

# San Diego Auto Outlook

Comprehensive information on the San Diego County new vehicle market



## FORECAST

### Market Predicted to Increase 10.1% in 2013

#### New retail light vehicle registrations expected to approach 140,000 units

In 2009, when new vehicle sales tumbled to their lows, many industry pundits were downbeat on the prospects for prolonged recovery. And most thought that there was little chance that the market would ever return to peak levels reached in the early to mid 2000's. Auto Outlook disagreed. At the time, our viewpoint was that the incredibly low sales levels would only add momentum to the market, as pent up demand took hold. Add in the long term prognosis for low interest rates, escalated trade in values due to tightened supplies of used cars, eventual improvement in household balance sheets, and significant across-the-board improvement in new products, and we thought new vehicle sales were sure to head higher. And indeed, thru the half way point of 2013, that is exactly what has transpired.

Here are the numbers: In 2009, San Diego County new retail light vehicle registrations were only 77,707 units, while last year's total was 126,570 an impressive 63% increase during the three year period. And Auto Outlook is predicting that for 2013, the total will approach 140,000 units, higher than 2007 levels. What lies ahead for 2014? We think the market will increase again next year. However, the percentage increase is expected to be lower than this year. Here's why:

1. Pent up demand is easing. The vehicle fleet in the U.S. is still at record-high levels, which will help keep the market moving in a positive direction, but the boost supplied by pent up demand will subside somewhat during the next 18 months.

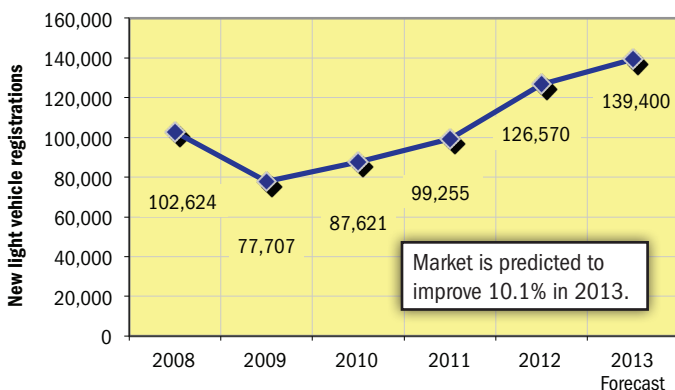
2. Interest rates are likely to increase. It shouldn't be a big jump, but the consensus view of economists is that interest rates will be heading gradually higher for the foreseeable future. Higher rates would lead to higher monthly payments, hampering consumer affordability for new vehicles.
3. Used car prices have reached their peak. Most used vehicle analysts believe that used vehicle values reached their highs by mid 2013. Softening used car prices reduces trade in values, thereby increasing the net cost of a new vehicle purchase.

Bottom line outlook for the county new vehicle market for the rest of this year and 2014: Continued growth, but at a slower pace.

### Three Key Market Trends

- 1. Light trucks are grabbing a slightly larger share of the market. Truck share was up 0.4 points in the first six months of '13.
- 2. Detroit Three post gains. Detroit Three registrations increased 22.2% for the first six months of '13 vs. 12.7% for the industry.
- 3. Green vehicle market share is increasing. Hybrid and electric share was 9% during the first five months of this year, versus 7.9% a year earlier.

### Annual Trend in County Market



### Market Summary

	YTD '12 thru June	YTD '13 thru June*	% Chg. '12 to '13	Mkt. Share YTD '13
TOTAL	61,181	68,966	12.7%	
Car	37,961	42,496	11.9%	61.6%
Light Truck	23,220	26,470	14.0%	38.4%
Detroit Three	14,386	17,586	22.2%	25.5%
European	9,852	10,923	10.9%	15.8%
Japanese	30,733	34,737	13.0%	50.4%
Korean	6,210	5,720	-7.9%	8.3%

The graph above shows annual new retail light vehicle registrations in the county from 2008 thru 2012, and Auto Outlook's projection for 2013.

Historical data source: Polk.

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

\*Figures for June, 2013 were estimated by Auto Outlook.

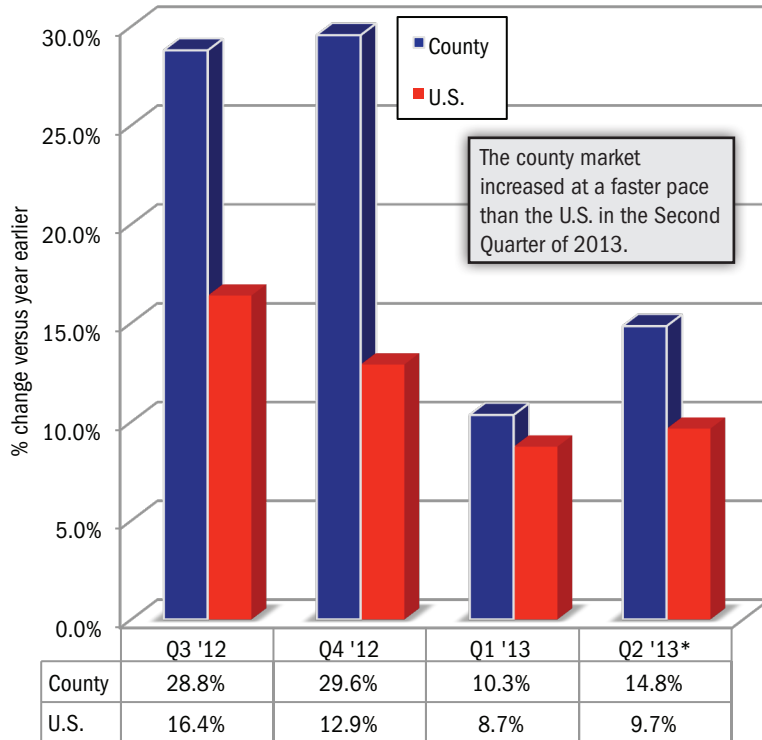
Source: Polk.

