

San Diego Auto Outlook

Comprehensive information on the San Diego County new vehicle market



FORECAST

County Market Predicted to Increase 6.3% from 2014 to 2015

Positive factors slightly out-weigh negatives; further improvement expected in 2016



Key factors providing a boost to new vehicle sales

Incentive to upgrade. In almost every way, today's new car and trucks are far superior to vehicles that came out just five years ago. But it's the introduction of advanced safety features (i.e, mitigation braking, lane alert, smart cruise control, blind spot monitoring, rear-view cameras, etc.) on mainstream, non-luxury brand vehicles that will give a boost to sales for many years to come. These safety-related technologies will provide a strong motivation for consumers to trade in their current vehicles for new ones.

Pent up demand. The average age of vehicles on the road is still at extremely high levels. Following five years of well below average sales, the new vehicle market has only recently moved above trend line levels. We think that based on cyclical factors alone, the market recovery still has legs.

Labor market is improving. Total employment has moved steadily higher for the past five years, while the unemployment rate has declined. There are also some recent signs that wages and incomes are finally starting to move higher. Some economists remain concerned about sluggish growth in the labor force and lingering under-employment, but the outlook for jobs and incomes has improved.



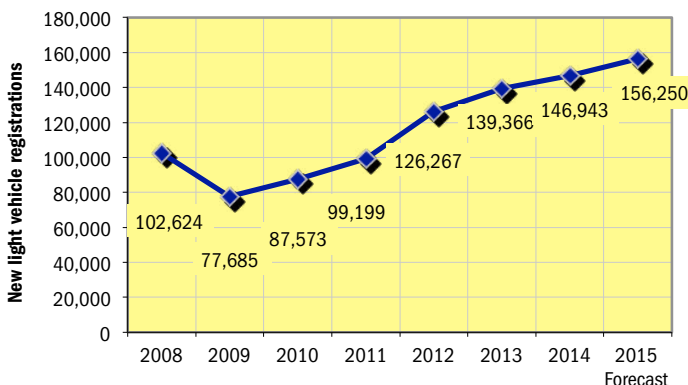
Key factors holding back new vehicle sales

Rising interest rates. After several years of hovering near zero, it appears as though interest rates are on the rise. It's not likely to be an abrupt, upward march, but it's inevitable that they will drift higher. Higher interest rates lead to increasing monthly finance and lease payments, which puts a drag on new vehicle sales.

Insufficient household savings. Leading into the financial crisis of 2008, households had amassed record debt. After several years of deleveraging, the debt burden has eased significantly. However, the majority of U.S. households have insufficient savings for retirement, and it will take considerable time to build these nest eggs. As a result, households will need to devote a chunk of disposable income toward savings instead of retail spending (which includes automobiles).

Consumer sentiment. Most measures of consumer sentiment have improved recently, but there is still a pervading sense of uneasiness among many U.S. households. Median household incomes have been stagnant for decades, while many still feel that high quality, good paying jobs are difficult to find. This nagging sense that things are not as good as they should be, will likely prevent many potential purchasers from buying a new vehicle.

Annual Trend in County Market



Historical Data Source: IHS Automotive.

The graph above shows annual new retail light vehicle registrations in the county from 2008 thru 2014 and Auto Outlook's projection for 2015.

Market Summary

	YTD '14 thru June	YTD '15 thru June*	% Chg. '14 to '15	Mkt. Share YTD '15*
TOTAL	70,650	77,148	9.2%	
Car	42,378	44,136	4.1%	57.2%
Light Truck	28,272	33,012	16.8%	42.8%
Domestic	17,782	19,529	9.8%	25.3%
European	10,969	11,777	7.4%	15.3%
Japanese	36,453	39,942	9.6%	51.8%
Korean	5,446	5,900	8.3%	7.6%

Source: IHS Automotive.

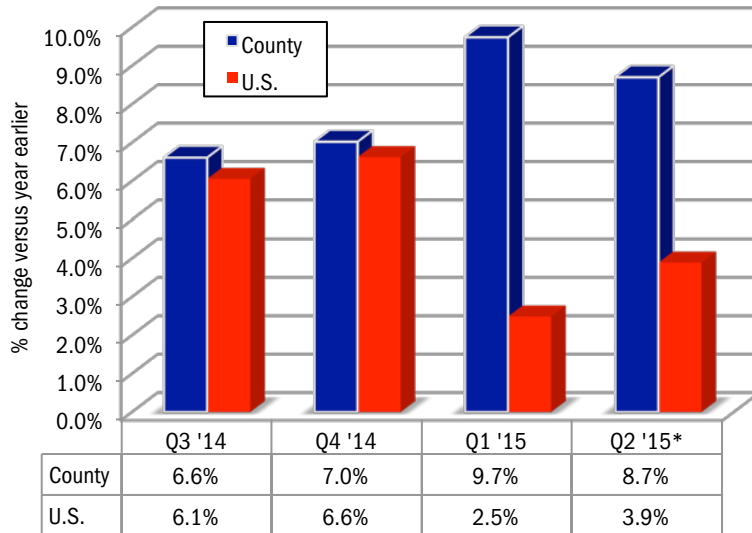
Domestic brands consists of vehicles sold by GM, Ford, FCA (excluding FIAT), and Tesla. *Figures for June, 2015 were estimated by Auto Outlook.

