

California Auto Outlook™

Comprehensive information on the California vehicle market

Volume 13, Number 2

Released May 2017

Covering First Quarter 2017



FORECAST AND ANALYSIS OF CALIFORNIA NEW LIGHT VEHICLE MARKET

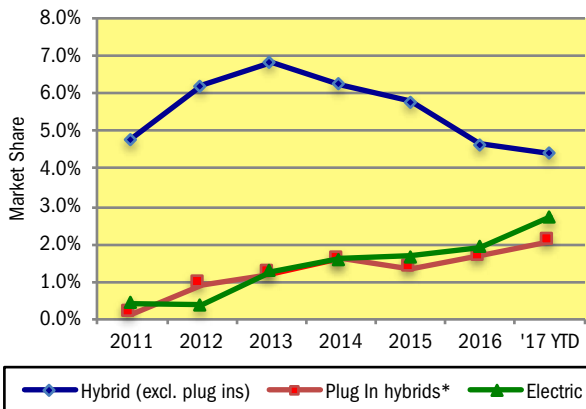
State New Vehicle Market Predicted to Remain Strong in 2017

As depicted on the graph to the right, the rapid growth in the California new vehicle market has likely come to an end. After seven years of increasing sales, the market has fully recovered from the low point in 2009, and as a result, pent up demand is easing. In addition, interest rates are increasing, used vehicle prices are weakening, and incentives are on the rise, all signs of a market that has likely reached its peak.

We do expect sales to drift lower over the next several years, but a sharp drop seems highly unlikely. Unemployment rates are very low, incomes are moving higher, household net worth is at an all-time high, GDP growth is solid (if not spectacular), and consumer confidence is strong. It would be unprecedented for new vehicle sales to decline significantly 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.

Bottom line: The state new vehicle market is expected to plateau and decline slightly over the next several years, but sales should remain strong, based on historical standards.

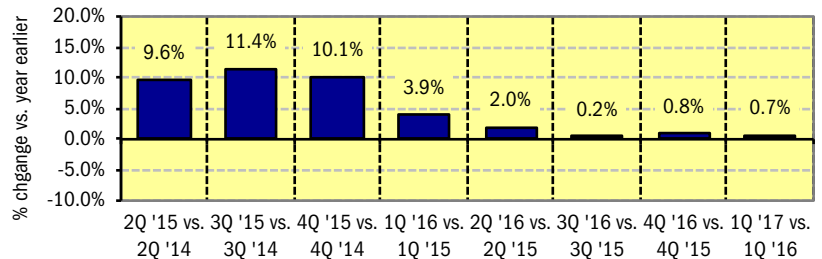
Hybrid and Electric Vehicle Market Share



Hybrid and Electric New Vehicle Registrations and Market Share					
	2013	2014	2015	2016	YTD 2017
Hybrid regs.(excl. plug ins)	116912	115544	118562	97341	22328
Hybrid share(excl. plug ins)	6.8%	6.3%	5.8%	4.7%	4.4%
Plug in hybrid regs.	20633	29949	27740	34818	10466
Plug in hybrid share	1.2%	1.6%	1.4%	1.7%	2.1%
Electric regs.	21912	29536	34477	40347	13804
Electric share	1.3%	1.6%	1.7%	1.9%	2.7%

Source: IHS Markit.

California Quarterly New Light Vehicle Registrations: Percent Change vs. Year Earlier



