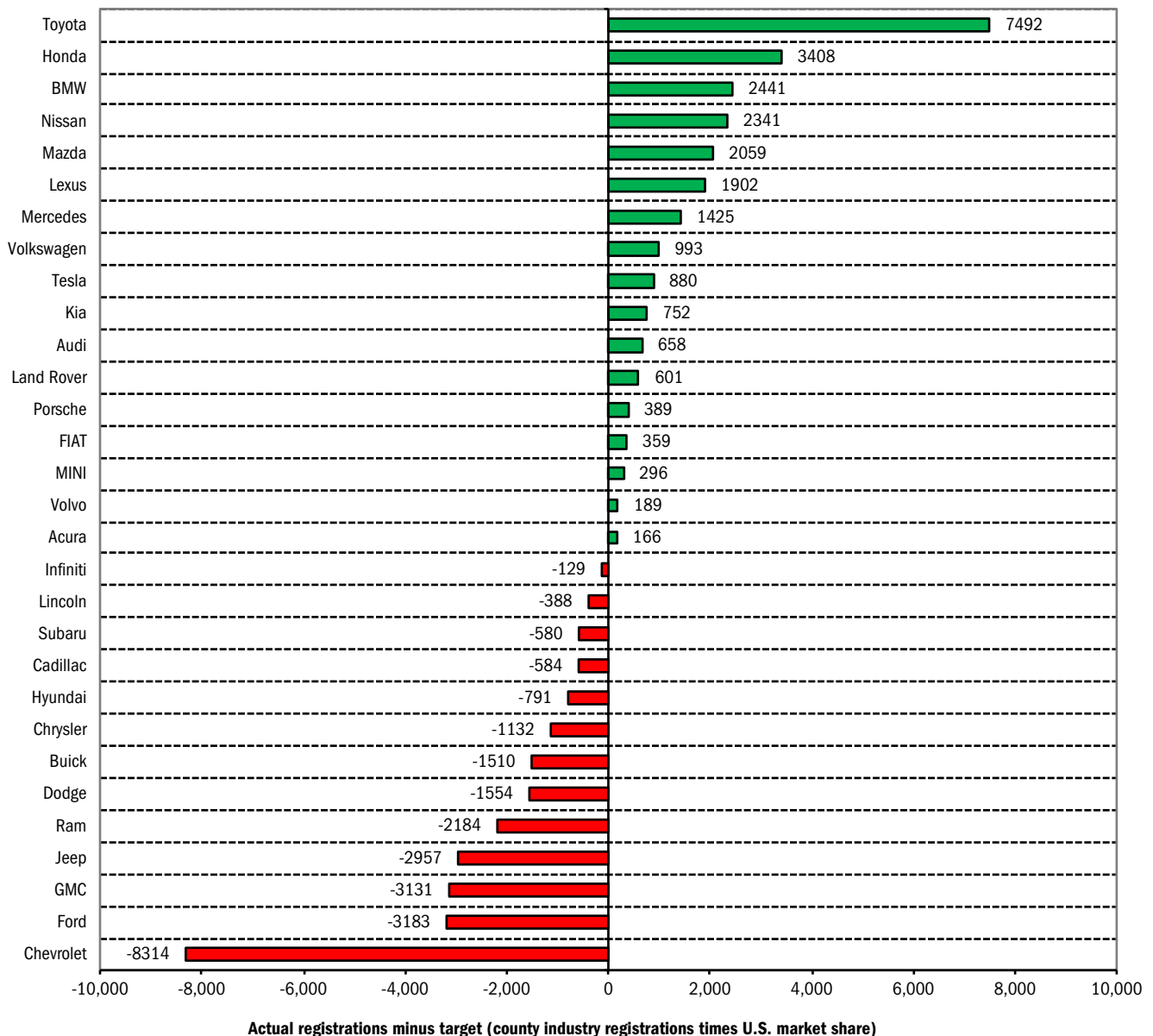
in the county during 2016. This yields a “target” for the county market. Target registrations are subtracted from actual registrations to derive the measurement of sales performance.

county, with actual registrations exceeding calculated targets by large margins. For instance, Toyota registrations exceeded the target by 7,492 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, Nissan, Mazda, Lexus, and Mercedes) are relatively strong sellers in the

San Diego County Retail Market Performance based on registrations for 2016*
Actual registrations minus target (county industry registrations times U.S. market share)



*Figures for December, 2016 were estimated.

