

Silicon Valley Auto Outlook

Comprehensive information on the Santa Clara County new vehicle market

FORECAST

New Vehicle Sales Should Remain Strong in 2018

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 98,000 units in 2017

The new vehicle market barely managed to improve last year, but sales remained at elevated levels. 2017 marked the fifth consecutive year that new registrations exceeded 80,000 units, which is a very respectable total for the Santa Clara County market.

New vehicle sales likely to soften in 2018

As mentioned in the previous release of Auto Outlook, there are several signs that are pointing to a market slowdown. But a relatively healthy economy, a steady stream of impressive new products, and strong consumer affordability should limit declines over the next several years

Trucks grab a larger share of county market

Light truck market share increased from 37.0% in 2012 to 49.7% in 2017.

Alternative powertrain market improves

County registrations of hybrid and electric cars and trucks increased 11.5% during the first 11 months of 2017, while the overall market was up slightly.

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

Toyota was the best selling brand last year, with a 16.9% share. Honda's county share was 14.3%, well above its 10.3% share in the U.S.

Chrysler, Jaguar, Chevrolet, GMC, and Audi gained ground during past year

New retail registrations for each of these five brands were up more than 16% from 2016 to 2017.

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

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

Non Luxury SUVs account for 26% of market

Market share for Non Luxury SUVs increased to 26% during the first eleven months of last year, just one point below Small Car share.

Percent Change in County Light Truck and Car Registrations 2017* vs. 2016

Light Trucks (Pickups, SUVs, and Vans)



UP
8.6%

Passenger Cars

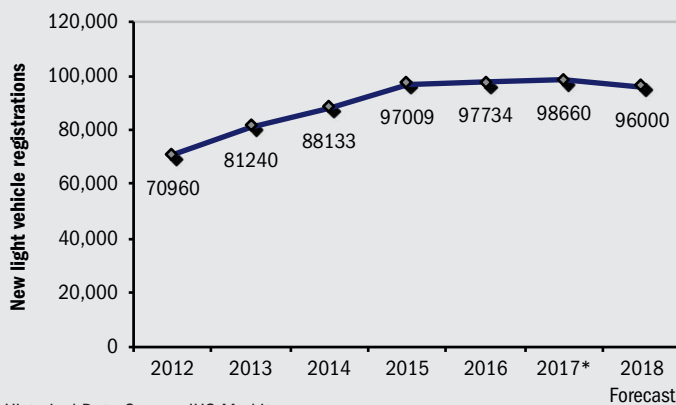


DOWN
5.6%

Source: IHS Markit.

*Dec. 17 estimated.

Annual Trend in County Market



Historical Data Source: IHS Markit.

The graph above shows annual new retail light vehicle registrations in the county from 2012 thru 2017 and Auto Outlook's projection for 2018. *Figures for Dec., 2017 were estimated by Auto Outlook.

Market Summary

	2016 Annual	2017 Annual*	% Chg. '16 to '17	Mkt. Share 2017*
TOTAL	97,734	98,660	0.9%	
Car	52,586	49,625	-5.6%	50.3%
Light Truck	45,148	49,035	8.6%	49.7%
Domestic	22,952	24,521	6.8%	24.9%
European	19,138	18,806	-1.7%	19.1%
Japanese	51,217	51,177	-0.1%	51.9%
Korean	4,427	4,156	-6.1%	4.2%

Source: IHS Markit.

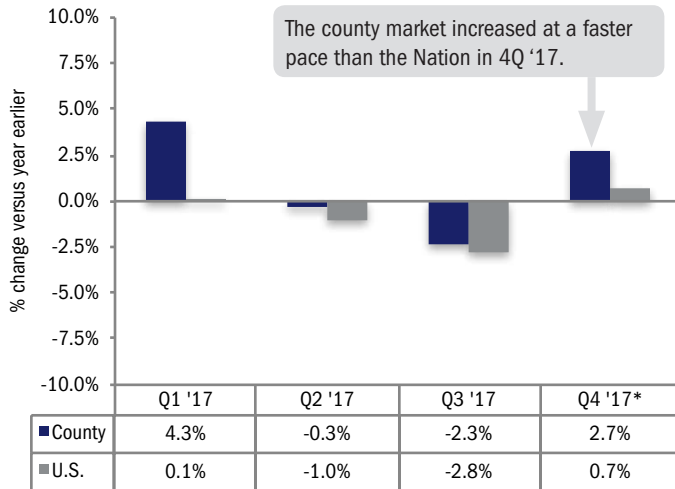
Domestics consist of vehicles sold by GM, Ford, FCA (excluding Alfa and FIAT), and Tesla. Historical figures were revised by IHS Markit and will differ slightly from those shown in previous releases. *Figures for Dec., 2017 were estimated by Auto Outlook.

