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Colorado Automobile Dealers Association

Colorado Auto Outlook™

Coverage of the Colorado new and used vehicle markets

FORECAST

Pent Up Demand Will Give Market a Boost When Supplies Improve

The observations below provide a concise review of key trends in the Colorado new vehicle market.

Sales remained below average in the First Quarter of this year.
New retail light vehicle registrations in the state declined 10% during the first three months of 2022 versus a year earlier. The drop-off was expected as sales continued to be held back by lean supplies.

Larger decline expected in 2Q.
Registrations could fall by 15%, or more, in the Second Quarter of this year as tight inventories will continue to be a factor The market would have struggled to exceed year-earlier levels even if supplies were plentiful. Registrations during the Second Quarter of last year approached 60,000 units, which is above average.

New vehicle affordability has taken a turn for the worse.
About 18 months ago, strong affordability was a primary ingredient contributing to the relatively upbeat outlook. Income growth was solid, interest rates were near 0%, inflation was under control, and transaction prices were relatively stable. Just about all of that has changed. Lean supplies have pushed prices significantly upward and higher interest rates are boosting monthly payments. Higher wages have helped, but monthly vehicle loan and lease costs as a percent of disposable income have moved higher during the past several months.

Demand for new vehicles could soften over the coming months; but it's not likely to impact sales.
As mentioned above, affordability has weakened, gas prices have surged, and there's a war in Europe. In normal times, these simultaneous events would have pushed new vehicles sales sharply lower, but these are definitely not normal times. Vehicle production, not demand, will be the controlling factor that will dictate sales levels for at least the next year, and most analysts are predicting only a gradual improvement in production over the next several months.

Baseline forecast for state new light vehicle registrations in 2022: 241,800 units, down slightly from 2021.
2022 is likely to be the third straight year of registrations below 250,000 units. It's beginning to sound like a broken record, but since the onset of the pandemic, there has been a great deal of uncertainty related to the forecast. Vehicle supply constraints and the war in Europe have added to the risks. One thing we do know: significant pent up demand is accumulating which will provide a boost to sales in the coming years.

Market shares for Hyundai, Tesla, VW, Mazda, and Ford moved higher in early 2022.
Typically, improving brand market share is a function of new product, effective marketing, incentives, and dealership sales performance. But in 2022, practically none of that matters. Brands that have benefitted from even a mild improvement in vehicle availability have had a boost in market share, while those with dwindling stocks lost share.

Forecast for Colorado New Retail Light Vehicle Registrations in 2022

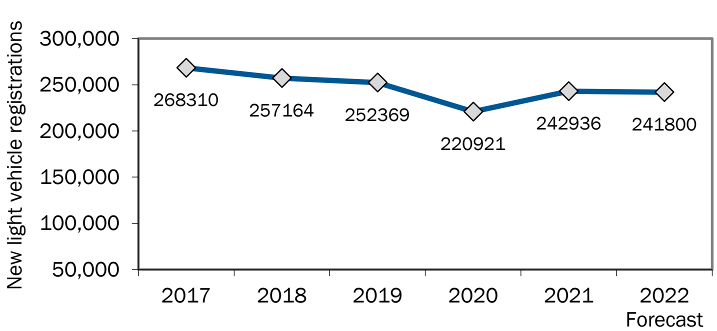
MARKET FORECAST

Baseline scenario: 241,800
Down 0.5% vs. '21

Alternative upside: 253,100
Up 4.2% vs. '21

Alternative downside: 229,600
Down 5.5% vs. '21

Annual Trend in State Market



The graph above shows annual new retail light vehicle registrations from 2017 thru 2021 and Auto Outlook's projection for 2022.
Historical Data Source: AutoCount data from Experian.

Market Summary

	YTD '21 March	YTD '22 March	% Chg. '21 to '22	Mkt. Share YTD '22
TOTAL	64,039	57,618	-10.0%	
Car	8,826	7,921	-10.3%	13.7%
Light Truck	55,213	49,697	-10.0%	86.3%
Domestic	25,610	21,930	-14.4%	38.1%
European	7,339	7,136	-2.8%	12.4%
Japanese	26,332	22,766	-13.5%	39.5%
Korean	4,758	5,786	21.6%	10.0%

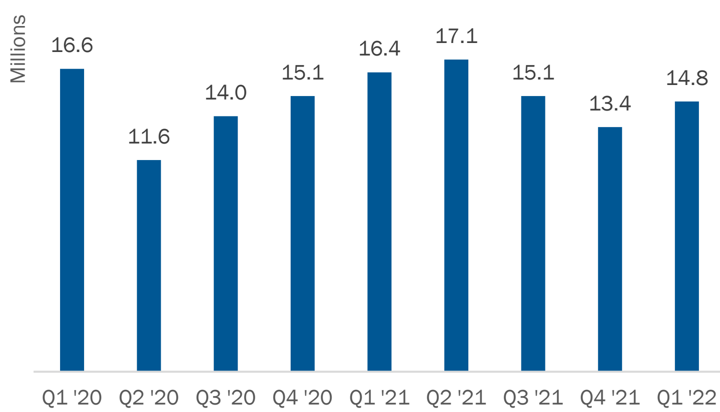
Domestics consist of vehicles sold by GM, Ford, Stellantis (excluding Alfa Romeo and FIAT), and Tesla.
Data Source: AutoCount data from Experian.

Colorado New Vehicle Market Dashboard

MARKET PERFORMANCE DURING PAST TWO YEARS

Colorado Quarterly Registrations

Seasonally Adjusted Annual Rate, Converted to Equivalent U.S. New Vehicle Market SAAR (millions of units)



Data Source: AutoCount data from Experian. SAAR estimates: Auto Outlook.

The graph on the left provides an easily recognizable way to gauge the strength of the state 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 state market is strong, 15 million is about average, and below 13 million is weak. Quarterly registrations in the state reached a U.S. equivalent level of 17.1 million units in the Second Quarter of 2021 and fell to below 15.2 million in the following three quarters

COLORADO MARKET VS. U.S.

% Change In New Retail Market YTD '22 thru March vs. YTD '21

Colorado	U.S.
DOWN 10.0%	**DOWN 14.9%**

New retail light vehicle registrations in the state declined by 10.0% during the first three months of this year versus year earlier, slightly better than the 14.9% drop in the Nation.

Source for state registrations: AutoCount data from Experian. U.S. figures estimated by Auto Outlook.

At Auto Outlook, we strive to provide sound and accurate analyses and forecasts based upon the data available to us. However, our forecasts are derived from third-party data and contain a number of assumptions made by Auto Outlook and its management, including, without limitation, the accuracy of the data compiled. As a result, Auto Outlook can make no representation or warranty with respect to the accuracy or completeness of the data we provide or the forecasts or projections that we make based upon such data. Auto Outlook expressly disclaims any such warranties, and undue reliance should not be placed on any such data, forecasts, projections, or predictions. Auto Outlook undertakes no obligation to update or revise any predictions or forecasts, whether as a result of any new data, the occurrence of future events, or otherwise.

