

# San Diego Auto Outlook



NEW CAR DEALERS ASSOCIATION  
SAN DIEGO COUNTY

Comprehensive information on the San Diego County new vehicle market

## FORECAST

### New Retail Light Vehicle Registrations Should Exceed 142,000 in '19



#### Key factors providing a boost to new vehicle sales

**Motivation to upgrade.** The average age of vehicles on the road exceeds 10 years old. Today's new cars and trucks are far superior to the average 10 year old vehicle. Advanced safety technologies, which were once expensive options exclusive to luxury brands, are now standard features on many vehicles. In addition, an ever-expanding array of new products fulfilling every conceivable market niche and powertrain type will continue to entice consumers into the new vehicle market.

**Lower interest rates.** After moving higher in '18 and the first half of '19, interest rates are starting to fall and are likely to move lower for at least the next 6 to 12 months. Declining interest rates, which lead to lower finance and lease payments, are a positive for new vehicle sales. Weakening consumer affordability has been a negative for the market during the past 18 months, so the likelihood of lower rates is a welcome sign.

**Strong labor market.** The county unemployment rate was just 3.4% in August of 2019, and total employment in the county has grown steadily. There are some heightened concerns about the economic outlook, but a healthy labor market is a definite plus for new vehicle sales.



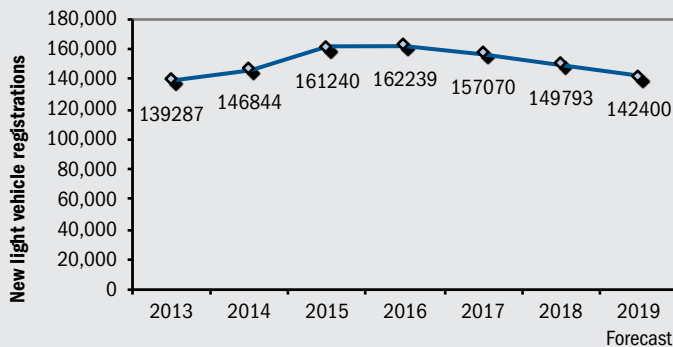
#### Key factors holding back new vehicle sales

**Economic growth is slowing.** GDP growth has remained positive, but is likely to decelerate over the next year. The global economy is slowing, and US trade policy is impacting export-oriented manufacturing activity. Slower growth could eventually lead to flattening incomes and rising unemployment, which are negatives for new vehicle sales.

**New vehicle affordability is weakening.** Higher new vehicle prices and sluggish income growth have contributed to make a new vehicle purchase more difficult for many consumers. Loan terms are getting longer and auto-related debt levels have risen during the past several years, signs of a new vehicle market that has reached its peak.

**Consumer sentiment is waning.** Consumer attitudes have deteriorated somewhat over the past few months. And although overall levels are still strong, there are plenty of things for consumers to be concerned about. Trade policy, the impeachment proceedings, and the 2020 presidential election are just a few things weighing on consumers' minds. GDP growth is positive and employment rates are low, but concerns about the future can be a deterrent for making major financial purchases, such as a new vehicle.

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 Sept.	YTD '19* thru Sept.	% Chg. '18 to '19	Mkt. Share 2019*
TOTAL	112,212	106,345	-5.2%	
Car	48,168	42,589	-11.6%	40.0%
Light Truck	64,044	63,756	-0.4%	60.0%
Domestic	30,904	29,111	-5.8%	27.4%
European	16,740	16,044	-4.2%	15.1%
Japanese	55,702	52,606	-5.6%	49.5%
Korean	8,866	8,584	-3.2%	8.1%

Source: IHS.

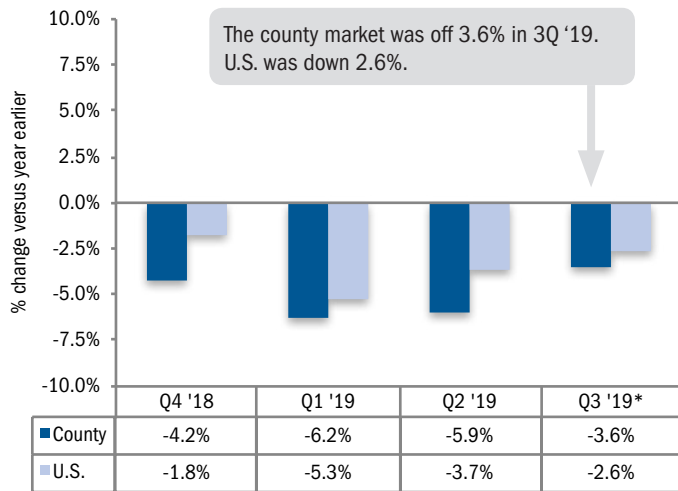
Domestics consist of vehicles sold by GM, Ford, FCA (excluding Alfa and FIAT), and Tesla. Historical figures were revised by IHS and will differ slightly from those shown in previous releases. \*Figures for Sept. '19 were estimated by Auto Outlook.

MARKET TRACKER: QUARTERLY RESULTS

# County and U.S. Markets Post Similar Results in 3Q '19

QUARTERLY TREND

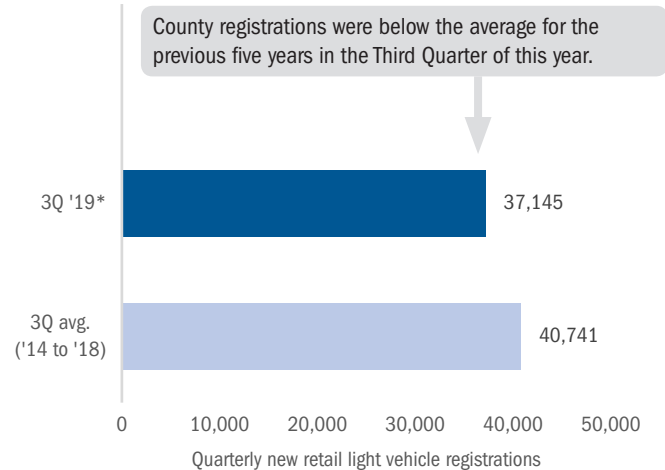
Percent Change in County and U.S. New Vehicle Market



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

QUARTERLY PERSPECTIVE

3Q 2019 Registrations Versus Average for Previous Five Years



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

MARKET TRACKER: COUNTY MARKET VERSUS U.S.

