

California Auto Outlook™

Comprehensive information on the California vehicle market

Volume 14, Number 2

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Covering First Quarter 2018

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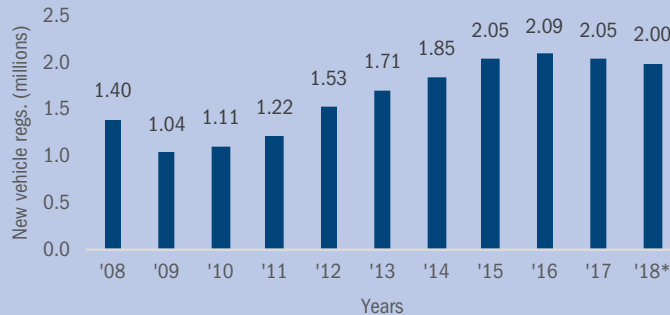


New Vehicle Registrations in State Could Exceed 2 Million For Fourth Straight Year in '18

ANNUAL TRENDS



California Annual New Light Vehicle Registrations - 2008 thru 2018



Historical data source: IHS Markit

*2018 forecast by Auto Outlook.

New vehicle registrations in California are projected to be right around the 2 million unit mark in 2018.

The market is expected to decline slightly this year, but based on historical standards, new vehicle sales will be very strong.

The annual total this year should exceed 2009 levels by nearly 100 percent.

TWO YEAR PERSPECTIVE



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

	California			U.S.		
	1Q '17	1Q '18	Change	1Q '17	1Q '18	Change
Registrations						
TOTAL	506,830	487,741	-3.8%	4,146,767	4,107,033	-1.0%
Car	254,462	226,057	-11.2%	1,528,781	1,341,503	-12.3%
Light Truck	252,368	261,684	3.7%	2,617,986	2,765,530	5.6%
Detroit Three	145,755	143,207	-1.7%	1,874,518	1,813,253	-3.3%
European	75,178	71,391	-5.0%	365,372	367,592	0.6%
Japanese	246,167	240,698	-2.2%	1,599,065	1,635,067	2.3%
Korean	39,730	32,445	-18.3%	307,812	291,121	-5.4%
Market Share						
Car	50.2	46.3	-3.9	36.9	32.7	-4.2
Light Truck	49.8	53.7	3.9	63.1	67.3	4.2
Detroit Three	28.8	29.4	0.6	45.2	44.1	-1.1
European	14.8	14.6	-0.2	8.8	9.0	0.2
Japanese	48.6	49.3	0.7	38.6	39.8	1.2
Korean	7.8	6.7	-1.1	7.4	7.1	-0.3

Source: IHS Markit

California new light vehicle market declined by 3.8 percent during the first three months of this year, versus the 1.0 percent drop in the U.S.

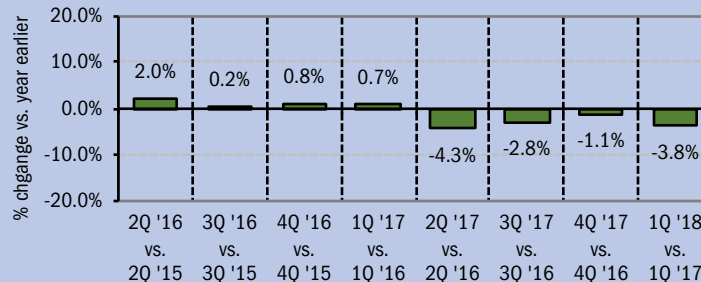
Light truck registrations in the state increased 3.7 percent in the First Quarter of 2018, while passenger cars fell 11.2 percent.

Truck market share in California was 53.7 percent vs. 67.3 percent in the Nation.

QUARTERLY RESULTS



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



Source: IHS Markit

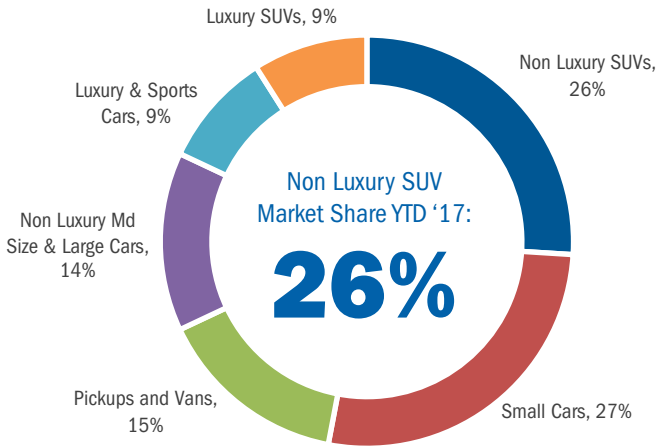
The California new vehicle market declined for the fourth consecutive quarter in 1Q 2018 versus a year earlier.

As shown on the graph, the market has plateaued after several years of big increases.

