

Silicon Valley Auto Outlook

Comprehensive information on the Santa Clara County new vehicle market

FORECAST

County New Vehicle Market Posts Small Increase in 2016

Market predicted to remain strong in 2017

Below is a summary of eight key trends and developments in the Santa Clara County new vehicle market.

County new retail light vehicle registrations exceeded 97,000 units in 2016

As shown on page 3, the county new vehicle market has fully recovered from the low point in 2009. Registrations in 2015, 2016, and 2017 should exceed '09 levels by more than 50,000 units.

New vehicle sales likely to soften in 2017

As mentioned in the previous release of Auto Outlook, there are many uncertainties related to the forecast for this year, but the basic outlook has not changed. Registrations are likely to drift lower, but should remain strong based on historical standards.

Trucks grab a larger share of county market

Light truck market share increased from 40.9% in 2015 to 46.1% in 2016.

Alternative powertrain market declines

County registrations of hybrid and electric cars and trucks declined 2% during the first 11 months of 2016, while the overall market was up slightly for the entire year.

Toyota, Honda, Ford, Chevrolet, and Nissan are leaders in county market

Toyota was the best selling brand last year, with a 16.7% share. Honda's county share was 13.7%, well above its 10% share in the U.S.

Jaguar, Tesla, Volvo, Chevrolet, Lincoln, GMC, and Audi gained a lot of ground during past year

New retail registrations for each of these seven brands were up more than 10% from 2015 to 2016.

Honda Accord best-selling car in county market; RAV4 is light truck leader

Honda Civic and Toyota Camry were ranked second and third behind Accord in the car market, while Honda CR-V and Subaru Outback trailed the RAV4.

Small Cars Still Dominate County Market

As shown below, light trucks have gained ground in the county market, but Small Cars are still the largest segment. Small Cars accounted for 28.1% of the county market last year, well above their 19.4% share in the U.S.

Percent Change in County Light Truck and Car Registrations 2016* vs. 2015

Light Trucks (Pickups, SUVs, and Vans)



UP
13.4%

Passenger Cars

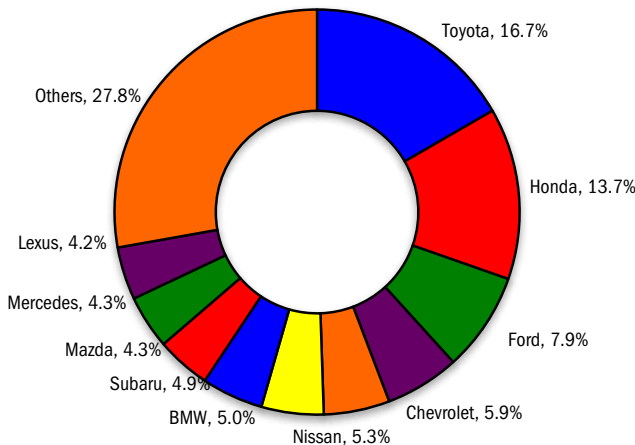


DOWN
8.2%

Source: IHS Markit.

*Dec. 16 estimated.

County Brand Market Share - 2016*



Market Summary

	2015 Annual	2016 Annual*	% Chg. '15 to '16	Mkt. Share 2016*
TOTAL	96,931	97,521	0.6%	
Car	57,326	52,598	-8.2%	53.9%
Light Truck	39,605	44,923	13.4%	46.1%
Domestic	20,935	23,098	10.3%	23.7%
European	19,406	18,981	-2.2%	19.5%
Japanese	52,387	51,072	-2.5%	52.4%
Korean	4,203	4,370	4.0%	4.5%

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 December, 2016 were estimated by Auto Outlook.

