



Maryland Auto Outlook™

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FORECAST

Market Has Small Increase in 1Q '17 vs. Strong 1Q '16

New vehicle registrations predicted to remain at healthy levels in 2017

Predicting new vehicle sales is, without question, an inexact science. There are a multitude of forces impacting the market on an ongoing basis. Some of these forces are pushing the market higher, while others are pulling it lower. Making sense of it all and coming up with an **exact** picture of where the market is headed is nearly impossible. But the basic direction that sales are likely to head in is easier to identify. And right now, most signs are pointing to a slowdown. The market declined slightly last year and pent up demand is easing. In addition, interest rates are increasing, used vehicle prices are sliding, and incentives are on the rise; all signs of a market that is running out of steam.

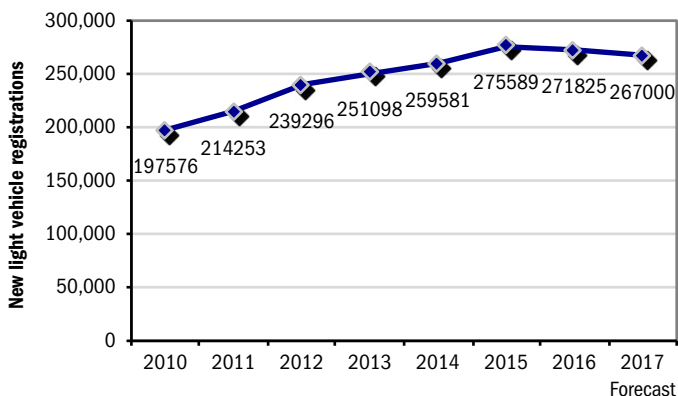
We do expect sales to drift lower over the next several years, but a sharp drop seems highly unlikely. Unemployment rates are very low, incomes are moving higher, household net worth is at an all-time high, GDP growth is solid (if not spectacular), and consumer confidence is strong. It would be unprecedented for new vehicle sales to collapse in an environment with such strong core economic fundamentals. In addition, technological advances in today's new vehicles are a strong motivation for many consumers to upgrade.

Bottom line: The state new vehicle market is expected to soften over the next several years, but sales should remain strong, based on historical standards.

6 Key Market Trends

- 1. State new retail registrations slipped to 271,825 units in 2016, down 1.4% from 2015. The U.S. market increased slightly.
- 2. The market is predicted to post a small decline in 2017.
- 3. State light truck market share increased from 57.5% in the First Quarter of 2016 to 60.5% this year.
- 4. Toyota, Honda, Jeep, Ford, Subaru, and Chevrolet have posted big gains in the Maryland market during the past five years (see page 5).
- 5. Hybrid and electric vehicle market share was 3.8% in the first two months of this year, up from a year earlier.
- 6. Compact and Mid Size SUVs have gained ground, while Mid Size car share fell sharply in the First Quarter of this year.

Annual Trend in State Market



Historical Data Source: IHS Markit.

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

Market Summary

	YTD '16 thru Mar.	YTD '17 thru Mar.*	% Chg. '16 to '17	Mkt. Share 2017*
TOTAL	59,099	59,362	0.4%	
Car	25,102	23,437	-6.6%	39.5%
Light Truck	33,997	35,925	5.7%	60.5%
Domestic	20,464	20,176	-1.4%	34.0%
European	5,787	6,105	5.5%	10.3%
Japanese	27,899	28,540	2.3%	48.1%
Korean	4,949	4,541	-8.2%	7.6%

Source: IHS Markit.

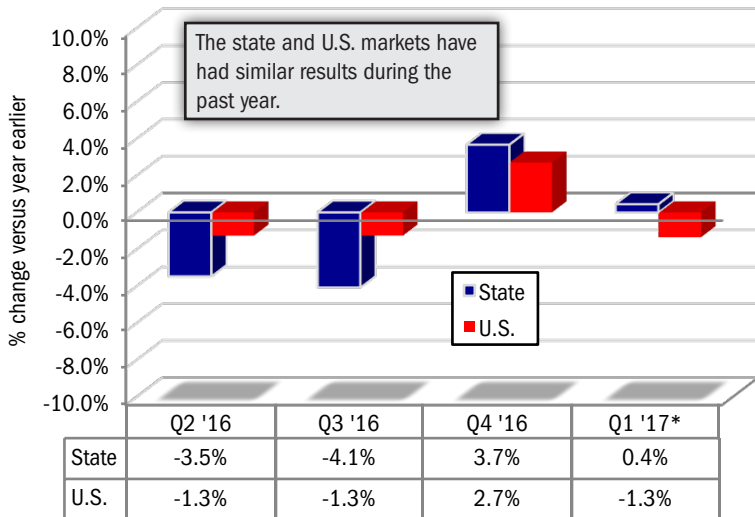
Domestics consist of vehicles sold by GM, Ford, FCA (excluding FIAT), and Tesla. Historical figures were revised by IHS Markit and will differ slightly from those shown in previous releases. *Figures for March, 2017 were estimated by Auto Outlook.

