

Silicon Valley Auto Outlook



Comprehensive information on the Santa Clara County new vehicle market

NEW VEHICLE MARKET FORECAST

County Market Predicted to Increase 7% for Remainder of 2023

Below is a review of key trends in the Santa Clara County new vehicle market.

Results during 1Q 2023

County new light vehicle registrations increased 17.3% during the first three months of 2023 vs. weak year-earlier levels. National retail market fell 1.0%. As shown on page 2, equivalent U.S. SAAR levels stayed below 15 million units, an indicator that county new vehicle sales remained subdued.

2023 Forecast

According to the baseline forecast, registrations are expected to exceed 83,000 units this year, an 8.9% improvement from 2022. See sidebar to right for alternative upside and downside projections. Registrations are predicted to increase 7% from April thru December of this year versus the same period in 2022.

Key determinants for the market

During the past three years, the new vehicle market has been impacted by a series of speed bumps that have put the brakes on sales. The pandemic, supply chain issues, depleted inventories, rising interest rates, weakening consumer affordability, and concern over the banking system have pushed sales below trend levels. Despite this lengthy list, primary factors driving the

market during 2023 are fairly evident. Following three years of below average sales, pent-up demand is at elevated levels as the volume of postponed purchases continues to grow. Weakening consumer affordability will hold back the release of pent-up demand, but improving vehicle inventories should be sufficient to push sales above current levels.

Battery Electric Vehicle sales gains

BEV market share in the county increased to 40.4% in the First Quarter of 2023, up from 29.9% a year earlier. Franchised dealership share of the BEV market improved by 9.3 share points so far this year (see page 4).

Light truck sales

There are signs that the climb in light truck market share could be reaching its peak. Light trucks (consisting of SUVs, pickups, and vans) accounted for 38.1% of the market in 2012, and increased to 65.2% last year. In the First Quarter of 2023, however, light truck share was up just 1.2 points versus year earlier.

Brands that fared best in early 2023

Among the top 25 sellers in the county market, Genesis, Rivian, Chevrolet, Tesla, and Hyundai had the largest percentage gains in the First Quarter of this year.

Tesla, Toyota, Honda, Ford, and Chevrolet were market leaders.

Top selling models in Santa Clara County

Tesla Model Y, Tesla Model 3, Toyota RAV4, Chevrolet Bolt, Toyota Camry, Toyota Corolla, Honda Civic, Honda Accord, Ford F-Series, and Honda CR-V were the top 10 sellers so far this year.

County economic conditions

Total employment in the county was 1.02 million, slightly below the pre-pandemic levels. Unemployment rate was 3.1% (see page 3).

**Outlook for
Santa Clara County New Retail
Light Vehicle Market**

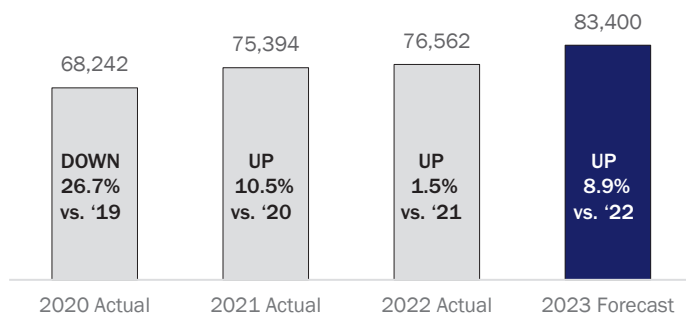
2023 Annual Forecast

Baseline scenario: 83,400
up 8.9% vs. '22

Alternative upside: 86,800
up 13.4% vs. '22

Alternative downside: 78,600
up 2.7% vs. '22

Forecast for County New Retail Light Vehicle Registrations



The graph above shows annual new retail light vehicle registrations from 2020 through 2022 and Auto Outlook's baseline projection for 2023. Historical data sourced from Experian Automotive.

Market Summary

	YTD '22 March	YTD '23 March	% Chg. '22 to '23	Mkt. Share YTD '23
TOTAL	18,381	21,564	17.3%	
Car	6,312	7,130	13.0%	33.1%
Light Truck	12,069	14,434	19.6%	66.9%
Domestic	7,160	9,683	35.2%	44.9%
European	3,312	3,240	-2.2%	15.0%
Japanese	6,912	7,292	5.5%	33.8%
Korean	997	1,349	35.3%	6.3%

