

Silicon Valley Auto Outlook



Comprehensive information on the Santa Clara County new vehicle market

FORECAST

New Vehicle Market Predicted to Decline Slightly in 2020

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 94,000 units in 2019

The new vehicle market fell by 7.8% last year. Despite the decline, 2019 marked the fifth consecutive year that new registrations exceeded 90,000 units, which is a lofty total for the County market.

New vehicle sales likely to soften in 2020

The gradual market slowdown that has been ongoing for the past three years should extend into 2020. Affordability is currently the biggest drag on new vehicle sales. Vehicle prices are increasing, interest rates are likely to hold steady, and household incomes are struggling to keep pace.

Trucks grab a larger share of county market

Light truck market share increased from 37.0% in 2012 to 51.8% in 2019.

Alternative powertrain market improves

County registrations of hybrid and electric cars and trucks fell 5% during the first 11 months of 2019, while the overall market was down 7.8% the entire year.

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

Toyota was the best selling brand last year, with a 16.6% share. Honda's county share was 13.5%, well above its 10.4% share in the U.S.

Hyundai, Genesis, Jaguar, Porsche, and Mercedes posted gains

New retail registrations for each of these five brands were up more than 3% from 2018 to 2019.

Tesla Model 3 best-selling car in county market; Toyota RAV4 is light truck leader

Honda Civic and Toyota Camry were ranked second and third behind Model 3 in the car market, while Honda CR-V and Mazda CX-5 trailed the RAV4.

Non Luxury SUVs account for 28% of market

Market share for Non Luxury SUVs increased to 28% during the first eleven months of last year. Small Car market share has fallen by more than nine points during the past three years.

Percent Change in County Light Truck and Car Registrations 2019* vs. 2018

Light Trucks (Pickups, SUVs, and Vans)



DOWN
3.1%

Passenger Cars

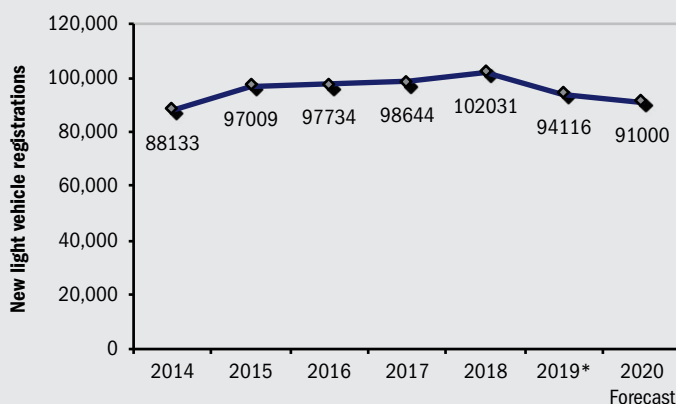


DOWN
12.3%

Source: IHS.

*Dec. 19 estimated.

Annual Trend in County Market



Historical Data Source: IHS.

The graph above shows annual new retail light vehicle registrations in the county from 2014 thru 2019 and Auto Outlook's projection for 2020.

Market Summary

| | 2018 Annual | 2019* Annual | % Chg. '18 to '19 | Mkt. Share 2019* |
|-------------|-------------|--------------|-------------------|------------------|
| TOTAL | 102,031 | 94,116 | -7.8% | |
| Car | 51,685 | 45,325 | -12.3% | 48.2% |
| Light Truck | 50,346 | 48,791 | -3.1% | 51.8% |
| Domestic | 31,347 | 25,780 | -17.8% | 27.4% |
| European | 18,986 | 18,584 | -2.1% | 19.7% |
| Japanese | 47,848 | 45,495 | -4.9% | 48.3% |
| Korean | 3,850 | 4,257 | 10.6% | 4.5% |

Source: IHS.