MARKET TRACKER: QUARTERLY RESULTS

State Registrations Remain at High Level in First Quarter 2017

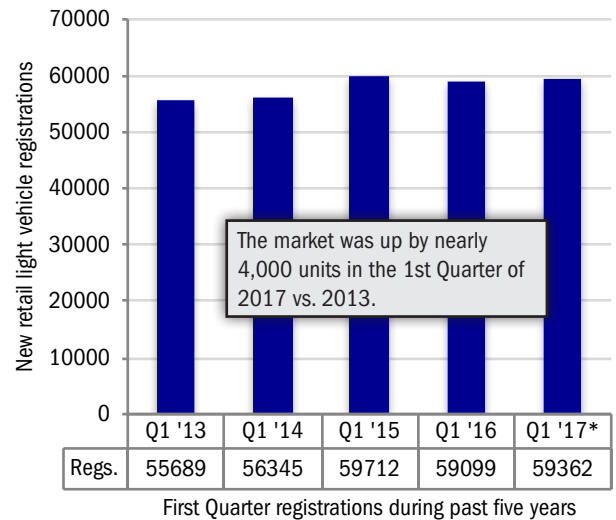
QUARTERLY TREND

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



QUARTERLY PERSPECTIVE

Five Years of First Quarter Results in State Market



* Figures for the First Quarter of 2017 were estimated by Auto Outlook based on data for January and February. Source: IHS Markit.

* Figures for 1Q 2017 were estimated by Auto Outlook based on data for January and February. Source: IHS Markit.

MARKET TRACKER: STATE MARKET VERSUS U.S.

State Car Market Share Falls to 39.5%

	Maryland Market		U.S. Market	
Percent change in registrations YTD '17 thru March* vs. YTD '16	0.4%		-1.3%	
Passenger car market share YTD '17 thru March*	39.5%		35.7%	
Domestic brand market share YTD '17 thru March	34.0%		42.0%	
Top 10 brands and market share YTD '17 thru March*				
First	Toyota	15.6%	Toyota	12.7%
Second	Honda	12.6%	Ford	12.3%
Third	Ford	11.2%	Chevrolet	11.3%
Fourth	Chevrolet	8.8%	Honda	10.0%
Fifth	Nissan	7.3%	Nissan	7.7%
Sixth	Jeep	5.3%	Jeep	5.2%
Seventh	Subaru	5.1%	Subaru	4.4%
Eighth	Hyundai	5.0%	GMC	3.6%
Ninth	Volkswagen	2.7%	Hyundai	3.5%
Tenth	Kia	2.6%	Kia	3.4%

*March 2017 figures estimated by Auto Outlook

Source: IHS Markit

Maryland Auto Outlook

Covering First Quarter 2017

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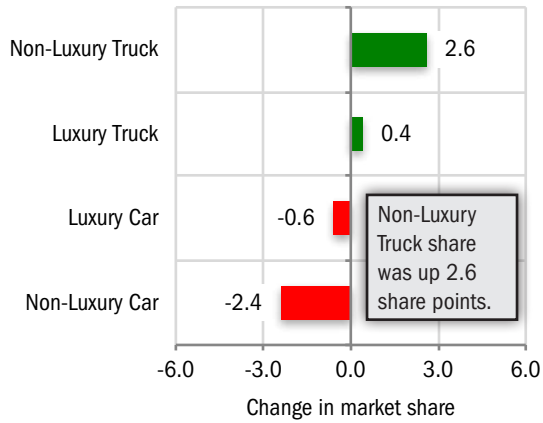
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MARKET TRACKER: PRIMARY SEGMENTS