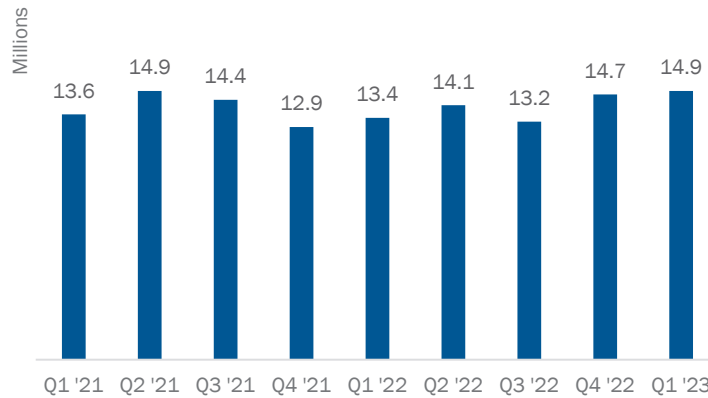
Domestics consist of vehicles sold by GM, Ford, Stellantis (excluding Alfa Romeo and FIAT), Tesla, Rivian, and Lucid. Data sourced from Experian Automotive.

Santa Clara County New Vehicle Market Dashboard



MARKET PERFORMANCE DURING PAST TWO YEARS

Santa Clara 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 14.7 million in the Fourth Quarter of last year to 14.9 million in the First Quarter of this year.

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



COUNTY MARKET VS. U.S.

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

Santa Clara County
UP 17.3%

U.S.
DOWN 1.0%

New retail light vehicle registrations in the county increased 17.3% in the First Quarter of this year versus the 1% drop in the Nation.

Data sourced from Experian Automotive.

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Mark Maxwell, President

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Editor: Jeffrey A. Foltz EMail: jfoltz@autooutlook.com

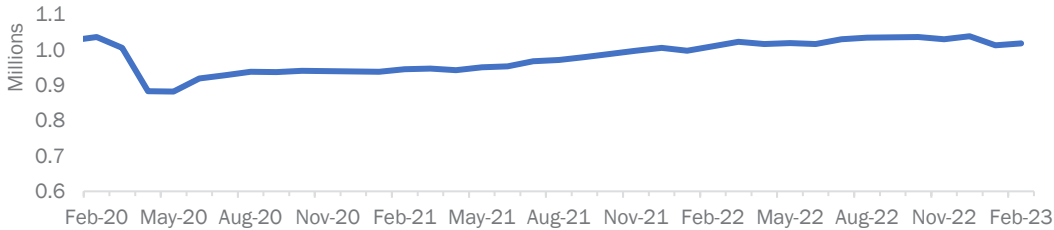
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Santa Clara County New Vehicle Market Dashboard



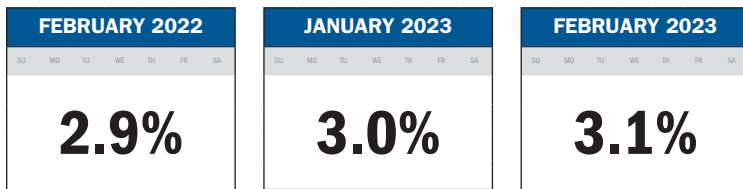
TRACKING ECONOMIC INDICATORS

Total Employment in Santa Clara County

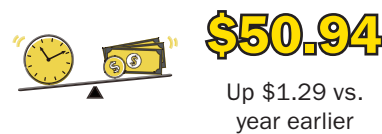


High inflation and rising interest rates have raised some concerns that the economy might be headed for recession, but at least so far, most indicators have remained relatively strong. County employment is just below pre-pandemic levels and the unemployment rate was below 4% early this year. GDP growth has remained positive in each of the past two quarters and county wages are up considerably compared to year-earlier.

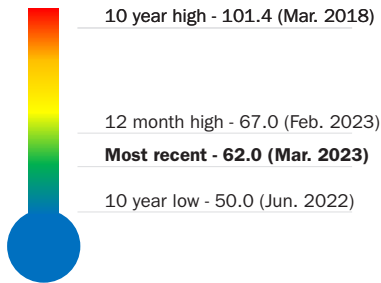
Monthly Unemployment Rates in Santa Clara County



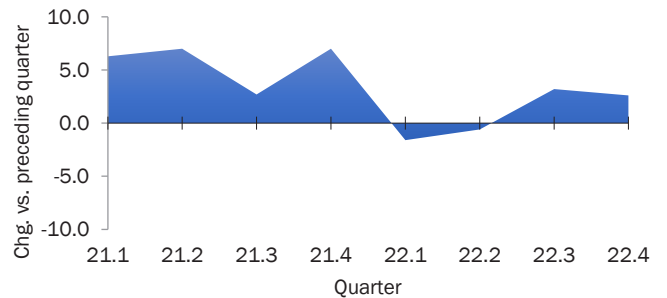
Average Hourly Earnings for All Workers in County - Feb. 2022



University of Michigan Consumer Sentiment (U.S.)



