

California Auto Outlook™

Comprehensive information on the California vehicle market

Volume 13, Number 3

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Covering Second Quarter 2017



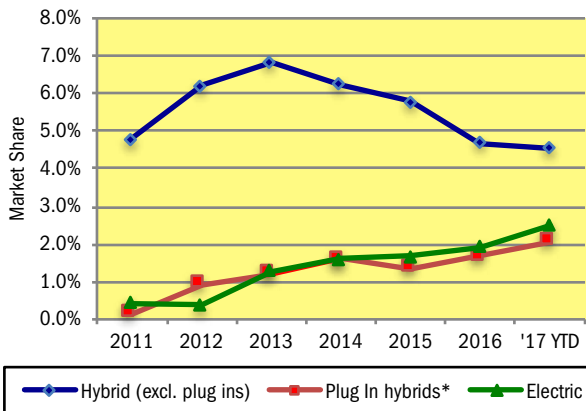
FORECAST AND ANALYSIS OF CALIFORNIA NEW LIGHT VEHICLE MARKET

State New Vehicle Registrations Predicted to Remain Above 2 Million Units in 2017

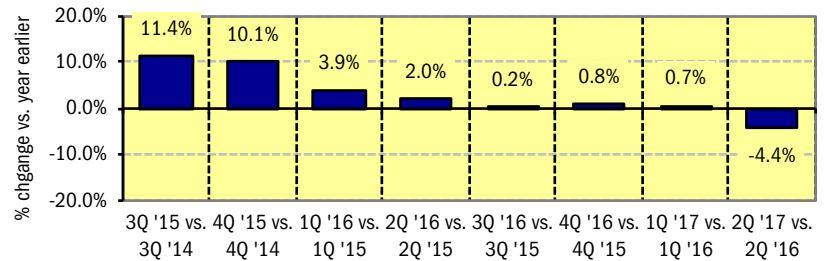
The California new light vehicle market declined in the Second Quarter of 2017 versus a year earlier. It was the first quarterly drop since the Third Quarter of 2010. The decline was expected and is consistent with the general outlook that new vehicle sales have plateaued, following an impressive run of seven consecutive annual increases. Despite signs that demand is leveling off, the market is expected to remain at healthy levels, with registrations likely exceeding 2 million units in 2017.

- Among the top 15 selling brands, Subaru, Audi, Chevrolet, and Honda had increases during the first half of 2017 versus a year earlier (see page 3).
- New passenger car registrations in the state fell 10.8 percent in the first half of this year, while light trucks were up 8.8 percent.
- Small SUV market share in California increased by two market share points so far in 2017. Small Cars had the largest decline (see page 2).
- Electric and plug-in hybrid vehicle share moved higher this year (see graph below).

Hybrid and Electric Vehicle Market Share



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

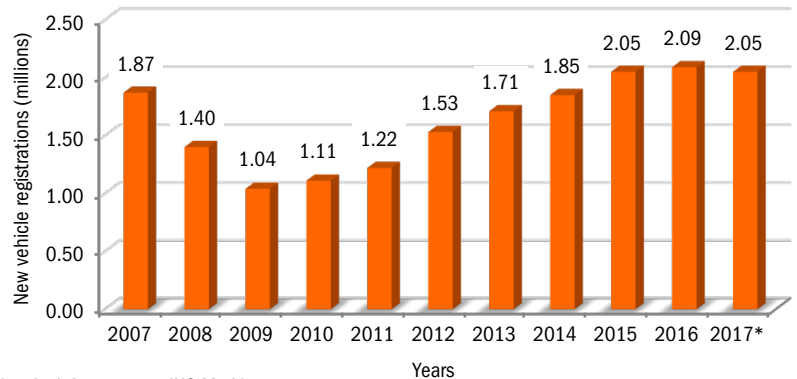
California and U.S. New Light Vehicle Registrations (includes retail and fleet transactions)						
YTD 2016 and 2017, thru June						
	California			U.S.		
	YTD '16	YTD '17	Change	YTD '16	YTD '17	Change
Registrations						
TOTAL	1,047,380	1,026,882	-2.0%	8,701,000	8,520,565	-2.1%
Car	574,690	512,627	-10.8%	3,580,838	3,153,720	-11.9%
Light Truck	472,690	514,255	8.8%	5,120,162	5,366,845	4.8%
Detroit Three	297,851	292,239	-1.9%	3,942,825	3,806,390	-3.5%
European	154,840	151,272	-2.3%	748,173	750,099	0.3%
Japanese	512,368	504,727	-1.5%	3,301,563	3,306,908	0.2%
Korean	82,321	78,644	-4.5%	708,439	657,168	-7.2%
Market Share						
Car	54.9	49.9	-5.0	41.2	37.0	-4.2
Light Truck	45.1	50.1	5.0	58.8	63.0	4.2
Detroit Three	28.4	28.5	0.1	45.4	44.7	-0.7
European	14.8	14.7	-0.1	8.6	8.8	0.2
Japanese	48.9	49.1	0.2	37.9	38.8	0.9
Korean	7.9	7.7	-0.2	8.1	7.7	-0.4