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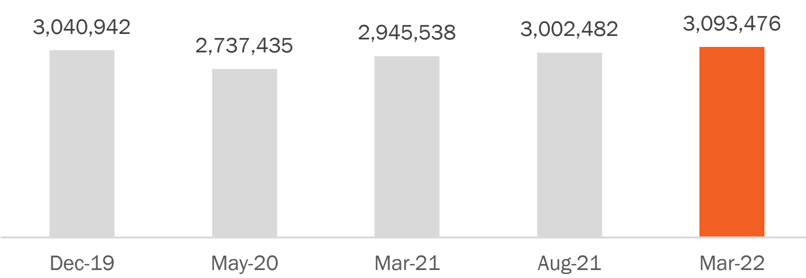
Colorado New Vehicle Market Dashboard

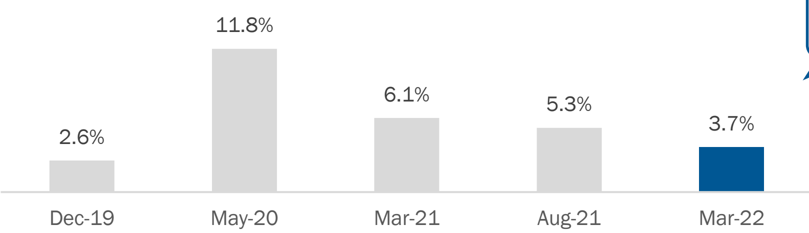
SNAPSHOT OF COLORADO ECONOMY

Total Employment in Selected Months



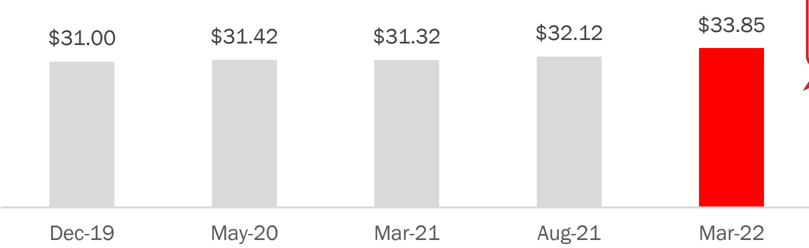
Change in total employment from Dec. ‘19 to Mar. ‘22: up 52,534, a 1.7% increase.

Unemployment Rate in Selected Months



State unemployment rate was 1.1 percentage points higher in Mar. ‘22 vs. Dec. ‘19.

Average Hourly Earnings in Selected Months



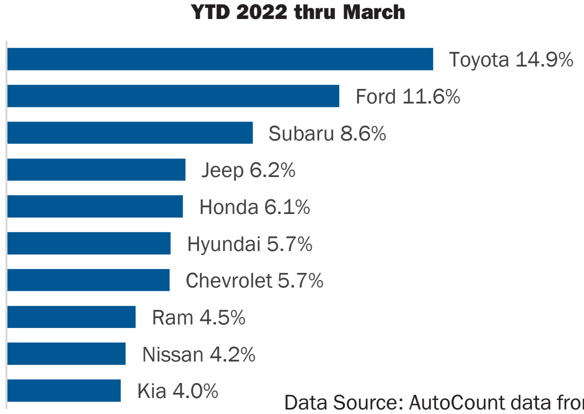
Average hourly earnings increased by $2.85 during the past two years.

As discussed on page one, surging inflation, rising gas prices, and declining consumer sentiment are headwinds for economic growth, but as shown on the three graphs to the left, the Colorado economy has largely recovered from the downturn caused by the pandemic. Total employment has increased slightly from December of 2019 (before the onset of the pandemic) to March of this year. The unemployment rate is below 4% and wages have increased.

Source: U.S. Department of Labor

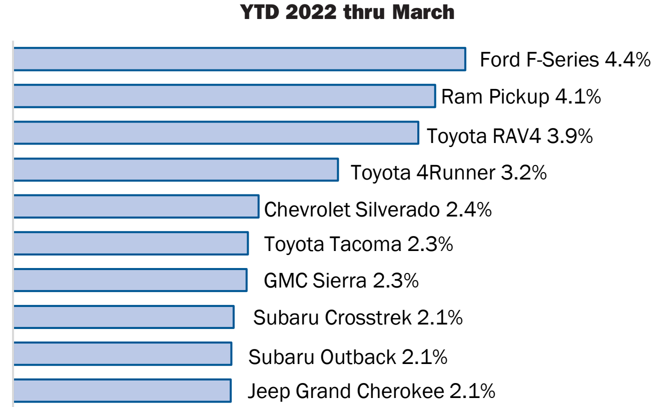
TOP TEN RANKINGS IN STATE MARKET

Market Share for Top Ten Selling Brands in State Market YTD 2022 thru March

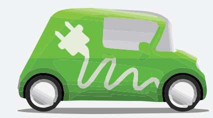


Data Source: AutoCount data from Experian.

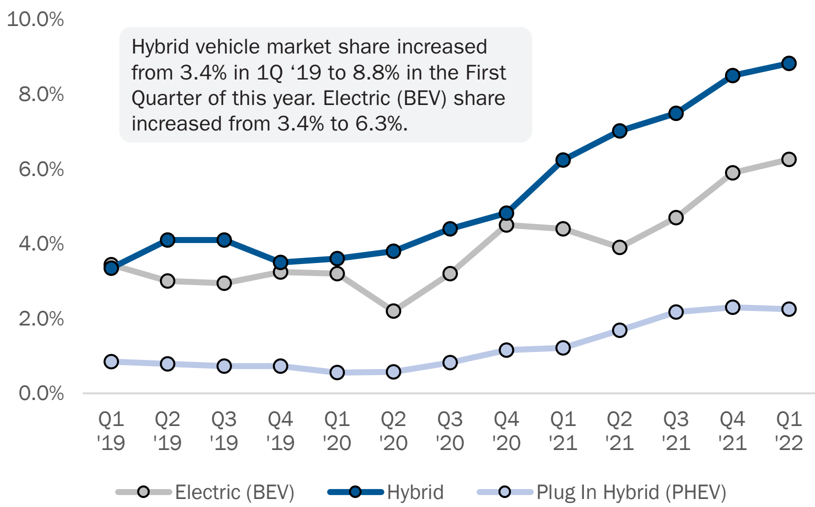
Market Share for Top Ten Selling Models in State Market YTD 2022 thru March



Vehicle Powertrain Dashboard



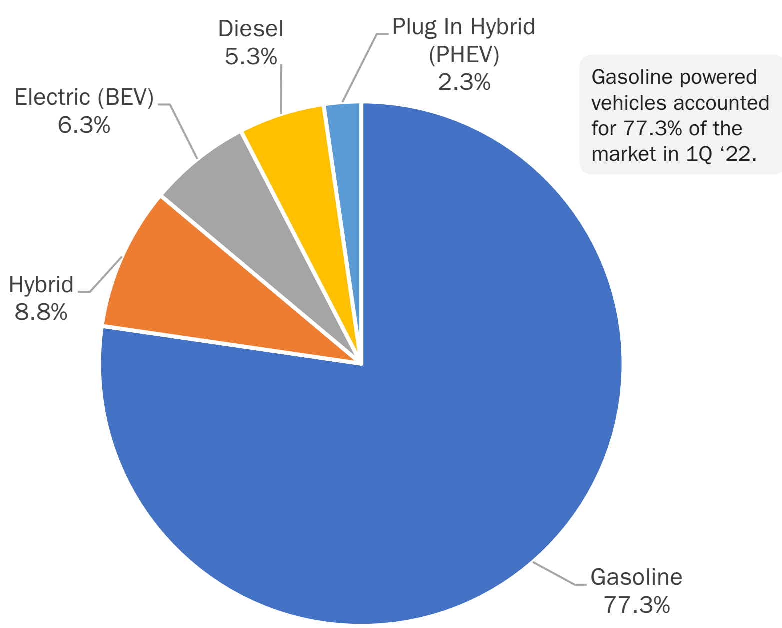
Estimated Quarterly Alternative Powertrain Market Share in Colorado (includes hybrid and electric vehicles)



YTD Share by Engine Type (YTD 2021 and 2022, thru March)

	Registrations		Market Share	
	YTD '21	YTD '22	YTD '21	YTD '22
Hybrid	3996	5085	6.2%	8.8%
Electric (BEV)	2818	3605	4.4%	6.3%
Plug In Hybrid (PHEV)	781	1299	1.2%	2.3%

Estimated Market Share by Powertrain Type YTD 2022 thru March



Top 10 Selling Brands in State for Hybrid, Electric (BEV), and Plug In Hybrid (PHEV) Vehicles - YTD ‘22 thru Mar.