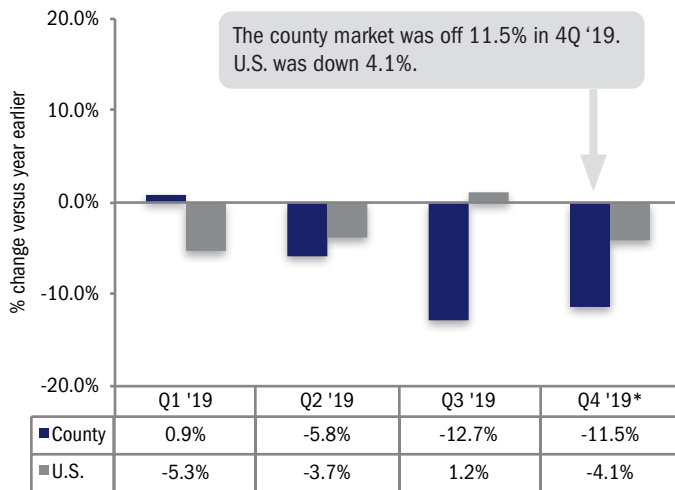
Domestics consist of vehicles sold by GM, Ford, FCA (excluding Alfa and FIAT), and Tesla. Historical figures were revised by IHS Markit and will differ slightly from those shown in previous releases. *Figures for Dec. '19 were estimated by Auto Outlook.

MARKET TRACKER: QUARTERLY RESULTS

County Market Declines at Faster Pace Than U.S. in 4Q '19

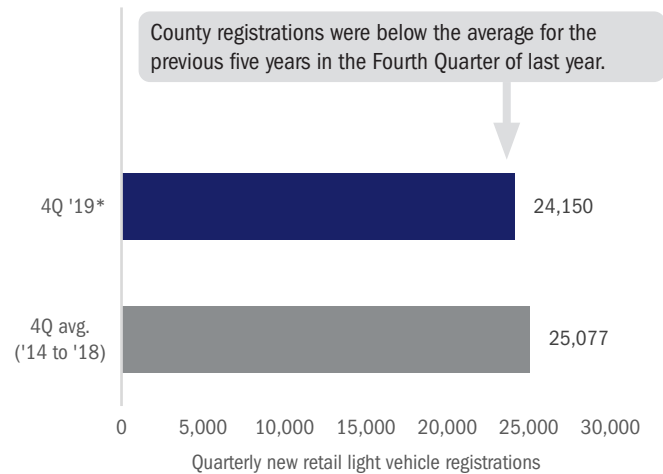
QUARTERLY TREND

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



QUARTERLY PERSPECTIVE

4Q 2019 Registrations Versus Average for Previous Five Years



* Figures for December of 2019 were estimated by Auto Outlook. Source: IHS.

* Figures for December of 2019 were estimated by Auto Outlook. Source: IHS.

MARKET TRACKER: COUNTY MARKET VERSUS U.S.

Toyota Share in County Is 16.6% vs. 13.4% in U.S

| | County Market | | U.S. Market | |
|---|---------------|-------|-------------|-------|
| Percent change in registrations 2019* vs. 2018 | | -7.8% | | -2.9% |
| Passenger car market share 2019* | | 48.2% | | 27.8% |
| Domestic brand market share 2019* | | 27.4% | | 41.2% |
| Top 10 brands and market share 2019* | | | | |
| First | Toyota | 16.6% | Toyota | 13.4% |
| Second | Honda | 13.5% | Ford | 11.1% |
| Third | Tesla | 10.8% | Chevrolet | 10.9% |
| Fourth | Ford | 5.6% | Honda | 10.4% |
| Fifth | Subaru | 4.9% | Jeep | 5.7% |
| Sixth | BMW | 4.9% | Nissan | 5.7% |
| Seventh | Mercedes | 4.7% | Subaru | 4.7% |
| Eighth | Chevrolet | 4.5% | Hyundai | 3.9% |
| Ninth | Mazda | 3.8% | Kia | 3.8% |
| Tenth | Lexus | 3.7% | Ram | 3.7% |

*December 2019 figures estimated by Auto Outlook

Source: IHS.