**MARKET TRACKER: QUARTERLY RESULTS**

**County Market Up an Estimated 14.8% in 2nd Quarter vs. 9.7% in U.S.**

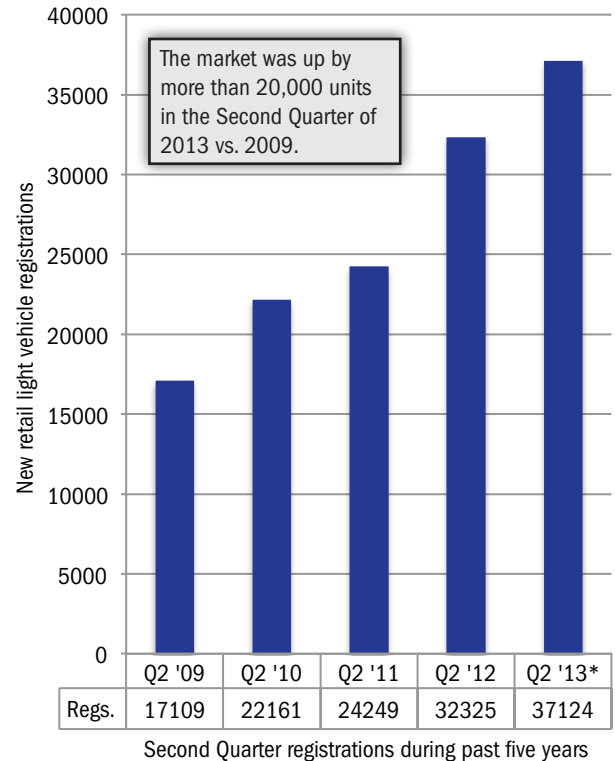
**QUARTERLY TREND**

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



**QUARTERLY PERSPECTIVE**

Five Years of Second Quarter Results  
in County Market



Note: Figures for Second Quarter 2013 were estimated by Auto Outlook based on data for April and May.

Data Source: Polk.

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Data Source: Polk.

**San Diego Auto Outlook**

**Covering Second Quarter 2013**

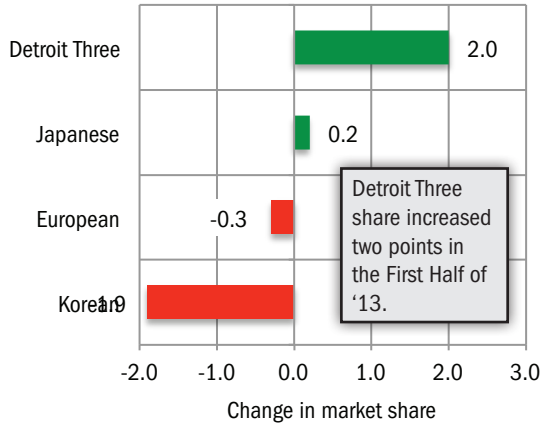
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**MARKET TRACKER: BRAND MARKET SHARE**

## Detroit 3 Share is Up

Change in County Market Share  
YTD 2013 thru June\* vs. YTD 2012

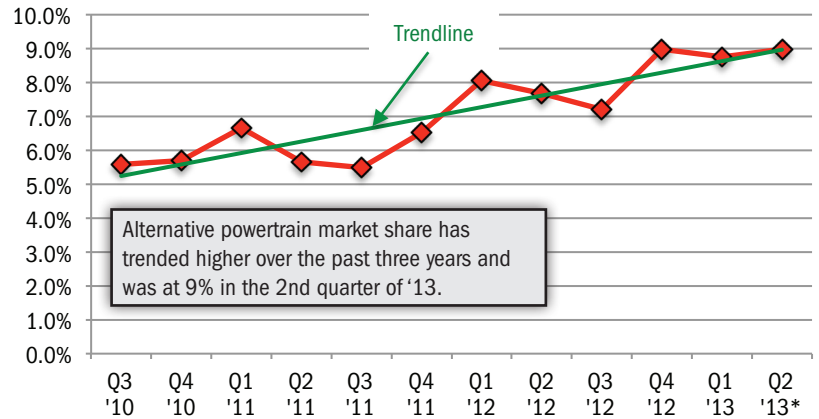


The graph above shows the change in year-to-date market share for four primary brand segments. \*Figures for June, 2013 were estimated by Auto Outlook. Data Source: Polk.

**MARKET TRACKER: HYBRID AND ELECTRIC VEHICLES**

## Hybrids & Electrics Trend Higher

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 2013 includes April and May. Source: Polk.

**MARKET TRACKER - SEGMENTS**

## Luxury SUV Market Share Moves Higher

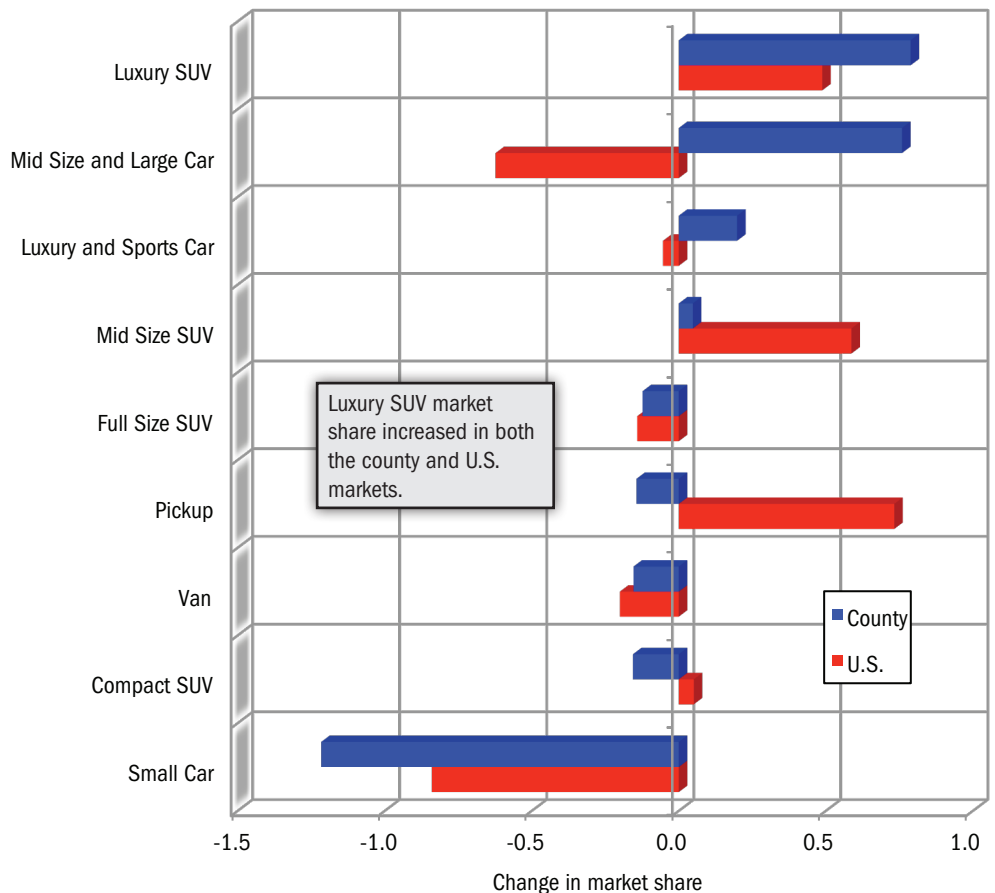
Change in Segment Market Share  
YTD 2013 thru May  
vs.  
YTD 2012

