

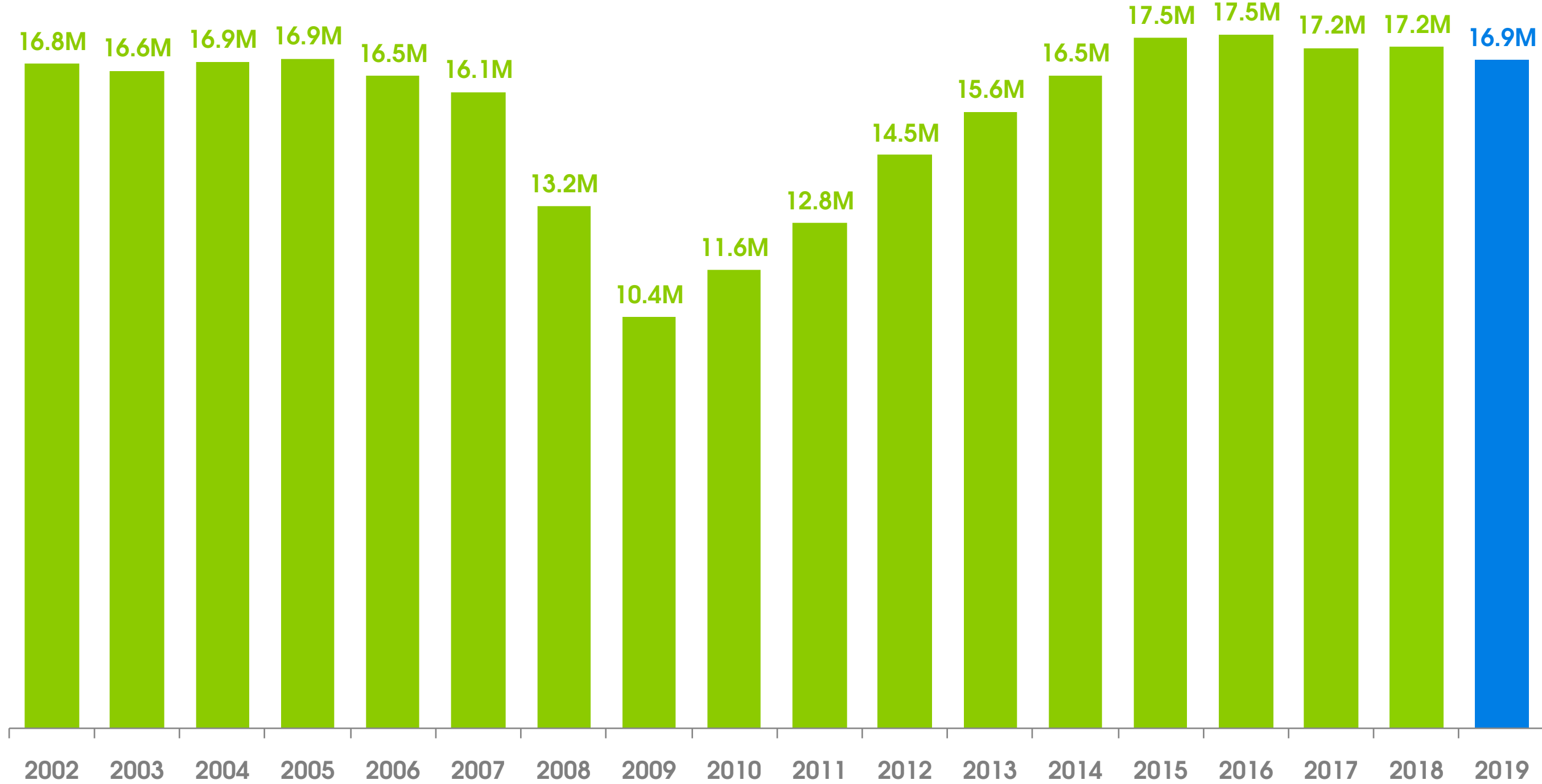


2019 forecast and trends

December 18, 2018

Edmunds forecasts 16.9M new car sales in 2019

Annual new vehicle sales

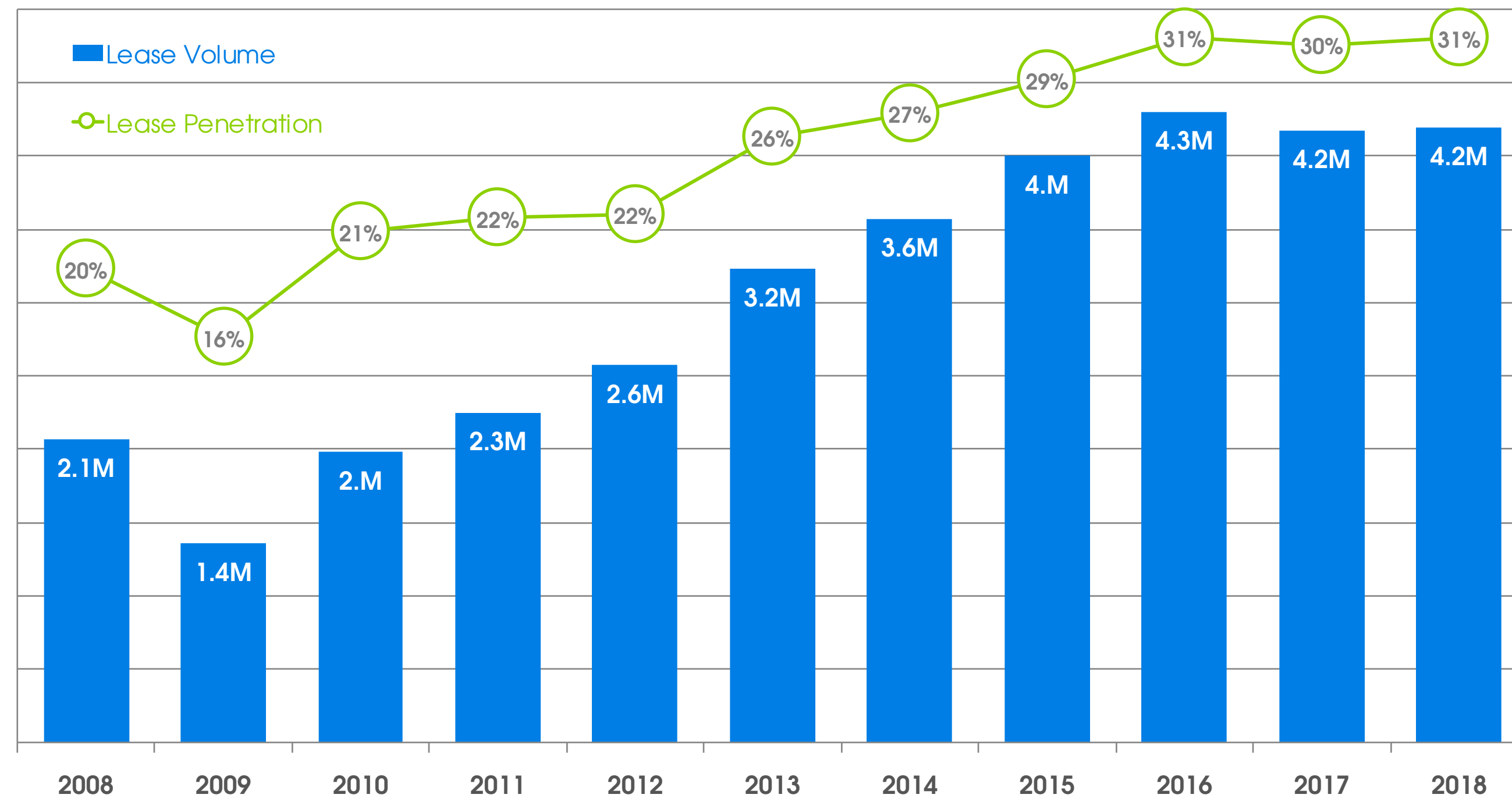


Economic factors expected to remain positive next year

- Unemployment at lowest levels in decades
- Consumer confidence hit 18-year high in October and remains at historically high levels
- Despite a surge earlier this year, gas prices have rolled back