Source: IHS Markit

Hybrid and Electric New Vehicle Registrations and Market Share					
	2013	2014	2015	2016	YTD 2017
Hybrid regs.(excl. plug ins)	116912	115544	118562	98083	46649
Hybrid share(excl. plug ins)	6.8%	6.3%	5.8%	4.7%	4.5%
Plug in hybrid regs.	20633	29949	27740	34727	21065
Plug in hybrid share	1.2%	1.6%	1.4%	1.7%	2.1%
Electric regs.	21912	29536	34477	40347	25632
Electric share	1.3%	1.6%	1.7%	1.9%	2.5%

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 Holds on to Top Spot as Best-Selling Car in California; F-Series is Light Truck Leader

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

Cars											
Subcompact			Compact			Sports/Pony Cars			Mid Size		
Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share
Nissan Versa	7229	15.3	Honda Civic	44174	21.9	Ford Mustang	5950	28.9	Honda Accord	37051	28.1
Kia Soul	5958	12.6	Toyota Corolla	30778	15.3	Chevrolet Camaro	5325	25.9	Toyota Camry	31028	23.5
Toyota Yaris	5532	11.7	Toyota Prius	20516	10.2	Dodge Challenger	4557	22.2	Ford Fusion	14195	10.8
Chevrolet Bolt	5169	10.9	Nissan Sentra	19143	9.5	Toyota 86	1200	5.8	Nissan Altima	12486	9.5
Honda Fit	4979	10.5	Hyundai Elantra	12858	6.4	Mazda MX5	1172	5.7	Hyundai Sonata	11841	9.0
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	4553	33.8	Audi A3	3897	31.0	Mercedes C-Class	10107	20.2	Mercedes E-Class	5971	16.9
Chrysler 300	2158	16.0	Lexus Ct200H	2614	20.8	BMW 3-Series	7326	14.6	Tesla Model S	5832	16.5
Nissan Maxima	2006	14.9	Mercedes CLA-Class	1888	15.0	Lexus ES	4713	9.4	BMW 5-Series	3985	11.3
Toyota Avalon	1950	14.5	BMW I3	1775	14.1	BMW 4-Series	4322	8.6	Mercedes S-Class	1983	5.6
Chevrolet Impala	1028	7.6	BMW 2-Series	1147	9.1	Lexus IS	4115	8.2	Audi A6	1552	4.4
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	18197	57.4	Ford F Series	27753	35.3	Toyota Sienna	9909	39.1	Ford Transit Connect Van	7686	41.4
Chevrolet Colorado	5662	17.9	Chevrolet Silverado	19831	25.2	Honda Odyssey	6532	25.8	Nissan NV	2499	13.5
Nissan Frontier /Xe	4116	13.0	Ram	16080	20.4	Chrysler Pacifica	3949	15.6	Mercedes Sprinter	2458	13.2
Honda Ridgeline	2071	6.5	GMC Sierra	6837	8.7	Dodge Caravan	2820	11.1	Chevrolet Express	2015	10.9
GMC Canyon	1495	4.7	Toyota Tundra	6828	8.7	Kia Sedona	1532	6.0	Ram Promaster	1822	9.8
Subcompact SUV			Compact SUV			Mid Size SUV			Large SUV		
Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share
Honda HR-V	7534	34.5	Toyota RAV4	24406	17.8	Ford Explorer	13205	14.0	Chevrolet Tahoe	4133	28.2
Jeep Renegade	4188	19.2	Honda CR-V	21135	15.4	Toyota Highlander	11511	12.2	Ford Expedition	2174	14.8
Kia Niro	2178	10.0	Nissan Rogue	19125	14.0	Subaru Outback	10468	11.1	Chevrolet Suburban	2068	14.1
Buick Encore	2166	9.9	Subaru Forester	9655	7.1	Jeep Grand Cherokee	8318	8.8	Ford Flex	1736	11.8
Chevrolet Trax	1846	8.4	Mazda CX-5	9544	7.0	Honda Pilot	7255	7.7	GMC Yukon	1486	10.1
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	2823	34.2	Lexus NX	6149	18.6	Lexus RX	9158	21.8	Mercedes GLS/GL-Class	2628	29.6
Mercedes GLA-Class	2396	29.0	Audi Q5	4600	13.9	Mercedes GLE/M-Class	4966	11.8	Land Rover Range Rover	2261	25.5
Audi Q3	1647	19.9	BMW X3	4362	13.2	BMW X5	4470	10.7	Cadillac Escalade	2028	22.9
Infiniti QX30	1396	16.9	Mercedes GLC/GLK-Class	3994	12.1	Acura MDX	3636	8.7	Mercedes G-Class	603	6.8
			Acura RDX	3772	11.4	Tesla Model X	3200	7.6	Infiniti QX80/QX56	492	5.5