**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 Liberty
- Mid Size SUV: Jeep Grand Cherokee
- Full Size SUV: Chevrolet Tahoe
- Luxury SUV: Lexus RX

Data Source: Polk.



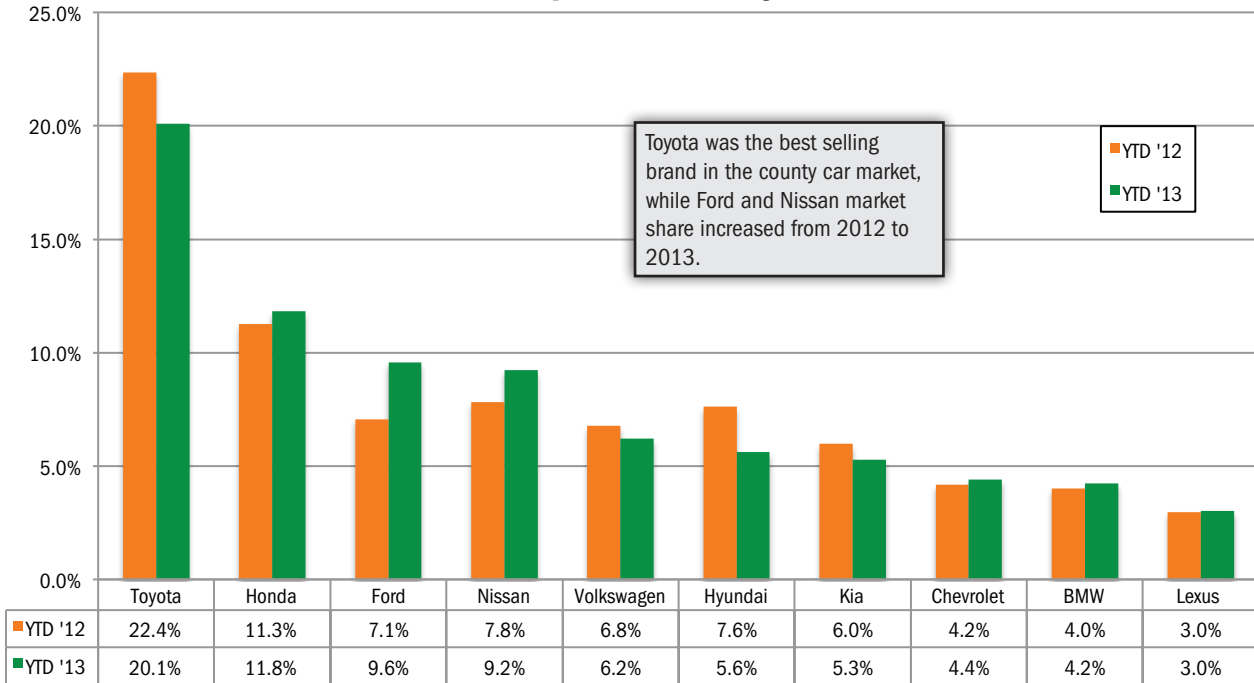
BRAND SCOREBOARD - PART ONE

# Toyota is County Car Market Share Leader

**Toyota also leads for light trucks; BMW market share moves higher**

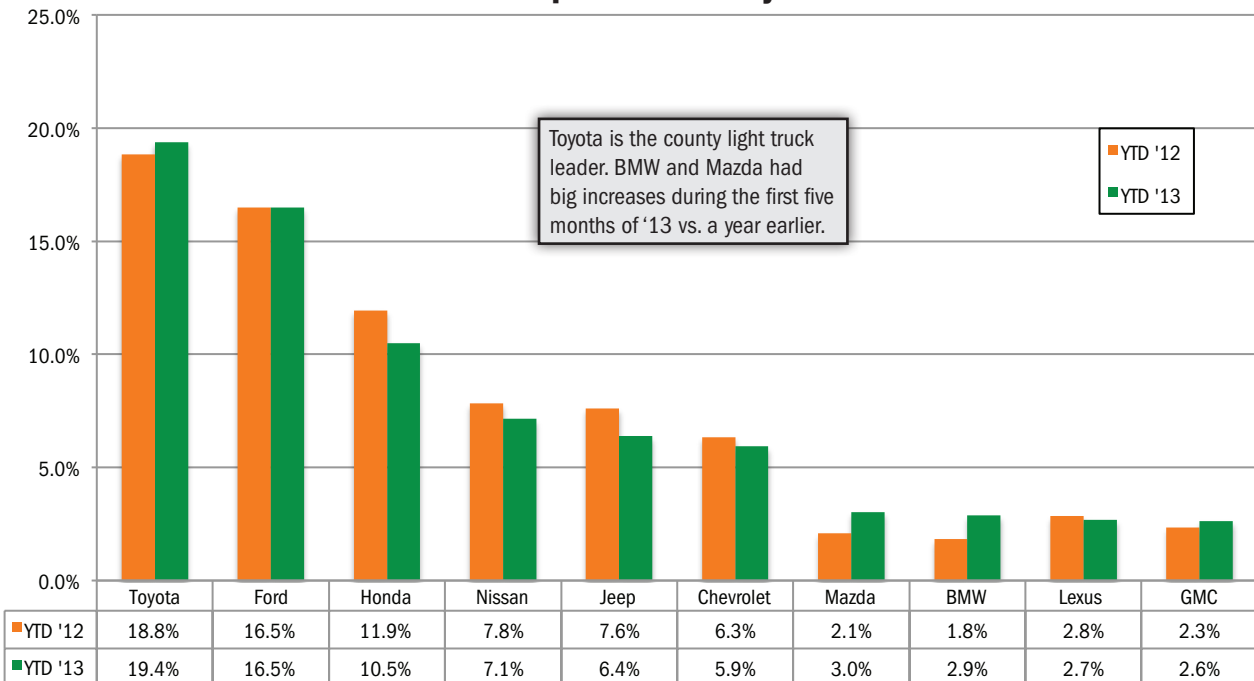
The two graphs below show market share for the top ten car and light truck brands for the first five months of 2012 and 2013. Brands are shown from left to right on each graph based on year-to-date 2013 market share.