Rank	Brand	Registrations
1	Toyota	2589
2	Tesla	2291
3	Ford	872
4	Hyundai	848
5	Volvo	486
6	Honda	418
7	Nissan	359
8	Kia	327
9	Lexus	325
10	Audi	283

Registrations by powertrain for vehicles equipped with multiple engine types were estimated by Auto Outlook. The estimates are based on model registrations compiled by Experian Automotive, and engine installation rates collected from other sources.

Brand Registrations Report Colorado New Retail Car and Light Truck Registrations												
	First Quarter						Annual Totals					
	Registrations			Market Share (%)			Registrations			Market Share (%)		
	1Q '21	1Q '22	% change	1Q '21	1Q '22	Change	2020	2021	% change	2020	2021	Change
TOTAL	64,039	57,618	-10.0				220,921	242,936	10.0			
Cars	8,826	7,921	-10.3	13.8	13.7	-0.1	35,793	35,112	-1.9	16.2	14.5	-1.7
Light Trucks	55,213	49,697	-10.0	86.2	86.3	0.1	185,128	207,824	12.3	83.8	85.5	1.7
Domestic Brands	25,610	21,930	-14.4	40.0	38.1	-1.9	88,955	94,799	6.6	40.3	39.0	-1.3
European Brands	7,339	7,136	-2.8	11.5	12.4	0.9	24,610	28,574	16.1	11.1	11.8	0.7
Japanese Brands	26,332	22,766	-13.5	41.1	39.5	-1.6	90,648	98,397	8.5	41.0	40.5	-0.5
Korean Brands	4,758	5,786	21.6	7.4	10.0	2.6	16,708	21,166	26.7	7.6	8.7	1.1
Acura	475	425	-10.5	0.7	0.7	0.0	1,663	2,067	24.3	0.8	0.9	0.1
Alfa Romeo	49	30	-38.8	0.1	0.1	0.0	153	152	-0.7	0.1	0.1	0.0
Audi	1,386	918	-33.8	2.2	1.6	-0.6	4,392	4,801	9.3	2.0	2.0	0.0
BMW	1,365	1,476	8.1	2.1	2.6	0.5	3,818	5,563	45.7	1.7	2.3	0.6
Buick	427	246	-42.4	0.7	0.4	-0.3	1,523	2,184	43.4	0.7	0.9	0.2
Cadillac	487	289	-40.7	0.8	0.5	-0.3	1,275	1,584	24.2	0.6	0.7	0.1
Chevrolet	4,848	3,272	-32.5	7.6	5.7	-1.9	16,234	16,888	4.0	7.3	7.0	-0.3
Chrysler	214	103	-51.9	0.3	0.2	-0.1	644	685	6.4	0.3	0.3	0.0
Dodge	729	428	-41.3	1.1	0.7	-0.4	3,264	2,317	-29.0	1.5	1.0	-0.5
Ford	7,008	6,676	-4.7	10.9	11.6	0.7	25,281	25,829	2.2	11.4	10.6	-0.8
Genesis	89	197	121.3	0.1	0.3	0.2	165	523	217.0	0.1	0.2	0.1
GMC	2,598	2,131	-18.0	4.1	3.7	-0.4	7,895	9,152	15.9	3.6	3.8	0.2
Honda	3,795	3,539	-6.7	5.9	6.1	0.2	13,576	16,959	24.9	6.1	7.0	0.9
Hyundai	2,463	3,295	33.8	3.8	5.7	1.9	9,608	11,015	14.6	4.3	4.5	0.2
Infiniti	263	180	-31.6	0.4	0.3	-0.1	1,260	943	-25.2	0.6	0.4	-0.2
Jaguar	91	53	-41.8	0.1	0.1	0.0	412	366	-11.2	0.2	0.2	0.0
Jeep	3,868	3,595	-7.1	6.0	6.2	0.2	15,633	15,690	0.4	7.1	6.5	-0.6
Kia	2,206	2,294	4.0	3.4	4.0	0.6	6,935	9,628	38.8	3.1	4.0	0.9
Land Rover	473	329	-30.4	0.7	0.6	-0.1	1,442	1,674	16.1	0.7	0.7	0.0
Lexus	1,085	951	-12.4	1.7	1.7	0.0	3,638	4,351	19.6	1.6	1.8	0.2
Lincoln	405	309	-23.7	0.6	0.5	-0.1	1,335	1,429	7.0	0.6	0.6	0.0
Maserati	13	22	69.2	0.0	0.0	0.0	68	62	-8.8	0.0	0.0	0.0
Mazda	1,365	1,592	16.6	2.1	2.8	0.7	4,934	6,150	24.6	2.2	2.5	0.3
Mercedes	1,217	1,076	-11.6	1.9	1.9	0.0	4,106	4,379	6.6	1.9	1.8	-0.1
MINI	159	201	26.4	0.2	0.3	0.1	687	668	-2.8	0.3	0.3	0.0
Mitsubishi	205	189	-7.8	0.3	0.3	0.0	948	857	-9.6	0.4	0.4	0.0
Nissan	3,069	2,392	-22.1	4.8	4.2	-0.6	10,683	10,214	-4.4	4.8	4.2	-0.6
Other	56	48	-14.3	0.1	0.1	0.0	213	251	17.8	0.1	0.1	0.0
Porsche	328	287	-12.5	0.5	0.5	0.0	931	1,243	33.5	0.4	0.5	0.1
Ram	3,362	2,590	-23.0	5.2	4.5	-0.7	12,007	12,169	1.3	5.4	5.0	-0.4
Subaru	6,657	4,940	-25.8	10.4	8.6	-1.8	23,068	22,633	-1.9	10.4	9.3	-1.1
Tesla	1,664	2,291	37.7	2.6	4.0	1.4	3,863	6,872	77.9	1.7	2.8	1.1
Toyota	9,418	8,558	-9.1	14.7	14.9	0.2	30,878	34,223	10.8	14.0	14.1	0.1
Volkswagen	1,409	1,943	37.9	2.2	3.4	1.2	6,292	6,649	5.7	2.8	2.7	-0.1
Volvo	793	753	-5.0	1.2	1.3	0.1	2,097	2,766	31.9	0.9	1.1	0.2

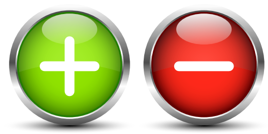
Source: AutoCount data from Experian.

The table shows new retail light vehicle (car and light truck) registrations in Colorado. Figures are shown for the 1st Quarters of ‘21 and ‘22, and annual totals for 2020 and 2021. The top ten ranked brands in each change category are shaded yellow.

