

Los Angeles Auto Outlook



Comprehensive information on the LA County new vehicle market

NEW VEHICLE MARKET FORECAST

County Market Predicted to Increase 8% for Remainder of 2023

Below is a review of key trends in the Los Angeles County new vehicle market.

Results during 1Q 2023

County new light vehicle registrations increased 1.8% during the first three months of 2023 vs. weak year-earlier levels. National retail market fell 1.0%. As shown on page 2, equivalent U.S. SAAR levels stayed below 14 million units, an indicator that county new vehicle sales remained subdued.

2023 Forecast

According to the baseline forecast, registrations are expected to exceed 408,000 units this year, a 6.4% improvement from 2022. See sidebar to right for alternative upside and downside projections. Registrations are predicted to increase 8% from April thru December of this year versus the same period in 2022.

Key determinants for the market

During the past three years, the new vehicle market has been impacted by a series of speed bumps that have put the brakes on sales. The pandemic, supply chain issues, depleted inventories, rising interest rates, weakening consumer affordability, and concern over the banking system have pushed sales below trend levels. Despite this lengthy list, primary factors driving the

market during 2023 are fairly evident. Following three years of below average sales, pent-up demand is at elevated levels as the volume of postponed purchases continues to grow. Weakening consumer affordability will hold back the release of pent-up demand, but improving vehicle inventories should be sufficient to push sales above current levels.

Battery Electric Vehicle sales gains

BEV market share in the county increased to 19.5% in the First Quarter of 2023, up from 14.8% a year earlier. Franchised dealership share of the BEV market improved by 14.1 share points so far this year (see page 4).

Light truck sales

There are signs that the climb in light truck market share could be reaching its peak. Light trucks (consisting of SUVs, pickups, and vans) accounted for 34.0% of the market in 2012, and increased to 64.4% last year. In the First Quarter of 2023, however, light truck share was up just 1.3 points versus year earlier.

Brands that fared best in early 2023

Among the top 25 sellers in the county market, Chevrolet, Land Rover, Genesis, Hyundai, and GMC had the largest percentage gains in the First Quarter of this year.

Toyota, Tesla, Honda, Kia, and BMW were market leaders.

Top selling models in Los Angeles County

Tesla Model Y, Tesla Model 3, Toyota Camry, Toyota RAV4, Honda Civic, Honda Accord, Toyota Corolla, Toyota Tacoma, Kia Forte, and Honda HR-V were the top 10 sellers so far this year.

County economic conditions

Total employment in the county was 4.78 million, still below pre-pandemic levels. Unemployment rate was 5.3% (see page 3).

**Outlook for
Los Angeles County New Retail
Light Vehicle Market**

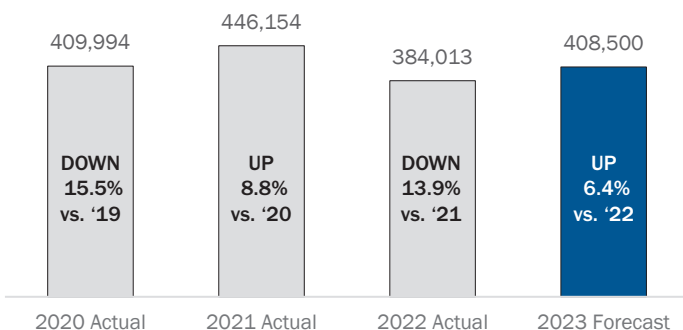
2023 Annual Forecast

Baseline scenario: 408,500
up 6.4% vs. '22

Alternative upside: 431,200
up 12.3% vs. '22

Alternative downside: 391,700
up 2.0% vs. '22

Forecast for County New Retail Light Vehicle Registrations



The graph above shows annual new retail light vehicle registrations from 2020 through 2022 and Auto Outlook's baseline projection for 2023. Historical data sourced from Experian Automotive.

