

Los Angeles Auto Outlook



Comprehensive information on the LA County new vehicle market

FORECAST

New Vehicle Market Predicted to Trend Higher During Next Two Years



Key factors boosting new vehicle sales

Pent-up demand is growing. New vehicle registrations since the onset of the pandemic have been well below average. And although sales recovered from the low point of the recession in 2009, it took several years for the market to rebound. The pent-up demand that accrued between 2009 and 2015 had barely been released before the pandemic and ensuing supply chain issues boosted the total again. Pent-up demand will support new vehicle sales for several years.

Employment and household incomes are strong. As mentioned on the right, recession is still a possibility and affordability has weakened, but the unemployment rate is low and wage growth is steady.

Impressive array of new products. Today's new vehicles offer significant improvements compared to the average 10 year old car. Aside from the fact that their current vehicle may be wearing out, advances in safety features, performance, alternative powertrains, and infotainment are all factors luring shoppers into dealerships.



Key factors holding back new vehicle sales

Interest rates are high. The prime interest rate has increased by more than five points during the past three years, placing significant upward pressure on vehicle loan and lease payments.

Vehicle prices are high. Average transaction prices moved higher last year due to supply chain issues, inflationary pressures, and higher vehicle content. Escalating prices and higher rates have weakened vehicle affordability, which will be an issue holding back sales.

Soft landing not guaranteed. Most economists expect growth to remain positive despite higher interest rates, but this is not a sure thing. The economy is essentially at break even right now, and it wouldn't take much to push it to recession.

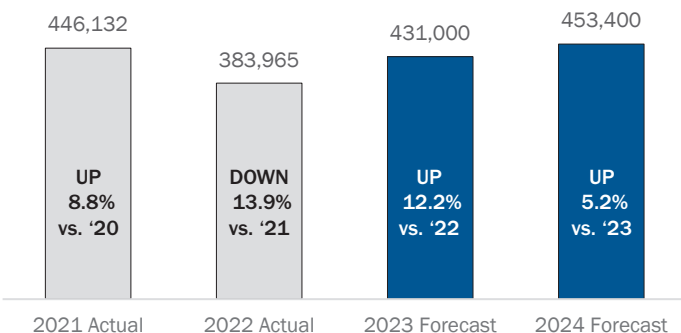
Other threats. After being put on hold since the pandemic hit in March of 2020, student loan payments are restarting, gas prices are high, excess household savings have been depleted, and if the UAW strike lingers, sales could be impacted.

Key Trends in Los Angeles County Market



- » Forecast summary: pent-up demand will provide momentum for the new vehicle market over the next 15 months, while the negative factors will place a ceiling on how high sales can go.
- » County new retail light vehicle registrations are predicted to increase 12.2% this year and 5.2% in 2024.
- » Registrations exceeded 107,000 units in the Third Quarter of this year and increased 19.3% versus depressed year-earlier levels.
- » Battery electric vehicles accounted for 21.8% of the market in the first nine months of this year, up from 16% last year. BEV share declined slightly from the Second to the Third Quarter of 2023, however (see page 4).
- » Rivian, Chrysler, Honda, Audi, and Tesla had the largest percentage increases so far this year.

Forecast for County New Retail Light Vehicle Registrations



The graph above shows annual new retail light vehicle registrations in 2021 and 2022 and Auto Outlook's projections for 2023 and 2024. Historical data sourced from Experian Automotive.

Market Summary

	YTD '22 Sept.	YTD '23 Sept.	% Chg. '22 to '23	Mkt. Share YTD '23
TOTAL	287,353	321,016	11.7%	
Car	101,937	111,906	9.8%	34.9%
Light Truck	185,416	209,110	12.8%	65.1%
Domestic	84,712	97,223	14.8%	30.3%
European	55,229	61,000	10.4%	19.0%
Japanese	117,377	131,863	12.3%	41.1%
Korean	30,035	30,930	3.0%	9.6%

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



COUNTY MARKET VS. U.S.

