Luxury Market Sales Review for 2017

Dennis DesRosiers

For quite some time we've prepared a short year-end review of the luxury market in Canada. This has been quite in demand by the OEMs especially since the Luxury market in Canada has grown at a record pace over the last thirty years and 2017 was no exception. Following is our first crack at this year's review. One note of caution, we have not been able to get dealer counts for 2017 yet so part of what we normally write up will not be available for a few weeks but it was such a good year for luxury sales that we wanted to get something on the street as soon as possible so we are sending this out pending the release of year-end dealer counts.

Sales reached a record 235,875 vehicles and 11.6 percent of the total market. Still well below the market share in the US (about 18 percent of their market is luxury) but a new market share and volume record for Canada none the less. We started this process back in 1990 when the luxury market was only 39K units and 3.1 percent of the total market. In the following decade (2000) its share almost doubled to 5.9 percent and sales almost tripled to 91K units. By 2010 its share had increased to 9.0 percent and 143K units. And the last three years it exceeded 200K units per year and for the first time reached 11.6 percent of the Canadian market.

Luxury light trucks also now dominate sales. Believe it or not in 1990 there were only 65 luxury light trucks bought by Canadians. By 2010 passenger cars fell below 50 percent of the luxury market and last year they dropped to only 38.8 percent of the luxury market. All luxury light trucks are sport utility vehicles which will be profiled in more detail below. The luxury passenger car side of the market defied the decline in the mass market and was up last year by 5.9 percent and reached a record 91.6K units. Luxury light trucks grew by 10.9 percent last year to 144.3K units which set a new record and now account for 61.2 percent of the overall luxury market.

Canadian Light Vehicle Market - Luxury Vehicles

Year	Total Market	Total Luxury	Luxury Share	Luxury Passenger Car	Percent Luxury Passenger Car	Luxury Light Truck	Percent Luxury Light Truck
1990	1,285,788	39,427	3.1%	39,362	99.8%	65	0.2%
2000	1,546,639	90,814	5.9%	75,085	82.7%	15,729	17.3%
2010	1,557,119	140,655	9.0%	77,046	54.8%	63,609	45.2%
2011	1,585,519	143,420	9.0%	74,514	52.0%	68,906	48.0%
2012	1,675,675	152,289	9.1%	73,910	48.5%	78,379	51.5%
2013	1,744,567	162,997	9.3%	79,184	48.6%	83,813	51.4%
2014	1,851,373	180,164	9.7%	86,341	47.9%	93,823	52.1%
2015	1,898,992	203,179	10.7%	90,984	44.8%	112,195	55.2%
2016	1,948,895	216,611	11.1%	86,487	39.9%	130,124	60.1%
2017	2,038,798	235,875	11.6%	91,553	38.8%	144,322	61.2%
Change	4.6%	8.9%		5.9%		10.9%	

There is a long list of reasons why luxury vehicles have been the fastest growing segment of the Canadian market. It is hard to rank order them but they include:

- Demographics … Canada has one of the highest percentages of baby boomers in the World … they are retiring in record numbers … they have worked hard and for the most part created substantial wealth … they are healthier and living longer (the average age expectancy of a male is now about 85 years and a female about 90 years) and are living a very active life style. Some would also say that they are the baby sitter generation in that Gen one and Millennials are very dependent on their parents and even grand-parents taking care of their children and this explains some of the popularity for luxury SUV's. This demographic has formed the core buyer of luxury vehicles as they "treat" themselves to the pleasures of owning a fine automobile.

- Product, product and product …. The luxury marques have significantly widened their product offerings. As mentioned above they have a number of SUV's in their line-up which plays to the "activity" side of the owner base's lifestyle but the OEMs have also gone down market and have a number of "C" size vehicle offerings which are very affordable. Indeed it is common to see luxury vehicles marketed head to head to mass market vehicles on a price comparison basis.

- This might seem like an odd factor but the growth of used vehicle imports has also contributed to the growth in their popularity. The US luxury market is more than 20 times the size in volume of the Canadian luxury market and with economies of scale US pricing, in some cases, has been lower than Canadian pricing for similar vehicles. A few years back when the dollar was in the par range, thousands (indeed tens of thousands) of luxury vehicles were imported into Canada. Some believe this hurt luxury vehicle sales in Canada since many of these imports displaced a new vehicle sale. There is truth to that and it is one of the reasons the luxury market was relatively flat five to seven years ago. But the upside is that these imports also created a substantial new class of luxury owners in this market that may not have otherwise been able to afford this level of vehicle. Now that they own a luxury vehicle most are unwilling to move back to a mass market vehicle. Now with a lower Canadian dollar imports are less affordable so many of these owners are embracing a new luxury vehicle.

