

# San Diego Auto Outlook

Comprehensive information on the San Diego County new vehicle market



## FORECAST

### County New Vehicle Market On Track for 5.8% Gain in 2014

**Sixth 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 2014

County new retail registrations were up 5.4% for the first nine months of this year (September figures were estimated) versus a year earlier, slightly below the 6.5% uptick in the National market.

#### New vehicle market picks up steam in Third Quarter of this year

The Third Quarter increase was 7.9%, stronger than in the First and Second Quarters (see page 2).

#### Sixth consecutive annual increase likely in 2015

County new retail light vehicle registrations are predicted to increase 3.4% from 2014 to 2015. This year's annual increase is pegged at 5.8%.

#### Trucks grab a larger share of county market

Light truck market share increased from 38.2% during the first nine months of 2013 to 39.9% this year. Consumers are clearly making their preference known for larger vehicles, especially crossover SUVs.

#### Alternative powertrain vehicle sales are flat in 2014

County sales of hybrid and electric cars and trucks were off a slim 0.2% so far this year, while the overall market was up 5.4%. Market share was 9.9%.

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

Toyota was the best selling brand during the first three quarters of this year, with a 20.0% share. Honda's share was 11.0%.

#### Ram, Jeep, Subaru, Lexus, and FIAT gain a lot of ground in 2014

New retail registrations for each of these five brands were up more than 17% so far in 2014.

#### Toyota Prius best-selling car in county market; Tacoma is light truck leader

Honda Civic and Toyota Camry were ranked second and third behind Prius in the car market, while Ford F-Series and Honda CR-V trailed the Tacoma.

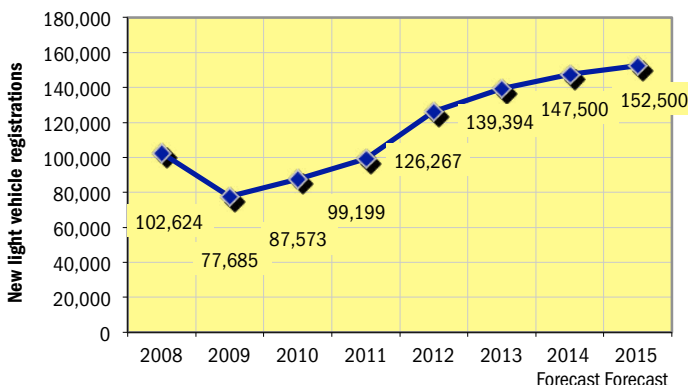
#### Japanese brands gain ground in 2014

Japanese brands accounted for a larger chunk of the county market so far this year, with share increasing from 50.9% during the first nine months of 2013 to 52.2% in 2014.

### 2015 Forecast



Annual Trend in County Market



Market Summary

	YTD '13 thru Sept	YTD '14 thru Sept*	% Chg. '13 to '14	Mkt. Share YTD '14*
TOTAL	104,602	110,301	5.4%	
Car	64,643	66,325	2.6%	60.1%
Light Truck	39,959	43,976	10.1%	39.9%
Detroit Three	26,454	27,517	4.0%	24.9%
European	16,524	16,863	2.1%	15.3%
Japanese	53,224	57,586	8.2%	52.2%
Korean	8,400	8,335	-0.8%	7.6%

Detroit Three consists of vehicles sold by GM, Ford, and Chrysler.

\*Figures for September, 2014 were estimated by Auto Outlook.

Historical figures were revised and will differ slightly from those presented in previous issues. Source: Polk.

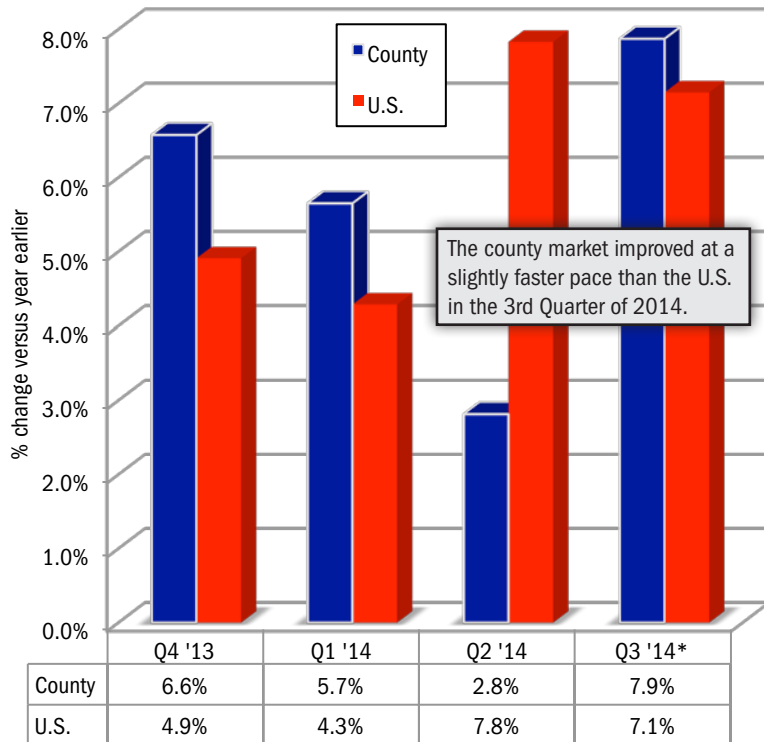
The graph above shows annual new retail light vehicle registrations in the county from 2008 thru 2013, and Auto Outlook's projections for all of 2014 and 2015. Historical data source: Polk.