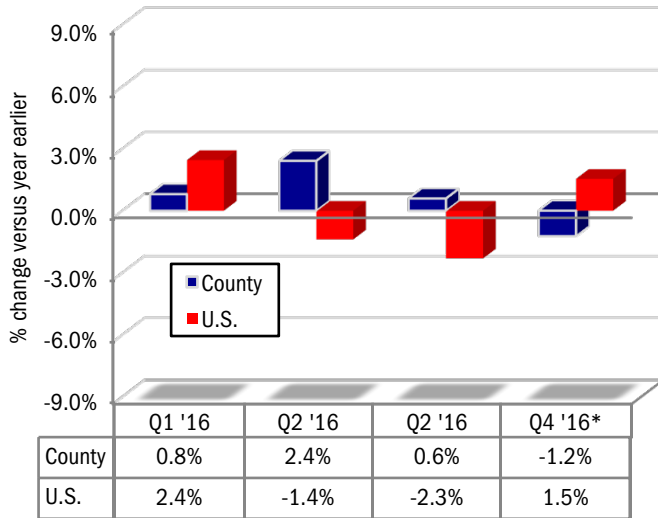
The graph above shows market share leaders in 2016. Source: IHS Markit.

MARKET TRACKER: QUARTERLY RESULTS

Market Down 1.2% in 4Q 2016

QUARTERLY TREND

Percent Change in County and U.S. New Vehicle Market

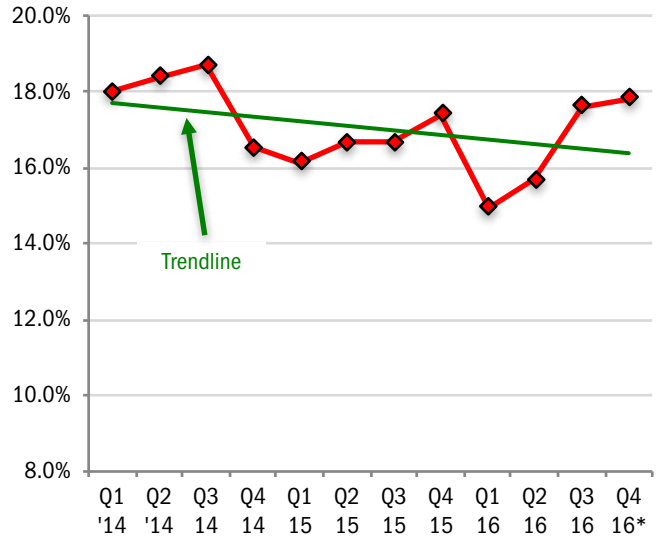


* Figures for the Third Quarter of 2016 were estimated by Auto Outlook based on data for July and August Source: IHS Markit.

MARKET TRACKER: HYBRID AND ELECTRIC VEHICLES

Hybrid/Electric Share is 18%

QUARTERLY ALTERNATIVE POWERTRAIN MARKET SHARE
(includes hybrid and electric vehicles)



The graph above shows hybrid powertrain and electric vehicle quarterly market share in the county. The line shows market share trend over the past 12 quarters. *Third Quarter 2016 includes July and August. Source: IHS Markit.

MARKET TRACKER: COUNTY MARKET VERSUS U.S.

County Domestic Share Trails U.S.

	County Market		U.S. Market	
Percent change in registrations 2016* vs. 2015	0.6%		-0.1%	
Passenger car market share 2016* vs. 2015	53.9%		39.0%	
Domestic brand market share 2016* vs. 2015	23.7%		41.4%	
Top 10 brands and market share 2016*				
First	Toyota	16.7%	Toyota	13.1%
Second	Honda	13.7%	Ford	12.1%
Third	Ford	7.9%	Chevrolet	11.3%
Fourth	Chevrolet	5.9%	Honda	10.0%
Fifth	Nissan	5.3%	Nissan	7.4%
Sixth	BMW	5.0%	Jeep	5.2%
Seventh	Subaru	4.9%	Subaru	4.0%
Eighth	Mazda	4.3%	Hyundai	3.9%
Ninth	Mercedes	4.3%	Kia	3.7%
Tenth	Lexus	4.2%	GMC	3.4%

