

California Auto Outlook™

Comprehensive information on the California vehicle market

Volume 14, Number 4

Released November 2018

Covering Third Quarter 2018

Publication Sponsored By:

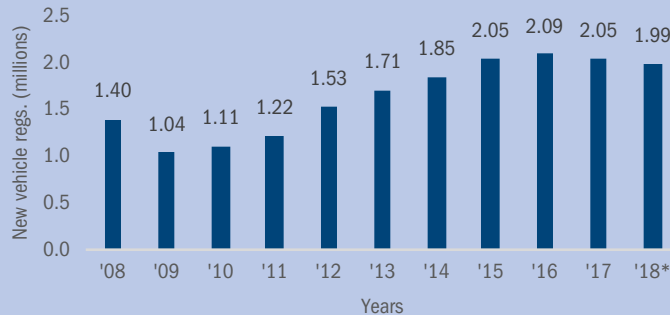


New Vehicle Registrations in State To Approach 2 million Unit Mark in 2018

ANNUAL TRENDS



California Annual New Light Vehicle Registrations - 2008 thru 2018



Historical data source: IHS

*2018 forecast by Auto Outlook.

New vehicle registrations in California are projected to slip below the 2 million unit mark in 2018.

Despite the decline, new vehicle sales in the state will remain at elevated levels.

New vehicle registrations this year will hit the fourth highest total during the past 11 years and are likely to exceed 2009 levels by over 900,000 units.

California and U.S. Total New Light Vehicle Registrations - YTD thru September

TWO YEAR PERSPECTIVE



	California			U.S.		
	YTD '17	YTD '18	Change	YTD '17	YTD '18	Change
Registrations						
TOTAL	1,545,338	1,504,158	-2.7%	12,850,041	12,849,704	0.0%
Car	765,046	683,677	-10.6%	4,703,376	4,081,743	-13.2%
Light Truck	780,292	820,481	5.2%	8,146,665	8,767,961	7.6%
Domestic	435,353	456,271	4.8%	5,679,118	5,707,298	0.5%
European	230,089	226,372	-1.6%	1,143,253	1,174,165	2.7%
Japanese	767,037	723,419	-5.7%	5,050,325	5,013,347	-0.7%
Korean	112,859	98,096	-13.1%	977,345	954,894	-2.3%
Market Share						
Car	49.5	45.5	-4.0	36.6	31.8	-4.8
Light Truck	50.5	54.5	4.0	63.4	68.2	4.8
Domestic	28.2	30.3	2.1	44.2	44.4	0.2
European	14.9	15.0	0.1	8.9	9.1	0.2
Japanese	49.6	48.1	-1.5	39.3	39.0	-0.3
Korean	7.3	6.5	-0.8	7.6	7.4	-0.2

Source: IHS

California new light vehicle market declined 2.7 percent during the first nine months of this year, while the U.S. market was essentially unchanged.

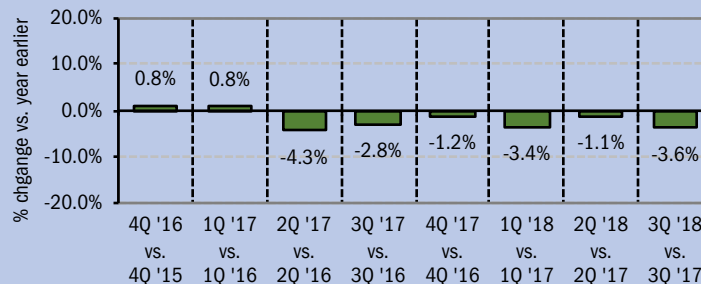
Light truck registrations in the state increased 5.2 percent, while passenger cars fell 10.6 percent.

Light truck market share in California was 54.5 percent vs. 68.2 percent in the Nation.

QUARTERLY RESULTS



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



Source: IHS

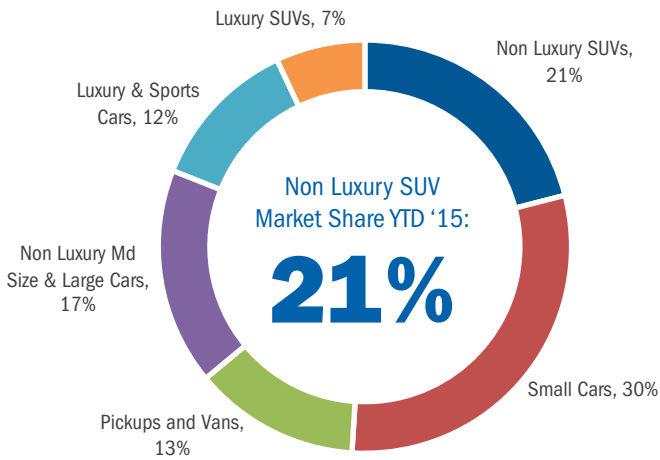
The California new vehicle market declined for the sixth consecutive quarter in 3Q 2018 versus a year earlier.

As shown on the graph, the market is posting mild declines, following several years of big increases.

