

San Diego Auto Outlook

Comprehensive information on the San Diego County new vehicle market



NEW CAR
DEALERS ASSOCIATION
SAN DIEGO COUNTY

FORECAST

New Vehicle Market Fell in 1Q '19; Registrations Stayed Above 33K

Predicting new vehicle sales is, without question, an inexact science. There are a multitude of forces impacting the market on an ongoing basis. Some of these forces are pushing the market higher, while others are pulling it lower. Making sense of it all and coming up with an **exact** picture of where the market is headed is nearly impossible. But the basic direction that sales are likely to head in is easier to identify. And right now, the majority of signs are pointing to a slowdown.

As with just about any economic activity, vehicle sales intrinsically follow a cyclical pattern. New retail light vehicle registrations in San Diego County increased for seven consecutive years between 2009 and 2016, with the market increasing by 110% over the period. After such a strong run, the market was due for a contraction. And there are definitely some signs that the market is running out of steam. Used vehicle prices have softened as several years of strong new vehicle sales have led to increasing supplies of late model cars and trucks. Lower prices for used models entices many consumers to shift their purchase intentions from new vehicles to used. Higher interest rates and increasing new vehicle prices have also hindered consumer affordability.

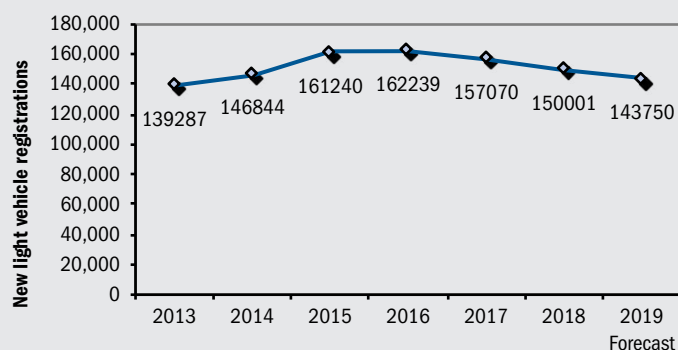
The headwinds simply seem too strong for the market to remain at near record high levels, but neither do we expect the market to fall off a cliff. Unemployment rates are very low, incomes are moving higher,

consumer sentiment is strong, and GDP growth is predicted to remain solidly positive. It would be unprecedented for new vehicle sales to collapse in an environment with such strong core economic fundamentals. In addition, technological advances in today's new vehicles are a strong motivation for many consumers to upgrade. The county new vehicle market is expected to soften over the next several years, but sales should remain strong, based on historical standards.

5 Key Market Trends

1. County new retail registrations declined 5.1% in the First Quarter of '19 versus year earlier.
2. The market is predicted to fall by 4.2% for all of 2019.
3. Light truck market share was 59.8% in 1Q'19.
4. Tesla, Lincoln, Ram, Jaguar, and Acura had the largest percentage gains so far this year.
5. Hybrid and electric vehicle market share was 12.4% in the first two months of this year, up vs. a year earlier.

Annual Trend in County Market



Historical Data Source: IHS.

The graph above shows annual new retail light vehicle registrations in the county from 2013 thru 2018 and Auto Outlook's projection for 2019.

Market Summary

	YTD '18 thru Mar.	YTD '19* thru Mar.	% Chg. '18 to '19	Mkt. Share 2019*
TOTAL	35,786	33,951	-5.1%	
Car	15,323	13,646	-10.9%	40.2%
Light Truck	20,463	20,305	-0.8%	59.8%
Domestic	9,557	9,334	-2.3%	27.5%
European	5,465	4,957	-9.3%	14.6%
Japanese	17,977	17,043	-5.2%	50.2%
Korean	2,787	2,617	-6.1%	7.7%

Source: IHS.

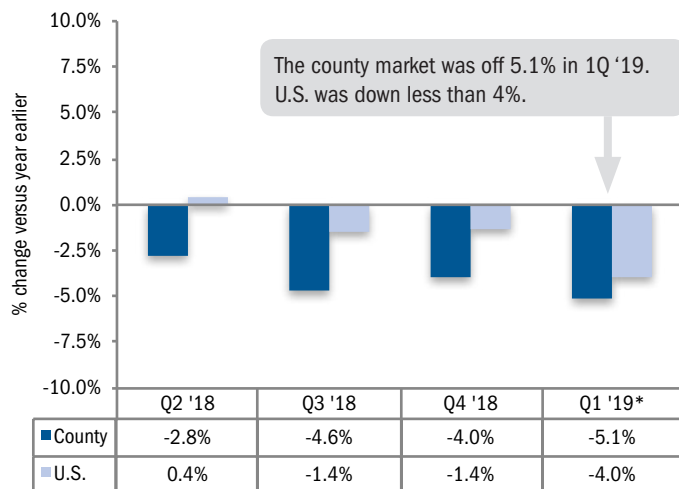
Domestics consist of vehicles sold by GM, Ford, FCA (excluding Alfa and FIAT), and Tesla. Historical figures were revised by IHS and will differ slightly from those shown in previous releases. *Figures for March '19 were estimated by Auto Outlook.

MARKET TRACKER: QUARTERLY RESULTS

County Registrations Declined 5.1% in First Quarter 2019

QUARTERLY TREND

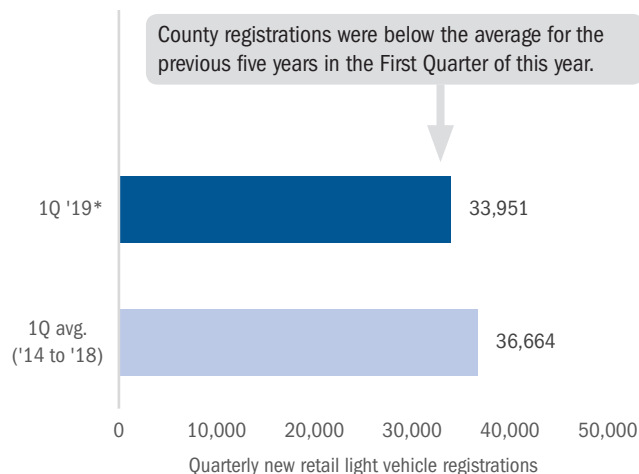
Percent Change in County and U.S. New Vehicle Market



* Figures for March of 2019 were estimated by Auto Outlook. Source: IHS.