MARKET TRACKER: QUARTERLY RESULTS

County Registrations Improved in Fourth Quarter 2017

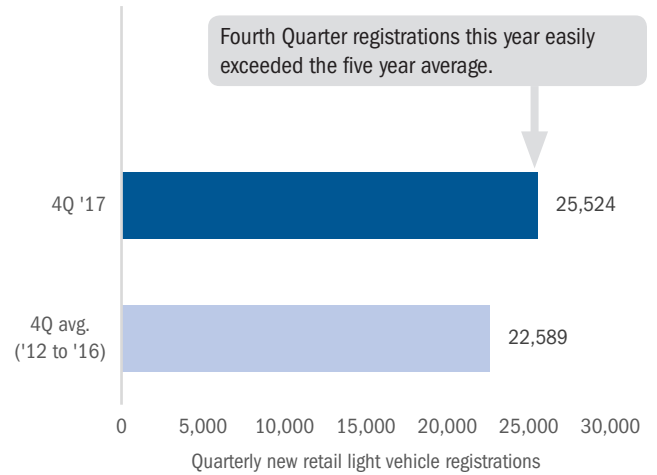
QUARTERLY TREND

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



QUARTERLY PERSPECTIVE

4Q 2017 Registrations Versus Average for Previous Five Years



* Figures for the Fourth Quarter of 2017 were estimated by Auto Outlook based on data for October and November. Source: IHS Markit.

* Figures for 4Q 2017 were estimated by Auto Outlook based on data for October and November. Source: IHS Markit.

MARKET TRACKER: COUNTY MARKET VERSUS U.S.

County Car Share Stays Above 50%

	County Market		U.S. Market	
Percent change in registrations 2017* vs. 2016	0.9%		-0.8%	
Passenger car market share 2017*	50.3%		35.1%	
Domestic brand market share 2017*	24.9%		41.2%	
Top 10 brands and market share 2017*				
First	Toyota	16.9%	Toyota	13.4%
Second	Honda	14.3%	Ford	12.1%
Third	Ford	7.5%	Chevrolet	11.4%
Fourth	Chevrolet	7.3%	Honda	10.3%
Fifth	Subaru	5.0%	Nissan	7.1%
Sixth	BMW	4.5%	Jeep	5.2%
Seventh	Nissan	4.4%	Subaru	4.2%
Eighth	Mazda	4.2%	Hyundai	3.7%
Ninth	Mercedes	4.1%	Kia	3.4%
Tenth	Lexus	3.9%	GMC	3.3%

*Dec. 2017 figures estimated by Auto Outlook

Source: IHS Markit

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MARKET TRACKER: HYBRID AND ELECTRIC VEHICLES

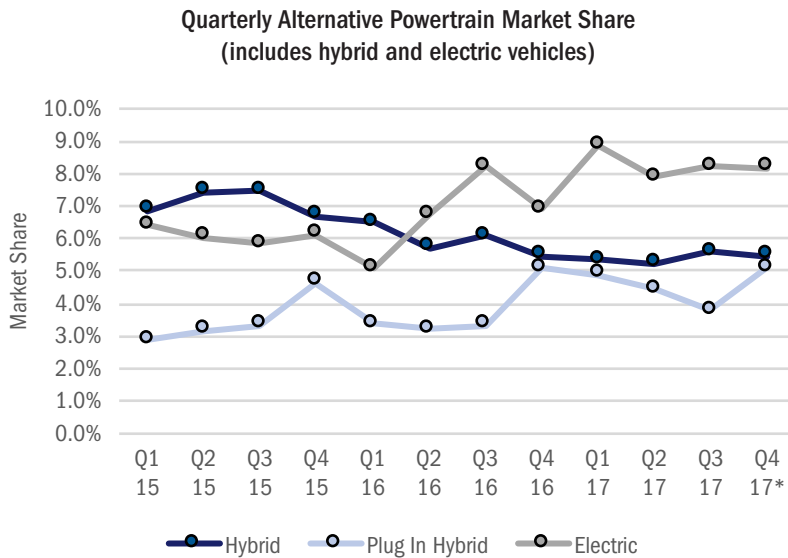
Electric Vehicles Accounted for 8.3% of County Market in '17



