Covering Second Quarter 2017 — Volume 15, Number 3

Silicon Valley Auto Outlook

Comprehensive information on the Santa Clara County new vehicle market

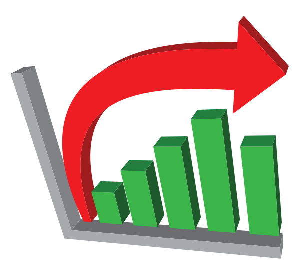
FORECAST

County New Vehicle Market Improves in First Half of 2017

Below is a list of 10 key trends and developments in the Santa Clara County new vehicle market:

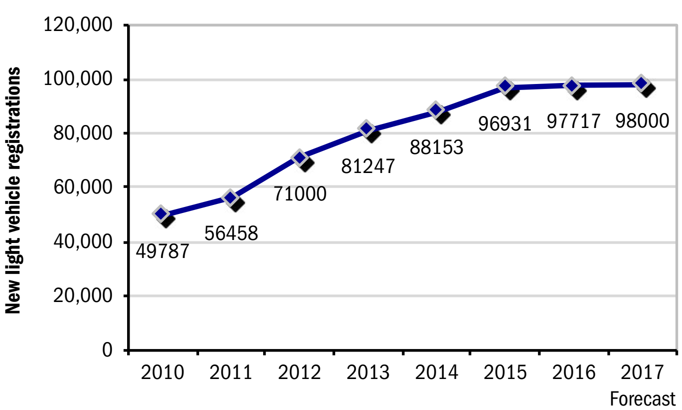
1. County new retail registrations increased 2.5% in the first half of this year versus a year earlier, compared to the 0.5% drop in the Nation. (Note: June figures were estimated).
2. The market has come a long way from the low point in 2009. Registrations in the first half of this year were an estimated 47,482 units, up by more than 28,000 compared to the first six months of 2009!
3. Auto Outlook's annual forecast for 2017 new retail light vehicle registrations: 98,000 units, up slightly from 2016.
4. Light truck market share increased from 45.2% during the first six months of 2016 to 48.5% this year.
5. Registrations for Detroit Three brands up 8.7% so far this year. Korean brands were down slightly.
6. Alternative powertrain (hybrid and electric) market share was 18.6% thru May of this year, up from last year.
7. Three biggest segments in the county are Compact Car, Compact SUV, and Mid Size Car.
8. Brands with the largest percentage increases in registrations during the first six months of this year (among top 30 brands): Jaguar, Chrysler, Chevrolet, Tesla, Audi, GMC, Volkswagen, Infiniti, and Subaru.
9. County market share leaders in the first half of 2017 were Toyota, Honda, Ford, Chevrolet, and Subaru.
10. Top ten selling vehicles in county market: Honda Civic, Honda Accord, Toyota RAV4, Toyota Camry, Honda CR-V, Toyota Prius, Toyota Corolla, Chevrolet Volt, Ford F-Series, and Tesla Model S.

General Market Outlook for next two years:
New vehicle sales likely to move lower;
but should remain at healthy levels



After fully recovering from the low point in sales that occurred in 2009, the county new vehicle market is likely to soften during the next few years. But the healthy job market, strong consumer affordability, and significant advances in new vehicle technology and safety features should keep sales strong.

Annual Trend in County Market



Historical Data Source: IHS Markit.

The graph above shows annual new retail light vehicle registrations in the county from 2010 thru 2016 and Auto Outlook's projection for 2017.

Market Summary

	YTD '16 thru Jun.	YTD '17 thru Jun.*	% Chg. '16 to '17	Mkt. Share 2017*
TOTAL	46,321	47,482	2.5%	
Car	25,342	24,451	-3.5%	51.5%
Light Truck	20,979	23,031	9.8%	48.5%
Domestic	10,986	11,944	8.7%	25.2%
European	8,870	8,888	0.2%	18.7%
Japanese	24,377	24,564	0.8%	51.7%
Korean	2,088	2,086	-0.1%	4.4%

Source: IHS Markit.