SEGMENT MARKET SHARES

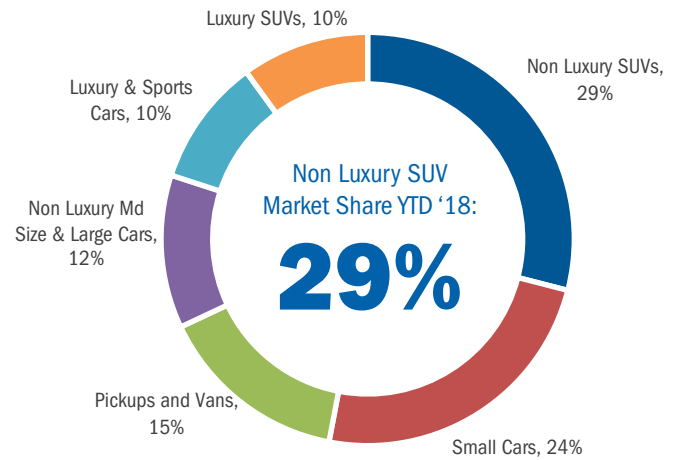
Non Luxury SUV Market Share Approaches 30 Percent

**Segment Market Shares in California
YTD '17 thru March**



Source: IHS Markit.

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



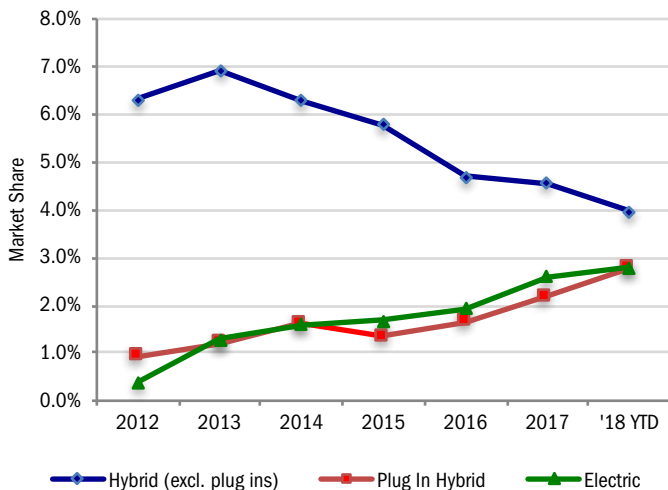
Source: IHS Markit.

The two graphs above show market shares for primary segments during the first three months of 2017 and 2018.

HYBRID AND ELECTRIC VEHICLES

Electric and Plug In Vehicle Segments Move Higher in 2018

Hybrid and Electric Vehicle Market Share



Hybrid/electric vehicle market share in 1Q '18:
9.6 percent

Hybrid and Electric New Vehicle Registrations and Market Share					YTD
	2014	2015	2016	2017	2018
Hybrid regs.(excl. plug ins)	116217	118981	98083	93254	19416
Hybrid share(excl. plug ins)	6.3%	5.8%	4.7%	4.6%	4.0%
Plug in hybrid regs.	29949	27740	34727	45012	13534
Plug in hybrid share	1.6%	1.4%	1.7%	2.2%	2.8%
Electric regs.	29536	34477	40347	53499	13657
Electric share	1.6%	1.7%	1.9%	2.6%	2.8%

Source: IHS Markit

MODEL RANKINGS

Honda Civic Was Best Selling Model in California Market During First Quarter 2018

The table below shows the top five selling models during the first three months of 2018 in 20 segments. In addition to unit registrations, it also shows each model's market share in its respective segment.



BEST SELLERS IN PRIMARY SEGMENTS

- Compact Car: Honda Civic
- Mid Size Car: Toyota Camry
- Near Luxury Car: Tesla Model 3
- Luxury Car: Mercedes E-Class
- Full Size Pickup: Ford F-Series
- Compact SUV: Toyota RAV4
- Mid Size SUV: Toyota Highlander
- Luxury Mid Size SUV: Lexus RX

Top Selling Models in Each Segment - New Light Vehicle Registrations (YTD '18 thru March)

