

Despite concerns about tariff hikes and geopolitical instability, dealer sentiment around profitability and dealership values is improving, the Presidio Midyear 2025 Dealer Direction Survey revealed.

About 72% of dealers responding to the survey expect profitability to stay the same or improve over the next 12 months, up from 65% at year-end 2024 and significantly better than 37% a year ago. During that time, average dealership profitability has stabilized after sharp drops from pandemic-era peaks. The typical U.S. franchised store posted its first overall post-pandemic gain in pretax profit in the first quarter of 2025, according to the Presidio-NCM Average Dealership Performance Benchmark.

“Once tariffs and economic uncertainty [is] absorbed, consumers will be more willing to purchase new vehicles,” one respondent wrote. “Better new vehicles on the way will also stimulate sales. More [units in operation] will result in more labor and parts sales for fixed operations.”

Several dealers noted that costs, automaker margin practices and regulatory policy could pressure profitability in the long run. “Margins are still high compared to pre-Covid,” another wrote. “A lot depends on where tariffs end up.”

About 75% said they expect dealership values to stay the same or improve over the next 12 months, up from 64% at year-end 2024 and 45% in mid-2024. Dealers pointed to continued consolidation and the possibility of fewer U.S. dealerships in the long run as factors supporting stable or growing valuations but noted that the value of any particular store will always be dependent on brand and geography.

“Auto generates substantial cash flows and many [private equity] firms and investors want cash generating businesses, so expect demand will remain strong,” a dealer wrote. “It is all about horizon when valuing deals.”

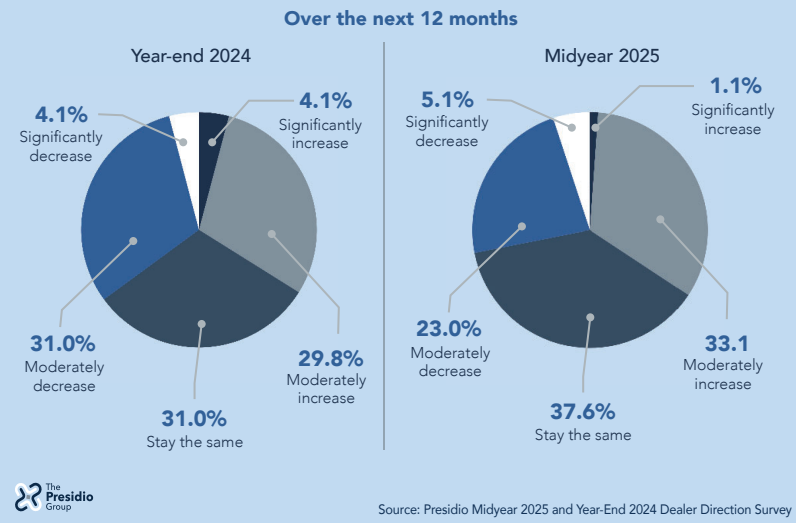
But tariff shifts are clouding dealer outlook.

Around 61% said they expect new U.S. tariff policy to negatively impact their business. The speedy implementation of the changes, without much time

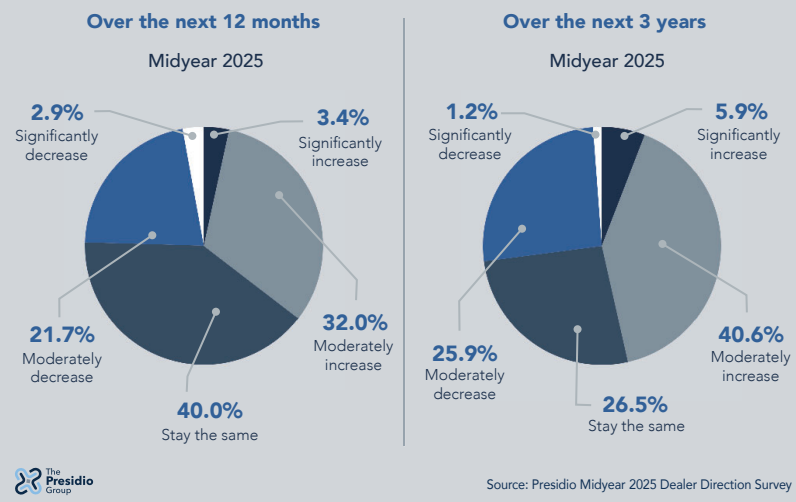
KEY SURVEY HIGHLIGHTS

- Brand sentiment underscores dealers’ flight to quality
- Presidio’s Magnificent Seven becomes the Magnificent Six as Porsche dips in the face of tariffs but Toyota, Lexus, Honda, Subaru, BMW and Mercedes-Benz maintain strength
- Dealers’ profit outlook improves even as political uncertainty and tariffs cause concern
- Most dealers expect stable or higher dealership values and want to expand through acquisition — which means it’s a seller’s market for desired brands