THREE YEAR SEGMENT MARKET SHARE TRENDS

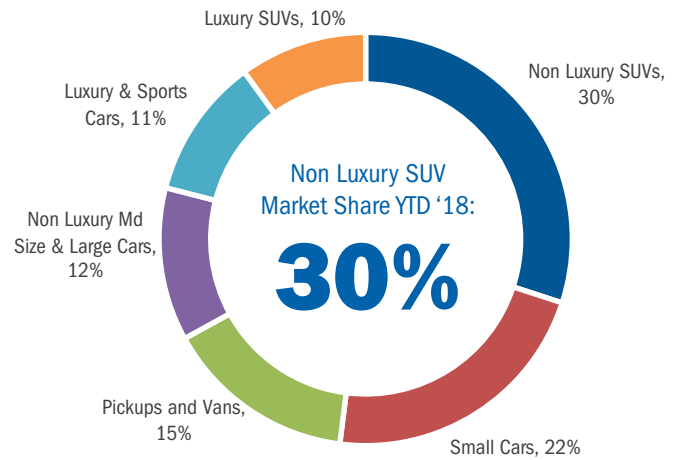
Non Luxury SUV Market Share Rises to 30 Percent

**Segment Market Shares in California
YTD '15 thru September**



Source: IHS.

**Segment Market Shares in California
YTD '18 thru September**



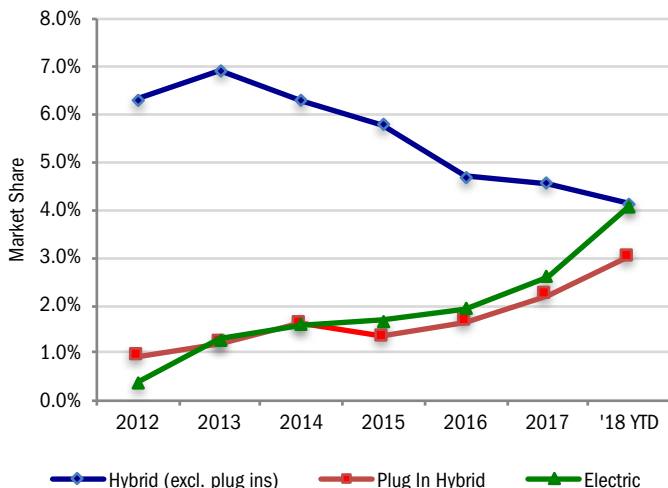
Source: IHS.

The two graphs above show market shares for primary segments during the first nine months of 2015 and 2018.

HYBRID AND ELECTRIC VEHICLES

Electric Vehicle Market Share Exceeded 4 Percent During First Nine Months of 2018

Hybrid and Electric Vehicle Market Share



Hybrid/electric vehicle market share, YTD '18 (thru Sept.):

11.2 percent

Hybrid and Electric New Vehicle Registrations and Market Share					YTD
	2014	2015	2016	2017	2018
Hybrid regs.(excl. plug ins)	116217	118981	98083	93338	62189
Hybrid share(excl. plug ins)	6.3%	5.8%	4.7%	4.6%	4.1%
Plug in hybrid regs.	29949	27740	34727	45040	45537
Plug in hybrid share	1.6%	1.4%	1.7%	2.2%	3.0%
Electric regs.	29536	34477	40347	53500	61386
Electric share	1.6%	1.7%	1.9%	2.6%	4.1%