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

**Los Angeles County
UP 11.7%**

**U.S.
UP 7.0%**

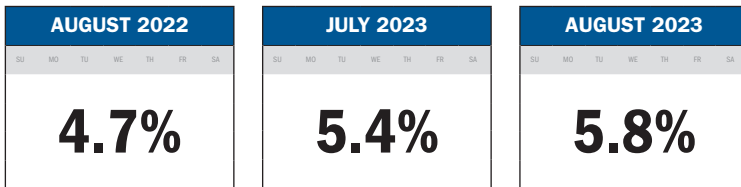
New retail light vehicle registrations in Los Angeles County increased by 11.7% during the first nine months of this year, stronger than the 7% improvement in the Nation.

Data sourced from Experian Automotive.



TRACKING ECONOMIC INDICATORS

Monthly Unemployment Rates in Los Angeles County



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



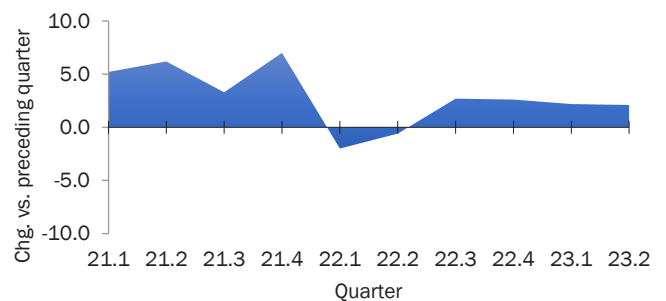
The county unemployment rate was 5.8% in August of this year. Wages were up slightly versus year earlier. Consumer sentiment remains subdued, while GDP growth has stayed positive during the past four quarters.

University of Michigan Consumer Sentiment (U.S.)
Key Values During Past 10 Years



10 year high - 101.4 (Mar. 2018)
12 month high - 71.6 (July 2023)
Most recent - 67.7 (Sept. 2023)
10 year low - 50.0 (Jun. 2022)

Percent Change in U.S. Gross Domestic Product
Change vs. previous quarter



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

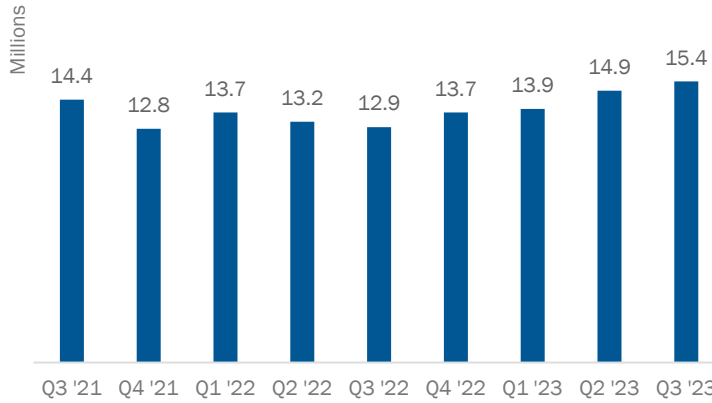
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Los Angeles County New Vehicle Market Dashboard



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)



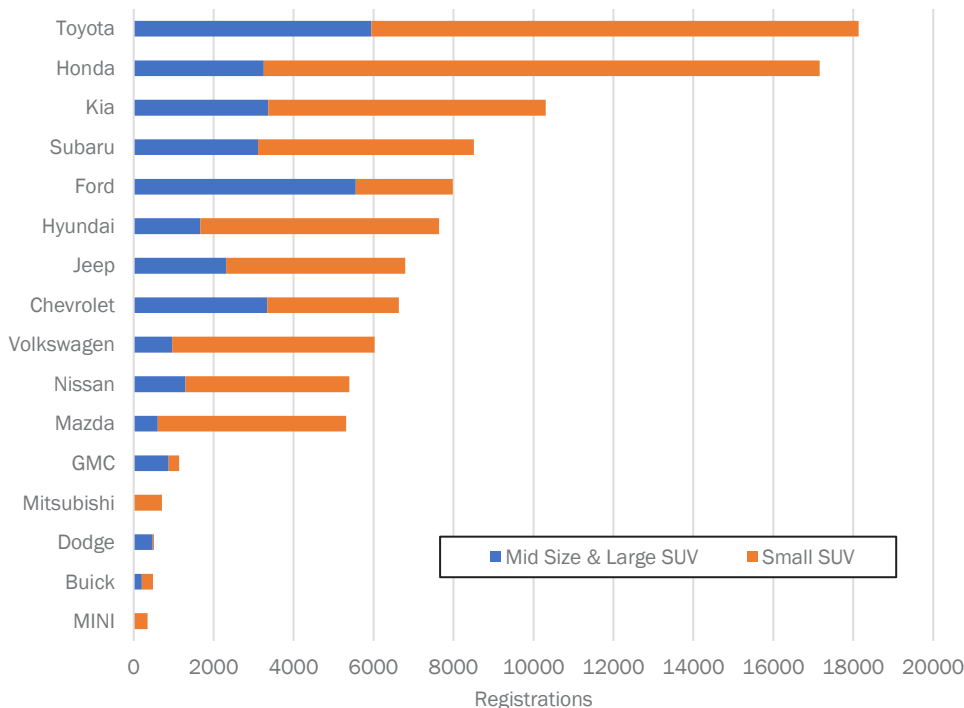
The graph on the left provides an easily recognizable way to gauge the strength of the county market. It shows quarterly registrations based on a seasonally adjusted annual rate. These figures are then indexed to SAAR sales figures for the U.S. new vehicle market. So just like in the national market, 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 14.9 million in the Second Quarter of this year to 15.4 million in the Third Quarter.

