2025 delivers first full-year profit gain since 2021, despite decline in fourth-quarter earnings

The latest Presidio-NCM Average Dealership Performance Benchmark closed out 2025 with fourth-quarter profit and vehicle margin declines for U.S. franchised dealerships. Average annual profits, however, are still nearly double 2019 levels.

- Net pretax profit for the average franchised dealership slid **9.7%** in 2025's fourth quarter but rose **6.3%** for full-year 2025
- Gross profit per new vehicle retailed dropped **1.4%** to $2,005 with margin compression most pronounced for import-brand stores, followed by luxury, then domestic
- Despite the year-end downturn, the Presidio-NCM Profitability Index finished 2025 at **1.84**, showing that dealerships continue to outperform 2019 pre-pandemic profit levels by a wide margin.

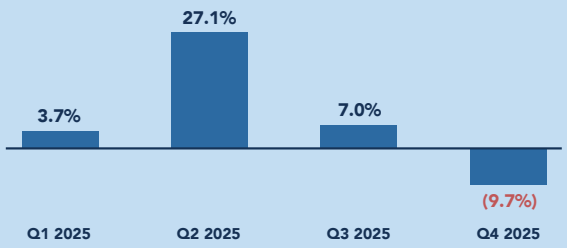
Average dealership profitability slipped in the fourth quarter of 2025 as new-vehicle sales slowed in the absence of market catalysts that pulled demand forward earlier in the year. For 2025 overall, however, the average U.S. franchised dealership posted a profit increase over 2024, a bright spot in an otherwise volatile market. That annual gain made 2025 the first year since 2021 that dealership profits have risen after three years of steady declines from pandemic-fueled highs.

Net pretax profit for the average franchised dealership fell 9.7% in the fourth quarter compared with the same period in 2024, reflecting industrywide margin compression and demand pull-forward that slowed year-end sales. The average store's revenue slipped 1.4% to $21.95 million in the quarter.

Performance in 2025 was choppy from quarter to quarter starting with a modest increase in the first three months of the year. Profit then surged in the second quarter as imminent tariff hikes fueled new-vehicle sales against an easier comparison with a year-earlier quarter affected by the CDK outage. In the third quarter, profit rose more modestly against a tougher CDK-related comp balanced with more pull-forward new-vehicle sales related to the Sept. 30 expiration of the federal electric vehicle tax credit.

Average Change in Dealership Net Pretax Profit

(Quarterly Year-Over-Prior-Year Change)



Source: Presidio-NCM Average Dealership Performance Benchmark

Current Snapshot

Here's a quick look at the average dealership performance for Q4 2025 compared with Q4 2024:

Revenue: $22.0M ↓1.7%	**Profit change YOY:** ↓9.7%
New vehicles retailed: 226 ↓4.2%	**Gross profit per new vehicle retailed:** $2,005 ↓1.4%
Used vehicles retailed: 183 ↑2.7%	**Gross profit per used vehicle retailed:** $1,185 ↓12.1%
F&I income per retail unit: $1,765 ↑9.1%	**Fixed-ops gross profit change YOY:** ↑7.0%

Source: Presidio-NCM Average Dealership Performance Benchmark

† Automaker bonuses/incentives from adds and deducts are included in departmental gross; PVR only includes retail units; net profit is pre-LIFO

The fourth-quarter results in particular reflected policy-induced shifts in demand. With consumers accelerating vehicle purchases earlier in the year in response to the tariff threat and the end of the EV tax credit, dealerships were left with lower volume and tighter margins.

Even with the fourth-quarter dip, the Presidio-NCM Profitability Index, a key barometer of dealership performance, closed 2025 at 1.84 — nearly twice its level in 2019 — indicating average dealership profitability remains strong compared with before the pandemic.

"Fourth-quarter results underscore the variability of earnings experienced by the industry throughout 2025, and specifically the impact of U.S. policy changes on consumer demand," said George Karolis, president of The Presidio Group. "The complete picture is more accurately depicted by full-year results showing that the average dealership's profit rose 6.3%. All brand segments contributed to dealers' 2025 profit gains, with each delivering full-year increases in the mid-single digit percentages."

The Presidio-NCM Average Dealership Performance Benchmark is based on the aggregated financial results of more than 4,000 U.S. franchised dealerships of all brands and sizes that work with NCM Associates. The number of outlets contributing to fourth-quarter 2025 data represents nearly a quarter of the 18,000-plus franchised dealerships in the U.S., offering a robust and representative snapshot of industry performance.