Percent Change in U.S. Gross Domestic Product

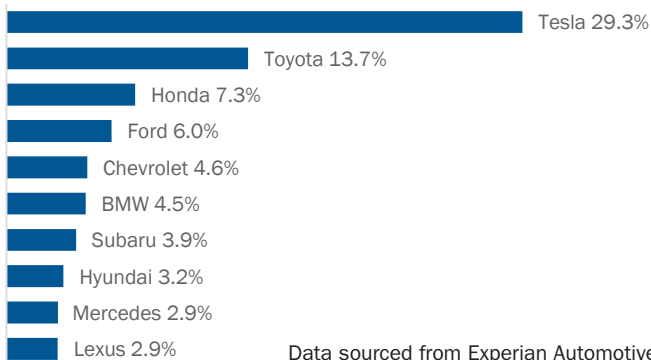


Sources: Bureau of Labor Statistics, University of Michigan, and U.S. Bureau of Econ. Analysis.



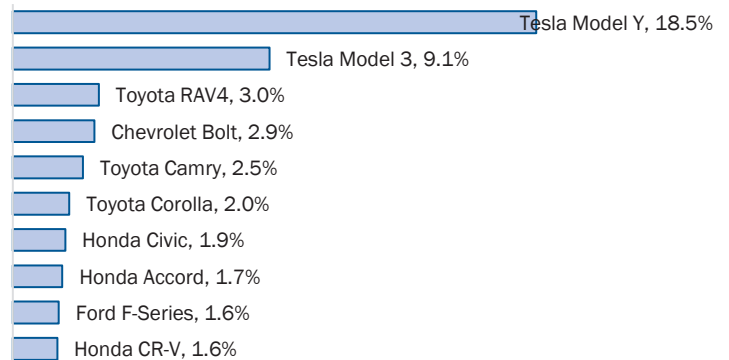
TOP TEN RANKINGS IN SANTA CLARA COUNTY MARKET

Market Share for Top Ten Selling Brands in County Market YTD 2023 thru March



Data sourced from Experian Automotive.

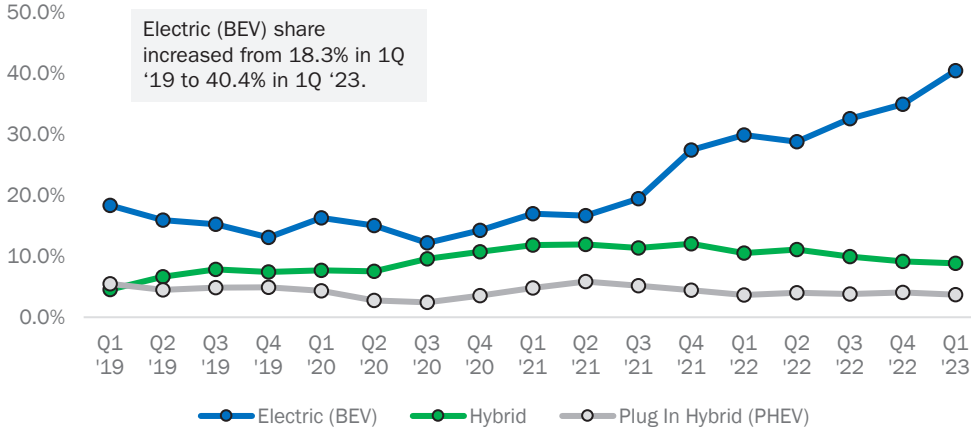
Market Share for Top Ten Selling Models in County Market YTD 2023 thru March





Vehicle Powertrain Dashboard

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

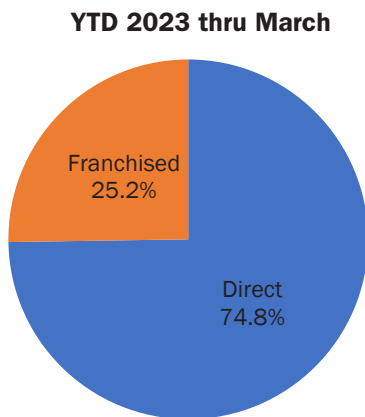
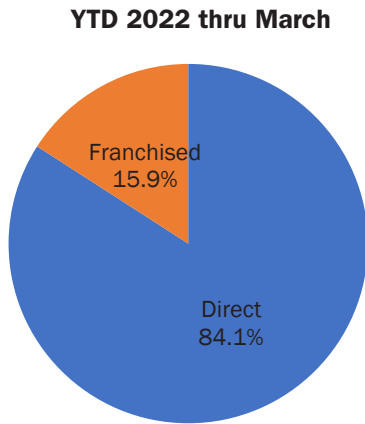