**Brand Market Share in County Car Market - YTD 2012 and YTD 2013, thru May  
Top Ten Brands only**



Source: Polk.

**Brand Market Share in County Light Truck Market - YTD 2012 and YTD 2013, thru May  
Top Ten Brands only**



Source: Polk.

BRAND SCOREBOARD - PART TWO

# Toyota is Top Rated Brand in San Diego County

## Volkswagen, BMW, Nissan, and Lexus also rank high

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

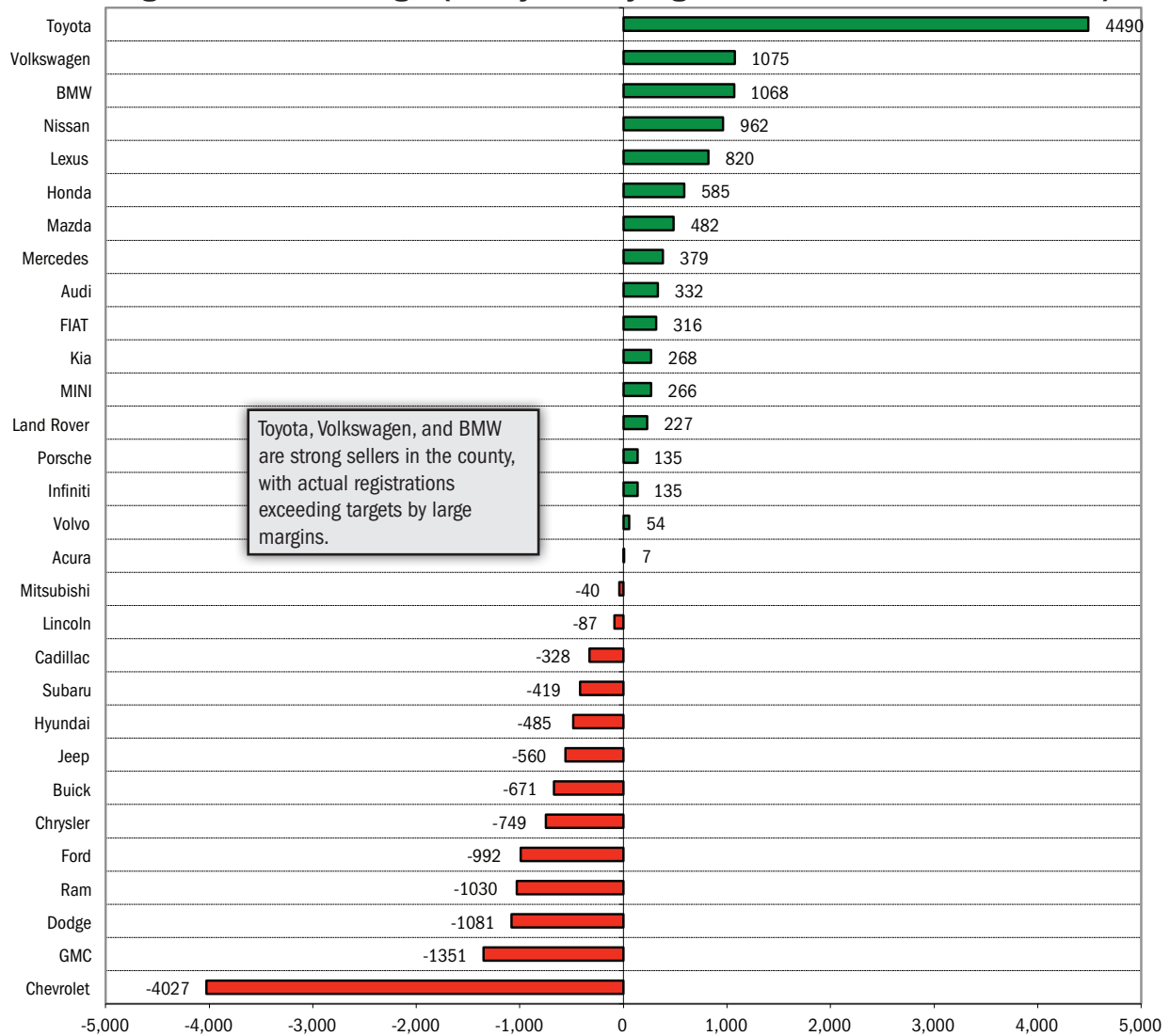
Here's how it works: For the top 30 selling brands in the county, each brand's share of the U.S. market is multiplied by retail registrations

in the county during the first half of this year. 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, Volkswagen, BMW, Nissan, and Lexus) are rela-

tively strong sellers in the county, with actual registrations exceeding the calculated targets by large margins. For instance, Toyota registrations exceeded the target by 4,490 units.

**San Diego County Retail Market Performance based on registrations for YTD 2013 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, 2013 were estimated.

Source for registration data: Polk.