BRAND SCOREBOARD - PART ONE

Registrations Declined for Most Brands in First Quarter of 2022

The graph below shows the change in new retail light vehicle (combined car and light truck) registrations during the first three months of this year versus a year earlier. Brand results this year were almost entirely a function of product availability, as opposed to the typical determinants of marketing and dealership sales performance.



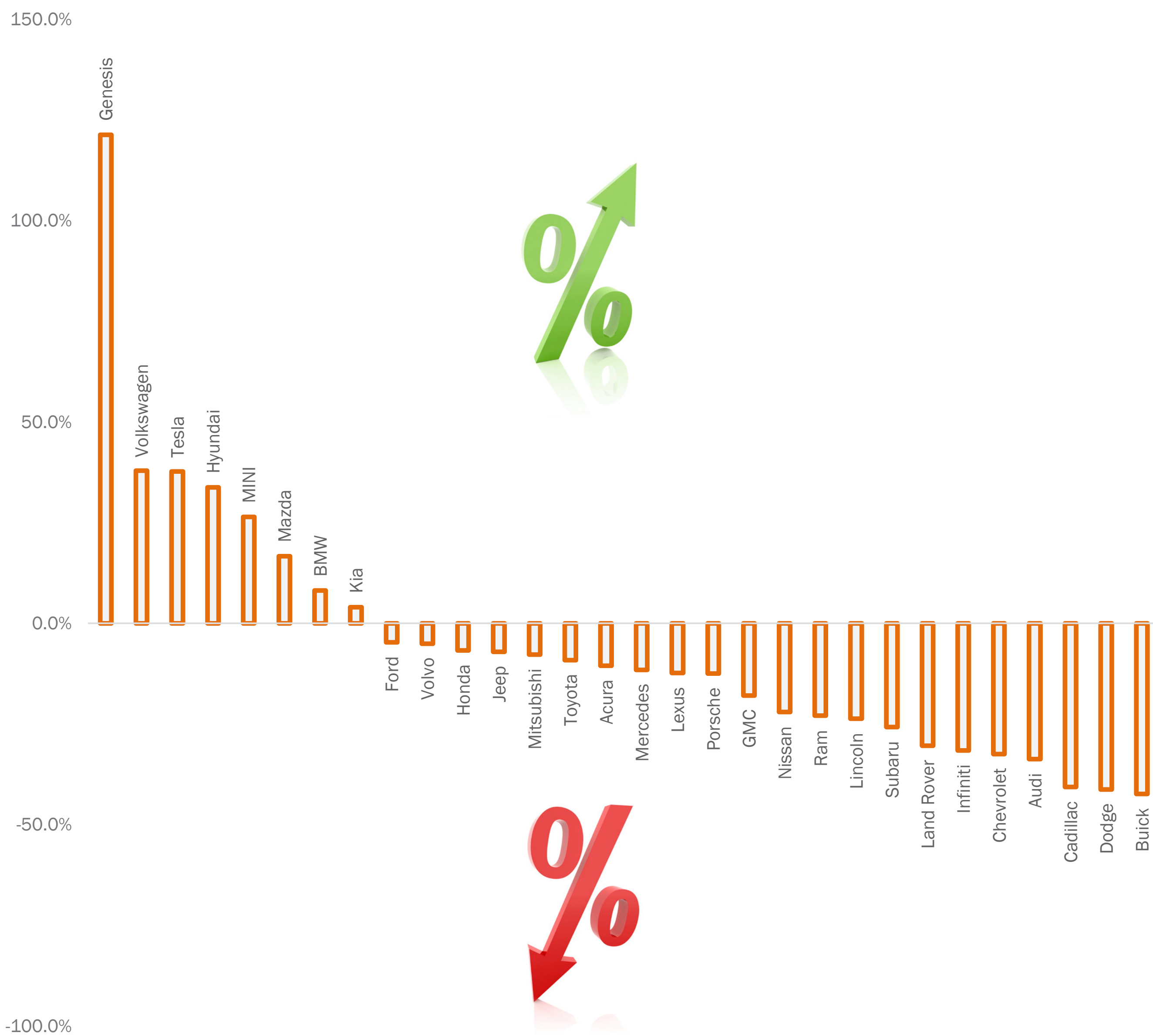
Registrations increased for eight brands:

Genesis, VW, Tesla, Hyundai, MINI, Mazda, BMW, and Kia

Registrations declined by less than 10% for:

Ford, Volvo, Honda, Jeep, Mitsubishi, and Toyota

Percent Change in State New Retail Light Vehicle Registrations (Top 25 brands)
YTD 2022 thru March vs. YTD 2021



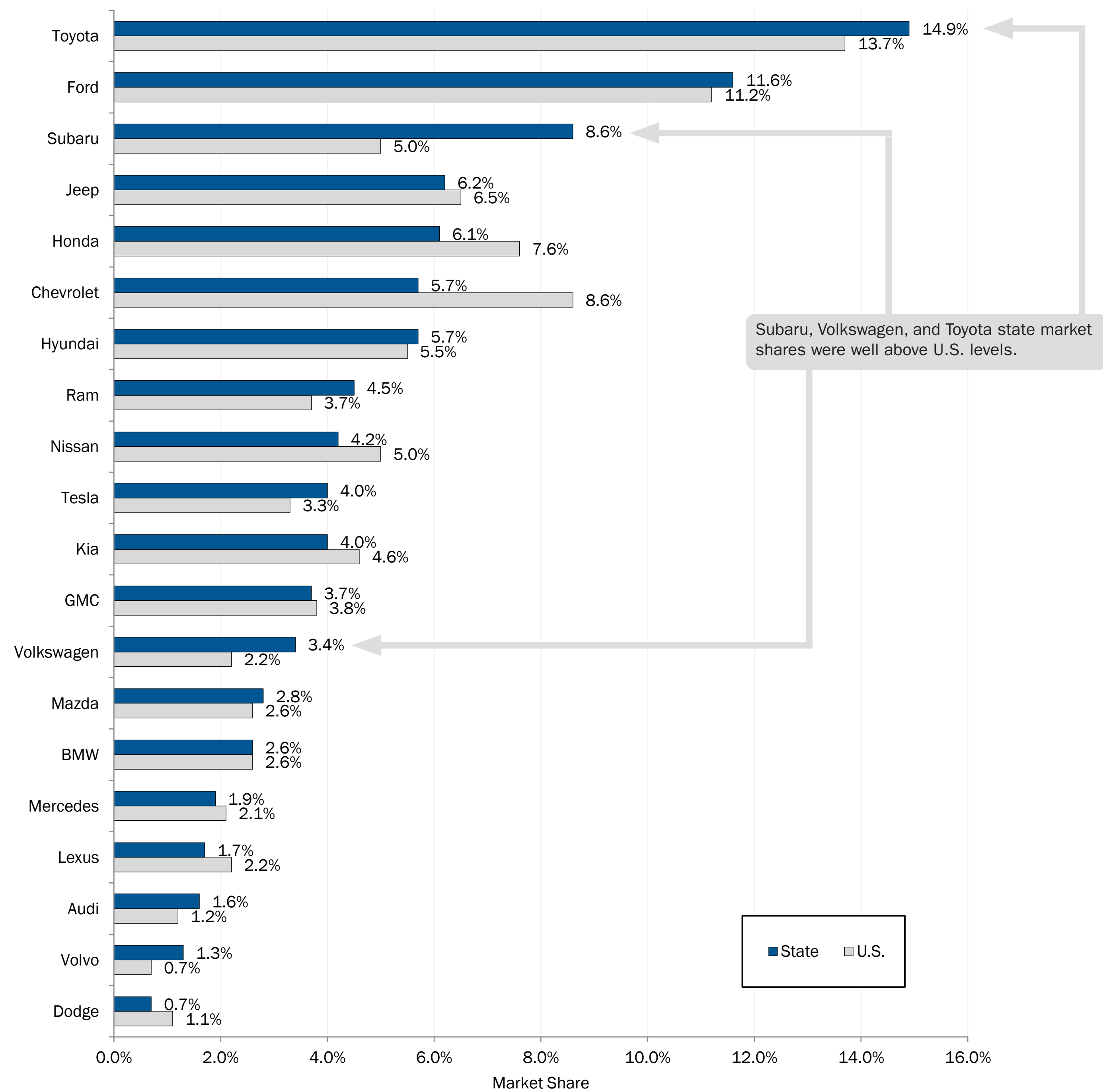
Source: AutoCount data from Experian.

