

# California Auto Outlook™

Comprehensive information on the California vehicle market

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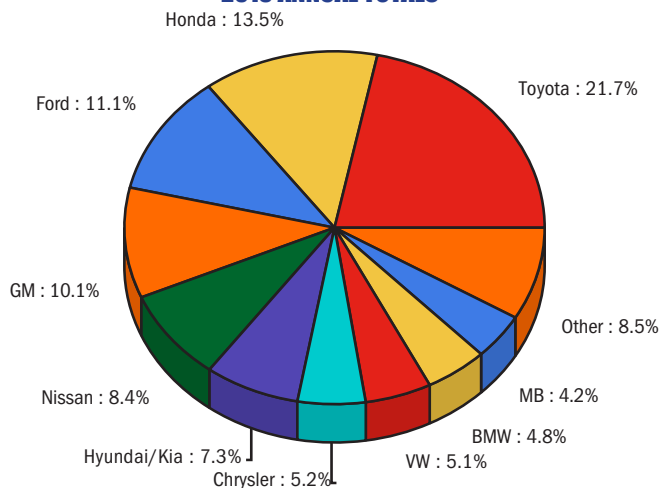
## FORECAST AND ANALYSIS OF CALIFORNIA NEW LIGHT VEHICLE MARKET

### California's New Vehicle Market Improved by 11.9 Percent in 2013

The California new vehicle market continued its steady recovery from the recessionary low point in sales that occurred in 2009. New light vehicle registrations in the state increased 9.0 percent in the Fourth Quarter of 2013 versus a year earlier. The percentage improvement slipped from recent quarters, but registrations still reached 422,313 units in the Fourth Quarter of last year, about 35,000 units higher than the Fourth Quarter of 2012. Total registrations in 2013 exceeded 1.71 million units, up 11.9 percent from 2012 and 65 percent from 2009! Auto Outlook is predicting that registrations in 2014 will approach 1.8 million units, a 5.2 percent increase from 2013. Other key trends in the state market:

- Among the top 15 selling brands, Subaru, Dodge, Mazda, Lexus, Chevrolet, Nissan, Ford, and BMW had the biggest percentage increases last year. New registrations for each of the eight brands increased by more than 15 percent (see page 4).
- Detroit Three registrations increased 17.4 percent in 2013 and market share increased 1.3 points. Korean brands had a small decline and market share fell by 0.9 of a point. Japanese brands steadily increased by 12.7%.
- Hybrid vehicle market share (excluding plug ins) increased to 6.8 percent last year, well above the 2012 level. Electric vehicle market share was 1.3 percent.
- Used vehicle registrations fell 6.1 percent. Three year old or newer vehicles were up 12.9 percent, as supply shortages are easing.

### MANUFACTURER SHARE OF CALIFORNIA NEW VEHICLE MARKET 2013 ANNUAL TOTALS

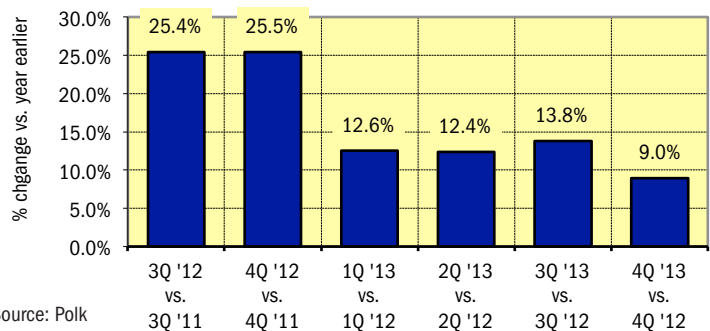


Brands included: Toyota (Toyota, Lexus, and Scion), Honda (Honda and Acura), Ford (Ford and Lincoln), GM (Buick, Cadillac, Chevrolet, and GMC), Nissan (Nissan and Infiniti), Chrysler (Chrysler, Dodge, Fiat, and Jeep), VW (Audi, Bentley, and Volkswagen), BMW (BMW, Rolls Royce, and MINI), MB (Mercedes Benz and smart), Other (all other brands).

Data source: Polk.

Any material referenced from this publication must cite the above data source information.

