

San Diego Auto Outlook



**NEW CAR DEALERS ASSOCIATION
SAN DIEGO COUNTY**

Comprehensive information on the San Diego County new vehicle market

FORECAST

Pent Up Demand Will Give Market a Boost When Supplies Improve

The observations below provide a concise review of key trends in the San Diego County new vehicle market.

Sales remained below average in the First Quarter of this year.

New retail light vehicle registrations in the county declined 5.3% during the first three months of 2022 versus a year earlier. The drop-off was expected as sales continued to be held back by lean supplies.

Larger decline expected in 2Q.

Registrations could fall by 15%, or more, in the Second Quarter of this year as tight inventories will continue to be a factor. The market would have struggled to exceed year-earlier levels even if supplies were plentiful. Registrations during the Second Quarter of last year exceeded 40,000 units, the highest total since the Third Quarter of 2016.

New vehicle affordability has taken a turn for the worse.

About 18 months ago, strong affordability was a primary ingredient contributing to the relatively upbeat outlook. Income growth was solid, interest rates were near 0%, inflation was under control, and transaction prices were relatively stable. Just about all

of that has changed. Lean supplies have pushed prices significantly upward and higher interest rates are boosting monthly payments. Higher wages have helped, but monthly vehicle loan and lease costs as a percent of disposable income have moved higher during the past several months.

Demand for new vehicles could soften over the coming months; but it's not likely to impact sales.

As mentioned above, affordability has weakened, gas prices have surged, and there's a war in Europe. In normal times, these simultaneous events would have pushed new vehicles sales sharply lower, but these are definitely not normal times. Vehicle production, not demand, will be the controlling factor that will dictate sales levels for at least the next year, and most analysts are predicting only a gradual improvement in production over the next several months.

Baseline forecast for county new light vehicle registrations in 2022: 139,500 units, about even with 2021.

2022 is likely to be the fourth straight year of registrations below 140,000 units. It's beginning to sound like a broken record, but since the onset of the pandemic, there has been a great deal of uncertainty re-

lated to the forecast. Vehicle supply constraints and the war in Europe have added to the risks. One thing we do know: significant pent up demand is accumulating which will provide a boost to sales in the coming years.

Market shares for Tesla, BMW, Hyundai, Nissan, and Kia moved higher in early 2022.

Typically, improving brand market share is a function of new product, effective marketing, incentives, and dealership sales performance. But in 2022, practically none of that matters. Brands that have benefitted from even a mild improvement in vehicle availability have had a boost in market share, while those with dwindling stocks lost share.

**Forecast for San Diego County
New Retail Light Vehicle
Registrations in 2022**

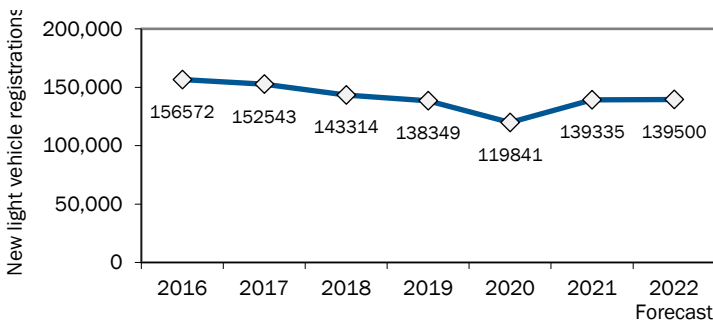


Baseline scenario: 139,500
up 0.1% vs. '21

Alternative upside: 146,900
up 5.4% vs. '21

Alternative downside: 132,400
down 5.0% vs. '21

Annual Trend in San Diego County Market



Market Summary

	YTD '21 March	YTD '22 March	% Chg. '21 to '22	Mkt. Share YTD '22
TOTAL	34,510	32,682	-5.3%	
Car	10,033	9,572	-4.6%	29.3%
Light Truck	24,477	23,110	-5.6%	70.7%
Domestic	10,356	10,162	-1.9%	31.1%
European	5,420	5,106	-5.8%	15.6%
Japanese	15,939	14,303	-10.3%	43.8%
Korean	2,795	3,111	11.3%	9.5%

The graph above shows annual new retail light vehicle registrations from 2016 thru 2021 and Auto Outlook's projection for 2022. Historical Data Source: AutoCount data from Experian.

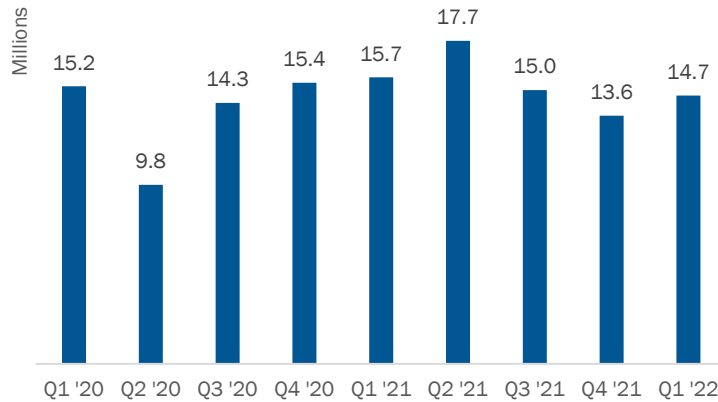
Domestics consist of vehicles sold by GM, Ford, Stellantis (excluding Alfa Romeo and FIAT), and Tesla. Data Source: AutoCount data from Experian.

San Diego County New Vehicle Market Dashboard



MARKET PERFORMANCE DURING PAST TWO YEARS

San Diego County Quarterly Registrations
Seasonally Adjusted Annual Rate, Converted to Equivalent U.S. New Vehicle Market SAAR (millions of units)



The graph on the left provides an easily recognizable way to gauge the strength of the county market. It shows quarterly registrations based on a seasonally adjusted annual rate. These figures are then indexed to SAAR sales figures for the U.S. new vehicle market. So just like in the national market, when the quarterly SAAR is above 17 million units, the county market is strong, 15 million is about average, and below 13 million is weak. Quarterly registrations in the county reached a U.S. equivalent level of 17.7 million units in the Second Quarter of 2021 and fell to below 15.1 million in the following three quarters

Data Source: AutoCount data from Experian. SAAR estimates: Auto Outlook.