record leasing in 2016 to provide big sales lift in 2019

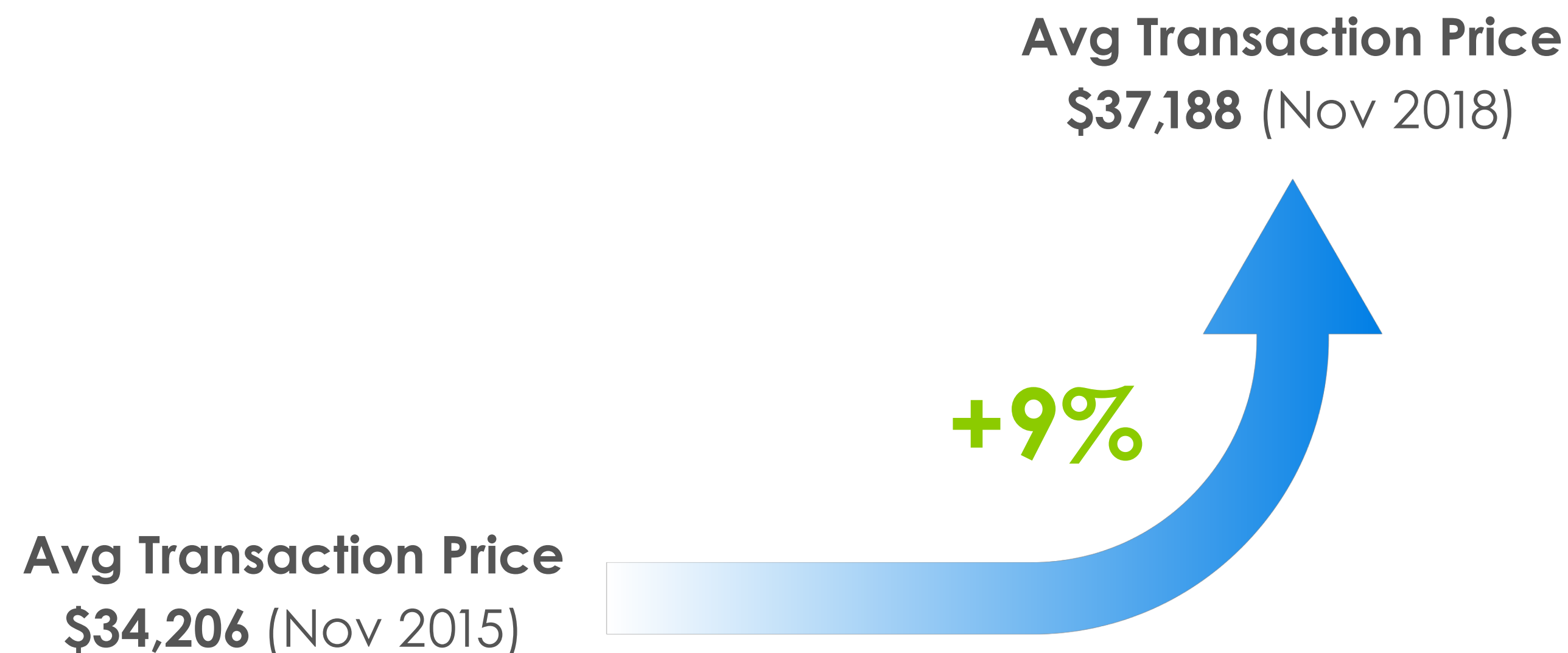
Lease volume & share



- Record-high leasing 3 years ago will bring many consumers back into the car market
- Over 4 million lease returns expected in 2019 – 300K more than 2018