Hybrid/electric vehicle market share in Q4 '17: **18.7%**

New Retail Hybrid and Electric Vehicle Registrations
Top 10 Selling Models in County - YTD '17 thru November

Rank	Model	Regs.
1	Toyota Prius	2202
2	Chevrolet Bolt	1981
3	Tesla Model S	1556
4	Chevrolet Volt	1535
5	Nissan Leaf	1258
6	Volkswagen Golf	876
7	Tesla Model X	852
8	Toyota RAV4	597
9	Ford Fusion	575
10	BMW I3	383

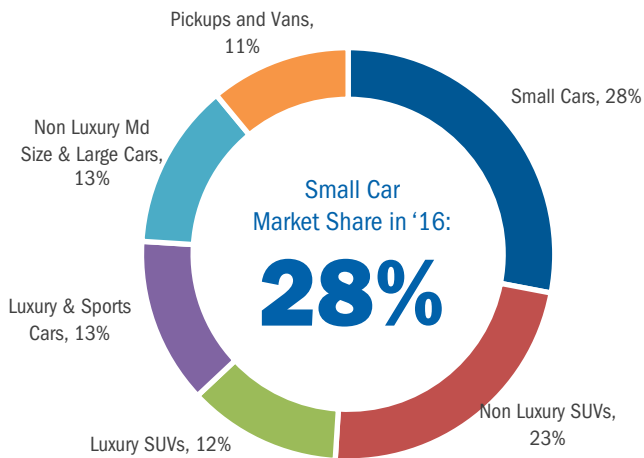


The graph above shows hybrid powertrain and electric vehicle quarterly market share in the county. The line shows market share trend over the past 12 quarters. *Fourth Quarter 2017 includes October and November. Source: IHS Markit.

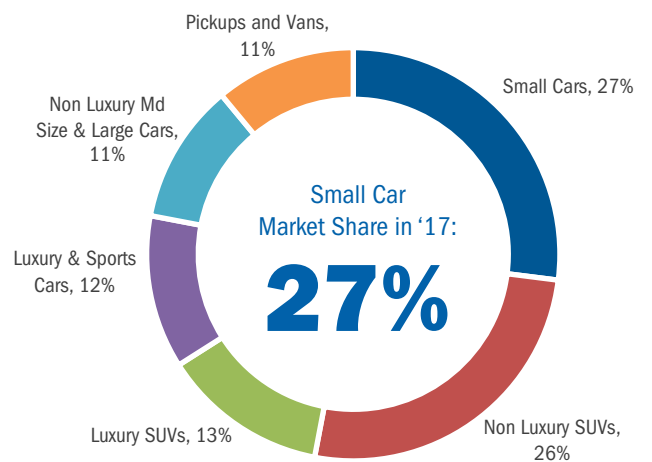
MARKET TRACKER: SEGMENT SHARES

Non Luxury SUV Market Share Hits 26% in 2017

Segment Market Shares in County
YTD 2016 thru November



Segment Market Shares in County
YTD 2017 thru November



Source: IHS Markit.

The two graphs above show market shares for primary segments during the first 11 months of 2016 and 2017.

BRAND SCOREBOARD

Honda and Toyota Are 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 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 2017*
Actual registrations minus target (county industry registrations times U.S. market share)



*Figures for December '17 were estimated by Auto Outlook.