Market Summary

	YTD '22 March	YTD '23 March	% Chg. '22 to '23	Mkt. Share YTD '23
TOTAL	99,008	100,759	1.8%	
Car	35,661	34,938	-2.0%	34.7%
Light Truck	63,347	65,821	3.9%	65.3%
Domestic	28,803	29,723	3.2%	29.5%
European	18,981	19,385	2.1%	19.2%
Japanese	42,411	41,849	-1.3%	41.5%
Korean	8,813	9,802	11.2%	9.7%

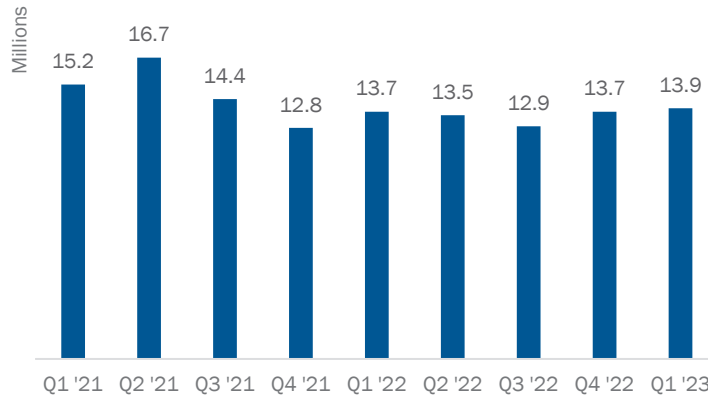
Domestics consist of vehicles sold by GM, Ford, Stellantis (excluding Alfa Romeo and FIAT), Tesla, Rivian, and Lucid. Data sourced from Experian Automotive.

Los Angeles County New Vehicle Market Dashboard



MARKET PERFORMANCE DURING PAST TWO YEARS

Los Angeles County Quarterly Registrations
Seasonally Adjusted Annual Rate, Converted to Equivalent U.S. New Vehicle Market SAAR (millions of units)



The graph on the left provides an easily recognizable way to gauge the strength of the county market. It shows quarterly registrations based on a seasonally adjusted annual rate. These figures are then indexed to SAAR sales figures for the U.S. new vehicle market. So just like in the national market, when the quarterly SAAR is above 17 million units, the county market is strong, 15 million is about average, and below 13 million is weak. Equivalent SAAR levels in the county increased from 13.7 million in the Fourth Quarter of last year to 13.9 million in the First Quarter of this year.

Data sourced from Experian Automotive. SAAR estimates: Auto Outlook.



COUNTY MARKET VS. U.S.

% Change In New Retail Market YTD 2023 thru March vs. YTD 2022

Los Angeles County
UP 1.8%

U.S.
DOWN 1.0%

New retail light vehicle registrations in the county increased 1.8% in the First Quarter of this year versus the 1.0% drop in the Nation.

Data sourced from Experian Automotive.

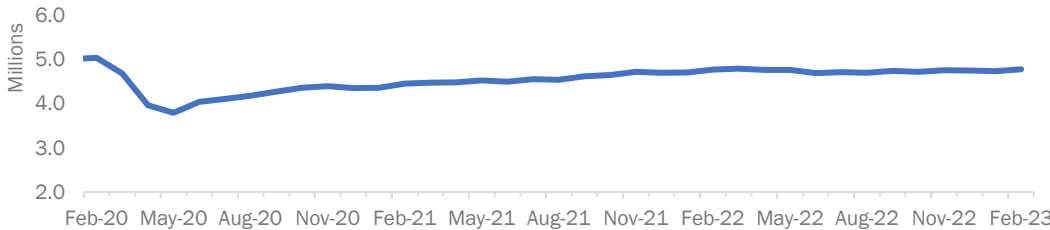
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Los Angeles County New Vehicle Market Dashboard