### QUARTERLY NEW LIGHT VEHICLE REGISTRATIONS IN CALIFORNIA PERCENT CHANGE VERSUS YEAR EARLIER

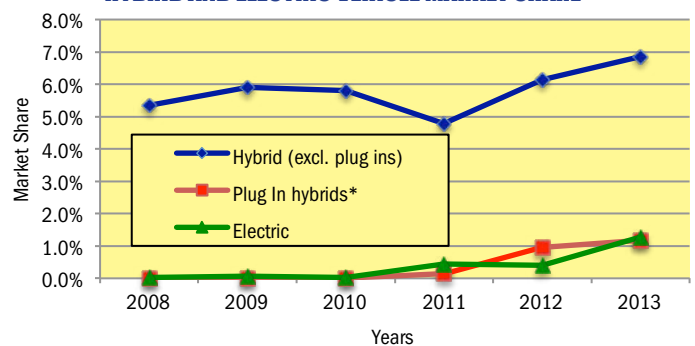


Source: Polk

CALIFORNIA NEW LIGHT VEHICLE REGISTRATIONS (INCLUDES RETAIL AND FLEET TRANSACTIONS)					
	2012	2013	% ch. '12 to '13	Forecast 2014	% ch. '13 to '14
TOTAL	1,529,212	1,711,563	11.9%	1,800,000	5.2%
Car	961,464	1,062,421	10.5%	1,107,000	4.2%
Light Truck	567,748	649,142	14.3%	693,000	6.8%
Detroit Three	400,279	470,043	17.4%	498,600	6.1%
European	262,792	282,524	7.5%	291,600	3.2%
Japanese	739,909	833,810	12.7%	880,200	5.6%
Korean	126,232	125,186	-0.8%	129,600	3.5%

Historical data source: Polk

### HYBRID AND ELECTRIC VEHICLE MARKET SHARE



### HYBRID AND ELECTRIC NEW VEHICLE REGISTRATIONS AND MARKET SHARE

	2009	2010	2011	2012	2013
Hybrid regs. (excl. plug ins)	61292	64211	58543	94073	117215
Hybrid share (excl. plug ins)	5.9%	5.8%	4.8%	6.2%	6.8%
Plug in hybrid regs.*	0	97	1682	14701	20235
Plug in hybrid share	0.0%	0.0%	0.1%	1.0%	1.2%
Electric regs.	772	300	5302	6197	21963
Electric share	0.1%	0.0%	0.4%	0.4%	1.3%

\* Registrations for Ford C-Max Energi and Ford Fusion Energi (which constitute a portion of the plug in total) were estimated by Auto Outlook. Source: Polk.

## MODEL SALES

## Toyota Prius was Best-Selling Model in California During 2013

Top Selling Models in Each Segment - 2013 Annual Total  
New Car and Light Truck Registrations

Cars											
Entry			Sub Compact			Sporty Compact			Standard Mid Size		
Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share
Nissan Versa	18920	21.0	Toyota Prius	69728	16.9	Chevrolet Camaro	9612	31.3	Honda Accord	63194	22.9
Honda Fit	11082	12.3	Honda Civic	66982	16.3	Ford Mustang	9092	29.6	Toyota Camry	56788	20.5
Kia Soul	10834	12.0	Toyota Corolla	52167	12.7	Dodge Challenger	5922	19.3	Nissan Altima	31029	11.2
Ford Fiesta	9868	11.0	Volkswagen Jetta	24469	5.9	Hyundai Veloster	3465	11.3	Ford Fusion	26242	9.5
Chevrolet Sonic	8054	9.0	Hyundai Elantra	23860	5.8	Subaru BRZ	1701	5.5	Kia Optima	21708	7.9
Large Mid Size			Entry Luxury			Near Luxury			Luxury and Sports		
Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share
Chevrolet Impala	8224	23.1	Lexus Ct200H	6267	32.7	BMW 3-Series	27026	23.9	Mercedes E-Class	17484	20.4
Toyota Avalon	6553	18.4	Acura ILX	4006	20.9	Mercedes C-Class	22443	19.8	BMW 5-Series	12972	15.2
Dodge Charger	5458	15.3	Mercedes CLA-Class	3388	17.7	Lexus ES	13684	12.1	Tesla Model S	8347	9.8
Chrysler 300	3932	11.0	Acura TSX	3215	16.8	Lexus IS	9122	8.1	Lexus GS	5052	5.9
Ford Taurus	3595	10.1	BMW 1-Series	1643	8.6	Audi A4	8424	7.4	Audi A6	3735	4.4
Light Trucks											
Compact Pickup			Full Size Pickup			Van			Compact SUV		
Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share
Toyota Tacoma	28182	75.2	Ford F Series	41671	38.4	Toyota Sienna	19645	27.4	Honda CRV	31850	19.4
Nissan Frontier /Xe	7397	19.7	Chevrolet Silverado	25332	23.4	Honda Odyssey	15864	22.1	Toyota RAV4	23651	14.4
Honda Ridgeline	1298	3.5	Ram	17174	15.8	Ford Econoline	8088	11.3	Ford Escape	18376	11.2
Chevrolet Colorado	328	0.9	Toyota Tundra	12450	11.5	Dodge Caravan	6269	8.7	Nissan Rogue	13754	8.4
			GMC Sierra	10135	9.3	Chevrolet Express	4159	5.8	Jeep Wrangler	11158	6.8
Mid Size SUV (2 rows)			Mid Size SUVs (3 rows)			Full Size SUV			Luxury SUV		
Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share
Ford Edge	13137	25.9	Ford Explorer	16068	18.3	Chevrolet Tahoe	4550	23.7	Lexus RX	17799	16.2
Jeep Grand Cherokee	12527	24.7	Honda Pilot	14540	16.6	Ford Flex	4183	21.8	BMW X5	8237	7.5
Subaru Forester	10972	21.6	Toyota Highlander	14535	16.6	GMC Yukon	3445	18.0	Acura MDX	7266	6.6
Hyundai Santa Fe Sport	4469	8.8	Kia Sorento	8224	9.4	Chevrolet Suburban	2268	11.8	Audi Q5	6939	6.3
Toyota 4 Runner	4037	8.0	Nissan Pathfinder	7212	8.2	Ford Expedition	1936	10.1	Mercedes M-Class	6593	6.0

