

Los Angeles Auto Outlook



Comprehensive information on the LA County new vehicle market

FORECAST

County New Vehicle Registrations Remain at Healthy Levels



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 mass-market 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.

Economic growth is positive; labor market is strong. GDP growth has shifted into a higher gear during 2018 and most economists expect growth to remain solid over the next year. Correspondingly, the unemployment rate has moved lower, employment gains have been steady, and incomes are increasing.

Consumer confidence is robust. Most measures of consumer attitudes have reached 18 year highs over the past few months. There are some risks, but strong economic growth combined with upbeat consumers should be enough to keep new vehicle sales strong.

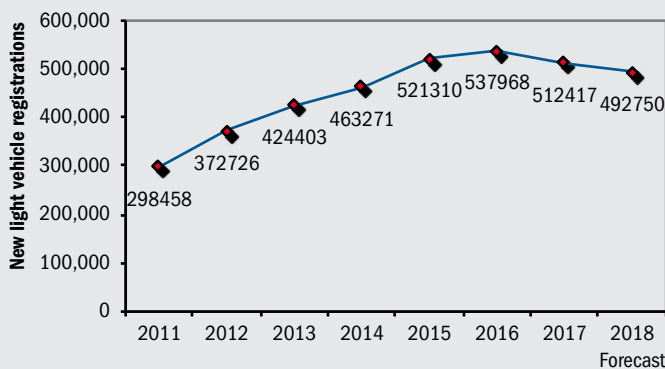


Key factors holding back new vehicle sales

Used and new vehicle price gap is widening. For most of this decade, tight supplies of late model used vehicles gave a boost to pre-owned car and truck prices. This helped keep the difference between new and used vehicle prices relatively small. But that dynamic is now changing. Several years of strong new vehicle sales and higher off-lease volumes are feeding used vehicle supplies, which will eventually lead to softening prices. This has contributed to a widening in the gap between the cost of new and used. As a result, an increasing number of automotive consumers will likely view the purchase of a used vehicle as an appealing proposition, which will syphon sales away from the new vehicle market.

Rising interest rates. After several years of hovering near zero, interest rates are on the rise. It's not going to be an abrupt, upward march, but borrowing costs are almost certain to increase over the next 12 to 18 months. Higher interest rates lead to increased monthly finance and lease payments, which put a drag on new vehicle sales.

Annual Trend in County Market



Market Summary

	YTD '17 thru Sept.	YTD '18 thru Sept.	% Chg. '17 to '18	Mkt. Share YTD '18
TOTAL	391,012	375,236	-4.0%	
Car	219,097	193,518	-11.7%	51.6%
Light Truck	171,915	181,718	5.7%	48.4%
Domestic	79,129	79,767	0.8%	21.3%
European	77,453	75,905	-2.0%	20.2%
Japanese	203,967	192,294	-5.7%	51.2%
Korean	30,463	27,270	-10.5%	7.3%

Historical Data Source: AutoCount data from Experian.

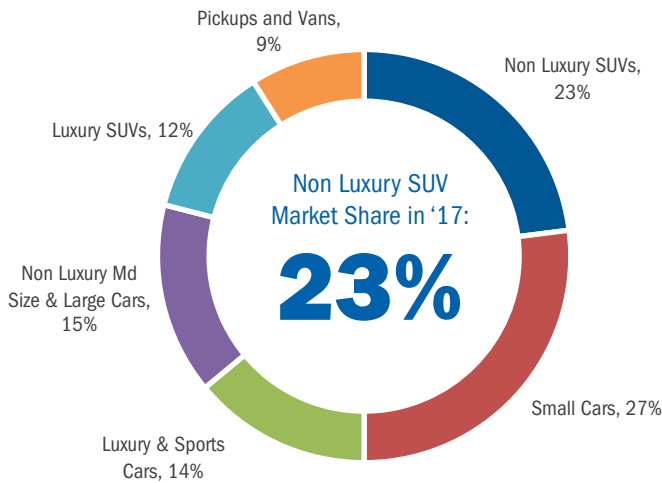
The graph above shows annual new retail light vehicle registrations in the county from 2011 thru 2017 and Auto Outlook's projection for 2018.

Domestic brands consist of vehicles sold by GM, Ford, Chrysler, and Tesla. Data source: AutoCount data from Experian.