YTD Share by Engine Type (2022 and 2023, thru March)

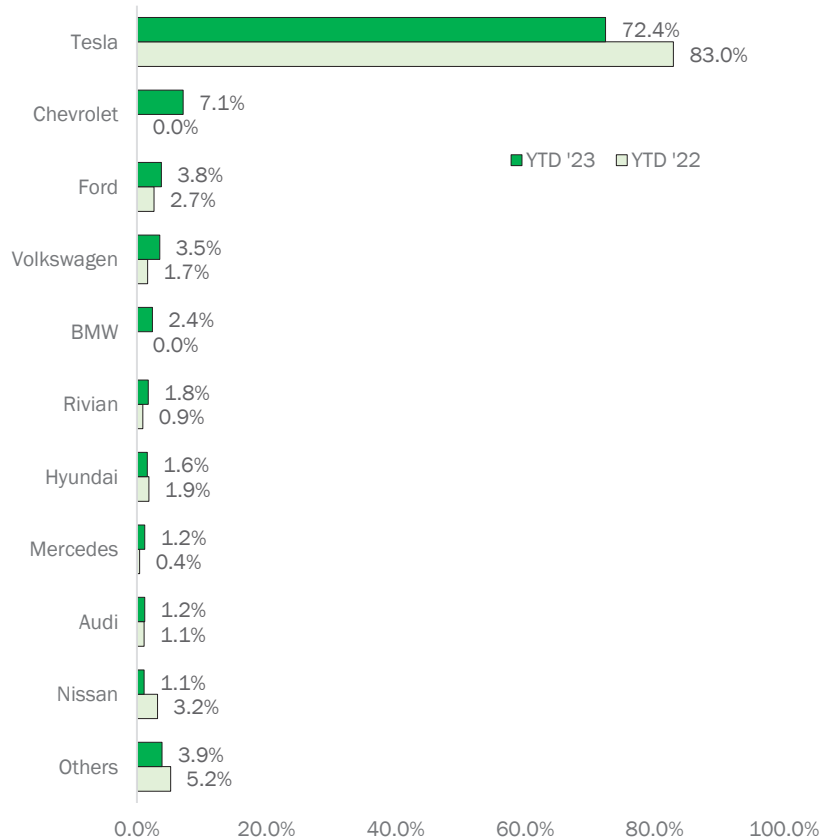
	YTD '22	YTD '23	
Electric (BEV)	29.9%	40.4%	↑
Hybrid	10.5%	8.8%	↓
Plug In Hybrid (PHEV)	3.7%	3.7%	FLAT