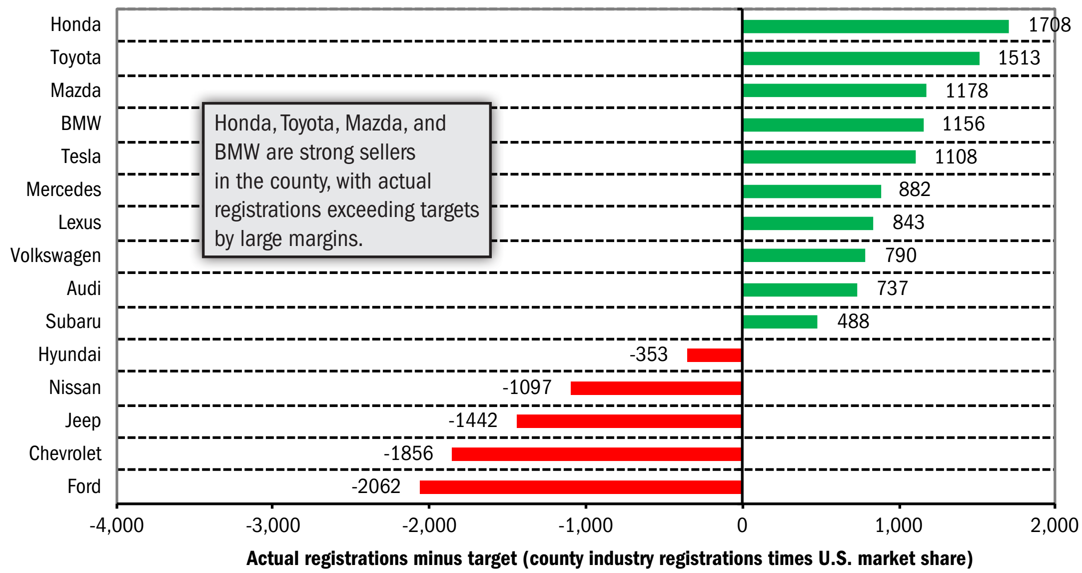
Domestics consist of vehicles sold by GM, Ford, FCA (excluding FIAT), and Tesla. Historical figures were revised by IHS Markit and will differ slightly from those shown in previous releases. *Figures for June, 2017 were estimated by Auto Outlook.

BRAND SALES PERFORMANCE

Honda and Toyota Relatively Strong Performers in County

The graph provides an indicator of brands that are popular in the county. For the top 15 selling brands, each brand's share of the U.S. market is multiplied by industry registrations in the county during ytd 2017. This yields a "target" for the county market. Target registrations are subtracted from actual registrations to derive the measurement of sales performance. Brands at the top of the graph are relatively strong sellers in the county, with actual registrations exceeding targets by large margins.

Santa Clara County Retail Market Performance based on registrations for YTD '17*
Actual registrations minus target (county industry registrations times U.S. market share)



*Figures for June '17 were estimated by Auto Outlook. Source: IHS Markit.

MARKET TRACKER: COUNTY MARKET VERSUS U.S.

Toyota County Share is 16.4%

	County Market		U.S. Market	
Percent change in registrations YTD '17 thru June* vs. YTD '16	2.5%		-0.5%	
Passenger car market share YTD '17 thru June*	51.5%		36.3%	
Domestic brand market share YTD '17 thru June	25.2%		41.5%	
Top 10 brands and market share YTD '17 thru June*				
First	Toyota	16.4%	Toyota	13.2%
Second	Honda	13.8%	Ford	12.1%
Third	Ford	7.8%	Chevrolet	11.2%
Fourth	Chevrolet	7.3%	Honda	10.2%
Fifth	Subaru	5.3%	Nissan	7.4%
Sixth	Nissan	5.1%	Jeep	5.3%
Seventh	Mazda	4.4%	Subaru	4.2%
Eighth	BMW	4.3%	Hyundai	3.7%
Ninth	Mercedes	4.1%	Kia	3.5%
Tenth	Volkswagen	3.7%	GMC	3.3%