BRAND SCOREBOARD - PART TWO

Subaru, Volkswagen, and Toyota State Shares are Well Above U.S.

The graph below provides a comparison of Colorado and U.S. new retail market share during the first three months of 2022 for the top 20 selling brands in the state. Brands are positioned on the graph from top to bottom based on state market share. Toyota was the state leader, accounting for 14.9% of the market, above its estimated 13.7% share in the Nation.

Colorado and U.S. Market Share - YTD thru 2022, thru March



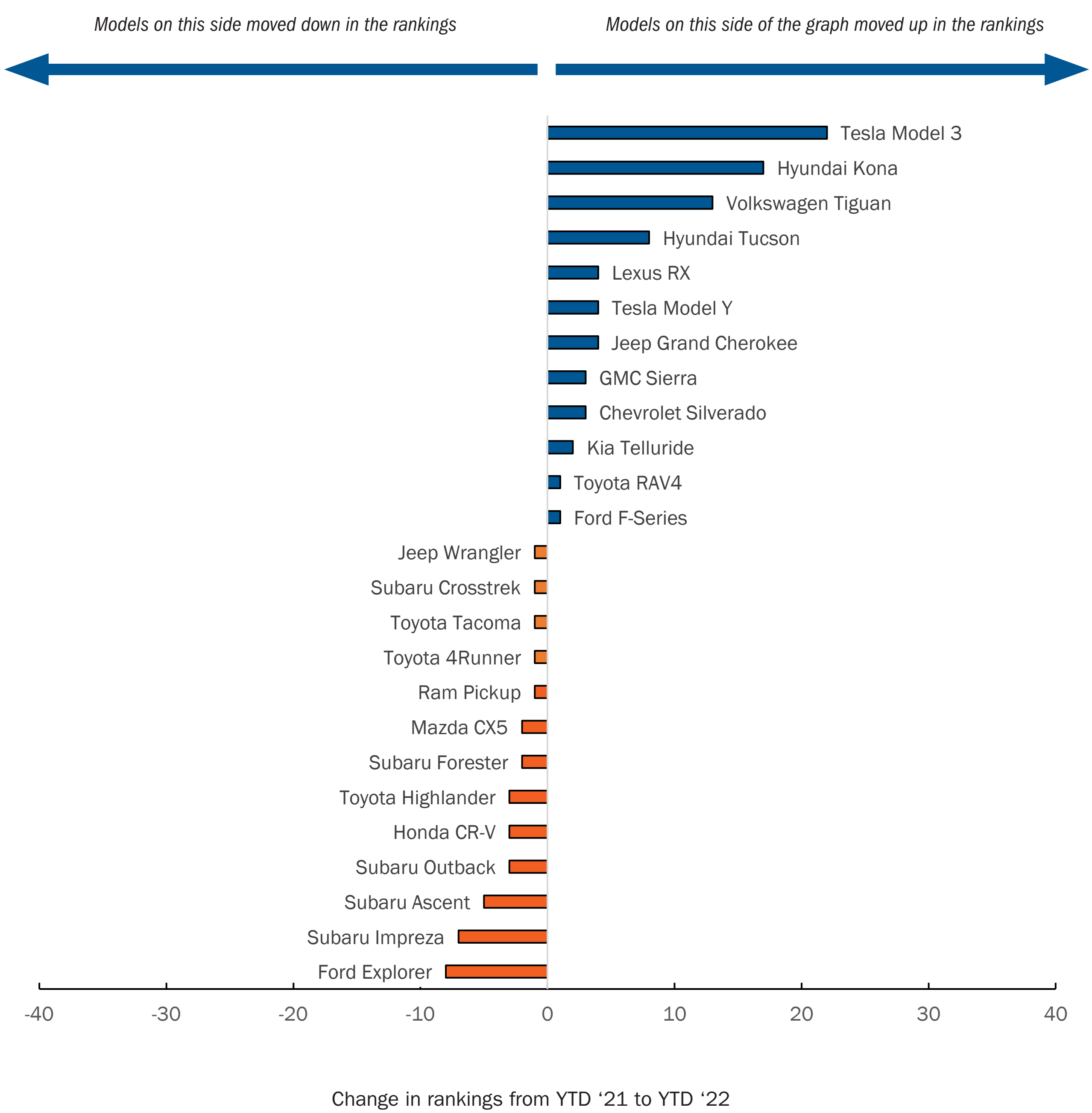
Data Source: AutoCount data from Experian.

CHANGE IN MODEL RANKINGS

Tesla Model 3 Moves Up in Rankings

The graph below shows the change in rankings during the first three months of 2021 to the same period this year for the top 25 selling models in the Colorado market. Models are positioned on the graph from top to bottom based on the change in rankings. The biggest gainer was the Tesla Model 3. Other winners were Hyundai Kona and Volkswagen Tiguan. Supplies are limited for just about all models, but those moving up in the rankings most likely had some improvement in inventories during the First Quarter of this year.

Change in Rankings for Top 25 Selling Models - YTD '21 thru March to YTD '22



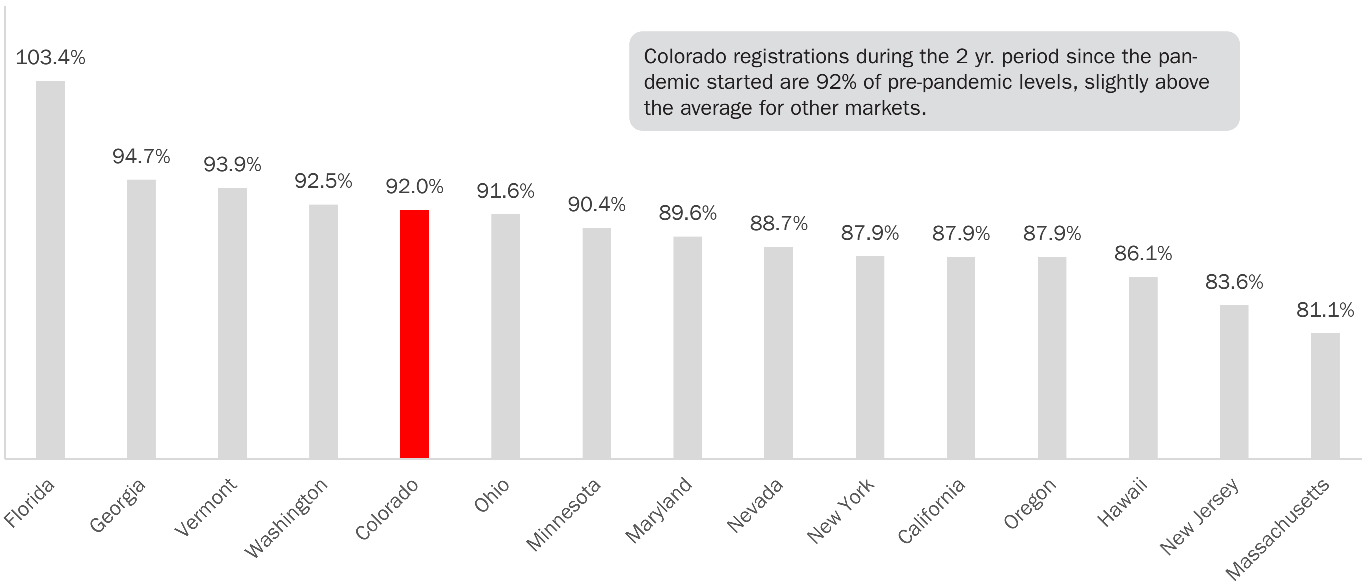
Data Source: AutoCount data from Experian.