QUARTERLY PERSPECTIVE

1Q 2019 Registrations Versus Average for Previous Five Years



* Figures for March of 2019 were estimated by Auto Outlook. Source: IHS.

MARKET TRACKER: COUNTY MARKET VERSUS U.S.

Domestic Brand Share in County is 27.5%

	County Market	U.S. Market
Percent change in registrations YTD '19 thru Mar. * vs. YTD '18	-5.1%	-4.0%
Passenger car market share YTD '19 thru Mar. *	40.2%	29.4%
Domestic brand market share YTD '19 thru Mar. *	27.5%	41.3%

Top 10 brands and market share

		County Market		U.S. Market
YTD '19 thru Mar. *				
First	Toyota	17.4%	Toyota	12.7%
Second	Honda	12.8%	Ford	11.3%
Third	Ford	9.2%	Chevrolet	10.8%
Fourth	Nissan	6.1%	Honda	10.6%
Fifth	Chevrolet	5.7%	Nissan	6.4%
Sixth	Subaru	4.9%	Jeep	5.6%
Seventh	Kia	4.2%	Subaru	4.8%
Eighth	Tesla	3.8%	Kia	3.7%
Ninth	Hyundai	3.4%	Hyundai	3.6%
Tenth	Jeep	3.4%	Ram	3.6%

*March 2019 figures estimated by Auto Outlook

Source: IHS

San Diego
Auto Outlook

Covering First Quarter 2019

Published by:
Auto Outlook, Inc.
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Exton, PA 19341
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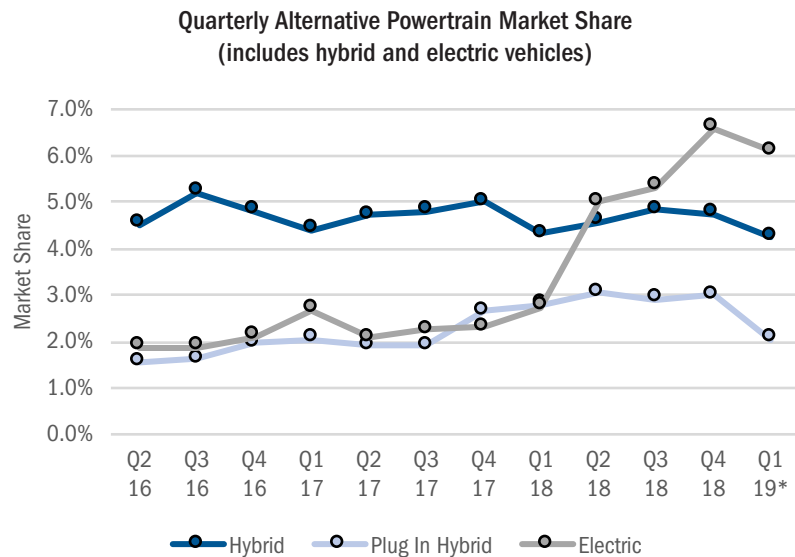
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MARKET TRACKER: HYBRID AND ELECTRIC VEHICLES

Electric Vehicle Market Share Declined Slightly in 1Q '19



The graph above shows hybrid powertrain and electric vehicle quarterly market share in the county. *First Quarter 2019 includes January and February. Source: IHS.



Hybrid/electric vehicle
market share in Q1 '19:
12.4%

New Retail Hybrid and Electric Vehicle Registrations
Top 10 Selling Models in Area - YTD '19 thru February

Rank	Model	Regs.
1	Tesla Model 3	840
2	Toyota Prius	157
3	Ford Fusion	151
4	Kia Niro	123
5	Tesla Model S	122
6	Tesla Model X	118
7	Toyota Camry	110
8	Honda Clarity	101
9	Hyundai Ioniq	85
10	Honda Insight	76

MARKET TRACKER - SEGMENTS

Compact SUVs Accounted for 16.9% of County Market

San Diego County Segment Market Share Review				
Segment	Market Share YTD '18 thru February	Market Share YTD '19 thru February	Change in share YTD '18 to '19	Best selling model in segment
Compact SUV	17.6	16.9	-0.7	Toyota RAV4
Compact Car	17.9	14.7	-3.2	Honda Civic
Mid Size SUV	11.3	11.0	-0.3	Toyota Highlander
Mid Size Car	9.5	9.1	-0.4	Toyota Camry
Near Luxury Car	5.2	8.0	2.8	Tesla Model 3
Full Size Pickup	7.3	7.6	0.3	Ford F Series
Subcompact SUV	3.1	4.9	1.8	Toyota C-HR
Compact/Mid-Size Pickup	4.4	4.8	0.4	Toyota Tacoma
Luxury Mid Size SUV	4.2	4.6	0.4	Lexus RX
Luxury Compact SUV	3.9	4.5	0.6	Lexus NX
Luxury and High-end Sports Cars	2.8	2.8	0.0	Tesla Model S
Subcompact Car	3.4	2.7	-0.7	Kia Soul
Mini Van	1.9	1.5	-0.4	Honda Odyssey
Large Van	1.4	1.4	0	Ford Transit Connect Van
Sports/Pony cars	1.6	1.3	-0.3	Ford Mustang
Large SUV	1.1	1.1	0.0	Ford Expedition
Luxury Subcompact SUV	0.7	1.0	0.3	Lexus UX
Luxury Large SUV	0.7	0.8	0.1	Land Rover Range Rover
Entry Luxury Car	1.1	0.7	-0.4	Mercedes CLA-Class
Large Car	0.8	0.5	-0.3	Toyota Avalon