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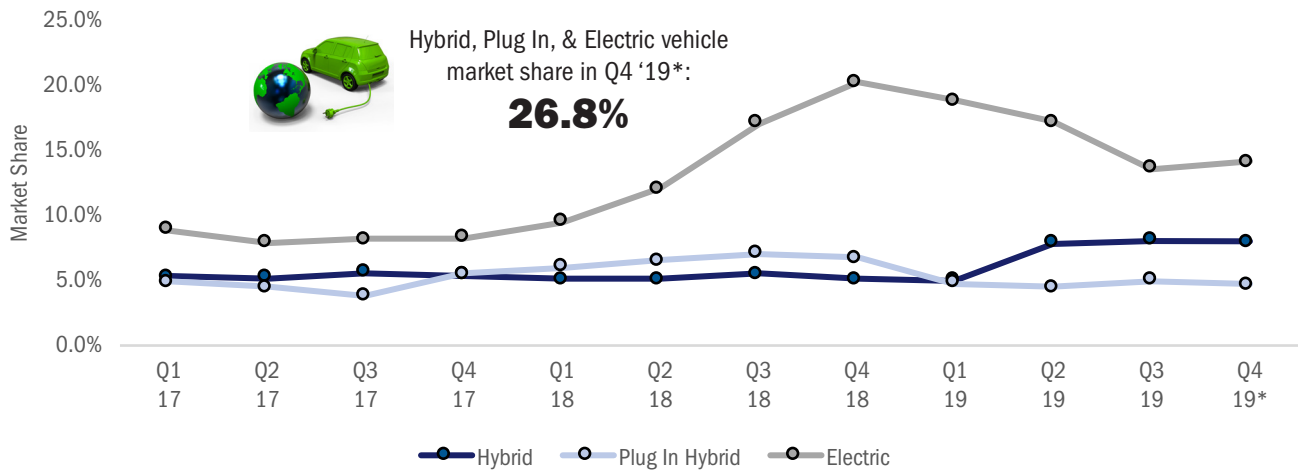
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MARKET TRACKER: HYBRID AND ELECTRIC VEHICLES

Electric Vehicle Share Increased Slightly in 4th Quarter of 2019

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

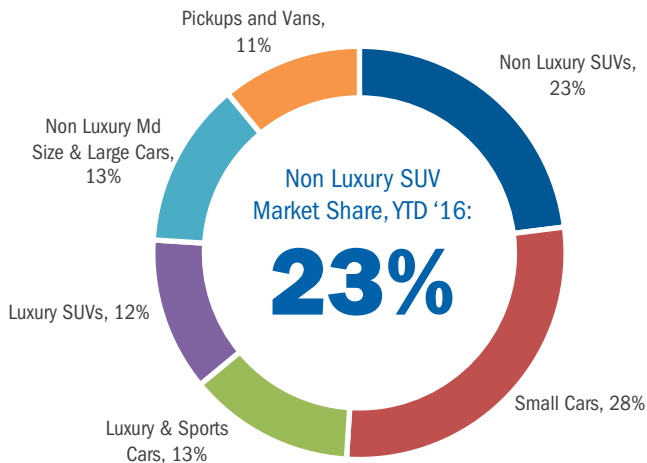


The graph above shows hybrid powertrain and electric vehicle quarterly market share in the county. *Fourth Quarter 2019 includes October and November. Figures include mild hybrid powertrains. Source: IHS.