MARKET TRACKER: QUARTERLY RESULTS

**County Market Increased 7.9% in 3rd Quarter 2014 vs. 7.1% in U.S.**

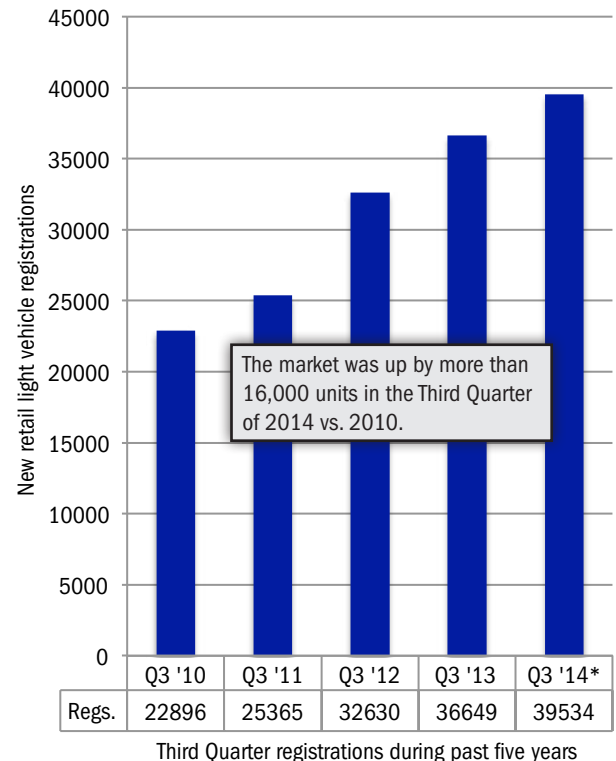
QUARTERLY TREND

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



QUARTERLY PERSPECTIVE

Five Years of Third Quarter Results  
in County Market



\* Figures for Third Quarter 2014 were estimated by Auto Outlook based on data for July and August.

Data Source: Polk.

\* Figures for Third Quarter 2014 were estimated by Auto Outlook based on data for July and August.

Data Source: Polk.

**San Diego Auto Outlook**

**Covering Third Quarter 2014**

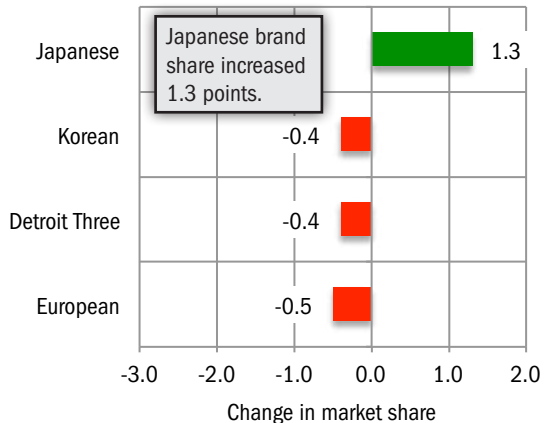
Published by:  
Auto Outlook, Inc.  
PO Box 390  
Exton, PA 19341  
Phone: 800-206-0102  
EMail: [jfoltz@autooutlook.com](mailto:jfoltz@autooutlook.com)  
Editor: Jeffrey A. Foltz

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: Polk." Unforeseen events affect the forecast projections. Consequently, Auto Outlook is not responsible for management decisions based on the content of San Diego Auto Outlook.

**MARKET TRACKER: BRAND MARKET SHARE**

**Japanese Brands Gain**

Change in County Market Share  
YTD 2014 thru September\* vs. YTD 2013

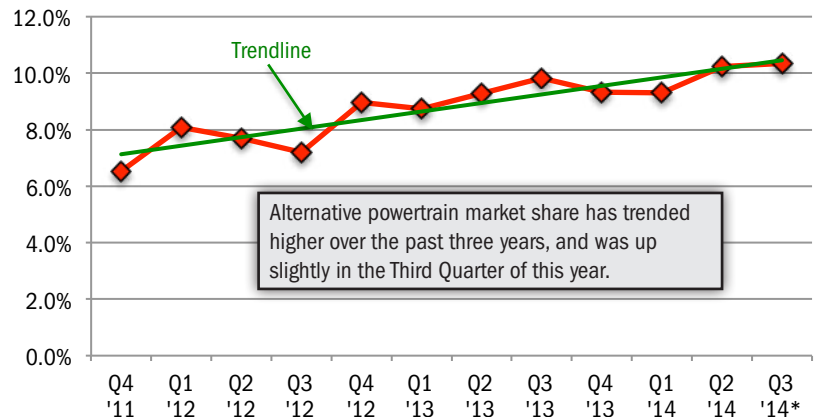


The graph above shows the change in year-to-date market share for four primary brand segments. \*Figures for September, 2014 were estimated by Auto Outlook. Data Source: Polk.

**MARKET TRACKER: HYBRID AND ELECTRIC VEHICLES**

**Hybrid/Electric Share Exceeds 10%**

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 2014 includes July and August. Source: Polk.

**MARKET TRACKER: SEGMENTS**

**Sub Compact Car Segment Leads County Market**

San Diego County Segment Market Share Review				
Segment	Market Share YTD '13 thru August	Market Share YTD '14 thru August	Change in share YTD '13 to '14	Best selling model in segment
Sub Compact Car	26.2	24.5	-1.7	Toyota Prius
Standard Mid Size Car	15.8	16.0	0.2	Toyota Camry
Compact SUV	11.6	13.6	2.0	Honda CR-V
Near Luxury Car	6.0	5.9	-0.1	BMW 3-Series
Full Size Pickup	5.5	5.7	0.2	Ford F Series
Entry Car	5.6	5.3	-0.3	Kia Soul
Mid Size SUV 3 Rows	5.4	4.7	-0.7	Ford Explorer
Luxury and Sports Cars	4.3	4.0	-0.3	Mercedes E-Class
Mid Size Luxury SUV	3.6	3.7	0.1	Lexus RX
Mid Size SUV 2 Rows	2.7	2.8	0.1	Jeep Grand Cherokee
Compact Pickup	3.0	2.7	-0.3	Toyota Tacoma
Mini Van	2.6	2.3	-0.3	Honda Odyssey
Compact Luxury SUV	2.0	2.1	0.1	Audi Q5
Sport Compact Car	1.8	1.9	0.1	Ford Mustang
Entry Luxury Car	0.9	1.5	0.6	Lexus Ct200H
Large Mid Size Car	1.2	1.1	-0.1	Toyota Avalon
Full Size SUV	0.8	1.0	0.2	Ford Flex
Full Size Van	0.7	0.9	0.2	Ford Transit Connect Van
Full Size Luxury SUV	0.4	0.4	0.0	Land Rover Range Rover

The table above shows San Diego County market share for 19 vehicle segments during the first eight months of 2013 and 2014, 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 2014 share. Most popular segment in the county is Sub Compact Car. Compact SUV had the largest gain. Data Source: Polk.