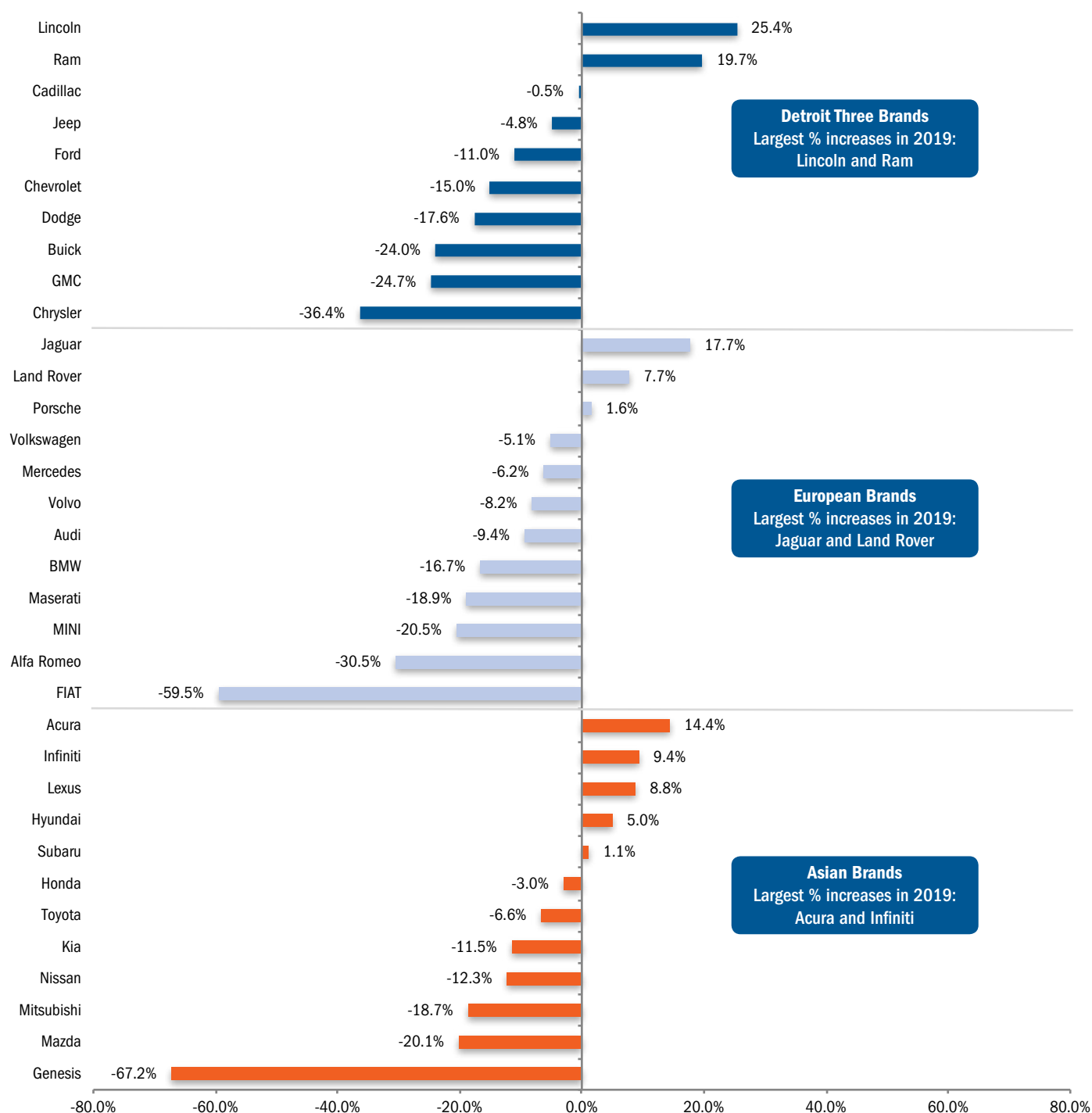
The table above shows San Diego county market share for 20 vehicle segments during the first two months of 2018 and 2019, and the change in market share over the period. The best selling model in each segment is also shown. Segments are ranked from top to bottom based on 2019 share. Data Source: IHS.

BRAND SCOREBOARD - PART ONE

Lincoln Has Largest Percentage Increase in First Quarter 2019

The graph below provides a comparative evaluation of brand sales performance in the county market. It shows the year-to-date percent change in registrations for each brand, organized by category (i.e., Detroit Three, European, and Asian).

**Percent Change in County New Retail Light Vehicle Registrations
YTD 2019 thru March* vs. YTD 2018**



*Figures for March, 2019 were estimated by Auto Outlook.

Source: IHS.

BRAND SCOREBOARD - PART TWO

Brand Market Share Leaders in Primary Segments



Leading Car Brands

Non Luxury: Honda, Toyota, and Ford

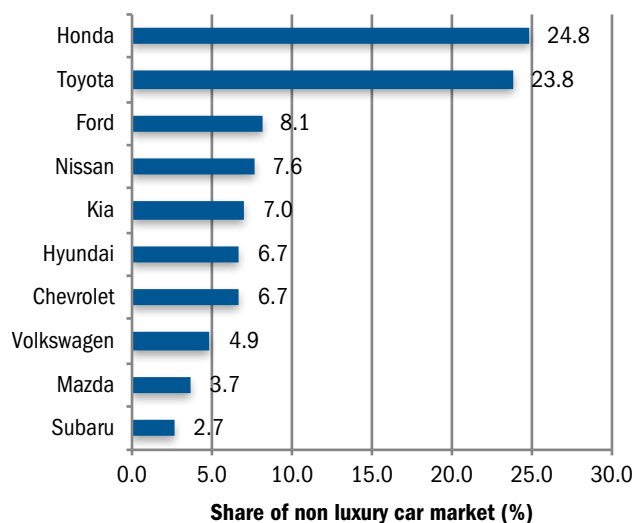
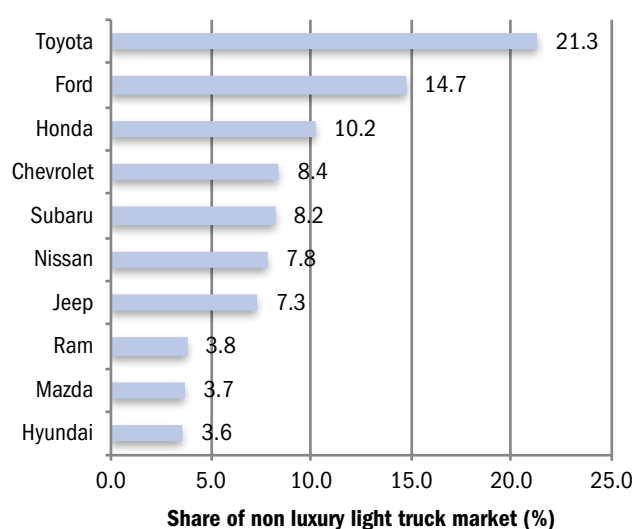
Luxury: Tesla, BMW, and Mercedes