## Car Market Share in County is 40%

	County Market		U.S. Market	
<b>Percent change in registrations YTD '19 thru Sept.* vs. YTD '18</b>		-5.2%		-3.8%
<b>Passenger car market share YTD '19 thru Sept.*</b>		40.0%		28.6%
<b>Domestic brand market share YTD '19 thru Sept.*</b>		27.4%		41.1%
<b>Top 10 brands and market share YTD '19 thru Sept.*</b>				
First	Toyota	18.0%	Toyota	13.4%
Second	Honda	12.5%	Ford	11.1%
Third	Ford	8.5%	Chevrolet	10.7%
Fourth	Nissan	5.8%	Honda	10.6%
Fifth	Chevrolet	5.5%	Nissan	6.0%
Sixth	Subaru	4.8%	Jeep	5.8%
Seventh	Tesla	4.4%	Subaru	4.8%
Eighth	Kia	4.2%	Hyundai	3.9%
Ninth	Hyundai	3.7%	Kia	3.8%
Tenth	Jeep	3.7%	Ram	3.7%

\*September 2019 figures estimated by Auto Outlook

Source: IHS

## San Diego Auto Outlook

### Covering Third Quarter 2019

Published by:  
 Auto Outlook, Inc.  
 PO Box 390  
 Exton, PA 19341  
 Phone: 610-640-1233  
 EMail: 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: IHS Markit." Unforeseen events may affect the forecast projections. Consequently, Auto Outlook is not responsible for management decisions based on the content of San Diego Auto Outlook

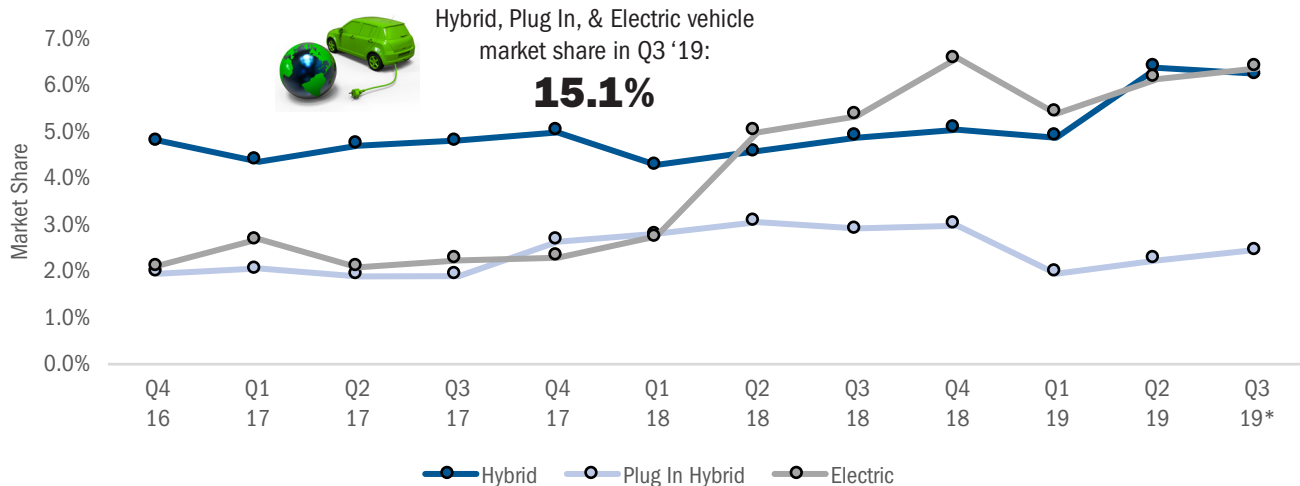
Copyright Auto Outlook, Inc., October 2019

At Auto Outlook, we strive to provide sound and accurate analyses and forecasts based upon the data available to us. However, our forecasts are derived from third-party data and contain a number of assumptions made by Auto Outlook and its management, including, without limitation, the accuracy of the data compiled. As a result, Auto Outlook can make no representation or warranty with respect to the accuracy or completeness of the data we provide or the forecasts or projections that we make based upon such data. Auto Outlook expressly disclaims any such warranties, and undue reliance should not be placed on any such data, forecasts, projections, or predictions. Auto Outlook undertakes no obligation to update or revise any predictions or forecasts, whether as a result of any new data, the occurrence of future events, or otherwise.

MARKET TRACKER: HYBRID AND ELECTRIC VEHICLES

# Electric Vehicle Share Is 6.4% in Third Quarter of 2019

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. \*Third Quarter 2019 includes July and August. Figures include mild hybrid powertrains. Source: IHS.