BRAND SCOREBOARD - PART ONE

# Nissan Registrations Increase by Over 1,200 Units

**Ram had the biggest percentage increase so far this year**

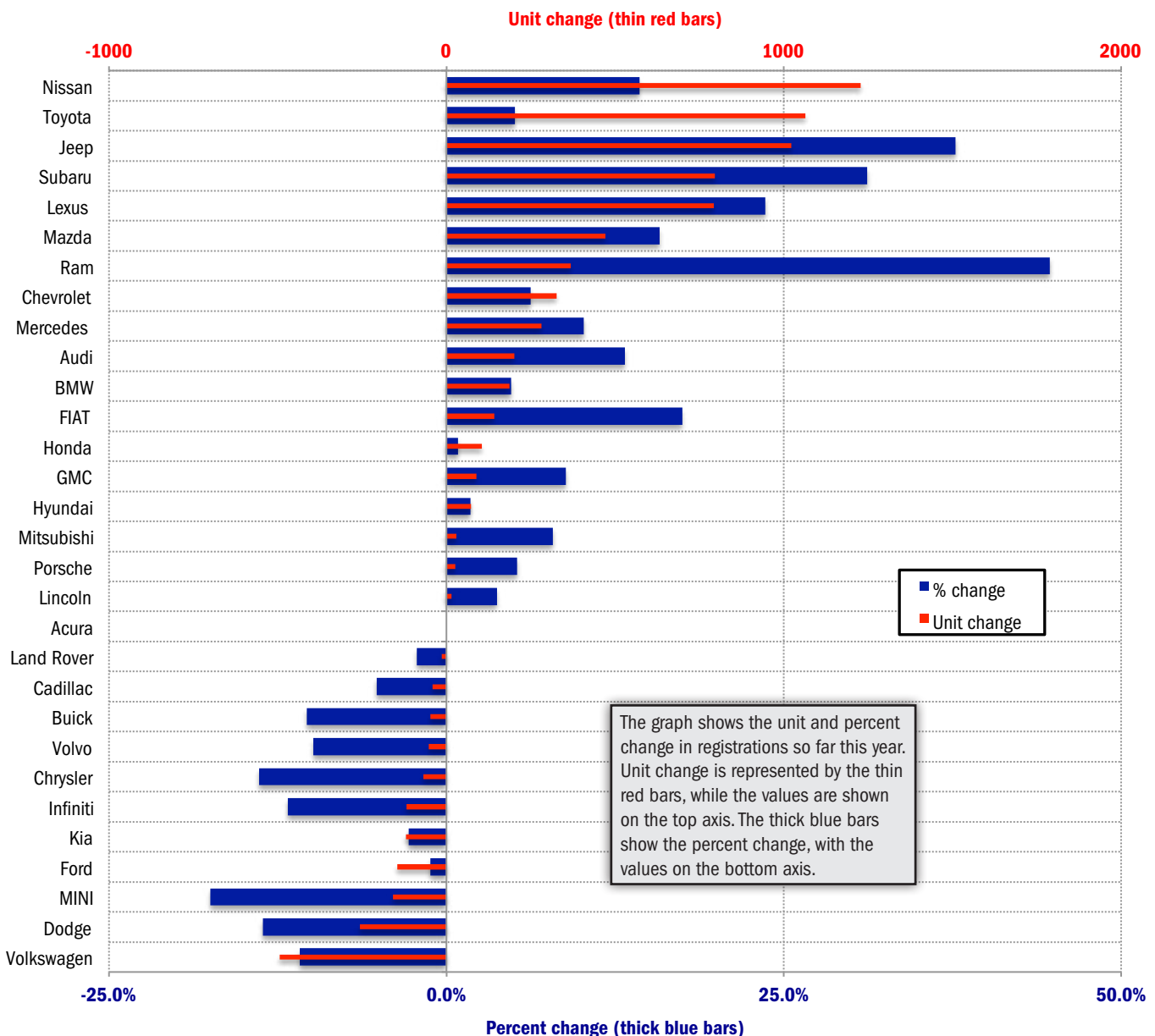
The graph below presents a comprehensive picture of brands that are gaining (or losing) ground in the county market. It shows both the unit AND percent change in registrations during the first nine months of this year versus the same period a year earlier. Viewing both

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

Here are a couple of examples: FIAT has had a big percentage increase so far this year (up 17.5%; shown by the thick blue bar on the graph), but it's a relatively low-selling brand.

FIAT registrations have increased by only 142 units. Toyota's percentage increase is in the middle of the pack (up 5.1%), but unit registrations were up by a sizeable 1,064. Nissan has posted big gains this year. Registrations increased by 1,228 units versus a year earlier, up 14.3%.

**Change in County New Retail Light Vehicle Registrations (YTD 2014 thru September vs. YTD 2013)**



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., 2014 were estimated by Auto Outlook.

Source: Polk.