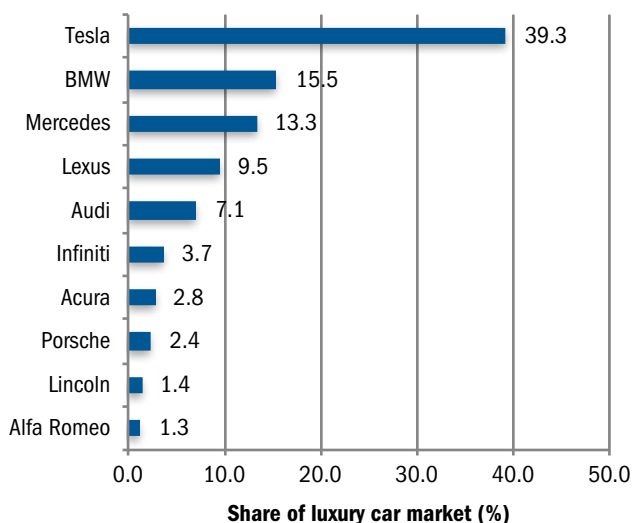
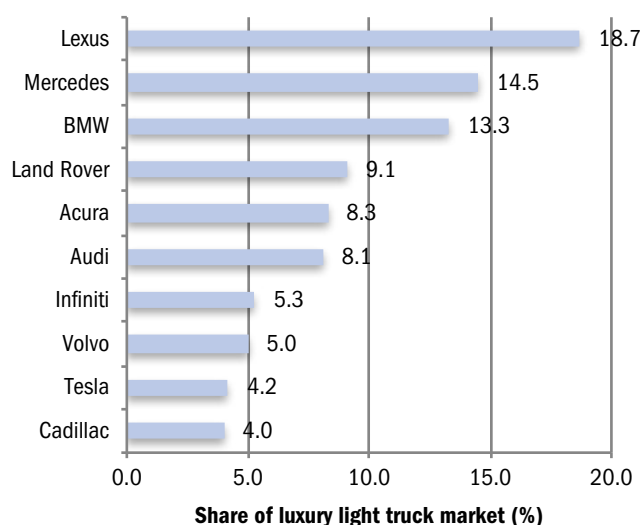
Leading Light Truck Brands

Non Luxury: Toyota, Ford, and Honda

Luxury: Lexus, Mercedes, and BMW

Top 10 Non Luxury Car Brands in County Market
October 2018 thru March 2019*Top 10 Non Luxury Truck Brands in County Market
October 2018 thru March 2019*

Source: IHS . *Figures for March, 2019 were estimated.

Top 10 Luxury Car Brands in County Market
October 2018 thru March 2019*Top 10 Luxury Light Truck Brands in County Market
October 2018 thru March 2019*

Source: IHS . *Figures for March, 2019 were estimated.

BRAND SCOREBOARD - PART THREE

Subaru and Honda Have Big Gains During Past Five Years

The graph below provides a balanced appraisal of brand sales performance in the San Diego County market during the past five years. It shows both the unit change in registrations between 2013 and 2018 (blue bars) and the percent change (orange bars) for the top 20 selling brands in 2018. Viewing both indicators on the same graph makes it easier to identify brands that have posted significant and consistent gains during the past five years. Note: Tesla was excluded since sales were minimal in 2013.