COUNTY MARKET VS. U.S.

% Change In New Retail Market YTD '22 thru March vs. YTD '21

San Diego County
DOWN 5.3%

U.S.
DOWN 14.9%

New retail light vehicle registrations in the county declined by 5.3% during the first three months of this year versus year earlier, better than the 14.9% drop in the Nation. Much of the strength in the county market was due to Tesla. Excluding Tesla, the County market fell 9.6% in the First Quarter.

Source for county registrations: AutoCount data from Experian. U.S. figures estimated by Auto Outlook.

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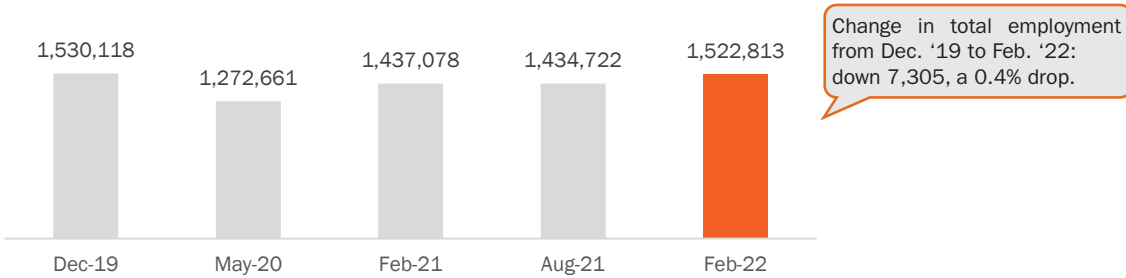
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San Diego County New Vehicle Market Dashboard

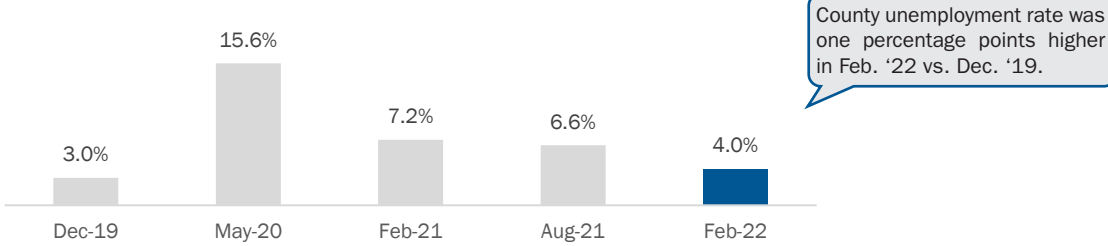


SNAPSHOT OF SAN DIEGO COUNTY ECONOMY

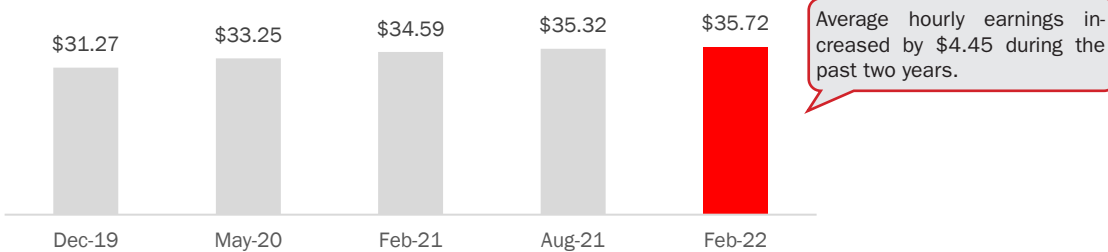
Total Employment in Selected Months



Unemployment Rate in Selected Months



Average Hourly Earnings in Selected Months



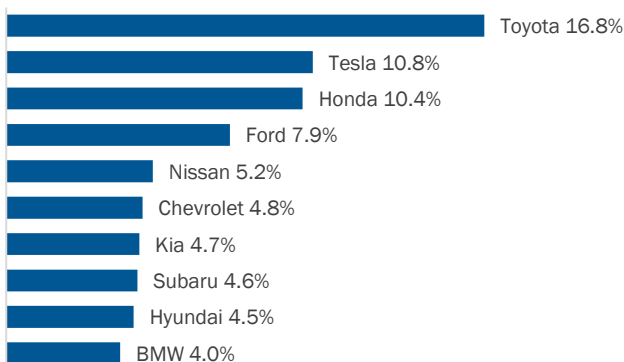
As discussed on page one, surging inflation, rising gas prices, and declining consumer sentiment are headwinds for economic growth, but as shown on the three graphs to the left, the San Diego County economy has largely recovered from the downturn caused by the pandemic. Total employment is down just slightly from December of 2019 (before the onset of the pandemic) to February of this year. The unemployment rate was just 4.0%, and wages have increased.