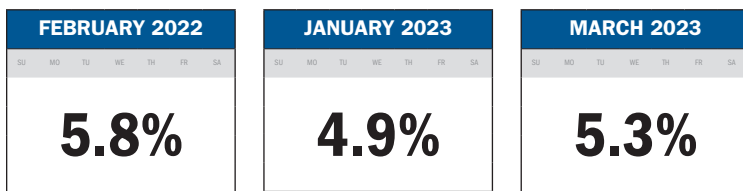
TRACKING ECONOMIC INDICATORS

Total Employment in Los Angeles County



High inflation and rising interest rates have raised some concerns that the economy might be headed for recession, but at least so far, most indicators have remained relatively strong. County employment is slightly below pre-pandemic levels and the unemployment rate was below 6% early this year. GDP growth has remained positive in each of the past two quarters and county wages are up considerably compared to year-earlier.

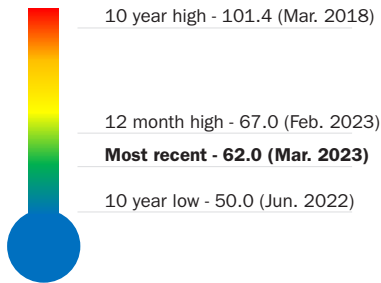
Monthly Unemployment Rates in Los Angeles County



Average Hourly Earnings for All Workers in County - Feb. 2023

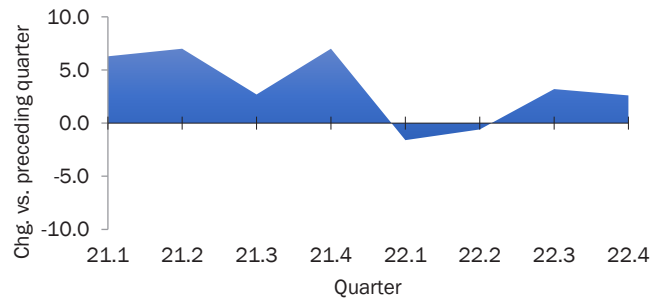


University of Michigan Consumer Sentiment (U.S.)



Key Values During Past 10 Years

Percent Change in U.S. Gross Domestic Product

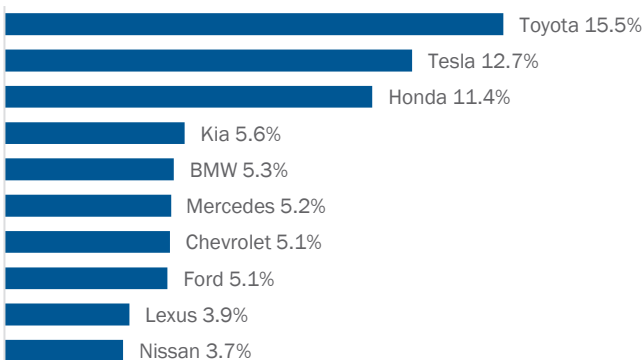


Sources: Bureau of Labor Statistics, University of Michigan, and U.S. Bureau of Econ. Analysis.



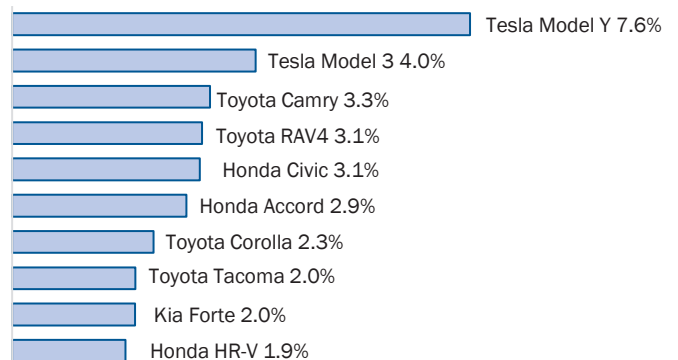
TOP TEN RANKINGS IN LOS ANGELES COUNTY MARKET

Market Share for Top Ten Selling Brands in County Market YTD 2023 thru March



Data sourced from Experian Automotive.