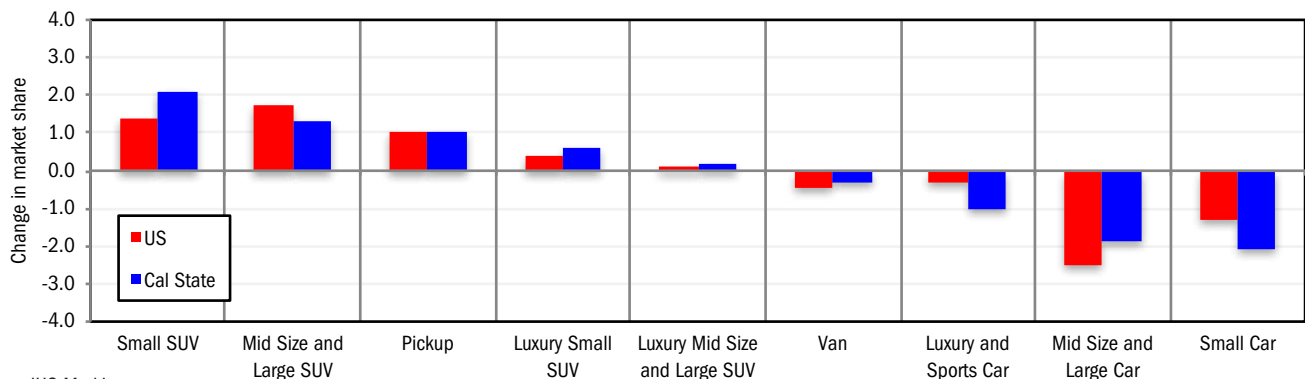
Note: Prius includes c, v, and plug in.

Source: IHS Markit.