Source for registration data: IHS Markit.

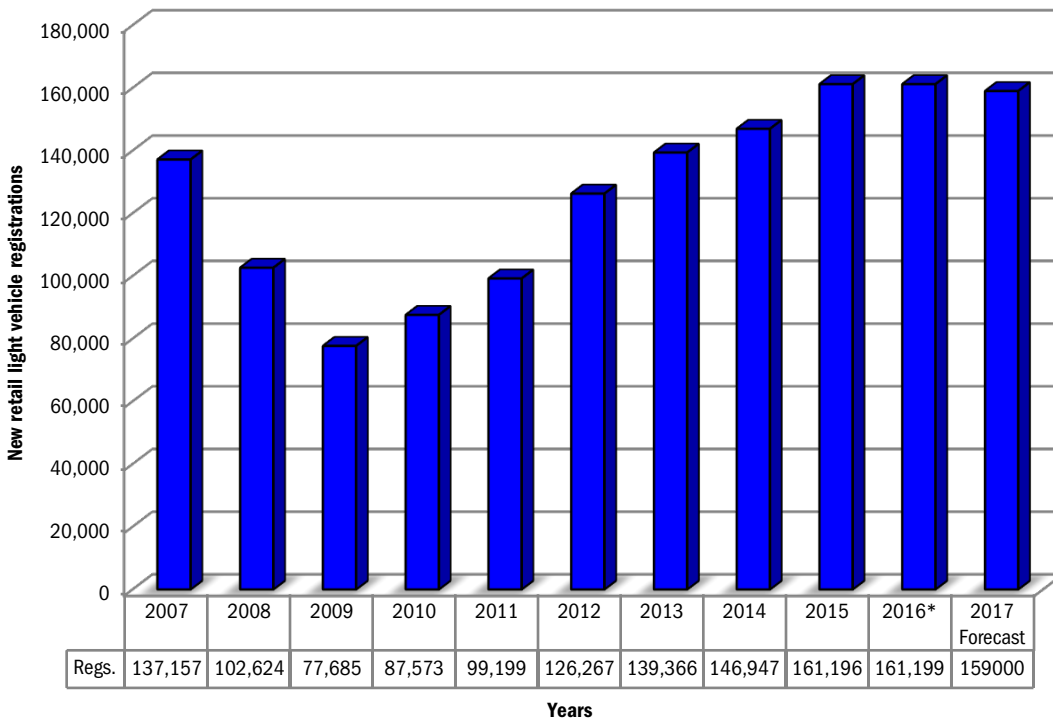
LONG TERM TRENDS

New Vehicle Market Has Likely Reached Cyclical Peak

Mild softening is predicted, with sales remaining at healthy levels

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 2016, along with Auto Outlook’s forecast for 2017. The second graph shows light truck share of the overall light vehicle market.

County New Retail Light Vehicle Registrations - 2007 thru 2016, 2017 Forecast



Key Trends

Between 2009 (the low point during the market downturn) and 2016, county new retail light vehicle registrations have increased by more than 83,000 units, an increase of more than 100%.