MARKET TRACKER - SEGMENTS

## Compact SUVs Accounted for 16.5% of County Market


San Diego County Segment Market Share Review				
Segment	Market Share YTD '18 thru August	Market Share YTD '19 thru August	Change in share YTD '18 to '19	Best selling model in segment
Compact SUV	16.6	16.5	-0.1	Toyota RAV4
Compact Car	17.3	15.1	-2.2	Honda Civic
Mid Size SUV	10.5	11.0	0.5	Toyota Highlander
Mid Size Car	9.4	8.9	-0.5	Toyota Camry
Near Luxury Car	6.8	7.8	1.0	Tesla Model 3
Full Size Pickup	6.9	7.1	0.2	Ford F Series
Subcompact SUV	4.1	5.3	1.2	Nissan Kicks
Compact/Mid-Size Pickup	4.7	5.2	0.5	Toyota Tacoma
Luxury Compact SUV	4.1	4.4	0.3	Lexus NX
Luxury Mid Size SUV	4.2	4.4	0.2	Lexus RX
Subcompact Car	3.5	2.8	-0.7	Kia Soul
Luxury and High-end Sports Cars	2.8	2.7	-0.1	BMW 5-Series
Mini Van	1.9	1.6	-0.3	Honda Odyssey
Sports/Pony cars	1.6	1.4	-0.2	Ford Mustang
Large Van	1.3	1.3	0.0	Ford Transit Connect Van
Large SUV	1.0	1.0	0.0	Ford Expedition
Luxury Subcompact SUV	1.0	1.0	0.0	Lexus UX
Entry Luxury Car	1.1	0.9	-0.2	Mercedes A-Class
Luxury Large SUV	0.6	0.9	0.3	Land Rover Range Rover
Large Car	0.8	0.6	-0.2	Dodge Charger

The table above shows San Diego county market share for 20 vehicle segments during the first eight 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

# Tesla and Ram Registrations Increase by More Than 250 Units

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.



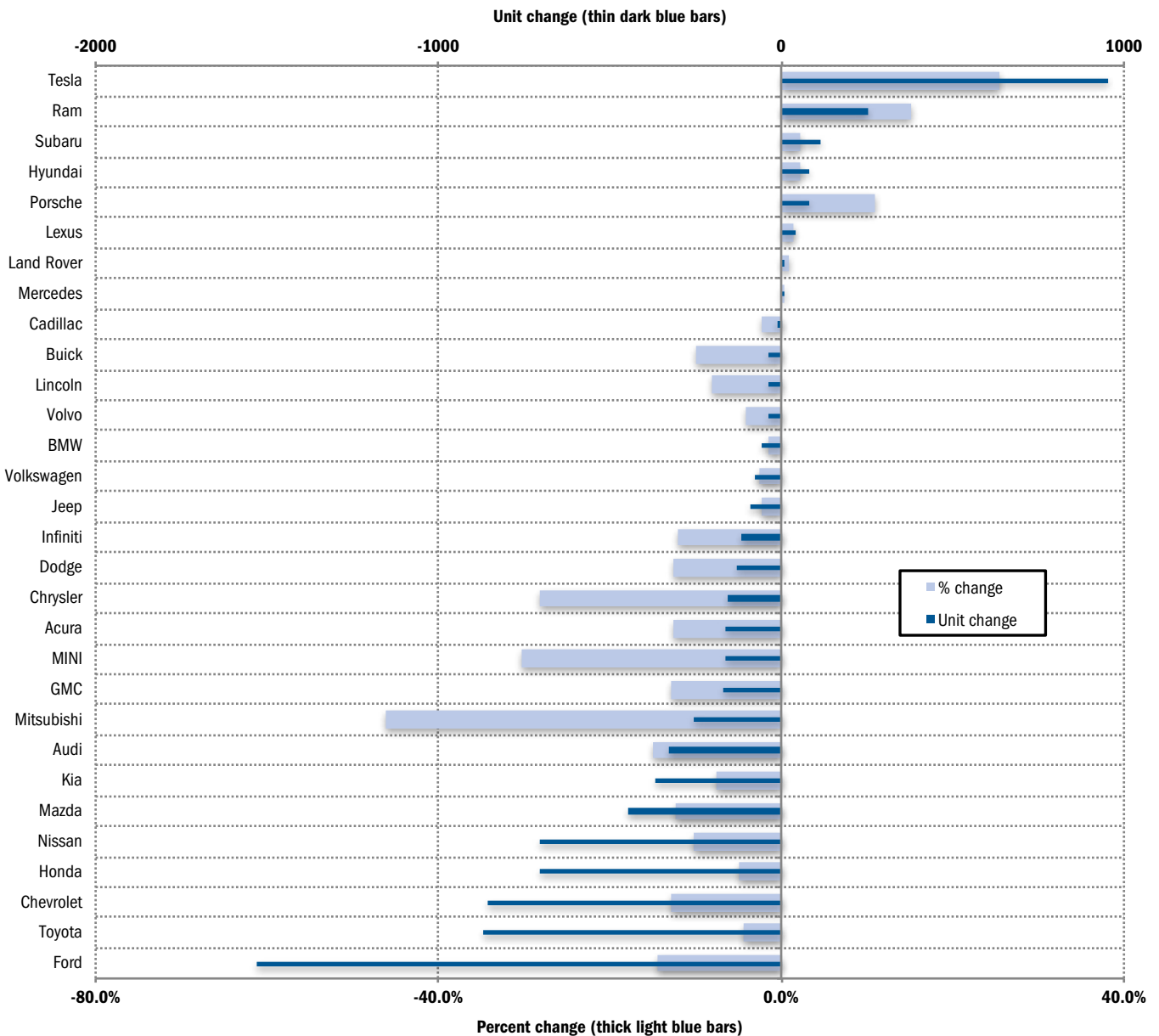
10 percent

Three brands had increases of greater than 10%: Tesla, Ram, and Porsche.

250 units

Five brands had increases of greater than 250 units: Tesla, Ram, Subaru, Hyundai, and Porsche.