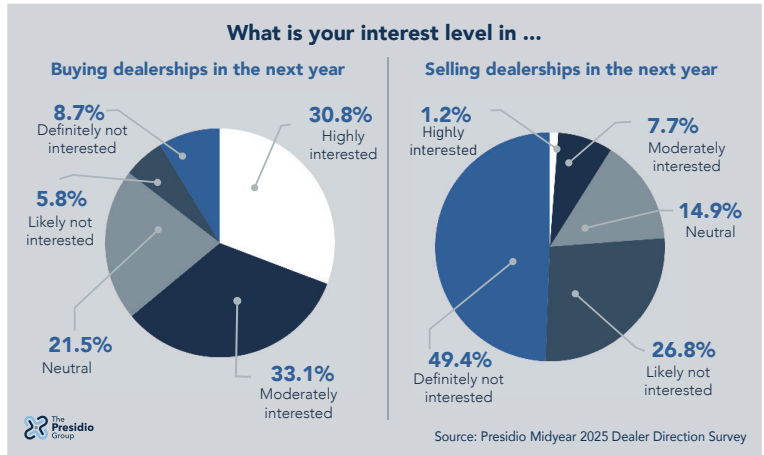
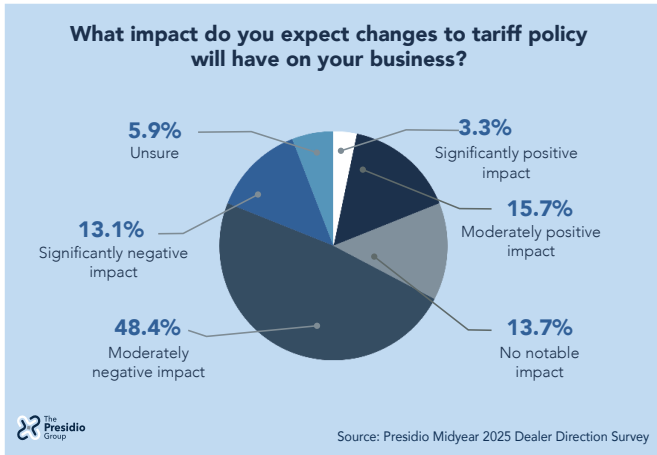
How do you think dealership profitability will trend?



How do you think dealership values will trend?



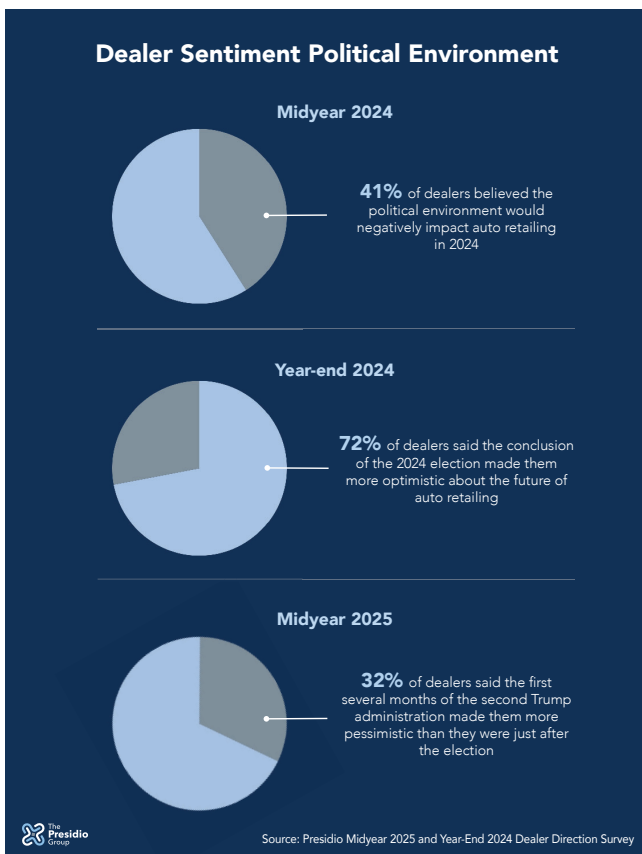
PRESIDIO DEALER DIRECTION SURVEY



for the industry to adjust, was a clear reason cited by many respondents. “The global supply chain doesn’t change in 90 days,” one dealer wrote. “Factories can’t be built overnight.”