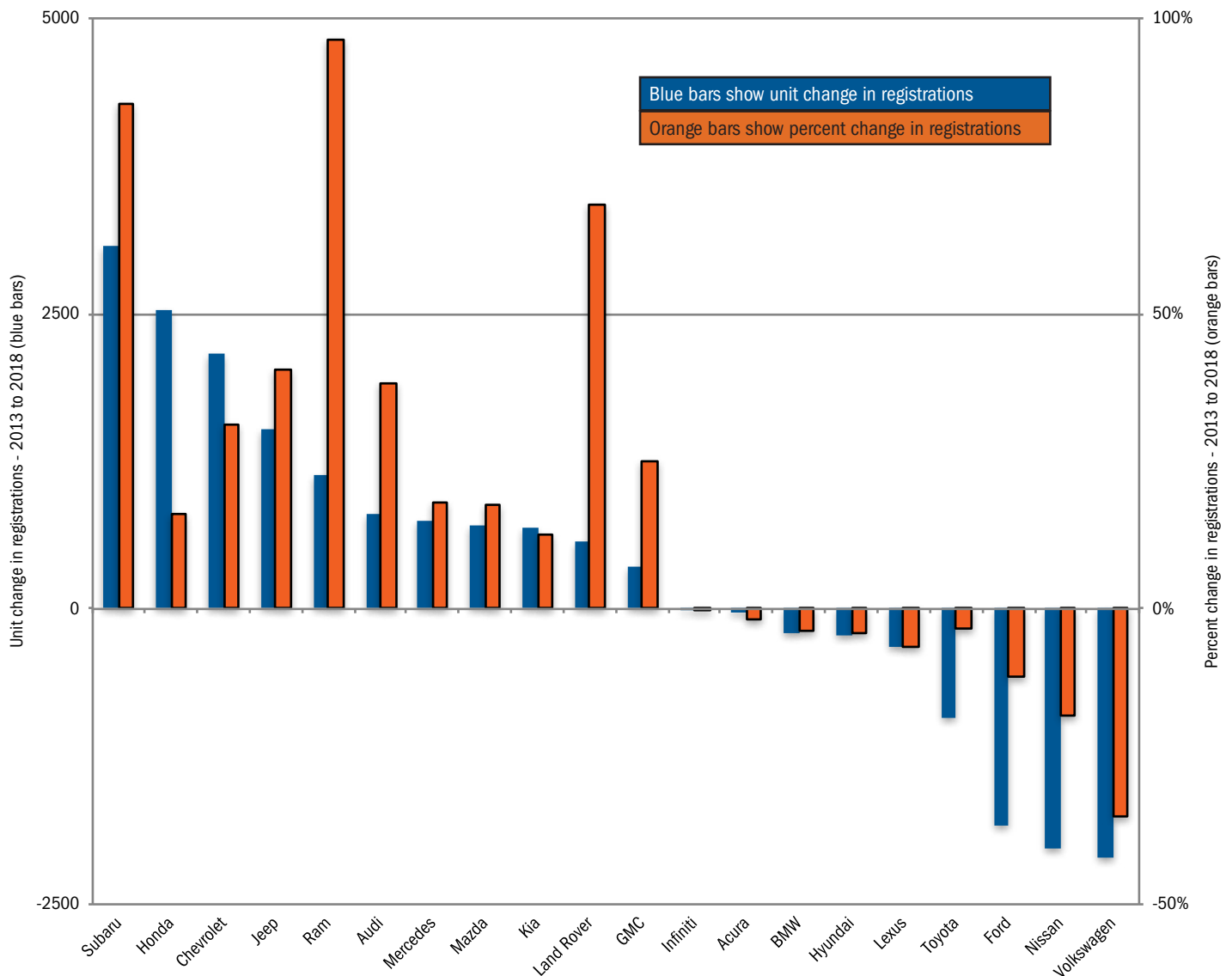
25 percent

Seven brands had increases of greater than 25%: Ram, Subaru, Land Rover, Jeep, Audi, Chevrolet, and GMC.

1,000 units

Five brands had increases of greater than 1,000 units: Subaru, Honda, Chevrolet, Jeep, and Ram.

Five Year Unit and Percent Change in County New Retail Light Vehicle Registrations (Top 20 Brands) 2018 vs. 2013



Source: IHS.