Non Luxury Trucks Surge

Change in State Market Share
YTD 2017 thru March* vs. YTD 2016

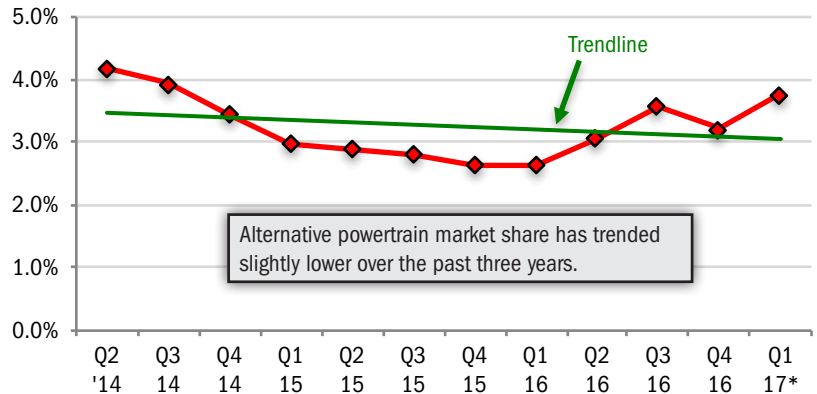


The graph above shows the change in year-to-date market share for four primary brand segments. *Figures for March 2017 were estimated by Auto Outlook. Data Source: IHS Markit.

MARKET TRACKER: HYBRID AND ELECTRIC VEHICLES

Hybrid/Electric Share is 3.8%

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



The graph above shows hybrid powertrain and electric vehicle quarterly market share in the area. The line shows market share trend over the past 12 quarters. *First Quarter 2017 includes January and February. Source: IHS Markit.

MARKET TRACKER - SEGMENTS

Mid Size Car Market Share Falls by 1.4 Points

Maryland Segment Market Share Review				
Segment	Market Share YTD '16 thru February	Market Share YTD '17 thru February	Change in share YTD '16 to '17	Best selling model in segment
Compact SUV	19.7	20.2	0.5	Honda CR-V
Compact Car	16.9	16.8	-0.1	Honda Civic
Mid Size SUV	12.8	13.5	0.7	Toyota Highlander
Mid Size Car	12.9	11.5	-1.4	Honda Accord
Full Size Pickup	8.6	9.1	0.5	Ford F Series
Luxury Mid Size SUV	3.6	3.5	-0.1	Lexus RX
Subcompact Car	2.7	3.0	0.3	Kia Soul
Mini Van	2.9	2.7	-0.2	Toyota Sienna
Near Luxury Car	3.1	2.6	-0.5	Mercedes C-Class
Subcompact SUV	2.2	2.5	0.3	Jeep Renegade
Luxury Compact SUV	2.2	2.3	0.1	Acura RDX
Compact/Mid-Size Pickup	2.2	2.2	0.0	Toyota Tacoma
Luxury and High-end Sports Cars	1.9	1.9	0.0	Mercedes E-Class
Large Car	2.1	1.8	-0.3	Nissan Maxima
Large Van	1.6	1.7	0.1	Ford Transit Connect Van
Large SUV	1.2	1.5	0.3	Chevrolet Tahoe
Sports/Pony cars	1.6	1.5	-0.1	Ford Mustang
Luxury Large SUV	0.5	0.7	0.2	Mercedes GLS/GL-Class
Entry Luxury Car	0.7	0.5	-0.2	Audi A3
Luxury Subcompact SUV	0.5	0.5	0.0	Mercedes GLA-Class

The table above shows Maryland market share for 20 vehicle segments during the first two months of 2016 and 2017, and the change in market share over the period. The best selling model in each segment is also shown. Segments are ranked from top to bottom based on 2017 share. Data Source: IHS Markit.