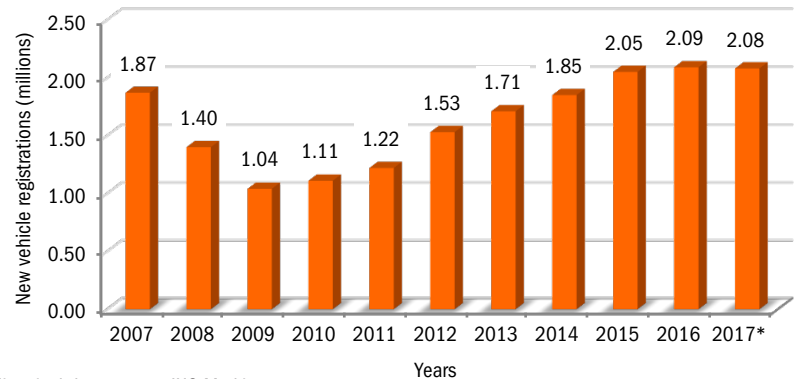
Source: IHS Markit

Year-to-Date Results in California and U.S. New Light Vehicle Markets

California and U.S. New Light Vehicle Registrations (includes retail and fleet transactions)						
YTD 2016 and 2017, thru March						
	California			U.S.		
	YTD '16	YTD '17	Change	YTD '16	YTD '17	Change
Registrations						
TOTAL	503,463	506,745	0.7%	4,203,371	4,146,556	-1.4%
Car	280,616	254,409	-9.3%	1,746,342	1,528,837	-12.5%
Light Truck	222,847	252,336	13.2%	2,457,029	2,617,719	6.5%
Detroit Three	143,565	145,729	1.5%	1,928,023	1,874,359	-2.8%
European	72,597	75,080	3.4%	353,403	365,384	3.4%
Japanese	247,942	246,200	-0.7%	1,592,892	1,598,982	0.4%
Korean	39,359	39,736	1.0%	329,053	307,831	-6.4%
Market Share						
Car	55.7	50.2	-5.5	41.5	36.9	-4.6
Light Truck	44.3	49.8	5.5	58.5	63.1	4.6
Detroit Three	28.5	28.8	0.3	45.9	45.2	-0.7
European	14.4	14.8	0.4	8.4	8.8	0.4
Japanese	49.2	48.6	-0.6	37.9	38.6	0.7
Korean	7.8	7.8	0.0	7.8	7.4	-0.4

Source: IHS Markit

California Annual New Light Vehicle Registrations - 2007 thru 2017



Historical data source: IHS Markit

*Forecast projections by Auto Outlook

MODEL SALES

Civic is Best-Selling Car in California; F-Series is Light Truck Leader

Top Selling Models in Each Segment - New Light Vehicle Registrations (YTD 2017 thru March)

Cars											
Subcompact			Compact			Sports/Pony Cars			Mid Size		
Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share
Nissan Versa	4496	17.4	Honda Civic	21141	21.1	Ford Mustang	3093	30.1	Honda Accord	16925	26.5
Kia Soul	3453	13.4	Toyota Corolla	14528	14.5	Chevrolet Camaro	2568	25.0	Toyota Camry	15500	24.3
Toyota Yaris	2798	10.9	Toyota Prius	10530	10.5	Dodge Challenger	2188	21.3	Ford Fusion	7016	11.0
Chevrolet Bolt	2735	10.6	Nissan Sentra	8866	8.9	Mazda MX5	617	6.0	Nissan Altima	5902	9.3
Fiat 500	2632	10.2	Hyundai Elantra	8287	8.3	Toyota 86	585	5.7	Kia Optima	5261	8.3
Large			Entry Luxury			Near Luxury			Luxury and High End Sports Cars		
Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share
Dodge Charger	2222	33.3	Audi A3	1974	31.8	Mercedes C-Class	4946	20.7	Tesla Model S	3130	17.6
Toyota Avalon	1058	15.9	Lexus Ct200H	1154	18.6	BMW 3-Series	3607	15.1	Mercedes E-Class	2950	16.6
Nissan Maxima	958	14.4	Mercedes CLA-Class	1018	16.4	Infiniti Q50	2214	9.2	BMW 5-Series	1992	11.2
Chrysler 300	895	13.4	BMW I3	899	14.5	Lexus ES	2114	8.8	Mercedes S-Class	971	5.5
Chevrolet Impala	591	8.9	BMW 2-Series	571	9.2	BMW 4-Series	2112	8.8	Audi A6	754	4.2
Light Trucks											
Compact/Mid Size Pickup			Full Size Pickup			Mini Van			Large Van		
Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share
Toyota Tacoma	8690	57.6	Ford F Series	13335	35.0	Toyota Sienna	4710	38.2	Ford Transit Connect Van	3831	42.8
Chevrolet Colorado	2653	17.6	Chevrolet Silverado	9945	26.1	Honda Odyssey	2905	23.5	Nissan NV	1189	13.3
Nissan Frontier /Xe	1825	12.1	Ram	7624	20.0	Chrysler Pacifica	1920	15.6	Mercedes Sprinter	1162	13.0
Honda Ridgeline	1101	7.3	GMC Sierra	3425	9.0	Dodge Caravan	1650	13.4	Chevrolet Express	969	10.8
GMC Canyon	735	4.9	Toyota Tundra	3034	8.0	Kia Sedona	764	6.2	Ram Promaster	870	9.7
Subcompact SUV			Compact SUV			Mid Size SUV			Large SUV		
Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share
Honda HR-V	3274	33.1	Toyota RAV4	10930	16.4	Ford Explorer	6650	13.8	Chevrolet Tahoe	2113	29.7
Jeep Renegade	2217	22.4	Honda CR-V	10822	16.2	Toyota Highlander	5573	11.6	Chevrolet Suburban	1001	14.1
Buick Encore	1029	10.4	Nissan Rogue	9815	14.7	Subaru Outback	5507	11.5	Ford Flex	829	11.7
Chevrolet Trax	911	9.2	Subaru Forester	4836	7.2	Jeep Grand Cherokee	4511	9.4	Ford Expedition	816	11.5
Kia Niro	888	9.0	Mazda CX-5	4156	6.2	Honda Pilot	3409	7.1	GMC Yukon	739	10.4
Luxury Subcompact SUV			Luxury Compact SUV			Luxury Mid Size SUV			Luxury Large SUV		
Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share
BMW X1	1453	32.3	Lexus NX	2953	18.1	Lexus RX	4481	21.7	Mercedes GLS/GL-Class	1349	29.8
Mercedes GLA-Class	1315	29.2	Audi Q5	2294	14.1	Mercedes GLE/M-Class	2479	12.0	Land Rover Range Rover	1224	27.0
Infiniti QX30	954	21.2	BMW X3	2206	13.5	BMW X5	2176	10.5	Cadillac Escalade	978	21.6
Audi Q3	776	17.3	Mercedes GLC/GLK-Class	1941	11.9	Acura MDX	1768	8.6	Mercedes G-Class	280	6.2
			Acura RDX	1786	11.0	Tesla Model X	1619	7.8	Infiniti QX80/QX56	253	5.6