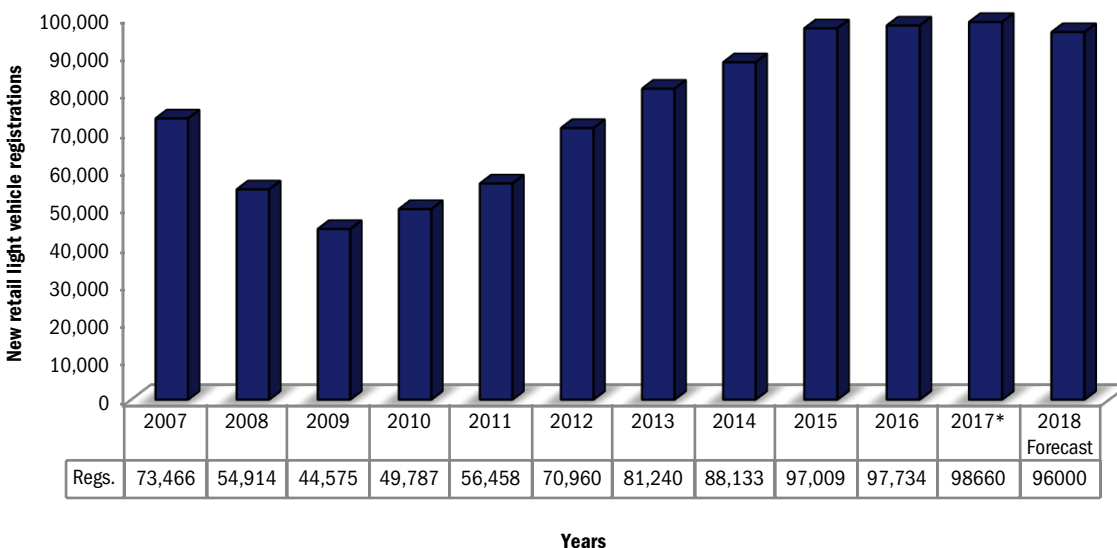
Source: IHS Markit.

LONG TERM TRENDS

Registrations Likely to Exceed 80K for Sixth Straight Year in '18

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 2017, along with Auto Outlook's forecast for 2018.

County New Retail Light Vehicle Registrations - 2007 thru 2017*, 2018 Forecast



County market improved 120% between '09 and '17. Small decline is predicted in '18, with annual total exceeding 95,000 units

*Figures for December, 2017 were estimated by Auto Outlook.

Source: IHS Markit.

MODEL RANKINGS

Honda Civic is Best Selling Model in County Market During 2017

The table below shows the top five selling models during the first 11 months of 2017 in 20 segments. In addition to unit registrations, it also shows each model's market share in its respective segment.



BEST SELLERS IN PRIMARY SEGMENTS

- Compact Car: Honda Civic
- Mid Size Car: Honda Accord
- Near Luxury Car: Mercedes C-Class
- Luxury Car: Tesla Model S
- Full Size Pickup: Ford F-Series
- Compact SUV: Toyota RAV4
- Mid Size SUV: Subaru Outback
- Luxury Mid Size SUV: Lexus RX

Top Selling Models in Each Segment - New Light Vehicle Registrations (YTD 2017 thru November)