SEGMENTS

Small SUV Segment Has Largest Market Share Gain in California

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



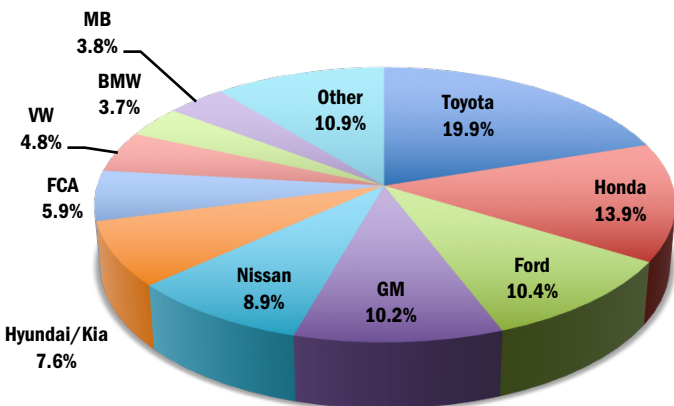
Source: IHS Markit

BRAND SCOREBOARD

Detailed Results for All Brands in California Market

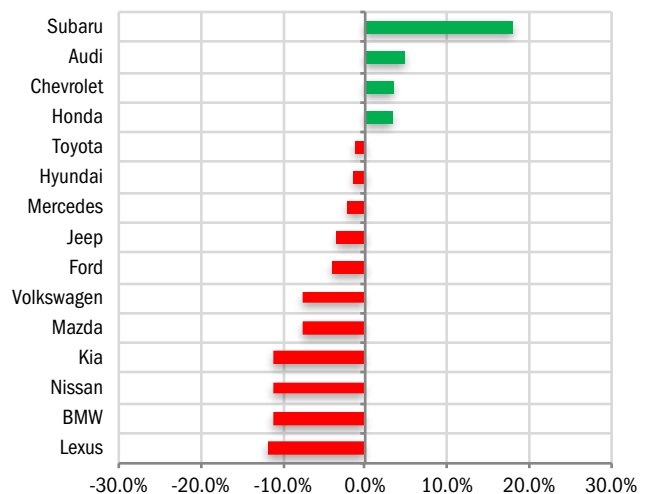
California New Car and Light Truck Registrations											
	Second Quarter 2016 and 2017				Year-to-date thru June				YTD Market Share		
	California			U.S.	California			U.S.	California		
	2Q '16	2Q '17	% chg.	% chg.	YTD '16	YTD '17	% chg.	% chg.	2016	2017	Chg.
Acura	6,367	6,345	-0.3%	-0.4%	12,359	11,568	-6.4%	-6.6%	1.2	1.1	-0.1
Alfa Romeo	27	388	1337.0%	1513.5%	59	573	871.2%	955.6%	0.0	0.1	0.1
Audi	11,113	10,937	-1.6%	-1.0%	19,605	20,541	4.8%	4.9%	1.9	2.0	0.1
BMW	19,472	16,674	-14.4%	-5.5%	37,493	33,291	-11.2%	-7.0%	3.6	3.2	-0.4
Buick	2,297	2,113	-8.0%	22.3%	6,093	4,339	-28.8%	7.2%	0.6	0.4	-0.2
Cadillac	2,984	2,819	-5.5%	-1.2%	5,956	5,686	-4.5%	-0.8%	0.6	0.6	0.0
Chevrolet	40,663	38,580	-5.1%	-6.4%	75,349	77,950	3.5%	-3.3%	7.2	7.6	0.4
Chrysler	2,910	3,644	25.2%	-9.3%	6,902	7,065	2.4%	-21.4%	0.7	0.7	0.0
Dodge	10,333	8,777	-15.1%	-1.2%	22,061	18,315	-17.0%	-5.2%	2.1	1.8	-0.3
FIAT	2,252	2,073	-7.9%	-15.8%	4,677	5,165	10.4%	-18.4%	0.4	0.5	0.1
Ford	55,209	52,371	-5.1%	-3.9%	106,433	102,190	-4.0%	-3.9%	10.2	10.0	-0.2
Genesis	0	701			0	1,445			0.0	0.1	0.1
GMC	8,700	8,193	-5.8%	-0.8%	16,486	16,588	0.6%	5.0%	1.6	1.6	0.0
Honda	68,812	69,065	0.4%	-1.2%	126,901	131,080	3.3%	2.0%	12.1	12.8	0.7