**Change in County New Retail Light Vehicle Registrations (YTD 2019 thru September\* vs. YTD 2018)**



\*Figures for Sept., 2019 were estimated by Auto Outlook.

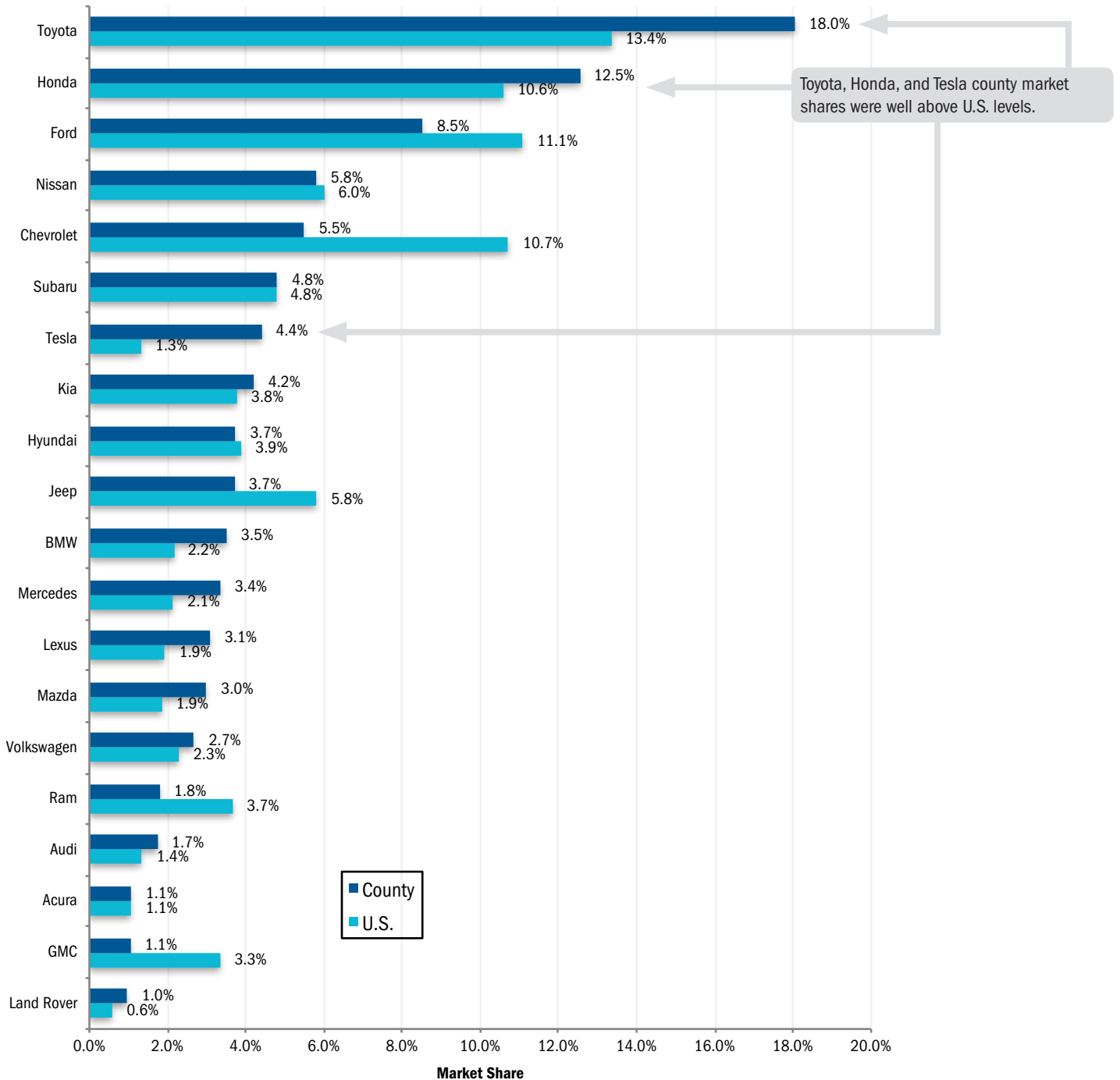
Source: IHS.

BRAND SCOREBOARD - PART TWO

# Toyota, Honda, and Tesla County Shares are Well Above U.S.

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 18% of the market, well above its 13.4% share in the Nation.

County and U.S. Market Share - YTD 2019 thru September\*



\*Figures for September, 2019 were estimated.

Source: IHS.

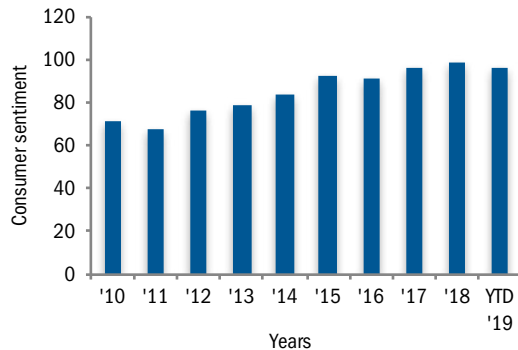
# Three Key Factors Impacting New Vehicle Sales

Factor	The numbers...	Primary conclusion...	What it means for new vehicle sales...
--------	----------------	-----------------------	--

## Consumer Sentiment



### Univ. of Michigan Consumer Sentiment Index



Source: University of Michigan.

**Primary conclusion...**

Consumer sentiment index has declined slightly in 2019, but remained strong, based on historical levels.