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



NON LUXURY BRAND SUV RANKINGS

New Registrations by Brand for Mid Size/Large and Small Non Luxury SUVs in County Market - YTD '23 thru September



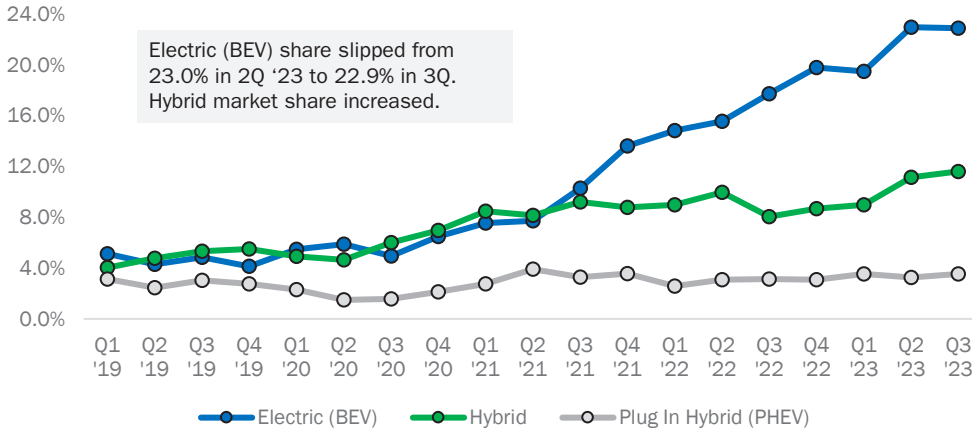
SUV Shares For Each Brand		
Brand	% Small SUV	% Mid & Large SUV
Toyota	67%	33%
Honda	81%	19%
Kia	67%	33%
Subaru	63%	37%
Ford	30%	70%
Hyundai	78%	22%
Jeep	66%	34%
Chevrolet	50%	50%
Volkswagen	84%	16%
Nissan	76%	24%
Mazda	89%	11%
GMC	23%	77%
Mitsubishi	100%	0%
Dodge	7%	93%
Buick	58%	42%
MINI	100%	0%

The graph shows registrations by brand for Mid Size/Large SUVs (blue bar) and Small SUVs (orange bar). Table shows the percentage breakdown for each brand. Toyota was the best-selling non luxury SUV brand, with Small SUV registrations accounting for 67% of total. Data sourced from Experian Automotive.