Hyundai	20,785	19,929	-4.1%	-9.8%	41,329	40,732	-1.4%	-7.5%	3.9	4.0	0.1
Infiniti	4,542	5,008	10.3%	9.7%	9,804	11,452	16.8%	19.1%	0.9	1.1	0.2
Jaguar	1,165	2,345	101.3%	66.1%	1,947	4,305	121.1%	98.7%	0.2	0.4	0.2
Jeep	15,663	14,372	-8.2%	-14.1%	30,349	29,298	-3.5%	-12.3%	2.9	2.9	0.0
Kia	22,177	18,284	-17.6%	-8.2%	40,992	36,467	-11.0%	-9.5%	3.9	3.6	-0.3
Land Rover	3,152	3,618	14.8%	0.7%	6,827	7,189	5.3%	-1.7%	0.7	0.7	0.0
Lexus	16,331	15,963	-2.3%	-4.9%	34,606	30,520	-11.8%	-10.9%	3.3	3.0	-0.3
Lincoln	1,740	1,828	5.1%	5.1%	3,778	3,719	-1.6%	7.3%	0.4	0.4	0.0
Maserati	860	807	-6.2%	15.7%	1,464	1,644	12.3%	29.7%	0.1	0.2	0.1
Mazda	15,482	11,936	-22.9%	-8.3%	27,192	25,102	-7.7%	-2.7%	2.6	2.4	-0.2
Mercedes	21,065	19,549	-7.2%	-3.4%	39,903	39,051	-2.1%	-1.1%	3.8	3.8	0.0
MINI	3,298	2,761	-16.3%	-15.7%	5,942	5,031	-15.3%	-14.0%	0.6	0.5	-0.1
Mitsubishi	1,774	1,728	-2.6%	-7.2%	3,922	4,122	5.1%	2.1%	0.4	0.4	0.0
Nissan	45,851	40,406	-11.9%	0.1%	90,178	80,175	-11.1%	0.1%	8.6	7.8	-0.8
Other	1,106	952	-13.9%	-18.0%	2,162	1,998	-7.6%	-2.6%	0.2	0.2	0.0
Porsche	3,448	3,431	-0.5%	2.9%	6,420	6,554	2.1%	6.1%	0.6	0.6	0.0
Ram	8,571	9,407	9.8%	8.5%	16,326	17,902	9.7%	7.2%	1.6	1.7	0.1
Subaru	15,549	18,155	16.8%	10.1%	30,966	36,543	18.0%	10.5%	3.0	3.6	0.6
Tesla	4,967	4,283	-13.8%	0.8%	7,904	9,032	14.3%	29.0%	0.8	0.9	0.1
Toyota	89,627	89,862	0.3%	-0.4%	176,204	174,012	-1.2%	-2.5%	16.8	16.9	0.1
Volkswagen	13,238	11,152	-15.8%	-3.5%	24,387	22,527	-7.6%	3.5%	2.3	2.2	-0.1
Volvo	2,262	1,643	-27.4%	-11.0%	4,404	3,711	-15.7%	-9.2%	0.4	0.4	0.0