Cars											
Subcompact			Compact			Sports/Pony Cars			Mid Size		
Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share
Chevrolet Bolt	1981	49.4	Honda Civic	3729	20.0	Ford Mustang	547	31.9	Honda Accord	3417	36.0
Honda Fit	436	10.9	Toyota Prius	2202	11.8	Chevrolet Camaro	339	19.8	Toyota Camry	2554	26.9
Toyota Yaris	265	6.6	Toyota Corolla	2168	11.7	Dodge Challenger	295	17.2	Ford Fusion	921	9.7
Toyota IM	229	5.7	Chevrolet Volt	1535	8.3	Mazda MX5	198	11.5	Hyundai Sonata	741	7.8
Kia Soul	229	5.7	Volkswagen Golf	1356	7.3	Subaru BRZ	112	6.5	Mazda 6	417	4.4
Large			Entry Luxury			Near Luxury			Luxury and High End Sports Cars		
Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share
Dodge Charger	311	43.1	BMW I3	383	26.0	Mercedes C-Class	921	18.0	Tesla Model S	1556	38.8
Toyota Avalon	141	19.5	Audi A3	364	24.7	BMW 3-Series	863	16.9	Mercedes E-Class	469	11.7
Chevrolet Impala	78	10.8	Mercedes CLA-Class	217	14.7	Lexus ES	554	10.8	BMW 5-Series	423	10.5
Nissan Maxima	78	10.8	BMW 2-Series	192	13.0	Audi A4	516	10.1	Chevrolet Corvette	123	3.1
Chrysler 300	34	4.7	Acura ILX	134	9.1	BMW 4-Series	456	8.9	Porsche 911	119	3.0
Light Trucks											
Compact/Mid Size Pickup			Full Size Pickup			Mini Van			Large Van		
Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share
Toyota Tacoma	1002	59.4	Ford F Series	1715	40.7	Toyota Sienna	1186	40.3	Ford Transit Connect Van	341	36.9
Chevrolet Colorado	258	15.3	Chevrolet Silverado	857	20.3	Honda Odyssey	1185	40.2	Mercedes Sprinter	167	18.1
Honda Ridgeline	156	9.2	Ram Pickup	711	16.9	Chrysler Pacifica	453	15.4	Ram Promaster	152	16.5
GMC Canyon	133	7.9	GMC Sierra	556	13.2	Kia Sedona	68	2.3	Nissan NV	124	13.4
Nissan Frontier /Xe	125	7.4	Toyota Tundra	345	8.2	Dodge Caravan	53	1.8	Chevrolet Express	68	7.4
Subcompact SUV			Compact SUV			Mid Size SUV			Large SUV		
Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share
Honda HR-V	590	35.9	Toyota RAV4	2759	22.8	Subaru Outback	1483	18.2	Chevrolet Tahoe	196	25.8
Jeep Renegade	188	11.4	Honda CR-V	2394	19.8	Toyota Highlander	1314	16.1	GMC Yukon	144	18.9
Kia Niro	180	11.0	Mazda CX-5	1630	13.5	Ford Explorer	959	11.7	GMC Yukon XL	118	15.5
Buick Encore	178	10.8	Subaru Forester	1012	8.4	Honda Pilot	718	8.8	Chevrolet Suburban	90	11.8
Toyota C-HR	161	9.8	Nissan Rogue	830	6.9	Jeep Grand Cherokee	676	8.3	Ford Expedition	68	8.9
Luxury Subcompact SUV			Luxury Compact SUV			Luxury Mid Size SUV			Luxury Large SUV		
Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share
BMW X1	352	43.0	Lexus NX	749	18.6	Lexus RX	1216	21.3	Mercedes GLS/GL-Class	230	35.8
Mercedes GLA-Class	216	26.4	Audi Q5	688	17.1	Tesla Model X	852	14.9	Land Rover Range Rover	165	25.7
Audi Q3	156	19.0	Acura RDX	656	16.3	Acura MDX	777	13.6	Cadillac Escalade	113	17.6
Infiniti QX30	95	11.6	Mercedes GLC/GLK-C	453	11.2	BMW X5	519	9.1	Lexus LX	51	7.9
			BMW X3	439	10.9	Mercedes GLE/M-Class	515	9.0	Mercedes G-Class	34	5.3

Source: IHS Markit.