MARKET TRACKER: QUARTERLY RESULTS

County Market Moves Higher in Second Quarter of 2015

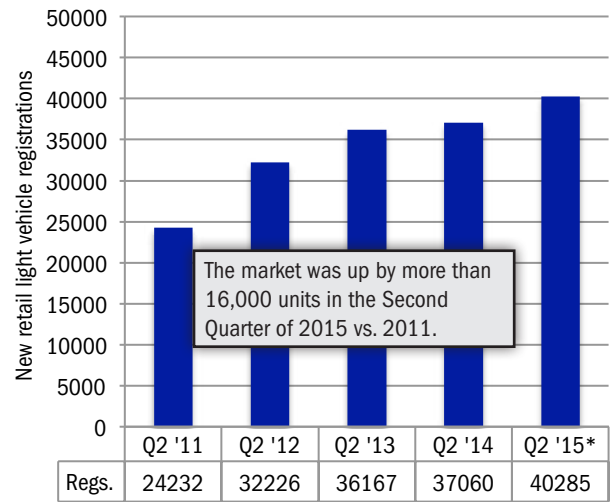
QUARTERLY TREND

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



QUARTERLY PERSPECTIVE

Five Years of Second Quarter Results in County Market



Second Quarter registrations during past five years

* Figures for the Second Quarter of 2015 were estimated by Auto Outlook based on data for April and May. Source: IHS Automotive.

* Figures for 2Q 2015 were estimated by Auto Outlook based on data for April and May. Source: IHS Automotive.

MARKET TRACKER: COUNTY MARKET VERSUS U.S.

County Market Has Larger Gain

	County Market		U.S. Market	
Percent change in registrations YTD '15 thru June* vs. YTD '14	9.2%		3.2%	
Passenger car market share YTD '15 thru June*	57.2%		45.1%	
Domestic brand market share YTD '15 thru June*	25.3%		41.0%	
Top 10 brands and market share YTD '15 thru June*				
First	Toyota	18.7%	Toyota	13.2%
Second	Honda	10.9%	Ford	12.5%
Third	Ford	10.5%	Chevrolet	10.5%
Fourth	Nissan	9.0%	Honda	9.4%
Fifth	Chevrolet	5.0%	Nissan	7.7%
Sixth	Kia	4.1%	Jeep	5.0%
Seventh	BMW	3.7%	Hyundai	4.2%
Eighth	Lexus	3.7%	Subaru	4.0%
Ninth	Hyundai	3.6%	Kia	3.8%
Tenth	Jeep	3.5%	GMC	3.2%

*June 2015 figures estimated by Auto Outlook

Source: IHS Automotive

San Diego Auto Outlook

Covering Second Quarter 2015

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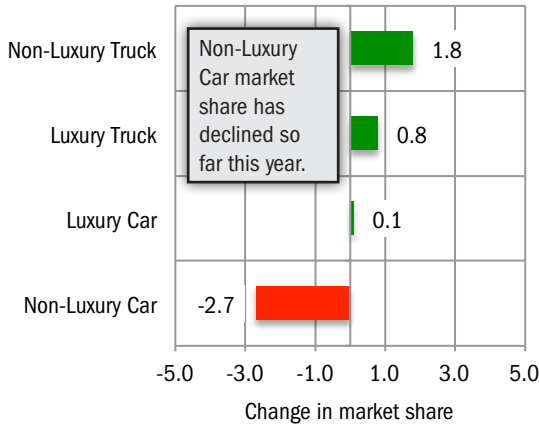
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MARKET TRACKER: PRIMARY SEGMENTS

Non-Luxury Trucks Gain

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

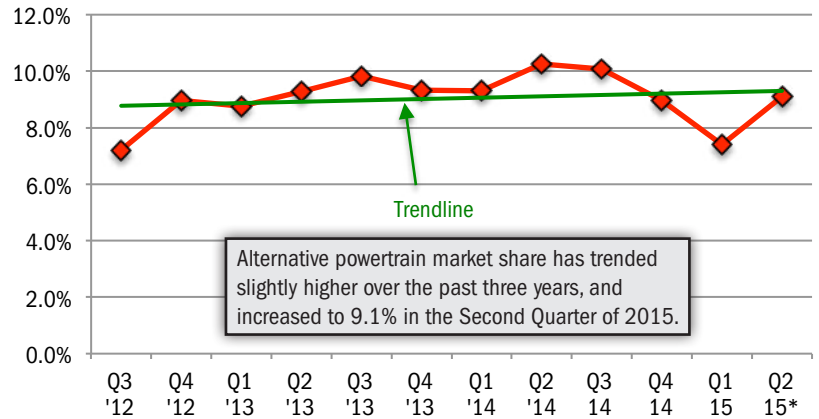


The graph above shows the change in year-to-date market share for four primary brand segments. *Figures for June, 2015 were estimated by Auto Outlook. Data Source: IHS Automotive.

MARKET TRACKER: HYBRID AND ELECTRIC VEHICLES

Hybrid/Electric Share is 9.1%

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 2015 includes April and May. Source: IHS Automotive.