**SEGMENT CLOSE-UP: MID SIZE SUVs**

# Ford is Leader in County Mid Size SUV Segment

*Explorer is best-seller in segment, followed by Grand Cherokee and Edge*

**Brand Results - Two Year Perspective**

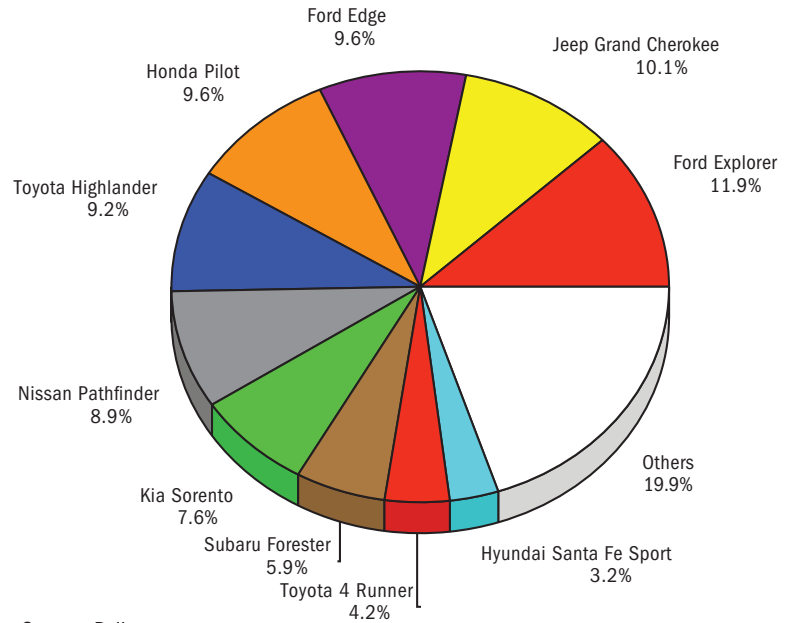
% change in county new retail Mid Size SUV registrations for top 13 selling brands  
YTD '13 thru May vs, YTD 2011 (sorted by YTD '13)

Make	New registrations YTD '11 thru May	New registrations YTD '13 thru May	% change YTD '13 vs. YTD '11
Ford	685	1055	54%
Toyota	698	746	7%
Nissan	223	501	125%
Jeep	325	497	53%
Honda	402	469	17%
Kia	327	374	14%
Subaru	184	292	59%
Dodge	103	254	147%
Hyundai	126	203	61%
GMC	107	154	44%
Chevrolet	121	136	12%
Mazda	252	115	-54%
Buick	68	65	-4%

Source: Polk.

**Model Sales Leaders**

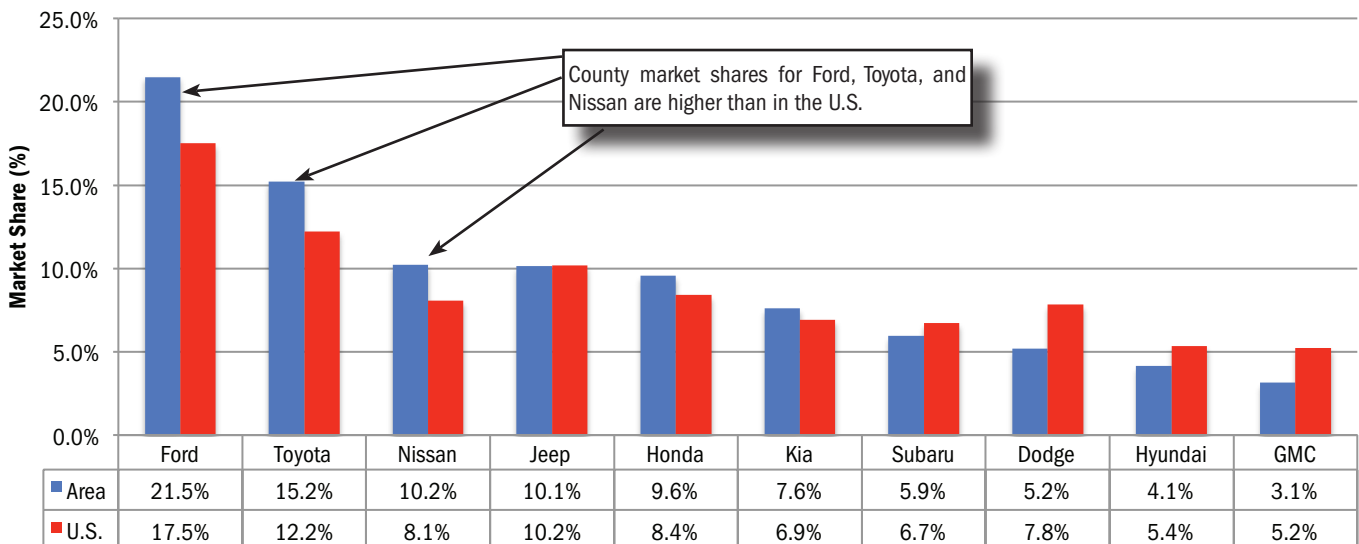
Top 10 selling Mid Size SUVs in county new retail market  
YTD 2013 thru May



Source: Polk.

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

Brand market share in San Diego County and U.S.  
YTD 2013 thru May  
Shown from left to right based on county share



Source: Polk.

**MODEL RANKINGS**

# Toyota Prius Is on Top of Sub Compact Car Segment

## Lexus RX is best-selling Luxury SUV

The table below shows the top five selling models during the first five months of 2013 in 16 primary market segments. In addition to unit registrations, it also shows each model's market share in its respective segment.

Honda Accord was the best-selling Standard Mid Size Car, with a 21.2% share. Toyota Prius

was first among Sub Compact Cars, followed by Honda Civic and Toyota Corolla. BMW 3-Series remained at the top, as the best seller among Near Luxury Cars.

Ford F-Series was the leader among Full-Size Pickups, while Honda CRV (Compact SUV), Jeep Grand Cherokee (Mid Size SUV, 2 rows),

and Ford Explorer (Mid Size SUV, 3 rows) were also top-ranked in their segments.