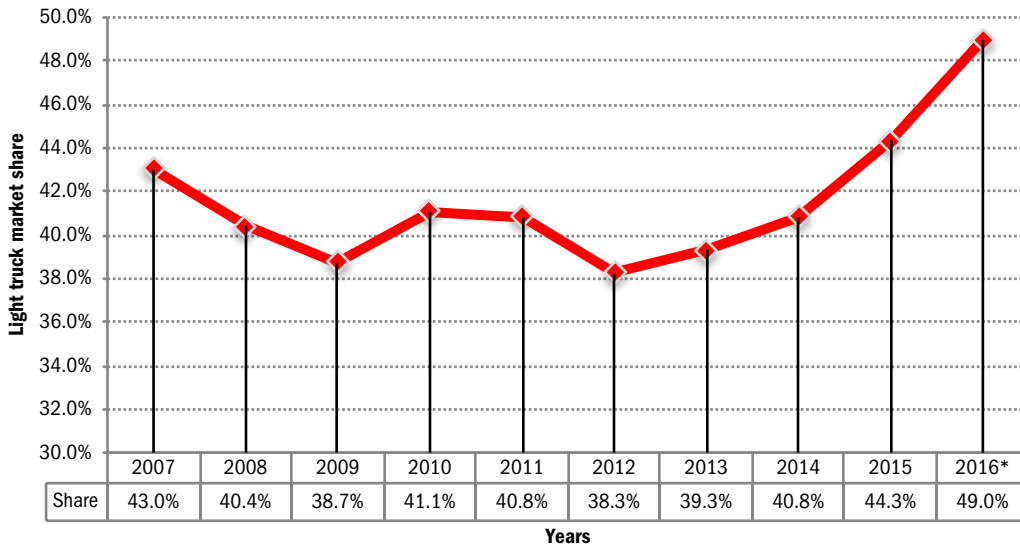
The market was unchanged last year versus 2015. Auto Outlook is predicting a slight decline this year.

The market has exceeded 139,000 units during each of the past four years.

Historical Data Source: IHS Markit.

* December 2016 figures were estimated by Auto Outlook.

County New Retail Light Truck Market Share - 2007 thru 2016



Key Trends

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

Light truck share increased to 49% in 2016, and was up 10.7 points from 2012.

Source: IHS Markit.

* December 2016 figures were estimated by Auto Outlook.

MODEL RANKINGS

Toyota Tacoma Is Best-Selling Light Truck in County Market

Honda Civic is the passenger car leader

The table below shows the top five selling models during the first 11 months of 2016 in 20 segments. In addition to unit registrations, it also shows each model's market share in its respective segment. Honda Civic was the

best-selling Compact Car, with a 19% share in the segment. Toyota Corolla was second, followed by Nissan Sentra. Accord was at the top of the Mid Size Car Segment, while Kia Soul was the best-seller among Subcompact Cars.

Truck segment leaders were F-Series (Full Size Pickup), Honda Odyssey (Mini Van), Honda HR-V (Subcompact SUV), Toyota Highlander (Mid Size SUV), and Lexus NX (Luxury Compact SUV).

Top Selling Models in Each Segment - New Retail Registrations (YTD 2016 through November)