MARKET TRACKER - SEGMENTS

Pickup Segment Has Largest Increase in 2015

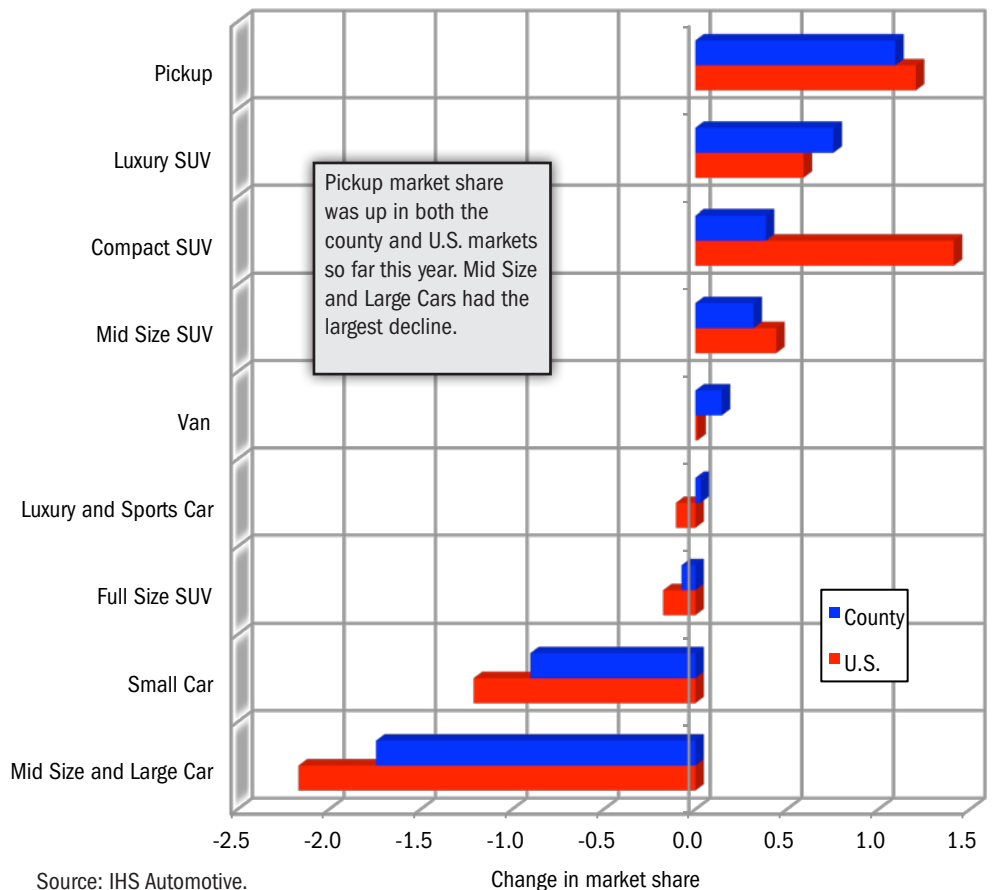
Change in Segment Market Share

YTD 2015 thru May
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.

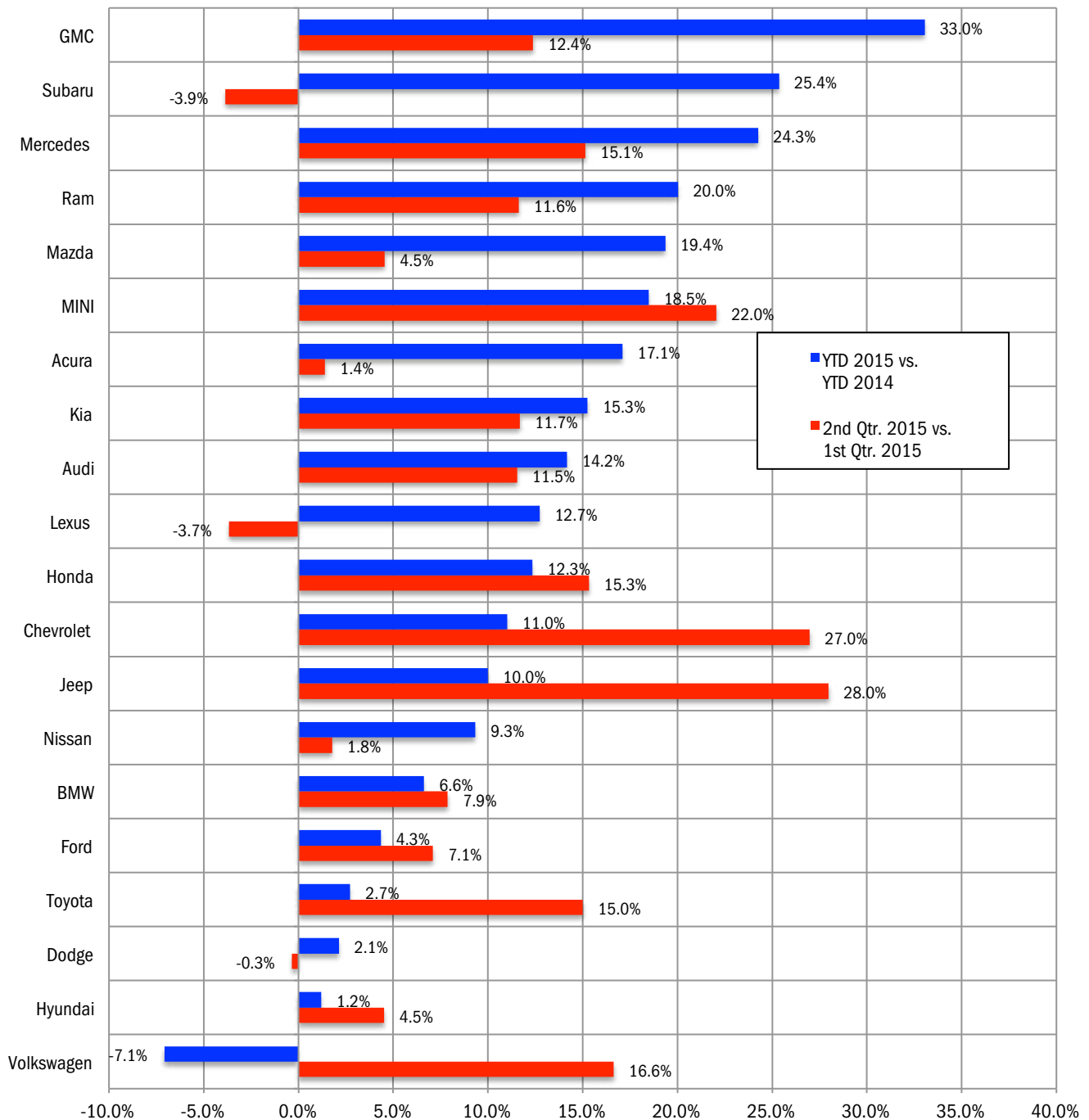
BRAND SCOREBOARD - PART ONE

GMC Posts Largest Gain So Far This Year vs. 2014

Jeep new retail registrations improve 28% from First to Second Quarter of this year

The graph below provides a snapshot of brand sales performance in the county market. For the top 20 selling brands, it shows the percent change in new retail light vehicle registrations during the first six months of this year versus the same period a year earlier, and the change from the First Quarter of 2015 to the Second Quarter. Brands are shown from top to bottom based on the year-to-date percent change.