Vehicle Powertrain Dashboard

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



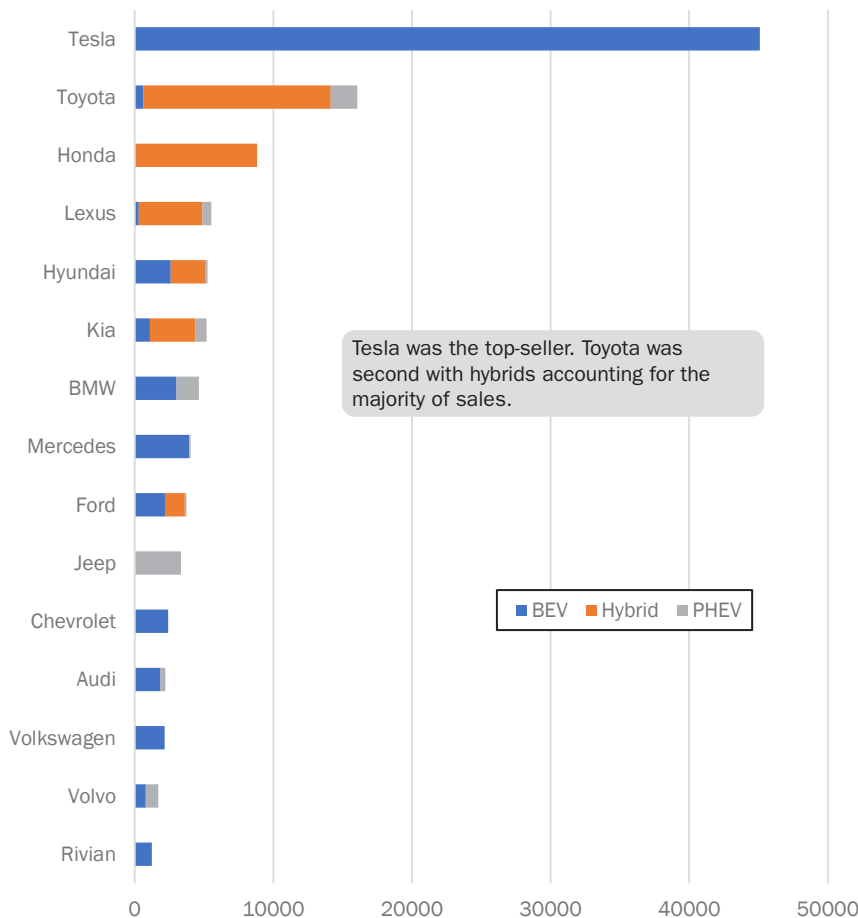
YTD Share by Engine Type (2022 and 2023, thru Sept.)

	YTD '22	YTD '23
Electric (BEV)	16.0%	21.8%
Hybrid	9.0%	10.6%
Plug In Hybrid (PHEV)	2.9%	3.4%

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

Alternative Powertrain Registrations in Los Angeles County by Brand YTD 2023 thru September

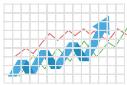
Market Share for Top 25 Selling BEVs, PHEVs, and Hybrids YTD '23 thru September



Model	Type	Mkt. Share
Tesla Model Y	BEV	21.6%
Tesla Model 3	BEV	15.1%
Honda CR-V	Hybrid	4.2%
Honda Accord	Hybrid	3.5%
Toyota RAV4	Hybrid	2.9%
Toyota Corolla	Hybrid	2.5%
Jeep Wrangler	PHEV	2.3%
Chevrolet Bolt	BEV	2.1%
Volkswagen ID.4	BEV	1.9%
Tesla Model X	BEV	1.7%
BMW i4	BEV	1.7%
Ford Mustang Mach-E	BEV	1.5%
Lexus RX	Hybrid	1.4%
Hyundai Ioniq 5	BEV	1.3%
Kia Niro	Hybrid	1.3%
Toyota Highlander	Hybrid	1.2%
Toyota Sienna	Hybrid	1.2%
Toyota Prius	Hybrid	1.1%
Lexus ES	Hybrid	1.1%
Mercedes EQS Sedan	BEV	1.1%
Toyota Camry	Hybrid	1.0%
Toyota RAV4	PHEV	1.0%
Mercedes EQS SUV	BEV	1.0%
Ford Maverick	Hybrid	0.9%
Lexus NX	Hybrid	0.8%