Cars											
Subcompact			Compact			Sports/Pony Cars			Mid Size		
Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share
Nissan Versa	3124	15.4	Honda Civic	21239	24.0	Ford Mustang	3047	34.9	Toyota Camry	15754	30.2
Kia Soul	2623	12.9	Toyota Corolla	13542	15.3	Dodge Challenger	2304	26.4	Honda Accord	12603	24.2
Chevrolet Bolt	2498	12.3	Nissan Sentra	11307	12.8	Chevrolet Camaro	1737	19.9	Ford Fusion	6131	11.8
Honda Fit	2333	11.5	Toyota Prius	8320	9.4	Toyota 86	394	4.5	Nissan Altima	4994	9.6
Honda Clarity	1924	9.5	Hyundai Elantra	5913	6.7	Hyundai Veloster	386	4.4	Kia Optima	3994	7.7
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	2956	31.6	Audi A3	1387	27.5	Tesla Model 3	3723	14.3	Mercedes E-Class	2517	15.9
Chrysler 300	2350	25.1	BMW I3	1297	25.7	Mercedes C-Class	3323	12.7	BMW 5-Series	2446	15.5
Toyota Avalon	1386	14.8	Mercedes CLA-Class	1216	24.1	BMW 3-Series	3260	12.5	Tesla Model S	2145	13.6
Nissan Maxima	1045	11.2	BMW 2-Series	578	11.4	Lexus ES	2044	7.8	Mercedes S-Class	1008	6.4
Chevrolet Impala	718	7.7	Acura ILX	478	9.5	Infiniti Q50	1944	7.4	Porsche 911	668	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	9643	61.1	Ford F Series	12075	33.9	Toyota Sienna	3400	30.9	Ford Transit Connect Van	3420	38.1
Chevrolet Colorado	2640	16.7	Chevrolet Silverado	9742	27.4	Honda Odyssey	3231	29.4	Mercedes Sprinter	1098	12.2
Nissan Frontier /Xe	1800	11.4	Ram Pickup	7164	20.1	Chrysler Pacifica	2138	19.4	Ram Promaster	1052	11.7
GMC Canyon	914	5.8	Toyota Tundra	3086	8.7	Dodge Caravan	1877	17.1	Nissan NV	943	10.5
Honda Ridgeline	708	4.5	GMC Sierra	2679	7.5	Kia Sedona	355	3.2	Chevrolet Express	926	10.3
Subcompact SUV			Compact SUV			Mid Size SUV			Large SUV		
Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share
Toyota C-HR	3131	23.0	Toyota RAV4	12761	17.3	Toyota Highlander	6134	12.5	Chevrolet Tahoe	2218	31.8
Honda HR-V	2757	20.2	Honda CR-V	9956	13.5	Ford Explorer	5816	11.8	Chevrolet Suburban	1112	15.9
Jeep Renegade	1716	12.6	Nissan Rogue	9418	12.8	Subaru Outback	5697	11.6	GMC Yukon	837	12.0
Kia Niro	1471	10.8	Mazda CX-5	6178	8.4	Honda Pilot	4926	10.0	Ford Expedition	726	10.4
Buick Encore	1375	10.1	Subaru Crosstrek	4531	6.1	Jeep Grand Cherokee	4836	9.8	Ford Flex	695	10.0
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	1586	37.7	Lexus NX	3674	21.0	Lexus RX	4746	23.3	Land Rover Range Rover	1911	41.1
Mercedes GLA-Class	1043	24.8	Audi Q5	2565	14.7	BMW X5	2037	10.0	Cadillac Escalade	885	19.0
Audi Q3	1027	24.4	Mercedes GLC/GLK-C	2530	14.5	Mercedes GLE/M-Class	1749	8.6	Mercedes GLS/GL-Class	702	15.1
Infiniti QX30	415	9.9	Acura RDX	1560	8.9	Tesla Model X	1662	8.2	Lincoln Navigator	360	7.7
BMW X2	56	1.3	BMW X3	1537	8.8	Acura MDX	1567	7.7	Infiniti QX80/QX56	285	6.1