- Luxury vehicles are very well built, have the highest survival rates of all vehicles, are well maintained and thus have a very vibrant used vehicle market as they age. This also allows easier access to a luxury vehicle for many consumers and keeps the interest levels higher which ultimately is good for new vehicle sales.

- Luxury vehicle owners also embrace and indeed demand the latest and greatest technology offerings by their OEMs. The luxury OEMs are thus introducing many of the technologies being developed for autonomous vehicles and the technologies being developed to meet the ultra-fuel efficiency targets related to climate change regulations. This also keeps interest in luxury vehicles high and partially explains why the turn-over rate for luxury vehicles is in the nine percent range whereas in the mass market it is in the five percent range. Of course the higher incomes of luxury owners would also account for some of the higher turn-over rate.

I mentioned better survival rates for luxury brands versus mass market vehicles. The following table shows just how dramatic the difference is in the market. Over thirty percent of luxury vehicles bought twenty years ago are still on the road today versus only about 17 percent for Detroit brands and 27 percent for Japanese brands. In addition the increase in survival for luxury brands is quite remarkable. We do not have a lot of data on older vehicles (we started this data series in the year 2000 and at that time had only 18 years of data) but fifteen year old luxury vehicle survival has increased from only 38.3 percent in the year 2000 to an incredible 66.9 percent in the year 2017. With these higher survival rates, imports from the US when the dollar was near par and the strong sales growth of new luxury vehicles, the number of luxury vehicles on the road has doubled this century from 1.3 million units to over 2.6 million units and this forms the base for the current growth in the overall luxury market in Canada. With twice as many units in operation it shouldn't surprise anyone that luxury sales have set new sales records for most years this decade especially with their turn-over rate being in the 9 percent range versus mass market vehicles which turn-over closer to 5 percent per year.

Survival Rates by Major Brand Groupings - as of 2000 versus as of 2017

	Detroit Brands as of 2017	Japanese Brands as of 2017	European Brands as of 2017	Korean Brands as of 2017	Luxury Brands as of 2000	Luxury Brands as of 2017
New	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
One Year Old	100.0%	100.0%	100.0%	100.0%	96.0%	100.0%
Two Year Old	98.1%	99.4%	99.0%	99.4%	93.7%	99.0%
Three Year Old	97.0%	99.1%	99.1%	98.9%	97.9%	99.1%
Four Year Old	96.4%	99.0%	99.0%	98.8%	97.8%	97.0%
Five Year Old	95.3%	98.6%	98.6%	97.7%	97.1%	98.4%
Six Year Old	91.2%	98.1%	98.4%	97.8%	96.0%	98.1%
Seven Year Old	93.8%	97.0%	97.7%	95.2%	94.1%	97.8%
Eight Year Old	91.1%	96.4%	96.9%	92.2%	94.1%	96.7%
Nine Year Old	88.9%	94.7%	96.2%	87.0%	91.9%	94.3%
Ten Year Old	87.4%	93.7%	93.5%	82.1%	87.3%	91.2%
Eleven Year Old	82.9%	91.0%	93.2%	72.2%	78.1%	93.6%
Twelve Year Old	75.5%	85.1%	91.4%	61.0%	68.7%	88.8%
Thirteen Year Old	68.5%	78.3%	83.5%	49.2%	54.9%	79.7%
Fourteen Year Old	55.0%	68.8%	80.4%	33.5%	47.4%	72.7%
Fifteen Year Old	46.0%	62.5%	73.9%	21.9%	38.3%	66.9%
Sixteen Year Old	34.1%	54.5%	64.0%	13.9%	33.4%	54.6%
Seventeen Year Old	28.6%	49.0%	51.5%	8.4%	27.5%	47.4%
Eighteen Year Old	23.2%	39.7%	42.4%	5.1%	21.7%	42.2%
Nineteen Year Old	21.0%	33.9%	33.4%	4.0%		36.2%
Twenty Year Old	16.9%	26.9%	25.7%	2.7%		31.2%
Twenty-One Year Old	14.1%	20.0%	26.1%	1.8%		24.2%
Twenty Two Year Old	12.3%	14.3%	17.5%	0.9%		16.2%
Twenty Three Year Old	9.1%	12.3%	18.8%	0.5%		14.8%
Twenty Four Year Old	7.7%	9.8%	14.3%	0.3%		13.1%
Twenty Five Year Old	6.4%	8.3%	15.5%	0.4%		13.6%
Twenty Six Year Old	5.3%	7.0%	14.7%	0.3%		9.6%
Twenty Seven Year Old	4.3%	4.0%	12.5%	0.2%		8.3%
Twenty Eight Year Old	3.6%	2.8%	9.1%	0.2%		6.2%
Twenty Nine Year Old	2.8%	2.6%	9.0%	0.1%		6.0%
Thirty Year Old	2.6%	2.3%	6.3%	0.1%		3.8%
Thirty One Year Old	2.2%	1.9%	6.7%	0.1%		3.7%
Thirty Two Year Old	2.0%	1.0%	6.5%	0.0%		3.5%
Thirty Three Year Old	1.9%	0.8%	6.5%	0.1%		3.7%
Thirty Four Year Old	1.9%	0.7%	5.9%			2.8%
Thirty Five Year Old	2.2%	0.5%	5.7%			2.1%