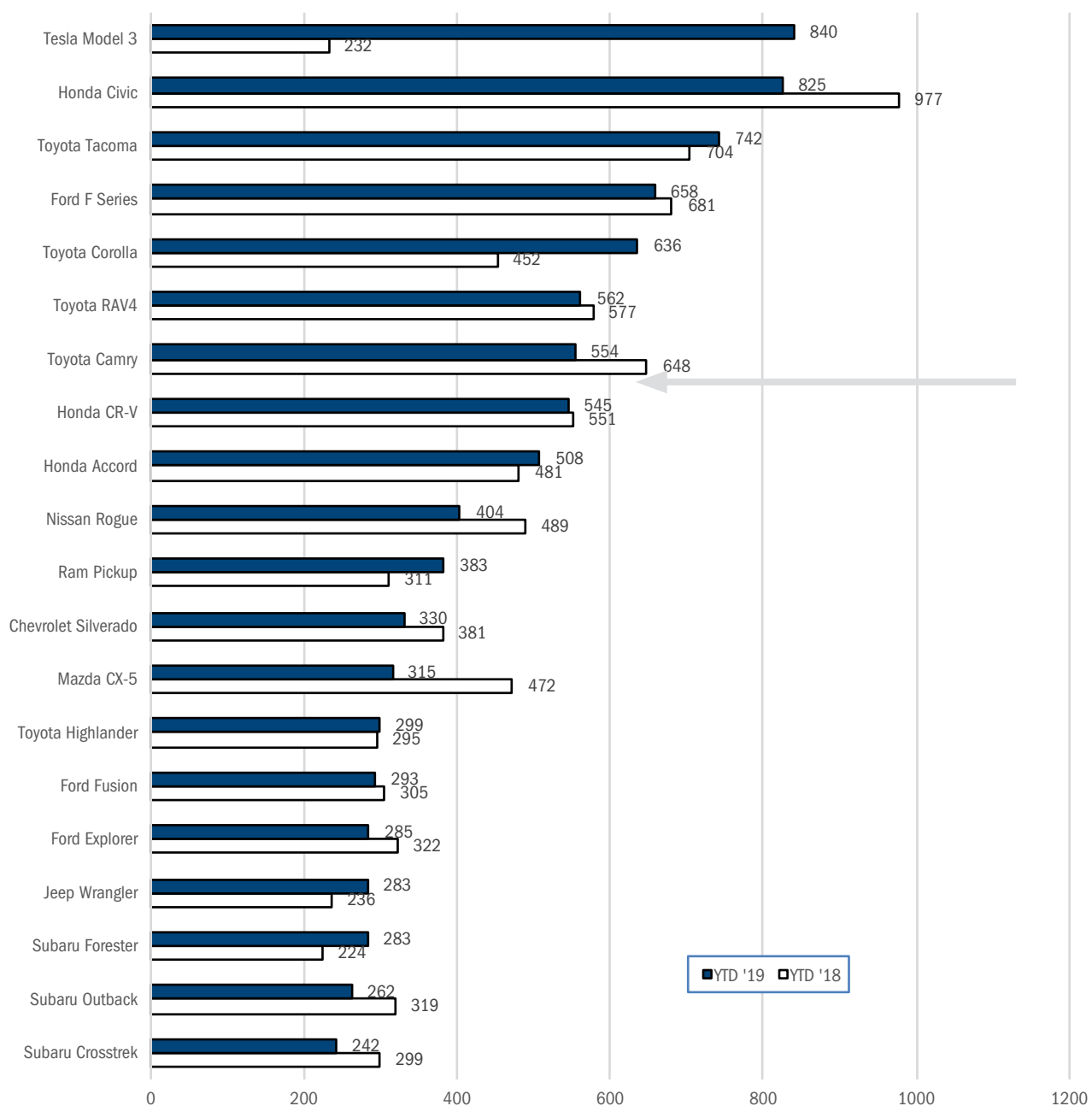
MODEL RANKINGS

Model 3 is Top Seller in County Market

The graph below shows the top 20 selling models in San Diego County during the first two months of 2019. New retail registrations are shown for ytd 2018 and 2019, thru February. Tesla Model 3, Honda Civic, Toyota Tacoma, Ford F-Series, and Toyota Corolla were the top five selling models so far this year.



New Retail Registrations for Top 20 Selling Models - YTD '18 and YTD '19 thru February



Source: IHS .

Brand Registrations Report												
San Diego County New Retail Car and Light Truck Registrations												
	First Quarter*						Annual Totals					
	Registrations			Market Share (%)			Registrations			Market Share (%)		
	1Q '18	1Q '19	% change	1Q '18	1Q '19	Change	2017	2018	% change	2017	2018	Change
TOTAL	35,786	33,951	-5.1				157,070	150,001	-4.5			
Cars	15,323	13,646	-10.9	42.8	40.2	-2.6	71,891	63,533	-11.6	45.8	42.4	-3.4
Light Trucks	20,463	20,305	-0.8	57.2	59.8	2.6	85,179	86,468	1.5	54.2	57.6	3.4
Domestic Brands	9,557	9,334	-2.3	26.7	27.5	0.8	41,378	42,015	1.5	26.3	28.0	1.7
European Brands	5,465	4,957	-9.3	15.3	14.6	-0.7	23,918	22,752	-4.9	15.2	15.2	0.0
Japanese Brands	17,977	17,043	-5.2	50.2	50.2	0.0	79,480	73,755	-7.2	50.6	49.2	-1.4
Korean Brands	2,787	2,617	-6.1	7.8	7.7	-0.1	12,294	11,479	-6.6	7.8	7.7	-0.1
Acura	375	429	14.4	1.0	1.3	0.3	1,824	1,818	-0.3	1.2	1.2	0.0
Alfa Romeo	105	73	-30.5	0.3	0.2	-0.1	217	454	109.2	0.1	0.3	0.2
Audi	682	618	-9.4	1.9	1.8	-0.1	3,191	2,907	-8.9	2.0	1.9	-0.1
BMW	1,279	1,066	-16.7	3.6	3.1	-0.5	5,110	5,243	2.6	3.3	3.5	0.2
Buick	146	111	-24.0	0.4	0.3	-0.1	579	457	-21.1	0.4	0.3	-0.1
Cadillac	184	183	-0.5	0.5	0.5	0.0	852	778	-8.7	0.5	0.5	0.0
Chevrolet	2,260	1,921	-15.0	6.3	5.7	-0.6	10,205	9,090	-10.9	6.5	6.1	-0.4
Chrysler	184	117	-36.4	0.5	0.3	-0.2	752	702	-6.6	0.5	0.5	0.0
Dodge	346	285	-17.6	1.0	0.8	-0.2	1,638	1,330	-18.8	1.0	0.9	-0.1
FIAT	79	32	-59.5	0.2	0.1	-0.1	713	261	-63.4	0.5	0.2	-0.3
Ford	3,495	3,109	-11.0	9.8	9.2	-0.6	15,640	14,027	-10.3	10.0	9.4	-0.6
Genesis	61	20	-67.2	0.2	0.1	-0.1	214	129	-39.7	0.1	0.1	0.0
GMC	518	390	-24.7	1.4	1.1	-0.3	2,091	1,776	-15.1	1.3	1.2	-0.1
Honda	4,496	4,361	-3.0	12.6	12.8	0.2	19,668	18,442	-6.2	12.5	12.3	-0.2
Hyundai	1,115	1,171	5.0	3.1	3.4	0.3	5,499	5,227	-4.9	3.5	3.5	0.0
Infiniti	342	374	9.4	1.0	1.1	0.1	1,629	1,404	-13.8	1.0	0.9	-0.1
Jaguar	96	113	17.7	0.3	0.3	0.0	559	372	-33.5	0.4	0.2	-0.2
Jeep	1,227	1,168	-4.8	3.4	3.4	0.0	5,281	5,299	0.3	3.4	3.5	0.1
Kia	1,611	1,426	-11.5	4.5	4.2	-0.3	6,581	6,123	-7.0	4.2	4.1	-0.1
Land Rover	336	362	7.7	0.9	1.1	0.2	1,290	1,430	10.9	0.8	1.0	0.2
Lexus	994	1,081	8.8	2.8	3.2	0.4	5,001	4,571	-8.6	3.2	3.0	-0.2
Lincoln	118	148	25.4	0.3	0.4	0.1	626	560	-10.5	0.4	0.4	0.0
Maserati	37	30	-18.9	0.1	0.1	0.0	222	181	-18.5	0.1	0.1	0.0
Mazda	1,237	988	-20.1	3.5	2.9	-0.6	5,195	4,667	-10.2	3.3	3.1	-0.2
Mercedes	1,058	992	-6.2	3.0	2.9	-0.1	5,248	4,889	-6.8	3.3	3.3	0.0
MINI	190	151	-20.5	0.5	0.4	-0.1	783	709	-9.5	0.5	0.5	0.0
Mitsubishi	193	157	-18.7	0.5	0.5	0.0	744	647	-13.0	0.5	0.4	-0.1
Nissan	2,356	2,067	-12.3	6.6	6.1	-0.5	11,228	9,143	-18.6	7.1	6.1	-1.0
Other	82	77	-6.1	0.2	0.2	0.0	283	299	5.7	0.2	0.2	0.0
Porsche	257	261	1.6	0.7	0.8	0.1	997	995	-0.2	0.6	0.7	0.1
Ram	517	619	19.7	1.4	1.8	0.4	2,303	2,295	-0.3	1.5	1.5	0.0
Subaru	1,661	1,680	1.1	4.6	4.9	0.3	6,252	6,691	7.0	4.0	4.5	0.5
Tesla	559	1,274	127.9	1.6	3.8	2.2	1,378	5,676	311.9	0.9	3.8	2.9
Toyota	6,323	5,903	-6.6	17.7	17.4	-0.3	27,924	26,366	-5.6	17.8	17.6	-0.2
Volkswagen	1,010	958	-5.1	2.8	2.8	0.0	4,403	3,923	-10.9	2.8	2.6	-0.2
Volvo	257	236	-8.2	0.7	0.7	0.0	950	1,120	17.9	0.6	0.7	0.1
*March 2019 figures were estimated by Auto Outlook.												Source: IHS