**Percent Change in County New Retail Light Vehicle Registrations (Top 20 Selling Brands)
YTD 2015 thru June* vs. YTD 2014, and Second Quarter 2015* vs. First Quarter 2015**



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

Source: IHS Automotive.

BRAND SCOREBOARD - PART TWO

Toyota is a Strong Performer in San Diego County

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.

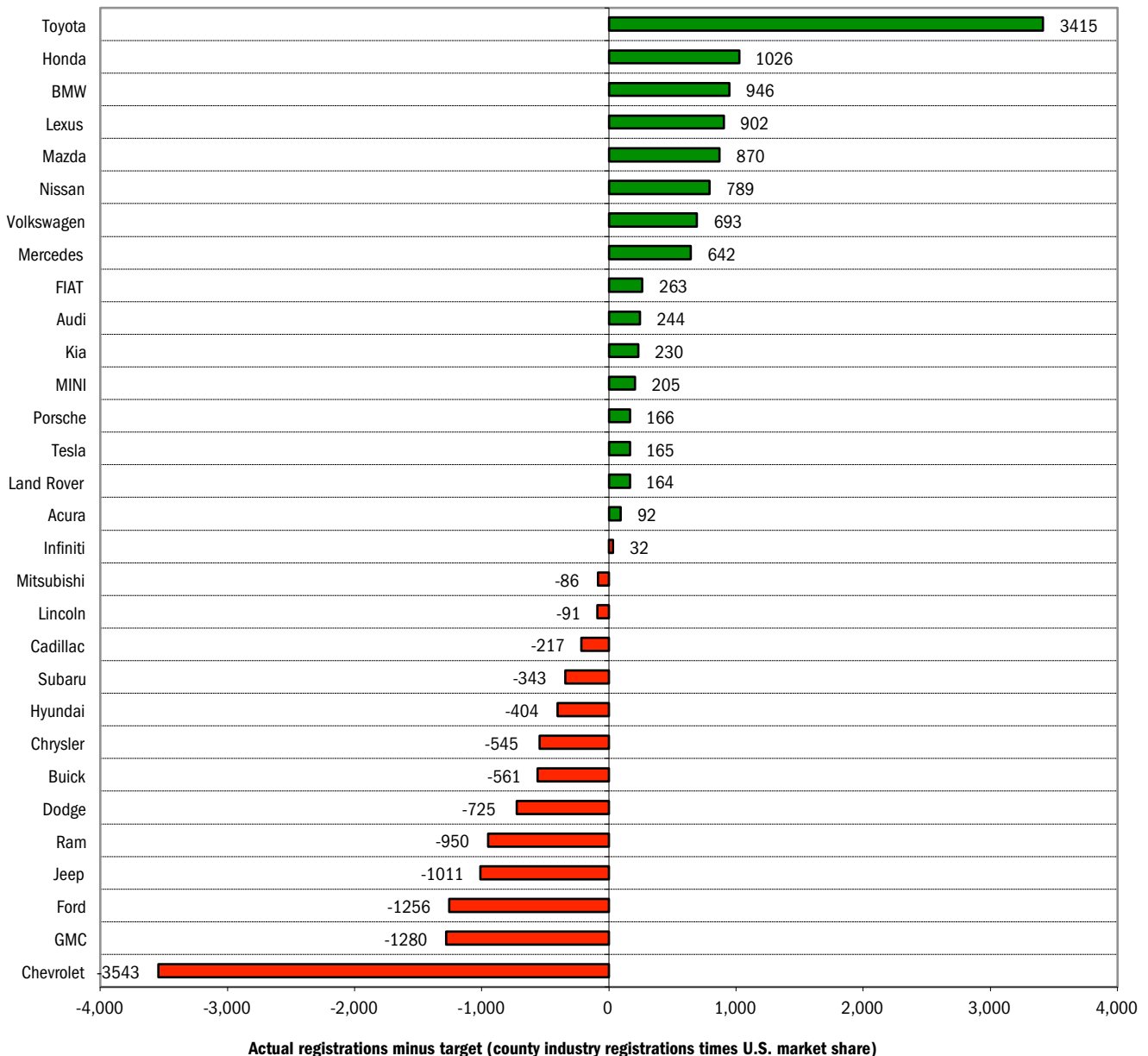
in the county during the first half of this year. This yields a “target” for the county market. Target registrations are subtracted from actual registrations to derive the measurement of sales performance.

sellers in the county, with actual registrations exceeding calculated targets by large margins. For instance, Toyota registrations exceeded the target by 3,415 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, and Lexus) are relatively strong

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



*Figures for June, 2015 were estimated.

Source for registration data: IHS Automotive.