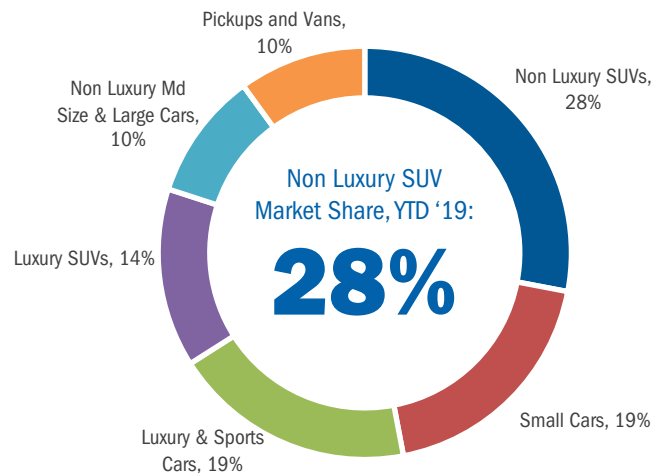
MARKET TRACKER: THREE YEAR CHANGE IN SEGMENT SHARES

Non Luxury SUV Market Share Increases to 28%

Segment Market Shares in County YTD 2016 thru November



Segment Market Shares in County YTD 2019 thru November



Source: IHS.

The two graphs above show market shares for primary segments during the first 11 months of 2016 and 2019.

BRAND SCOREBOARD

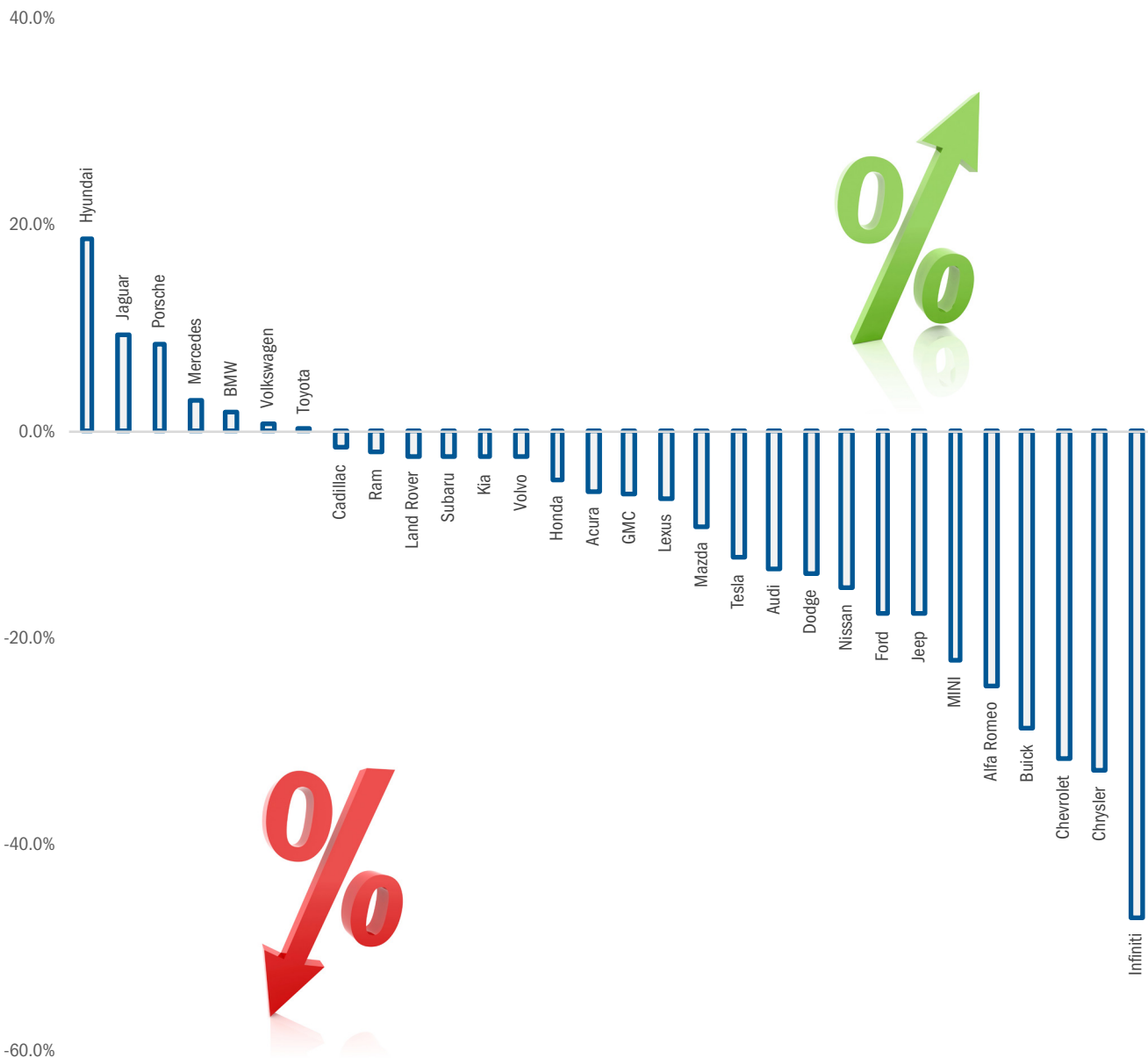
Hyundai, Jaguar, and Porsche Had Largest Percent Gains in 2019