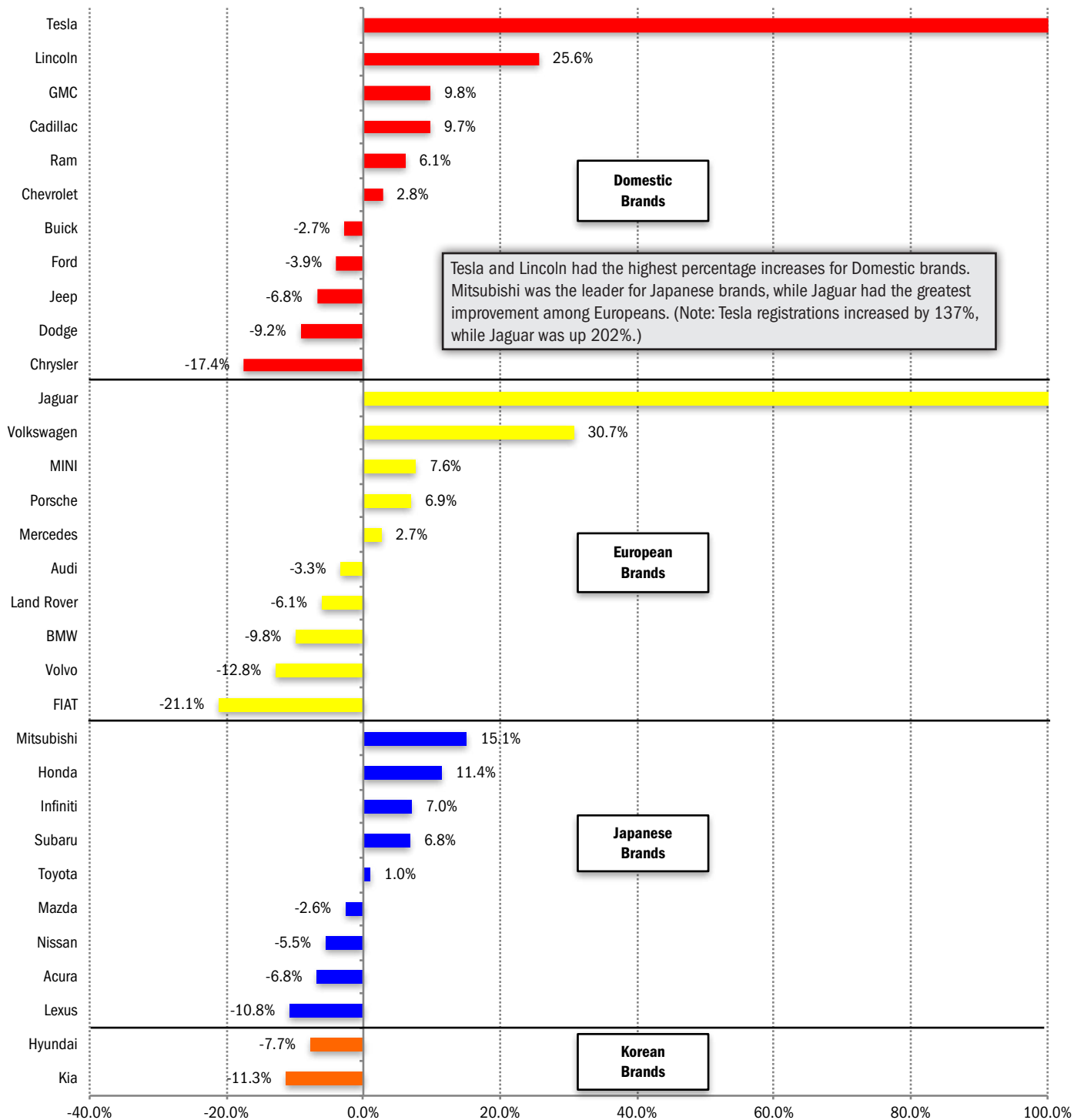
BRAND SCOREBOARD - PART ONE

Jaguar and Tesla Post Largest Percentage Gains

Six brands had gains of greater than 10%

The graph below provides a comparative evaluation of brand sales performance in the state market. It shows the year-to-date percent change in registrations for each brand, organized by category (i.e., Domestic, European, Japanese, and Korean).

**Percent Change in State New Retail Light Vehicle Registrations
YTD 2017 thru March* vs. YTD 2016**



Tesla and Lincoln had the highest percentage increases for Domestic brands. Mitsubishi was the leader for Japanese brands, while Jaguar had the greatest improvement among Europeans. (Note: Tesla registrations increased by 137%, while Jaguar was up 202%.)

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

Source: IHS Markit.