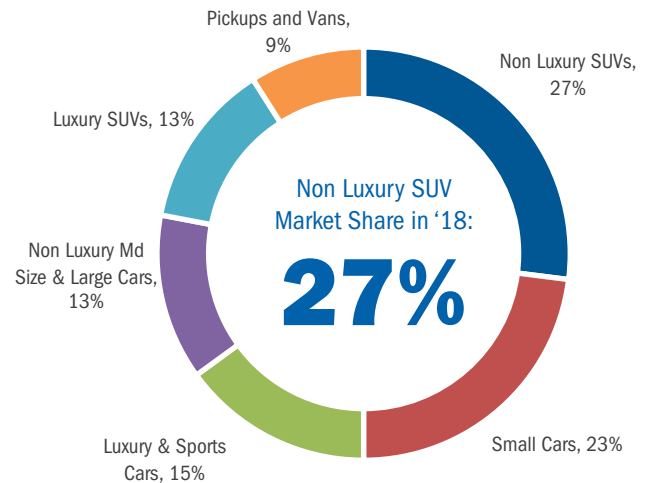
MARKET TRACKER: SEGMENT SHARES

Non Luxury SUV Market Share Hits 27%

Segment Market Shares - YTD '17 thru Sept.



Segment Market Shares - YTD '18 thru Sept.



Source: AutoCount data from Experian

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

MARKET TRACKER: COUNTY MARKET VERSUS U.S.

County Market Down Slightly in '18

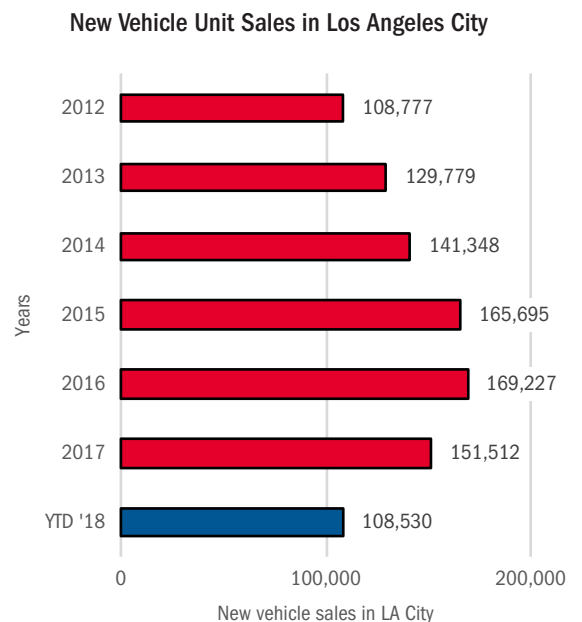
	County Market		U.S. Market*	
Percent change in registrations YTD '18 thru Sept. vs. YTD '17	-4.0%		0.5%	
Passenger car market share YTD '18 thru Sept.	51.6%		31.5%	
Domestic brand market share YTD '18 thru Sept.	21.3%		44.0%	
Top 10 brands and market share YTD '18 thru Sept.				
First	Toyota	17.8%	Ford	13.9%
Second	Honda	15.1%	Toyota	12.4%
Third	Chevrolet	6.4%	Chevrolet	11.6%
Fourth	Nissan	5.4%	Honda	8.4%
Fifth	Mercedes	5.1%	Nissan	7.9%
Sixth	Ford	4.7%	Jeep	5.8%
Seventh	Lexus	4.7%	Subaru	3.9%
Eighth	BMW	4.6%	Hyundai	3.8%
Ninth	Kia	4.1%	Kia	3.5%
Tenth	Subaru	3.3%	Ram	3.2%

Source for LA County data: AutoCount data from Experian.

Source for U.S. market data: Automotive News. U.S. figures include fleets.