Not only has there been a significant car – truck shift in the luxury market but there also has been a significant difference in the growth of the various luxury vehicle segments. There was a day when high luxury passenger cars like the BMW 7-Series, the Audi A-8 and the Mercedes-Benz S-Class accounted for over 40 percent of luxury vehicle sales. Now they account for 6.6 percent of sales. Large luxury SUV's sold almost 17.5 thousand units in 2017 out-selling high luxury cars by two thousand units. And last year compact luxury SUV's were not only one of the fastest growing segments but also the best-selling luxury vehicles in Canada for the second year in a row and outsold mid-sized luxury passenger cars by 17 thousand units. And intermediate sized luxury SUV were the second largest luxury segment as almost all passenger car segments continue to decline relative to SUV segments.

Canadian Light Vehicle Market - Luxury Vehicles

Year	Compact Luxury Car	Mid-Size Luxury Car	High Luxury Car	Luxury Sport Car	Compact Luxury Sport Utility	Intermediate Luxury Sport Utility	Large Luxury Sport Utility	Total Luxury	Luxury Share
1990	0	18,604	16,541	4,217	0	65	0	39,427	3.1%
2000	10,102	35,387	25,015	4,581	839	12,748	2,142	90,814	5.9%
2010	9,968	50,500	12,545	4,033	18,806	39,001	5,802	140,655	9.0%
2011	9,310	48,371	13,028	3,805	24,658	37,974	6,274	143,420	9.0%
2012	6,990	48,789	13,808	4,323	30,844	39,121	8,414	152,289	9.1%
2013	9,221	52,690	12,708	4,565	33,634	40,789	9,390	162,997	9.3%
2014	13,670	53,607	13,492	5,572	40,160	43,533	10,130	180,164	9.7%
2015	15,085	56,535	12,839	6,525	55,195	45,157	11,843	203,179	10.7%
2016	15,502	50,754	12,997	7,234	61,314	52,852	15,958	216,611	11.1%
2017	14,473	53,992	15,476	7,612	70,825	56,072	17,425	235,875	11.6%
Change	-6.6%	6.4%	19.1%	5.2%	15.5%	6.1%	9.2%	8.9%	

Share of each Luxury Segment within the Luxury Market

Year	Compact Luxury Share	Mid-Size Luxury Share	High Luxury Share	Luxury Sport Share	Compact Luxury Sport Utility Share	Intermediate Luxury Sport Utility Share	Large Luxury Sport Utility Share	Luxury Share of Total Market	Total
1990	0.0%	47.2%	42.0%	10.7%	0.0%	0.2%	0.0%	3.1%	100.0%
2000	11.1%	39.0%	27.5%	5.0%	0.9%	14.0%	2.4%	5.9%	100.0%
2010	7.1%	35.9%	8.9%	2.9%	13.4%	27.7%	4.1%	9.0%	100.0%
2011	6.5%	33.7%	9.1%	2.7%	17.2%	26.5%	4.4%	9.0%	100.0%
2012	4.6%	32.0%	9.1%	2.8%	20.3%	25.7%	5.5%	9.1%	100.0%
2013	5.7%	32.3%	7.8%	2.8%	20.6%	25.0%	5.8%	9.3%	100.0%
2014	7.6%	29.8%	7.5%	3.1%	22.3%	24.2%	5.6%	9.7%	100.0%
2015	7.4%	27.8%	6.3%	3.2%	27.2%	22.2%	5.8%	10.7%	100.0%
2016	7.2%	23.4%	6.0%	3.3%	28.3%	24.4%	7.4%	11.1%	100.0%
2017	6.1%	22.9%	6.6%	3.2%	30.0%	23.8%	7.4%	11.6%	100.0%