Cars											
Subcompact			Compact			Sports/Pony Cars			Mid Size		
Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share
Kia Soul	1497	23.5	Honda Civic	6170	19.0	Ford Mustang	1075	36.1	Honda Accord	4031	23.2
Nissan Versa	1096	17.2	Toyota Corolla	4717	14.5	Chevrolet Camaro	602	20.2	Toyota Camry	3423	19.7
Honda Fit	836	13.1	Nissan Sentra	3698	11.4	Dodge Challenger	552	18.6	Ford Fusion	2503	14.4
Ford Fiesta	687	10.8	Toyota Prius	3646	11.2	Hyundai Veloster	278	9.3	Nissan Altima	2114	12.2
Fiat 500	484	7.6	Mazda 3	1698	5.2	Mazda MX5	177	5.9	Kia Optima	1734	10.0
Large			Entry Luxury			Near Luxury			Luxury and High End Sports Cars		
Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share
Toyota Avalon	433	28.7	Audi A3	575	24.8	BMW 3-Series	1242	17.6	Tesla Model S	806	17.2
Dodge Charger	391	25.9	Mercedes CLA-Class	450	19.4	Mercedes C-Class	838	11.9	BMW 5-Series	563	12.0
Nissan Maxima	296	19.6	BMW I3	370	16.0	Lexus ES	809	11.5	Mercedes E-Class	521	11.1
Chrysler 300	134	8.9	Lexus Ct200H	360	15.5	Lexus IS	801	11.4	Chevrolet Corvette	271	5.8
Chevrolet Impala	112	7.4	BMW 2-Series	304	13.1	BMW 4-Series	743	10.6	Lexus GS	243	5.2
Light Trucks											
Compact/Mid Size Pickup			Full Size Pickup			Mini Van			Large Van		
Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share
Toyota Tacoma	3658	62.1	Ford F Series	3532	36.2	Honda Odyssey	1361	40.9	Ford Transit Connect Van	527	30.5
Chevrolet Colorado	928	15.8	Chevrolet Silverado	2201	22.5	Toyota Sienna	1291	38.8	Mercedes Sprinter	414	24.0
Nissan Frontier /Xe	771	13.1	Ram	2012	20.6	Chrysler Pacifica	261	7.8	Nissan NV	294	17.0
GMC Canyon	326	5.5	Toyota Tundra	1279	13.1	Kia Sedona	201	6.0	Ram Promaster	194	11.2
Honda Ridgeline	197	3.3	GMC Sierra	631	6.5	Dodge Caravan	152	4.6	Chevrolet Express	183	10.6
Subcompact SUV			Compact SUV			Mid Size SUV			Large SUV		
Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share
Honda HR-V	941	35.5	Toyota RAV4	3034	14.7	Toyota Highlander	1616	12.0	Chevrolet Tahoe	465	26.9
Jeep Renegade	604	22.8	Honda CR-V	2969	14.4	Ford Explorer	1588	11.8	GMC Yukon	284	16.4
Buick Encore	261	9.8	Nissan Rogue	2782	13.5	Subaru Outback	1558	11.6	Ford Flex	276	15.9
MINI Countryman	208	7.8	Mazda CX-5	1843	8.9	Jeep Grand Cherokee	1315	9.8	Chevrolet Suburban	265	15.3
Nissan Juke	188	7.1	Ford Escape	1675	8.1	Toyota 4 Runner	1148	8.5	GMC Yukon XL	186	10.7
Luxury Subcompact SUV			Luxury Compact SUV			Luxury Mid Size SUV			Luxury Large SUV		
Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share
BMW X1	391	40.4	Lexus NX	842	18.9	Lexus RX	1281	22.3	Cadillac Escalade	311	30.9
Mercedes GLA-Class	292	30.1	Mercedes GLC/GLK-C	730	16.4	BMW X5	604	10.5	Mercedes GLS/GL-Class	250	24.8
Audi Q3	269	27.8	Acura RDX	537	12.0	Acura MDX	526	9.2	Land Rover Range Rover	248	24.6
Infiniti QX30	17	1.8	Audi Q5	463	10.4	Mercedes GLE/M-Class	481	8.4	Infiniti QX80/QX56	77	7.6
			BMW X3	463	10.4	Tesla Model X	409	7.1	Mercedes G-Class	50	5.0