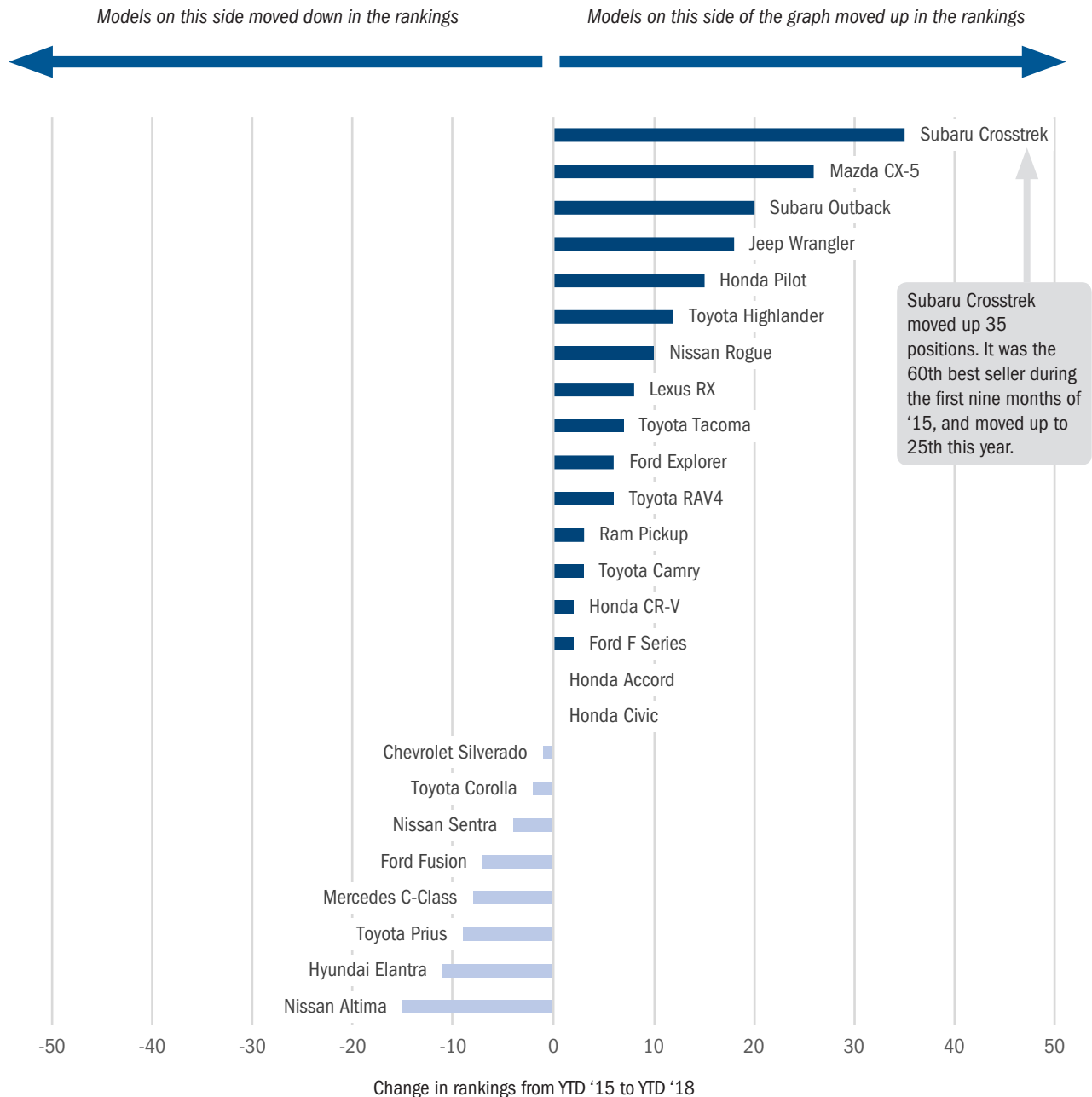
Source: IHS

MODEL RANKINGS

Subaru Crosstrek and Mazda CX-5 Move Up in Rankings

The graph below shows the change in rankings during the first nine months of 2015 to the same period this year for the top 25 selling models in the California market. Models are positioned on the graph from top to bottom based on the change in rankings. The biggest gainer was the Subaru Crosstrek. Other big winners were Mazda CX-5, Subaru Outback, and Jeep Wrangler. Note: Tesla Model 3 was excluded since it was not on the market in 2015.

Change in Rankings for Top 25 Selling Models - YTD '15 thru September to YTD '18



Source: IHS.