lessees return to a pricier market

Soaring vehicle prices, higher interest rates create an affordability crisis

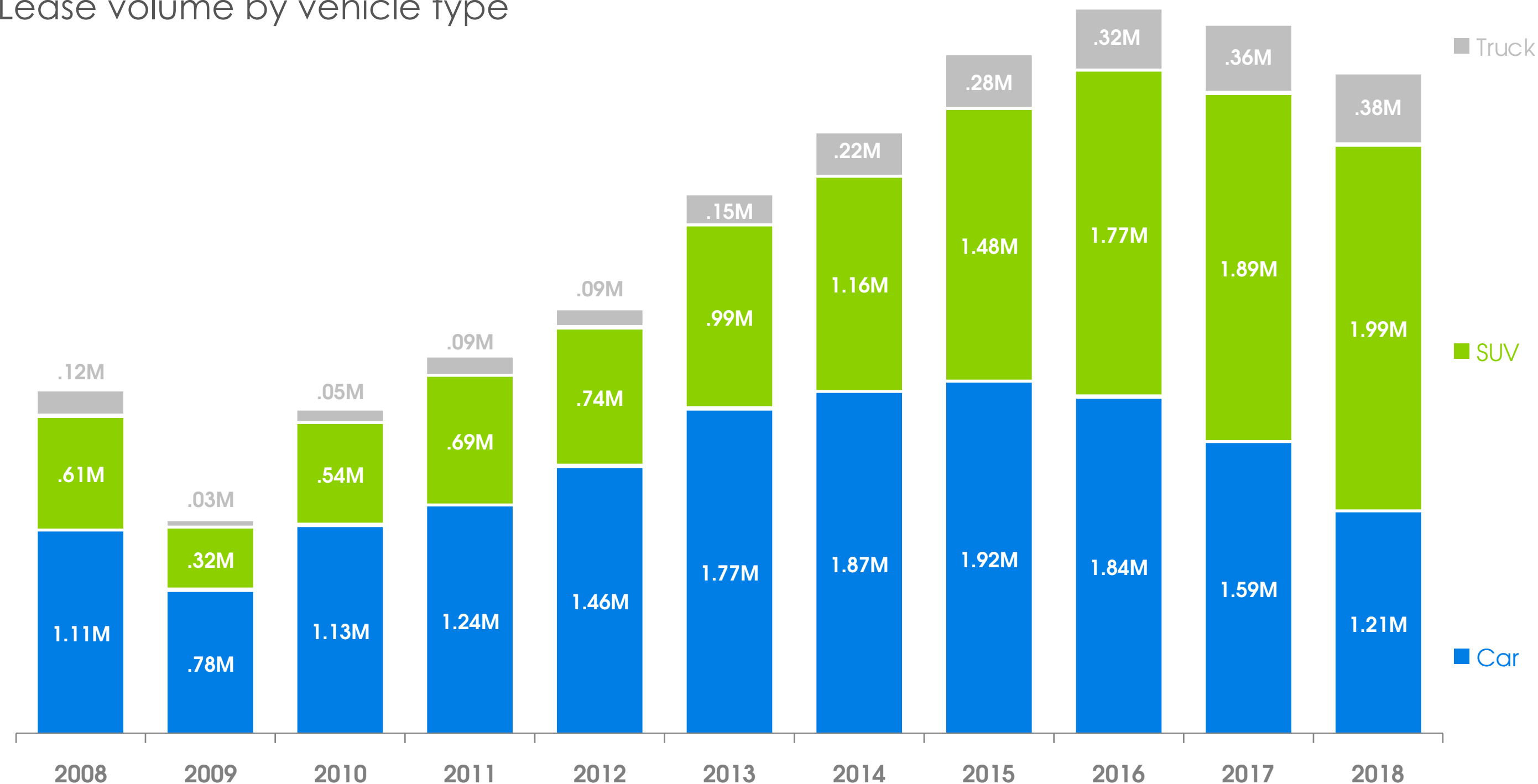


SUV and pickup lease penetration hits record levels as buyers pursue the most affordable purchase method