"Fourth-quarter results show just how closely dealership performance is linked to external forces that drive — and sometimes stall — vehicle sales," said Paul Faletti, CEO of NCM Associates. "Dealerships have more work to do on cost control heading into 2026. Dealers should focus on tightening expenses, managing headcount with discipline and refining their operations to protect profitability in an increasingly competitive market."

Luxury dealers, in what is typically their strongest period of the year, posted a 16.8% drop in fourth-quarter profits, while new-vehicle volume dipped 15.9%. Average import store profit dropped 16.7%, with new-vehicle sales declining 4.8%. Domestic-brand dealerships performed better, with profits rising 1.3% and new-vehicle sales down just 1.9%.

Full-year results provide a more comprehensive view of performance as 2025's average dealership profit rose 6.3%. Each brand segment posted solid profit gains for the year, with luxury-brand stores up 5.0%, import-brand dealerships up 4.4% and domestic-brands outlets up 8.8% for the full year.

"All brand segments contributed to dealers' 2025 profit gains."

— George Karolis,
president of The Presidio Group

Vehicle margins slid as the industry continued to reset from extraordinary pandemic-era records. Gross profit per new vehicle retailed slipped 1.4% in the fourth quarter to $2,005, as new-vehicle volume dipped 4.2%.

New-vehicle margin compression was most pronounced for import stores, with per-vehicle gross profit dropping 9.9% to $1,341. For luxury stores, that metric declined 6.5% to $5,543, while domestic stores saw a 4.7% decrease to $1,700.

"The fourth quarter become a casualty of pull-ahead buying, with many luxury and import customers accelerating their purchases to get ahead of U.S. policy changes," said Kevin Tynan, director of research for The Presidio Group. "The expectation of added tariffs and expiring EV tax credits earlier in 2025 provided a financial boost to dealers through the third quarter of 2025 but created a hangover in the fourth quarter."

Presidio-NCM Average Dealership Profitability Index

Source: Presidio-NCM Average Dealership Performance Benchmark

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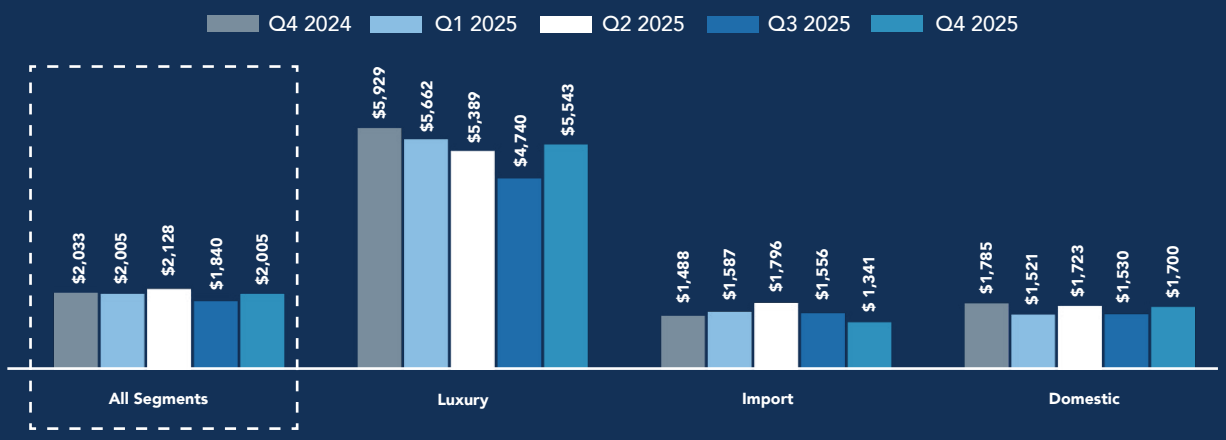
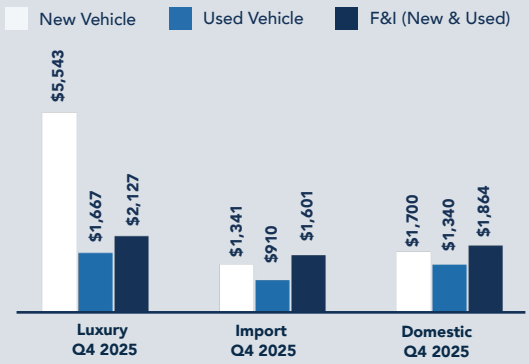
Average New-Vehicle Gross Profit by Brand Segment