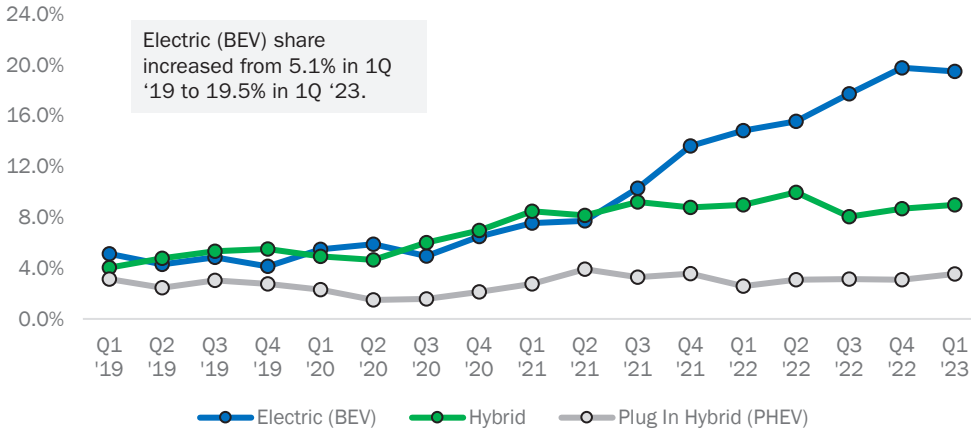
Market Share for Top Ten Selling Models in County Market YTD 2023 thru March





Vehicle Powertrain Dashboard

Quarterly Alternative Powertrain Market Share (includes hybrid and electric vehicles)



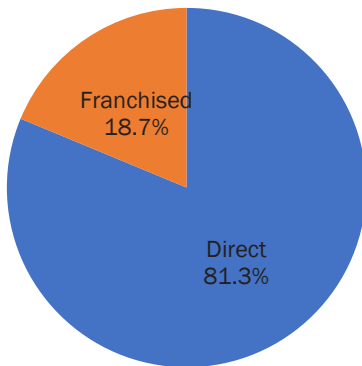
YTD Share by Engine Type (2022 and 2023, thru March)

	YTD '22	YTD '23	
Electric (BEV)	14.8%	19.5%	↑
Hybrid	9.0%	9.0%	FLAT
Plug In Hybrid (PHEV)	2.6%	3.5%	↑

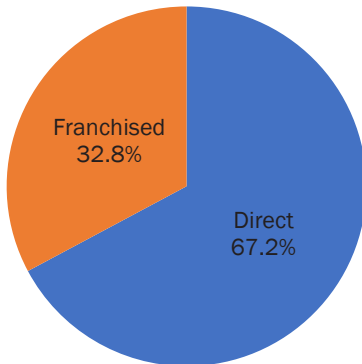
Data sourced from Experian Automotive. Hybrid vehicle market share excludes mild hybrids.