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

Source: Polk.

## MARKET PERSPECTIVE

## Improvement in California Market Exceeds U.S. in 2013

New light vehicle registrations (including retail and fleet transactions) in California increased 11.9 percent from 2012 to 2013, higher than the 7.2 percent improvement in the U.S. market (see table below). Passenger car share of the overall light vehicle market in California was 62.1 percent, exceeding National levels by 12 share points. Domestic brand market share (the Detroit Three) in California was 27.5 percent, up from 2012, but well below the 44.9 percent share nationally. Japanese brand share in the state was 11.3 points higher than nationally.

NEW LIGHT VEHICLE MARKET COMPARISON (INCLUDES RETAIL AND FLEET TRANSACTIONS)						
Market	Percent change in registrations 2013 vs. 2012	Car market share 2013	Domestic brand share 2013	European brand share 2013	Japanese brand share 2013	Korean brand share 2013
California	11.9%	62.1%	27.5%	16.5%	48.7%	7.3%
U.S.	7.2%	50.1%	44.9%	9.6%	37.4%	8.0%

Source: Polk

**BRAND SCOREBOARD**

**Detailed Results for All Brands in California Market**

The table shows new light vehicle registrations in California, including retail and fleet transactions. Please keep in mind that monthly registration figures can occasionally be subject to fluctuations, resulting in over or under estimation of actual results. This usually occurs due to processing delays by governmental agencies. For this reason, the year-to-date figures will typically be more reflective of market results. The top 10 ranked brands in each percent change category are shaded green. Data Source: Polk.