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

Share of County BEV Market for Franchised Dealerships and Direct Sellers



Brand Share of County BEV Market YTD 2022 and YTD 2023 thru March

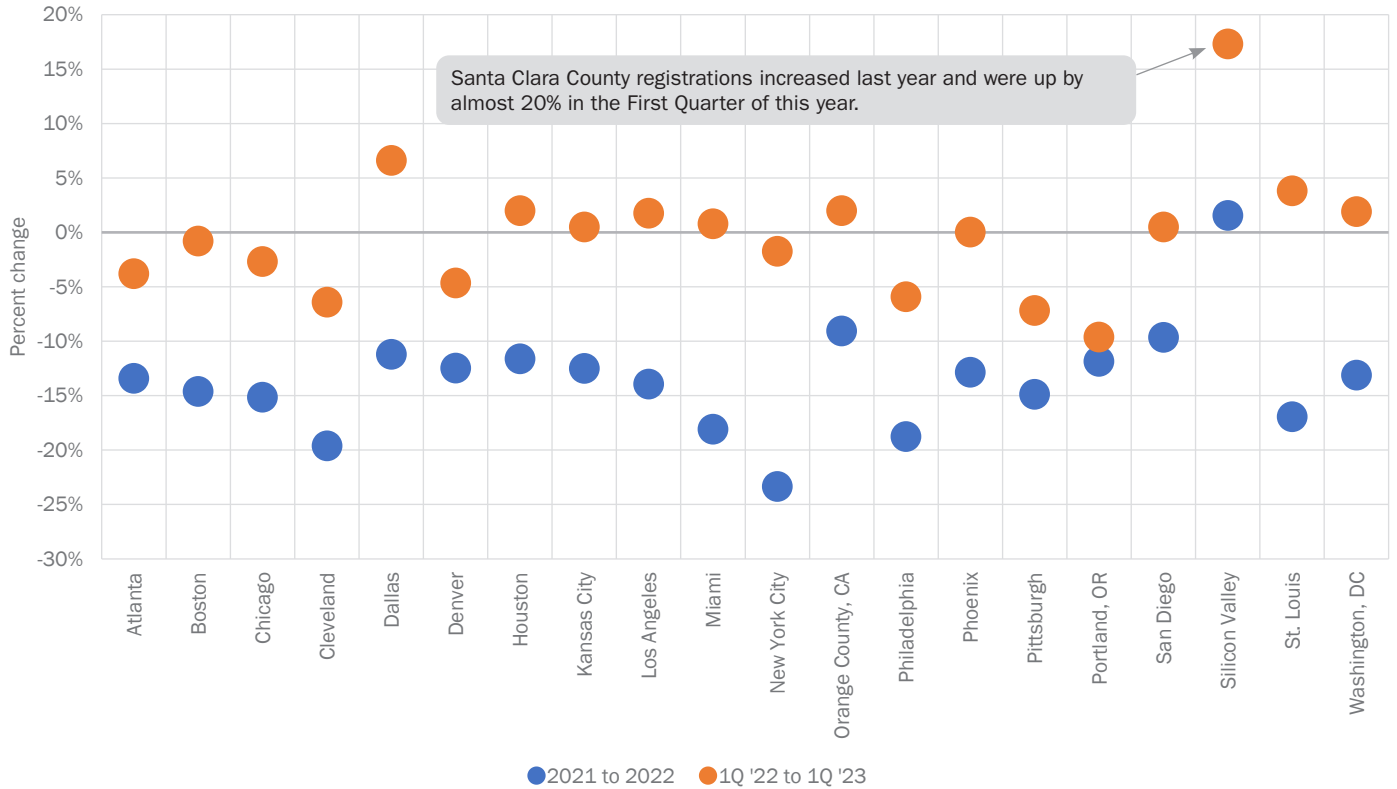


Observations: Franchised dealership share of the county BEV market increased from 15.9% during the first quarter of 2022 to 25.2% this year. Franchised dealership brand registrations were up 152% vs. the 41% increase for direct sellers. Tesla BEV market share declined 10.6 points, while registrations improved by 38.7%. Chevrolet was the second best-selling BEV brand so far this year. Data sourced from Experian Automotive.

Comparison of Selected Metro Area Markets



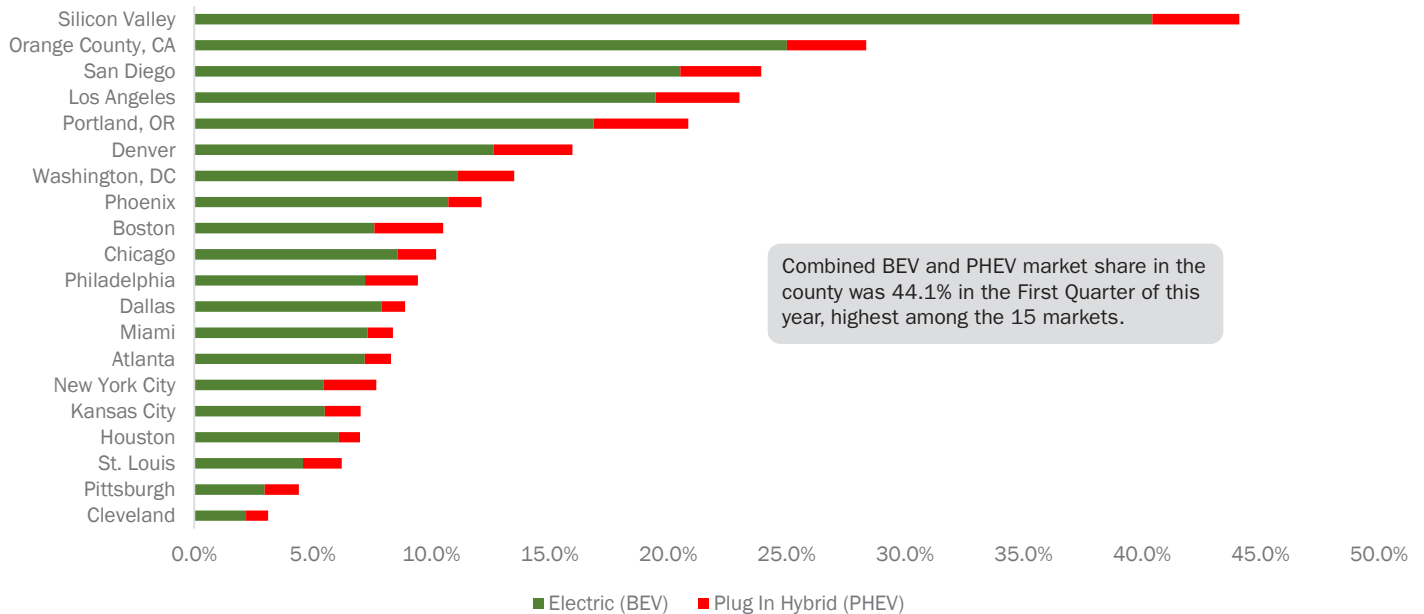
Percent Change in New Vehicle Registrations from 2021 to 2022, and from 1Q 2022 to 1Q 2023