BRAND REGISTRATIONS

Detailed Results for All Brands in California Market

California New Car and Light Truck Registrations											
	Third Quarter 2017 and 2018				YTD thru September				YTD Market Share		
	California			U.S.	California			U.S.	California		
	3Q '17	3Q '18	% chg.	% chg.	YTD '17	YTD '18	% chg.	% chg.	YTD '17	YTD '18	Chg.
TOTAL	518,042	499,538	-3.6%	-0.8%	1,545,338	1,504,158	-2.7%	0.0%			
Acura	6,371	6,244	-2.0%	2.7%	17,939	16,952	-5.5%	0.1%	1.2	1.1	-0.1
Alfa Romeo	703	1,305	85.6%	86.3%	1,276	3,863	202.7%	170.6%	0.1	0.3	0.2
Audi	11,047	11,117	0.6%	4.1%	31,602	31,722	0.4%	2.3%	2.0	2.1	0.1
BMW	17,466	15,778	-9.7%	-1.3%	50,975	50,221	-1.5%	-1.5%	3.3	3.3	0.0
Buick	2,036	1,885	-7.4%	-10.1%	6,374	6,321	-0.8%	-6.0%	0.4	0.4	0.0
Cadillac	2,897	2,653	-8.4%	-8.8%	8,582	8,008	-6.7%	-2.6%	0.6	0.5	-0.1
Chevrolet	42,316	37,241	-12.0%	-9.5%	120,259	117,377	-2.4%	-1.7%	7.8	7.8	0.0
Chrysler	2,822	2,855	1.2%	-2.8%	9,887	11,078	12.0%	-10.5%	0.6	0.7	0.1
Dodge	7,495	7,624	1.7%	6.5%	25,810	26,204	1.5%	-3.0%	1.7	1.7	0.0
FIAT	1,625	915	-43.7%	-37.1%	6,790	2,146	-68.4%	-40.7%	0.4	0.1	-0.3
Ford	46,761	44,388	-5.1%	-0.8%	149,032	134,553	-9.7%	-2.7%	9.6	8.9	-0.7
Genesis	863	369	-57.2%	-53.9%	2,269	1,906	-16.0%	-24.6%	0.1	0.1	0.0
GMC	8,938	7,991	-10.6%	-9.3%	25,624	24,271	-5.3%	-2.4%	1.7	1.6	-0.1
Honda	73,017	63,020	-13.7%	-4.3%	204,099	189,075	-7.4%	-1.9%	13.2	12.6	-0.6
Hyundai	15,244	15,409	1.1%	4.6%	55,973	45,682	-18.4%	-1.8%	3.6	3.0	-0.6
Infiniti	4,976	4,096	-17.7%	-4.8%	16,409	13,658	-16.8%	-7.3%	1.1	0.9	-0.2
Jaguar	1,852	1,124	-39.3%	-31.0%	6,158	3,928	-36.2%	-24.4%	0.4	0.3	-0.1
Jeep	13,973	16,767	20.0%	20.9%	43,271	50,517	16.7%	17.8%	2.8	3.4	0.6
Kia	18,150	16,363	-9.8%	-3.0%	54,617	50,508	-7.5%	-2.1%	3.5	3.4	-0.1
Land Rover	3,898	4,174	7.1%	10.6%	11,087	12,938	16.7%	22.6%	0.7	0.9	0.2
Lexus	18,140	16,606	-8.5%	-7.9%	48,660	45,456	-6.6%	-4.1%	3.1	3.0	-0.1
Lincoln	1,562	1,766	13.1%	-2.9%	5,281	5,140	-2.7%	-8.9%	0.3	0.3	0.0
Maserati	809	572	-29.3%	-12.8%	2,453	1,808	-26.3%	-11.4%	0.2	0.1	-0.1
Mazda	12,801	11,771	-8.0%	-6.7%	37,903	35,734	-5.7%	6.3%	2.5	2.4	-0.1
Mercedes	19,101	18,431	-3.5%	-9.0%	58,153	57,994	-0.3%	-5.3%	3.8	3.9	0.1
MINI	2,750	2,015	-26.7%	-7.7%	7,806	6,856	-12.2%	-5.7%	0.5	0.5	0.0
Mitsubishi	1,669	1,875	12.3%	15.3%	5,791	6,521	12.6%	19.7%	0.4	0.4	0.0
Nissan	32,606	27,157	-16.7%	-6.3%	112,804	99,654	-11.7%	-3.4%	7.3	6.6	-0.7
Other	936	860	-8.1%	-4.8%	2,955	2,708	-8.4%	-14.8%	0.2	0.2	0.0
Porsche	3,191	2,953	-7.5%	-8.6%	9,744	9,868	1.3%	-2.9%	0.6	0.7	0.1
Ram	9,475	10,297	8.7%	13.7%	27,376	28,084	2.6%	-3.2%	1.8	1.9	0.1
Subaru	19,149	20,375	6.4%	6.0%	55,693	58,502	5.0%	4.5%	3.6	3.9	0.3
Tesla	4,562	22,758	398.9%	371.1%	13,595	44,386	226.5%	188.6%	0.9	3.0	2.1
Toyota	93,516	86,908	-7.1%	-3.6%	267,520	257,683	-3.7%	-0.7%	17.3	17.1	-0.2
Volkswagen	12,764	10,747	-15.8%	3.0%	35,295	33,609	-4.8%	9.9%	2.3	2.2	-0.1
Volvo	2,561	3,129	22.2%	17.1%	6,276	9,227	47.0%	32.5%	0.4	0.6	0.2

The table above shows new retail light vehicle (car and light truck) registrations in California. Figures are shown for the Third Quarters of 2017 and 2018, and year to date totals. The top ten ranked brands in each category are shaded yellow. 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