California New Car and Light Truck Registrations																
	December				Fourth Quarter 2012 and 2013				Annual Totals				Annual Market Share			
	California			U.S.	California			U.S.	California			California				
	2012	2013	% chg.	% chg.	2012	2013	% chg.	% chg.	2012	2013	% chg.	% chg.	2012	2013	Chg.	
<b>MARKET SUMMARY</b>																
TOTAL	151,281	158,028	4.5%	2.6%	387,523	422,313	9.0%	2.6%	1,529,212	1,711,563	11.9%	7.2%				
Cars	92,574	94,533	2.1%	-2.5%	240,123	256,137	6.7%	-1.5%	961,464	1,062,421	10.5%	4.0%	62.9	62.1	-0.8	
Light Trucks	58,707	63,495	8.2%	7.6%	147,400	166,176	12.7%	6.6%	567,748	649,142	14.3%	10.6%	37.1	37.9	0.8	
Domestic	38,270	42,024	9.8%	3.8%	97,272	111,072	14.2%	4.2%	400,279	470,043	17.4%	8.8%	26.2	27.5	1.3	
European	31,626	30,481	-3.6%	-8.0%	77,330	80,092	3.6%	-4.5%	262,792	282,524	7.5%	4.5%	17.2	16.5	-0.7	
Japanese	71,135	75,494	6.1%	5.0%	184,571	203,742	10.4%	4.4%	739,909	833,810	12.7%	7.9%	48.4	48.7	0.3	
Korean	10,250	10,029	-2.2%	2.0%	28,350	27,407	-3.3%	-3.6%	126,232	125,186	-0.8%	-1.0%	8.3	7.3	-0.9	
<b>BRAND REGISTRATIONS</b>																
Acura	2,520	2,478	-1.7%	4.5%	5,886	6,570	11.6%	10.5%	22,002	24,004	9.1%	6.7%	1.4	1.4	0.0	
Audi	3,171	3,257	2.7%	9.4%	7,441	8,151	9.5%	8.5%	26,271	28,947	10.2%	12.1%	1.7	1.7	0.0	
BMW	7,933	7,676	-3.2%	-16.1%	18,832	19,337	2.7%	-6.2%	58,887	67,718	15.0%	11.8%	3.9	4.0	0.1	
Buick	644	714	10.9%	1.8%	1,607	2,049	27.5%	8.0%	7,355	9,029	22.8%	13.9%	0.5	0.5	0.0	
Cadillac	1,411	1,466	3.9%	6.3%	3,440	3,534	2.7%	1.5%	11,401	13,962	22.5%	19.9%	0.7	0.8	0.1	
Chevrolet	9,078	10,821	19.2%	-4.5%	23,758	28,863	21.5%	0.6%	107,801	126,293	17.2%	4.6%	7.0	7.4	0.3	
Chrysler	1,445	646	-55.3%	-8.2%	2,978	1,998	-32.9%	-2.9%	12,884	10,378	-19.5%	-1.0%	0.8	0.6	-0.2	
Dodge	3,436	2,826	-17.8%	0.9%	7,341	7,394	0.7%	-1.2%	28,835	37,229	29.1%	14.3%	1.9	2.2	0.3	
FIAT	675	882	30.7%	1.2%	2,219	2,640	19.0%	-15.4%	8,891	8,984	1.0%	-2.4%	0.6	0.5	-0.1	
Ford	14,668	15,775	7.5%	1.7%	39,498	43,814	10.9%	3.4%	159,404	185,498	16.4%	10.5%	10.4	10.8	0.4	
GMC	2,466	2,541	3.0%	5.6%	6,063	6,270	3.4%	7.7%	23,183	23,906	3.1%	9.1%	1.5	1.4	-0.1	
Honda	18,405	18,400	0.0%	1.9%	46,822	50,001	6.8%	1.7%	184,911	206,783	11.8%	7.7%	12.1	12.1	0.0	
Hyundai	5,815	5,688	-2.2%	4.6%	16,141	15,057	-6.7%	-3.8%	69,987	67,075	-4.2%	1.8%	4.6	3.9	-0.7	
Infiniti	1,804	1,921	6.5%	8.9%	4,167	4,702	12.8%	4.9%	17,678	15,996	-9.5%	-2.9%	1.2	0.9	-0.2	
Jaguar	195	310	59.0%	43.3%	557	776	39.3%	58.3%	2,470	2,792	13.0%	34.8%	0.2	0.2	0.0	
Jeep	2,532	3,702	46.2%	39.0%	6,484	8,909	37.4%	18.1%	29,851	32,415	8.6%	2.3%	2.0	1.9	-0.1	
Kia	4,435	4,341	-2.1%	-1.6%	12,209	12,350	1.2%	-3.4%	56,245	58,111	3.3%	-4.5%	3.7	3.4	-0.3	
Land Rover	866	877	1.3%	7.3%	1,983	2,197	10.8%	12.5%	7,246	8,381	15.7%	14.7%	0.5	0.5	0.0	
Lexus	6,211	7,299	17.5%	14.6%	14,363	16,634	15.8%	9.1%	47,203	55,339	17.2%	11.7%	3.1	3.2	0.1	
Lincoln	371	561	51.2%	16.1%	1,011	1,387	37.2%	16.5%	4,432	4,715	6.4%	-2.4%	0.3	0.3	0.0	
Mazda	2,702	3,464	28.2%	-8.2%	6,905	9,151	32.5%	-1.5%	30,348	37,985	25.2%	3.2%	2.0	2.2	0.2	
Mercedes	8,483	8,786	3.6%	8.0%	21,237	23,504	10.7%	9.4%	64,542	72,471	12.3%	10.0%	4.2	4.2	0.0	
MINI	1,562	1,227	-21.4%	-35.2%	4,043	3,361	-16.9%	-20.7%	15,176	14,542	-4.2%	-5.2%	1.0	0.8	-0.1	
Mitsubishi	442	762	72.4%	63.3%	1,222	1,846	51.1%	37.6%	5,660	6,209	9.7%	5.4%	0.4	0.4	0.0	
Nissan	8,724	10,809	23.9%	14.0%	24,969	30,332	21.5%	8.8%	109,596	127,672	16.5%	9.9%	7.2	7.5	0.3	
Other	742	743	0.1%	-26.6%	1,775	1,708	-3.8%	-38.1%	5,750	5,898	2.6%	-35.3%	0.4	0.3	0.0	
Porsche	812	946	16.5%	5.6%	2,408	2,641	9.7%	6.5%	7,686	9,482	23.4%	24.1%	0.5	0.6	0.1	
Ram	1,512	1,954	29.2%	22.9%	3,902	4,943	26.7%	13.1%	13,536	17,776	31.3%	22.3%	0.9	1.0	0.2	
Subaru	3,464	4,328	24.9%	16.0%	8,581	11,363	32.4%	20.2%	29,655	42,526	43.4%	25.5%	1.9	2.5	0.5	
Tesla	673	973	44.6%	98.0%	1,113	1,793	61.1%	136.4%	1,236	8,347	575.3%	875.0%	0.1	0.5	0.4	
Toyota	26,822	25,981	-3.1%	-0.1%	71,368	73,059	2.4%	0.6%	292,024	316,863	8.5%	5.9%	19.1	18.5	-0.6	
Volkswagen	6,488	5,176	-20.2%	-20.1%	15,597	14,395	-7.7%	-18.5%	59,658	58,154	-2.5%	-4.6%	3.9	3.4	-0.5	
Volvo	774	698	-9.8%	-17.3%	1,603	1,584	-1.2%	-13.8%	7,408	6,083	-17.9%	-7.9%	0.5	0.4	-0.1	