The graph above provides a comparison of how metro area new vehicle markets performed last year and in the First Quarter of this year. The blue dots on the graph represent the percent change in new vehicle registrations from 2021 to 2022, and the orange dots show the change from the First Quarter of 2022 to the First Quarter of this year. Orange dots are higher for all markets, reflecting relative improvement in sales early this year compared to results last year. Data sourced from Experian Automotive.



Electric (BEV) and Plug in Hybrid (PHEV) Market Share During 1Q '23



Combined BEV and PHEV market share in the county was 44.1% in the First Quarter of this year, highest among the 15 markets.

Data sourced from Experian Automotive.

Brand Registrations Report												
Santa Clara County New Retail Car and Light Truck Registrations												
	First Quarter						Annual Totals					
	Registrations			Market Share (%)			Registrations			Market Share (%)		
	1Q '22	1Q '23	% change	1Q '22	1Q '23	Change	2021	2022	% change	2021	2022	Change
TOTAL	18,381	21,564	17.3				75,394	76,562	1.5			
Cars	6,312	7,130	13.0	34.3	33.1	-1.2	26,919	26,621	-1.1	35.7	34.8	-0.9
Light Trucks	12,069	14,434	19.6	65.7	66.9	1.2	48,475	49,941	3.0	64.3	65.2	0.9
Domestic Brands	7,160	9,683	35.2	39.0	44.9	5.9	23,935	29,436	23.0	31.7	38.4	6.7
European Brands	3,312	3,240	-2.2	18.0	15.0	-3.0	13,672	13,342	-2.4	18.1	17.4	-0.7
Japanese Brands	6,912	7,292	5.5	37.6	33.8	-3.8	33,457	28,441	-15.0	44.4	37.1	-7.3
Korean Brands	997	1,349	35.3	5.4	6.3	0.9	4,330	5,343	23.4	5.7	7.0	1.3
Acura	220	229	4.1	1.2	1.1	-0.1	1,128	801	-29.0	1.5	1.0	-0.5
Alfa Romeo	13	7	-46.2	0.1	0.0	-0.1	104	49	-52.9	0.1	0.1	0.0
Audi	426	494	16.0	2.3	2.3	0.0	1,895	1,680	-11.3	2.5	2.2	-0.3
BMW	970	968	-0.2	5.3	4.5	-0.8	3,804	4,017	5.6	5.0	5.2	0.2
Buick	12	32	166.7	0.1	0.1	0.0	148	68	-54.1	0.2	0.1	-0.1
Cadillac	78	62	-20.5	0.4	0.3	-0.1	318	277	-12.9	0.4	0.4	0.0
Chevrolet	358	988	176.0	1.9	4.6	2.7	3,379	2,700	-20.1	4.5	3.5	-1.0
Chrysler	58	71	22.4	0.3	0.3	0.0	382	231	-39.5	0.5	0.3	-0.2
Dodge	87	52	-40.2	0.5	0.2	-0.3	521	347	-33.4	0.7	0.5	-0.2
Ford	1,144	1,285	12.3	6.2	6.0	-0.2	4,402	4,520	2.7	5.8	5.9	0.1
Genesis	26	123	373.1	0.1	0.6	0.5	167	359	115.0	0.2	0.5	0.3
GMC	207	225	8.7	1.1	1.0	-0.1	901	758	-15.9	1.2	1.0	-0.2
Honda	1,452	1,576	8.5	7.9	7.3	-0.6	7,860	5,812	-26.1	10.4	7.6	-2.8
Hyundai	547	698	27.6	3.0	3.2	0.2	2,485	2,782	12.0	3.3	3.6	0.3
Infiniti	30	46	53.3	0.2	0.2	0.0	201	133	-33.8	0.3	0.2	-0.1
Jaguar	23	9	-60.9	0.1	0.0	-0.1	93	56	-39.8	0.1	0.1	0.0
Jeep	340	269	-20.9	1.8	1.2	-0.6	1,548	1,206	-22.1	2.1	1.6	-0.5
Kia	424	528	24.5	2.3	2.4	0.1	1,678	2,202	31.2	2.2	2.9	0.7
Land Rover	135	87	-35.6	0.7	0.4	-0.3	573	388	-32.3	0.8	0.5	-0.3
Lexus	634	628	-0.9	3.4	2.9	-0.5	2,778	2,530	-8.9	3.7	3.3	-0.4
Lincoln	15	22	46.7	0.1	0.1	0.0	90	64	-28.9	0.1	0.1	0.0
Maserati	19	5	-73.7	0.1	0.0	-0.1	36	52	44.4	0.0	0.1	0.1
Mazda	547	522	-4.6	3.0	2.4	-0.6	2,519	2,059	-18.3	3.3	2.7	-0.6
Mercedes	676	631	-6.7	3.7	2.9	-0.8	2,982	3,130	5.0	4.0	4.1	0.1
MINI	119	67	-43.7	0.6	0.3	-0.3	261	361	38.3	0.3	0.5	0.2
Mitsubishi	29	37	27.6	0.2	0.2	0.0	84	83	-1.2	0.1	0.1	0.0
Nissan	460	446	-3.0	2.5	2.1	-0.4	1,955	1,490	-23.8	2.6	1.9	-0.7
Other	38	69	81.6	0.2	0.3	0.1	116	213	83.6	0.2	0.3	0.1
Polestar	56	39	-30.4	0.3	0.2	-0.1	92	284	208.7	0.1	0.4	0.3
Porsche	233	261	12.0	1.3	1.2	-0.1	932	907	-2.7	1.2	1.2	0.0
Ram	244	159	-34.8	1.3	0.7	-0.6	1,069	778	-27.2	1.4	1.0	-0.4
Rivian	51	153	200.0	0.3	0.7	0.4	35	336	860.0	0.0	0.4	0.4
Subaru	775	851	9.8	4.2	3.9	-0.3	3,173	3,174	0.0	4.2	4.1	-0.1
Tesla	4,554	6,315	38.7	24.8	29.3	4.5	11,137	18,037	62.0	14.8	23.6	8.8
Toyota	2,765	2,957	6.9	15.0	13.7	-1.3	13,759	12,359	-10.2	18.2	16.1	-2.1
Volkswagen	392	465	18.6	2.1	2.2	0.1	1,866	1,503	-19.5	2.5	2.0	-0.5
Volvo	224	188	-16.1	1.2	0.9	-0.3	923	816	-11.6	1.2	1.1	-0.1