Just the growth in the number of luxury vehicles on the road should sustain a healthy luxury market for quite some time. The number of luxury vehicles on the road in Canada has increased from only 710K units in 1990 to 2.6 million in 2017 and is forecast to grow to about 3.2 million units buy the end of the decade and to about 4.2 million by 2025. Luxury owners trade their vehicle at a faster pace than mass market owners so somewhere around 9 ish percent of them will buy a new vehicle each year. If we hold the turn-over rate at 9 percent per year this means that the luxury market for new vehicles will approach 300K by 2020 and will be over 350K by 2025. Our theory is that once a consumer owns a luxury vehicle it is hard for the consumer to go back to a mass market vehicle. Some obviously do but a very high percentage stay in that class of vehicle. And some consumers each year move up to a luxury marque so not only is there very high replacement demand but conquest demand also is growing as a result of the factors discussed earlier. These factors point to a very robust demand for luxury vehicles for a very long time. **And note that although most analysts including ourselves are projecting a slight decline in the mass market this year, our luxury forecast is for an increase of about 17 to 18K units to 253K units.**

Forecast of the Luxury Market in Canada

	Vehicles on the Road Total	Luxury Vehicles on the Road	Percent of Total Vehicles on the Road	New Luxury Sales	New as a Percent of Luxury of UIO
1990	15,128,911	710,799	4.7%	39,427	5.5%
2000	17,100,899	780,874	4.6%	90,814	11.6%
2010	22,001,278	1,610,789	7.3%	140,655	8.7%
2011	22,184,955	1,705,668	7.7%	143,420	8.4%
2012	22,502,638	1,825,114	8.1%	152,289	8.3%
2013	23,521,261	2,001,372	8.5%	162,997	8.1%
2014	24,479,474	2,154,284	8.8%	180,164	8.4%
2015	25,560,776	2,315,076	9.1%	203,179	8.8%
2016	26,263,152	2,451,816	9.3%	216,611	8.8%
2017	26,771,802	2,609,441	9.7%	235,875	9.0%
2018	27,546,515	2,799,247	10.2%	253,032	9.0%
2019	28,223,235	2,997,629	10.6%	270,964	9.0%
2020	28,857,187	3,194,735	11.1%	288,781	9.0%
2021	29,520,314	3,393,857	11.5%	306,781	9.0%
2022	30,362,282	3,597,614	11.8%	325,199	9.0%
2023	30,776,776	3,800,385	12.3%	343,528	9.0%
2024	31,445,525	4,000,337	12.7%	361,602	9.0%
2025	32,127,245	4,197,290	13.1%	379,405	9.0%

The luxury market has developed into distinctive tiers with Mercedes-Benz and BMW traditionally forming the top tier with sales upwards of 10K units higher than any other brand. This year we have added Audi to the top tier of luxury players. In the past Audi was 8 to 10 thousand units behind MB and BMW and with this level of spread it was hard to consider them as top tier although they were a solid third in overall luxury sales. Last year they were only 2 thousand units behind MB and BMW and indeed in some months they outsold BMW. Indeed one of the more interesting things to watch for during 2018 will be the battle between BMW and Audi.

Mercedes-Benz is the only luxury player to sell more than 40K units in a year and indeed last year they sold 45K units a new all-time record. Both BMW and Audi sold just under 40K units. (Note: a number of luxury brands sell non-luxury vehicles … smart and mini for instance and any non-luxury vehicles have been excluded from their brands totals for this analysis.). BMW and MB became the dominant players more than two decades ago and competed for "best-selling" luxury brand for quite some time. MB has held the title for the last four years while BMW held the title for a number of years before then.

The second tier is a full 10K units lower in sales than the first tier and was led by Lexus with 25K units in 2017. We also consider Acura a second tier player with 20.3K. Acura has essentially flat-lined at the 20K range for the last 5 years.

The third tier is a full 7-8K units lower than the second tier with both Cadillac and Infiniti selling about 13K units in 2017 … Cadillac a little higher and Infiniti a little lower. Land Rover leads the fourth tier with 9K sales with Porsche closely behind with 8K sales. Lincoln dropped a position last year and was the only one of the top fifteen luxury brands to decline in sales.