**RETAIL MARKET RECAP**

**Increase in Northern California Market Slightly Higher than Southern California in 2013**

The table below summarizes new retail light vehicle market results during 2012 and 2013. (Note: the information presented includes retail registrations only, and excludes fleet transactions.) New retail light vehicle registrations in California increased 13.1 per-

cent last year, higher than the 11.9 percent increase in total registrations, which include fleets.

The Southern California retail market increased 12.3 percent, while Northern California was up 14.5 per-

cent. The LA and Orange County market improved 12.4 percent, while San Francisco Bay was up 14.2 percent.

Source: Polk.

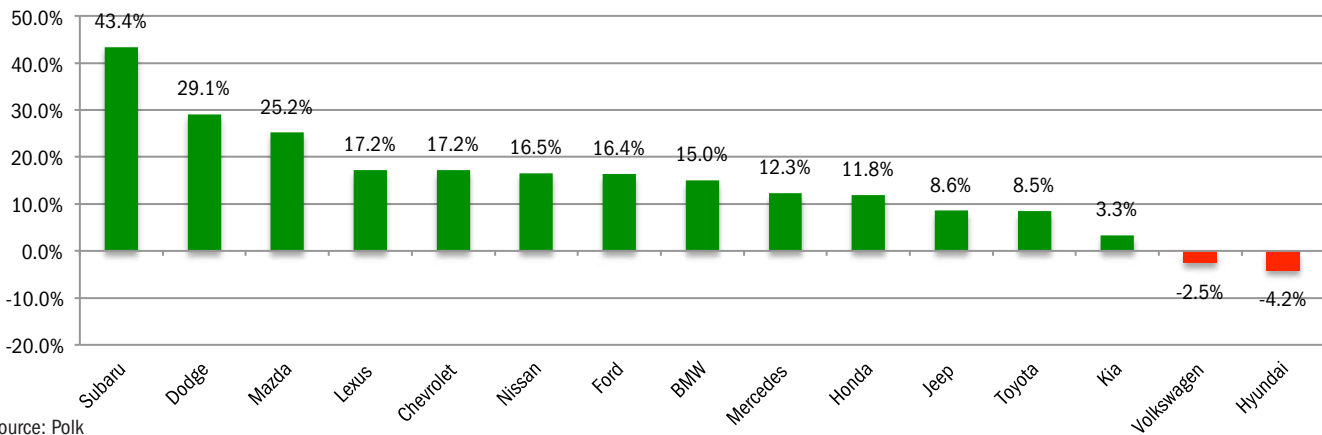
NEW RETAIL LIGHT VEHICLE REGISTRATIONS (excluding fleets) - Annual Totals							
Northern and Southern California				Selected Regional Markets			
	2012	2013	Percent Change		2012	2013	Percent Change
Statewide Total	1,337,690	1,512,310	13.1%	San Francisco Bay	258,321	294,978	14.2%
Cars	848,247	947,892	11.7%	Cars	162,948	183,515	12.6%
Light Trucks	489,443	564,418	15.3%	Light Trucks	95,373	111,463	16.9%
Northern California	444,820	509,454	14.5%	LA and Orange Counties	529,645	595,533	12.4%
Cars	268,937	301,392	12.1%	Cars	352,797	395,131	12.0%
Light Trucks	175,883	208,062	18.3%	Light Trucks	176,848	200,402	13.3%
Southern California	892,870	1,002,856	12.3%	San Diego County	126,570	139,593	10.3%
Cars	579,310	646,500	11.6%	Cars	78,922	85,630	8.5%
Light Trucks	313,560	356,356	13.6%	Light Trucks	47,648	53,963	13.3%