*June 2017 figures estimated by Auto Outlook Source: IHS Markit

Silicon Valley Auto Outlook

Covering Second Quarter 2017

Published for:
Silicon Valley Auto Dealers Association
151 Metro Drive
San Jose, CA 95110
Stephen Smith, President
Phone: 408.437.7557
Email: ssmith@svautodealers.com

Published by:
Auto Outlook, Inc.
PO Box 390
Exton, PA 19341
Phone: 800-206-0102
EMail: jfoltz@autooutlook.com
Editor: Jeffrey A. Foltz

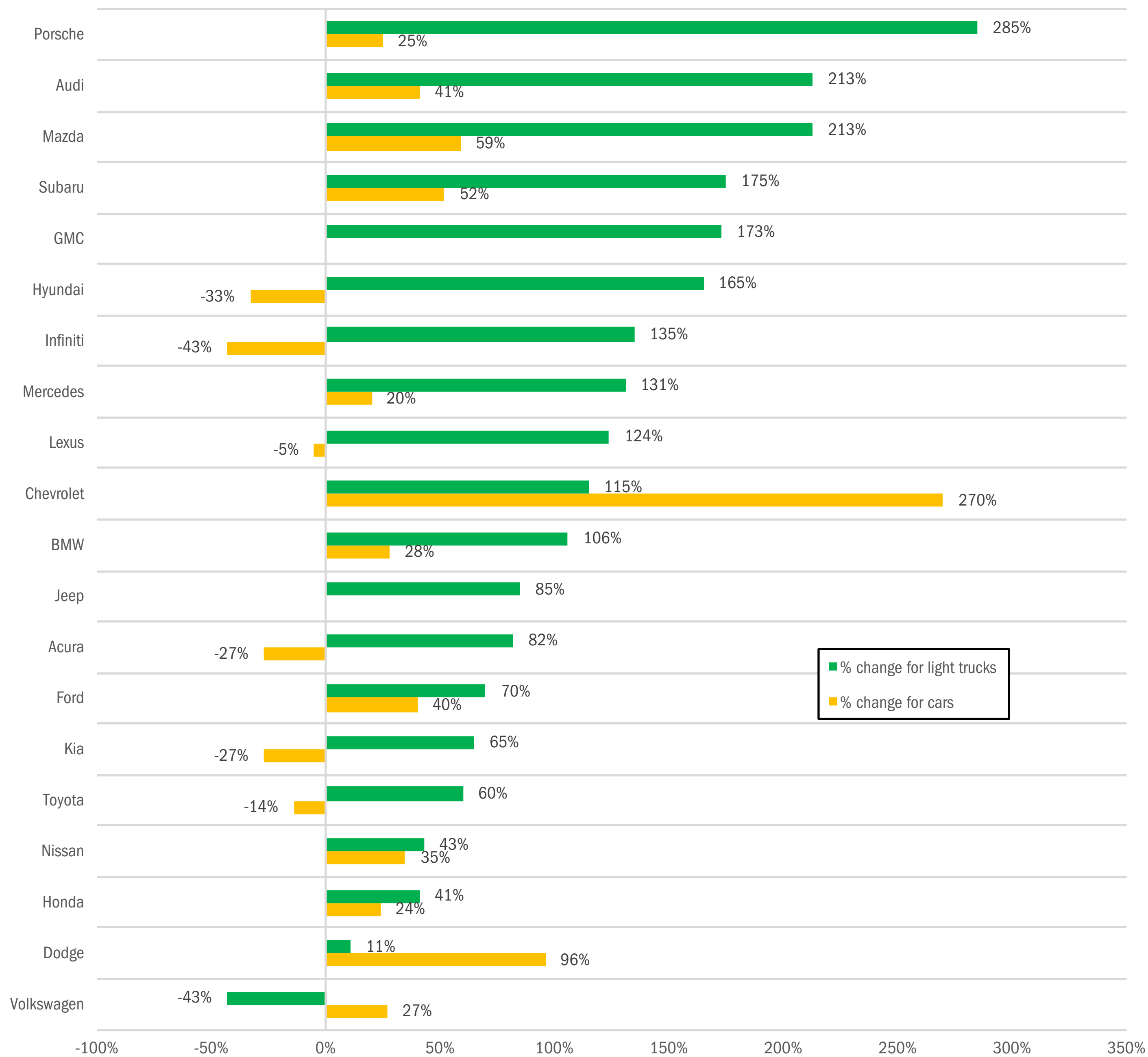
BRAND SCOREBOARD

Light Truck Registrations Increase for 19 of Top 20 Brands

Hyundai light trucks were up 165% during past five years, while cars were off 33%

The graph below shows the percent change in new retail car and light truck registrations during the first five months of 2017 versus the same period in 2012 for the top 20 selling brands in the county. 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 18 brands that sell both types of vehicles, trucks out-performed cars for all brands, except for Chevrolet, Dodge, and Volkswagen.

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



Source: IHS Markit.