ANALYSIS

New Vehicle Sales in LA City



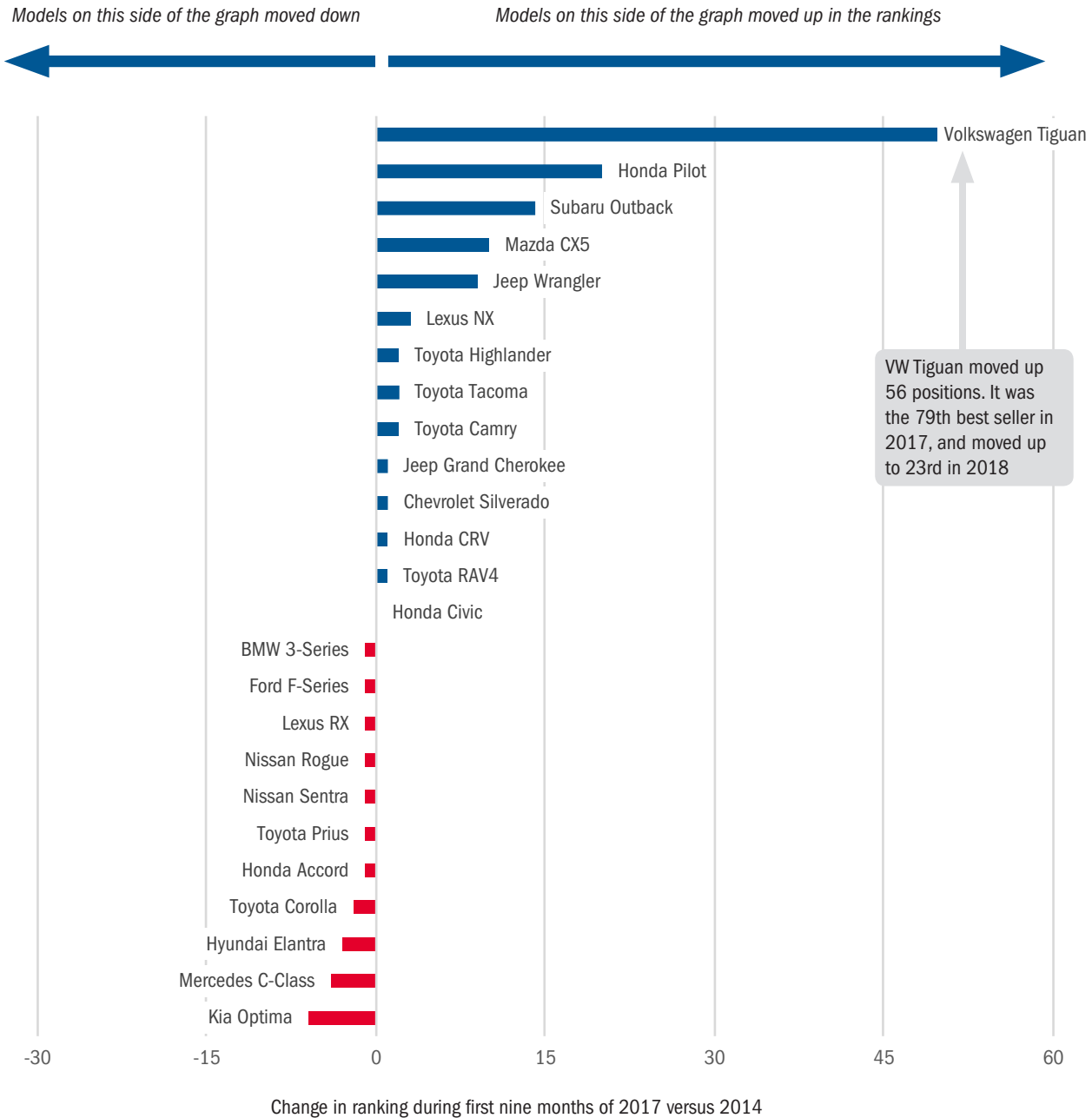
The graph above shows the level of new vehicle sales in the city of Los Angeles from 2012 through 2017 and ytd thru September of this year. The data measures vehicles sold by dealerships located in the city of Los Angeles. Source: AutoCount data from Experian.

MODEL RANKINGS

Volkswagen Tiguan Moves Up in Rankings

The graph below shows the change in rankings during the first nine months of 2017 to the same period this year for the top 25 selling models in the Los Angeles County market. Models are positioned on the graph from top to bottom based on the change in rankings. The biggest gainer was the VW Tiguan. Other winners were Honda Pilot, Subaru Outback, Mazda CX-5, and Jeep Wrangler.

Change in Rankings for Top 25 Selling Models - YTD 2018 thru September vs. YTD 2017



VW Tiguan moved up 56 positions. It was the 79th best seller in 2017, and moved up to 23rd in 2018