It is also hard for brands to move up to a higher tier as the strongest players continue to dominate. Audi is one of the few that has moved up to a higher tier. Cadillac more than doubled sales between the year 2012 and today but has not moved to a higher tier. In the mass market success or failure in the market almost always comes down to product, product and product. The product in the luxury market, almost without exception, is quite spectacular so it is very hard for any brand to introduce a new vehicle that can dominate a sub-segment and help them move up to a higher tier.

In addition consumers buying a luxury vehicle rank 'in-dealer' experience almost as equally important as product. So Luxury buyers also expect spectacular stores as well. Top of the line luxury stores are very capital intensive and lower tiered brands (not all but most) struggle supporting the investment required for this level of image program. For instance, Cadillac and Lincoln for decades were duelled with their mass market cousins. To break out these brands into stand-alone operations is very capital intensive and most dealers just cannot support this level of investment given their sales volume. Both brands have done a good job distinguishing their luxury brand from their mass market brand at the dealer level but most of their luxury stores still fall short of the dealer experience of the players in the top two tiers. One quickly gets into a circular argument. One can't grow sales without investing heavily in an image program but with low sales it is very difficult to find the capital to increase the image of their store. Without highly imaged stores it is difficult to grow sales.

And a small piece of trivia … which brand led the luxury market in 1990? … Volvo was the number one luxury brand in Canada in the late 80's through to 1990 when both Cadillac and Oldsmobile finally outsold them. Yes Oldsmobile at one point was in the top tier of luxury brands in Canada.

Luxury Vehicle Sales in Canada by Brand - Units

		1990	2000	2010	2011	2012	2013	2014	2015	2016	2017	Change	Share
1	Mercedes-Benz	4,065	12,457	28,062	28,582	30,102	31,356	33,928	38,976	40,526	45,456	12.2%	19.3%
2	BMW	4,002	11,022	27,202	29,773	31,402	31,710	32,805	35,002	38,012	38,562	1.4%	16.3%
3	Audi	1,385	5,992	14,333	16,867	20,000	20,506	24,514	26,754	30,544	36,007	17.9%	15.3%
4	Lexus	607	5,257	14,249	13,364	15,101	15,949	17,565	22,025	22,509	24,765	10.0%	10.5%
5	Acura	2,455	16,373	17,340	15,272	17,154	19,005	19,533	21,003	20,227	20,300	0.4%	8.6%
6	Cadillac	5,105	6,042	7,194	7,360	6,466	9,389	10,532	12,249	12,162	13,330	9.6%	5.7%
7	Infiniti	283	4,340	8,233	6,936	7,993	8,947	10,291	11,321	12,094	12,433	2.8%	5.3%
8	Land Rover	65	1,015	2,547	3,228	4,268	5,136	6,283	7,720	9,140	9,145	0.1%	3.9%
9	Porsche	327	1,288	2,036	2,214	3,003	3,680	4,933	6,413	7,061	8,249	16.8%	3.5%
10	Lincoln	4,361	6,417	8,630	8,162	6,140	5,814	6,819	7,939	8,320	8,107	-2.6%	3.4%
11	Volvo	5,583	8,658	5,795	6,133	4,971	4,363	4,466	4,788	6,103	7,102	16.4%	3.0%
12	Jaguar	1,005	2,323	755	776	644	1,263	1,460	1,296	3,034	4,620	52.3%	2.0%
13	Chevrolet	823	1,181	364	352	250	324	1,181	1,715	1,758	2,016	14.7%	0.9%
14	Maserati								507	678	1,246	83.8%	0.5%
15	Chrysler	910	1,246	0	0	0	0	2	122	68	1,113	1536.8%	0.5%
16	Nissan	813	1	961	525	606	577	536	818	1,088	1,099	1.0%	0.5%
	All Others	7,638	7,202	2,954	3,876	4,189	4,978	5,316	4,531	3,287	2,325	-29.3%	1.0%
	Total Luxury	39,427	90,814	140,655	143,420	152,289	162,997	180,164	203,179	216,611	235,875	8.9%	100.0%

With the dominance of the top four German brands (MB, BMW and Audi and Porsche within its niche) the European brands account for well over 60 percent of the luxury market in Canada. I believe they also are the dominant players in most other markets around the world. The Japanese brands increased their share to 32 percent in the year 2000 but has since fallen back to a mid-20 share position fairly consistently taking 25 to 27 percent of the market. Detroit brands have fallen from about 40 percent of the market to only about 10 percent of the market in recent years. Korean brands starting sell luxury vehicles in the year 2000 but have not made any appreciable in-roads into the market and indeed their sales were down by 33.8 percent last year. In the mass market the Korean brands have played the ‘value for money’ card with great success. In the luxury market this is less effective. They still have a substantial way to go from a product perspective and their dealers are just starting to address their image issue.