Share of County BEV Market for Franchised Dealerships and Direct Sellers

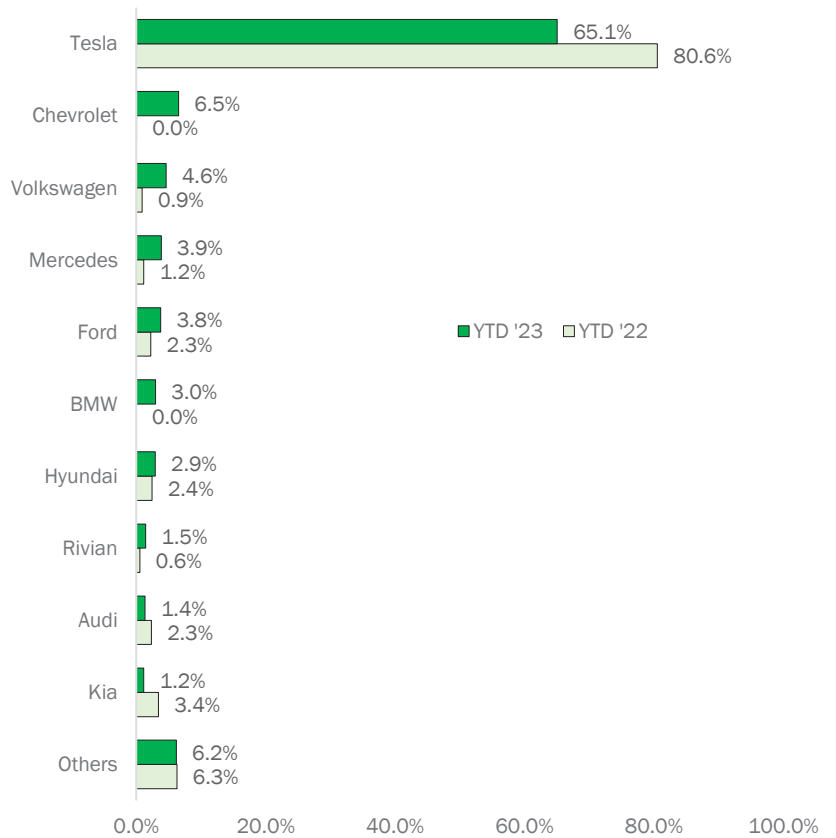
YTD 2022 thru March



YTD 2023 thru March



Brand Share of County BEV Market YTD 2022 and YTD 2023 thru March

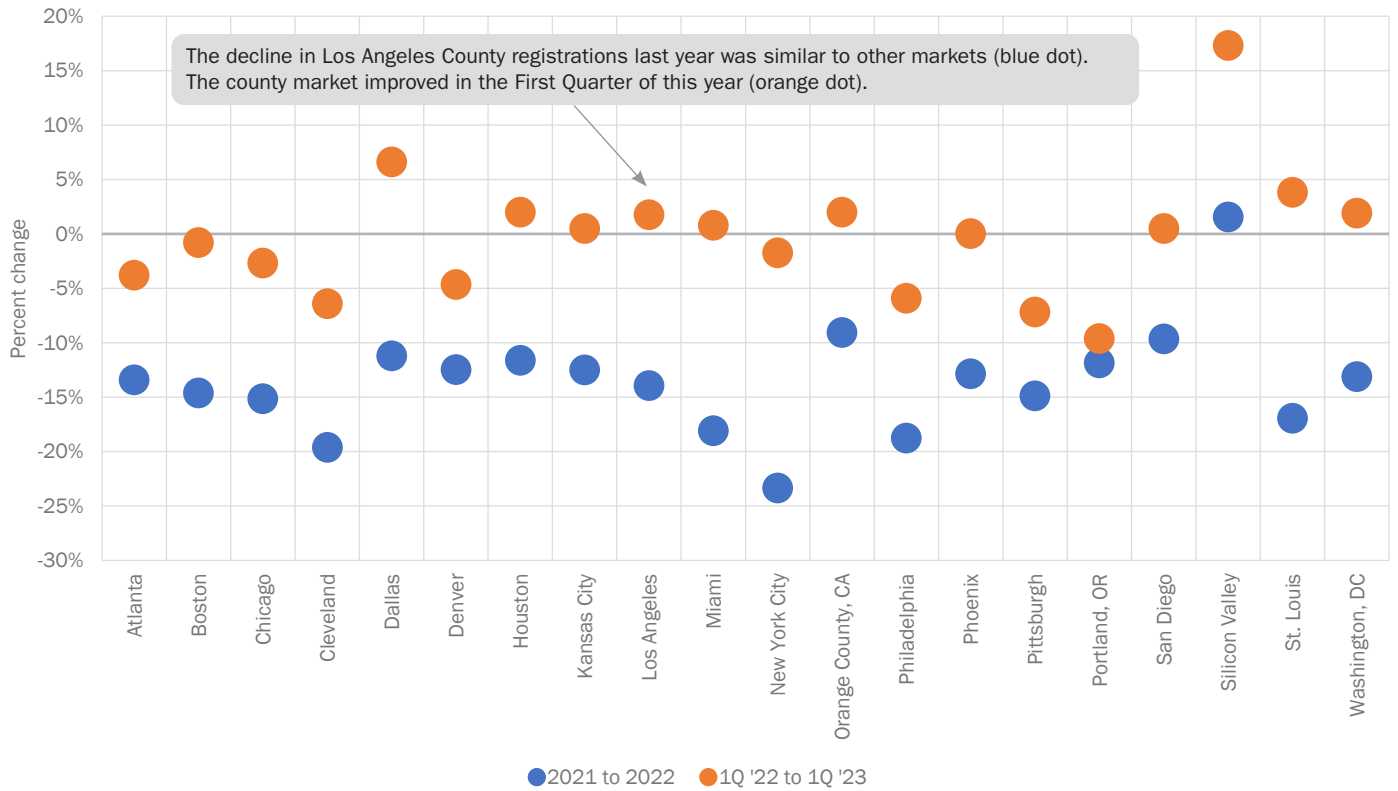


Observations: Franchised dealership share of the county BEV market increased from 18.7% during the First Quarter of 2022 to 32.8% this year. Franchised dealership brand