Santa Clara County New Retail Car and Light Truck Registrations

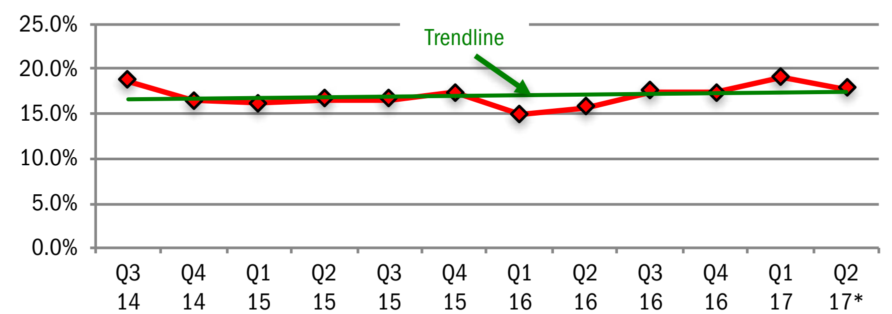
	Second Quarter*						YTD totals thru June*					
	Registrations			Market Share (%)			Registrations			Market Share (%)		
	2Q '16	2Q '17*	% change	2Q '16	2Q '17*	Change	YTD '16	YTD '17	% change	YTD '16	YTD '17	Change
TOTAL	24,156	24,343	0.8				46,321	47,482	2.5			
Acura	477	533	11.7	2.0	2.2	0.2	963	990	2.8	2.1	2.1	0.0
Alfa Romeo	0	31		0.0	0.1	0.1	2	40	1900.0	0.0	0.1	0.1
Audi	668	758	13.5	2.8	3.1	0.3	1,180	1,389	17.7	2.5	2.9	0.4
BMW	1,248	1,055	-15.5	5.2	4.3	-0.9	2,354	2,063	-12.4	5.1	4.3	-0.8
Buick	93	109	17.2	0.4	0.4	0.0	194	209	7.7	0.4	0.4	0.0
Cadillac	91	107	17.6	0.4	0.4	0.0	176	182	3.4	0.4	0.4	0.0
Chevrolet	1,401	1,617	15.4	5.8	6.6	0.8	2,659	3,449	29.7	5.7	7.3	1.6
Chrysler	80	159	98.8	0.3	0.7	0.4	145	275	89.7	0.3	0.6	0.3
Dodge	293	264	-9.9	1.2	1.1	-0.1	602	549	-8.8	1.3	1.2	-0.1
FIAT	109	71	-34.9	0.5	0.3	-0.2	244	126	-48.4	0.5	0.3	-0.2
Ford	1,847	1,836	-0.6	7.6	7.5	-0.1	3,780	3,681	-2.6	8.2	7.8	-0.4
Genesis	0	20		0.0	0.1	0.1	0	49		0.0	0.1	0.1
GMC	320	327	2.2	1.3	1.3	0.0	621	712	14.7	1.3	1.5	0.2
Honda	3,460	3,512	1.5	14.3	14.4	0.1	6,249	6,574	5.2	13.5	13.8	0.3
Hyundai	788	736	-6.6	3.3	3.0	-0.3	1,476	1,404	-4.9	3.2	3.0	-0.2
Infiniti	196	234	19.4	0.8	1.0	0.2	403	456	13.2	0.9	1.0	0.1
Jaguar	59	78	32.2	0.2	0.3	0.1	89	175	96.6	0.2	0.4	0.2
Jeep	639	580	-9.2	2.6	2.4	-0.2	1,224	1,080	-11.8	2.6	2.3	-0.3
Kia	368	334	-9.2	1.5	1.4	-0.1	612	633	3.4	1.3	1.3	0.0
Land Rover	142	139	-2.1	0.6	0.6	0.0	273	268	-1.8	0.6	0.6	0.0
Lexus	991	904	-8.8	4.1	3.7	-0.4	1,997	1,745	-12.6	4.3	3.7	-0.6