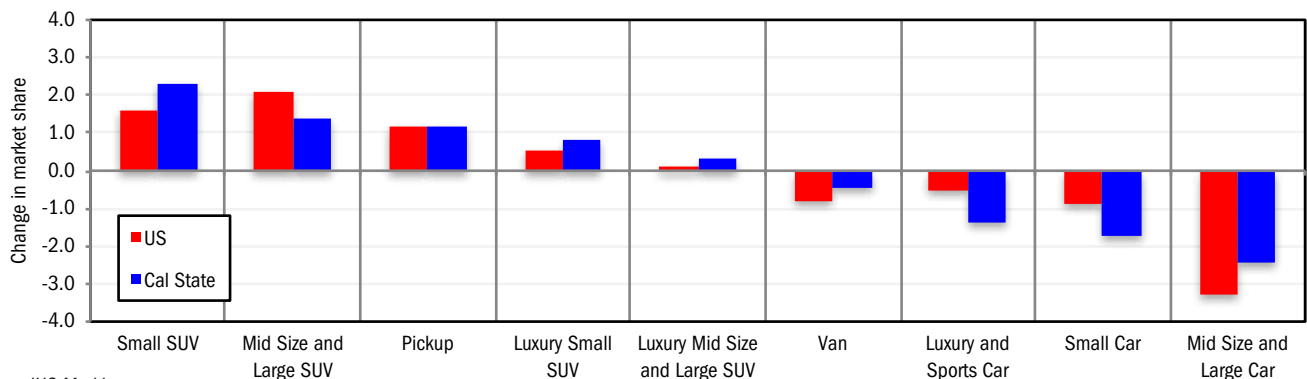
Note: Prius includes c, v, and plug in.

Source: IHS Markit.

SEGMENTS

Small SUV Segment Has Biggest Market Share Gain in California

Change in California and U.S. Segment Market Shares - YTD 2017 thru March vs. YTD 2016