registrations were up 134% vs. the 11% increase for direct sellers. Tesla BEV market share declined 15.5 points, while registrations improved by 8%. Chevrolet was the second best-selling BEV brand so far this year. Data sourced from Experian Automotive.

Comparison of Selected Metro Area Markets



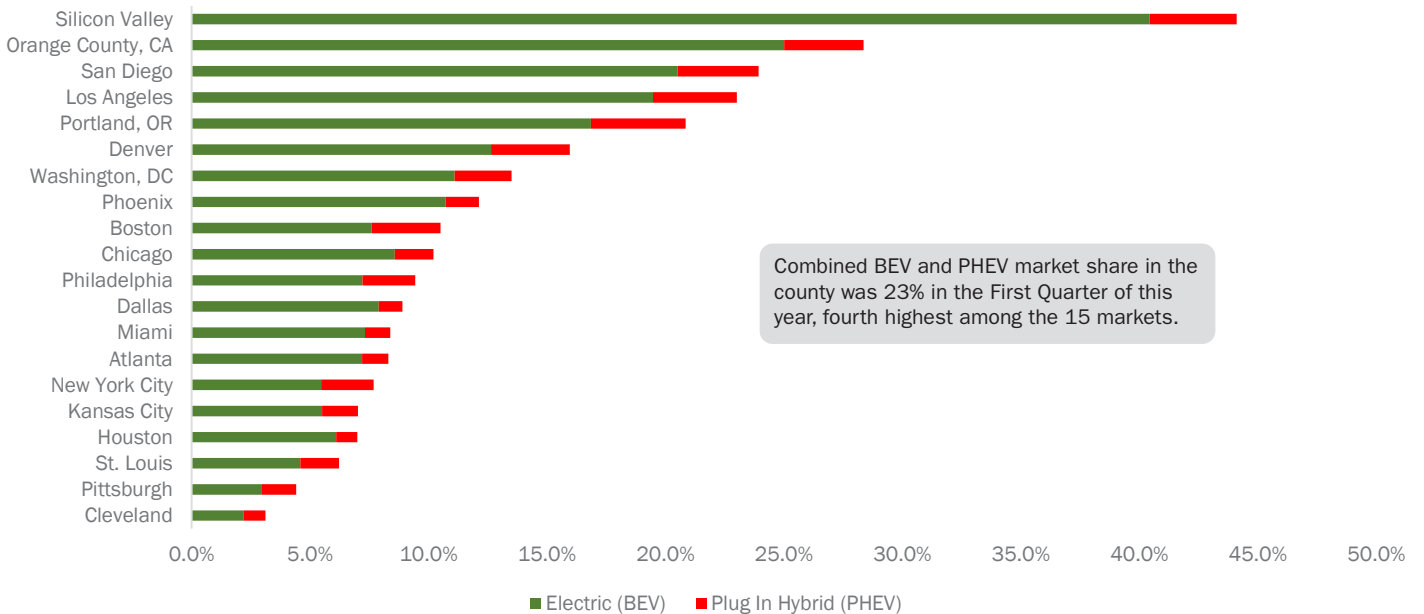
Percent Change in New Vehicle Registrations from 2021 to 2022, and from 1Q 2022 to 1Q 2023