Lincoln	58	56	-3.4	0.2	0.2	0.0	116	102	-12.1	0.3	0.2	-0.1
Maserati	40	35	-12.5	0.2	0.1	-0.1	78	75	-3.8	0.2	0.2	0.0
Mazda	1,049	1,095	4.4	4.3	4.5	0.2	2,028	2,081	2.6	4.4	4.4	0.0
Mercedes	1,039	987	-5.0	4.3	4.1	-0.2	1,903	1,935	1.7	4.1	4.1	0.0
MINI	224	142	-36.6	0.9	0.6	-0.3	398	274	-31.2	0.9	0.6	-0.3
Mitsubishi	32	14	-56.3	0.1	0.1	0.0	55	38	-30.9	0.1	0.1	0.0
Nissan	1,192	1,187	-0.4	4.9	4.9	0.0	2,438	2,401	-1.5	5.3	5.1	-0.2
Other	43	38	-11.6	0.2	0.2	0.0	69	79	14.5	0.1	0.2	0.1
Porsche	220	228	3.6	0.9	0.9	0.0	431	463	7.4	0.9	1.0	0.1
Ram	235	217	-7.7	1.0	0.9	-0.1	435	440	1.1	0.9	0.9	0.0
Subaru	1,082	1,220	12.8	4.5	5.0	0.5	2,238	2,502	11.8	4.8	5.3	0.5
Tesla	657	602	-8.4	2.7	2.5	-0.2	1,028	1,262	22.8	2.2	2.7	0.5
Toyota	4,035	4,125	2.2	16.7	16.9	0.2	8,000	7,769	-2.9	17.3	16.4	-0.9
Volkswagen	832	866	4.1	3.4	3.6	0.2	1,534	1,753	14.3	3.3	3.7	0.4
Volvo	148	127	-14.2	0.6	0.5	-0.1	327	259	-20.8	0.7	0.5	-0.2

*June 2017 figures were estimated by Auto Outlook. Source: IHS Markit

MARKET TRACKER: HYBRID AND ELECTRIC VEHICLES

Hybrid/Electric Vehicle Share Stays Above 18% in 2Q 2017

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



The graph above shows hybrid powertrain and electric vehicle quarterly market share in the state. The line shows market share trend over the past 12 quarters. *Second Quarter 2017 includes April and May. Source: IHS Markit.

County Hybrid and Electric Vehicle New Retail Registrations 2010 thru 2016, 2017 thru May

Year	Hybrids	Electrics	Total
2010	4044	35	4079
2011	3952	838	4790
2012	8032	1029	9061
2013	9674	3799	13473
2014	10754	5031	15785
2015	10313	5905	16218
2016	9431	6647	16078
2017 thru May	4030	3388	7418