The graph below shows the change in new retail light vehicle (combined car and light truck) registrations for all of 2019 versus a year earlier. Note figures for December of 2019 were estimated by Auto Outlook.



Seven brands had increases in 2019:
Hyundai, Jaguar, Porsche, Mercedes, BMW, Volkswagen, and Toyota.

Percent Change in County New Retail Light Vehicle Registrations (Top 30 brands) - 2019* vs. 2018



*Figures for December, 2019 were estimated.

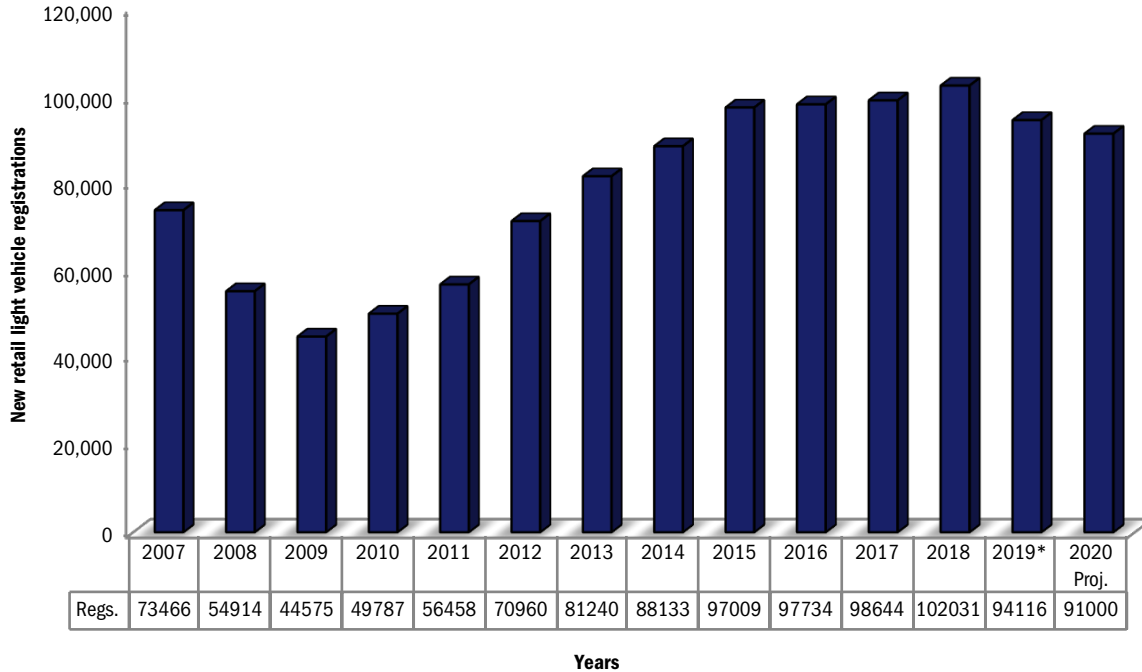
Source: IHS.