Top Selling Models in Each Segment - San Diego County											
New Retail Registrations - YTD 2013 thru May											
Cars											
Entry			Sub Compact			Sporty Compact			Standard Mid Size		
Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share
Nissan Versa	657	20.0	Toyota Prius	2251	15.2	Chevrolet Camaro	309	29.0	Honda Accord	1897	21.2
Ford Fiesta	581	17.7	Honda Civic	1858	12.5	Ford Mustang	306	28.7	Toyota Camry	1788	19.9
Kia Soul	504	15.3	Toyota Corolla	1815	12.2	Dodge Challenger	210	19.7	Nissan Altima	1245	13.9
Fiat 500	414	12.6	Ford Focus	1198	8.1	Hyundai Veloster	147	13.8	Kia Optima	956	10.7
Honda Fit	329	10.0	Volkswagen Jetta	1132	7.6	Subaru BRZ	51	4.8	Ford Fusion	854	9.5
Large Mid Size			Entry Luxury			Near Luxury			Luxury and Sports		
Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share
Toyota Avalon	196	27.4	Lexus Ct200H	181	34.4	BMW 3-Series	877	25.6	BMW 5-Series	421	18.5
Dodge Charger	147	20.5	Acura ILX	131	24.9	Mercedes C-Class	460	13.4	Mercedes E-Class	296	13.0
Chrysler 300	123	17.2	Acura TSX	128	24.3	Lexus ES	440	12.8	Tesla Model S	260	11.4
Nissan Maxima	56	7.8	BMW 1-Series	51	9.7	Audi A4	292	8.5	Lexus GS	127	5.6
Ford Taurus	50	7.0	Audi A3	25	4.8	Infiniti G	281	8.2	Audi A6	98	4.3
Light Trucks											
Compact Pickup			Full Size Pickup			Van			Compact SUV		
Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share
Toyota Tacoma	1442	84.3	Ford F Series	1339	43.6	Honda Odyssey	616	32.7	Honda CRV	1137	18.4
Nissan Frontier /Xe	206	12.0	Chevrolet Silverado	608	19.8	Toyota Sienna	526	27.9	Toyota RAV4	924	15.0
Honda Ridgeline	43	2.5	Toyota Tundra	490	16.0	Dodge Caravan	112	5.9	Ford Escape	803	13.0
Chevrolet Colorado	11	0.6	Ram	411	13.4	Chevrolet Express	97	5.2	Jeep Wrangler	513	8.3
GMC Canyon	4	0.2	GMC Sierra	154	5.0	Ford Transit Connect Van	85	4.5	Mazda CX-5	474	7.7
Mid Size SUV (2 rows)			Mid Size SUV (3 rows)			Full Size SUV			Luxury SUV		
Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share
Jeep Grand Cherokee	497	27.3	Ford Explorer	585	18.9	Ford Flex	137	28.2	Lexus RX	548	16.4
Ford Edge	470	25.8	Honda Pilot	469	15.2	Chevrolet Tahoe	99	20.4	Acura RDX	214	6.4
Subaru Forester	288	15.8	Toyota Highlander	450	14.6	GMC Yukon	67	13.8	BMW X5	213	6.4
Toyota 4 Runner	206	11.3	Nissan Pathfinder	436	14.1	Ford Expedition	55	11.3	BMW X3	194	5.8
Hyundai Santa Fe Sp	156	8.6	Kia Sorento	374	12.1	Toyota Sequoia	43	8.8	Audi Q5	186	5.6

Source: Polk.

Brand Registrations Report												
San Diego County New Retail Car and Light Truck Registrations												
	Second Quarter*						Year to date thru June					
	Registrations			Market Share (%)			Registrations			Market Share (%)		
	2Q 2012	2Q 2013	% change	2Q 2012	2Q 2013	Change	YTD '12	YTD '13	% change	YTD '12	YTD '13	Change
TOTAL	32,325	37,124	14.8				61,181	68,966	12.7			
Cars	20,045	22,834	13.9	62.0	61.5	-0.5	37,961	42,496	11.9	62.0	61.6	-0.4
Light Trucks	12,280	14,290	16.4	38.0	38.5	0.5	23,220	26,470	14.0	38.0	38.4	0.4
Domestic Brands	7,442	9,420	26.6	23.0	25.4	2.4	14,386	17,586	22.2	23.5	25.5	2.0
European Brands	5,243	5,920	12.9	16.2	15.9	-0.3	9,852	10,923	10.9	16.1	15.8	-0.3
Japanese Brands	16,425	18,725	14.0	50.8	50.4	-0.4	30,733	34,737	13.0	50.2	50.4	0.2
Korean Brands	3,215	3,059	-4.9	9.9	8.2	-1.7	6,210	5,720	-7.9	10.2	8.3	-1.9
Acura	369	419	13.6	1.1	1.1	0.0	685	818	19.4	1.1	1.2	0.1
Audi	482	592	22.8	1.5	1.6	0.1	950	1,069	12.5	1.6	1.6	0.0
BMW	1,060	1,345	26.9	3.3	3.6	0.3	1,963	2,543	29.5	3.2	3.7	0.5
Buick	110	130	18.2	0.3	0.4	0.1	214	273	27.6	0.3	0.4	0.1
Cadillac	161	223	38.5	0.5	0.6	0.1	350	497	42.0	0.6	0.7	0.1
Chevrolet	1,656	1,931	16.6	5.1	5.2	0.1	3,109	3,471	11.6	5.1	5.0	-0.1
Chrysler	219	183	-16.4	0.7	0.5	-0.2	420	332	-21.0	0.7	0.5	-0.2
Dodge	400	653	63.3	1.2	1.8	0.6	813	1,240	52.5	1.3	1.8	0.5
FIAT	283	292	3.2	0.9	0.8	-0.1	476	522	9.7	0.8	0.8	0.0
Ford	3,336	4,430	32.8	10.3	11.9	1.6	6,515	8,324	27.8	10.6	12.1	1.5
GMC	270	354	31.1	0.8	1.0	0.2	541	659	21.8	0.9	1.0	0.1
Honda	3,661	4,215	15.1	11.3	11.4	0.1	6,990	7,799	11.6	11.4	11.3	-0.1
Hyundai	1,674	1,516	-9.4	5.2	4.1	-1.1	3,221	2,850	-11.5	5.3	4.1	-1.2
Infiniti	381	344	-9.7	1.2	0.9	-0.3	665	670	0.8	1.1	1.0	-0.1
Jaguar	54	71	31.5	0.2	0.2	0.0	107	120	12.1	0.2	0.2	0.0
Jeep	976	971	-0.5	3.0	2.6	-0.4	1,774	1,709	-3.7	2.9	2.5	-0.4
Kia	1,541	1,543	0.1	4.8	4.2	-0.6	2,989	2,870	-4.0	4.9	4.2	-0.7
Land Rover	153	226	47.7	0.5	0.6	0.1	326	469	43.9	0.5	0.7	0.2
Lexus	1,049	1,128	7.5	3.2	3.0	-0.2	1,840	2,052	11.5	3.0	3.0	0.0
Lincoln	98	139	41.8	0.3	0.4	0.1	220	264	20.0	0.4	0.4	0.0
MINI	322	340	5.6	1.0	0.9	-0.1	608	600	-1.3	1.0	0.9	-0.1
Mazda	785	1,001	27.5	2.4	2.7	0.3	1,513	1,828	20.8	2.5	2.7	0.2
Mercedes	879	982	11.7	2.7	2.6	-0.1	1,678	1,803	7.4	2.7	2.6	-0.1
Mitsubishi	157	127	-19.1	0.5	0.3	-0.2	283	244	-13.8	0.5	0.4	-0.1
Nissan	2,586	3,214	24.3	8.0	8.7	0.7	4,901	5,916	20.7	8.0	8.6	0.6
Other	109	184	68.8	0.3	0.5	0.2	228	438	92.1	0.4	0.6	0.2
Porsche	142	199	40.1	0.4	0.5	0.1	259	348	34.4	0.4	0.5	0.1
Ram	216	293	35.6	0.7	0.8	0.1	426	533	25.1	0.7	0.8	0.1
Subaru	552	824	49.3	1.7	2.2	0.5	1,009	1,620	60.6	1.6	2.3	0.7
Toyota/Scion	6,879	7,465	8.5	21.3	20.1	-1.2	12,836	13,797	7.5	21.0	20.0	-1.0
Volkswagen	1,570	1,612	2.7	4.9	4.3	-0.6	2,945	2,952	0.2	4.8	4.3	-0.5
Volvo	195	178	-8.7	0.6	0.5	-0.1	327	336	2.8	0.5	0.5	0.0