Data sourced from Experian Automotive.

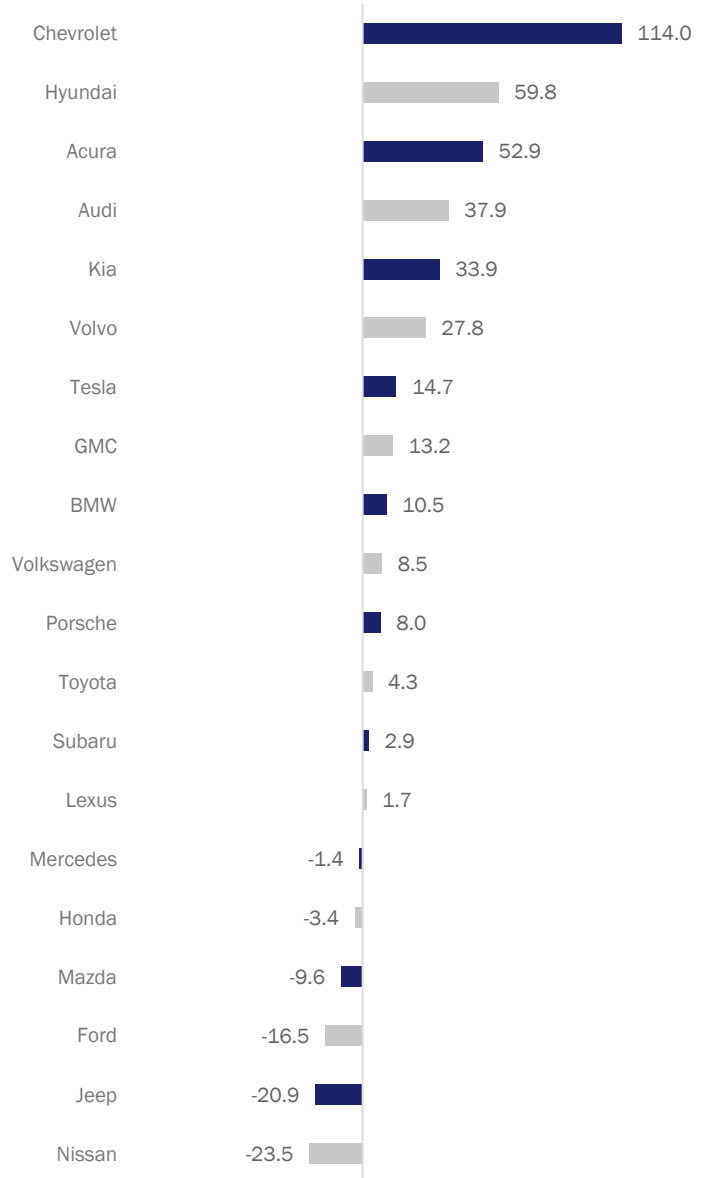
The table shows new retail light vehicle (car and light truck) registrations in the Santa Clara County market. Figures are shown for the 1st Quarters of '22 and '23, and annual totals for 2021 and 2022. The top ten ranked brands in each change category are shaded yellow.