Manufacturer Share of California New Vehicle Market
YTD 2017 thru June



Source: IHS Markit

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



Source: IHS Markit

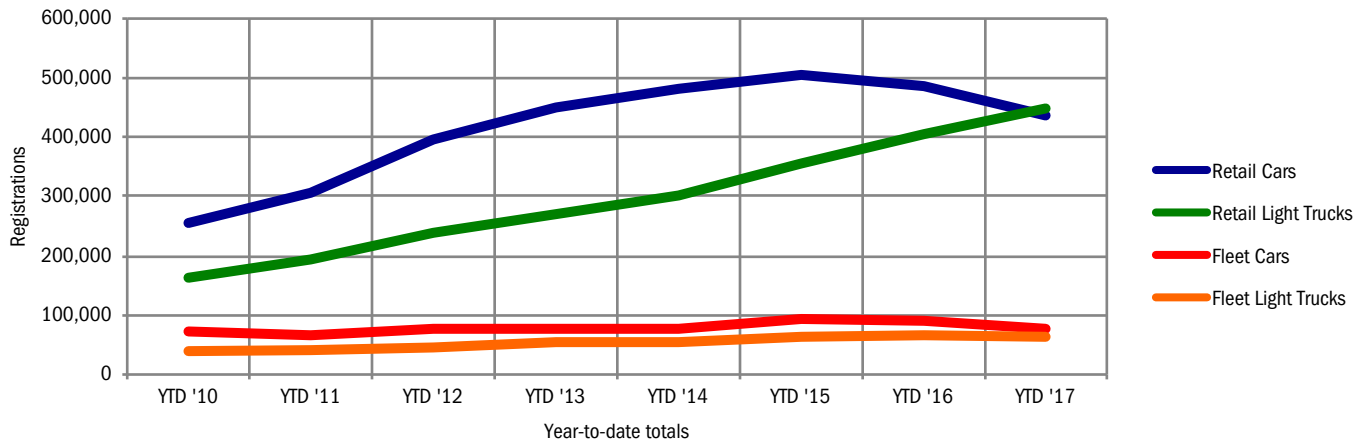
RETAIL MARKET RECAP

New Retail Market Down Less than 1 Percent; Retail Light Truck Registrations Higher Than Cars

New retail light vehicle registrations in California declined by less than one percent during the first six months of this year versus a year earlier, while fleet registrations declined. New retail light truck registrations exceeded 448,000 units, while passenger cars were below 438,000

The table below summarizes new retail light vehicle market results during the first six months of 2016 and 2017. (Note: the information presented includes retail registrations only, and excludes fleet transactions.) The Southern California retail market declined, while Northern California was up 2.5 percent.

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



Source: IHS Markit

New Retail Light Vehicle Registrations (excluding fleets) - Year to date thru June							
Northern and Southern California				Selected Regional Markets			
	YTD 2016	YTD 2017	Percent Change		YTD 2016	YTD 2017	Percent Change
Statewide Total	892,318	886,009	-0.7%	San Francisco Bay	167,138	170,332	1.9%
Cars	485,812	437,514	-9.9%	Cars	87,625	83,287	-5.0%
Light Trucks	406,506	448,495	10.3%	Light Trucks	79,513	87,045	9.5%
Northern California	293,032	300,249	2.5%	LA and Orange Counties	361,270	349,449	-3.3%
Cars	146,042	137,449	-5.9%	Cars	212,411	186,617	-12.1%
Light Trucks	146,990	162,800	10.8%	Light Trucks	148,859	162,832	9.4%
Southern California	599,286	585,760	-2.3%	San Diego County	78,945	77,480	-1.9%
Cars	339,770	300,065	-11.7%	Cars	41,306	35,953	-13.0%
Light Trucks	259,516	285,695	10.1%	Light Trucks	37,639	41,527	10.3%