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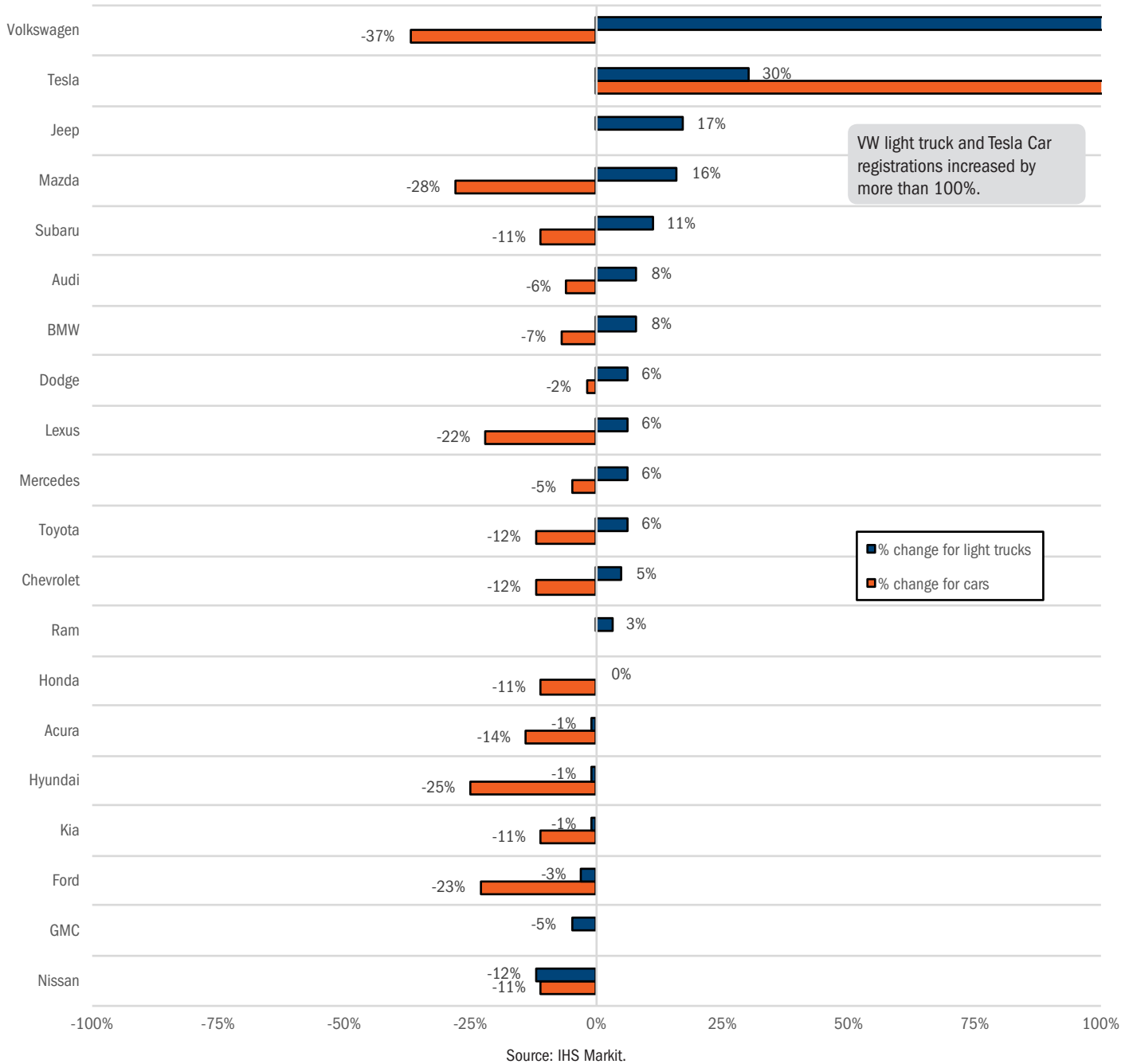
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BRAND SUMMARY

Light Truck Registrations Increase for 13 of Top 20 Brands

The graph below shows the percent change in new retail car and light truck registrations during the first nine months of 2018 versus the same period in 2017 for the top 20 selling brands in the state. Brands are positioned from top to bottom based on the change in light truck registrations.

**Percent Change in New Car and Light Truck Registrations for Top 20 Selling Brands
YTD 2018 thru September versus YTD 2017**



Passenger car registrations declined for 16 of the 17 brands that sell cars

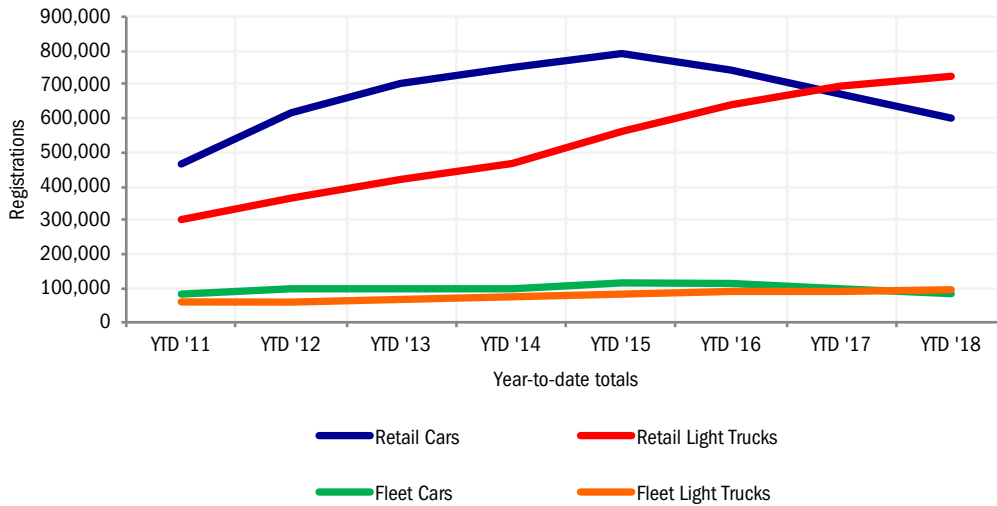


Light truck registrations increased for 13 of the top 20 brands

BREAKDOWN OF RETAIL AND FLEET MARKETS

Retail Car Registrations Continue to Decline

California New Car and Light Truck Retail and Fleet Registrations - 2011 thru 2018, YTD thru Sept.