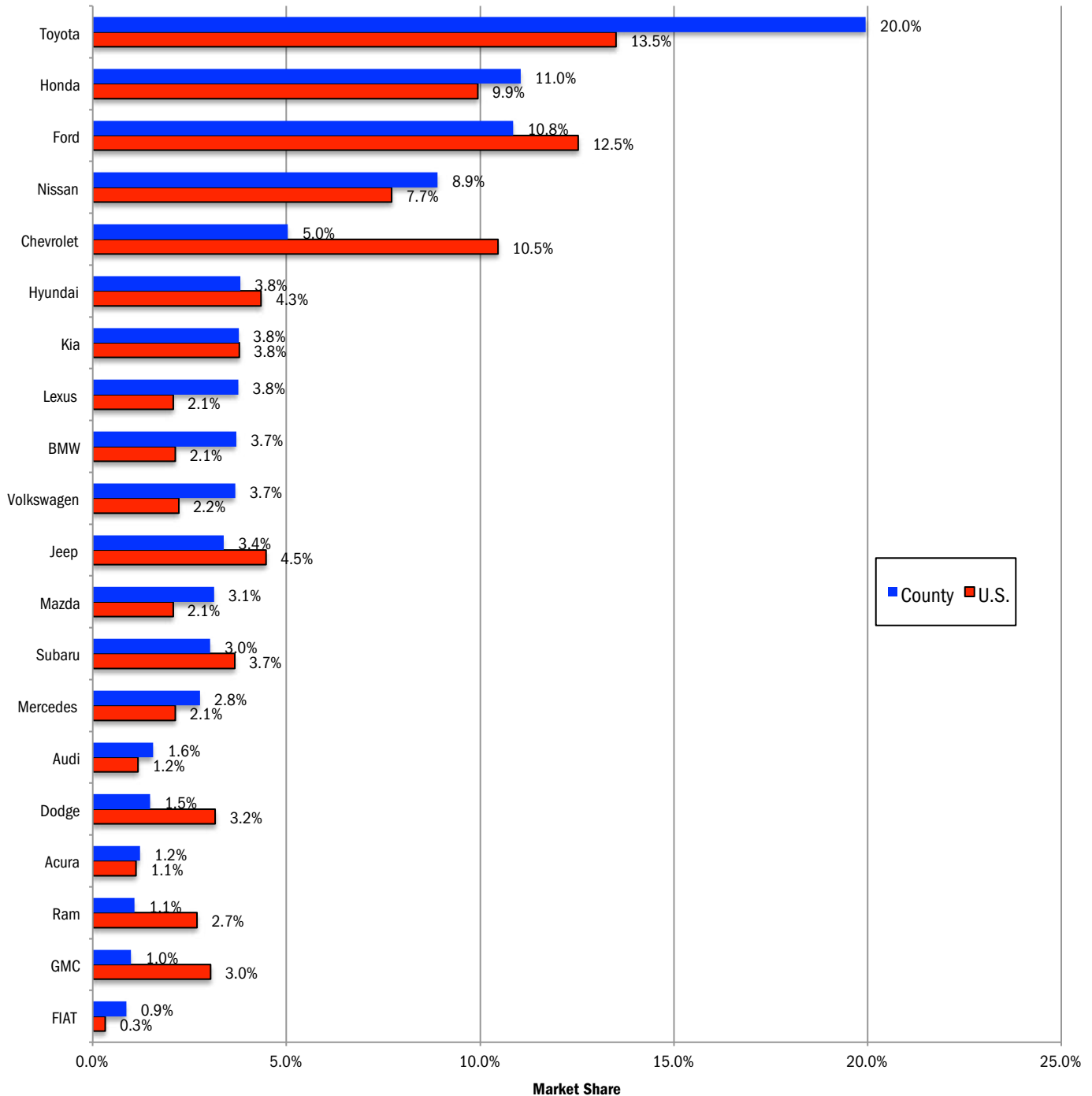
BRAND SCOREBOARD - PART TWO

# Toyota is Top Selling Brand in County Market

## Nissan's share of county market exceeds U.S. by 1.2 points

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 20.0% of the market, well above its 13.5% share in the Nation.

County and U.S. Market Share - YTD 2014 thru September\*



\*Figures for September, 2014 were estimated.

Source: Polk.

FORECAST DETERMINANTS

# Three Primary Factors Impacting New Vehicle Sales

Indicators point to continued improvement in county new vehicle market

**#1**

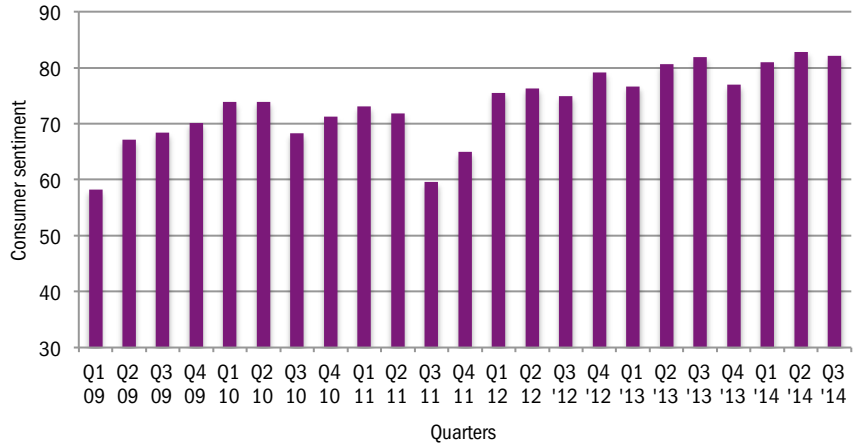
**Consumer Sentiment**

Consumer attitudes have moved higher, but still reflect concerns

Impact on new vehicle sales:  
**MILDLY POSITIVE**

The consumer sentiment index has remained around 80 for the past year and half, up sharply from 2009. Despite the increase, the index is still far from record-high levels. Source: University of Michigan.

**University of Michigan Consumer Sentiment Index**



**#2**

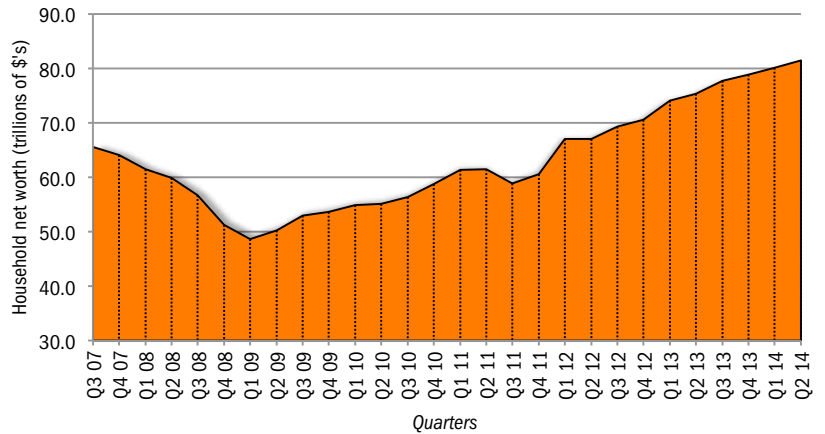
**Household Net Worth**

Household net worth exceeds \$80 trillion in Second Quarter of 2014

Impact on new vehicle sales:  
**POSITIVE**

After declining sharply from 2007 to the First Quarter of 2009, household net worth recovered, and exceeded \$80 trillion in the Second Quarter of 2014. The trend of improving net worth provides a boost to consumer spending. Source: Federal Reserve.