Brand Registrations Report												
San Diego County New Retail Car and Light Truck Registrations												
	Fourth Quarter*						Annual Totals					
	Registrations			Market Share (%)			Registrations			Market Share (%)		
	4Q 2015	4Q 2016	% change	4Q 2015	4Q 2016	Change	2015	2016*	% change	2015	2016*	Change
TOTAL	40,848	40,566	-0.7				161,196	161,199	0.0			
Cars	21,972	19,749	-10.1	53.8	48.7	-5.1	89,744	82,259	-8.3	55.7	51.0	-4.7
Light Trucks	18,876	20,817	10.3	46.2	51.3	5.1	71,452	78,940	10.5	44.3	49.0	4.7
Domestic Brands	10,667	10,581	-0.8	26.1	26.1	0.0	41,684	42,650	2.3	25.9	26.5	0.6
European Brands	6,539	6,500	-0.6	16.0	16.0	0.0	24,673	23,808	-3.5	15.3	14.8	-0.5
Japanese Brands	20,650	20,402	-1.2	50.6	50.3	-0.3	82,497	82,557	0.1	51.2	51.2	0.0
Korean Brands	2,992	3,083	3.0	7.3	7.6	0.3	12,342	12,184	-1.3	7.7	7.6	-0.1
Acura	531	504	-5.1	1.3	1.2	-0.1	2,096	1,879	-10.4	1.3	1.2	-0.1
Audi	686	742	8.2	1.7	1.8	0.1	2,611	2,824	8.2	1.6	1.8	0.2
BMW	1,691	1,562	-7.6	4.1	3.9	-0.2	5,992	5,828	-2.7	3.7	3.6	-0.1
Buick	168	192	14.3	0.4	0.5	0.1	648	675	4.2	0.4	0.4	0.0
Cadillac	259	299	15.4	0.6	0.7	0.1	931	1,009	8.4	0.6	0.6	0.0
Chevrolet	2,514	2,627	4.5	6.2	6.5	0.3	8,839	9,836	11.3	5.5	6.1	0.6
Chrysler	175	110	-37.1	0.4	0.3	-0.1	952	621	-34.8	0.6	0.4	-0.2
Dodge	475	428	-9.9	1.2	1.1	-0.1	2,230	1,955	-12.3	1.4	1.2	-0.2
FIAT	154	161	4.5	0.4	0.4	0.0	925	681	-26.4	0.6	0.4	-0.2
Ford	4,147	3,839	-7.4	10.2	9.5	-0.7	16,876	16,358	-3.1	10.5	10.1	-0.4
GMC	637	671	5.3	1.6	1.7	0.1	2,269	2,280	0.5	1.4	1.4	0.0
Honda	4,703	4,987	6.0	11.5	12.3	0.8	18,104	19,607	8.3	11.2	12.2	1.0
Hyundai	1,370	1,404	2.5	3.4	3.5	0.1	5,737	5,421	-5.5	3.6	3.4	-0.2
Infiniti	288	392	36.1	0.7	1.0	0.3	1,277	1,187	-7.0	0.8	0.7	-0.1
Jaguar	62	171	175.8	0.2	0.4	0.2	201	451	124.4	0.1	0.3	0.2
Jeep	1,329	1,300	-2.2	3.3	3.2	-0.1	5,376	5,469	1.7	3.3	3.4	0.1
Kia	1,622	1,667	2.8	4.0	4.1	0.1	6,605	6,736	2.0	4.1	4.2	0.1
Land Rover	384	365	-4.9	0.9	0.9	0.0	1,221	1,360	11.4	0.8	0.8	0.0
Lexus	1,534	1,494	-2.6	3.8	3.7	-0.1	5,843	5,438	-6.9	3.6	3.4	-0.2
Lincoln	193	179	-7.3	0.5	0.4	-0.1	715	676	-5.5	0.4	0.4	0.0
Mazda	1,277	1,194	-6.5	3.1	2.9	-0.2	5,305	5,108	-3.7	3.3	3.2	-0.1
Mercedes	1,488	1,408	-5.4	3.6	3.5	-0.1	5,357	5,125	-4.3	3.3	3.2	-0.1
MINI	243	210	-13.6	0.6	0.5	-0.1	1,083	849	-21.6	0.7	0.5	-0.2
Mitsubishi	164	139	-15.2	0.4	0.3	-0.1	682	610	-10.6	0.4	0.4	0.0
Nissan	3,353	3,284	-2.1	8.2	8.1	-0.1	14,021	14,223	1.4	8.7	8.8	0.1
Other	176	177	0.6	0.4	0.4	0.0	637	630	-1.1	0.4	0.4	0.0
Porsche	222	237	6.8	0.5	0.6	0.1	912	952	4.4	0.6	0.6	0.0
Ram	527	586	11.2	1.3	1.4	0.1	2,048	2,416	18.0	1.3	1.5	0.2
Subaru	1,424	1,532	7.6	3.5	3.8	0.3	5,591	5,936	6.2	3.5	3.7	0.2
Tesla	238	343	44.1	0.6	0.8	0.2	767	1,317	71.7	0.5	0.8	0.3
Toyota	7,374	6,873	-6.8	18.1	16.9	-1.2	29,563	28,556	-3.4	18.3	17.7	-0.6
Volkswagen	1,178	1,189	0.9	2.9	2.9	0.0	5,073	4,192	-17.4	3.1	2.6	-0.5
Volvo	262	300	14.5	0.6	0.7	0.1	709	994	40.2	0.4	0.6	0.2