Source: IHS Markit

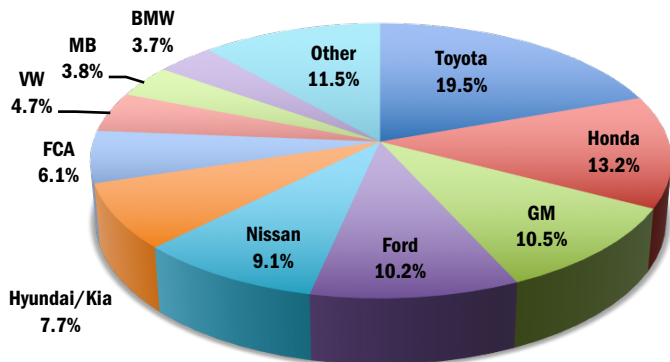
BRAND SCOREBOARD

Detailed Results for All Brands in California Market

California New Car and Light Truck Registrations											
	First Quarter 2016 and 2017				Annual Totals				1st Qtr. Market Share		
	California			U.S.	California			U.S.	California		
	1Q '16	1Q '17	% chg.	% chg.	2015	2016	% chg.	% chg.	1Q '16	1Q '17	Chg.
Acura	5,992	5,223	-12.8%	-13.6%	27,968	25,296	-9.6%	-8.9%	1.2	1.0	-0.2
Audi	8,492	9,604	13.1%	12.3%	37,692	41,985	11.4%	6.5%	1.7	1.9	0.2
BMW	18,021	16,613	-7.8%	-8.6%	82,519	79,217	-4.0%	-3.2%	3.6	3.3	-0.3
Buick	3,796	2,226	-41.4%	-6.3%	9,095	11,292	24.2%	2.2%	0.8	0.4	-0.4
Cadillac	2,972	2,867	-3.5%	-0.4%	12,602	13,591	7.8%	3.7%	0.6	0.6	0.0
Chevrolet	34,686	39,366	13.5%	0.0%	146,304	156,549	7.0%	-0.2%	6.9	7.8	0.9
Chrysler	3,991	3,421	-14.3%	-31.4%	16,744	11,952	-28.6%	-26.4%	0.8	0.7	-0.1
Dodge	11,644	9,538	-18.1%	-8.4%	38,437	39,232	2.1%	-2.0%	2.3	1.9	-0.4
FIAT	2,425	3,092	27.5%	-20.7%	11,362	10,088	-11.2%	-17.1%	0.5	0.6	0.1
Ford	51,224	49,788	-2.8%	-3.8%	203,176	198,870	-2.1%	-0.6%	10.2	9.8	-0.4
GMC	7,786	8,395	7.8%	10.9%	34,579	35,831	3.6%	-0.3%	1.5	1.7	0.2
Honda	58,089	62,015	6.8%	5.8%	240,566	262,499	9.1%	4.9%	11.5	12.2	0.7
Hyundai	20,544	20,808	1.3%	-5.0%	80,698	78,485	-2.7%	-0.6%	4.1	4.1	0.0
Infiniti	5,262	6,445	22.5%	28.2%	20,143	21,267	5.6%	6.1%	1.0	1.3	0.3
Jaguar	782	1,960	150.6%	148.9%	2,662	5,670	113.0%	108.7%	0.2	0.4	0.2
Jeep	14,678	14,926	1.7%	-10.2%	58,612	57,343	-2.2%	8.5%	2.9	2.9	0.0
Kia	18,815	18,183	-3.4%	-11.1%	75,652	77,613	2.6%	3.2%	3.7	3.6	-0.1
Land Rover	3,675	3,571	-2.8%	-3.7%	12,148	14,066	15.8%	7.3%	0.7	0.7	0.0
Lexus	18,275	14,558	-20.3%	-16.6%	73,642	72,575	-1.4%	-2.9%	3.6	2.9	-0.7
Lincoln	2,038	1,891	-7.2%	9.7%	6,886	7,501	8.9%	11.3%	0.4	0.4	0.0
Mazda	11,710	13,166	12.4%	3.7%	51,670	51,870	0.4%	-6.7%	2.3	2.6	0.3
Mercedes	18,838	19,501	3.5%	1.5%	83,642	85,020	1.6%	2.8%	3.7	3.8	0.1
MINI	2,644	2,270	-14.1%	-11.8%	13,718	11,468	-16.4%	-6.5%	0.5	0.4	-0.1
Mitsubishi	2,148	2,394	11.5%	11.9%	8,769	7,405	-15.6%	3.1%	0.4	0.5	0.1
Nissan	44,327	39,755	-10.3%	0.1%	161,023	167,075	3.8%	7.4%	8.8	7.8	-1.0
Other	1,692	2,812	66.2%	100.1%	9,692	8,862	-8.6%	10.1%	0.3	0.6	0.3
Porsche	2,972	3,123	5.1%	10.2%	12,034	12,575	4.5%	2.8%	0.6	0.6	0.0
Ram	7,723	8,494	10.0%	7.8%	30,747	34,853	13.4%	10.8%	1.5	1.7	0.2
Subaru	15,417	18,388	19.3%	10.9%	61,492	65,838	7.1%	5.4%	3.1	3.6	0.5
Tesla	2,937	4,749	61.7%	72.3%	10,776	17,615	63.5%	60.6%	0.6	0.9	0.3
Toyota	86,577	84,161	-2.8%	-4.7%	357,361	346,249	-3.1%	-0.6%	17.2	16.6	-0.6
Volkswagen	11,149	11,374	2.0%	11.2%	54,774	49,687	-9.3%	-9.1%	2.2	2.2	0.0
Volvo	2,142	2,068	-3.5%	-7.2%	6,512	9,232	41.8%	25.9%	0.4	0.4	0.0