The graph above provides a comparison of how metro area new vehicle markets performed last year and in the First Quarter of this year. The blue dots on the graph represent the percent change in new vehicle registrations from 2021 to 2022, and the orange dots show the change from the First Quarter of 2022 to the First Quarter of this year. Orange dots are higher for all markets, reflecting relative improvement in sales early this year compared to results last year. Data sourced from Experian Automotive.



Electric (BEV) and Plug in Hybrid (PHEV) Market Share During 1Q '23



Combined BEV and PHEV market share in the county was 23% in the First Quarter of this year, fourth highest among the 15 markets.

Data sourced from Experian Automotive.

Brand Registrations Report												
Los Angeles County New Retail Car and Light Truck Registrations												
	First Quarter						Annual Totals					
	Registrations			Market Share (%)			Registrations			Market Share (%)		
	1Q '22	1Q '23	% change	1Q '22	1Q '23	Change	2021	2022	% change	2021	2022	Change
TOTAL	99,008	100,759	1.8				446,154	384,013	-13.9			
Cars	35,661	34,938	-2.0	36.0	34.7	-1.3	168,937	136,718	-19.1	37.9	35.6	-2.3
Light Trucks	63,347	65,821	3.9	64.0	65.3	1.3	277,217	247,295	-10.8	62.1	64.4	2.3
Domestic Brands	28,803	29,723	3.2	29.1	29.5	0.4	108,734	115,177	5.9	24.4	30.0	5.6
European Brands	18,981	19,385	2.1	19.2	19.2	0.0	90,927	72,890	-19.8	20.4	19.0	-1.4
Japanese Brands	42,411	41,849	-1.3	42.8	41.5	-1.3	204,458	156,060	-23.7	45.8	40.6	-5.2
Korean Brands	8,813	9,802	11.2	8.9	9.7	0.8	42,035	39,886	-5.1	9.4	10.4	1.0
Acura	715	786	9.9	0.7	0.8	0.1	4,241	2,665	-37.2	1.0	0.7	-0.3
Alfa Romeo	304	123	-59.5	0.3	0.1	-0.2	1,824	1,024	-43.9	0.4	0.3	-0.1
Audi	2,102	2,462	17.1	2.1	2.4	0.3	11,704	8,737	-25.4	2.6	2.3	-0.3
BMW	5,592	5,303	-5.2	5.6	5.3	-0.3	24,294	19,206	-20.9	5.4	5.0	-0.4
Buick	89	161	80.9	0.1	0.2	0.1	835	498	-40.4	0.2	0.1	-0.1
Cadillac	627	678	8.1	0.6	0.7	0.1	2,902	2,547	-12.2	0.7	0.7	0.0
Chevrolet	3,926	5,186	32.1	4.0	5.1	1.1	22,008	18,487	-16.0	4.9	4.8	-0.1