Source: U.S. Department of Labor

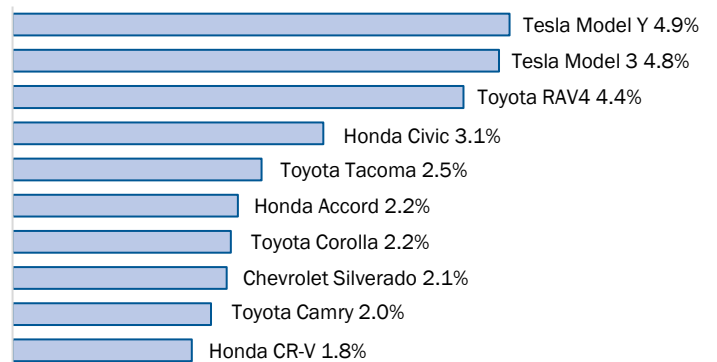


TOP TEN RANKINGS IN COUNTY MARKET

Market Share for Top Ten Selling Brands in County Market YTD 2022 thru March



Market Share for Top Ten Selling Models in County Market YTD 2022 thru March

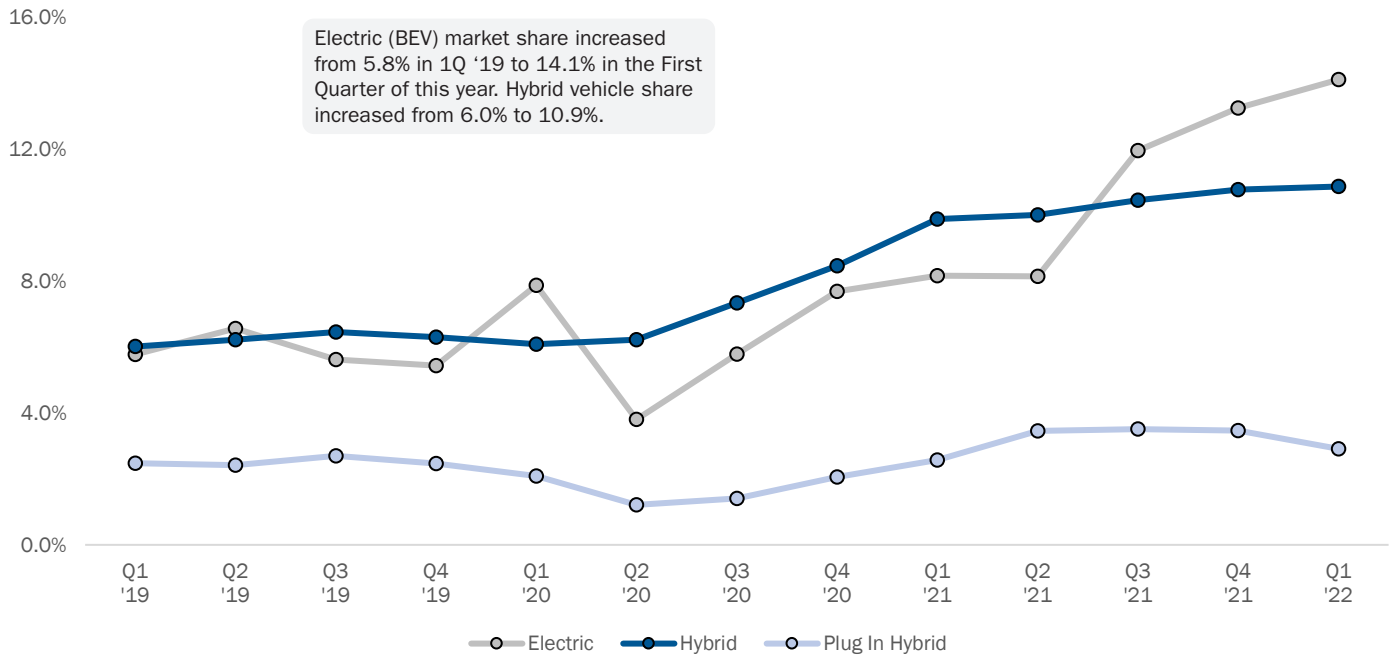


Data Source: AutoCount data from Experian.

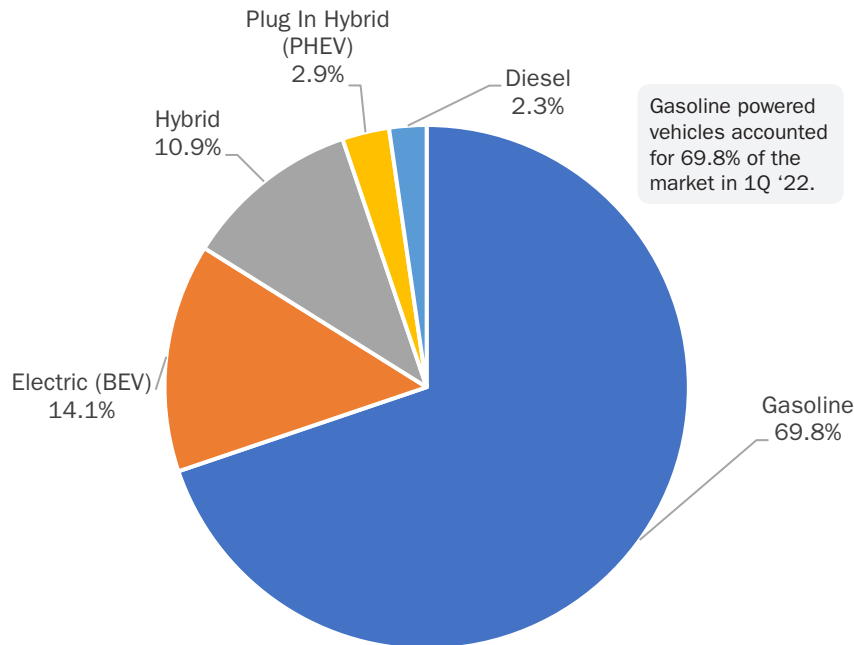
Vehicle Powertrain Dashboard



Estimated Quarterly Alternative Powertrain Market Share in County (includes hybrid and electric vehicles)



County Estimated Market Share by Powertrain Type YTD 2022 thru March



Top 10 Selling Brands in County for Hybrid, Electric (BEV), and Plug In Hybrid (PHEV) Vehicles - YTD '22 thru Mar.

Rank	Brand	Registrations
1	Tesla	3530
2	Toyota	1892
3	Honda	483
4	Hyundai	471
5	Ford	466
6	Kia	426
7	Lexus	312
8	Mercedes	293
9	Volvo	225
10	Audi	188

Registrations by powertrain for vehicles equipped with multiple engine types were estimated by Auto Outlook. The estimates are based on model registrations compiled by Experian Automotive, and engine installation rates collected from other sources.