Luxury Vehicle Sales in Canada by Georgraphy - Units

	1990	2000	2010	2011	2012	2013	2014	2015	2016	2017	Change	Share
European	16,683	44,238	81,441	89,360	96,390	100,102	110,721	123,484	136,488	151,378	10.9%	64.2%
Share	42.3%	48.7%	57.9%	62.3%	63.3%	61.4%	61.5%	60.8%	63.0%	64.2%		
Japanese	7,231	29,048	41,953	37,219	41,714	45,976	49,041	55,937	56,504	59,041	4.5%	25.0%
Share	18.3%	32.0%	29.8%	26.0%	27.4%	28.2%	27.2%	27.5%	26.1%	25.0%		
Detroit	15,513	17,244	16,410	15,909	12,863	15,579	18,641	22,135	22,364	24,625	10.1%	10.4%
Share	39.3%	19.0%	11.7%	11.1%	8.4%	9.6%	10.3%	10.9%	10.3%	10.4%		
Korean	0	284	851	932	1,322	1,340	1,761	1,623	1,255	831	-33.8%	0.4%
Share	0.0%	0.3%	0.6%	0.6%	0.9%	0.8%	1.0%	0.8%	0.6%	0.4%		

Different brands dominate each segment of the luxury market so we conclude by profiling each sub-segment separately.

Compact luxury passenger cars. First sold by Acura in 1996 compact luxury passenger cars now sell 14.5K units per year and were the only luxury segment that declined during 2017 with total sales down by 6.6 percent. Mercedes-Benz is the number one seller within this segment with 6,133 units in 2017. Audi is second in this segment with 3,997 units.

Compact Luxury Passenger Car Sales in Canada - Units

		1990	2000	2010	2015	2016	2017	Change	Share
1	Mercedes-Benz	0	0	2,994	6,226	6,611	6,133	-7.2%	42.4%
2	Audi	0	0	1,322	3,788	3,795	3,997	5.3%	27.6%
3	Acura	0	7,997	2,064	2,551	2,459	2,047	-16.8%	14.1%
4	BMW	0	0	1,764	1,706	2,091	1,929	-7.7%	13.3%
5	Lexus	0	0	746	814	546	367	-32.8%	2.5%
6	Volvo	0	2,105	1,078	0	0	0		0.0%
	Compact Luxury	0	10,102	9,968	15,085	15,502	14,473	-6.6%	100.0%

Mid-sized luxury passenger cars. Traditionally the largest luxury segment with iconic models like the 3-Series, C-Class and A-4, this segment has seen little growth during the last few years. Sales were up in 2017 by 6.4 percent to 54K units but still below the peak level reached a few years ago. BMW is the number one seller in this segment with 11,440 units followed by Mercedes-Benz with 10,848 units. Audi is a strong number three player with 10,678 unit sales. This segment was one of Audi's strongest with sales grow above forty percent last year.

Mid-sized Luxury Passenger Car Sales in Canada - Units

		1990	2000	2010	2015	2016	2017	Change	Share
1	BMW	2,288	6,594	14,009	14,532	12,217	11,440	-6.4%	21.2%
2	Mercedes-Benz	2,334	4,612	8,151	9,992	9,954	10,848	9.0%	20.1%
3	Audi	629	3,371	7,520	7,154	7,547	10,678	41.5%	19.8%
4	Lexus	158	1,638	4,921	6,498	5,712	5,625	-1.5%	10.4%
5	Acura	0	6,931	5,192	5,075	4,137	4,205	1.6%	7.8%
6	Infiniti	165	2,003	4,408	3,703	3,391	3,531	4.1%	6.5%
7	Cadillac	0	669	2,974	4,439	3,266	2,729	-16.4%	5.1%
8	Volvo	5,583	4,493	477	1,697	1,284	1,312	2.2%	2.4%
9	Lincoln	0	0	1,493	1,130	1,120	994	-11.3%	1.8%
10	Hyundai	0	284	814	1,377	1,016	436	-57.1%	0.8%
11	Toyota	1,291	1,771	502	765	586	444	-24.2%	0.8%
12	Jaguar	0	0	0	0	358	858	139.7%	1.6%
13	Kia	0	0	37	173	166	296	78.3%	0.5%
	Mid-Sized Luxury	18,604	35,387	50,500	56,535	50,754	53,992	6.4%	100.0%