**U.S. Household Net Worth**



**#3**

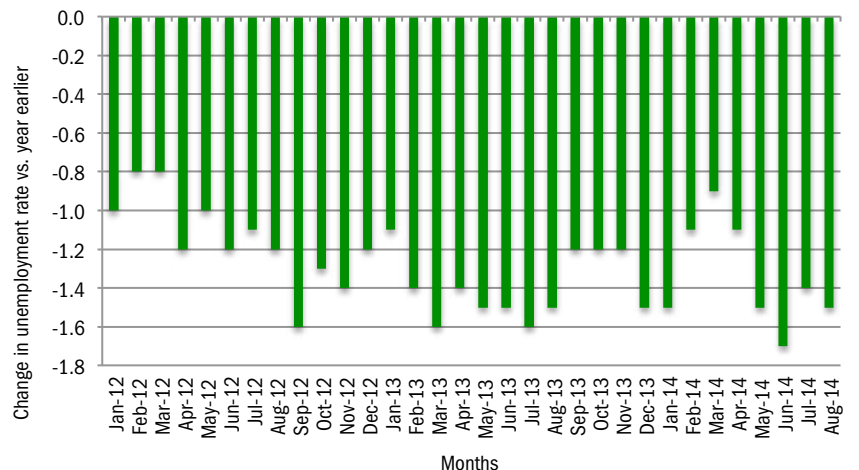
**San Diego County Unemployment**

County unemployment rate has declined steadily during the past 32 months

Impact on new vehicle sales:  
**POSITIVE**

The graph on the right shows the monthly change in the county unemployment rate versus the same month a year earlier. The rate has declined from year earlier levels in each of the past 32 months. Source: BLS.