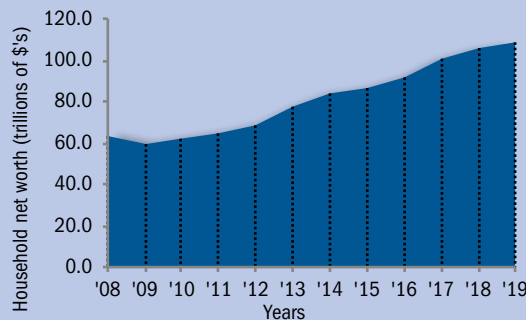


**What it means for new vehicle sales...**  
Consumer sentiment is flattening and is not likely to give a boost to sales

## Household Net Worth



### U.S. Household Net Worth



Source: Federal Reserve.

**Primary conclusion...**  
Household net worth increased slightly in the first half of 2019.

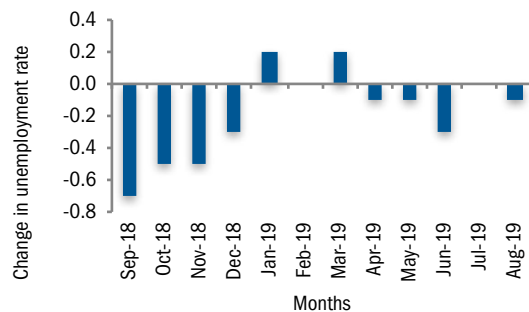


**What it means for new vehicle sales...**  
Slower gains in household net worth could keep some new vehicle shoppers on the sidelines

## Labor Market



### Change in county unemployment rate vs. Same month year earlier



Source: Bureau of Labor Statistics.

**Primary conclusion...**  
County unemployment rate declined vs. year earlier in August of this year.



**What it means for new vehicle sales...**  
Total employment has increased, but further gains will be harder to come by.

### BOTTOM LINE:

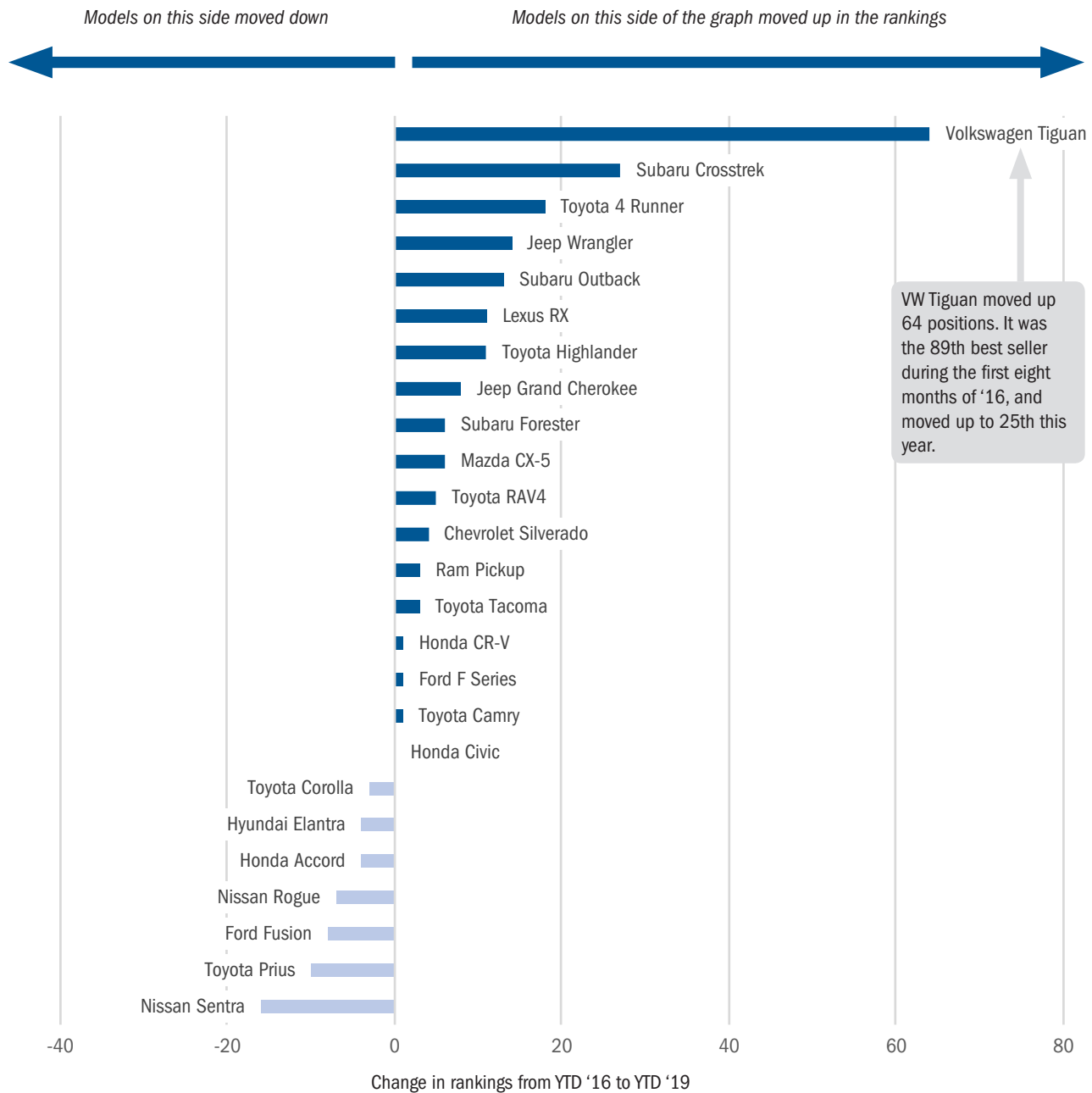
**New vehicle market predicted to soften, but sales should remain above average**

THREE YEAR CHANGE IN MODEL RANKINGS

# Volkswagen Tiguan and Subaru Crosstrek Move Up in Rankings

The graph below shows the change in rankings during the first eight months of 2016 to the same period this year for the top 25 selling models in the San Diego County market. Models are positioned on the graph from top to bottom based on the change in rankings. The biggest gainer was the Volkswagen Tiguan. Other big winners were Subaru Crosstrek, Toyota 4Runner, Jeep Wrangler, and Subaru Outback. Note: Only includes models that were on sale during all of 2016.