High Luxury Passenger Cars. Historically these vehicles represented the near ultimate in vehicle ownership with only exotic vehicles like Ferrari, Lamborghini etc. ranked higher. With some exceptions SUV's have replaced the high luxury passenger cars status with many consumers. Included in this segment are a number of what we call "Prestige" luxury cars like the Porsche Panamera and these are generally considered to be at the top tier within this segment. Overall, high luxury sales have declined from a peak of over 25K in the year to 2000 and are now 15K units with Mercedes-Benz holding the top sales spot with 5,026 units and BMW in second place with 3,612 units. Prestige luxury continues to show some modest growth and now sell over 2 thousand units per year and account for about 15 to 18 percent of high luxury passenger car sales.

High Luxury Vehicle Passenger Car Sales in Canada - Units

		1990	2000	2010	2015	2016	2017	Change	Share
1	Mercedes-Benz	1,053	3,471	4,677	4,288	4,002	5,026	25.6%	33.2%
2	BMW	1,598	2,551	3,123	2,885	3,168	3,612	14.0%	23.9%
3	Audi	756	1,843	728	2,015	1,937	1,815	-6.3%	12.0%
4	Jaguar	802	1,968	638	809	865	733	-15.3%	4.8%
5	Cadillac	5,105	4,752	324	839	707	729	3.1%	4.8%
6	Lexus	449	678	477	513	510	539	5.7%	3.6%
7	Maserati	0	0	0	443	426	485	13.8%	3.2%
8	Lincoln	4,361	4,896	1,213	172	372	579	55.6%	3.8%
9	Porsche	0	0	387	341	300	559	86.3%	3.7%
10	Infiniti	118	41	550	217	156	66	-57.7%	0.4%
11	Volvo	0	1,692	361	62	124	823	563.7%	5.4%
12	Acura	2,299	459	64	182	107	59	-44.9%	0.4%
14	Hyundai	0	0	0	37	47	92	95.7%	0.6%
	High Luxury	16,541	25,015	12,545	12,839	12,747	15,124	18.6%	100.0%
	Prestige Luxury	2,079	2,394	2,252	2,186	2,286	2,427	6.2%	16.0%
	Percent Prestige	12.6%	9.6%	18.0%	17.0%	17.9%	16.0%		

Luxury sports Cars are perhaps the most iconic luxury segment and one with some of the most recognized models ever sold. This segment continues to hold its own in a market even with high insurance rates and a focus on climate change. Unfortunately we do not have Tesla sales numbers so we are missing one of the important players in this segment. (we estimate that Tesla sold about three thousand units in Canada last year although some of these were not sports cars) Chevrolet with the Corvette is the number one seller in this segment followed by Porsche. The segment although very small has shown strong growth over the last five years.

Luxury Sport Car Sales in Canada - Units

		1990	2000	2010	2015	2016	2017	Change	Share
1	Chevrolet	823	1,181	364	1,715	1,758	2,016	14.7%	26.5%
2	Porsche	327	1,288	810	1,562	1,636	1,844	12.7%	24.2%
3	Nissan	813	1	961	818	1,088	1,099	1.0%	14.4%
4	Audi	0	778	456	340	757	856	13.1%	11.2%
5	Mercedes-Benz	678	227	672	696	676	774	14.5%	10.2%
6	BMW	116	37	437	611	558	386	-30.8%	5.1%
7	Jaguar	203	355	117	487	522	417	-20.1%	5.5%
8	Maserati	0	0	0	64	65	50	-23.1%	0.7%
9	Chrysler	0	296	54	232	124	113	-8.9%	1.5%
10	Acura	156	6	0	0	50	49	-2.0%	0.6%
	Luxury Sport Car	4,217	4,581	4,033	6,525	7,234	7,612	5.2%	100.0%

Compact Luxury Sport Utility. One of the new kids on the block. Sales for the second year in a row were higher than mid-sized luxury car sales and this segment now is the largest luxury segment in Canada. Land Rover was first in this segment a couple of decades ago. Last year consumers bought a record 70,825 units with Audi the number one seller at 13,995 units. BMW was a close second with 13,045 units and Mercedes-Benz was one of the fastest growing with almost a 40 percent increase. Volvo although small was the fastest growing brand in this segment with a 51.7 percent increase.