lessees return to a pricier market

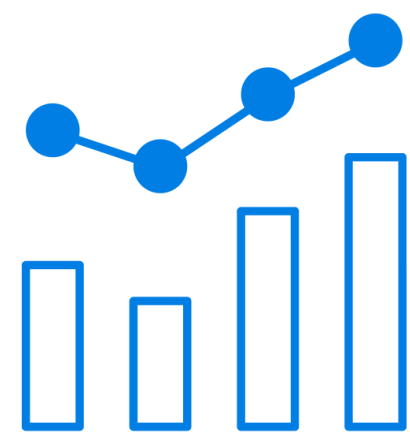
Increasing new car prices may force buyers into the used market

Lease volume by vehicle type



- The 300K increase in annual lease volume in 2016 was nearly all SUVs
- 2016 was first year more light trucks (SUVs + pickups) were leased than cars
- Used inventory is finally getting closer to demand

other risks to new car sales



Rising Interest Rates

Interest rates have soared to 6% – the highest since 2009



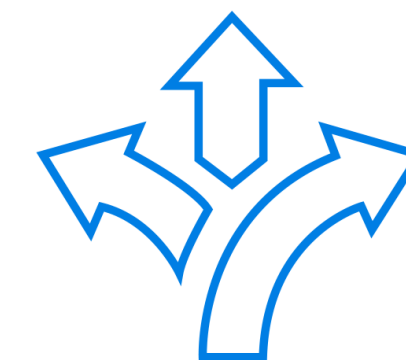
Negative Equity in Decline

With rising interest rates and prices, it's likely consumers are being denied loans that involve negative equity



Highest Vehicle Prices Ever

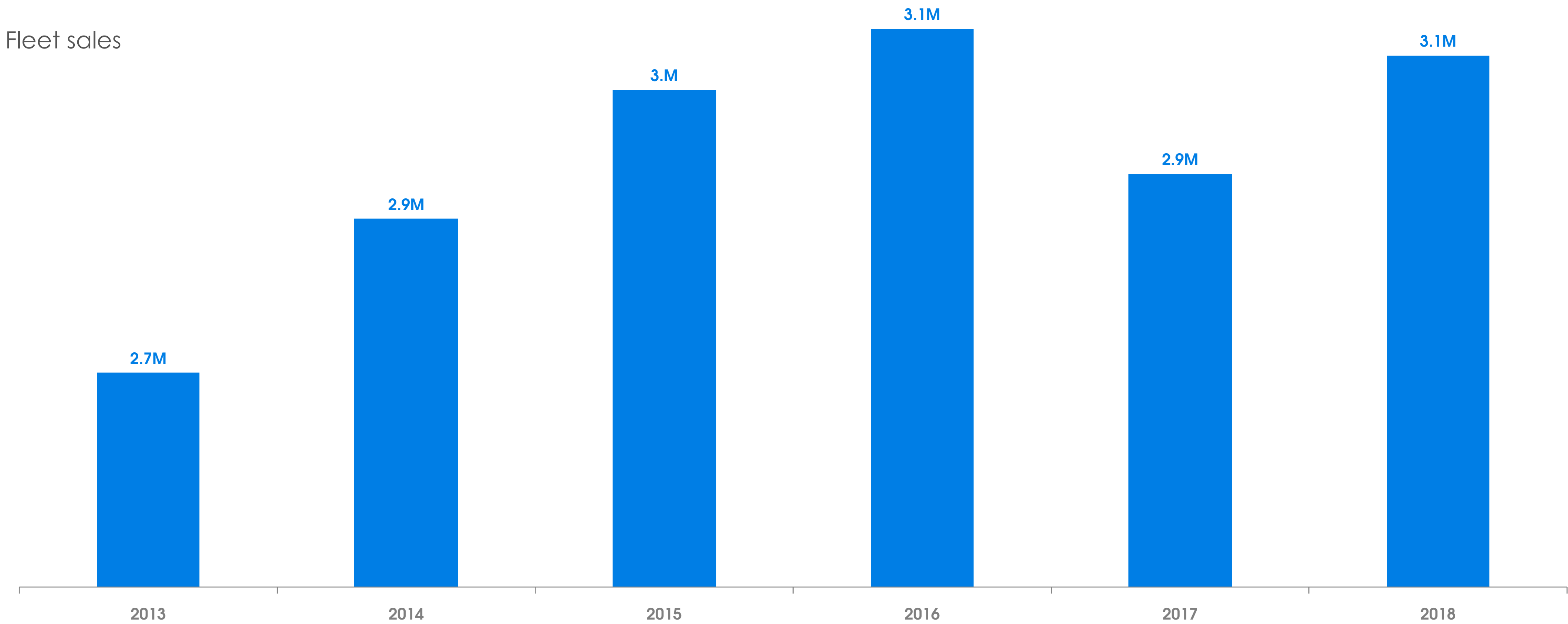
Transaction prices topped \$37K in November – the highest point ever