**Monthly Change in County Unemployment Rate (vs. year earlier)**



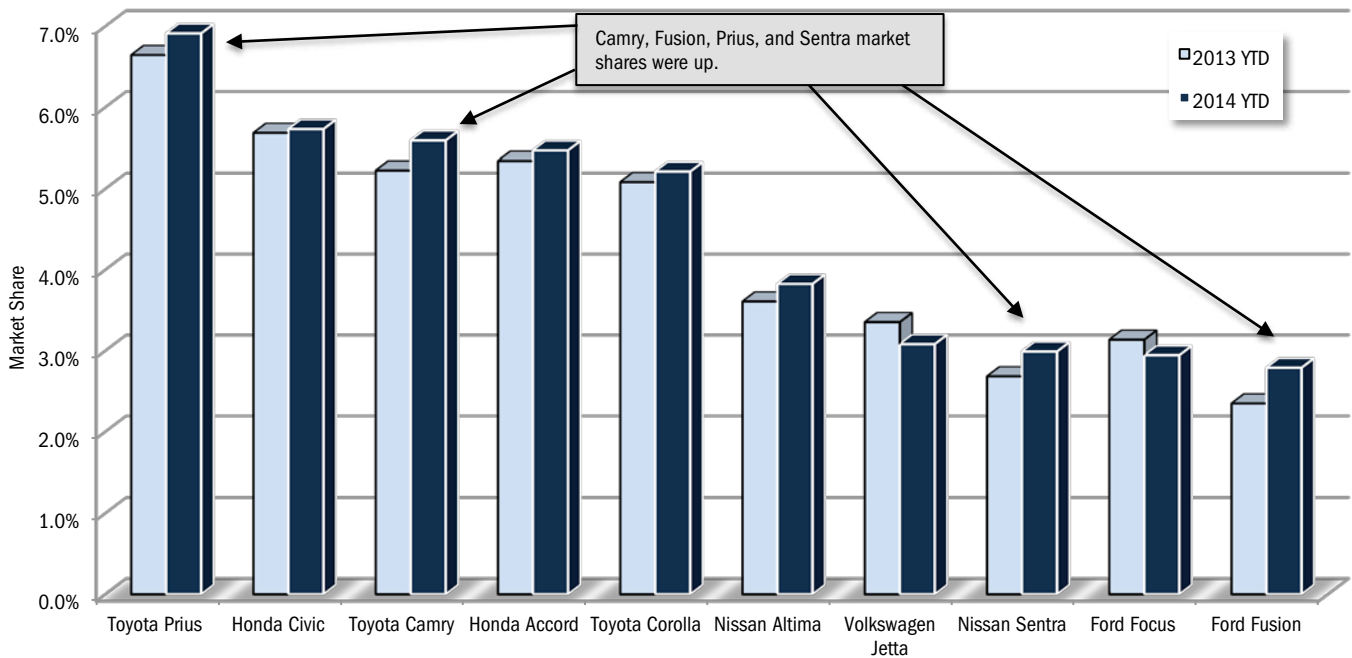
MODEL SCOREBOARD

# Prius and Civic Lead County Car Market

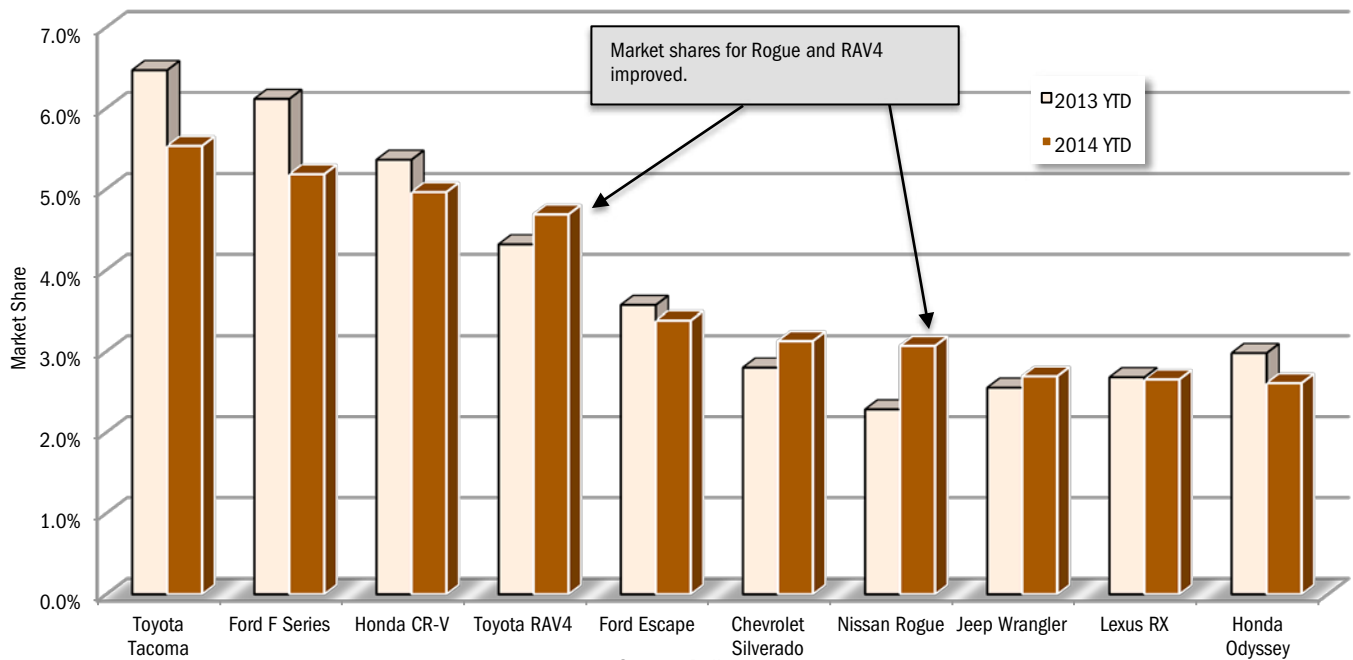
## Rogue has big market share gain

The two graphs below show market shares in the county car and light truck markets during the first eight months of 2013 and 2014. Includes the top ten selling car and light truck models.

**Change in Market Share for Top 10 Selling Cars - YTD 2014 thru August vs. YTD 2013**



**Change in Market Share for Top 10 Selling Light Trucks - YTD 2014 thru August vs. YTD 2013**



Source: Polk.

Brand Registrations Report												
San Diego County New Retail Car and Light Truck Registrations												
	Third Quarter*						YTD thru September					
	Registrations			Market Share (%)			Registrations			Market Share (%)		
	3Q 2013	3Q 2014	% change	3Q 2013	3Q 2014	Change	YTD '13	YTD '14*	% change	YTD '13	YTD '14*	Change
TOTAL	36,649	39,534	7.9				104,602	110,301	5.4			
Cars	22,573	23,875	5.8	61.6	60.4	-1.2	64,643	66,325	2.6	61.8	60.1	-1.7
Light Trucks	14,076	15,659	11.2	38.4	39.6	1.2	39,959	43,976	10.1	38.2	39.9	1.7
Domestic Brands	8,859	9,655	9.0	24.2	24.4	0.2	26,454	27,517	4.0	25.3	24.9	-0.4
European Brands	5,780	5,882	1.8	15.8	14.9	-0.9	16,524	16,863	2.1	15.8	15.3	-0.5
Japanese Brands	19,121	21,108	10.4	52.2	53.4	1.2	53,224	57,586	8.2	50.9	52.2	1.3
Korean Brands	2,889	2,889	0.0	7.9	7.3	-0.6	8,400	8,335	-0.8	8.0	7.6	-0.4
Acura	512	484	-5.5	1.4	1.2	-0.2	1,344	1,344	0.0	1.3	1.2	-0.1
Audi	525	603	14.9	1.4	1.5	0.1	1,521	1,722	13.2	1.5	1.6	0.1
BMW	1,331	1,418	6.5	3.6	3.6	0.0	3,896	4,083	4.8	3.7	3.7	0.0
Buick	146	163	11.6	0.4	0.4	0.0	455	408	-10.3	0.4	0.4	0.0
Cadillac	274	273	-0.4	0.7	0.7	0.0	792	751	-5.2	0.8	0.7	-0.1
Chevrolet	1,841	2,051	11.4	5.0	5.2	0.2	5,230	5,557	6.3	5.0	5.0	0.0
Chrysler	155	172	11.0	0.4	0.4	0.0	490	422	-13.9	0.5	0.4	-0.1
Dodge	545	465	-14.7	1.5	1.2	-0.3	1,888	1,631	-13.6	1.8	1.5	-0.3
FIAT	302	278	-7.9	0.8	0.7	-0.1	813	955	17.5	0.8	0.9	0.1
Ford	3,978	4,147	4.2	10.9	10.5	-0.4	12,111	11,965	-1.2	11.6	10.8	-0.8
GMC	323	398	23.2	0.9	1.0	0.1	1,005	1,094	8.9	1.0	1.0	0.0
Honda	4,288	4,702	9.7	11.7	11.9	0.2	12,074	12,179	0.9	11.5	11.0	-0.5
Hyundai	1,426	1,474	3.4	3.9	3.7	-0.2	4,127	4,200	1.8	3.9	3.8	-0.1
Infiniti	379	271	-28.5	1.0	0.7	-0.3	1,012	893	-11.8	1.0	0.8	-0.2
Jaguar	62	39	-37.1	0.2	0.1	-0.1	149	172	15.4	0.1	0.2	0.1
Jeep	990	1,272	28.5	2.7	3.2	0.5	2,711	3,734	37.7	2.6	3.4	0.8
Kia	1,463	1,433	-2.1	4.0	3.6	-0.4	4,273	4,153	-2.8	4.1	3.8	-0.3
Land Rover	201	208	3.5	0.5	0.5	0.0	643	629	-2.2	0.6	0.6	0.0
Lexus	1,333	1,624	21.8	3.6	4.1	0.5	3,349	4,141	23.6	3.2	3.8	0.6
Lincoln	136	154	13.2	0.4	0.4	0.0	401	416	3.7	0.4	0.4	0.0
Mazda	1,100	1,304	18.5	3.0	3.3	0.3	2,982	3,453	15.8	2.9	3.1	0.2
Mercedes	984	1,081	9.9	2.7	2.7	0.0	2,766	3,048	10.2	2.6	2.8	0.2
MINI	319	272	-14.7	0.9	0.7	-0.2	904	746	-17.5	0.9	0.7	-0.2
Mitsubishi	121	118	-2.5	0.3	0.3	0.0	367	396	7.9	0.4	0.4	0.0
Nissan	2,935	3,442	17.3	8.0	8.7	0.7	8,592	9,820	14.3	8.2	8.9	0.7
Other	102	193	89.2	0.3	0.5	0.2	302	484	60.3	0.3	0.4	0.1
Porsche	171	213	24.6	0.5	0.5	0.0	496	522	5.2	0.5	0.5	0.0
Ram	310	420	35.5	0.8	1.1	0.3	825	1,194	44.7	0.8	1.1	0.3
Subaru	899	1,192	32.6	2.5	3.0	0.5	2,552	3,348	31.2	2.4	3.0	0.6
Tesla	153	110	-28.1	0.4	0.3	-0.1	511	302	-40.9	0.5	0.3	-0.2
Toyota	7,554	7,976	5.6	20.6	20.2	-0.4	20,946	22,010	5.1	20.0	20.0	0.0
Volkswagen	1,605	1,381	-14.0	4.4	3.5	-0.9	4,547	4,053	-10.9	4.3	3.7	-0.6
Volvo	186	203	9.1	0.5	0.5	0.0	528	476	-9.8	0.5	0.4	-0.1