LONG TERM TRENDS

Registrations Likely to Exceed 88K for 7th Straight Year in 2020

The two graphs below provide a long term perspective of trends in the Santa Clara County new retail light vehicle market. The first graph shows historical registrations from 2007 thru 2019, along with Auto Outlook’s forecast for 2020. The second graph shows light truck share of the overall light vehicle market.

County New Retail Light Vehicle Registrations - 2007 thru 2019*, 2020 Forecast

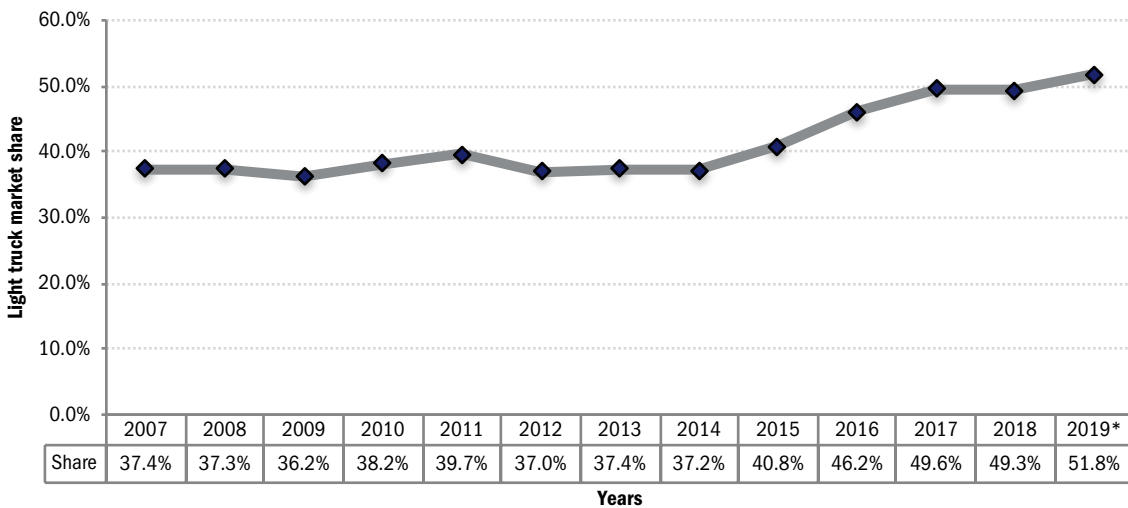


County market improved 129% between '09 and '18. Small decline is predicted in '20, with annual total remaining above 90,000 units

Historical Data Source: IHS.

* December 2019 figures were estimated by Auto Outlook.

County New Retail Light Truck Market Share - 2007 thru 2019*



Light truck market share increased steadily from 37.0% in 2012 to 51.8% last year.

Source: IHS.

* December 2019 figures were estimated by Auto Outlook.