**Change in Rankings for Top 25 Selling Models - YTD '16 thru August to YTD '19**



VW Tiguan moved up 64 positions. It was the 89th best seller during the first eight months of '16, and moved up to 25th this year.

Source: IHS.

Brand Registrations Report												
San Diego County New Retail Car and Lighz Truck Registrations												
	Third Quarter*						YTD thru September*					
	Registrations			Market Share (%)			Registrations			Market Share (%)		
	3Q '18	3Q '19	% change	3Q '18	3Q '19	Change	YTD '18	YTD '19	% change	YTD '18	YTD '19	Change
TOTAL	38,524	37,145	-3.6				112,212	106,345	-5.2			
Cars	16,253	14,541	-10.5	42.2	39.1	-3.1	48,168	42,589	-11.6	42.9	40.0	-2.9
Lighz Trucks	22,271	22,604	1.5	57.8	60.9	3.1	64,044	63,756	-0.4	57.1	60.0	2.9
Domestic Brands	10,739	9,979	-7.1	27.9	26.9	-1.0	30,904	29,111	-5.8	27.5	27.4	-0.1
European Brands	5,536	5,871	6.1	14.4	15.8	1.4	16,740	16,044	-4.2	14.9	15.1	0.2
Japanese Brands	19,233	18,206	-5.3	49.9	49.0	-0.9	55,702	52,606	-5.6	49.6	49.5	-0.1
Korean Brands	3,016	3,089	2.4	7.8	8.3	0.5	8,866	8,584	-3.2	7.9	8.1	0.2
Acura	504	378	-25.0	1.3	1.0	-0.3	1,303	1,140	-12.5	1.2	1.1	-0.1
Alfa Romeo	94	82	-12.8	0.2	0.2	0.0	338	266	-21.3	0.3	0.3	0.0
Audi	740	674	-8.9	1.9	1.8	-0.1	2,174	1,848	-15.0	1.9	1.7	-0.2
BMW	1,212	1,334	10.1	3.1	3.6	0.5	3,791	3,737	-1.4	3.4	3.5	0.1
Buick	111	111	0.0	0.3	0.3	0.0	343	309	-9.9	0.3	0.3	0.0
Cadillac	193	207	7.3	0.5	0.6	0.1	557	544	-2.3	0.5	0.5	0.0
Chevrolet	2,164	2,082	-3.8	5.6	5.6	0.0	6,705	5,851	-12.7	6.0	5.5	-0.5
Chrysler	200	147	-26.5	0.5	0.4	-0.1	554	398	-28.2	0.5	0.4	-0.1
Dodge	314	324	3.2	0.8	0.9	0.1	1,001	874	-12.7	0.9	0.8	-0.1
FIAT	73	32	-56.2	0.2	0.1	-0.1	198	101	-49.0	0.2	0.1	-0.1
Ford	3,554	3,036	-14.6	9.2	8.2	-1.0	10,598	9,070	-14.4	9.4	8.5	-0.9
Genesis	20	47	135.0	0.1	0.1	0.0	120	126	5.0	0.1	0.1	0.0
GMC	396	394	-0.5	1.0	1.1	0.1	1,287	1,121	-12.9	1.1	1.1	0.0
Honda	4,672	4,559	-2.4	12.1	12.3	0.2	14,040	13,334	-5.0	12.5	12.5	0.0
Hyundai	1,408	1,421	0.9	3.7	3.8	0.1	3,900	3,982	2.1	3.5	3.7	0.2
Infiniti	349	265	-24.1	0.9	0.7	-0.2	996	877	-11.9	0.9	0.8	-0.1
Jaguar	90	81	-10.0	0.2	0.2	0.0	271	245	-9.6	0.2	0.2	0.0
Jeep	1,410	1,357	-3.8	3.7	3.7	0.0	4,036	3,948	-2.2	3.6	3.7	0.1
Kia	1,588	1,621	2.1	4.1	4.4	0.3	4,846	4,476	-7.6	4.3	4.2	-0.1
Land Rover	337	349	3.6	0.9	0.9	0.0	1,022	1,032	1.0	0.9	1.0	0.1
Lexus	1,239	1,112	-10.3	3.2	3.0	-0.2	3,243	3,288	1.4	2.9	3.1	0.2
Lincoln	152	135	-11.2	0.4	0.4	0.0	423	389	-8.0	0.4	0.4	0.0
Maserati	47	37	-21.3	0.1	0.1	0.0	128	107	-16.4	0.1	0.1	0.0
Mazda	1,188	1,109	-6.6	3.1	3.0	-0.1	3,635	3,191	-12.2	3.2	3.0	-0.2
Mercedes	1,248	1,386	11.1	3.2	3.7	0.5	3,559	3,564	0.1	3.2	3.4	0.2
MINI	173	128	-26.0	0.4	0.3	-0.1	542	378	-30.3	0.5	0.4	-0.1
Mitsubishi	180	115	-36.1	0.5	0.3	-0.2	549	296	-46.1	0.5	0.3	-0.2
Nissan	2,284	2,228	-2.5	5.9	6.0	0.1	6,875	6,172	-10.2	6.1	5.8	-0.3
Other	65	93	43.1	0.2	0.3	0.1	208	291	39.9	0.2	0.3	0.1
Porsche	243	305	25.5	0.6	0.8	0.2	738	818	10.8	0.7	0.8	0.1
Ram	572	641	12.1	1.5	1.7	0.2	1,660	1,913	15.2	1.5	1.8	0.3
Subaru	1,733	1,729	-0.2	4.5	4.7	0.2	4,997	5,114	2.3	4.5	4.8	0.3
Tesla	1,666	1,541	-7.5	4.3	4.1	-0.2	3,725	4,678	25.6	3.3	4.4	1.1
Toyota	7,084	6,711	-5.3	18.4	18.1	-0.3	20,062	19,191	-4.3	17.9	18.0	0.1
Volkswagen	931	1,072	15.1	2.4	2.9	0.5	2,934	2,857	-2.6	2.6	2.7	0.1
Volvo	290	302	4.1	0.8	0.8	0.0	854	819	-4.1	0.8	0.8	0.0