BRAND SCOREBOARD - PART ONE

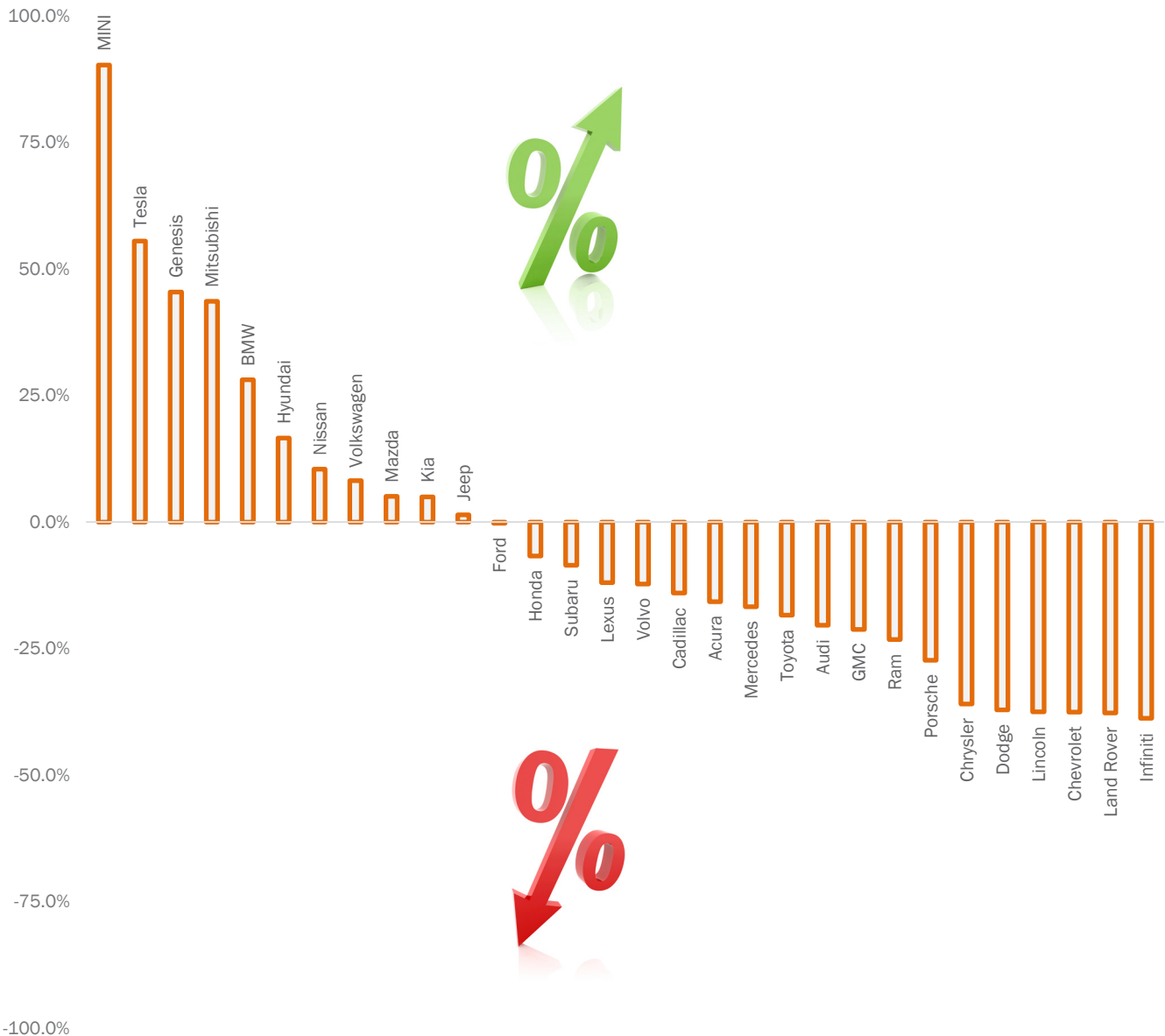
Registrations Declined for Most Brands in First Quarter of 2022

The graph below shows the change in new retail light vehicle (combined car and light truck) registrations during the first three months of this year versus a year earlier. Brand results this year were almost entirely a function of product availability, as opposed to the typical determinants of marketing and dealership sales performance.



Registrations increased for 12 brands:
 MINI, Tesla, Genesis, Mitsubishi, BMW, Hyundai,
 Nissan, Volkswagen, Mazda, Kia, and Jeep.

**Percent Change in County New Retail Light Vehicle Registrations (Top 25 brands)
 YTD 2022 thru March vs. YTD 2021**



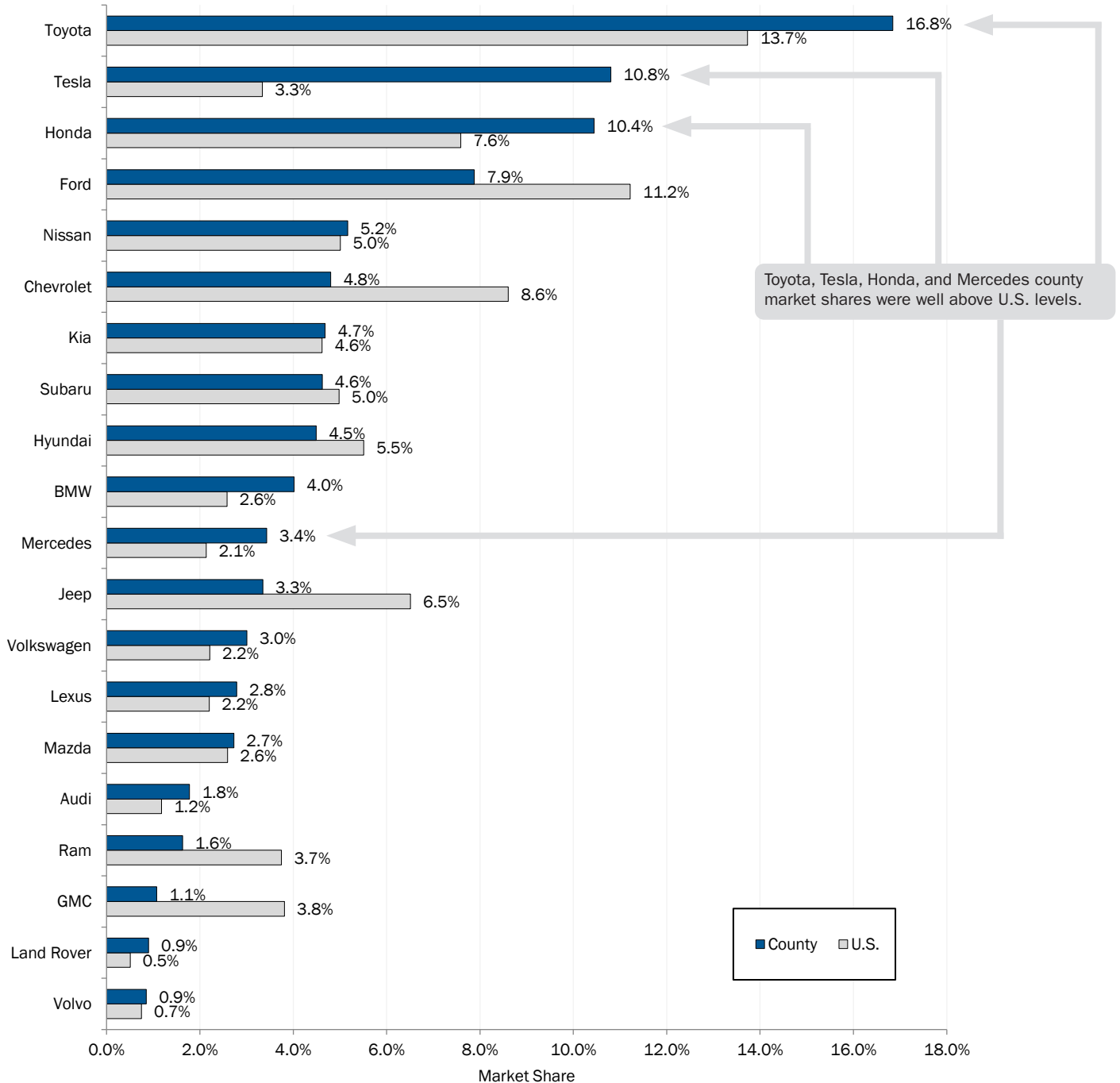
Source: AutoCount data from Experian.