Source: IHS Markit

BRAND REGISTRATIONS

Detailed Results for All Brands in California Market

California New Car and Light Truck Registrations											
	First Quarter 2017 and 2018				Annual Totals				1st Quarter Market Share		
	California			U.S.	California			U.S.	California		
	1Q '17	1Q '18	% chg.	% chg.	2016	2017	% chg.	% chg.	1Q '17	1Q '18	Chg.
TOTAL	506,830	487,741	-3.8%	-1.0%	2,088,905	2,048,017	-2.0%	-1.7%			
Acura	5,223	4,968	-4.9%	3.1%	25,296	24,354	-3.7%	-3.5%	1.0	1.0	0.0
Alfa Romeo	185	1,127	509.2%	446.9%	88	2,171	2367.0%	2032.9%	0.0	0.2	0.2
Audi	9,604	9,980	3.9%	2.0%	41,985	43,688	4.1%	6.8%	1.9	2.0	0.1
BMW	16,690	16,082	-3.6%	-3.6%	79,217	72,070	-9.0%	-6.4%	3.3	3.3	0.0
Buick	2,226	2,465	10.7%	7.4%	11,292	9,261	-18.0%	-1.5%	0.4	0.5	0.1
Cadillac	2,867	2,692	-6.1%	-0.9%	13,591	11,753	-13.5%	-5.8%	0.6	0.6	0.0
Chevrolet	39,338	38,767	-1.5%	0.0%	156,549	162,148	3.6%	-0.9%	7.8	7.9	0.1
Chrysler	3,421	4,497	31.5%	-7.1%	11,953	12,744	6.6%	-19.5%	0.7	0.9	0.2
Dodge	9,538	9,360	-1.9%	-16.9%	39,329	32,582	-17.2%	-12.8%	1.9	1.9	0.0
FIAT	3,092	719	-76.7%	-45.9%	10,088	8,174	-19.0%	-22.1%	0.6	0.1	-0.5
Ford	49,838	43,927	-11.9%	-5.3%	198,877	191,503	-3.7%	-1.1%	9.8	9.0	-0.8
Genesis	744	741	-0.4%	-0.5%	896	3,072	242.9%	301.7%	0.1	0.2	0.1
GMC	8,398	8,519	1.4%	-1.6%	35,831	36,012	0.5%	3.1%	1.7	1.7	0.0
Honda	62,008	59,677	-3.8%	-1.9%	262,499	269,310	2.6%	1.1%	12.2	12.2	0.0
Hyundai	20,803	14,735	-29.2%	-8.1%	78,485	71,110	-9.4%	-11.7%	4.1	3.0	-1.1
Infiniti	6,426	5,380	-16.3%	-5.4%	21,279	21,957	3.2%	10.4%	1.3	1.1	-0.2
Jaguar	1,960	1,499	-23.5%	-20.3%	5,670	7,979	40.7%	33.3%	0.4	0.3	-0.1
Jeep	14,926	15,565	4.3%	8.5%	57,355	56,410	-1.6%	-10.3%	2.9	3.2	0.3
Kia	18,183	16,969	-6.7%	-2.2%	77,613	70,529	-9.1%	-8.0%	3.6	3.5	-0.1
Land Rover	3,571	4,350	21.8%	28.5%	14,066	14,760	4.9%	0.7%	0.7	0.9	0.2
Lexus	14,557	14,269	-2.0%	0.2%	72,575	66,558	-8.3%	-7.0%	2.9	2.9	0.0
Lincoln	1,891	1,632	-13.7%	-17.7%	7,501	6,879	-8.3%	1.0%	0.4	0.3	-0.1
Maserati	837	618	-26.2%	-13.3%	3,366	3,315	-1.5%	15.5%	0.2	0.1	-0.1
Mazda	13,166	12,630	-4.1%	17.4%	51,870	48,889	-5.7%	-2.1%	2.6	2.6	0.0
Mercedes	19,502	16,247	-16.7%	-10.5%	85,020	82,085	-3.5%	-3.0%	3.8	3.3	-0.5
MINI	2,284	2,488	8.9%	4.5%	11,468	10,175	-11.3%	-11.6%	0.5	0.5	0.0
Mitsubishi	2,394	2,652	10.8%	18.9%	7,405	7,636	3.1%	5.5%	0.5	0.5	0.0
Nissan	39,769	37,402	-6.0%	1.1%	167,075	143,815	-13.9%	-0.4%	7.8	7.7	-0.1
Other	1,048	918	-12.4%	-28.5%	4,512	3,896	-13.7%	-14.3%	0.2	0.2	0.0
Porsche	3,123	3,441	10.2%	6.1%	12,575	13,306	5.8%	6.2%	0.6	0.7	0.1
Ram	8,495	8,216	-3.3%	-15.4%	34,958	36,999	5.8%	2.0%	1.7	1.7	0.0
Subaru	18,388	18,749	2.0%	1.9%	65,838	73,943	12.3%	6.4%	3.6	3.8	0.2
Tesla	4,749	7,530	58.6%	37.7%	17,615	19,598	11.3%	13.1%	0.9	1.5	0.6
Toyota	84,141	84,901	0.9%	3.8%	346,249	352,574	1.8%	1.4%	16.6	17.4	0.8
Volkswagen	11,377	11,310	-0.6%	6.6%	49,687	47,330	-4.7%	2.7%	2.2	2.3	0.1
Volvo	2,068	2,719	31.5%	22.1%	9,232	9,432	2.2%	0.5%	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 First Quarters of 2017 and 2018, and annual totals for 2016 and 2017. The top ten ranked brands in each category are shaded yellow Source: IHS Markit.