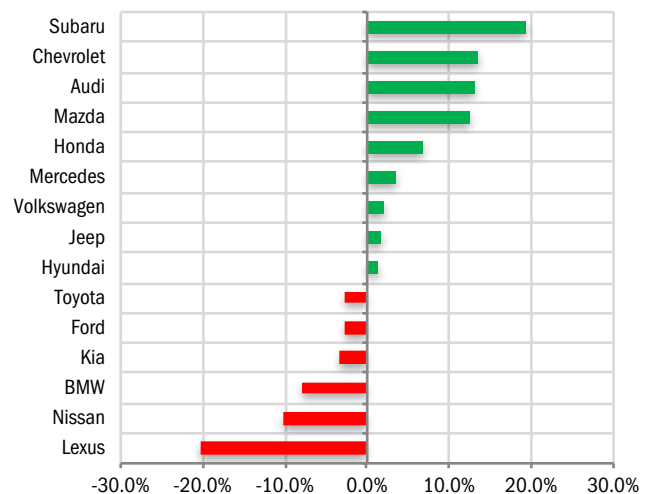
Source: IHS Markit

**Manufacturer Share of California New Vehicle Market
YTD 2017 thru March**



Source: IHS Markit

**Percent Change in New Light Vehicle Registrations
YTD 2017 thru March vs. YTD 2016 (Top 15 selling brands)**



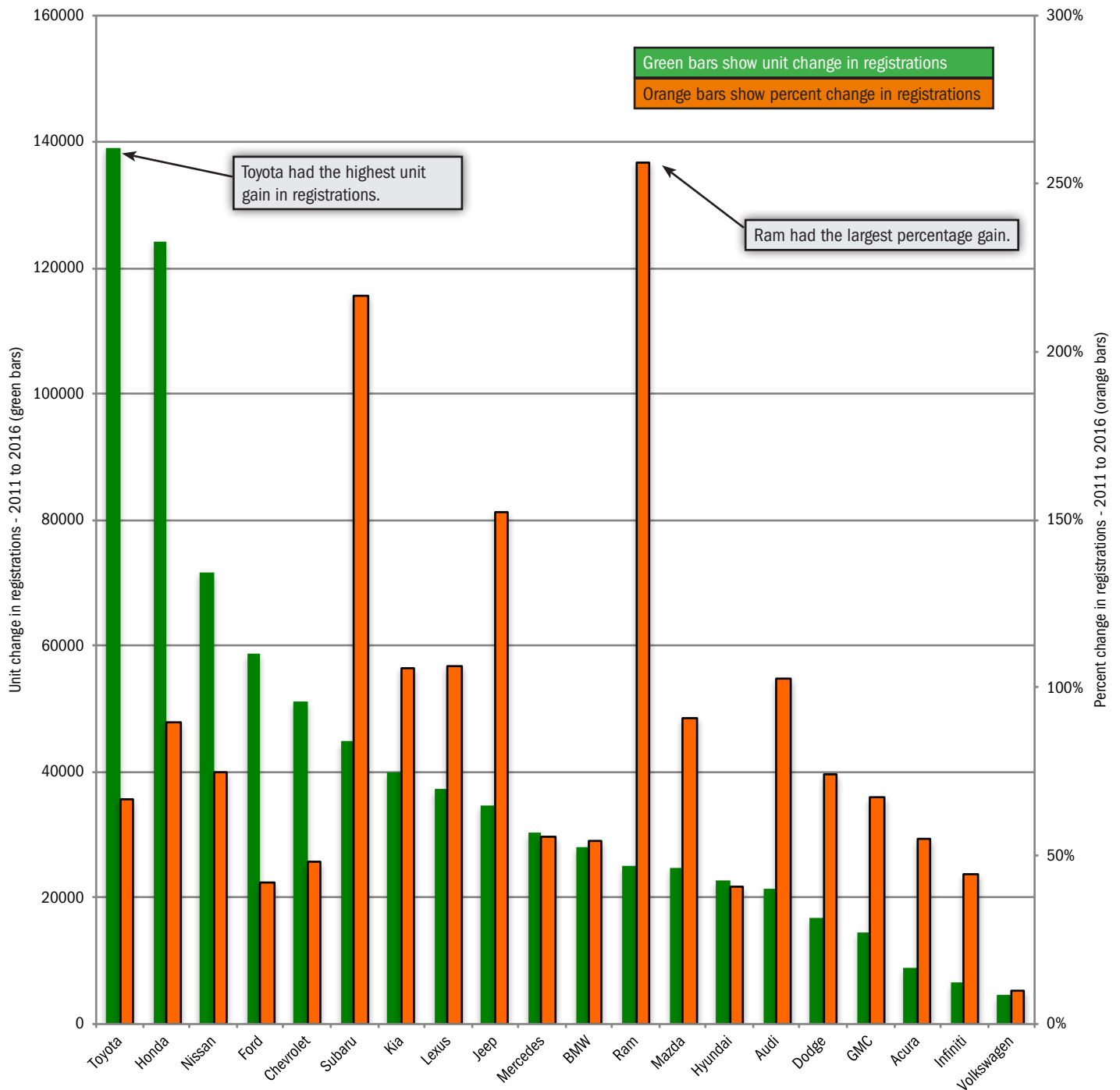
Source: IHS Markit

FIVE YEAR TREND

Toyota, Honda, Nissan, Ford, Chevrolet, and Subaru Had Big Gains During Past Five Years

The graph below provides a balanced appraisal of brand sales performance in the California market during the past five years. It shows both the **unit** change in registrations between 2011 and 2016 (green bars) and the **percent** change (orange bars) for