| Santa Clara County New Retail Car and Light Truck Registrations | | | | | | | | | | | | |
|---|-----------------|---------|----------|------------------|---------|--------|---------------|--------|----------|------------------|-------|--------|
| | Fourth Quarter* | | | | | | Annual Totals | | | | | |
| | Registrations | | | Market Share (%) | | | Registrations | | | Market Share (%) | | |
| | 4Q '18 | 4Q '19* | % change | 4Q '18 | 4Q '19* | Change | 2018 | 2019* | % change | 2018 | 2019* | Change |
| TOTAL | 27,280 | 24,150 | -11.5 | | | | 102,031 | 94,116 | -7.8 | | | |
| Cars | 14,026 | 10,997 | -21.6 | 51.4 | 45.5 | -5.9 | 51,685 | 45,325 | -12.3 | 50.7 | 48.2 | -2.5 |
| Light Trucks | 13,254 | 13,153 | -0.8 | 48.6 | 54.5 | 5.9 | 50,346 | 48,791 | -3.1 | 49.3 | 51.8 | 2.5 |
| Domestic Brands | 9,337 | 5,822 | -37.6 | 34.2 | 24.1 | -10.1 | 31,347 | 25,780 | -17.8 | 30.7 | 27.4 | -3.3 |
| European Brands | 5,229 | 5,573 | 6.6 | 19.2 | 23.1 | 3.9 | 18,986 | 18,584 | -2.1 | 18.6 | 19.7 | 1.1 |
| Japanese Brands | 11,758 | 11,711 | -0.4 | 43.1 | 48.5 | 5.4 | 47,848 | 45,495 | -4.9 | 46.9 | 48.3 | 1.4 |
| Korean Brands | 956 | 1,044 | 9.2 | 3.5 | 4.3 | 0.8 | 3,850 | 4,257 | 10.6 | 3.8 | 4.5 | 0.7 |
| Acura | 521 | 518 | -0.6 | 1.9 | 2.1 | 0.2 | 1,936 | 1,825 | -5.7 | 1.9 | 1.9 | 0.0 |
| Alfa Romeo | 43 | 30 | -30.2 | 0.2 | 0.1 | -0.1 | 224 | 169 | -24.6 | 0.2 | 0.2 | 0.0 |
| Audi | 808 | 849 | 5.1 | 3.0 | 3.5 | 0.5 | 3,094 | 2,687 | -13.2 | 3.0 | 2.9 | -0.1 |
| BMW | 1,347 | 1,460 | 8.4 | 4.9 | 6.0 | 1.1 | 4,541 | 4,621 | 1.8 | 4.5 | 4.9 | 0.4 |
| Buick | 93 | 61 | -34.4 | 0.3 | 0.3 | 0.0 | 380 | 271 | -28.7 | 0.4 | 0.3 | -0.1 |
| Cadillac | 76 | 68 | -10.5 | 0.3 | 0.3 | 0.0 | 255 | 251 | -1.6 | 0.2 | 0.3 | 0.1 |
| Chevrolet | 1,654 | 1,075 | -35.0 | 6.1 | 4.5 | -1.6 | 6,255 | 4,273 | -31.7 | 6.1 | 4.5 | -1.6 |
| Chrysler | 200 | 136 | -32.0 | 0.7 | 0.6 | -0.1 | 825 | 554 | -32.8 | 0.8 | 0.6 | -0.2 |
| Dodge | 184 | 184 | 0.0 | 0.7 | 0.8 | 0.1 | 888 | 766 | -13.7 | 0.9 | 0.8 | -0.1 |
| FIAT | 34 | 11 | -67.6 | 0.1 | 0.0 | -0.1 | 111 | 53 | -52.3 | 0.1 | 0.1 | 0.0 |
| Ford | 1,589 | 1,290 | -18.8 | 5.8 | 5.3 | -0.5 | 6,383 | 5,253 | -17.7 | 6.3 | 5.6 | -0.7 |
| Genesis | 4 | 26 | 550.0 | 0.0 | 0.1 | 0.1 | 71 | 83 | 16.9 | 0.1 | 0.1 | 0.0 |