BRAND SCOREBOARD-PART TWO

Toyota, Honda, & Jeep Have Big Gains During Past Five Years

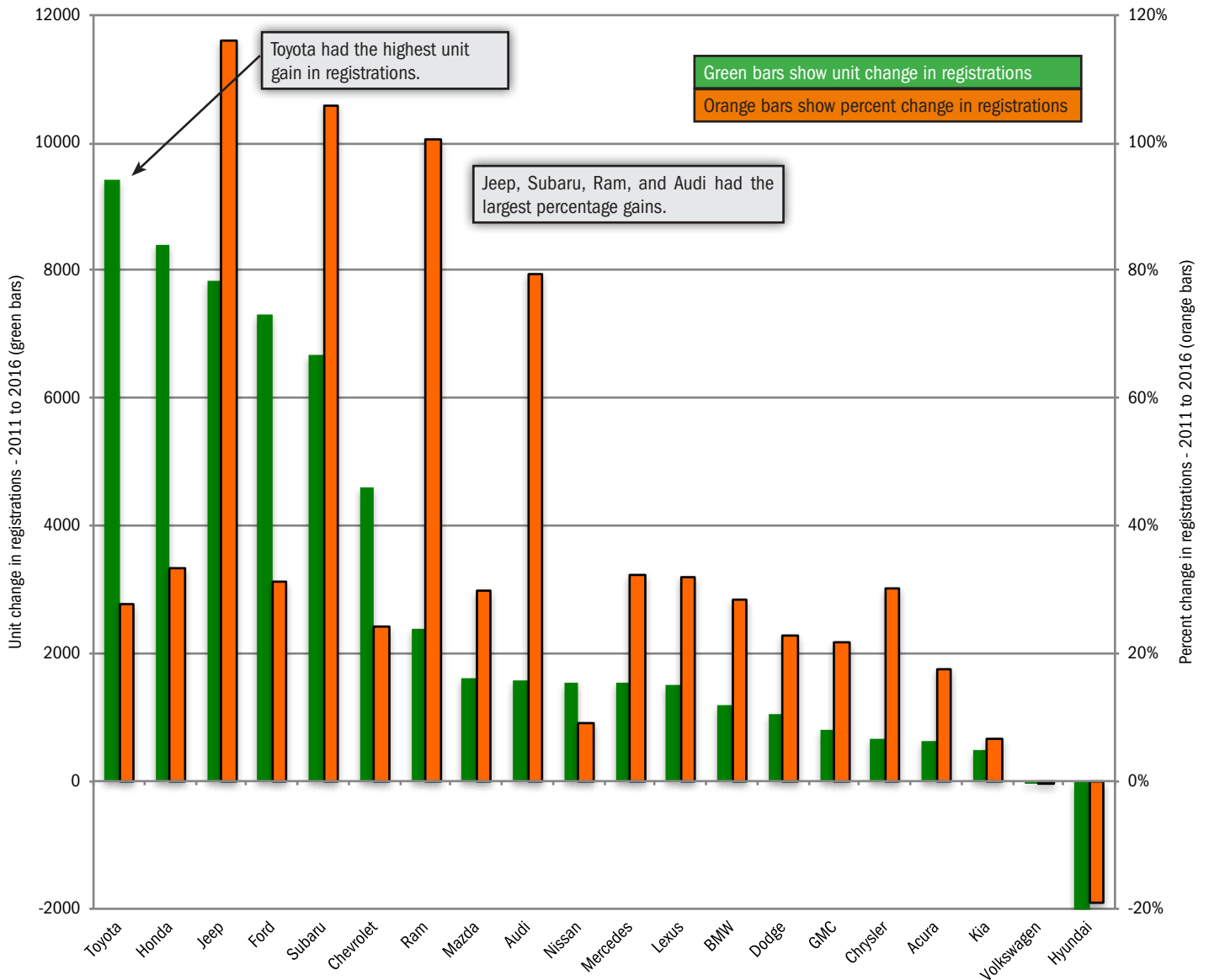
State registrations for all three brands were up more than 7,800 units between 2011 and 2016

The graph below provides a balanced appraisal of brand sales performance in the Maryland market during the past five years. It shows both the **unit** change in registrations between 2011 and 2016 (black bars) and the **percent** change (gray bars) for the top 20 selling brands in 2016.

Viewing both indicators on the same graph makes it easy to identify brands that have posted significant and consistent gains during the past five years. Toyota, Honda, Jeep, Ford, Subaru, and Chevrolet had the largest unit gains. Registrations for each of the six brands were up by more than 4,600 units.

Jeep, Subaru, Ram, and Audi had the largest percentage gains, with increases of more than 70%. Only two brands had a decline in registrations during the five year period.

Five Year Unit and Percent Change in State New Retail Light Vehicle Registrations (Top 20 Brands) 2016 vs. 2011