\*Second Quarter figures are based on actual results for April and May, and an estimate for June.

Source: Polk

## San Diego Auto Outlook

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USED VEHICLE MARKET REPORT

# County Retail Used Registrations Decline

**Used vehicle market declined 5.2% thru May of this year**

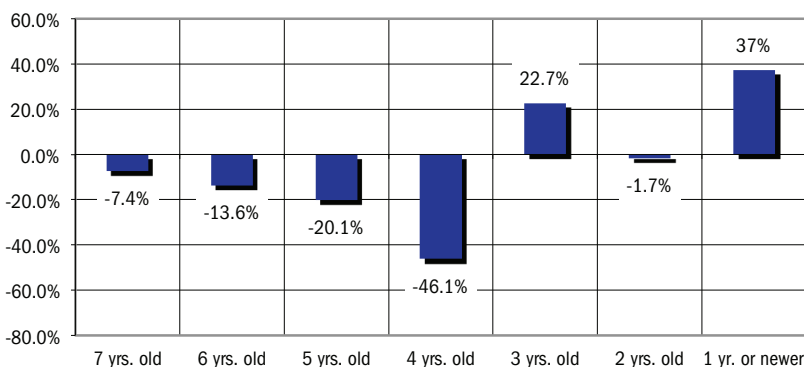
Below is a list of key trends in the San Diego County retail used vehicle market:

- Retail used registrations in the county declined 5.2% during the first five months of this year versus a year earlier.
- As shown on the graph below, the county new vehicle market has been growing at a faster pace than the used market for the past four years. New vehicle registrations increased by double digit percentages in each of the past four years, while used registrations either declined, or increased slightly.
- The sharp decline in new vehicle sales for 2009 has led to short supplies of four year old vehicles, leading to the 46.1% drop in four year old vehicle registrations.
- Used light truck registrations fell 5.8%, while cars were off 4.8%.
- Korean brand registrations increased 4.5%. European brands were up slightly.
- Toyota Camry was the best-selling model in the county for vehicles two years old or newer.
- Used registrations for Hyundai, Mercedes, Lexus, Mazda and BMW increased during the first five months of this year.

San Diego County Retail Used Light Vehicle Registrations YTD thru May					
	Registrations		% Change '12 TO '13	Market Share	
	YTD '12	YTD '13		YTD '12	YTD '13
TOTAL	132,588	125,670	-5.2%		
Cars	79,299	75,491	-4.8%	59.8%	60.1%
Light Trucks	53,289	50,179	-5.8%	40.2%	39.9%
Detroit Three	52,476	47,761	-9.0%	39.6%	38.0%
European	19,311	19,471	0.8%	14.6%	15.5%
Japanese	56,206	53,636	-4.6%	42.4%	42.7%
Korean	4,595	4,802	4.5%	3.5%	3.8%

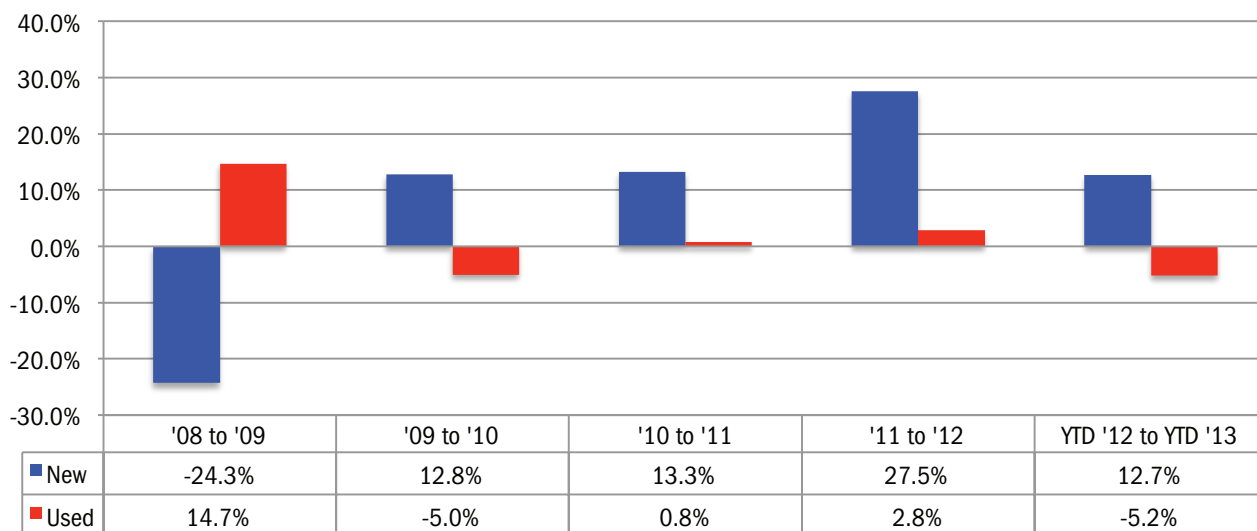
Source: Polk.