**BRAND SCOREBOARD**

**Subaru, Dodge, and Mazda Post Big Gains During 2013**

This graph below shows the percent change in new vehicle registrations from 2012 to 2013 for the top 15 selling brands in the state.

**Percent Change in New Vehicle Registrations for Top 15 Brands in State (includes fleets) - 2013 vs. 2012**



Source: Polk

**California Auto Outlook**

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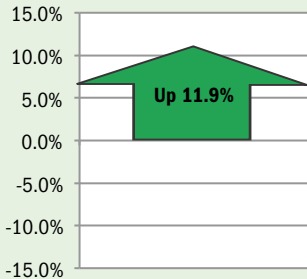
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**TRACKING THE CALIFORNIA USED VEHICLE MARKET**

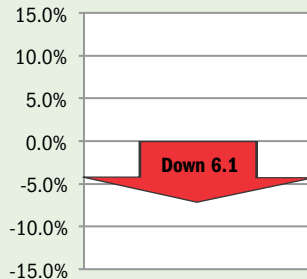
**Used Vehicle Registrations Fall 6.1 Percent in 2013**

**COMPARISON OF CALIFORNIA NEW AND USED VEHICLE MARKETS  
PERCENT CHANGE IN REGISTRATIONS (2013 VS. 2012)**

**PERCENT CHANGE FOR NEW**



**PERCENT CHANGE FOR USED**

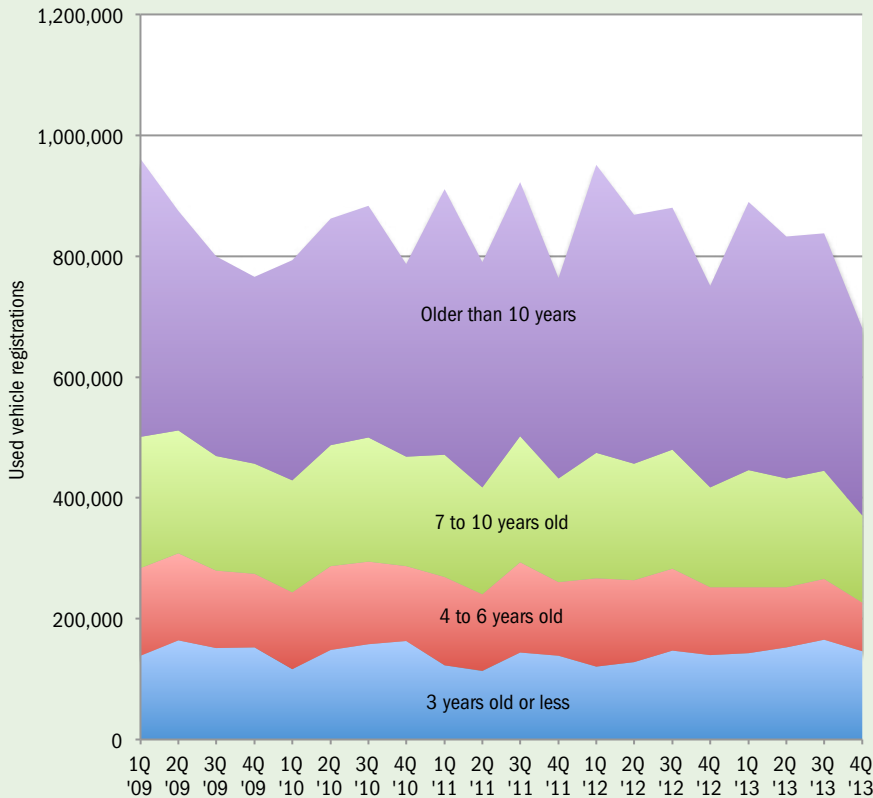


Source: Polk

CALIFORNIA USED LIGHT VEHICLE REGISTRATIONS - ANNUAL TOTALS					
	Registrations		% Change '12 TO '13	Market Share	
	2012	2013		2012	2013
TOTAL	3,451,087	3,242,049	-6.1%		
Cars	2,069,895	1,958,558	-5.4%	60.0%	60.4%
Light Trucks	1,381,192	1,283,491	-7.1%	40.0%	39.6%
Detroit Three	1,414,696	1,283,270	-9.3%	41.0%	39.6%
European	436,178	433,354	-0.6%	12.6%	13.4%
Japanese	1,508,238	1,431,133	-5.1%	43.7%	44.1%
Korean	91,975	94,292	2.5%	2.7%	2.9%

Source: Polk

**CALIFORNIA QUARTERLY USED VEHICLE REGISTRATIONS**



Source: Polk

Quarters

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

- Used registrations in the state declined 6.1 percent from 2012 to 2013.