SEGMENT CLOSE-UP: MID SIZE SUVs

Ford is Leader in County Mid Size SUV Segment

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

Brand Results - Two Year Perspective

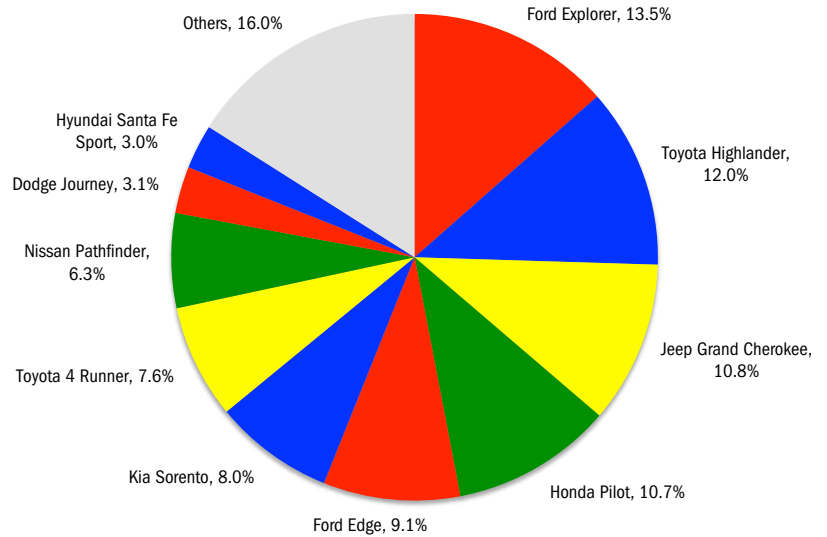
% change in county new retail Mid Size SUV registrations for top 13 selling brands YTD '15 thru May vs, YTD '13 (sorted by YTD '15)

Make	New registrations YTD '13 thru May	New registrations YTD '15 thru May	% change YTD '15 vs. YTD '13
Ford	1053	1162	10%
Toyota	745	1008	35%
Jeep	495	549	11%
Honda	468	535	14%
Nissan	500	422	-16%
Kia	374	401	7%
Dodge	253	305	21%
Hyundai	203	253	25%
GMC	153	142	-7%
Chevrolet	134	133	-1%
Mazda	115	88	-23%
Buick	65	66	2%
Volkswagen	47	27	-43%

Source: IHS Automotive.

Model Sales Leaders

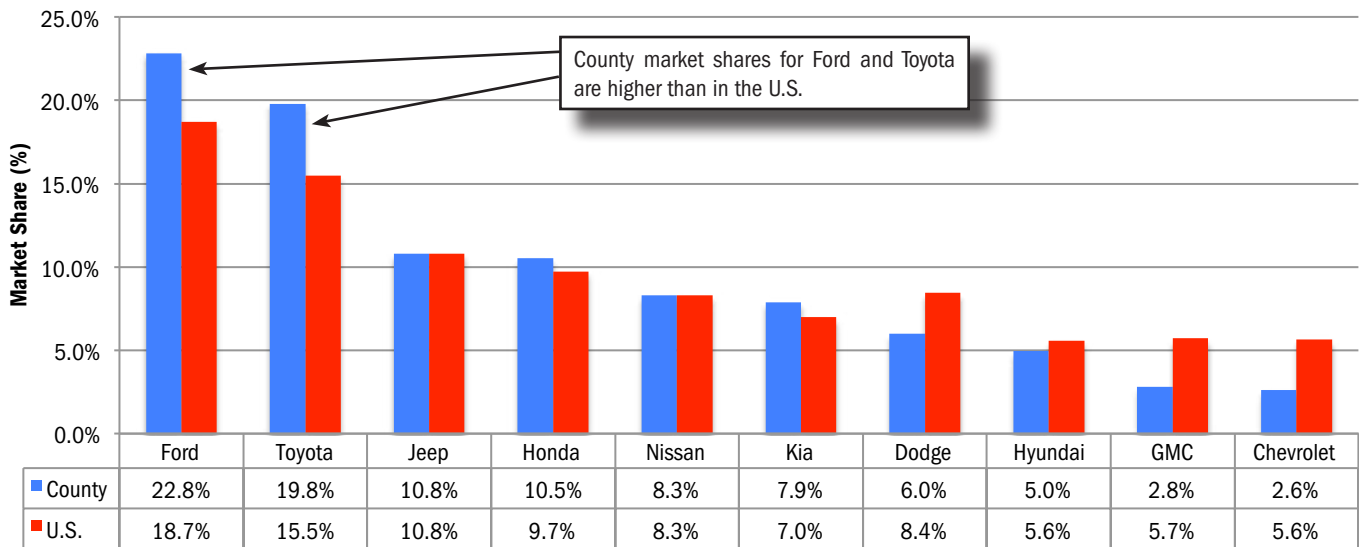
Top 10 selling Mid Size SUVs in county new retail market YTD 2015 thru May



Source: IHS Automotive.

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

Brand market share in San Diego County and U.S. YTD 2015 thru May Shown from left to right based on county share



Source: IHS Automotive.

All figures above include combined totals for 2 row and 3 row Mid Size SUVs.

MODEL RANKINGS

Accord is Best-Seller in Standard Mid Size Car Segment

Jeep Grand Cherokee leads among Mid Size SUVs (2 rows)

The table below shows the top five selling models during the first five months of 2015 in 16 primary market segments. In addition to unit registrations, it also shows each model's market share in its respective segment.

Honda Civic was the best-selling Sub Compact Car, with a 15.2% share. Toyota Corolla was

second, followed by Prius. Mustang was at the top of the Sporty Compact Segment, while BMW 3-Series was the best-seller among Near Luxury Cars.

Ford F-Series was the leader for Full-Size Pick-ups, while Honda CR-V (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. Lexus RX was the leader for Luxury SUVs.