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

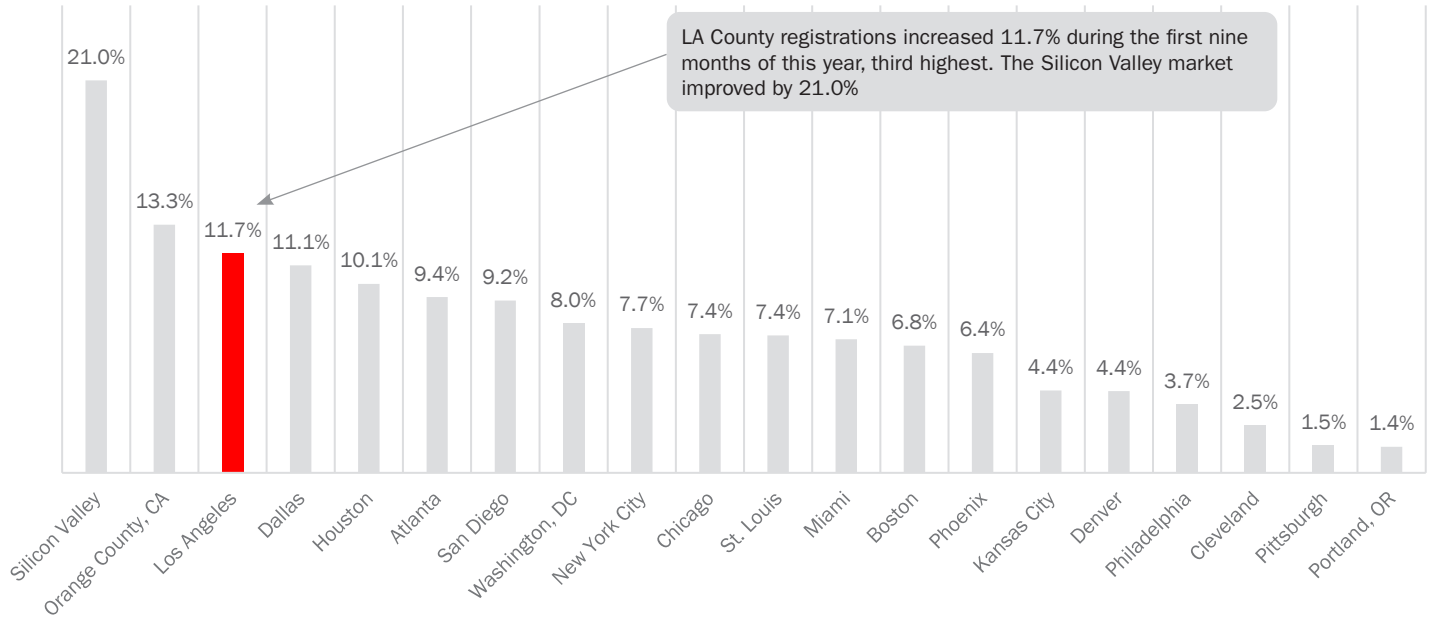
Comparison of Selected Metro Area Markets



Results in Area New Vehicle Markets

The graph below provides a comparison of how metro area new vehicle markets have performed so far this year. It shows the percent change in new retail light vehicle registrations during the first nine months of this year versus the same period a year earlier.

Percent Change in New Retail Light Vehicle Registrations - YTD 2023 vs. YTD 2022 (thru September)