Data Source: IHS Markit.

**PERCENT CHANGE:
YTD '18 VS. YTD '17**

Retail cars: **DOWN 10.5%**

Retail light trucks: **UP 5.6%**

Fleet cars: **DOWN 11.6%**

Fleet light trucks: **UP 9.3%**

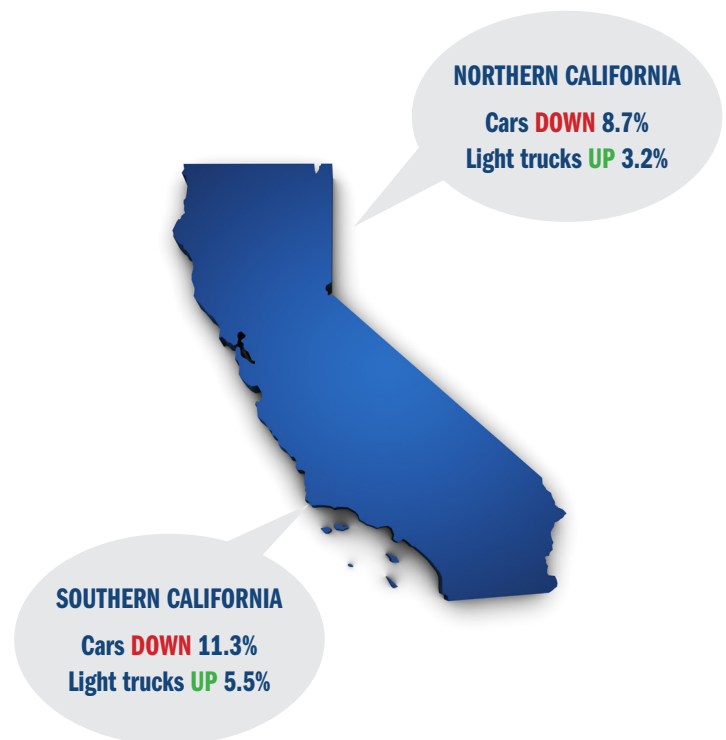
REGIONAL MARKETS IN CALIFORNIA

San Francisco Bay Market Has Small Decline During First Nine Months of 2018

New Retail Light Vehicle Registrations (excluding fleets) YTD Sept.			
North and South California	YTD '17	YTD '18	% chg.
Statewide Total	1,362,376	1,324,112	-2.8%
Cars	669,725	599,383	-10.5%
Light Trucks	692,651	724,729	4.6%
Northern California	465,327	454,810	-2.3%
Cars	212,831	194,312	-8.7%
Light Trucks	252,496	260,498	3.2%
Southern California	897,049	869,302	-3.1%
Cars	456,894	405,071	-11.3%
Light Trucks	440,155	464,231	5.5%
Selected Regional Markets			
San Francisco Bay	263,388	259,485	-1.5%
Cars	128,352	119,268	-7.1%
Light Trucks	135,036	140,217	3.8%
LA and Orange Counties	534,462	520,450	-2.6%
Cars	283,297	251,924	-11.1%
Light Trucks	251,165	268,526	6.9%
San Diego County	117,853	112,436	-4.6%
Cars	54,731	48,222	-11.9%
Light Trucks	63,122	64,214	1.7%

Data Source: IHS Markit.

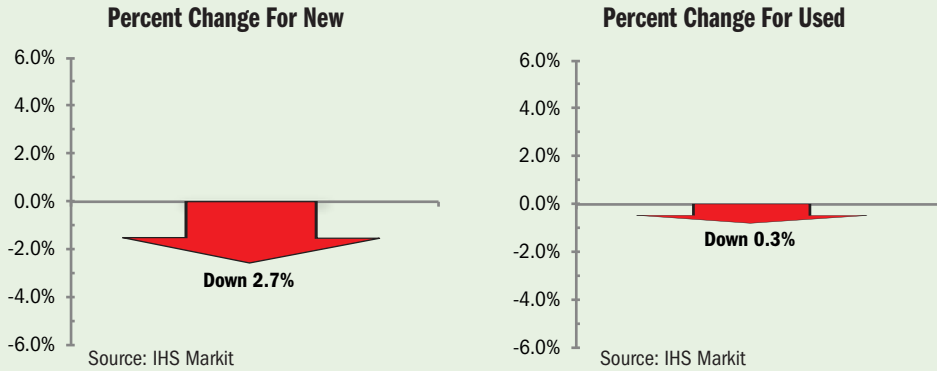
Percent Change in New Retail Registrations - YTD '18 (Sept.) vs. '17



TRACKING THE CALIFORNIA USED VEHICLE MARKET

Used Vehicle Market Off By Less Than One Percent in 2018

Comparison of California New and Used Vehicle Markets - Percent change in registrations (YTD '18 thru September vs. YTD '17)



5 KEY TRENDS IN USED MARKET



01. Used light vehicle registrations in the state fell by 0.3 percent during first nine months of '18.
02. Used light truck registrations were up 1.5 percent. Cars declined by 1.5 percent.
03. Registrations for 6 year old or newer vehicles were up 5.6 percent so far this year.
04. Honda Civic was the best-seller (only includes vehicles 6 year old or newer).
05. Toyota was the brand leader in the six year old or newer market. Ford was second.