Top Selling Models in Each Segment - San Diego County											
New Retail Registrations - YTD 2015 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	682	20.0	Honda Civic	2265	15.2	Ford Mustang	620	47.8	Honda Accord	1725	18.6
Kia Soul	577	16.9	Toyota Corolla	2207	14.8	Dodge Challenger	273	21.0	Toyota Camry	1678	18.1
Honda Fit	543	15.9	Toyota Prius	2143	14.3	Chevrolet Camaro	244	18.8	Nissan Altima	1267	13.7
Ford Fiesta	449	13.1	Nissan Sentra	1409	9.4	Hyundai Veloster	76	5.9	Kia Optima	988	10.6
Fiat 500	362	10.6	Ford Focus	980	6.6	Subaru BRZ	56	4.3	Ford Fusion	922	9.9
Large Mid Size			Entry Luxury			Near Luxury			Luxury and Sports		
Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share
Toyota Avalon	208	30.8	Lexus Ct200H	248	22.1	BMW 3-Series	606	15.4	Tesla Model S	275	11.7
Dodge Charger	171	25.3	Audi A3	239	21.3	Mercedes C-Class	573	14.6	BMW 5-Series	257	10.9
Chrysler 300	82	12.1	Mercedes CLA-Class	234	20.9	Lexus IS	552	14.0	Mercedes E-Class	249	10.6
Chevrolet Impala	63	9.3	BMW I3	163	14.6	BMW 4-Series	438	11.1	Chevrolet Corvette	162	6.9
Hyundai Azera	39	5.8	Acura ILX	120	10.7	Lexus ES	366	9.3	Lexus GS	155	6.6
Light Trucks											
Compact Pickup			Full Size Pickup			Van			Compact SUV		
Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share
Toyota Tacoma	1538	68.7	Ford F Series	1403	36.0	Honda Odyssey	603	28.3	Honda CR-V	1325	14.7
Nissan Frontier /Xe	314	14.0	Chevrolet Silverado	852	21.8	Toyota Sienna	550	25.8	Toyota RAV4	1218	13.5
Chevrolet Colorado	281	12.6	Ram	721	18.5	Ford Transit Connect Van	202	9.5	Nissan Rogue	954	10.6
GMC Canyon	96	4.3	Toyota Tundra	644	16.5	Mercedes Sprinter	137	6.4	Ford Escape	733	8.1
Honda Ridgeline	5	0.2	GMC Sierra	244	6.3	Nissan NV	132	6.2	Mazda CX-5	705	7.8
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	549	32.4	Ford Explorer	709	20.9	Chevrolet Tahoe	147	23.7	Lexus RX	548	12.2
Ford Edge	453	26.7	Toyota Highlander	622	18.3	Ford Flex	121	19.5	BMW X5	291	6.5
Toyota 4 Runner	381	22.5	Honda Pilot	535	15.8	GMC Yukon	95	15.3	Acura MDX	271	6.0
Hyundai Santa Fe Sp	165	9.7	Kia Sorento	401	11.8	Chevrolet Suburban	66	10.6	Lexus NX	256	5.7
Nissan Murano	115	6.8	Nissan Pathfinder	307	9.0	GMC Yukon XL	58	9.4	Acura RDX	255	5.7

Source: IHS Automotive.

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 2014	2Q 2015	% change	2Q 2014	2Q 2015	Change	YTD '14	YTD '15	% change	YTD '14	YTD '15	Change
TOTAL	37,060	40,285	8.7				70,650	77,148	9.2			
Cars	22,476	22,934	2.0	60.6	56.9	-3.7	42,378	44,136	4.1	60.0	57.2	-2.8
Light Trucks	14,584	17,351	19.0	39.4	43.1	3.7	28,272	33,012	16.8	40.0	42.8	2.8
Domestic Brands	9,218	10,270	11.4	24.9	25.5	0.6	17,782	19,529	9.8	25.2	25.3	0.1
European Brands	5,755	6,150	6.9	15.5	15.3	-0.2	10,969	11,777	7.4	15.5	15.3	-0.2
Japanese Brands	19,153	20,795	8.6	51.7	51.6	-0.1	36,453	39,942	9.6	51.6	51.8	0.2
Korean Brands	2,934	3,070	4.6	7.9	7.6	-0.3	5,446	5,900	8.3	7.7	7.6	-0.1
Acura	419	507	21.0	1.1	1.3	0.2	860	1,007	17.1	1.2	1.3	0.1
Audi	598	667	11.5	1.6	1.7	0.1	1,108	1,265	14.2	1.6	1.6	0.0
BMW	1,463	1,479	1.1	3.9	3.7	-0.2	2,673	2,850	6.6	3.8	3.7	-0.1
Buick	126	159	26.2	0.3	0.4	0.1	245	288	17.6	0.3	0.4	0.1
Cadillac	235	210	-10.6	0.6	0.5	-0.1	489	444	-9.2	0.7	0.6	-0.1
Chevrolet	1,849	2,165	17.1	5.0	5.4	0.4	3,486	3,870	11.0	4.9	5.0	0.1
Chrysler	125	235	88.0	0.3	0.6	0.3	248	516	108.1	0.4	0.7	0.3
Dodge	605	594	-1.8	1.6	1.5	-0.1	1,165	1,190	2.1	1.6	1.5	-0.1
FIAT	360	231	-35.8	1.0	0.6	-0.4	677	522	-22.9	1.0	0.7	-0.3
Ford	3,996	4,183	4.7	10.8	10.4	-0.4	7,752	8,089	4.3	11.0	10.5	-0.5
GMC	368	490	33.2	1.0	1.2	0.2	696	926	33.0	1.0	1.2	0.2
Honda	4,089	4,494	9.9	11.0	11.2	0.2	7,469	8,391	12.3	10.6	10.9	0.3
Hyundai	1,468	1,410	-4.0	4.0	3.5	-0.5	2,726	2,759	1.2	3.9	3.6	-0.3
Infiniti	317	339	6.9	0.9	0.8	-0.1	622	674	8.4	0.9	0.9	0.0
Jaguar	65	51	-21.5	0.2	0.1	-0.1	133	98	-26.3	0.2	0.1	-0.1
Jeep	1,287	1,519	18.0	3.5	3.8	0.3	2,460	2,706	10.0	3.5	3.5	0.0
Kia	1,466	1,654	12.8	4.0	4.1	0.1	2,720	3,135	15.3	3.8	4.1	0.3
Land Rover	186	285	53.2	0.5	0.7	0.2	420	543	29.3	0.6	0.7	0.1
Lexus	1,244	1,391	11.8	3.4	3.5	0.1	2,515	2,835	12.7	3.6	3.7	0.1
Lincoln	131	169	29.0	0.4	0.4	0.0	262	335	27.9	0.4	0.4	0.0
Mazda	1,123	1,311	16.7	3.0	3.3	0.3	2,149	2,565	19.4	3.0	3.3	0.3
Mercedes	1,062	1,308	23.2	2.9	3.2	0.3	1,967	2,444	24.3	2.8	3.2	0.4
MINI	252	310	23.0	0.7	0.8	0.1	476	564	18.5	0.7	0.7	0.0
Mitsubishi	146	174	19.2	0.4	0.4	0.0	278	353	27.0	0.4	0.5	0.1
Nissan	3,364	3,514	4.5	9.1	8.7	-0.4	6,372	6,967	9.3	9.0	9.0	0.0
Other	145	152	4.8	0.4	0.4	0.0	292	292	0.0	0.4	0.4	0.0
Porsche	131	162	23.7	0.4	0.4	0.0	309	427	38.2	0.4	0.6	0.2
Ram	411	490	19.2	1.1	1.2	0.1	774	929	20.0	1.1	1.2	0.1
Subaru	1,126	1,323	17.5	3.0	3.3	0.3	2,153	2,699	25.4	3.0	3.5	0.5
Tesla	79	128	62.0	0.2	0.3	0.1	192	300	56.3	0.3	0.4	0.1
Toyota	7,321	7,708	5.3	19.8	19.1	-0.7	14,027	14,410	2.7	19.9	18.7	-1.2
Volkswagen	1,365	1,332	-2.4	3.7	3.3	-0.4	2,662	2,474	-7.1	3.8	3.2	-0.6
Volvo	138	141	2.2	0.4	0.4	0.0	273	281	2.9	0.4	0.4	0.0