BRAND SCOREBOARD - PART TWO

Toyota 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 three months of 2022 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 16.8% of the market, well above its estimated 13.7% share in the Nation.

County and U.S. Market Share - YTD thru 2022, thru March



Data Source: AutoCount data from Experian.

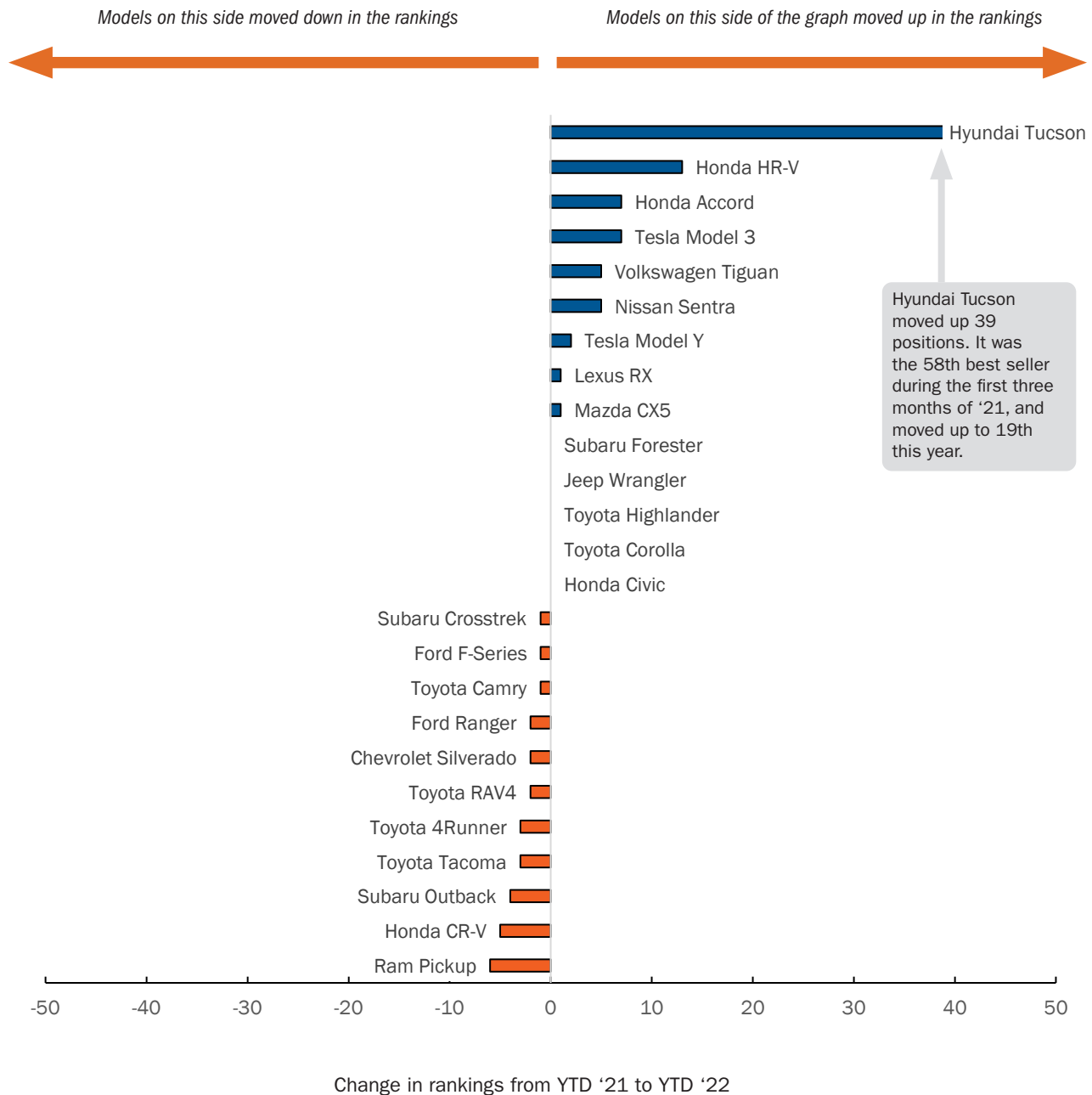
CHANGE IN MODEL RANKINGS

Hyundai Tucson Moves Up in Rankings



The graph below shows the change in rankings during the first three months of 2021 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 Hyundai Tucson. Other winners were Honda HR-V, Honda Accord, and Tesla Model 3. Supplies are limited for just about all models, but those moving up in the rankings most likely had some improvement in inventories during the First Quarter of this year.