Source: IHS Markit

California Auto Outlook

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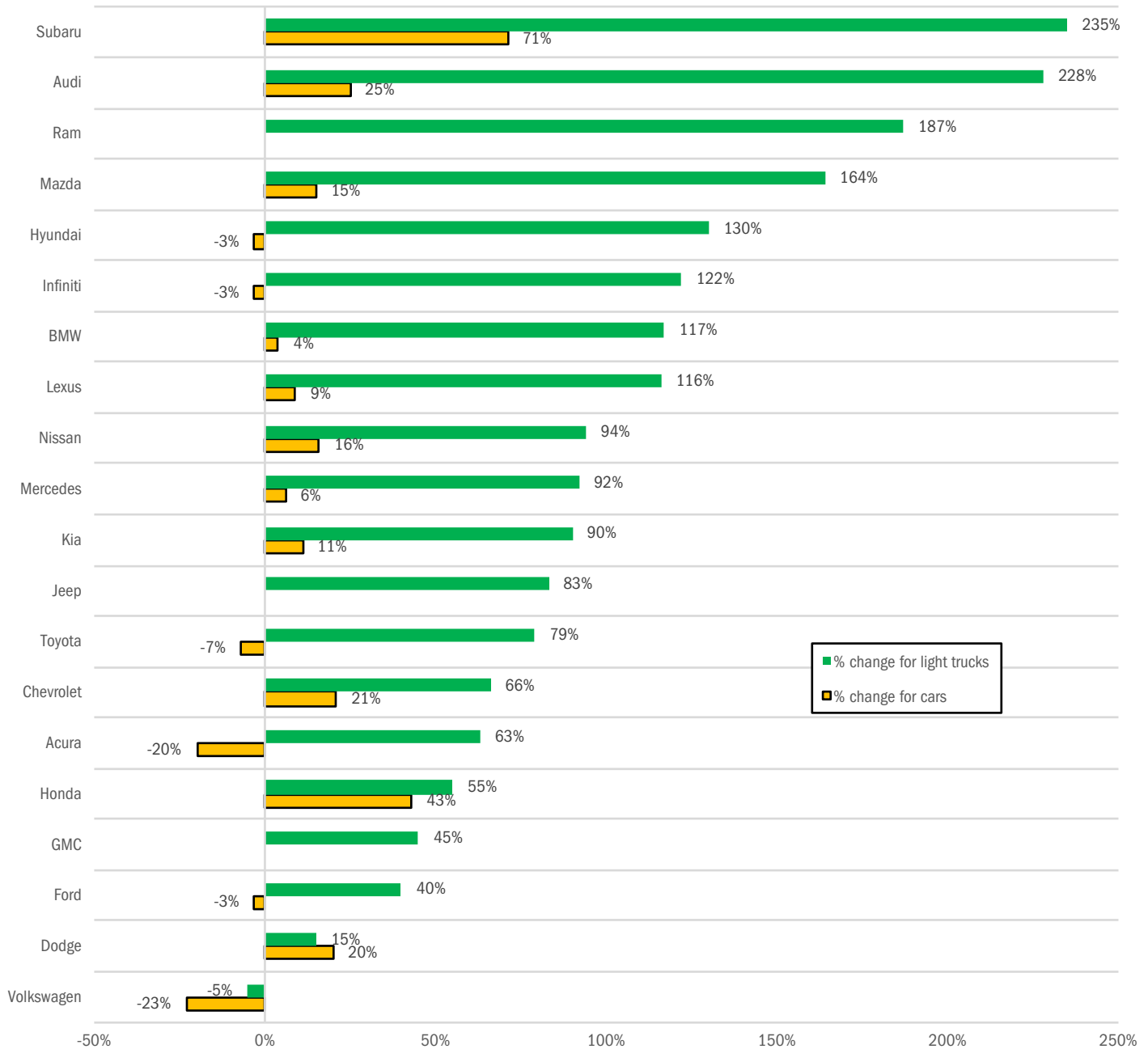
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BRAND CAR AND LIGHT TRUCK REGISTRATIONS

Light Truck Registrations Increase for 19 of Top 20 Brands

The graph below shows the percent change in new car and light truck registrations during the first six months of 2017 versus the same period in 2012 for the top 20 selling brands in the state. Brands are positioned from top to bottom based on the change in truck registrations. Not surprisingly, trucks led the way, with increases of more than 100% for several brands. Of the 17 brands that sell both types of vehicles, trucks out-performed cars for 16 brands.

**Five Year Percent Change in New Car and Light Truck Registrations for Top 20 Selling Brands
YTD 2017 thru June versus YTD 2012**

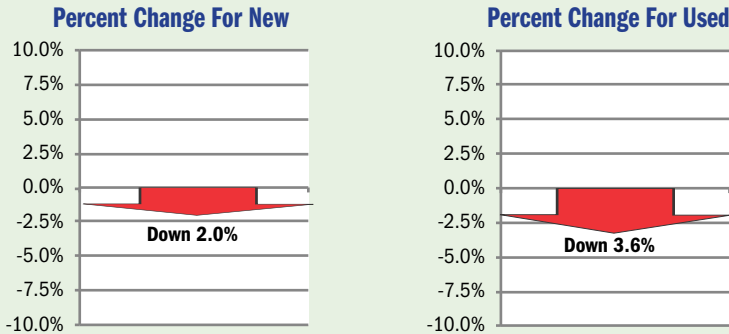


Source: IHS Markit.