\*September 2014 figures were estimated by Auto Outlook.

Source: Polk

## San Diego Auto Outlook

Published by: Auto Outlook, Inc.

PO Box 390, Exton, PA 19341

Phone: 800-206-0102 EMail: jfoltz@autooutlook.com

San Diego Auto Outlook is distributed free of charge to members of the New Car Dealers Association San Diego County. The publication is sponsored and supported by the Association. San Diego Auto Outlook is published and edited by Auto Outlook, Inc., an independent automotive market analysis firm. Opinions expressed are solely those of Auto Outlook, Inc., and are not necessarily shared by the Association.

Copyright Auto Outlook, Inc., October, 2014



USED VEHICLE MARKET REPORT

# County Used Vehicle Market Treads Water

## Used vehicle registrations up less than 1% thru August

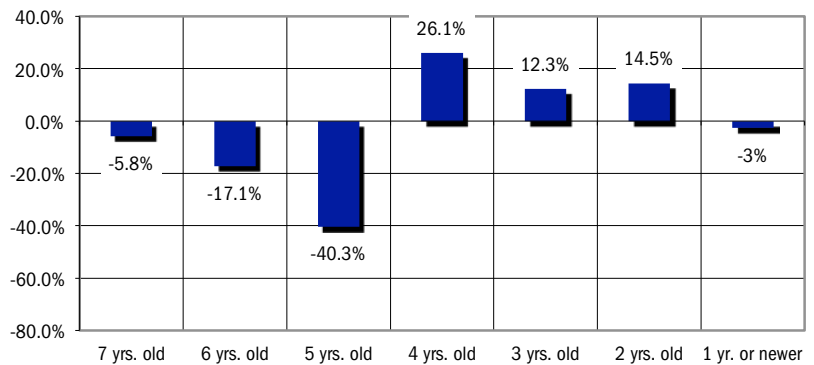
Below is a list of key trends in the San Diego County retail used vehicle market:

- Retail used registrations in the county increased a slim 0.4% during the first eight months of 2014 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 relatively wide. In November of 2012, the three month moving average for new vehicle registrations was 10,381, just 15% higher than the total for 6 year old or newer used vehicles. In August of this year, however, the new vehicle total was 12,856, 52% higher than for 6 year old or newer used vehicles.
- The sharp decline in new vehicle sales for 2009 has led to short supplies of five year old vehicles, leading to the 26.1% drop in five year old vehicle registrations.
- Used light truck registrations fell 0.2%, while cars were up by less than 1%.
- Toyota Corolla was the best-selling model in the county among 6 year old or newer vehicles. Hyundai Elantra registrations were up sharply.
- Among the top 15 selling brands, Hyundai, Volkswagen, Nissan, and BMW had the largest increases in used registrations so far this year.

San Diego County Retail Used Light Vehicle Registrations YTD thru August					
	Registrations		% Change '13 TO '14	Market Share	
	YTD '13	YTD '14		YTD '13	YTD '14
TOTAL	195,960	196,821	0.4%		
Cars	118,016	118,995	0.8%	60.2%	60.5%
Light Trucks	77,944	77,826	-0.2%	39.8%	39.5%
Detroit Three	73,671	71,203	-3.4%	37.6%	36.2%
European	30,306	31,401	3.6%	15.5%	16.0%
Japanese	84,430	85,905	1.7%	43.1%	43.6%
Korean	7,553	8,312	10.0%	3.9%	4.2%