Uncertainty in the Marketplace

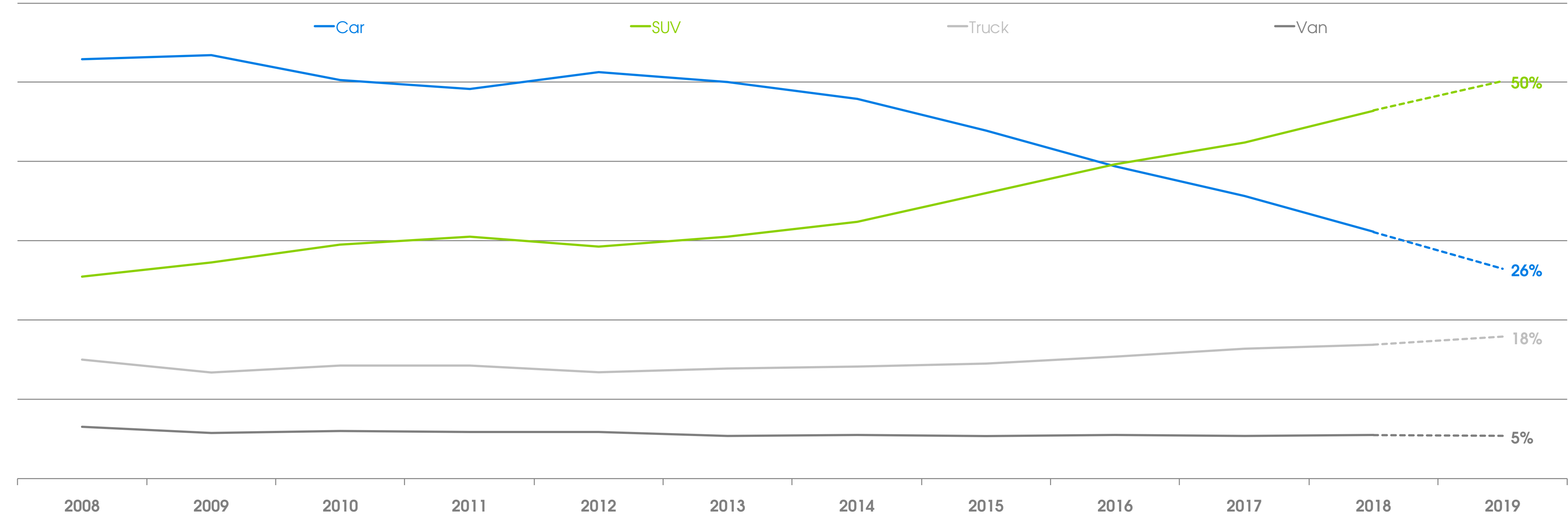
Potential tariff shifts could leave consumers priced out of market