Change in Rankings for Top 25 Selling Models - YTD '21 thru March to YTD '22

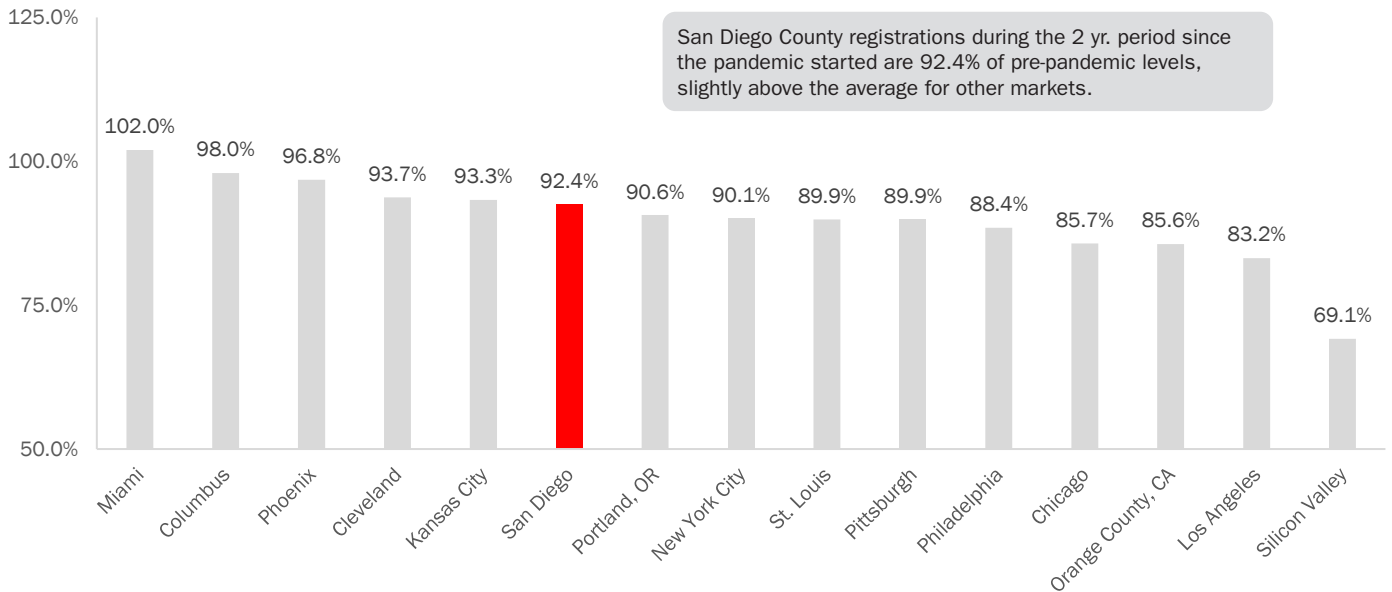


Comparison of Selected Metro Area Markets

COVID-19 Impact of COVID-19 Pandemic and Ensuing Vehicle Supply Issues on Area Markets

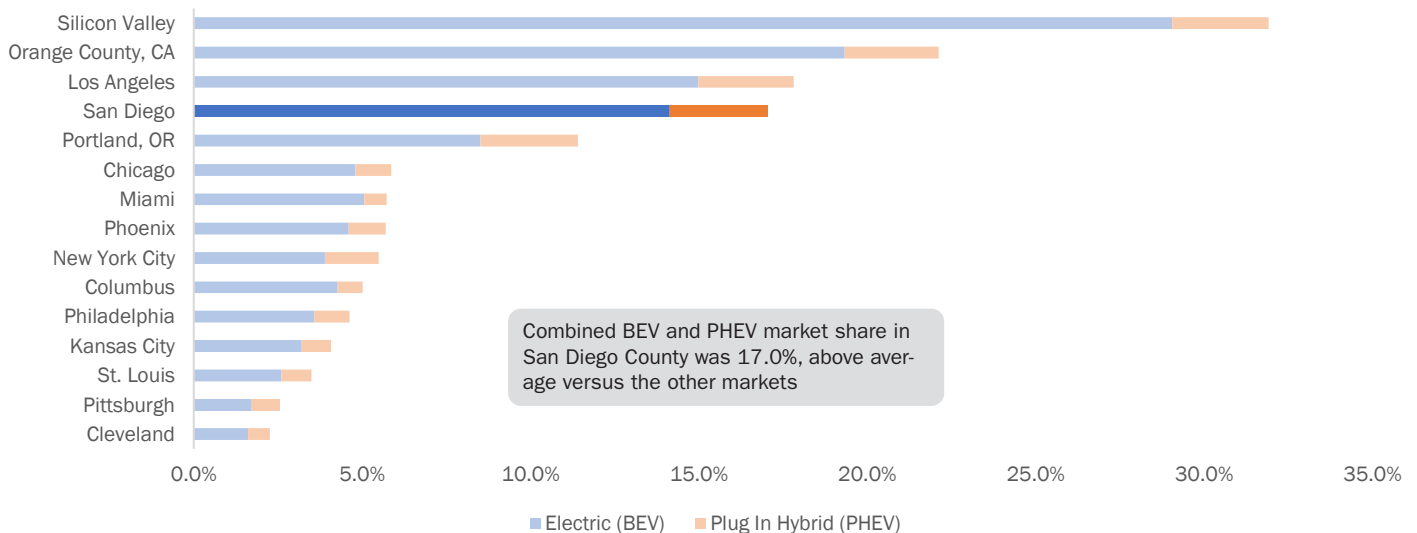
The graph below provides a comparison of how metro area new vehicle sales have been impacted by the pandemic and resulting vehicle inventory shortages. The percentages shown represent new vehicle registrations during the two year period since the pandemic started (2Q '20 thru 1Q '22) divided by registrations during the preceding two year period (2Q '18 thru 1Q '20). Areas on the left of the graph (Miami and Columbus) experienced a relatively mild impact, while those on the right (LA and Silicon Valley) lost more sales due to the pandemic.