*Dec. 2016 figures estimated by Auto Outlook

Source: IHS Markit

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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

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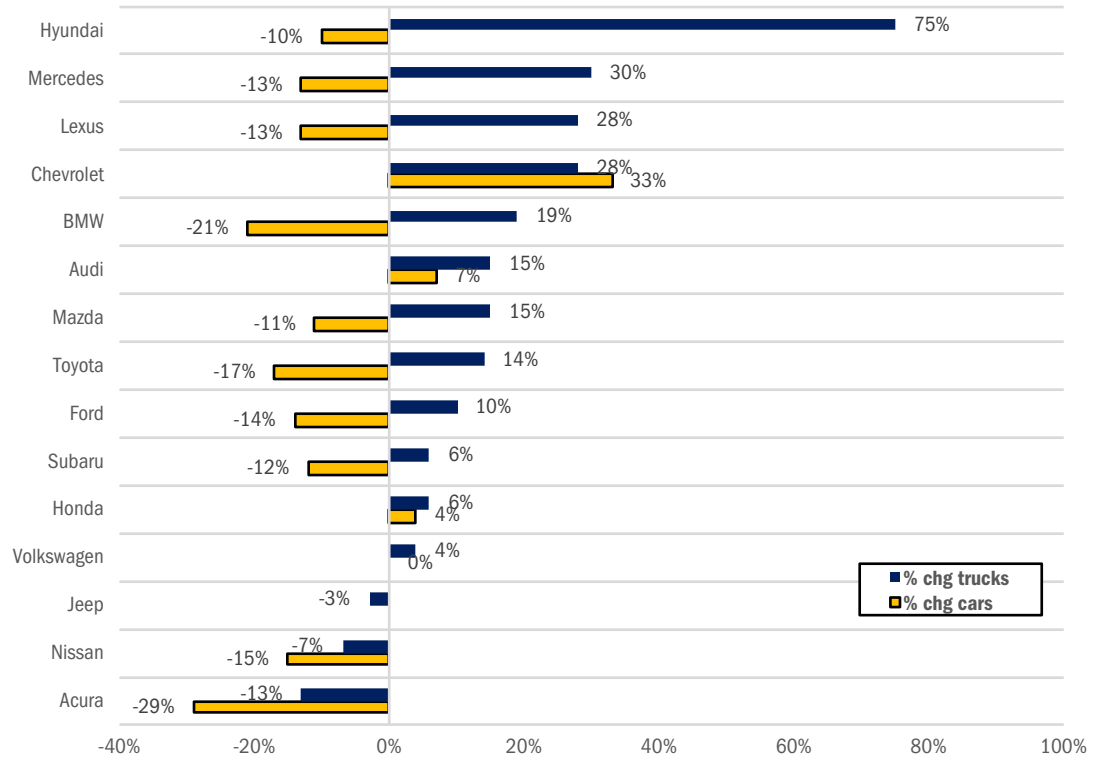
BRAND SCOREBOARD

Light Truck Registrations Increase for 12 of Top 15 Brands

The graph below shows the percent change in new retail car and light truck registrations during the first 11 months of 2016 versus a year earlier for the top 15 selling brands in the county. Brands are positioned from top to bottom based on the change in truck registrations.

The primary trend in the industry (increasing light truck market and sagging passenger car sales) is clearly depicted on the graph. Of the 14 brands that sell both cars and trucks, Chevrolet was the only brand where cars outperformed trucks.