\*September 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 Third Quarters of 2018 and 2019, and year to date totals. The top ten ranked brands in each category are shaded yellow.



### Key Trends in San Diego County Used Vehicle Market

#### Market is flat so far this year

Used vehicle registrations in San Diego County were essentially unchanged during the first eight months of 2019 versus year earlier.

#### Used vehicle market out-performs new

As shown on the graph below, the six year old or newer used vehicle markets has trended about even with the new vehicle market during the past seven months. Registrations for six year old or newer used vehicles increased by 2.6% so far this year versus a year earlier, while the new vehicle market fell 5.2%.

#### Civic is top seller

Honda Civic was the best seller in the six year old or newer market, followed by Toyota Corolla. RAV4 had a large increase.

#### Subaru, Lexus, Chevy, & Honda post gains

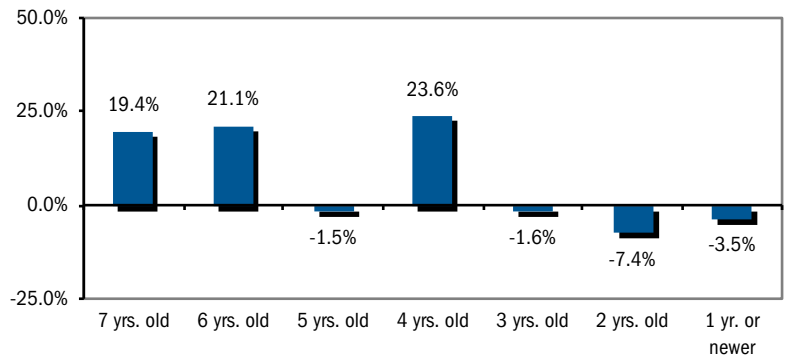
Used registrations were up by more than 8% for each of the four brands (only includes vehicles 6 years old or newer).

San Diego County Retail Used Light Vehicle Registrations YTD thru August

	Registrations		% Change '18 TO '19	Market Share	
	YTD '18	YTD '19		YTD '18	YTD '19
TOTAL	218,025	218,078	0.0%		
Cars	125,995	122,529	-2.8%	57.8%	56.2%
Light Trucks	92,030	95,549	3.8%	42.2%	43.8%
Detroit Three	71,567	70,834	-1.0%	32.8%	32.5%
European	35,219	35,822	1.7%	16.2%	16.4%
Japanese	98,561	98,973	0.4%	45.2%	45.4%
Korean	12,678	12,449	-1.8%	5.8%	5.7%

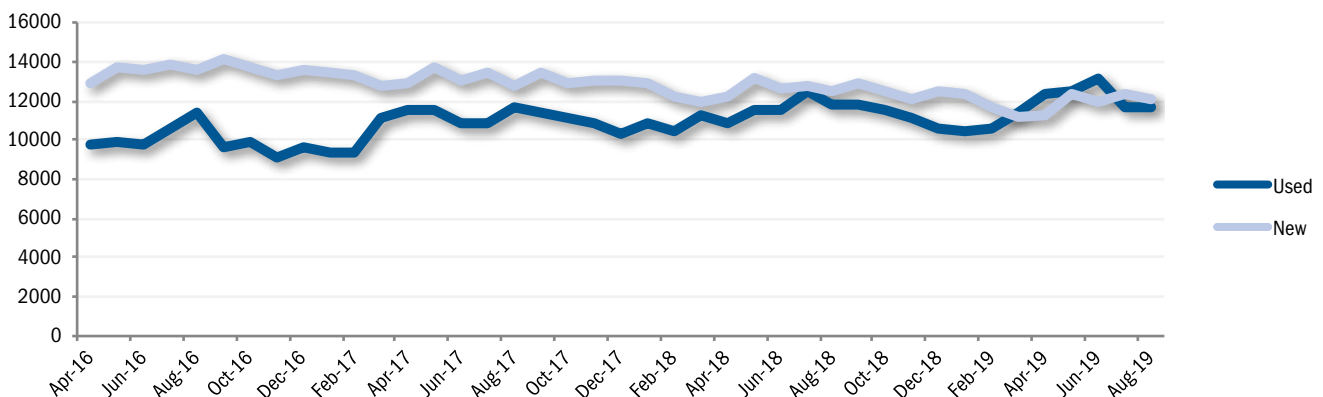
Source: IHS .