Chrysler	133	165	24.1	0.1	0.2	0.1	876	607	-30.7	0.2	0.2	0.0
Dodge	1,026	647	-36.9	1.0	0.6	-0.4	5,822	3,623	-37.8	1.3	0.9	-0.4
Ford	5,332	5,106	-4.2	5.4	5.1	-0.3	19,616	19,738	0.6	4.4	5.1	0.7
Genesis	448	560	25.0	0.5	0.6	0.1	1,489	1,956	31.4	0.3	0.5	0.2
GMC	921	1,097	19.1	0.9	1.1	0.2	4,185	4,261	1.8	0.9	1.1	0.2
Honda	10,553	11,526	9.2	10.7	11.4	0.7	56,437	35,594	-36.9	12.6	9.3	-3.3
Hyundai	2,970	3,600	21.2	3.0	3.6	0.6	16,073	14,060	-12.5	3.6	3.7	0.1
Infiniti	526	443	-15.8	0.5	0.4	-0.1	2,726	1,537	-43.6	0.6	0.4	-0.2
Jaguar	94	56	-40.4	0.1	0.1	0.0	694	319	-54.0	0.2	0.1	-0.1
Jeep	3,119	2,284	-26.8	3.2	2.3	-0.9	12,901	11,092	-14.0	2.9	2.9	0.0
Kia	5,395	5,642	4.6	5.4	5.6	0.2	24,473	23,870	-2.5	5.5	6.2	0.7
Land Rover	945	1,182	25.1	1.0	1.2	0.2	5,741	3,419	-40.4	1.3	0.9	-0.4
Lexus	4,196	3,911	-6.8	4.2	3.9	-0.3	21,696	16,140	-25.6	4.9	4.2	-0.7
Lincoln	228	261	14.5	0.2	0.3	0.1	1,263	900	-28.7	0.3	0.2	-0.1
Maserati	124	60	-51.6	0.1	0.1	0.0	474	410	-13.5	0.1	0.1	0.0
Mazda	2,424	2,020	-16.7	2.4	2.0	-0.4	10,472	7,816	-25.4	2.3	2.0	-0.3
Mercedes	4,636	5,227	12.7	4.7	5.2	0.5	21,420	20,430	-4.6	4.8	5.3	0.5
MINI	492	403	-18.1	0.5	0.4	-0.1	1,848	1,683	-8.9	0.4	0.4	0.0
Mitsubishi	309	258	-16.5	0.3	0.3	0.0	1,090	1,056	-3.1	0.2	0.3	0.1
Nissan	4,070	3,716	-8.7	4.1	3.7	-0.4	17,570	14,501	-17.5	3.9	3.8	-0.1
Other	279	358	28.3	0.3	0.4	0.1	1,265	1,246	-1.5	0.3	0.3	0.0
Polestar	202	80	-60.4	0.2	0.1	-0.1	285	729	155.8	0.1	0.2	0.1
Porsche	1,150	1,193	3.7	1.2	1.2	0.0	5,357	4,459	-16.8	1.2	1.2	0.0
Ram	1,473	954	-35.2	1.5	0.9	-0.6	6,558	4,951	-24.5	1.5	1.3	-0.2
Rivian	84	286	240.5	0.1	0.3	0.2	24	677	2720.8	0.0	0.2	0.2
Subaru	3,820	3,554	-7.0	3.9	3.5	-0.4	13,553	13,456	-0.7	3.0	3.5	0.5
Tesla	11,822	12,771	8.0	11.9	12.7	0.8	31,733	47,599	50.0	7.1	12.4	5.3
Toyota	15,798	15,635	-1.0	16.0	15.5	-0.5	76,673	63,295	-17.4	17.2	16.5	-0.7
Volkswagen	2,231	2,266	1.6	2.3	2.2	-0.1	11,651	8,431	-27.6	2.6	2.2	-0.4
Volvo	853	799	-6.3	0.9	0.8	-0.1	4,381	2,994	-31.7	1.0	0.8	-0.2

Data sourced from Experian Automotive. Top 10 in percent change are shaded yellow.

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