Comparison of Selected State Markets

COVID-19 Impact of COVID-19 Pandemic and Ensuing Vehicle Supply Issues on State Markets

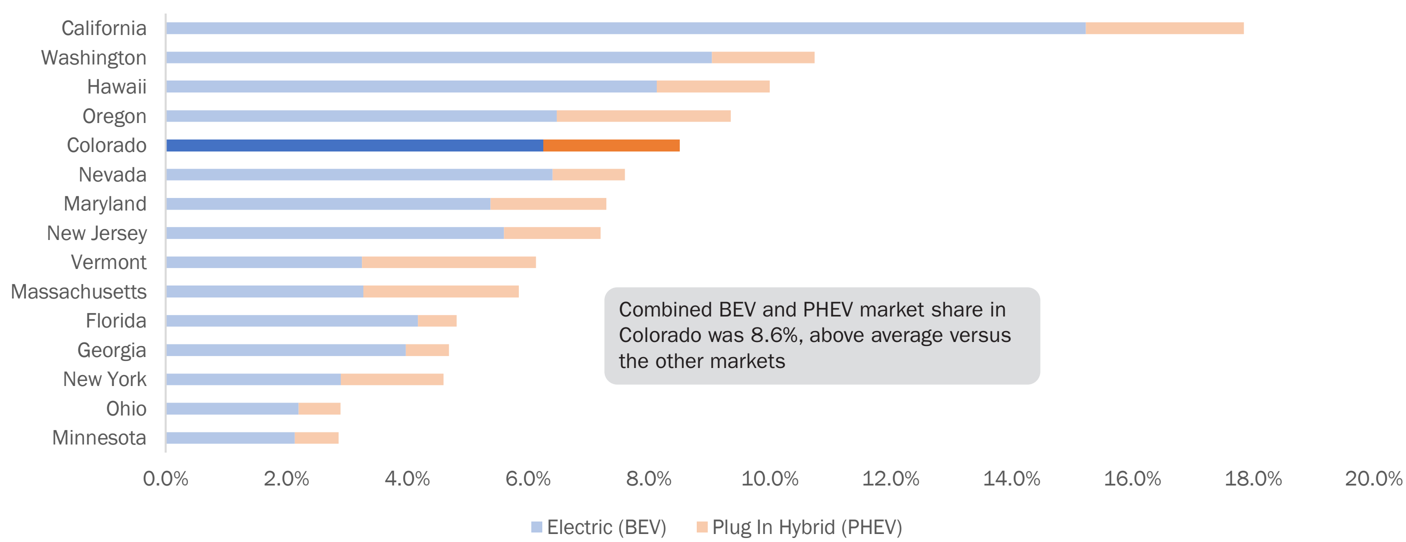
The graph below provides a comparison of how state new vehicle sales have been impacted by the pandemic and resulting vehicle inventory shortages. The percentages shown represent new vehicle registrations during the two year period since the pandemic started (2Q '20 thru 1Q '22) divided by registrations during the preceding two year period (2Q '18 thru 1Q '20). States on the left (Florida and Georgia) experienced a relatively mild impact, while those on the right (New Jersey and Massachusetts) lost more sales due to the pandemic.

New Vehicle Registrations During 2Q '20 thru 1Q '22 as a % of Registrations during 2Q '18 thru 1Q '20



Comparison of BEV and PHEV Market Share

Estimated Electric (BEV) and Plug in Hybrid (PHEV) Market Share During 1Q '22



	MN	OH	NY	GA	FL	MA	VT	NJ	MD	NV	CO	OR	HI	WA	CA
Electric	2.1%	2.2%	2.9%	4.0%	4.2%	3.3%	3.2%	5.6%	5.4%	6.4%	6.3%	6.5%	8.1%	9.0%	15.2%
Plug In Hy.	0.7%	0.7%	1.7%	0.7%	0.6%	2.6%	2.9%	1.6%	1.9%	1.2%	2.3%	2.9%	1.9%	1.7%	2.6%

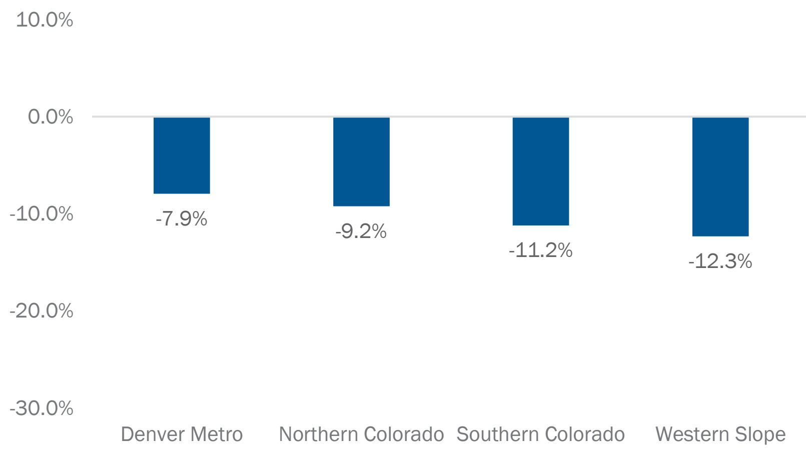
Note: registrations by powertrain for vehicles equipped with multiple engine types were estimated by Auto Outlook. The estimates are based on model registrations compiled by Experian, and engine installation rates collected from other sources. March '22 figures were estimated for some markets.

Review of Regional New Vehicle Markets in Colorado

New Retail Light Vehicle Registrations in Regional Markets											
	YTD thru March			Light truck market share (%)			Market share for top 5 selling brands in state				
	YTD '21	YTD '22	% change	YTD '21	YTD '22	change	Toyota	Ford	Subaru	Honda	Jeep
Denver Metro	36,351	33,468	-7.9%	85.6	85.9	0.3	15.2	9.7	8.9	6.3	5.7
Northern Colorado	8,027	7,287	-9.2%	86.2	87.0	0.8	14.2	13.6	8.3	5.5	7.2
Southern Colorado	9,398	8,347	-11.2%	83.5	82.9	-0.6	11.7	12.8	7.7	8.5	6.1
Western Slope	6,755	5,922	-12.3%	90.9	90.4	-0.5	18.5	16.5	9.2	3.7	7.4

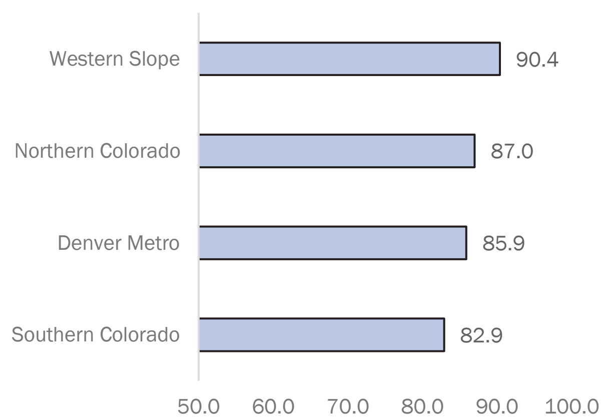
Data Source: AutoCount data from Experian.