*December 2016 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 Fourth Quarters of 2015 and 2016, and annual totals. The top ten ranked brands in each category are shaded yellow.

USED VEHICLE MARKET REPORT

County Used Vehicle Market Eases in Second Half of 2016

Used vehicle registrations slipped 0.4% thru November of last year

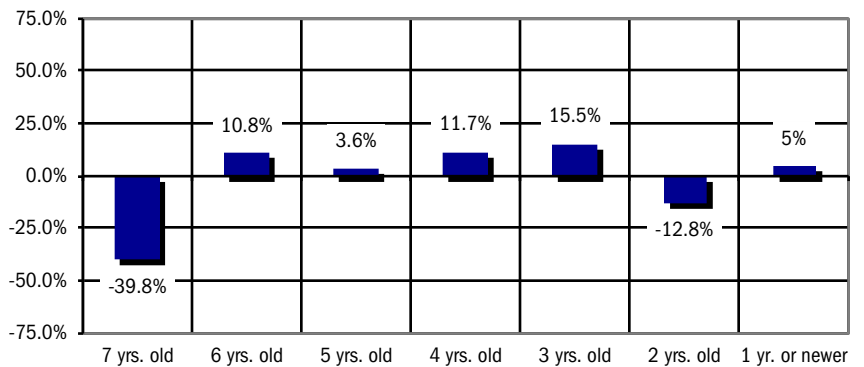
Below is a list of key trends in the San Diego County retail used vehicle market:

- Retail used car and light truck registrations in the county were off by less than 1% during the first 11 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) widened toward the end of 2016. New vehicle registrations declined by less than 1% in the Fourth Quarter of 2016 (versus a year earlier), while 6 year old or newer used registrations declined by 3%.
- Used registrations for vehicles 6 years old or newer moved higher last year. As shown on the graph to the right, most age categories were up by more than 10%. The 7 year old market declined 39.8%.
- Korean brand used registrations increased 7.5%. Japanese brands were up slightly.
- Toyota Corolla was the best-selling model in the county among 6 year old or newer vehicles. Nissan Sentra and Kia Optima had big increases.

San Diego County Retail Used Light Vehicle Registrations					
YTD thru November					
	Registrations		% Change '15 TO '16	Market Share	
	YTD '15	YTD '16		YTD '15	YTD '16
TOTAL	278,834	277,715	-0.4%		
Cars	168,552	166,198	-1.4%	60.4%	59.8%
Light Trucks	110,282	111,517	1.1%	39.6%	40.2%
Detroit Three	97,999	96,658	-1.4%	35.1%	34.8%
European	44,529	43,132	-3.1%	16.0%	15.5%
Japanese	122,464	123,049	0.5%	43.9%	44.3%
Korean	13,842	14,876	7.5%	5.0%	5.4%