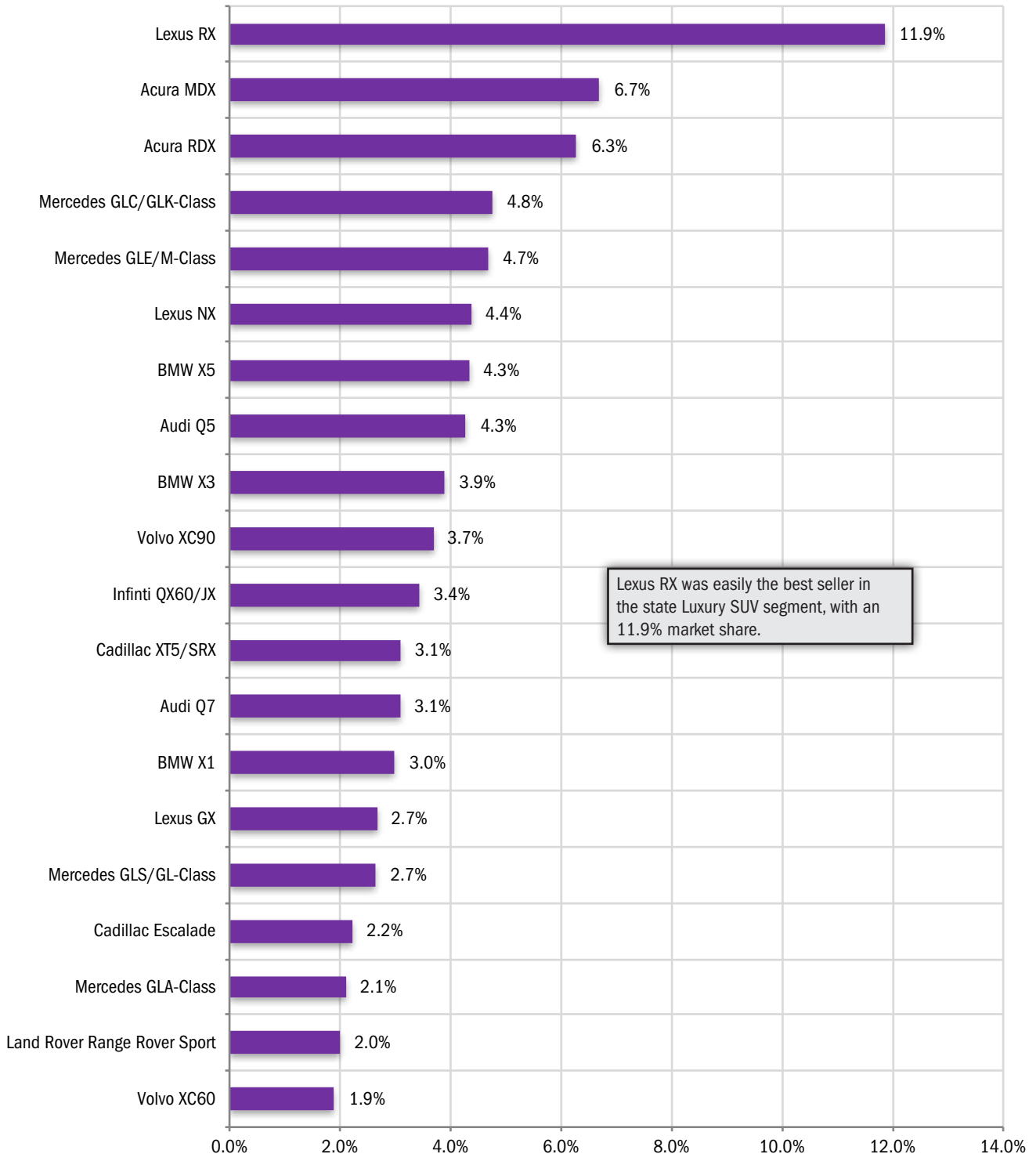
Source: IHS Markit.

LUXURY SUV CLOSE-UP

Lexus RX is Best-Selling Luxury SUV in Maryland Market

Acura MDX and RDX are ranked second and third, respectively

Market Share for Top 20 Selling Luxury SUVs (Most recent six months - Sept. '16 thru February '17)



Lexus RX was easily the best seller in the state Luxury SUV segment, with an 11.9% market share.

Source: IHS Markit.

COUNTY SCOREBOARD

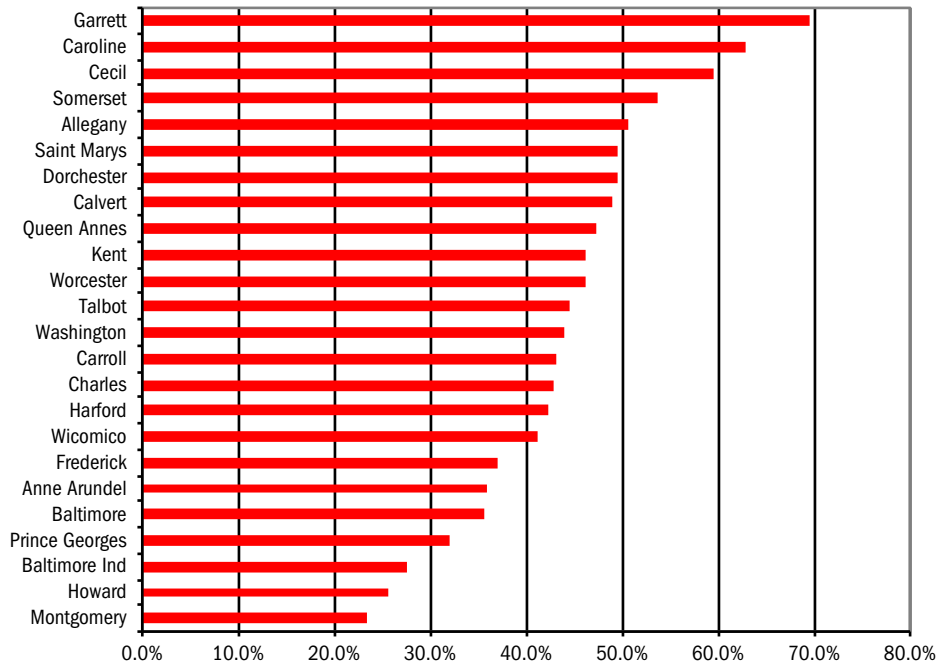
Most County Markets Post Small Increases in Early 2017