Los Angeles County New Retail Car and Light Truck Registrations												
	September						YTD thru September					
	Registrations			Market Share (%)			Registrations			Market Share (%)		
	2017	2018	% change	2017	2018	Change	YTD '17	YTD '18	% change	YTD '17	YTD '18	Change
TOTAL	41,830	40,187	-3.9				391,012	375,236	-4.0			
Cars	22,813	20,176	-11.6	54.5	50.2	-4.3	219,097	193,518	-11.7	56.0	51.6	-4.4
Light Trucks	19,017	20,011	5.2	45.5	49.8	4.3	171,915	181,718	5.7	44.0	48.4	4.4
Domestic Brands	8,756	9,235	5.5	20.9	23.0	2.0	79,129	79,767	0.8	20.2	21.3	1.0
European Brands	7,947	7,592	-4.5	19.0	18.9	-0.1	77,453	75,905	-2.0	19.8	20.2	0.4
Japanese Brands	21,947	20,870	-4.9	52.5	51.9	-0.5	203,967	192,294	-5.7	52.2	51.2	-0.9
Korean Brands	3,180	2,490	-21.7	7.6	6.2	-1.4	30,463	27,270	-10.5	7.8	7.3	-0.5
Acura	409	398	-2.7	1.0	1.0	0.0	4,068	3,856	-5.2	1.0	1.0	0.0
Audi	1,206	1,332	10.4	2.9	3.3	0.4	11,704	11,212	-4.2	3.0	3.0	0.0
BMW	1,642	1,560	-5.0	3.9	3.9	0.0	17,222	17,371	0.9	4.4	4.6	0.2
Buick	178	147	-17.4	0.4	0.4	-0.1	1,409	1,191	-15.5	0.4	0.3	0.0
Cadillac	184	218	18.5	0.4	0.5	0.1	2,006	1,991	-0.7	0.5	0.5	0.0
Chevrolet	2,905	2,481	-14.6	6.9	6.2	-0.8	26,542	24,091	-9.2	6.8	6.4	-0.4
Chrysler	178	153	-14.0	0.4	0.4	0.0	1,497	1,452	-3.0	0.4	0.4	0.0
Dodge	614	510	-16.9	1.5	1.3	-0.2	5,491	5,621	2.4	1.4	1.5	0.1
Fiat	201	109	-45.8	0.5	0.3	-0.2	2,569	777	-69.8	0.7	0.2	-0.4
Ford	2,368	2,045	-13.6	5.7	5.1	-0.6	20,717	17,521	-15.4	5.3	4.7	-0.6
GMC	396	340	-14.1	0.9	0.8	-0.1	3,823	3,375	-11.7	1.0	0.9	-0.1
Honda	6,633	5,844	-11.9	15.9	14.5	-1.3	62,058	56,567	-8.8	15.9	15.1	-0.8
Hyundai	1,442	1,308	-9.3	3.4	3.3	-0.2	13,189	11,980	-9.2	3.4	3.2	-0.2
Infiniti	528	549	4.0	1.3	1.4	0.1	5,612	5,170	-7.9	1.4	1.4	-0.1
Jaguar	203	96	-52.7	0.5	0.2	-0.2	2,065	1,278	-38.1	0.5	0.3	-0.2
Jeep	1,028	1,264	23.0	2.5	3.1	0.7	9,652	11,017	14.1	2.5	2.9	0.5
Kia	1,738	1,182	-32.0	4.2	2.9	-1.2	17,274	15,290	-11.5	4.4	4.1	-0.3
Land Rover	459	486	5.9	1.1	1.2	0.1	4,046	4,460	10.2	1.0	1.2	0.2
Lexus	2,200	2,049	-6.9	5.3	5.1	-0.2	19,666	17,460	-11.2	5.0	4.7	-0.4
Lincoln	181	173	-4.4	0.4	0.4	0.0	1,574	1,442	-8.4	0.4	0.4	0.0
Maserati	82	64	-22.0	0.2	0.2	0.0	1,055	705	-33.2	0.3	0.2	-0.1
Mazda	933	962	3.1	2.2	2.4	0.2	8,444	8,586	1.7	2.2	2.3	0.1
Mercedes	1,840	1,790	-2.7	4.4	4.5	0.1	19,331	19,127	-1.1	4.9	5.1	0.2
MINI	281	217	-22.8	0.7	0.5	-0.1	2,555	2,505	-2.0	0.7	0.7	0.0
Mitsubishi	113	124	9.7	0.3	0.3	0.0	1,245	1,195	-4.0	0.3	0.3	0.0
Nissan	2,031	2,224	9.5	4.9	5.5	0.7	22,846	20,447	-10.5	5.8	5.4	-0.4
Porsche	337	271	-19.6	0.8	0.7	-0.1	3,345	3,103	-7.2	0.9	0.8	0.0
Ram	356	401	12.6	0.9	1.0	0.1	3,495	3,282	-6.1	0.9	0.9	0.0
smart	9	9	0.0	0.0	0.0	0.0	197	90	-54.3	0.1	0.0	0.0
Subaru	1,270	1,427	12.4	3.0	3.6	0.5	11,342	12,373	9.1	2.9	3.3	0.4
Tesla	368	1,503	308.4	0.9	3.7	2.9	2,923	8,783	200.5	0.7	2.3	1.6
Toyota/Scion	7,830	7,293	-6.9	18.7	18.1	-0.6	68,686	66,640	-3.0	17.6	17.8	0.2
Volkswagen	1,297	1,100	-15.2	3.1	2.7	-0.4	10,339	10,057	-2.7	2.6	2.7	0.0
Volvo	239	283	18.4	0.6	0.7	0.1	1,872	2,790	49.0	0.5	0.7	0.3
Other	151	275	82.1	0.4	0.7	0.3	1,153	2,431	110.8	0.3	0.6	0.4

Source: AutoCount data from Experian.

Top ten brands are shaded yellow.

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 714 W Olympic Boulevard, Suite 601
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 Bob Smith, Executive Director
 Phone: 213-748-0240
 Web: www.glanccda.org

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 PO Box 390
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 Phone: 800-206-0102
 Email: jfoltz@autooutlook.com

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