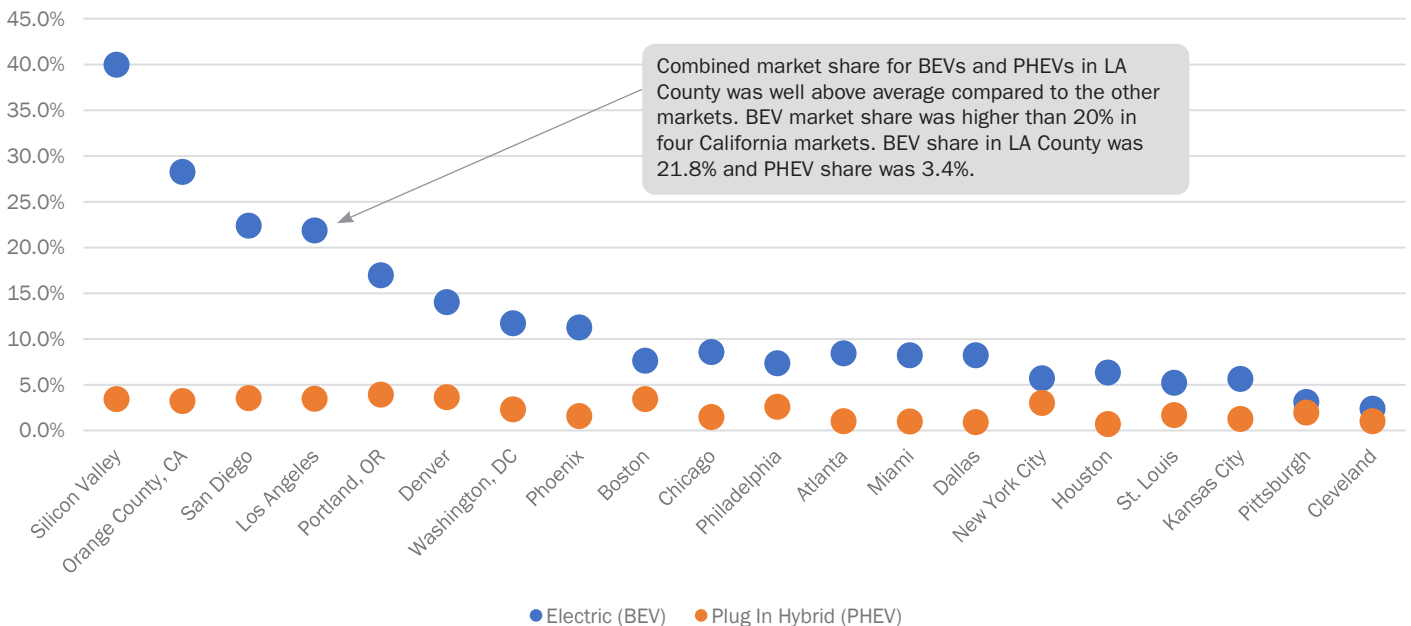


LA County registrations increased 11.7% during the first nine months of this year, third highest. The Silicon Valley market improved by 21.0%



Comparison of BEV and PHEV Market Share

Electric (BEV) and Plug in Hybrid (PHEV) Market Share - YTD 2023 thru September



Combined market share for BEVs and PHEVs in LA County was well above average compared to the other markets. BEV market share was higher than 20% in four California markets. BEV share in LA County was 21.8% and PHEV share was 3.4%.

Markets are shown from left (highest) to right (lowest) based on combined BEV and PHEV market share. Data sourced from Experian Automotive.