- The California new vehicle market has been growing at a faster pace than the used market for the past several years. New vehicle registrations surged 65 percent from 2009 to 2013, while used registrations were off 4.6 percent.
- Used car registrations declined 5.4 percent last year, while light trucks were off 7.1 percent. Detroit Three brand used registrations declined 9.3 percent.
- Toyota Camry was the best-selling model in the state for vehicles six years old or newer. Used Camry registrations approached 40,000 units, well ahead of the second place Honda Civic (see page 6).
- Franchised new car dealerships accounted for 19.6 percent of the used vehicle market in 2013, up from 12.9 percent in 2009 and 17.5 percent in 2012.

REGISTRATIONS BY VEHICLE AGE 2013 VS. 2012			
	2012	2013	% ch. '12 to '13
INDUSTRY TOTAL	3,451,087	3,242,049	-6.1%
3 years old or less	536,586	605,885	12.9%
4 to 6 years old	529,030	390,381	-26.2%
7 to 10 years old	762,355	698,212	-8.4%
Older than 10 years	1,623,116	1,547,571	-4.7%

Source: Polk

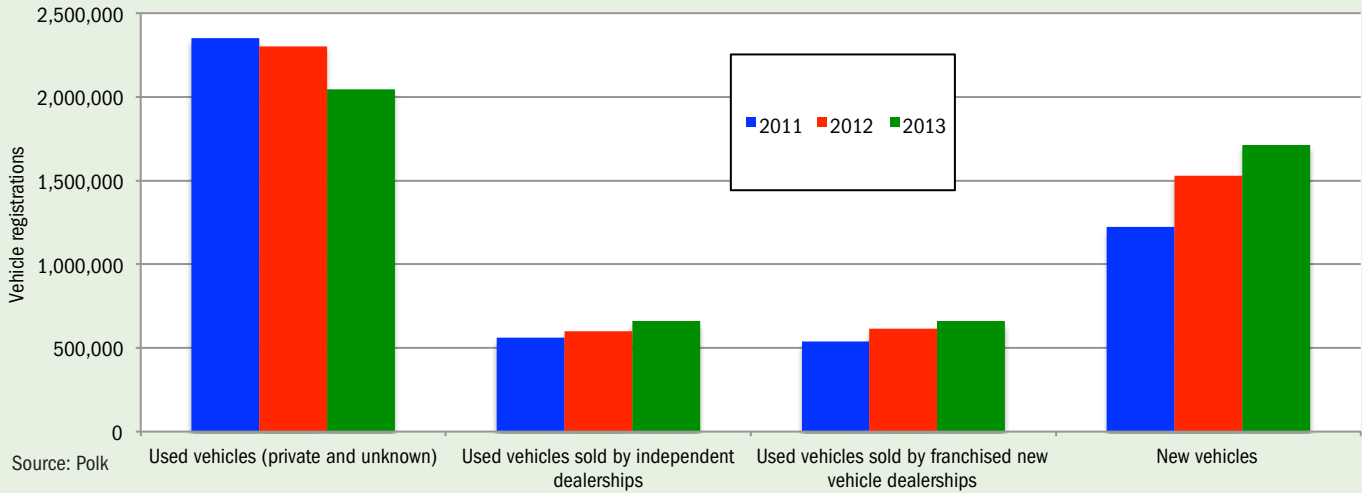
The sharp drop in new vehicle sales that began in 2008 has led to short supplies of four to six year old vehicles. Used registrations for vehicles in this age range fell 26.2 percent last year. The steady recovery in the new vehicle market has led to increasing supplies of three year old or newer vehicles. As shown on the graph to the left, registrations for used vehicles three years old or newer (the blue area at the bottom) have accounted for an expanding share of the used vehicle market during the past two years.