The table below and graph to the right provide a thorough summary of each of Maryland's 24 county new retail light vehicle markets. This county-level information provides a valuable perspective on local market performance.

The table below shows new retail light vehicle registrations during the first two months of 2016 and 2017, as well as light truck market share in each county.

The graph shows Domestic Brand market share. Note: top five shaded counties in each category of the table below are shaded yellow.

Domestic Brand Market Share (%): YTD 2017 thru February



Source: IHS Markit.

COUNTY MARKET REVIEW							
	Year to date thru February		Percent Change	Unit Change	Light Truck Market Share (%)		
	YTD 2016	YTD 2017	'16 to '17	'16 to '17	YTD 2016	YTD 2017	Change
Allegany	321	343	6.9%	22	73.5	71.7	-1.8
Anne Arundel	4,078	4,111	0.8%	33	61.4	62.6	1.3
Baltimore	5,257	5,245	-0.2%	-12	57.1	60.8	3.7
Baltimore City	2,084	1,893	-9.2%	-191	49.3	49.7	0.4
Calvert	792	730	-7.8%	-62	62.9	64.7	1.8
Caroline	207	218	5.3%	11	58.5	66.5	8.1
Carroll	1,086	1,203	10.8%	117	69.7	68.6	-1.1
Cecil	671	671	0.0%	0	65.6	69.3	3.7
Charles	1,151	1,119	-2.8%	-32	57.3	58.4	1.1
Dorchester	222	196	-11.7%	-26	63.1	64.8	1.7
Frederick	1,652	1,750	5.9%	98	61.6	64.0	2.4
Garrett	205	217	5.9%	12	82.4	86.2	3.7
Harford	1,779	1,855	4.3%	76	63.6	65.9	2.4
Howard	2,342	2,351	0.4%	9	59.9	60.3	0.3
Kent	124	119	-4.0%	-5	67.7	65.5	-2.2
Montgomery	6,846	6,994	2.2%	148	56.0	58.4	2.4
Prince Georges	4,854	4,579	-5.7%	-275	49.0	52.2	3.2
Queen Annes	353	396	12.2%	43	65.4	69.4	4.0
Saint Marys	757	875	15.6%	118	65.7	64.6	-1.1
Somerset	82	84	2.4%	2	63.4	64.3	0.9
Talbot	281	277	-1.4%	-4	65.5	63.5	-1.9
Washington	843	867	2.8%	24	59.7	62.6	3.0
Wicomico	478	548	14.6%	70	57.3	60.2	2.9
Worcester	318	405	27.4%	87	69.8	70.9	1.1