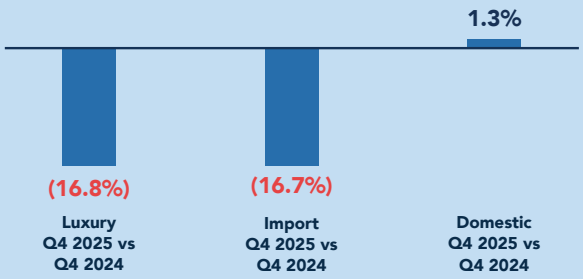
Source: Presidio-NCM Average Dealership Performance Benchmark

Gross Profit Per Vehicle by Brand Segment



Source: Presidio-NCM Average Dealership Performance Benchmark

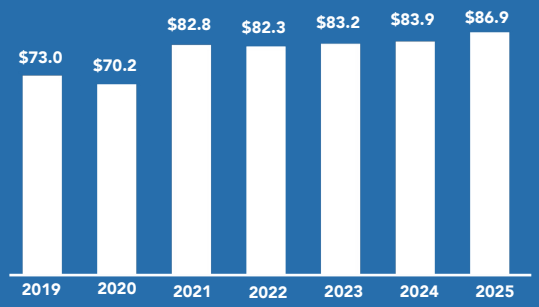
Average Change in Dealership Net Pretax Profit by Brand Segment



Source: Presidio-NCM Average Dealership Performance Benchmark

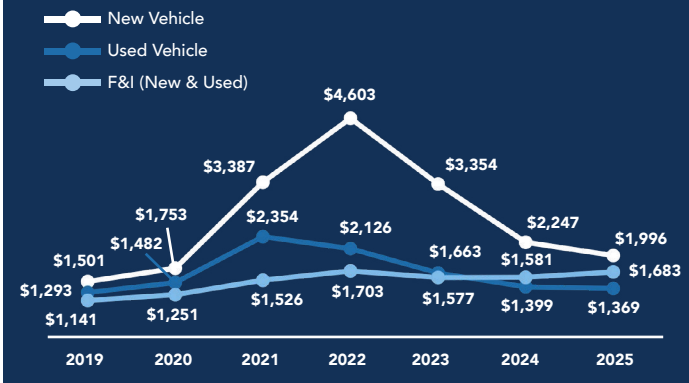
Average Dealership Revenues

($ in millions)



Source: Presidio-NCM Average Dealership Performance Benchmark

Average Dealership Gross Profit Per-Vehicle Metrics



Source: Presidio-NCM Average Dealership Performance Benchmark

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Used-vehicle sales volume increased 2.7% for the quarter, led almost entirely by gains in the domestic segment. But gross profit per used vehicle dropped 12.1% to $1,185, as aggressive pricing and increased competition pressured margins. The dip was especially pronounced for luxury-brand stores, dropping 25.7% to $1,667, and import-brand stores, dropping 18.1% to $910.

Finance and insurance performance was a bright spot in the fourth quarter, with F&I income rising 9.1% to $1,765 per vehicle.

The parts and service business also continued to play a larger role in dealership success. Fixed-ops gross profit rose 7% in the fourth quarter, accounting for 52.4% of the average dealership's total gross profit. Fixed-ops growth has offset much of dealerships' declines in vehicle margins and has helped sustain historically strong overall dealership profitability even as earnings have slid since 2021's pandemic peak.

Personnel expenses were essentially flat in the fourth quarter and up 3.2% for the year, while advertising spending grew 5.3% in the quarter and 4.0% for the year. This presents a clear opportunity: By sharpening cost controls and boosting employee productivity, dealers can enhance future profitability and potentially cushion the impact of any further margin compression going forward.

Lower floorplan interest expense helped counter cost increase elsewhere. Floorplan cost dropped 44.2% in the fourth quarter and 37.6% for the year as savings from lower interest rates helped cushion profits even as inventory levels increased for many brands in 2025.

How these pressures and adjustments play out in 2026 remains to be seen, with dealers facing another year shaped by evolving policy, demand volatility and rising cost concerns. The ability to operate efficiently and adapt to changing circumstances will define which dealerships stay ahead in a market that continues to reset. Dealers overall remain optimistic about business heading into 2026 with 68% of respondents to the Presidio Year-End 2025 Dealer Direction Survey expecting steady or growing profits for the year.

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