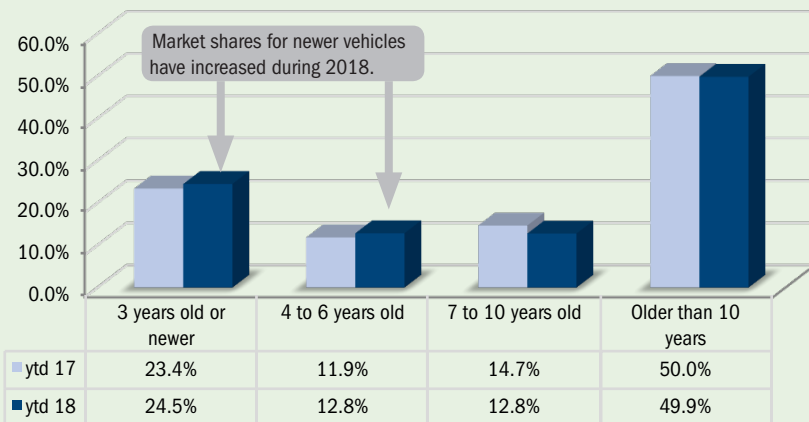
California Used Light Vehicle Registrations - Year-to-date thru September					
	Registrations		% Change '17 TO '18	Market Share	
	YTD '17	YTD '18		YTD '17	YTD '18
TOTAL	2,897,228	2,888,943	-0.3%		
Cars	1,716,976	1,691,533	-1.5%	59.3%	58.6%
Light Trucks	1,180,252	1,197,410	1.5%	40.7%	41.4%
Domestic	1,057,588	1,019,290	-3.6%	36.5%	35.3%
European	387,966	405,515	4.5%	13.4%	14.0%
Japanese	1,321,393	1,327,886	0.5%	45.6%	46.0%
Korean	130,281	136,252	4.6%	4.5%	4.7%