New Vehicle Registrations During 2Q '20 thru 1Q '22 as a % of Registrations during 2Q '18 thru 1Q '20



Comparison of BEV and PHEV Market Share

Estimated Electric (BEV) and Plug in Hybrid (PHEV) Market Share During 1Q '22



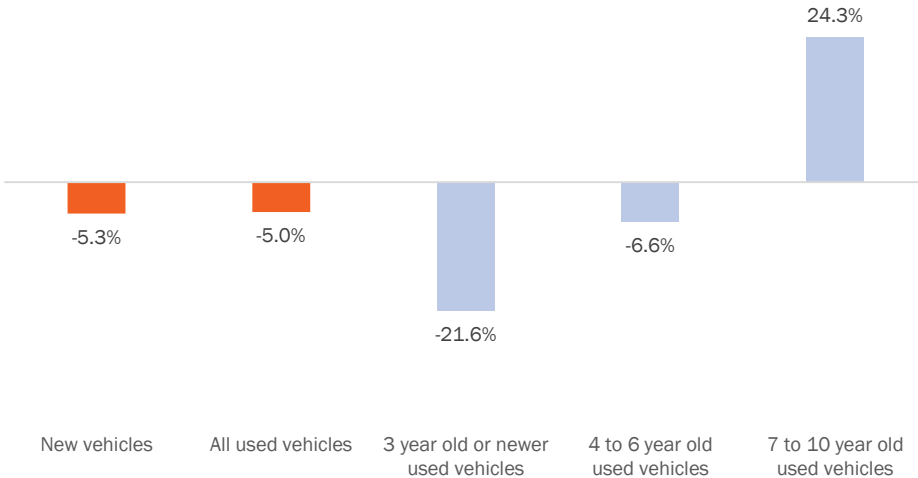
	Clev.	Pitt.	St. L	KC	Phil.	Colum.	NYC	Phoenix	Miami	Chic.	Portland	SD	LA	OC, CA	Sil. Val.
Electric	1.6%	1.7%	2.6%	3.2%	3.6%	4.3%	3.9%	4.6%	5.1%	4.8%	8.5%	14.1%	15.0%	19.3%	29.1%
Plug In Hy.	0.6%	0.8%	0.9%	0.9%	1.1%	0.8%	1.6%	1.1%	0.7%	1.1%	2.9%	2.9%	2.8%	2.8%	2.9%

Note: registrations by powertrain for vehicles equipped with multiple engine types were estimated by Auto Outlook. The estimates are based on model registrations compiled by Experian, and engine installation rates collected from other sources. March '22 figures were estimated for some markets.

SAN DIEGO COUNTY USED VEHICLE MARKET

County Used Vehicle Market Declined 5% in First Quarter of 2021

**Percent Change in New and Used Vehicle Registrations
YTD 2022 thru March vs. YTD 2021**



Data Source: AutoCount data from Experian.

**3 KEY TRENDS IN
USED VEHICLE
MARKET**



01.

Used vehicle registrations in San Diego County were off 5% in the First Quarter of this year, about even with the 5.3% drop in the new vehicle market.

02.

Registrations of 7 to 10 year old vehicles increased 24.3% during the first three months of this year versus year earlier. The 4 to 6 year old market was off 6.6%. Tight supplies impacted registrations of 3 year old or newer vehicles, which fell 21.6%.

03.

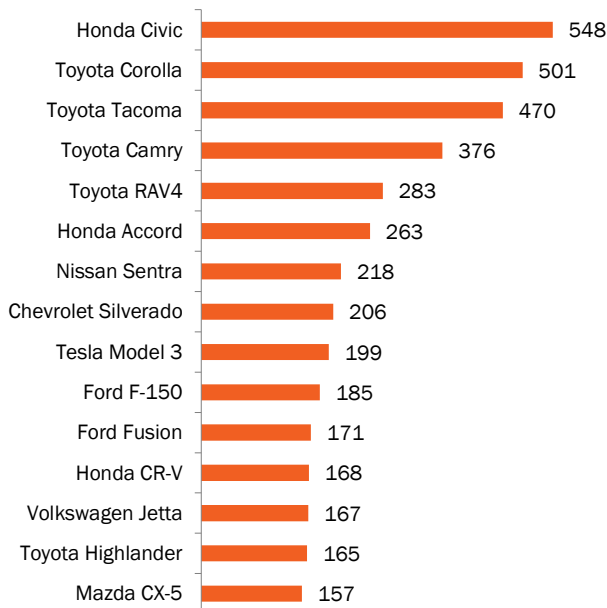
Restricted inventories and record-high prices will likely limit gains in used vehicle sales over the next 12 months. Used vehicle registrations for all of 2022 should be close to 2021 levels.

TOP SELLING MODELS IN USED VEHICLE MARKET

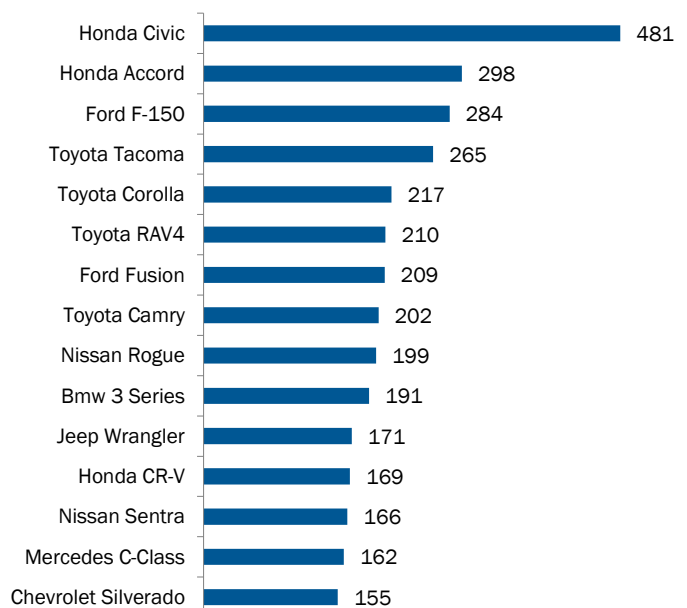
Honda Civic is Top Seller in County Used Vehicle Market

The two graphs below show the top 15 selling models in San Diego County for two age classifications: vehicles three years old or newer, and 4 to 6 year old vehicles. Honda Civic ranked first in each category.