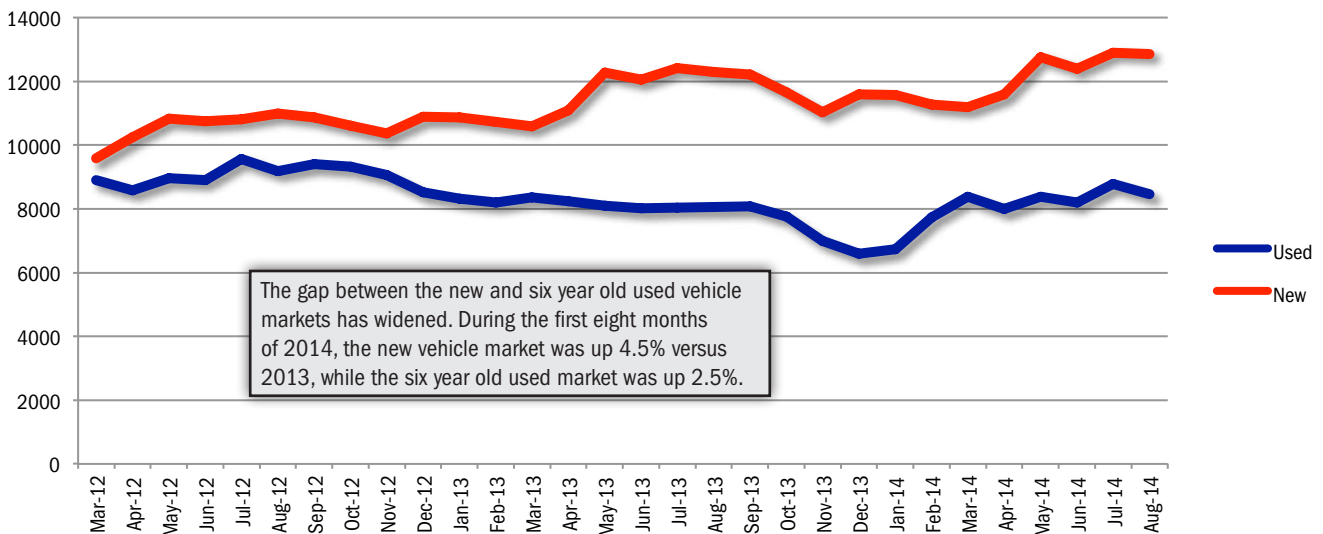
Source: Polk.

Percent Change in County Retail Used Registrations by Vehicle Age, YTD 2014 thru August vs. YTD 2013



Source: Polk.

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



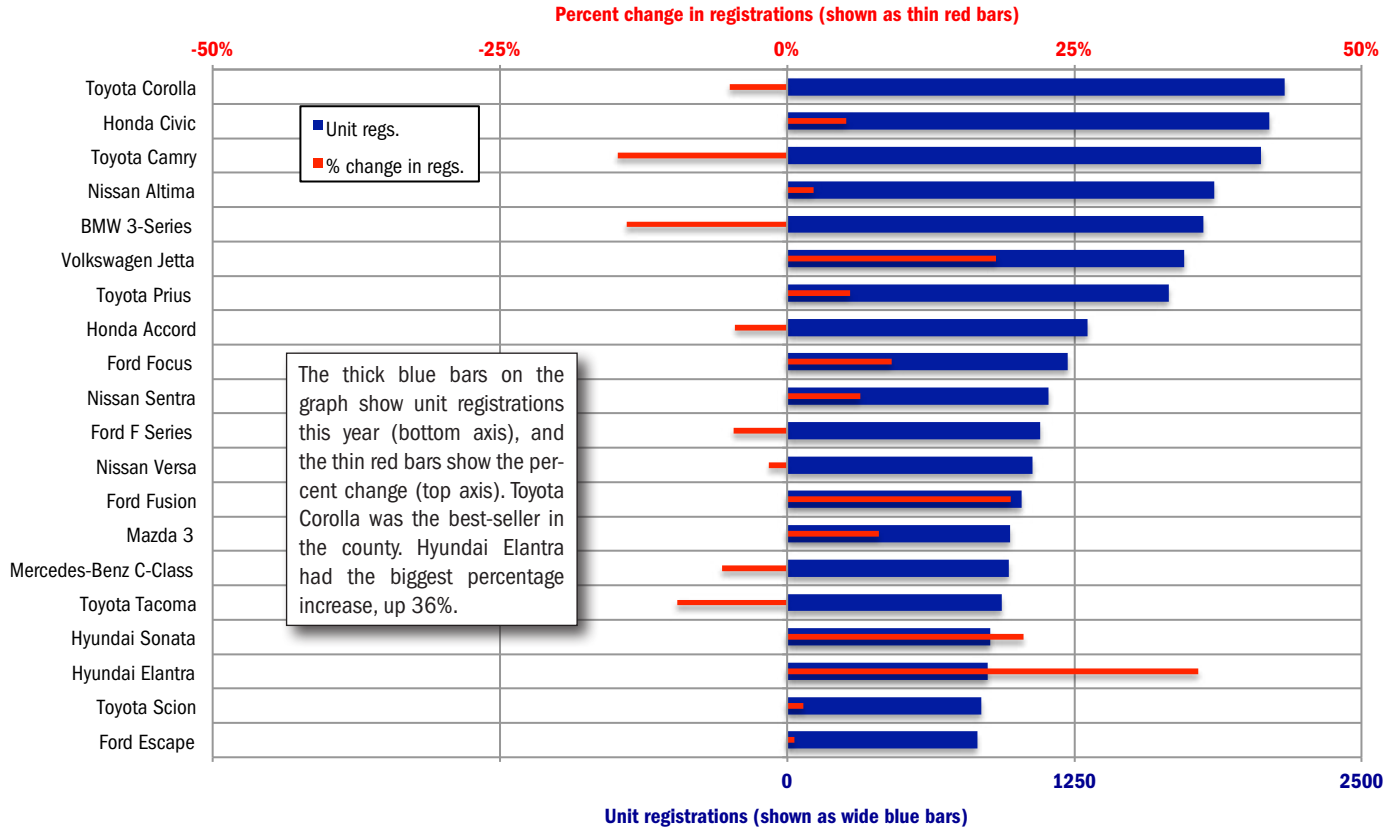
Source: Polk.

TOP SELLING MODELS

# Toyota Corolla Best Seller in County Market

## Hyundai Elantra has Big Percentage Gain

Registrations (ytd '14 thru Aug.) and Percent Change in registrations (ytd '14 thru Aug. vs. ytd '13)  
Top 20 Selling Models (6 years old or newer)



USED VEHICLE BRAND SCOREBOARD

# Used Hyundai Registrations Increase 7.5%

## Registrations for eight other brands move higher

The graph below shows the percent change in used registrations for the top 15 selling makes during the first 8 months of this year vs. year earlier.

Percent Change in Used Registrations (top 15 brands in county) - YTD '14 thru August vs. YTD '13