Brand Registrations Report												
Maryland New Retail Car and Light Truck Registrations												
	First Quarter*						Annual Totals					
	Registrations			Market Share (%)			Registrations			Market Share (%)		
	1Q '16	1Q '17*	% change	1Q '16	1Q '17*	Change	2015	2016	% change	2015	2016	Change
TOTAL	59,099	59,362	0.4				275,589	271,825	-1.4			
Cars	25,102	23,437	-6.6	42.5	39.5	-3.0	126,560	113,505	-10.3	45.9	41.8	-4.1
Light Trucks	33,997	35,925	5.7	57.5	60.5	3.0	149,029	158,320	6.2	54.1	58.2	4.1
Domestic Brands	20,464	20,176	-1.4	34.6	34.0	-0.6	90,654	91,530	1.0	32.9	33.7	0.8
European Brands	5,787	6,105	5.5	9.8	10.3	0.5	28,233	27,904	-1.2	10.2	10.3	0.1
Japanese Brands	27,899	28,540	2.3	47.2	48.1	0.9	131,551	129,632	-1.5	47.7	47.7	0.0
Korean Brands	4,949	4,541	-8.2	8.4	7.6	-0.8	25,151	22,759	-9.5	9.1	8.4	-0.7
Acura	869	810	-6.8	1.5	1.4	-0.1	4,693	4,130	-12.0	1.7	1.5	-0.2
Audi	730	706	-3.3	1.2	1.2	0.0	3,239	3,555	9.8	1.2	1.3	0.1
BMW	1,260	1,136	-9.8	2.1	1.9	-0.2	5,892	5,356	-9.1	2.1	2.0	-0.1
Buick	443	431	-2.7	0.7	0.7	0.0	2,054	2,005	-2.4	0.7	0.7	0.0
Cadillac	298	327	9.7	0.5	0.6	0.1	1,574	1,696	7.8	0.6	0.6	0.0
Chevrolet	5,099	5,242	2.8	8.6	8.8	0.2	22,373	23,527	5.2	8.1	8.7	0.6
Chrysler	650	537	-17.4	1.1	0.9	-0.2	3,370	2,821	-16.3	1.2	1.0	-0.2
Dodge	1,365	1,240	-9.2	2.3	2.1	-0.2	6,527	5,541	-15.1	2.4	2.0	-0.4
FIAT	109	86	-21.1	0.2	0.1	-0.1	429	365	-14.9	0.2	0.1	-0.1
Ford	6,943	6,672	-3.9	11.7	11.2	-0.5	30,190	30,629	1.5	11.0	11.3	0.3
GMC	1,003	1,101	9.8	1.7	1.9	0.2	4,612	4,503	-2.4	1.7	1.7	0.0
Honda	6,693	7,458	11.4	11.3	12.6	1.3	33,145	33,729	1.8	12.0	12.4	0.4
Hyundai	3,230	2,980	-7.7	5.5	5.0	-0.5	16,342	14,935	-8.6	5.9	5.5	-0.4
Infiniti	484	518	7.0	0.8	0.9	0.1	1,995	2,265	13.5	0.7	0.8	0.1
Jaguar	52	157	201.9	0.1	0.3	0.2	168	491	192.3	0.1	0.2	0.1
Jeep	3,363	3,135	-6.8	5.7	5.3	-0.4	14,045	14,613	4.0	5.1	5.4	0.3
Kia	1,719	1,525	-11.3	2.9	2.6	-0.3	8,809	7,732	-12.2	3.2	2.8	-0.4
Land Rover	313	294	-6.1	0.5	0.5	0.0	1,418	1,254	-11.6	0.5	0.5	0.0
Lexus	1,320	1,178	-10.8	2.2	2.0	-0.2	6,486	6,252	-3.6	2.4	2.3	-0.1
Lincoln	164	206	25.6	0.3	0.3	0.0	861	856	-0.6	0.3	0.3	0.0
Mazda	1,525	1,486	-2.6	2.6	2.5	-0.1	7,878	7,008	-11.0	2.9	2.6	-0.3
Mercedes	1,278	1,312	2.7	2.2	2.2	0.0	6,580	6,264	-4.8	2.4	2.3	-0.1
MINI	224	241	7.6	0.4	0.4	0.0	1,118	1,088	-2.7	0.4	0.4	0.0
Mitsubishi	365	420	15.1	0.6	0.7	0.1	1,240	1,577	27.2	0.4	0.6	0.2
Nissan	4,596	4,343	-5.5	7.8	7.3	-0.5	20,776	18,424	-11.3	7.5	6.8	-0.7
Other	80	129	61.3	0.1	0.2	0.1	386	433	12.2	0.1	0.2	0.1
Porsche	130	139	6.9	0.2	0.2	0.0	732	698	-4.6	0.3	0.3	0.0
Ram	1,069	1,134	6.1	1.8	1.9	0.1	4,678	4,777	2.1	1.7	1.8	0.1
Subaru	2,854	3,048	6.8	4.8	5.1	0.3	12,100	12,988	7.3	4.4	4.8	0.4
Tesla	61	145	137.7	0.1	0.2	0.1	312	523	67.6	0.1	0.2	0.1
Toyota	9,189	9,277	1.0	15.5	15.6	0.1	43,213	43,235	0.1	15.7	15.9	0.2
Volkswagen	1,230	1,608	30.7	2.1	2.7	0.6	6,760	6,725	-0.5	2.5	2.5	0.0
Volvo	391	341	-12.8	0.7	0.6	-0.1	1,594	1,830	14.8	0.6	0.7	0.1

*March 2017 figures were estimated by Auto Outlook.

Source: IHS Markit

The table above shows new retail light vehicle (car and light truck) registrations in Maryland. Figures are shown for the First Quarters of 2016 and 2017, and annual totals for 2015 and 2016. The top ten ranked brands in each category are shaded yellow.