Percent Change in County Retail Used Registrations by Vehicle Age, YTD '19 thru August 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)

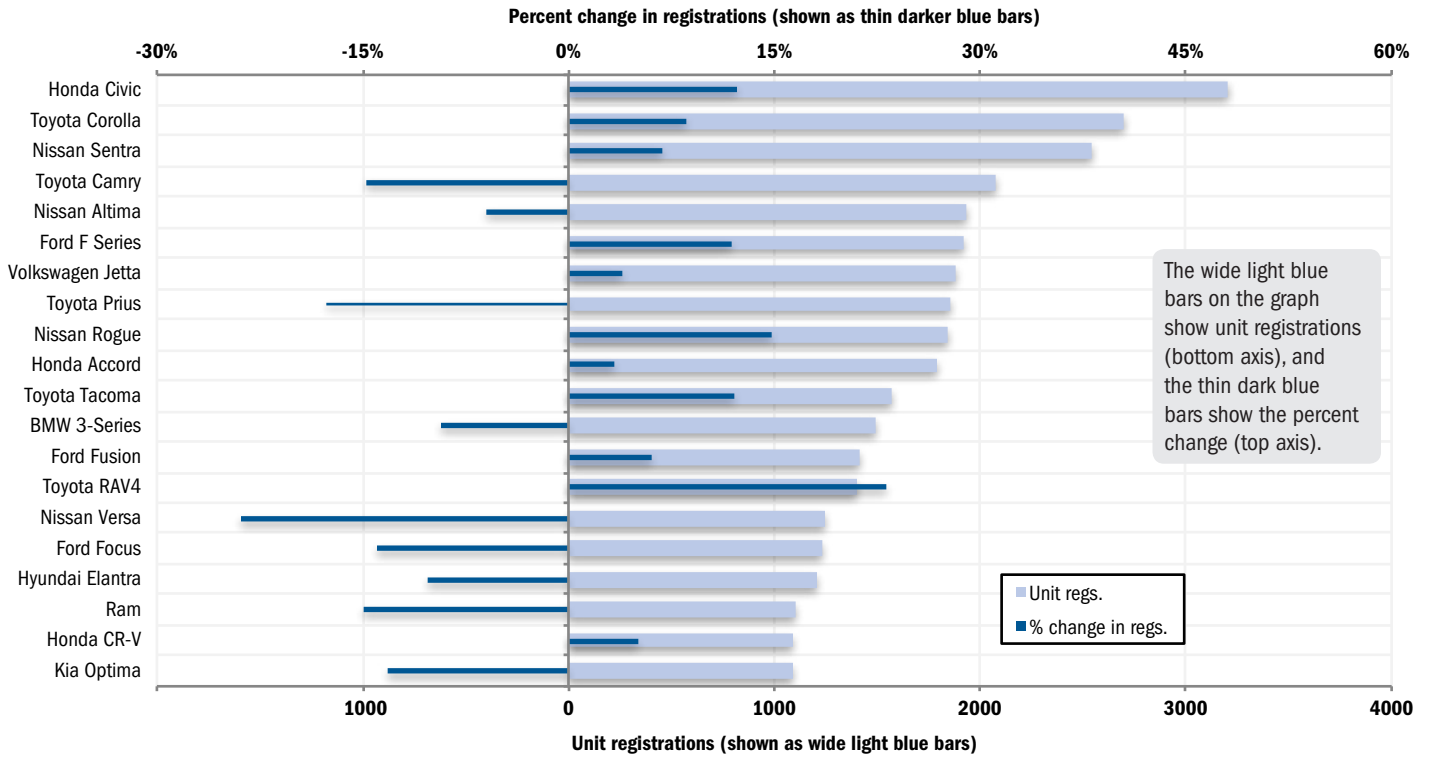


Source: IHS .

TOP SELLING MODELS

# Civic Stays On Top of County Used Vehicle Market

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

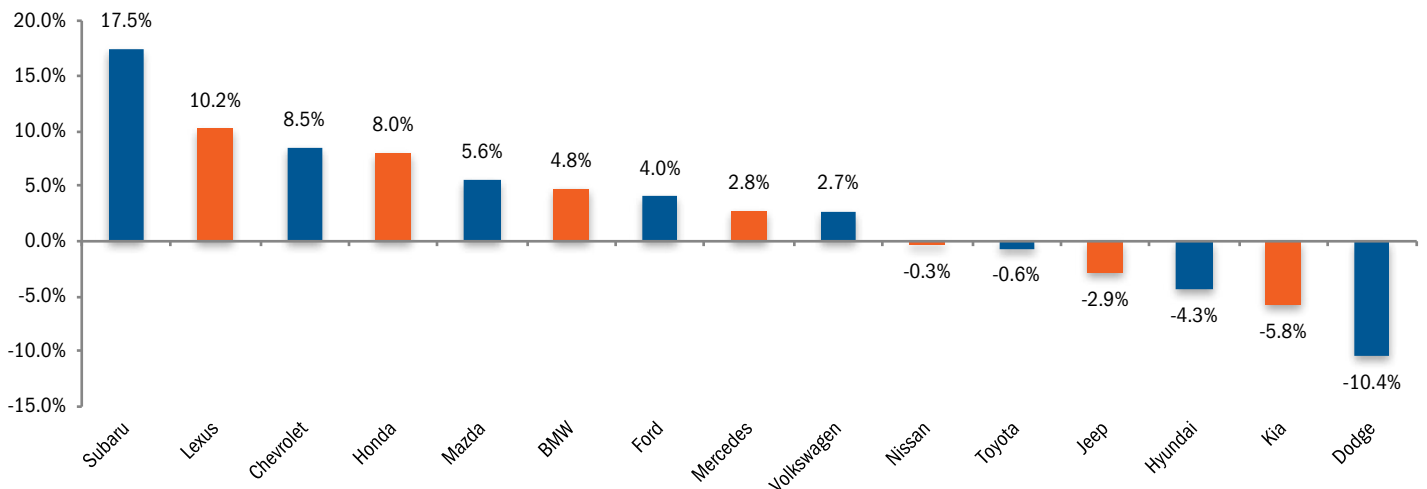


Source: IHS .

USED VEHICLE BRAND SCOREBOARD

# Subaru and Lexus Post Largest Increases in Used Registrations

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



Source: IHS .