Brand Registrations Report												
Los Angeles County New Retail Car and Light Truck Registrations												
	Third Quarter						YTD thru September					
	Registrations			Market Share (%)			Registrations			Market Share (%)		
	3Q '22	3Q '23	% change	3Q '22	3Q '23	Change	YTD '22	YTD '23	% change	YTD '22	YTD '23	Change
TOTAL	90,267	107,668	19.3				287,353	321,016	11.7			
Cars	31,691	38,104	20.2	35.1	35.4	0.3	101,937	111,906	9.8	35.5	34.9	-0.6
Light Trucks	58,576	69,564	18.8	64.9	64.6	-0.3	185,416	209,110	12.8	64.5	65.1	0.6
Domestic Brands	28,015	32,082	14.5	31.0	29.8	-1.2	84,712	97,223	14.8	29.5	30.3	0.8
European Brands	17,596	19,805	12.6	19.5	18.4	-1.1	55,229	61,000	10.4	19.2	19.0	-0.2
Japanese Brands	33,875	45,253	33.6	37.5	42.0	4.5	117,377	131,863	12.3	40.8	41.1	0.3
Korean Brands	10,781	10,528	-2.3	11.9	9.8	-2.1	30,035	30,930	3.0	10.5	9.6	-0.9
Acura	511	886	73.4	0.6	0.8	0.2	2,041	2,635	29.1	0.7	0.8	0.1
Alfa Romeo	240	175	-27.1	0.3	0.2	-0.1	794	453	-42.9	0.3	0.1	-0.2
Audi	2,065	3,500	69.5	2.3	3.3	1.0	6,571	9,118	38.8	2.3	2.8	0.5
BMW	4,285	4,612	7.6	4.7	4.3	-0.4	14,536	15,815	8.8	5.1	4.9	-0.2
Buick	140	163	16.4	0.2	0.2	0.0	378	485	28.3	0.1	0.2	0.1
Cadillac	689	725	5.2	0.8	0.7	-0.1	1,921	2,161	12.5	0.7	0.7	0.0
Chevrolet	5,004	5,167	3.3	5.5	4.8	-0.7	13,480	15,337	13.8	4.7	4.8	0.1
Chrysler	121	194	60.3	0.1	0.2	0.1	396	574	44.9	0.1	0.2	0.1
Dodge	903	711	-21.3	1.0	0.7	-0.3	2,786	2,180	-21.8	1.0	0.7	-0.3
Ford	4,713	4,868	3.3	5.2	4.5	-0.7	15,222	15,206	-0.1	5.3	4.7	-0.6
Genesis	553	491	-11.2	0.6	0.5	-0.1	1,434	1,616	12.7	0.5	0.5	0.0
GMC	1,180	1,105	-6.4	1.3	1.0	-0.3	3,174	3,392	6.9	1.1	1.1	0.0
Honda	6,476	13,291	105.2	7.2	12.3	5.1	26,336	38,026	44.4	9.2	11.8	2.6
Hyundai	3,727	4,072	9.3	4.1	3.8	-0.3	10,814	11,930	10.3	3.8	3.7	-0.1
Infiniti	330	514	55.8	0.4	0.5	0.1	1,232	1,473	19.6	0.4	0.5	0.1
Jaguar	73	52	-28.8	0.1	0.0	-0.1	252	176	-30.2	0.1	0.1	0.0
Jeep	2,864	2,338	-18.4	3.2	2.2	-1.0	8,818	7,321	-17.0	3.1	2.3	-0.8
Kia	6,501	5,949	-8.5	7.2	5.5	-1.7	17,787	17,341	-2.5	6.2	5.4	-0.8
Land Rover	627	836	33.3	0.7	0.8	0.1	2,441	3,040	24.5	0.8	0.9	0.1
Lexus	4,077	4,663	14.4	4.5	4.3	-0.2	12,461	13,511	8.4	4.3	4.2	-0.1
Lincoln	211	191	-9.5	0.2	0.2	0.0	692	716	3.5	0.2	0.2	0.0
Maserati	88	84	-4.5	0.1	0.1	0.0	337	220	-34.7	0.1	0.1	0.0
Mazda	1,611	2,020	25.4	1.8	1.9	0.1	5,948	6,298	5.9	2.1	2.0	-0.1
Mercedes	5,399	5,241	-2.9	6.0	4.9	-1.1	15,398	16,595	7.8	5.4	5.2	-0.2
MINI	475	307	-35.4	0.5	0.3	-0.2	1,265	1,115	-11.9	0.4	0.3	-0.1
Mitsubishi	181	289	59.7	0.2	0.3	0.1	845	809	-4.3	0.3	0.3	0.0
Nissan	2,818	3,730	32.4	3.1	3.5	0.4	11,021	11,489	4.2	3.8	3.6	-0.2
Other	345	367	6.4	0.4	0.3	-0.1	965	1,158	20.0	0.3	0.4	0.1
Polestar	150	51	-66.0	0.2	0.0	-0.2	575	202	-64.9	0.2	0.1	-0.1
Porsche	1,066	1,204	12.9	1.2	1.1	-0.1	3,563	3,680	3.3	1.2	1.1	-0.1
Ram	1,189	999	-16.0	1.3	0.9	-0.4	3,887	3,114	-19.9	1.4	1.0	-0.4
Rivian	189	550	191.0	0.2	0.5	0.3	433	1,241	186.6	0.2	0.4	0.2
Subaru	3,362	3,423	1.8	3.7	3.2	-0.5	10,188	10,191	0.0	3.5	3.2	-0.3
Tesla	10,750	14,935	38.9	11.9	13.9	2.0	33,406	45,091	35.0	11.6	14.0	2.4
Toyota	14,509	16,437	13.3	16.1	15.3	-0.8	47,305	47,431	0.3	16.5	14.8	-1.7
Volkswagen	2,266	2,364	4.3	2.5	2.2	-0.3	6,367	6,912	8.6	2.2	2.2	0.0
Volvo	579	1,164	101.0	0.6	1.1	0.5	2,284	2,964	29.8	0.8	0.9	0.1

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

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