*June 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 Second 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 Up Slightly

Used vehicle registrations increased 1.6% thru May of this year

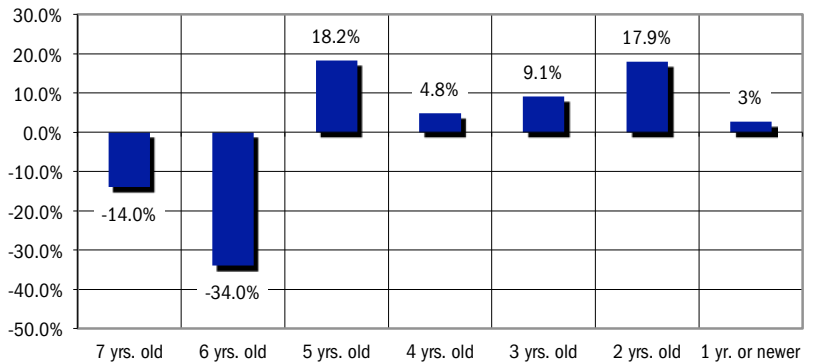
Below is a list of key trends in the San Diego County retail used vehicle market:

- Retail used car and light truck registrations in the county increased a slim 1.6% during the first five 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 widened so far this year. New vehicle registrations increased 9% during the first five months of this year (versus a year earlier), while 6 year old or newer used registrations were up 3.9%.
- The 2 and 5 year-old used vehicle markets have improved significantly so far this year. As shown on the graph to the right, 5 year old used vehicle registrations were up 18.2% and the 2 year old market increased 17.9%. The 6 year old market slumped due to weak new vehicle sales in 2009.
- Korean brand used registrations increased 18%, while the Detroit Three were down slightly.
- Toyota Camry was the best-selling model in the county among 6 year old or newer vehicles. Hyundai Elantra and Sonata registrations were up sharply.
- Among the top 15 selling brands, Hyundai, Volkswagen, Lexus and Acura had the largest percentage increases in used registrations so far this year.

San Diego County Retail Used Light Vehicle Registrations YTD thru May					
	Registrations		% Change '14 TO '15	Market Share	
	YTD '14	YTD '15		YTD '14	YTD '15
TOTAL	125,313	127,307	1.6%		
Cars	75,681	76,720	1.4%	60.4%	60.3%
Light Trucks	49,632	50,587	1.9%	39.6%	39.7%
Detroit Three	45,760	45,367	-0.9%	36.5%	35.6%
European	19,838	20,463	3.2%	15.8%	16.1%
Japanese	54,553	55,386	1.5%	43.5%	43.5%
Korean	5,162	6,091	18.0%	4.1%	4.8%