**Percent Change in County Retail Used Registrations by Vehicle Age, YTD 2013 thru May vs. YTD 2012**



Source: Polk.

**Percent Change in San Diego County New and Used Retail Registrations**



YTD used registrations are thru May. YTD new registrations are thru June. (June was estimated.)

Source: Polk.

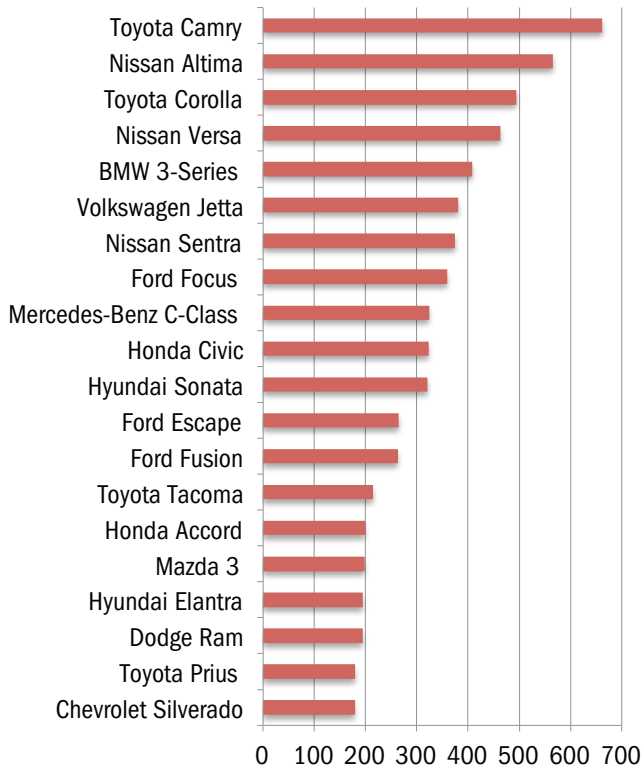
TOP SELLING MODELS

# Camry and Corolla Stay on Top of County Used Vehicle Market

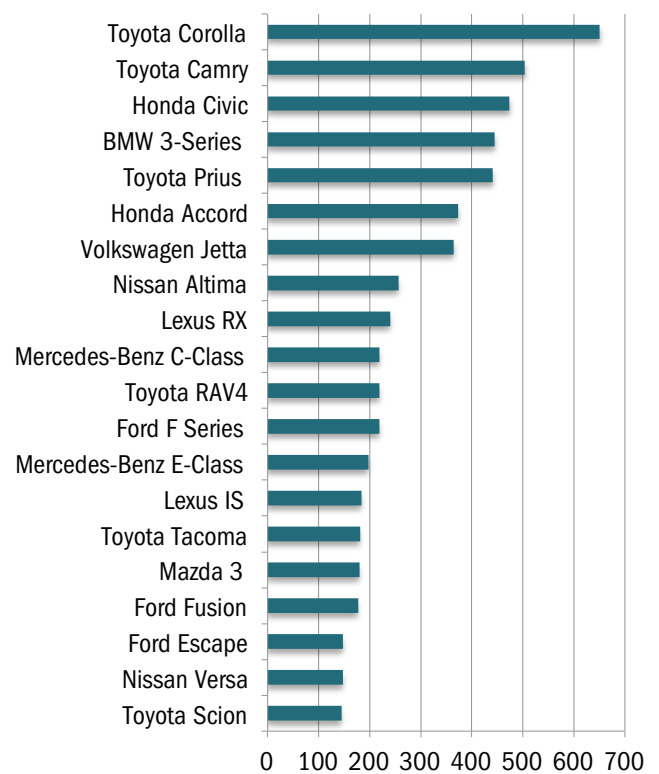
## BMW 3-Series is in fourth place for 3 and 4 year old vehicles

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

**Top 20 Selling Models (Two years old or newer)**  
Used retail registrations, YTD '13 thru May



**Top 20 Selling Models (3 and 4 years old)**  
Used retail registrations, YTD '13 thru May



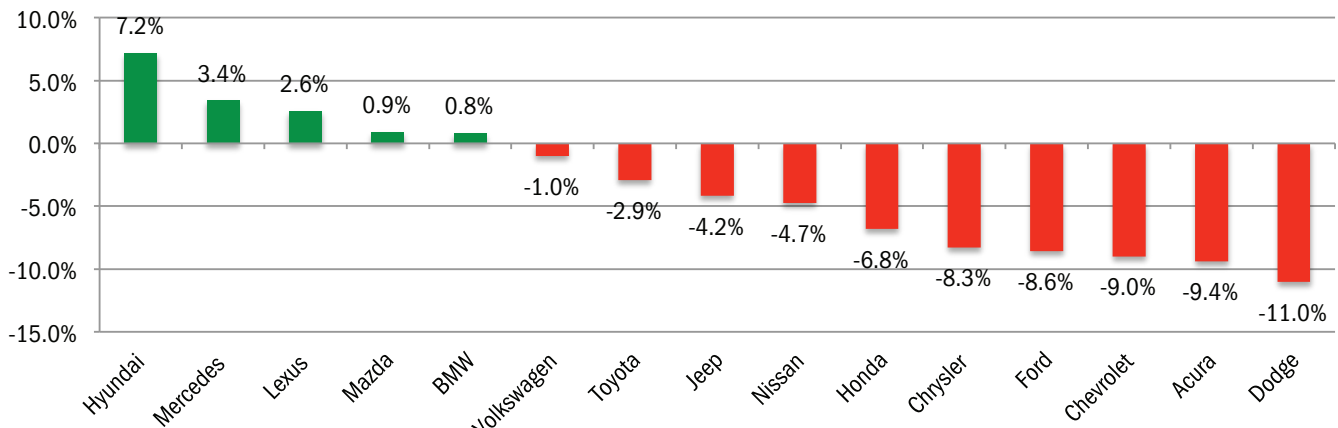
USED VEHICLE BRAND SCOREBOARD

## Hyundai Used Registrations Increase 7.2%

### Mercedes, Lexus, Mazda and BMW also have gains

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

**Percent Change in Used Registrations (top 15 brands in county) - YTD '13 thru May vs. YTD '12**



Source: Polk.