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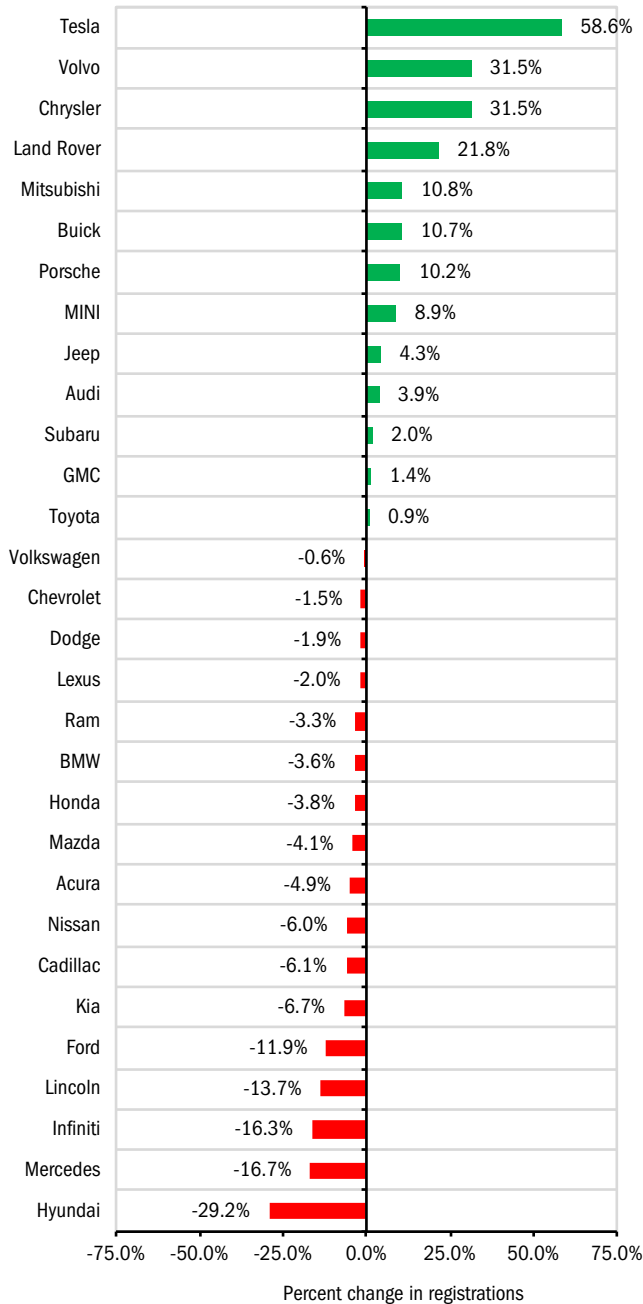
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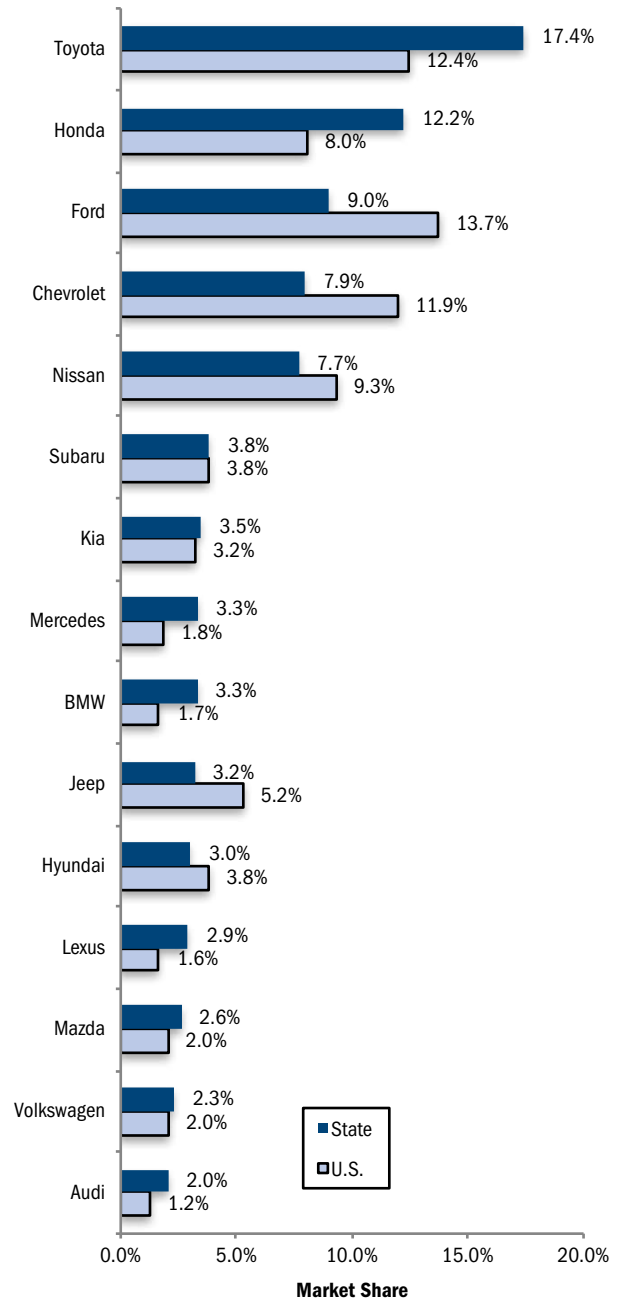
BRAND SUMMARY

Registrations Increase by More than 10 Percent for Seven Brands; Toyota is Market Leader

Percent Change in Brand Registrations - YTD '18 thru Mar. vs. YTD '17
(Top 30 selling brands in state)



California and U.S. Market Share - YTD '18 thru March
(Top 15 selling brands in state)



Registrations increased by more than 10 percent for Tesla, Volvo, Chrysler, Land Rover, Mitsubishi, Buick, and Porsche

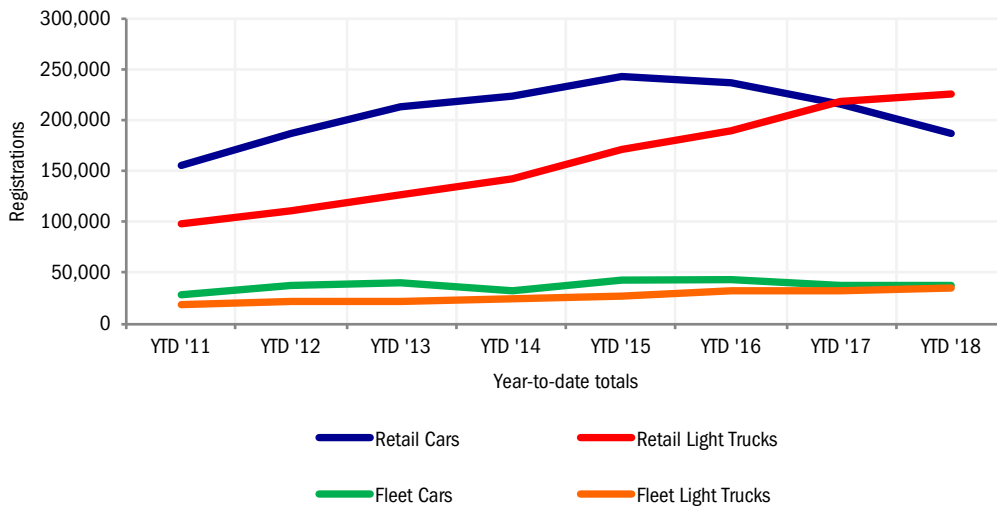


Toyota, Honda, Ford, Chevrolet, and Nissan were market share leaders in California