rise in fleet sales as rental companies pursue relevancy



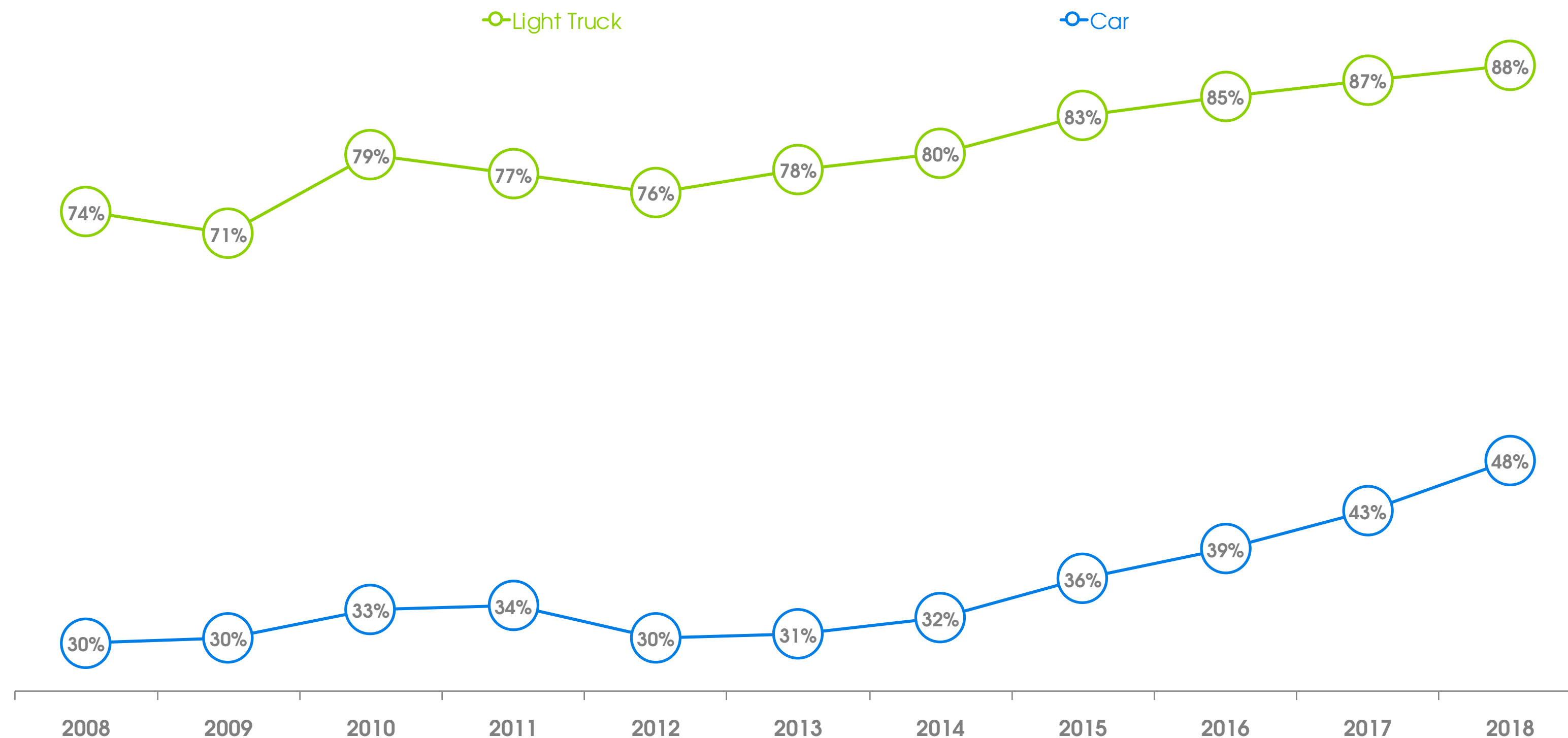
SUVs to account for half of all new vehicle sales in 2019