Percent Change In New Vehicle Registrations YTD ‘22 thru March v. YTD ‘21



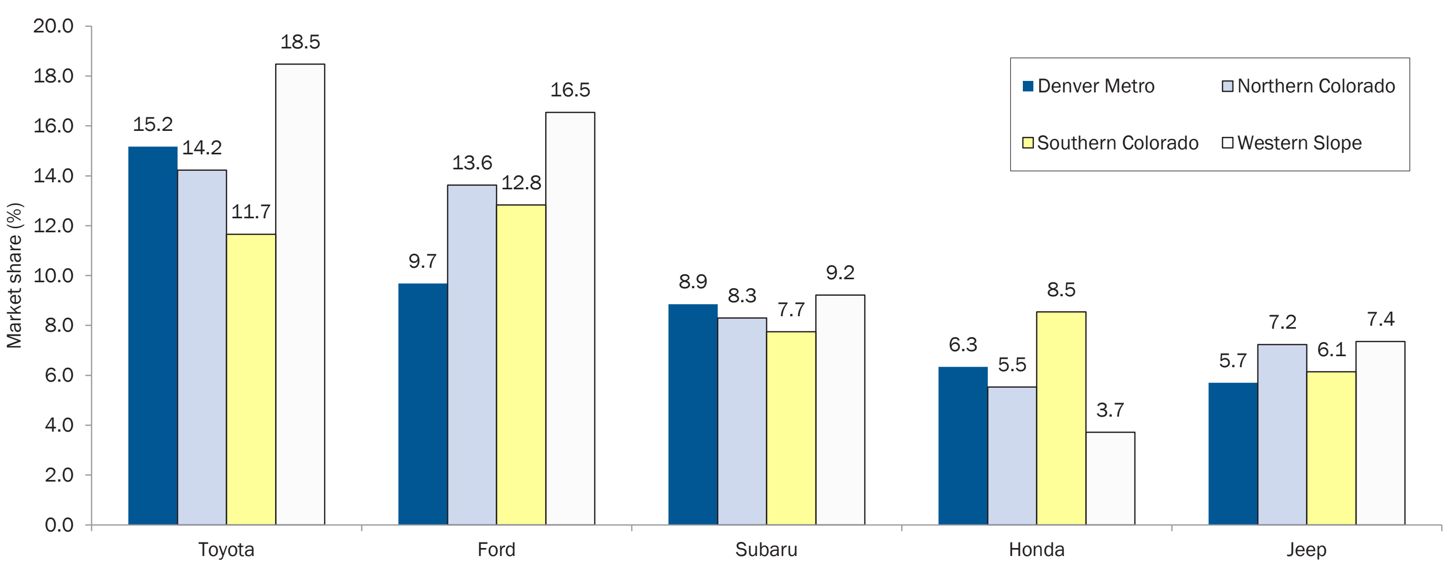
Data Source: AutoCount data from Experian.

Light Truck Share in Regional Markets YTD ‘22 thru March



Data Source: AutoCount data from Experian.

Regional Market Share for Top 5 Selling Brands in State - YTD ‘22 thru March

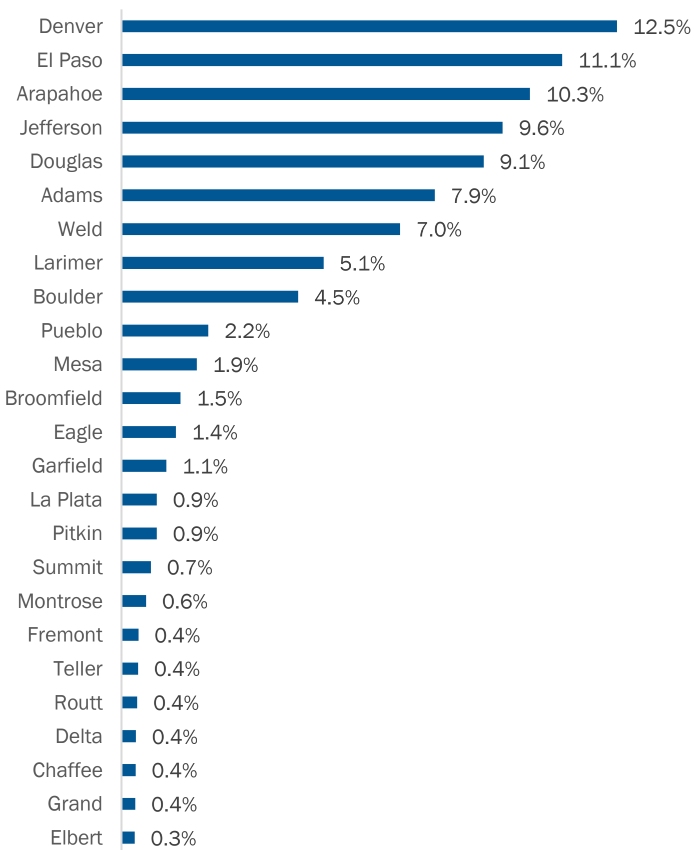


Data Source: AutoCount data from Experian.

Review of County New Vehicle Markets in Colorado

LARGEST MARKETS IN STATE

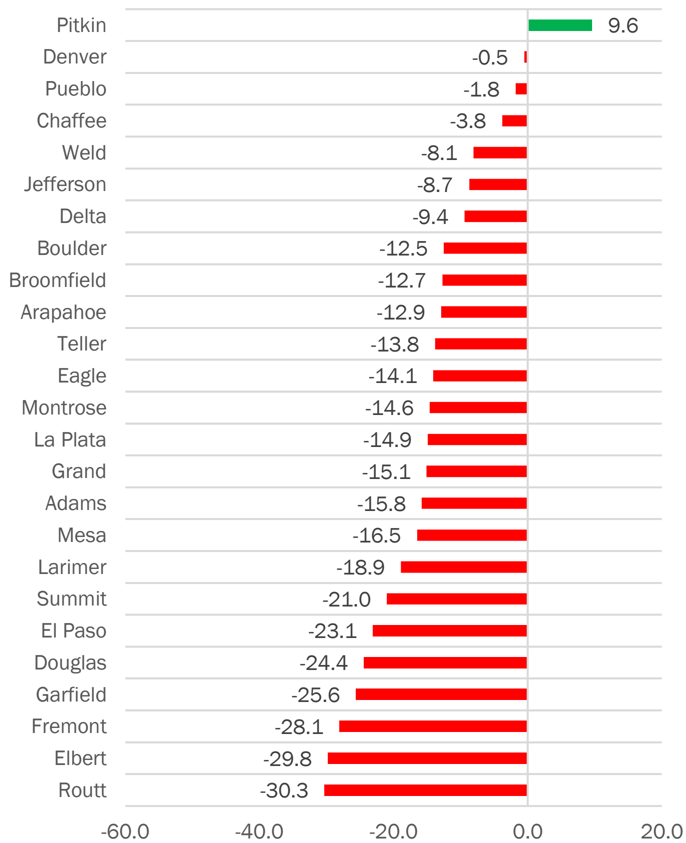
County Share of State Market for Top 25 Counties YTD '22 thru March



Data Source: AutoCount data from Experian.