BREAKDOWN OF RETAIL AND FLEET MARKETS

Fleet Car and Light Truck Registrations Post Small Increase in First Quarter 2018

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



Data Source: IHS Markit.

**PERCENT CHANGE:
1Q '18 VS. 1Q '17**

Retail cars: **DOWN 13.2%**

Retail light trucks: **UP 3.4%**

Fleet cars: **UP 0.2%**

Fleet light trucks: **UP 5.3%**

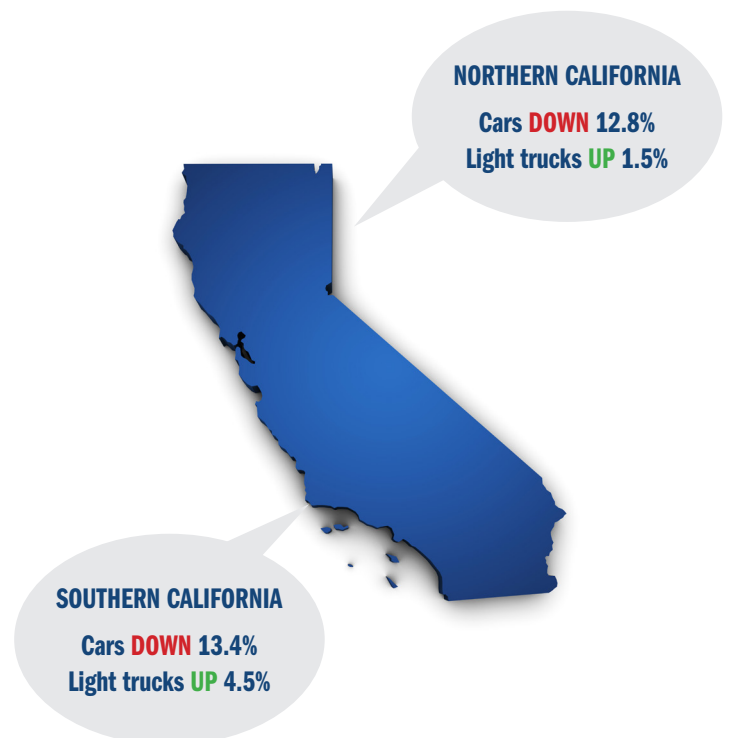
REGIONAL MARKETS IN CALIFORNIA

Northern and Southern California Retail Markets Move Lower

New Retail Light Vehicle Registrations (excluding fleets) YTD Mar.			
North and South California	YTD '17	YTD '18	% chg.
Statewide Total	434,009	413,051	-4.8%
Cars	215,448	186,951	-13.2%
Light Trucks	218,561	226,100	3.4%
Northern California	146,687	139,311	-5.0%
Cars	67,221	58,624	-12.8%
Light Trucks	79,466	80,687	1.5%
Southern California	287,322	273,740	-4.7%
Cars	148,227	128,327	-13.4%
Light Trucks	139,095	145,413	4.5%
Selected Regional Markets			
San Francisco Bay	83,676	78,509	-6.2%
Cars	41,111	35,230	-14.3%
Light Trucks	42,565	43,279	1.7%
LA and Orange Counties	171,529	164,160	-4.3%
Cars	92,087	79,977	-13.2%
Light Trucks	79,442	84,183	6.0%
San Diego County	38,359	35,778	-6.7%
Cars	18,014	15,266	-15.3%
Light Trucks	20,345	20,512	0.8%

Data Source: IHS Markit.

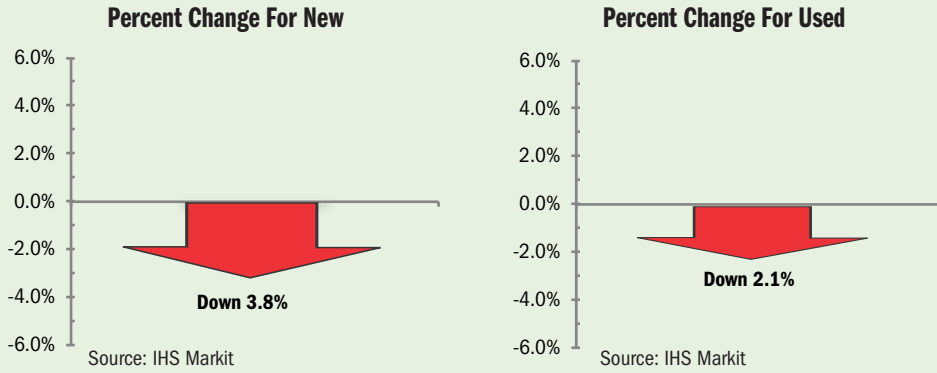
Percent Change in New Retail Registrations - YTD '18 (Mar.) vs. '17