Summary of San Mateo County New Retail Light Vehicle Market

New Vehicle Registrations in San Mateo County-YTD thru Mar.						
	New Retail Registrations			Market Share (%)		
	YTD '22	YTD '23	% chg.	YTD '22	YTD '23	Change
TOTAL	7,469	8138	9.0			
Acura	51	78	52.9	0.7	1.0	0.3
Alfa Romeo	3	2	-33.3	0.0	0.0	0.0
Audi	177	244	37.9	2.4	3.0	0.6
BMW	372	411	10.5	5.0	5.1	0.1
Buick	2	7	250.0	0.0	0.1	0.1
Cadillac	32	36	12.5	0.4	0.4	0.0
Chevrolet	172	368	114.0	2.3	4.5	2.2
Chrysler	18	20	11.1	0.2	0.2	0.0
Dodge	31	24	-22.6	0.4	0.3	-0.1
Ford	503	420	-16.5	6.7	5.2	-1.6
Genesis	16	49	206.3	0.2	0.6	0.4
GMC	68	77	13.2	0.9	0.9	0.0
Honda	787	760	-3.4	10.5	9.3	-1.2
Hyundai	127	203	59.8	1.7	2.5	0.8
Infiniti	17	13	-23.5	0.2	0.2	-0.1
Jaguar	11	3	-72.7	0.1	0.0	-0.1
Jeep	163	129	-20.9	2.2	1.6	-0.6
Kia	171	229	33.9	2.3	2.8	0.5
Land Rover	55	68	23.6	0.7	0.8	0.1
Lexus	242	246	1.7	3.2	3.0	-0.2
Lincoln	8	8	0.0	0.1	0.1	0.0
Maserati	6	3	-50.0	0.1	0.0	0.0
Mazda	197	178	-9.6	2.6	2.2	-0.5
Mercedes	361	356	-1.4	4.8	4.4	-0.5
MINI	38	30	-21.1	0.5	0.4	-0.1
Mitsubishi	25	22	-12.0	0.3	0.3	-0.1
Nissan	196	150	-23.5	2.6	1.8	-0.8
Other	25	42	68.0	0.3	0.5	0.2
Polestar	21	19	-9.5	0.3	0.2	0.0
Porsche	125	135	8.0	1.7	1.7	0.0
Ram	76	54	-28.9	1.0	0.7	-0.4
Rivian	22	77	250.0	0.3	0.9	0.7
Subaru	343	353	2.9	4.6	4.3	-0.3
Tesla	1,506	1,728	14.7	20.2	21.2	1.1
Toyota	1,213	1,265	4.3	16.2	15.5	-0.7
Volkswagen	199	216	8.5	2.7	2.7	0.0
Volvo	90	115	27.8	1.2	1.4	0.2

Top ten brands are shaded yellow. Includes cars and light trucks.

Percent Change in New Retail Registrations YTD 2023 thru March vs. YTD 2022 (Top 20 brands)



Data sourced from Experian Automotive.

Top 20 Selling Models in County: YTD 2023

- | | | | |
|------------------|----------------------|---------------------|------------------------|
| 1 Tesla Model Y | 6 Honda Civic | 11 Toyota Tacoma | 16 BMW X5 |
| 2 Tesla Model 3 | 7 Honda CR-V | 12 Volkswagen ID.4 | 17 Tesla Model X |
| 3 Toyota RAV4 | 8 Honda Accord | 13 Honda HR-V | 18 Ford Mustang Mach-E |
| 4 Toyota Corolla | 9 Toyota Camry | 14 Subaru Crosstrek | 19 Lexus NX |
| 5 Chevrolet Bolt | 10 Toyota Highlander | 15 Ford F-Series | 20 BMW i4 |

Data sourced from Experian Automotive.