| GMC | 336 | 291 | -13.4 | 1.2 | 1.2 | 0.0 | 1,274 | 1,196 | -6.1 | 1.2 | 1.3 | 0.1 |
| Honda | 3,111 | 3,162 | 1.6 | 11.4 | 13.1 | 1.7 | 13,309 | 12,702 | -4.6 | 13.0 | 13.5 | 0.5 |
| Hyundai | 618 | 646 | 4.5 | 2.3 | 2.7 | 0.4 | 2,323 | 2,754 | 18.6 | 2.3 | 2.9 | 0.6 |
| Infiniti | 189 | 96 | -49.2 | 0.7 | 0.4 | -0.3 | 758 | 402 | -47.0 | 0.7 | 0.4 | -0.3 |
| Jaguar | 86 | 79 | -8.1 | 0.3 | 0.3 | 0.0 | 270 | 295 | 9.3 | 0.3 | 0.3 | 0.0 |
| Jeep | 515 | 431 | -16.3 | 1.9 | 1.8 | -0.1 | 2,332 | 1,919 | -17.7 | 2.3 | 2.0 | -0.3 |
| Kia | 334 | 372 | 11.4 | 1.2 | 1.5 | 0.3 | 1,456 | 1,420 | -2.5 | 1.4 | 1.5 | 0.1 |
| Land Rover | 195 | 222 | 13.8 | 0.7 | 0.9 | 0.2 | 737 | 720 | -2.3 | 0.7 | 0.8 | 0.1 |
| Lexus | 1,054 | 1,028 | -2.5 | 3.9 | 4.3 | 0.4 | 3,752 | 3,513 | -6.4 | 3.7 | 3.7 | 0.0 |
| Lincoln | 31 | 28 | -9.7 | 0.1 | 0.1 | 0.0 | 133 | 111 | -16.5 | 0.1 | 0.1 | 0.0 |
| Maserati | 36 | 16 | -55.6 | 0.1 | 0.1 | 0.0 | 104 | 62 | -40.4 | 0.1 | 0.1 | 0.0 |
| Mazda | 973 | 962 | -1.1 | 3.6 | 4.0 | 0.4 | 3,952 | 3,594 | -9.1 | 3.9 | 3.8 | -0.1 |
| Mercedes | 1,243 | 1,401 | 12.7 | 4.6 | 5.8 | 1.2 | 4,261 | 4,389 | 3.0 | 4.2 | 4.7 | 0.5 |
| MINI | 122 | 95 | -22.1 | 0.4 | 0.4 | 0.0 | 511 | 398 | -22.1 | 0.5 | 0.4 | -0.1 |
| Mitsubishi | 35 | 20 | -42.9 | 0.1 | 0.1 | 0.0 | 167 | 107 | -35.9 | 0.2 | 0.1 | -0.1 |
| Nissan | 899 | 686 | -23.7 | 3.3 | 2.8 | -0.5 | 3,580 | 3,039 | -15.1 | 3.5 | 3.2 | -0.3 |
| Other | 47 | 42 | -10.6 | 0.2 | 0.2 | 0.0 | 175 | 158 | -9.7 | 0.2 | 0.2 | 0.0 |
| Porsche | 245 | 301 | 22.9 | 0.9 | 1.2 | 0.3 | 945 | 1,024 | 8.4 | 0.9 | 1.1 | 0.2 |
| Ram | 315 | 296 | -6.0 | 1.2 | 1.2 | 0.0 | 1,049 | 1,028 | -2.0 | 1.0 | 1.1 | 0.1 |
| Subaru | 1,166 | 1,058 | -9.3 | 4.3 | 4.4 | 0.1 | 4,773 | 4,658 | -2.4 | 4.7 | 4.9 | 0.2 |
| Tesla | 4,338 | 1,957 | -54.9 | 15.9 | 8.1 | -7.8 | 11,560 | 10,145 | -12.2 | 11.3 | 10.8 | -0.5 |
| Toyota | 3,803 | 4,177 | 9.8 | 13.9 | 17.3 | 3.4 | 15,607 | 15,640 | 0.2 | 15.3 | 16.6 | 1.3 |
| Volkswagen | 782 | 791 | 1.2 | 2.9 | 3.3 | 0.4 | 3,071 | 3,091 | 0.7 | 3.0 | 3.3 | 0.3 |
| Volvo | 254 | 285 | 12.2 | 0.9 | 1.2 | 0.3 | 969 | 945 | -2.5 | 0.9 | 1.0 | 0.1 |

*December 2019 figures were estimated by Auto Outlook.

Source: IHS

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 2018 and 2019, and annual totals. The top ten ranked brands in each category are shaded yellow.