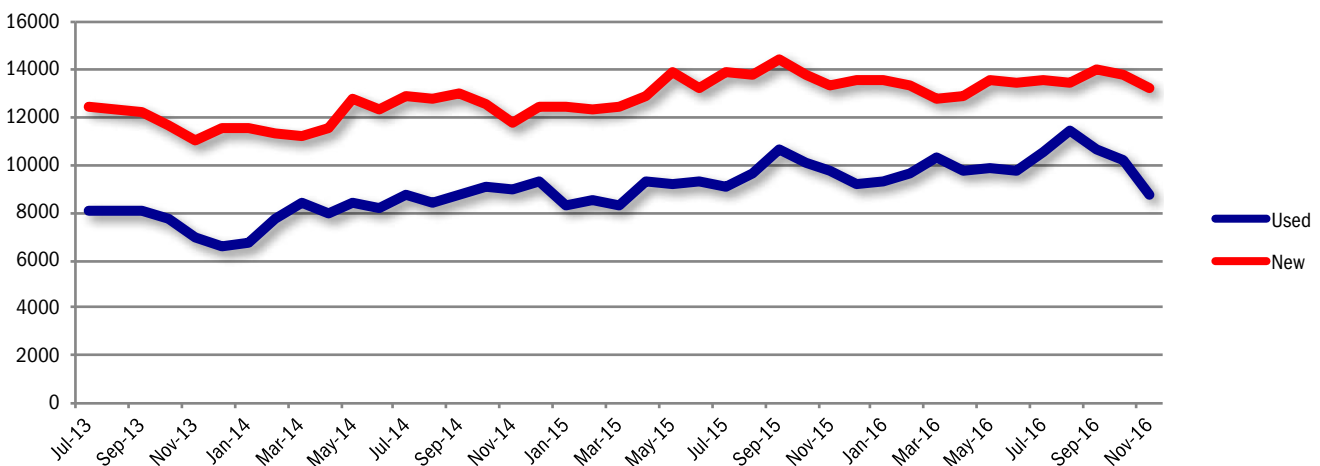
Source: IHS Markit.

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



Source: IHS Markit.

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



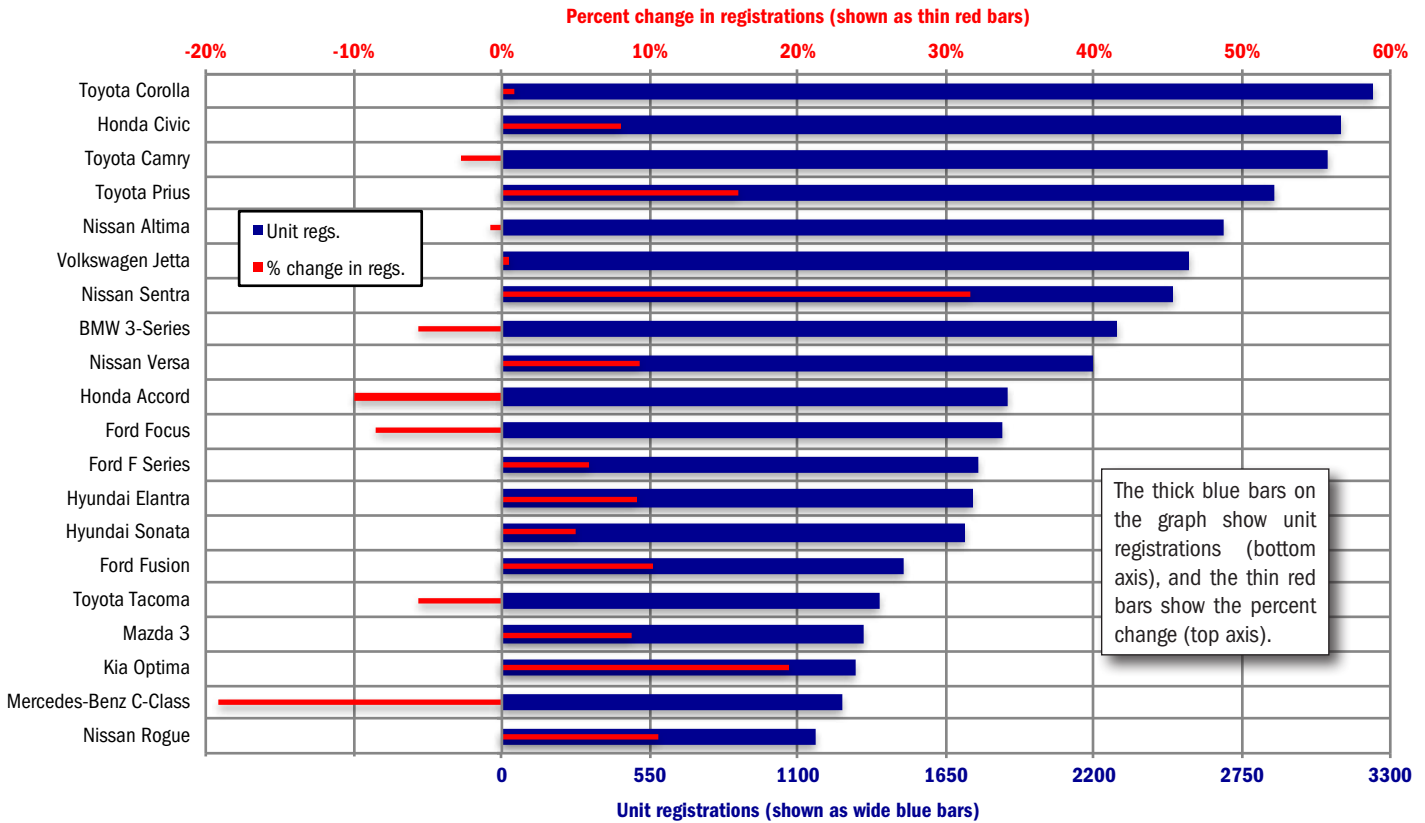
Source: IHS Markit.