Percent Change in New Retail Car and Light Truck Registrations for Top 15 Selling Brands YTD 2016 thru November versus YTD 2015

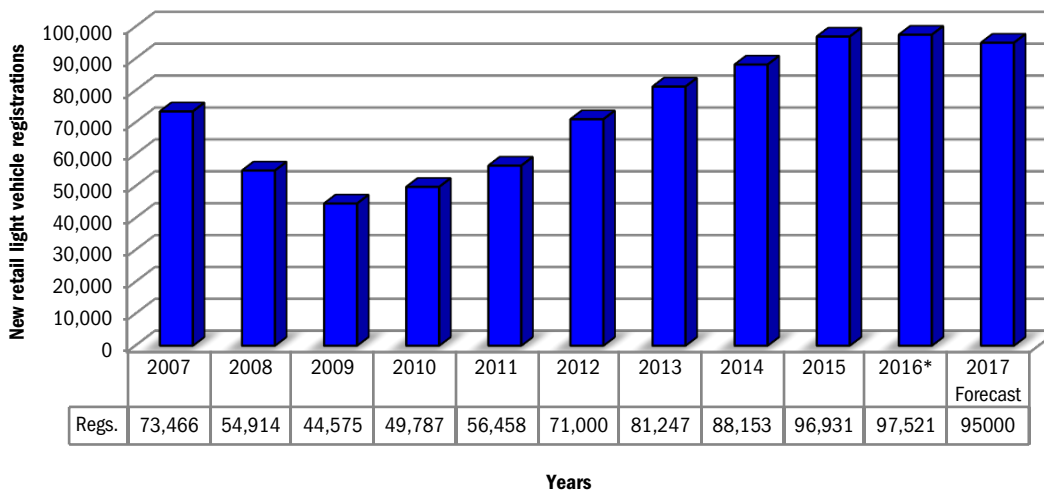


LONG TERM TRENDS

New Vehicle Market Has Likely Reached Cyclical Peak

The graph below provides a long term perspective of trends in the Santa Clara County new retail light vehicle market. It shows historical registrations from 2007 thru 2016, along with Auto Outlook's forecast for 2017.

County New Retail Light Vehicle Registrations - 2007 thru 2016, 2017 Forecast



*Figures for December, 2016 were estimated by Auto Outlook.

Source: IHS Markit.

Key Trends

Between 2009 (the low point during the market downturn) and 2016, county new retail light vehicle registrations have increased by nearly 53,000 units, an increase of about 120%.

The market has exceeded 80,000 units during each of the past four years.