**Top 15 Selling Models for Vehicles 3 years Old or Newer
YTD 2022 thru March**



**Top 15 Selling Models for 4 to 6 Year Old Vehicles
YTD 2022 thru March**



Brand Registrations Report												
San Diego County New Retail Car and Light Truck Registrations												
	First Quarter						Annual Totals					
	Registrations			Market Share (%)			Registrations			Market Share (%)		
	1Q '21	1Q '22	% change	1Q '21	1Q '22	Change	2020	2021	% change	2020	2021	Change
TOTAL	34,510	32,682	-5.3				119,841	139,335	16.3			
Cars	10,033	9,572	-4.6	29.1	29.3	0.2	39,426	42,313	7.3	32.9	30.4	-2.5
Light Trucks	24,477	23,110	-5.6	70.9	70.7	-0.2	80,415	97,022	20.7	67.1	69.6	2.5
Domestic Brands	10,356	10,162	-1.9	30.0	31.1	1.1	33,700	39,637	17.6	28.1	28.4	0.3
European Brands	5,420	5,106	-5.8	15.7	15.6	-0.1	17,915	21,788	21.6	14.9	15.6	0.7
Japanese Brands	15,939	14,303	-10.3	46.2	43.8	-2.4	57,933	64,166	10.8	48.3	46.1	-2.2
Korean Brands	2,795	3,111	11.3	8.1	9.5	1.4	10,293	13,744	33.5	8.6	9.9	1.3
Acura	279	235	-15.8	0.8	0.7	-0.1	1,206	1,367	13.3	1.0	1.0	0.0
Alfa Romeo	49	25	-49.0	0.1	0.1	0.0	203	172	-15.3	0.2	0.1	-0.1
Audi	730	581	-20.4	2.1	1.8	-0.3	2,202	2,594	17.8	1.8	1.9	0.1
BMW	1,025	1,313	28.1	3.0	4.0	1.0	3,558	4,738	33.2	3.0	3.4	0.4
Buick	69	29	-58.0	0.2	0.1	-0.1	300	270	-10.0	0.3	0.2	-0.1
Cadillac	171	147	-14.0	0.5	0.4	-0.1	439	555	26.4	0.4	0.4	0.0
Chevrolet	2,516	1,570	-37.6	7.3	4.8	-2.5	7,517	8,709	15.9	6.3	6.3	0.0
Chrysler	114	73	-36.0	0.3	0.2	-0.1	326	338	3.7	0.3	0.2	-0.1
Dodge	288	181	-37.2	0.8	0.6	-0.2	1,067	1,013	-5.1	0.9	0.7	-0.2
Ford	2,581	2,574	-0.3	7.5	7.9	0.4	9,465	9,471	0.1	7.9	6.8	-1.1
Genesis	77	112	45.5	0.2	0.3	0.1	157	415	164.3	0.1	0.3	0.2
GMC	447	352	-21.3	1.3	1.1	-0.2	1,399	1,521	8.7	1.2	1.1	-0.1
Honda	3,660	3,413	-6.7	10.6	10.4	-0.2	14,094	15,895	12.8	11.8	11.4	-0.4
Hyundai	1,259	1,468	16.6	3.6	4.5	0.9	4,706	6,558	39.4	3.9	4.7	0.8
Infiniti	152	93	-38.8	0.4	0.3	-0.1	732	494	-32.5	0.6	0.4	-0.2
Jaguar	62	41	-33.9	0.2	0.1	-0.1	261	211	-19.2	0.2	0.2	0.0
Jeep	1,079	1,094	1.4	3.1	3.3	0.2	4,262	4,608	8.1	3.6	3.3	-0.3
Kia	1,459	1,531	4.9	4.2	4.7	0.5	5,430	6,771	24.7	4.5	4.9	0.4
Land Rover	474	295	-37.8	1.4	0.9	-0.5	1,266	1,497	18.2	1.1	1.1	0.0
Lexus	1,036	912	-12.0	3.0	2.8	-0.2	3,715	4,043	8.8	3.1	2.9	-0.2
Lincoln	128	80	-37.5	0.4	0.2	-0.2	439	351	-20.0	0.4	0.3	-0.1
Maserati	18	30	66.7	0.1	0.1	0.0	95	132	38.9	0.1	0.1	0.0
Mazda	848	891	5.1	2.5	2.7	0.2	3,585	3,950	10.2	3.0	2.8	-0.2
Mercedes	1,348	1,122	-16.8	3.9	3.4	-0.5	4,211	4,690	11.4	3.5	3.4	-0.1
MINI	72	137	90.3	0.2	0.4	0.2	462	401	-13.2	0.4	0.3	-0.1
Mitsubishi	39	56	43.6	0.1	0.2	0.1	197	227	15.2	0.2	0.2	0.0
Nissan	1,529	1,689	10.5	4.4	5.2	0.8	5,591	6,463	15.6	4.7	4.6	-0.1
Other	75	53	-29.3	0.2	0.2	0.0	245	236	-3.7	0.2	0.2	0.0
Porsche	340	247	-27.4	1.0	0.8	-0.2	932	1,213	30.2	0.8	0.9	0.1
Ram	693	532	-23.2	2.0	1.6	-0.4	2,296	2,560	11.5	1.9	1.8	-0.1
Subaru	1,651	1,510	-8.5	4.8	4.6	-0.2	6,341	6,234	-1.7	5.3	4.5	-0.8
Tesla	2,270	3,530	55.5	6.6	10.8	4.2	6,190	10,240	65.4	5.2	7.3	2.1
Toyota	6,745	5,504	-18.4	19.5	16.8	-2.7	22,472	25,493	13.4	18.8	18.3	-0.5
Volkswagen	909	983	8.1	2.6	3.0	0.4	3,354	4,475	33.4	2.8	3.2	0.4
Volvo	318	279	-12.3	0.9	0.9	0.0	1,126	1,430	27.0	0.9	1.0	0.1

Source: AutoCount data from Experian.

The table shows new retail light vehicle (car and light truck) registrations in the San Diego County market. Figures are shown for the 1st Quarters of '21 and '22, and annual totals for 2020 and 2021. The top ten ranked brands in each change category are shaded light yellow.