The table above shows new retail light vehicle (car and light truck) registrations in San Diego County. Figures are shown for the First Quarters of 2018 and 2019, and annual totals for 2017 and 2018. The top ten ranked brands in each category are shaded yellow.

Key Trends in San Diego County Used Vehicle Market

Market declines slightly in early 2019

Used vehicle registrations in San Diego County slipped 2.0% during the first two months of 2019 versus year earlier.

Used vehicle market out-performs new

As shown on the graph below, the gap between the size of the new and used vehicle markets (vehicles six year old or newer) expanded a bit toward the end of 2018, but remained narrower than in 2016 and 2017. Registrations for six year old or newer used vehicles were unchanged in the first two months of '19 versus a year earlier, while the new vehicle market declined.

Civic is top seller

Honda Civic was the best seller in the six year old or newer market, followed by Toyota Corolla. Nissan Rogue had a large increase.

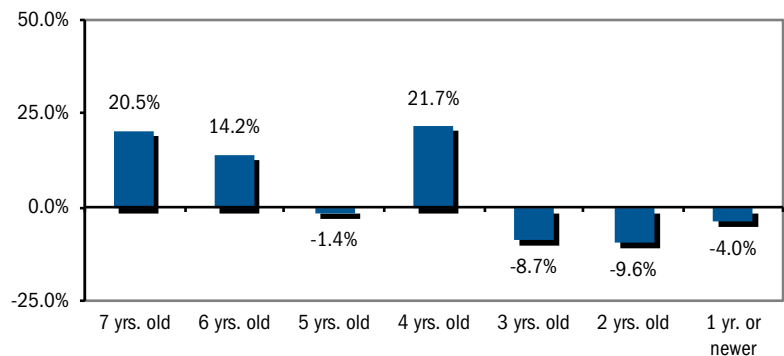
Lexus, Honda, and Mazda post gains

Used registrations were up by more than 8% for each of the three brands (only includes vehicles 6 years old or newer).

	Registrations		% Change '18 TO '19	Market Share	
	YTD '18	YTD '19		YTD '18	YTD '19
TOTAL	54,903	53,817	-2.0%		
Cars	31,600	30,241	-4.3%	57.6%	56.2%
Light Trucks	23,303	23,576	1.2%	42.4%	43.8%
Detroit Three	18,330	17,616	-3.9%	33.4%	32.7%
European	8,840	8,795	-0.5%	16.1%	16.3%
Japanese	24,693	24,452	-1.0%	45.0%	45.4%
Korean	3,040	2,954	-2.8%	5.5%	5.5%

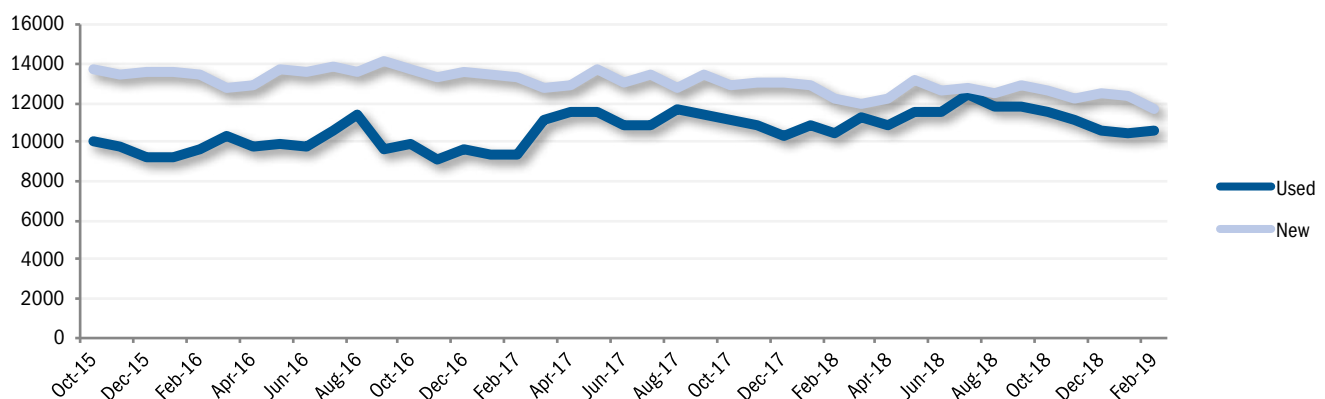
Source: IHS .

Percent Change in County Retail Used Registrations by Vehicle Age, YTD '19 thru February vs. YTD '18



Source: IHS .