the top 20 selling brands in 2016. Viewing both indicators on the same graph makes it easy to identify brands that have posted significant and consistent gains during the past five years. Toyota, Honda, Nissan, Ford, Chevrolet, and Subaru had the largest unit gains. Registrations for each of the six brands were up by more than 45,000 units. Ram, Subaru, Jeep, Lexus, Kia, Audi, Mazda, and Honda had the largest percentage gains. Each of the 20 brands had an increase in registrations during the five year period.

**Five Year Unit and Percent Change in State New Light Vehicle Registrations (Top 20 Brands in 2016)
2016 vs. 2011**



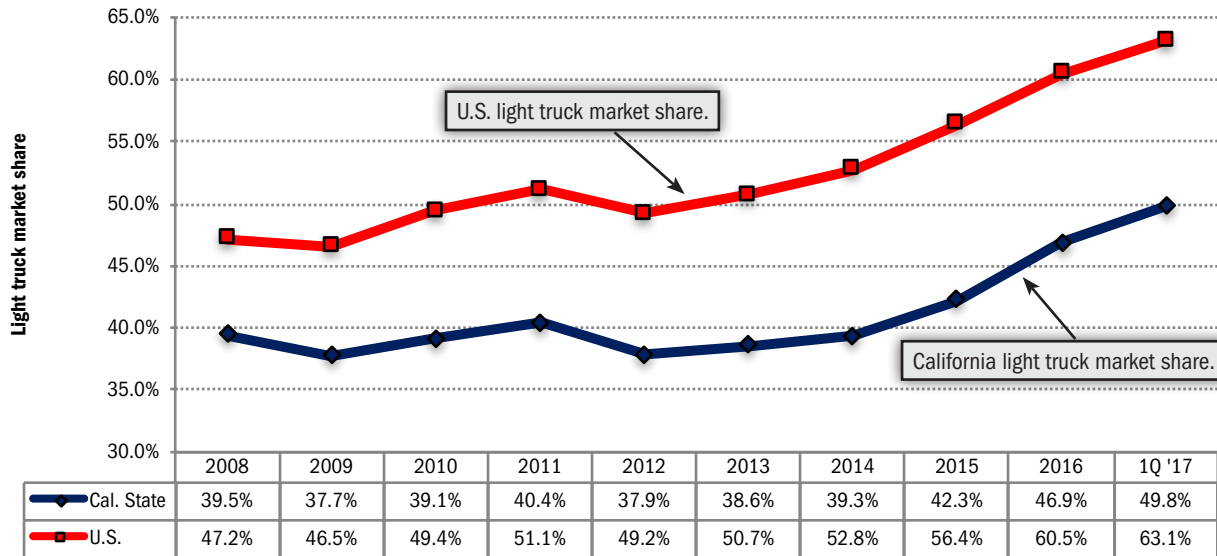
Source: IHS Markit.