BEST PERFORMERS IN 2022

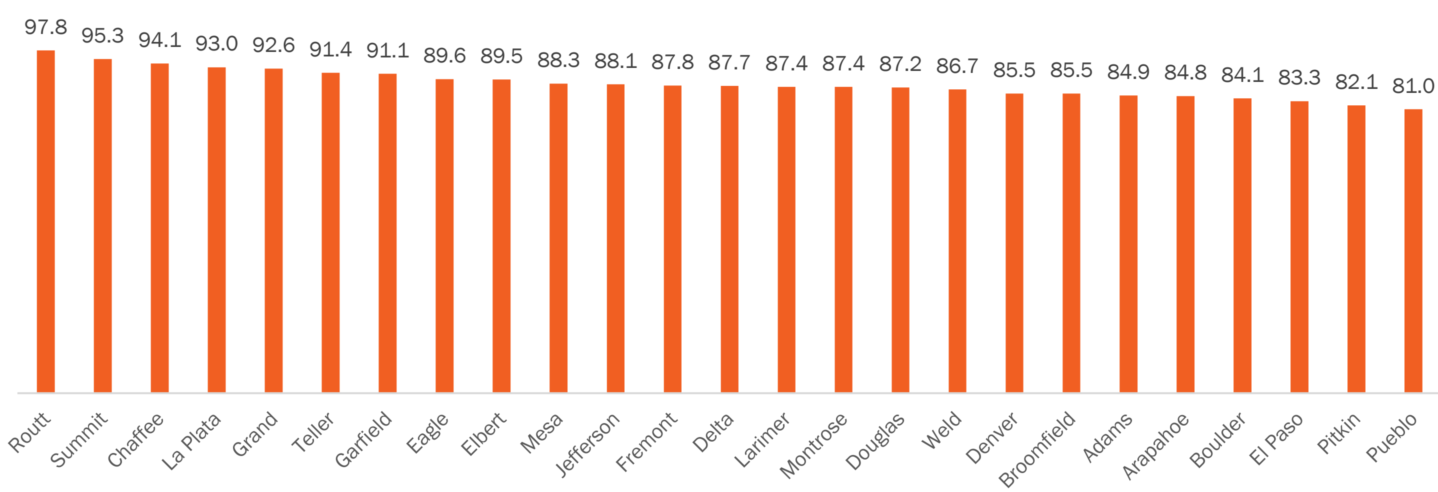
Percent change in registrations among top 25 markets: YTD '22 thru March v. YTD '21



Data Source: AutoCount data from Experian.

LIGHT TRUCK MARKET SHARE

Light truck share of industry registrations among top 25 markets: YTD '22 thru March

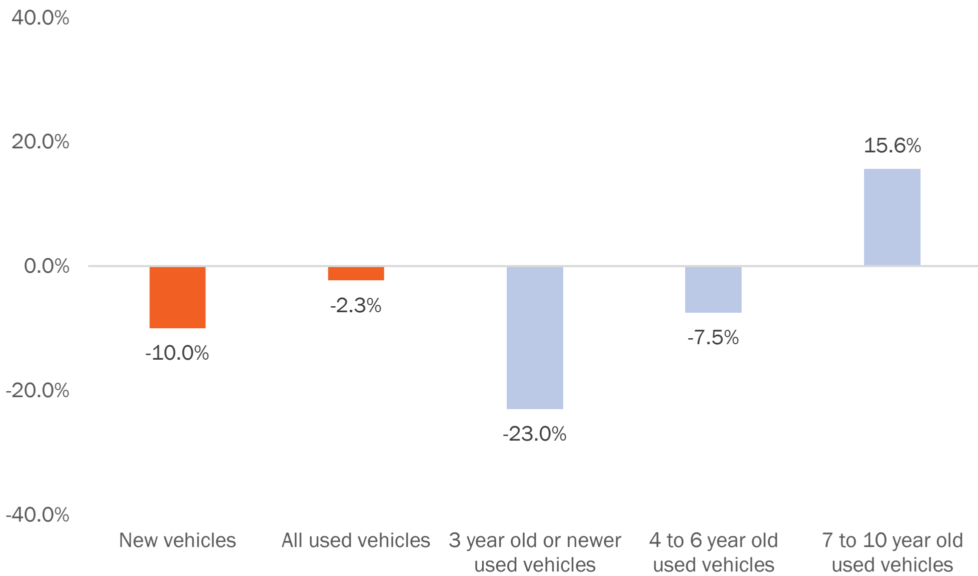


Data Source: AutoCount data from Experian. **Note: new vehicle registration data for individual county markets can be subject to volatility.**

COLORADO USED VEHICLE MARKET

Colorado Used Vehicle Market Declined Slightly in 1Q 2022

Percent Change in New and Used Vehicle Registrations YTD '22 thru March v. YTD '21



Data Source: AutoCount data from Experian.

3 KEY TRENDS IN USED VEHICLE MARKET

01. Used vehicle registrations in Colorado were down a slim 2.3% in the First Quarter of this year, less than the 10% decline in the new vehicle market.

02. Registrations of 7 to 10 year old vehicles increased 15.6% during the first three months of this year versus year earlier. The 4 to 6 year old market was off 7.5%. Tight supplies impacted registrations of 3 year old or newer vehicles, which fell 23%.

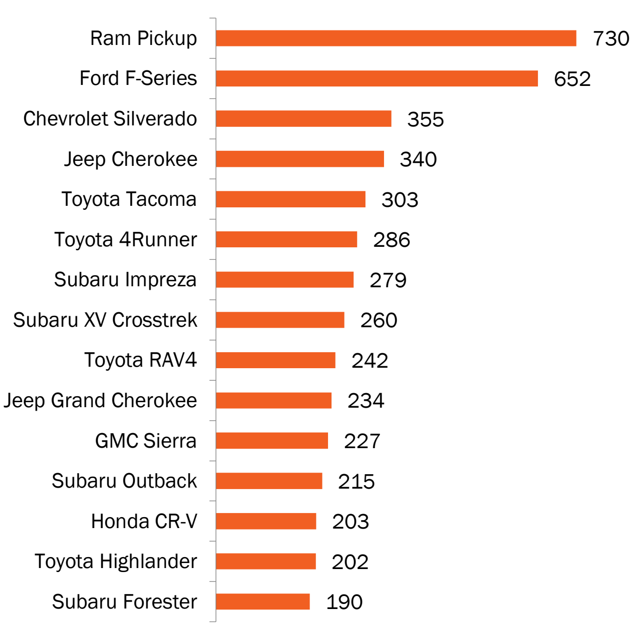
03. Restricted inventories and record-high prices will likely limit gains in used vehicle sales over the next 12 months. Used vehicle registrations for all of 2022 should be close to 2021 levels.

TOP SELLING MODELS IN USED VEHICLE MARKET

F-Series and Ram Pickup are Top Sellers in Used Vehicle Market

The two graphs below show the top 15 selling models in Colorado for two age classifications: vehicles three years old or newer, and 4 to 6 year old vehicles. Ford F-Series and Ram Pickup ranked first and second in each category.

Top 15 Selling Models for Vehicles 3 years Old or Newer YTD 2022 thru March



Top 15 Selling Models for 4 to 6 Year Old Vehicles YTD 2022 thru March