TRACKING THE CALIFORNIA USED VEHICLE MARKET

Used Vehicle Market Has Small Decline in First Quarter of 2018

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



California Used Light Vehicle Registrations - Year-to-date thru March					
	Registrations		% Change '17 TO '18	Market Share	
	YTD '17	YTD '18		YTD '17	YTD '18
TOTAL	993,867	972,999	-2.1%		
Cars	589,352	571,168	-3.1%	59.3%	58.7%
Light Trucks	404,515	401,831	-0.7%	40.7%	41.3%
Detroit Three	365,827	349,734	-4.4%	36.8%	35.9%
European	132,220	132,990	0.6%	13.3%	13.7%
Japanese	452,634	445,188	-1.6%	45.5%	45.8%
Korean	43,186	45,087	4.4%	4.3%	4.6%

Source: IHS Markit

5 KEY TRENDS IN USED MARKET

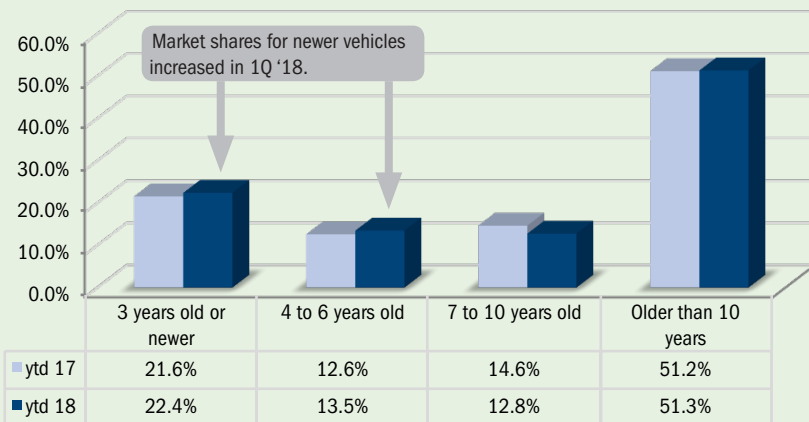


01. Used light vehicle registrations in the state fell 2.1 percent during first three months of '18.
02. Used light truck registrations were down slightly. Cars were off 3.1 percent.
03. Registrations for 6 year old or newer vehicles increased 3 percent in First Quarter of 2018.
04. Honda Civic was the best-seller (only includes vehicles 6 year old or newer).
05. Toyota was the leader in the six year old or newer market. Ford was in second place.