Compact Luxury Sport Utility Sales in Canada - Units

		2000	2010	2015	2016	2017	Change	Share
1	Audi	0	3,060	11,799	12,173	13,995	15.0%	19.8%
2	BMW	0	2,840	8,613	11,858	13,045	10.0%	18.4%
3	Mercedes-Benz	0	5,852	9,023	9,174	12,832	39.9%	18.1%
4	Acura	0	3,163	7,380	8,047	8,101	0.7%	11.4%
5	Lexus	0	0	6,127	6,295	7,407	17.7%	10.5%
6	Land Rover	839	426	3,233	4,058	3,762	-7.3%	5.3%
7	Porsche	0	0	2,121	2,800	3,767	34.5%	5.3%
8	Lincoln	0	0	2,970	2,618	2,337	-10.7%	3.3%
9	Infiniti	0	1,925	2,283	2,765	2,809	1.6%	4.0%
10	Volvo	0	1,540	1,646	1,526	2,315	51.7%	3.3%
11	Alfa Romeo		0	0	0	455		0.6%
	Compact Luxury Sport Utility	839	18,806	55,195	61,314	70,825	15.5%	100.0%

Intermediate Luxury Sport Utility. Land Rover was again the first marketer of this size of luxury sport utility although, in the mid 1990's, Lexus and Mercedes-Benz were the first brands to reach any significant volumes. Lexus remains the number one seller of vehicles in this segment with 10,827 units in 2017 followed by BMW with 8,150 units. Cadillac had a huge year and surpassed Mercedes-Benz to take the third spot. The Intermediate Luxury Sport Utility Vehicle segment is now the second largest luxury segment in Canada with 56,072 units.

Intermediate Luxury Sport Utility Sales in Canada - Units

		1990	2000	2010	2015	2016	2017	Change	Share
1	Lexus	0	2,941	8,076	8,073	9,446	10,827	14.6%	19.3%
2	BMW	0	1,840	5,029	6,655	8,120	8,150	0.4%	14.5%
3	Cadillac	0	0	2,918	4,886	5,104	6,594	29.2%	11.8%
4	Mercedes-Benz	0	4,147	3,871	6,008	7,281	6,446	-11.5%	11.5%
5	Acura	0	980	6,857	5,815	5,427	5,839	7.6%	10.4%
6	Land Rover	65	176	2,121	4,487	5,082	5,383	5.9%	9.6%
7	Lincoln	0	0	4,458	2,900	3,551	3,345	-5.8%	6.0%
8	Volvo	0	368	2,339	1,383	3,169	2,652	-16.3%	4.7%
9	Jaguar	0	0	0	0	1,289	2,612	102.6%	4.7%
10	Porsche	0	0	839	2,389	2,325	2,079	-10.6%	3.7%
11	VW	0	0	706	2,028	1,390	991	-28.7%	1.8%
12	Maserati	0	0	0	0	187	711	280.2%	1.3%
13	Infiniti	0	2,296	1,085	528	481	443	-7.9%	0.8%
	Intermediate Luxury SUV	65	12,748	39,001	45,157	52,852	56,072	6.1%	100.0%

Large Luxury Sport Utility. The Lincoln Navigator was the first large luxury SUV sold in Canada (1997). Infiniti now leads the segment with 5,584 vehicles sold followed closely by Audi with 4,666 units sold. This is one of the fastest growing luxury segment in Canada and indeed is growing faster than any mass market segment with growth of 9.2 percent last year. There are only five OEMs in this segment and is small compared to some of the other luxury segments but it is one of the hottest luxury segment in Canada.

Large Luxury Sport Utility Sales in Canada - Units

		2000	2010	2015	2016	2017	Change	Share
1	Infiniti	0	265	4,590	5,301	5,584	5.3%	32.0%
2	Audi	0	1,247	1,658	4,335	4,666	7.6%	26.8%
3	Mercedes-Benz	0	1,845	2,743	2,828	3,397	20.1%	19.5%
4	Cadillac	621	977	2,085	2,835	2,926	3.2%	16.8%
5	Lincoln	1,521	1,466	767	659	852	29.3%	4.9%
	Large Luxury Sport Utility	2,142	5,802	11,843	15,958	17,425	9.2%	100.0%