LIGHT TRUCK MARKET SHARE

Light Truck Share in California Moves Higher; Still Well Below U.S. Levels

The graph below shows light truck market share in both California and the U.S. Lower fuel prices and increasing consumer preferences for SUVs has led to surging light truck sales. Between 2012 and the First Quarter of this year, light truck share increased by 11.9 points in California and 13.9 points in the Nation. As clearly shown on the graph, light truck share in California has remained well below U.S. levels.

California and U.S. Light Truck Share of Overall Light Vehicle Market - 2008 thru 2016, and First Quarter 2017



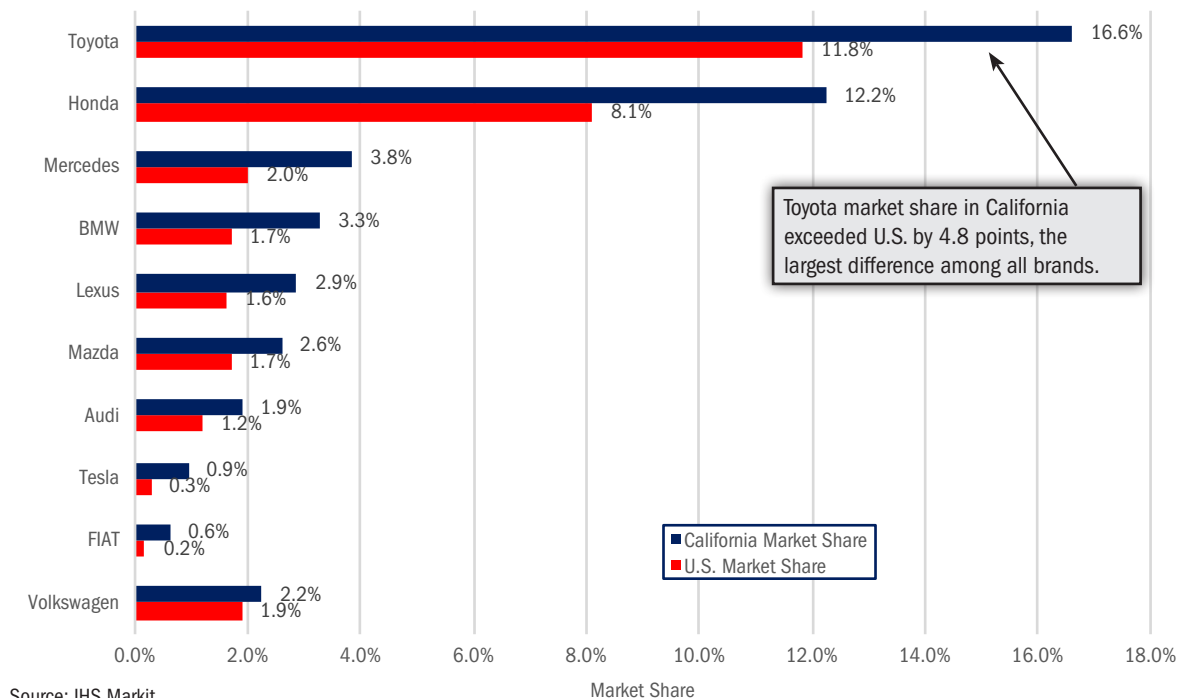
Source: IHS Markit.

TOP PERFORMING BRANDS IN CALIFORNIA

Toyota and Honda California Market Shares Are Well Above U.S.

The graph on the right shows California and U.S. new vehicle market shares for the First Quarter of this year. The brands are positioned on the graph from top to bottom based on California share minus U.S. The top 10 brands for this criteria are shown. The difference between California and U.S. shares was greatest for Toyota, which accounted for 16.6 percent of the California market versus 11.8 percent in the nation, a 4.8 point difference. Honda's statewide share was 4.1 points higher than in the U.S. (12.2 percent versus 8.1 percent). Other brands with significantly higher California market shares were Mercedes, BMW, Lexus, Mazda, and Audi.

California and U.S. Market Shares - First Quarter 2017
Top 10 brands based on California market share minus U.S.