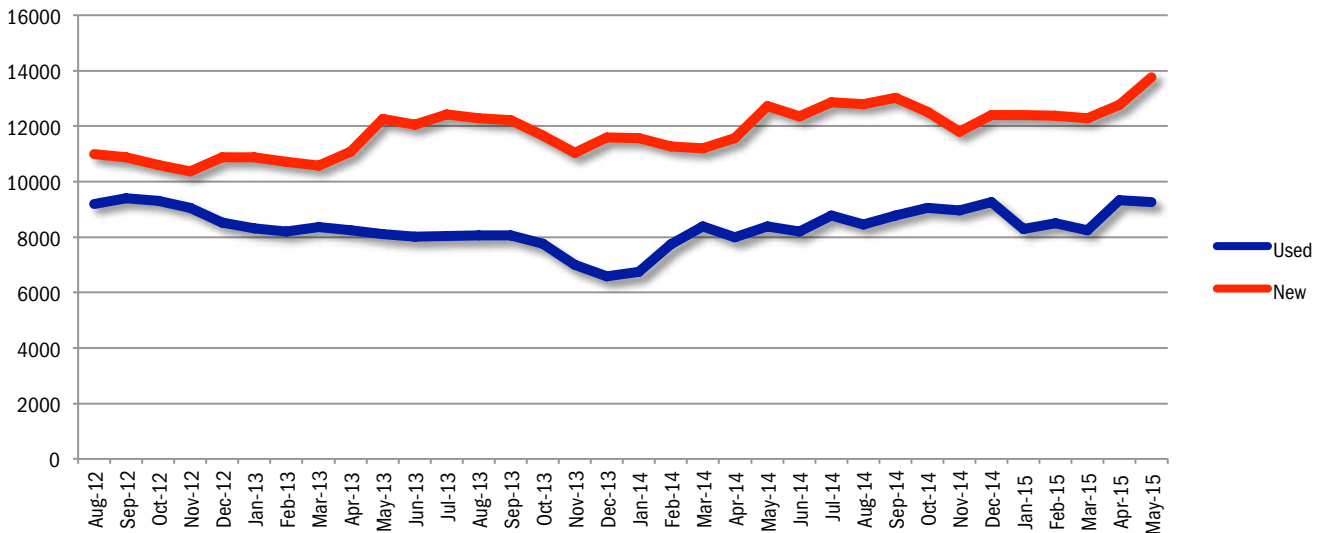
Source: IHS Automotive.

Percent Change in County Retail Used Registrations by Vehicle Age, YTD 2015 thru May 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)



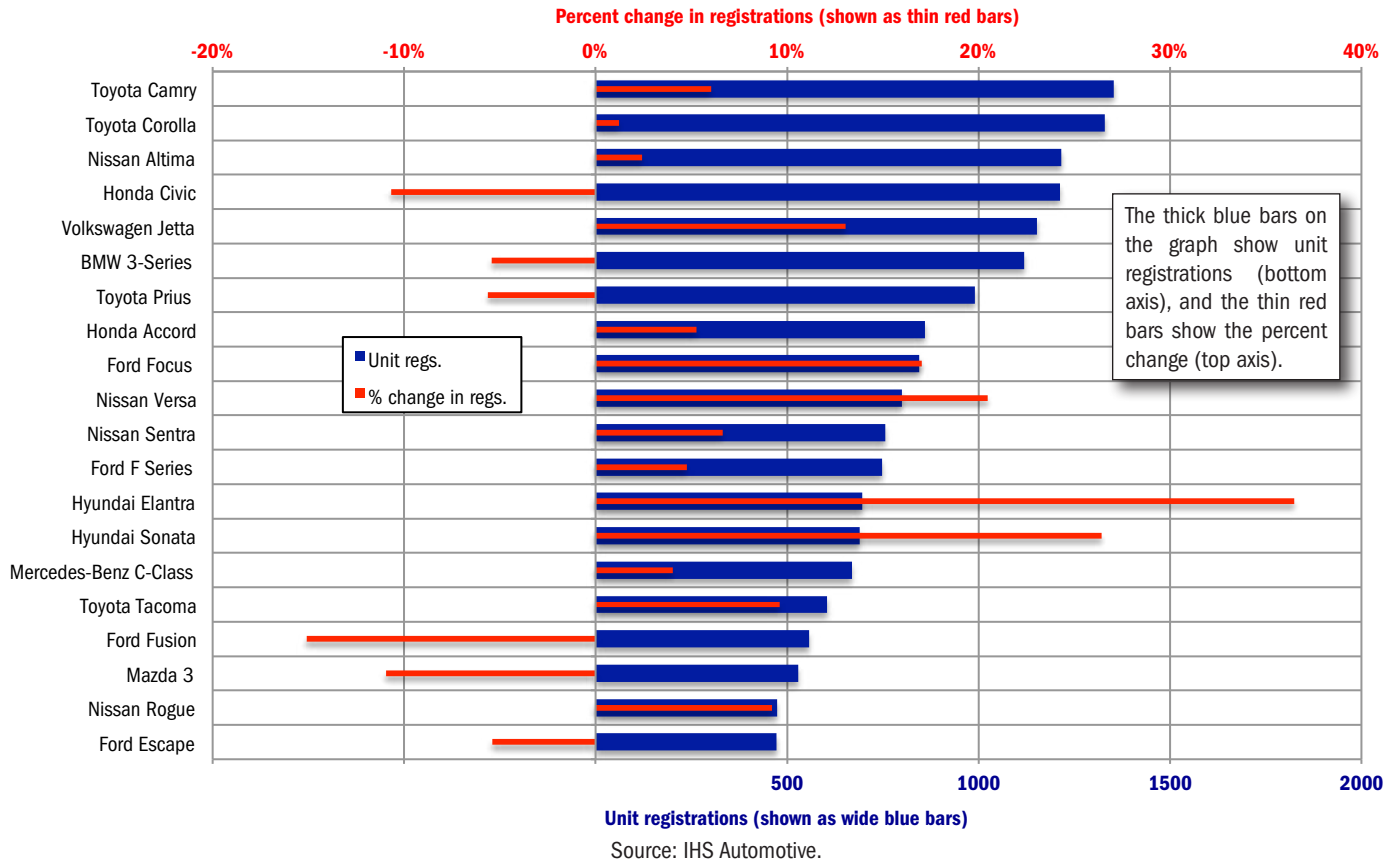
Source: IHS Automotive.

TOP SELLING MODELS

Toyota Camry Best Seller in County Market

Hyundai Elantra and Sonata have big percentage gains

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



USED VEHICLE BRAND SCOREBOARD

Used Hyundai Registrations Increase 22.3%

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 five months of 2015 vs. year earlier.

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