TRACKING THE CALIFORNIA USED VEHICLE MARKET

Used Vehicle Market Has Small Decline in 2017

Comparison of California New and Used Vehicle Markets
Percent change in registrations (YTD '17 thru June vs. YTD '16)

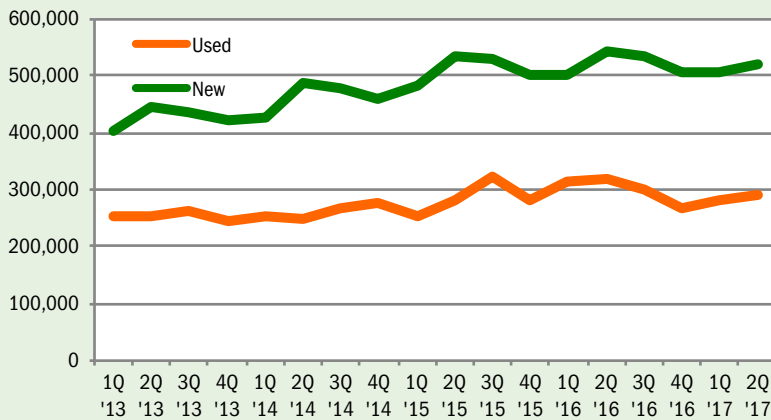


Source: IHS Markit

Below is a list of key trends in the California used vehicle market:

- ▶ The state's used market was off slightly in the first half of this year, with registrations declining by less than four percent.
- ▶ As shown on the graph below, the gap between the state's new and six year old used vehicle markets has remained essentially unchanged during the past two years.
- ▶ Registrations for vehicles in the four to six year old category increased 10.9 percent so far this year. The three year old or newer market declined.
- ▶ Used car registrations declined in the first half of this year. Light trucks were down less than 1 percent.
- ▶ European brands lost ground in the California used vehicle market. Korean brand registrations increased 2.8 percent.

California Quarterly New and Used Retail Registrations
(used only includes vehicles 6 years old or newer)



Source: IHS Markit

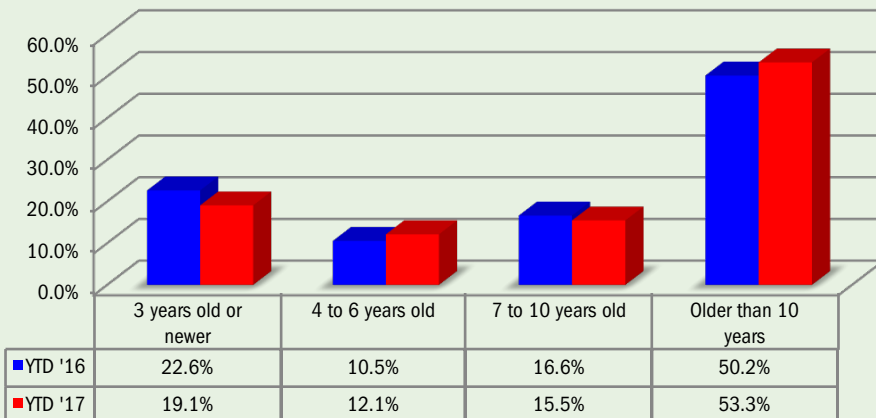
California Used Light Vehicle Registrations - YTD thru June					
	Registrations		% Change '16 TO '17	Market Share	
	YTD '16	YTD '17		YTD '16	YTD '17
TOTAL	1,913,084	1,844,187	-3.6%		
Cars	1,153,496	1,089,569	-5.5%	60.3%	59.1%
Light Trucks	759,588	754,618	-0.7%	39.7%	40.9%
Detroit Three	715,891	692,123	-3.3%	37.4%	37.5%
European	259,065	232,244	-10.4%	13.5%	12.6%
Japanese	856,078	835,487	-2.4%	44.7%	45.3%
Korean	82,050	84,333	2.8%	4.3%	4.6%

Source: IHS Markit

ANALYSIS OF USED VEHICLE REGISTRATIONS BY VEHICLE AGE

4 to 6 Year Old Market Has Largest Percentage Increase

Used Vehicle Market Share by Age of Vehicle - YTD 2017 and YTD 2016, thru June



Source: IHS Markit

Registrations by Vehicle Age Year-to-date thru June			
	YTD 2016	YTD 2017	% ch. '16 to '17
INDUSTRY TOTAL	1,913,084	1,844,187	-3.6%
3 years old or less	433,227	351,558	-18.9%
4 to 6 years old	201,780	223,694	10.9%
7 to 10 years old	317,981	285,131	-10.3%
Older than 10 years	960,096	983,804	2.5%

Source: IHS Markit