Source: IHS Markit

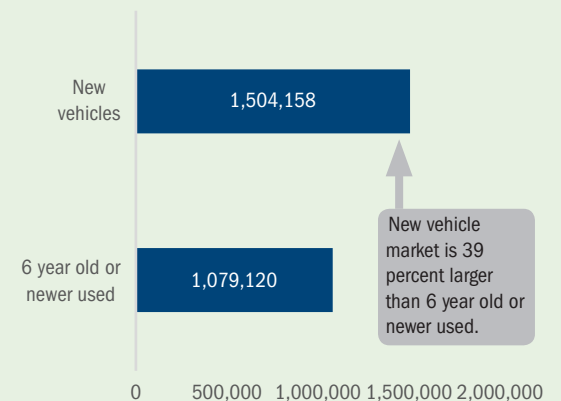
ANALYSIS OF USED VEHICLE REGISTRATIONS BY VEHICLE AGE

Six Year Old or Newer Vehicles Account for 37.3 Percent of Used Vehicle Market

Used Vehicle Market Share by Age of Vehicle YTD '17 and YTD '18 thru September



6 Year Old or Newer Used and New Vehicle Registrations YTD 2018 thru September



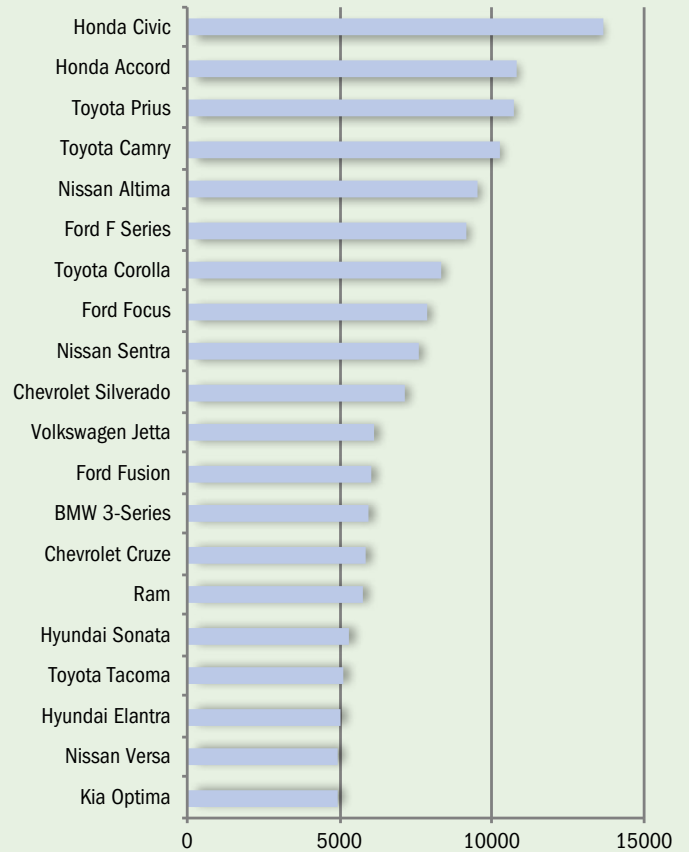
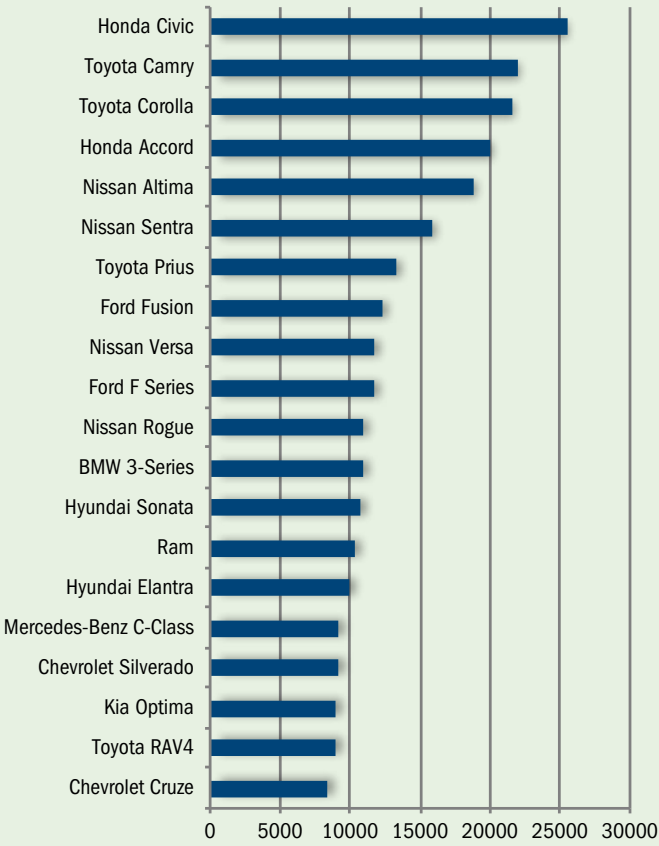
Data Source: IHS Markit.

TOP SELLING USED VEHICLES

Honda Civic is Best-Seller in Used Vehicle Market

Top 25 Selling Models (3 years old or newer) YTD '18 thru Sept.

Top 25 Selling Models (4 to 6 years old) YTD '18 thru Sept.

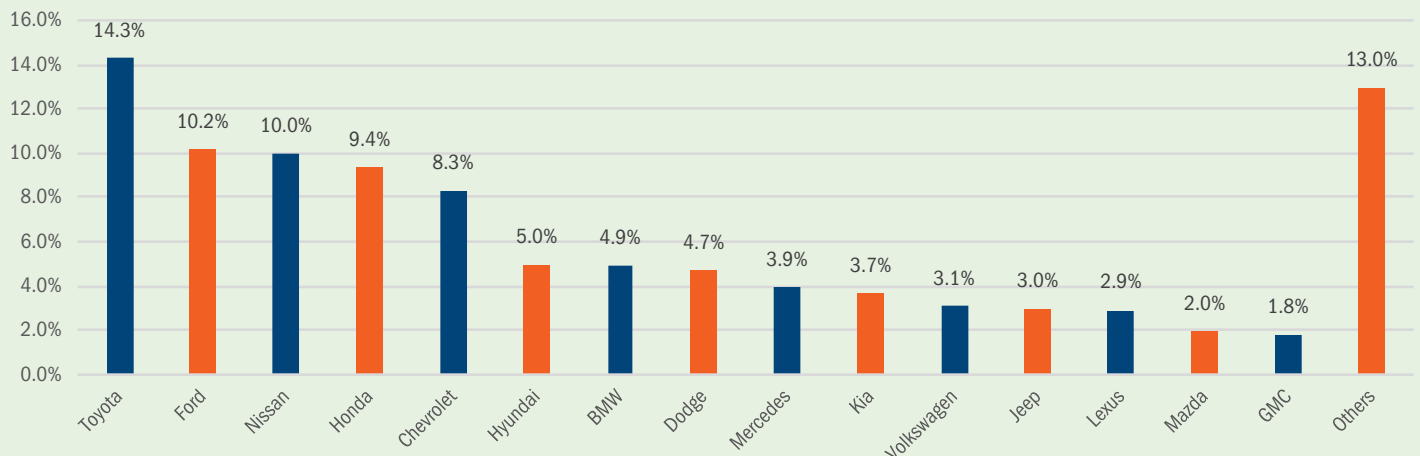


Data Source: IHS Markit.

TOP SELLING BRANDS

Toyota, Ford, Nissan, and Honda Lead the Six Year Old or Newer Used Vehicle Market

Top 15 Selling Brands in California Used Vehicle Market (vehicles 6 years old or newer) YTD '18 thru September



Data Source: IHS Markit.