Santa Clara County New Retail Car and Light Truck Registrations												
	Fourth Quarter*						Annual Totals					
	Registrations			Market Share (%)			Registrations			Market Share (%)		
	4Q '16	4Q '17*	% change	4Q '16	4Q '17*	Change	2016	2017*	% change	2016	2017*	Change
TOTAL	24,861	25,524	2.7				97,734	98,660	0.9			
Cars	12,738	11,923	-6.4	51.2	46.7	-4.5	52,586	49,625	-5.6	53.8	50.3	-3.5
Light Trucks	12,123	13,601	12.2	48.8	53.3	4.5	45,148	49,035	8.6	46.2	49.7	3.5
Domestic Brands	5,651	6,340	12.2	22.7	24.8	2.1	22,952	24,521	6.8	23.5	24.9	1.4
European Brands	5,076	5,507	8.5	20.4	21.6	1.2	19,138	18,806	-1.7	19.6	19.1	-0.5
Japanese Brands	13,064	12,730	-2.6	52.5	49.9	-2.6	51,217	51,177	-0.1	52.4	51.9	-0.5
Korean Brands	1,070	947	-11.5	4.3	3.7	-0.6	4,427	4,156	-6.1	4.5	4.2	-0.3
Acura	564	567	0.5	2.3	2.2	-0.1	2,138	2,104	-1.6	2.2	2.1	-0.1
Alfa Romeo	2	57		0.0	0.2	0.2	5	119	2280.0	0.0	0.1	0.1
Audi	768	897	16.8	3.1	3.5	0.4	2,632	3,073	16.8	2.7	3.1	0.4
BMW	1,294	1,495	15.5	5.2	5.9	0.7	4,892	4,478	-8.5	5.0	4.5	-0.5
Buick	88	123	39.8	0.4	0.5	0.1	372	424	14.0	0.4	0.4	0.0
Cadillac	113	97	-14.2	0.5	0.4	-0.1	386	351	-9.1	0.4	0.4	0.0
Chevrolet	1,641	1,808	10.2	6.6	7.1	0.5	5,919	7,231	22.2	6.1	7.3	1.2
Chrysler	112	165	47.3	0.5	0.6	0.1	361	579	60.4	0.4	0.6	0.2
Dodge	248	200	-19.4	1.0	0.8	-0.2	1,165	991	-14.9	1.2	1.0	-0.2
FIAT	119	46	-61.3	0.5	0.2	-0.3	505	225	-55.4	0.5	0.2	-0.3
Ford	1,724	1,896	10.0	6.9	7.4	0.5	7,498	7,368	-1.7	7.7	7.5	-0.2
Genesis	29	27		0.1	0.1	0.0	41	96		0.0	0.1	0.1
GMC	381	441	15.7	1.5	1.7	0.2	1,346	1,613	19.8	1.4	1.6	0.2
Honda	3,518	3,681	4.6	14.2	14.4	0.2	13,434	14,102	5.0	13.7	14.3	0.6
Hyundai	707	630	-10.9	2.8	2.5	-0.3	3,051	2,760	-9.5	3.1	2.8	-0.3
Infiniti	281	284	1.1	1.1	1.1	0.0	914	986	7.9	0.9	1.0	0.1
Jaguar	103	102	-1.0	0.4	0.4	0.0	301	372	23.6	0.3	0.4	0.1
Jeep	515	496	-3.7	2.1	1.9	-0.2	2,352	2,066	-12.2	2.4	2.1	-0.3
Kia	334	290	-13.2	1.3	1.1	-0.2	1,335	1,300	-2.6	1.4	1.3	-0.1
Land Rover	128	148	15.6	0.5	0.6	0.1	536	606	13.1	0.5	0.6	0.1
Lexus	1,114	1,097	-1.5	4.5	4.3	-0.2	4,208	3,897	-7.4	4.3	3.9	-0.4
Lincoln	58	48	-17.2	0.2	0.2	0.0	227	200	-11.9	0.2	0.2	0.0
Maserati	42	47	11.9	0.2	0.2	0.0	157	156	-0.6	0.2	0.2	0.0
Mazda	976	901	-7.7	3.9	3.5	-0.4	4,160	4,116	-1.1	4.3	4.2	-0.1
Mercedes	1,141	1,243	8.9	4.6	4.9	0.3	4,240	4,033	-4.9	4.3	4.1	-0.2
MINI	163	132	-19.0	0.7	0.5	-0.2	722	548	-24.1	0.7	0.6	-0.1
Mitsubishi	37	17	-54.1	0.1	0.1	0.0	125	66	-47.2	0.1	0.1	0.0
Nissan	1,428	976	-31.7	5.7	3.8	-1.9	5,192	4,354	-16.1	5.3	4.4	-0.9
Other	39	34	-12.8	0.2	0.1	-0.1	140	174	24.3	0.1	0.2	0.1
Porsche	220	270	22.7	0.9	1.1	0.2	847	976	15.2	0.9	1.0	0.1
Ram	248	259	4.4	1.0	1.0	0.0	904	934	3.3	0.9	0.9	0.0
Subaru	1,182	1,095	-7.4	4.8	4.3	-0.5	4,661	4,901	5.1	4.8	5.0	0.2
Tesla	520	804	54.6	2.1	3.1	1.0	2,411	2,755	14.3	2.5	2.8	0.3
Toyota	3,960	4,106	3.7	15.9	16.1	0.2	16,373	16,632	1.6	16.8	16.9	0.1
Volkswagen	917	855	-6.8	3.7	3.3	-0.4	3,531	3,485	-1.3	3.6	3.5	-0.1
Volvo	147	190	29.3	0.6	0.7	0.1	653	589	-9.8	0.7	0.6	-0.1

*December 2017 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 2016 and 2017, and annual totals for 2016 and 2017. The top ten ranked brands in each category are shaded yellow.