Source: IHS Markit.

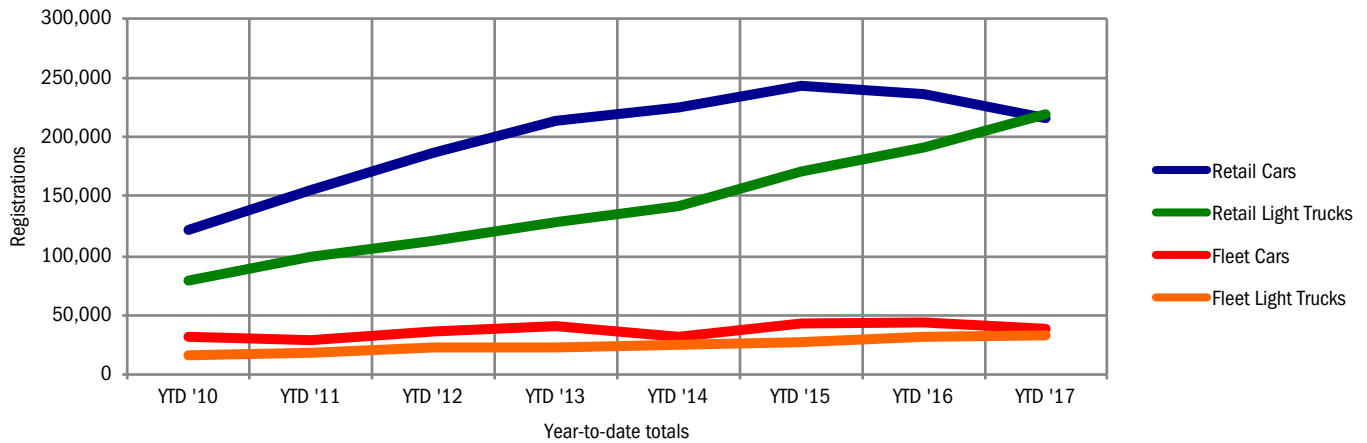
RETAIL MARKET RECAP

New Retail Market Improved in First Quarter 2017; Retail Light Truck Share Exceeds 50 Percent

New retail light vehicle registrations in California increased 1.6 percent during the first three months of this year versus a year earlier, while fleet registrations declined. The retail light truck market was larger than the retail car market.

The table below summarizes new retail light vehicle market results during the First Quarters of 2016 and 2017. (Note: the information presented includes retail registrations only, and excludes fleet transactions.) The Southern California retail market was essentially unchanged, while Northern California was up 5.1 percent.

California New Car and Light Truck Retail and Fleet Registrations - YTD thru March, 2010 thru 2017



Source: IHS Markit

New Retail Light Vehicle Registrations (excluding fleets) - Year to date thru March							
Northern and Southern California				Selected Regional Markets			
	YTD 2016	YTD 2017	Percent Change		YTD 2016	YTD 2017	Percent Change
Statewide Total	427,799	434,655	1.6%	San Francisco Bay	80,047	83,813	4.7%
Cars	236,749	215,301	-9.1%	Cars	42,648	41,083	-3.7%
Light Trucks	191,050	219,354	14.8%	Light Trucks	37,399	42,730	14.3%
Northern California	139,910	147,054	5.1%	LA and Orange Counties	173,465	171,606	-1.1%
Cars	70,622	67,220	-4.8%	Cars	103,856	91,932	-11.5%
Light Trucks	69,288	79,834	15.2%	Light Trucks	69,609	79,674	14.5%
Southern California	287,889	287,601	-0.1%	San Diego County	38,325	38,409	0.2%
Cars	166,127	148,081	-10.9%	Cars	20,406	17,997	-11.8%
Light Trucks	121,762	139,520	14.6%	Light Trucks	17,919	20,412	13.9%

Source: IHS Markit

California Auto Outlook

Published by:
 Auto Outlook, Inc.
 PO Box 390 Exton, PA 19341
 Phone 800-206-0102 Email: jfoltz@autooutlook.com

Any material quoted must be attributed to California Auto Outlook, published by Auto Outlook, Inc. on behalf of the California New Car Dealers Association. Data source must also be shown as "Data Source: IHS Markit." Unforeseen events may affect the forecast projections presented. Consequently, Auto Outlook, Inc. is not responsible for management decisions based on the content of Auto Outlook.

Copyright: Auto Outlook, Inc. May, 2017