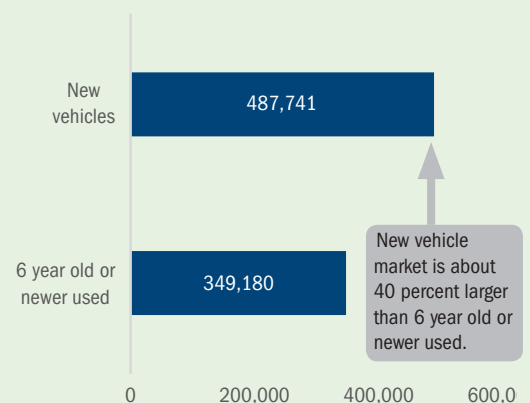
ANALYSIS OF USED VEHICLE REGISTRATIONS BY VEHICLE AGE

Market Share for Six Year Old or Newer Vehicles Heads Higher

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



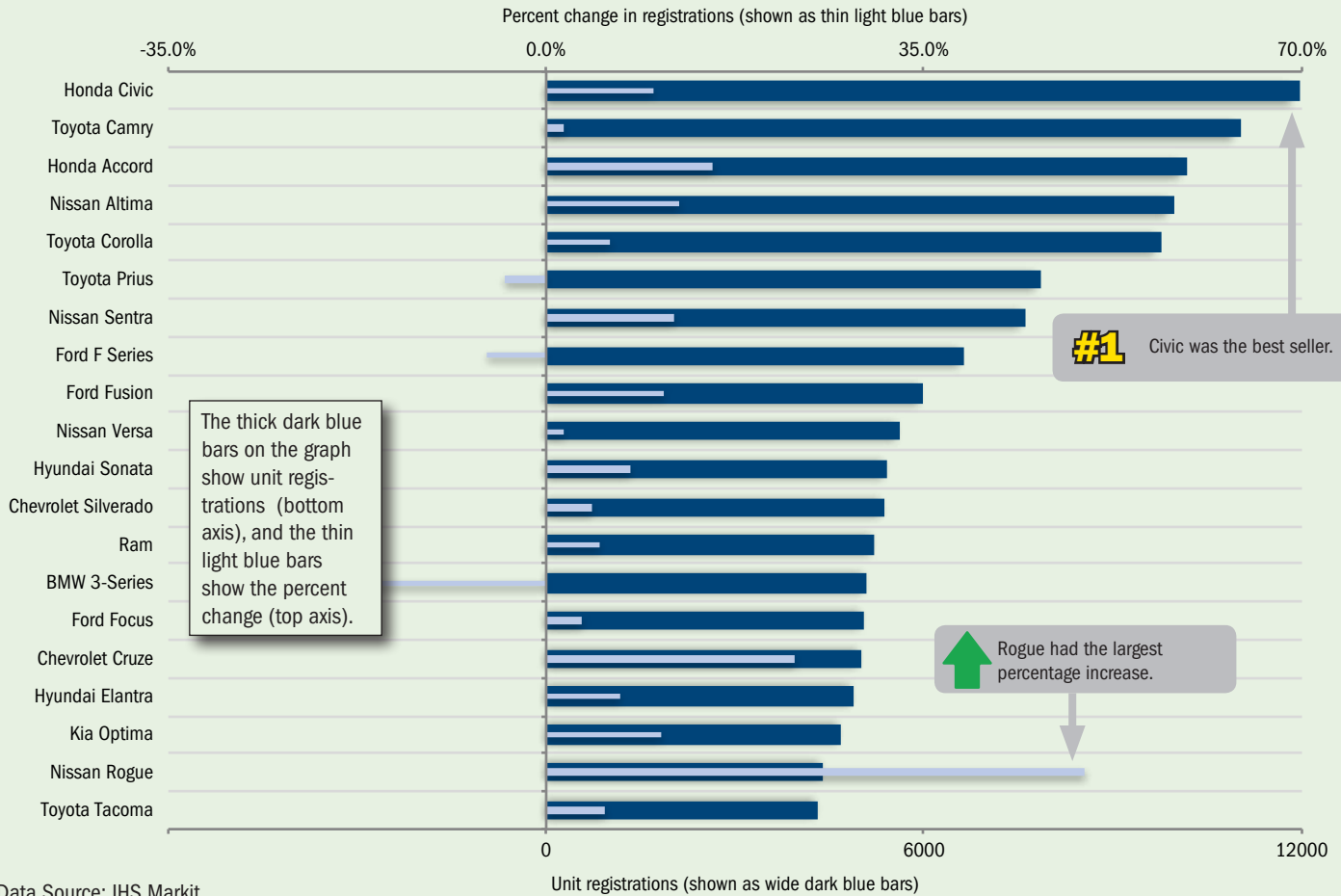
6 Year Old or Newer Used and New Vehicle Registrations YTD 2018 thru March



TOP SELLING USED VEHICLES

Civic Stays on Top of California Used Vehicle Market; Rogue Has Big Gain

Registrations (YTD '18 thru March) and Percent Change in registrations (YTD '18 thru March vs. YTD '17)
Top 20 Selling Models (6 years old or newer)

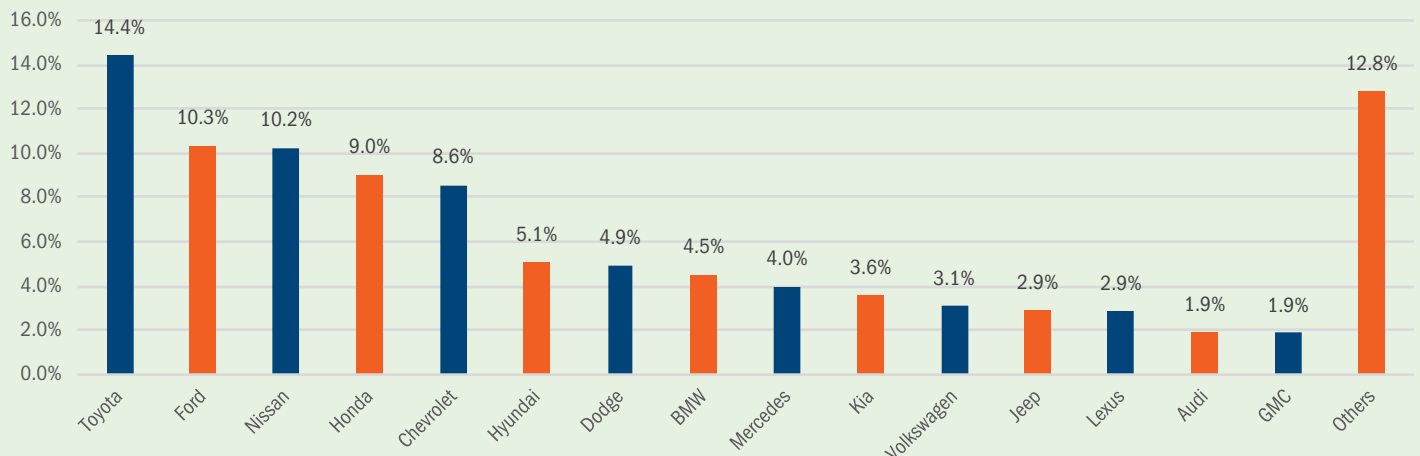


Data Source: IHS Markit.

TOP SELLING BRANDS

Toyota, Ford, and Nissan 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 March



Data Source: IHS Markit.