**TRACKING THE CALIFORNIA USED VEHICLE MARKET**

**Franchised New Car Dealerships Share of Used Vehicle Market Reached 19.6 Percent in 2013**

The first graph below shows vehicle registrations in the state during 2011, 2012, and 2013 for four categories: 1. Used vehicles involving private party transactions (or unknown selling dealership); 2. Used vehicles sold by independent dealerships; 3. Used vehicles sold by franchised new vehicle dealerships; and 4. New vehicles.

**USED AND NEW VEHICLE REGISTRATIONS IN CALIFORNIA - 2011, 2012, AND 2013 (ANNUAL TOTALS)**



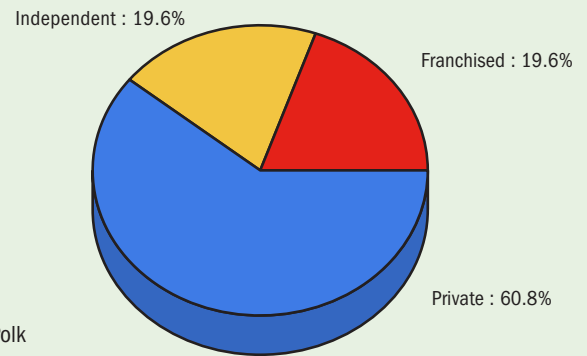
Source: Polk

**FRANCHISED NEW VEHICLE DEALERSHIP SHARE**



Source: Polk

**SHARE OF STATE USED VEHICLE MARKET 2013**



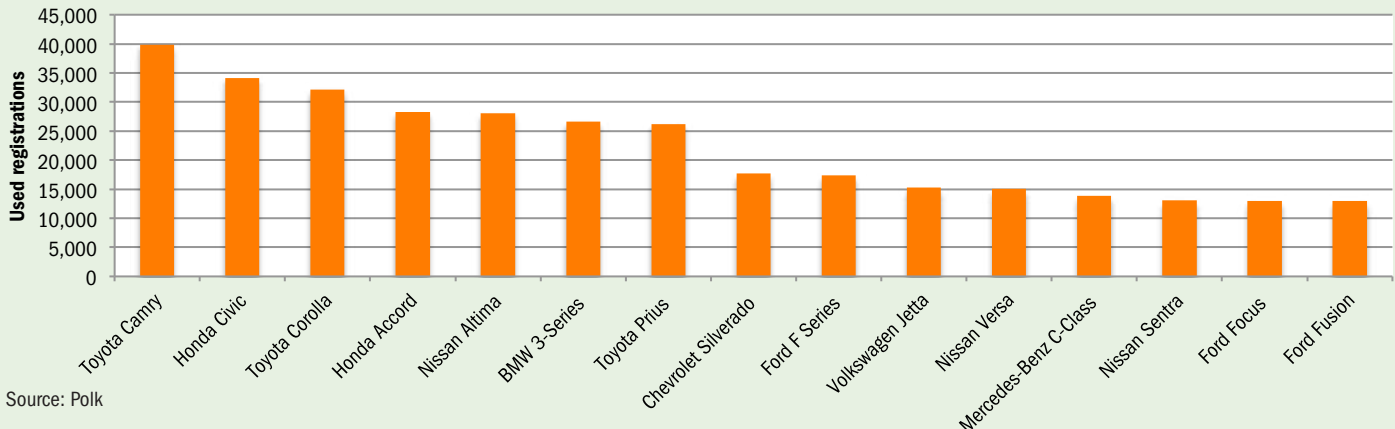
Source: Polk

**BEST SELLING USED VEHICLES IN THE STATE**

**Camry, Civic, and Corolla are Top Sellers in State Used Vehicle Market**

The graph below shows used vehicle registrations for the top 15 selling models in the state for vehicles six years old or newer.

**TOP 15 SELLING USED VEHICLES BY ALL SOURCES IN CALIFORNIA (VEHICLES SIX YEARS OLD OR NEWER) - 2013**



Source: Polk