Market share by vehicle type



nearly half of all car owners are defecting to light trucks

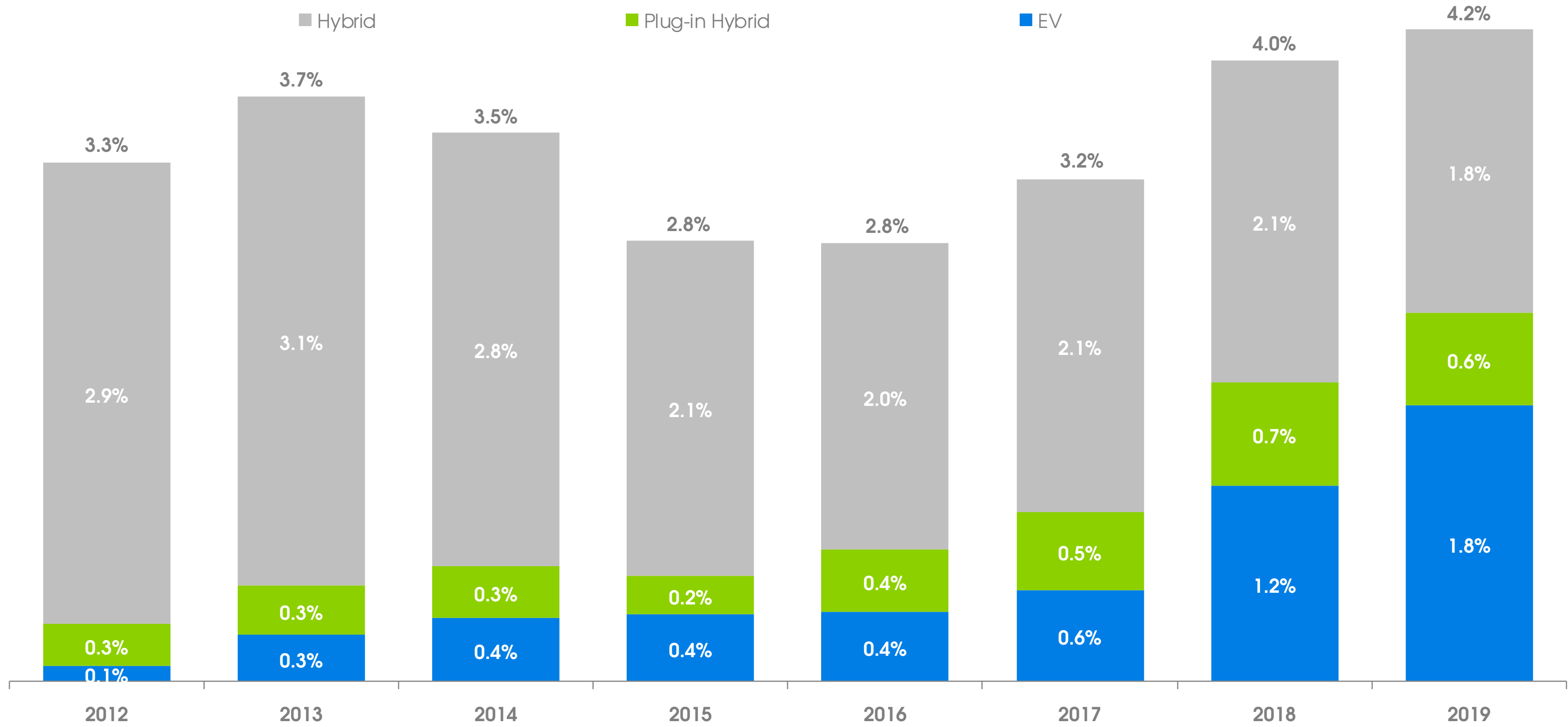
Share of trade-ins toward the purchase of a light truck



The death of the sedan seems imminent as car owners choose SUVs for their next purchase

2019 will be another record year for green vehicles

Green car market share



EV credits on way out



Tax Credit Phaseout Start:
Q3 2018
Hit 200K in July 2018



**Anticipated Start of Tax
Credit Phaseout:**
After 2020



**Anticipated Start of Tax
Credit Phaseout:**
Q4 2018
Hit 200K in November 2018

thank you