TOP SELLING MODELS

Corolla and Civic Are Best Sellers in Used Vehicle Market

Sentra and Optima have largest percentage gains

**Registrations (YTD '16 thru November) and Percent Change (YTD '16 thru November vs. year earlier)
Top 20 Selling Models (6 years old or newer)**



Source: IHS Markit.

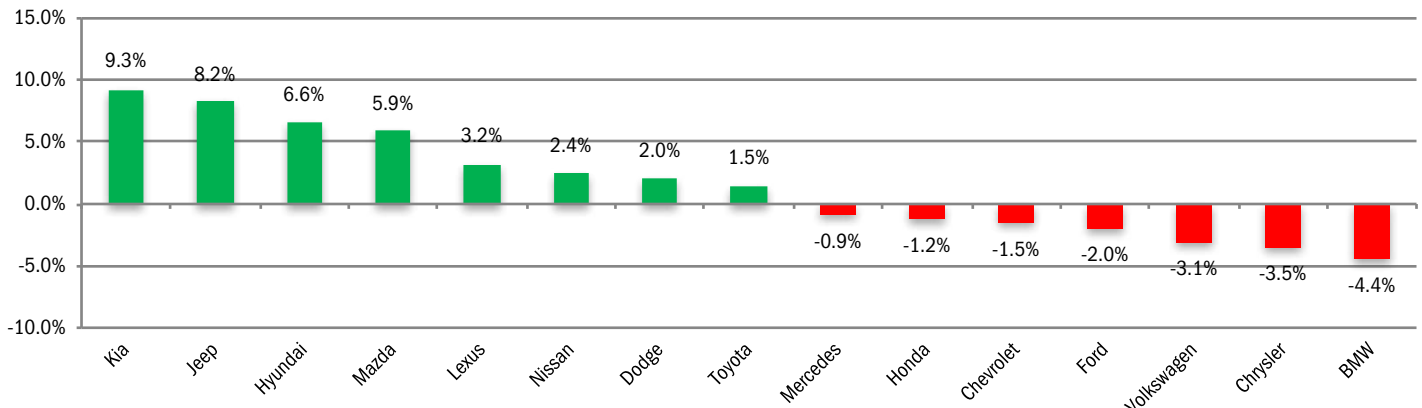
USED VEHICLE BRAND SCOREBOARD

Kia and Jeep Post Largest Increases in Used Registrations

Hyundai and Mazda were up by more than 5%

The graph below shows the percent change in used registrations for the top 15 selling makes during the first 11 months of 2016 vs. year earlier.

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



Source: IHS Markit.