Brand Registrations Report												
Santa Clara County New Retail Car and Light Truck Registrations												
	Fourth Quarter*						Annual Totals					
	Registrations			Market Share (%)			Registrations			Market Share (%)		
	4Q 2015	4Q 2016	% change	4Q 2015	4Q 2016	Change	2015	2016*	% change	2015	2016*	Change
TOTAL	25,071	24,763	-1.2				96,931	97,521	0.6			
Cars	14,316	12,904	-9.9	57.1	52.1	-5.0	57,326	52,598	-8.2	59.1	53.9	-5.2
Light Trucks	10,755	11,859	10.3	42.9	47.9	5.0	39,605	44,923	13.4	40.9	46.1	5.2
Domestic Brands	5,568	5,746	3.2	22.2	23.2	1.0	20,935	23,098	10.3	21.6	23.7	2.1
European Brands	5,273	5,004	-5.1	21.0	20.2	-0.8	19,406	18,981	-2.2	20.0	19.5	-0.5
Japanese Brands	13,258	12,974	-2.1	52.9	52.4	-0.5	52,387	51,072	-2.5	54.0	52.4	-1.6
Korean Brands	972	1,039	6.9	3.9	4.2	0.3	4,203	4,370	4.0	4.3	4.5	0.2
Acura	662	587	-11.3	2.6	2.4	-0.2	2,571	2,160	-16.0	2.7	2.2	-0.5
Audi	603	703	16.6	2.4	2.8	0.4	2,323	2,568	10.5	2.4	2.6	0.2
BMW	1,611	1,307	-18.9	6.4	5.3	-1.1	5,401	4,844	-10.3	5.6	5.0	-0.6
Buick	82	80	-2.4	0.3	0.3	0.0	363	367	1.1	0.4	0.4	0.0
Cadillac	109	120	10.1	0.4	0.5	0.1	377	393	4.2	0.4	0.4	0.0
Chevrolet	1,337	1,520	13.7	5.3	6.1	0.8	4,482	5,792	29.2	4.6	5.9	1.3
Chrysler	88	87	-1.1	0.4	0.4	0.0	419	337	-19.6	0.4	0.3	-0.1
Dodge	329	274	-16.7	1.3	1.1	-0.2	1,310	1,176	-10.2	1.4	1.2	-0.2
FIAT	107	110	2.8	0.4	0.4	0.0	832	497	-40.3	0.9	0.5	-0.4
Ford	2,041	1,871	-8.3	8.1	7.6	-0.5	7,904	7,713	-2.4	8.2	7.9	-0.3
GMC	328	369	12.5	1.3	1.5	0.2	1,181	1,333	12.9	1.2	1.4	0.2
Honda	3,364	3,444	2.4	13.4	13.9	0.5	12,741	13,360	4.9	13.1	13.7	0.6
Hyundai	673	716	6.4	2.7	2.9	0.2	2,947	3,034	3.0	3.0	3.1	0.1
Infiniti	235	260	10.6	0.9	1.0	0.1	980	893	-8.9	1.0	0.9	-0.1
Jaguar	31	105	238.7	0.1	0.4	0.3	115	303	163.5	0.1	0.3	0.2
Jeep	572	521	-8.9	2.3	2.1	-0.2	2,436	2,357	-3.2	2.5	2.4	-0.1
Kia	299	302	1.0	1.2	1.2	0.0	1,256	1,303	3.7	1.3	1.3	0.0
Land Rover	170	135	-20.6	0.7	0.5	-0.2	544	542	-0.4	0.6	0.6	0.0
Lexus	1,046	1,015	-3.0	4.2	4.1	-0.1	3,940	4,109	4.3	4.1	4.2	0.1
Lincoln	41	57	39.0	0.2	0.2	0.0	197	226	14.7	0.2	0.2	0.0
Mazda	1,135	1,053	-7.2	4.5	4.3	-0.2	4,314	4,237	-1.8	4.5	4.3	-0.2
Mercedes	1,084	1,085	0.1	4.3	4.4	0.1	4,122	4,175	1.3	4.3	4.3	0.0
MINI	203	165	-18.7	0.8	0.7	-0.1	913	723	-20.8	0.9	0.7	-0.2
Mitsubishi	29	38	31.0	0.1	0.2	0.1	118	126	6.8	0.1	0.1	0.0
Nissan	1,347	1,388	3.0	5.4	5.6	0.2	5,736	5,133	-10.5	5.9	5.3	-0.6
Other	85	90	5.9	0.3	0.4	0.1	394	317	-19.5	0.4	0.3	-0.1
Porsche	190	197	3.7	0.8	0.8	0.0	843	821	-2.6	0.9	0.8	-0.1
Ram	210	261	24.3	0.8	1.1	0.3	844	919	8.9	0.9	0.9	0.0
Subaru	1,237	1,317	6.5	4.9	5.3	0.4	4,733	4,796	1.3	4.9	4.9	0.0
Tesla	428	583	36.2	1.7	2.4	0.7	1,412	2,474	75.2	1.5	2.5	1.0
Toyota	4,200	3,869	-7.9	16.8	15.6	-1.2	17,236	16,247	-5.7	17.8	16.7	-1.1
Volkswagen	1,010	983	-2.7	4.0	4.0	0.0	3,498	3,589	2.6	3.6	3.7	0.1
Volvo	185	151	-18.4	0.7	0.6	-0.1	449	657	46.3	0.5	0.7	0.2

*December 2016 figures were estimated by Auto Outlook.

Source: IHS Markit

The table above shows new retail light vehicle (car and light truck) registrations in Santa Clara County. Figures are shown for the Fourth Quarters of 2015 and 2016, and annual totals. The top ten ranked brands in each category are shaded yellow.