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

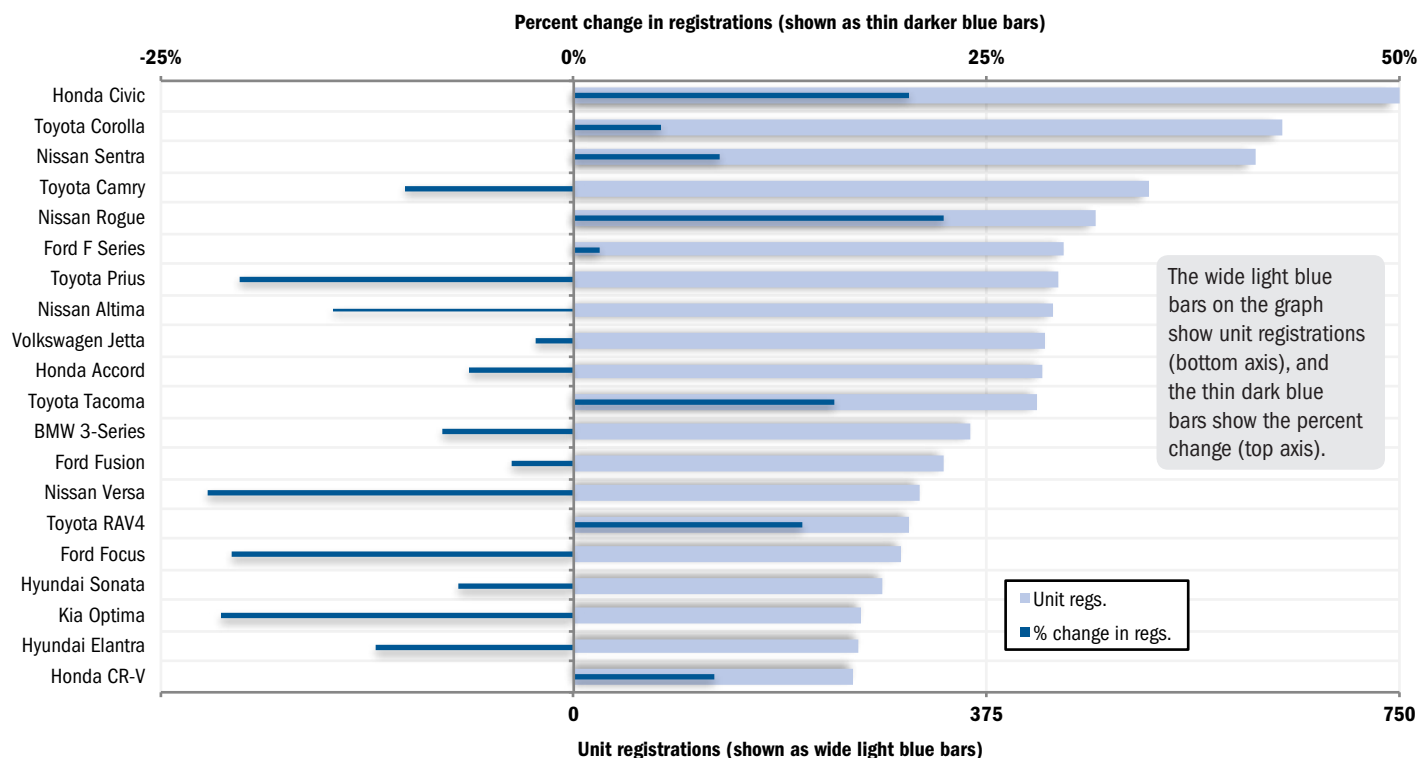


Source: IHS .

TOP SELLING MODELS

Civic is Top Seller in Used Market; Rogue Has Big Increase

Registrations (YTD '19 thru February) and Percent Change (YTD '19 thru February vs. year earlier)
Top 20 Selling Models (6 years old or newer)

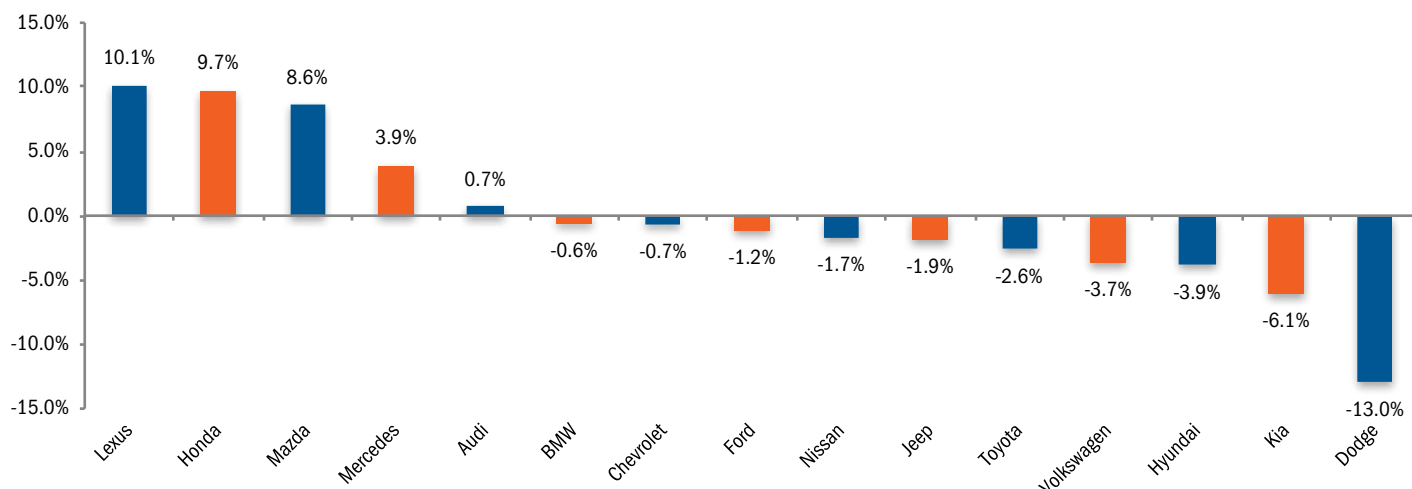


Source: IHS .

USED VEHICLE BRAND SCOREBOARD

Lexus and Honda Post Largest Increases in Used Registrations

% Change in Used Registrations (top 15 brands, vehicles six years old or newer) - YTD '19 thru Feb vs. YTD '18



Source: IHS .