The Presidio Dealer Direction Survey is conducted twice a year to provide a view into dealers’ outlook on profitability, valuation and the buy-sell market. The latest survey ran May 15 through June 13 and aggregated responses from 182 dealers and top dealership group executives representing nearly 3,000 franchised stores. We also queried survey takers on the factors most challenging for dealers and asked them to rate the most desirable brands to represent.

Many more dealers responding to the survey were interested in buying vs. selling. While only 9% of respondents indicated interest in selling stores over the next 12 months, nearly two-thirds said they’d like to buy. Their top reason: Generating return on investment. But an increasingly popular reason is to create opportunities for the next generation or key operational talent — the No. 2 reason in the most recent survey for wanting to buy.



Political roller coaster persists

Political uncertainty continues to shape dealer sentiment. Across the last three surveys, dealers’ views about leadership in Washington, D.C., have been on a roller coaster — from notable pessimism in summer 2024 as election uncertainty loomed to perhaps outsized optimism at year-end 2024 after Donald Trump’s win, and now a more tempered outlook in the wake of evolving tariff policy.

Nearly a third of dealer respondents reported a more negative view of automotive retail’s 2025 prospects than just after the election, while an equal amount were unsure or unchanged in their sentiment. Slightly more, 36%, said they were more optimistic.

Tariffs are the clear reason for increased negativity.

“Tariffs are on and then off and then on and then slightly off. It’s so difficult to keep track of what’s going on,” one dealer wrote.

Some said higher tariffs could lead to long-term benefits for the industry but noted that near-term chaos and the inability of the global supply chain to swiftly adjust are causing “way too much disruption in our business today.”

Ultimately, another respondent said, “we just have to keep our head down and focus on what we can control.”

The Magnificent Seven group of brands topping the Presidio Brand Desirability Ranking is now the Magnificent Six.

Toyota, Lexus, Subaru, Honda, BMW, Mercedes-Benz and Porsche had consistently led the ranking across the previous four surveys going back to 2023. But with new tariff policy lowering the appeal of some European luxury brands, Porsche fell out of the top seven in Presidio’s Midyear 2025 Dealer Direction Survey, sliding three spots to No. 8 behind Kia. The brand has fallen five spots since Presidio’s inaugural survey.

“In addition to its challenging inventory allocation system and expensive facility demands, tariffs are a big contributor to the declining view of Porsche, which has no U.S. production capability,” said George Karolis, president of The Presidio Group. “While still highly desirable among buyers, whether Porsche recovers its previous heights could depend on how tariffs play out.”

Presidio’s survey asks dealers to rate the desirability of owning stores representing specific brands. Most brands sold in the U.S. are options, with some presented as clusters commonly found together — like Chrysler-Dodge-Jeep-Ram or Jaguar-Land Rover. Ultraluxury brands (such as Aston Martin and Ferrari) are grouped collectively.

While Kia is now in the No. 7 spot, it’s primarily because of Porsche’s decline — Kia has been remarkably consistent, coming in at No. 8 in the previous four surveys.

Other European luxury brands showed signs of tariff strain. Jaguar-Land Rover fell from No. 14 to No. 19 and is down eight spots in total since the inaugural survey. Audi fell from No. 11 to No. 14 since the last survey. None of those brands have U.S. production capacity. By contrast, Mercedes-Benz and BMW, which both have large U.S. assembly plants, each gained a position.

Meanwhile, certain domestic brands showed resilience. Chevrolet held steady at No. 10, while Ford climbed a spot to No. 11. Buick-GMC improved from No. 16 to No. 13, while Cadillac jumped four places to No. 15 since the last survey. One respondent wrote, “We are 100% domestic. There is nowhere to go but up!”

Top-tier Asian brands remained steady, with Toyota and Lexus as No. 1 and No. 2 respectively, where they’ve been for all five surveys. Honda, Subaru, the aforementioned Kia and Hyundai also stayed in the top 10. These brands have effectively navigated market challenges and maintain dealer enthusiasm.

Brand Ranking

Dealers responding to a Presidio survey ranked the desirability of owning stores representing the following brands:

PRESIDIO MAGNIFICENT SIX		
	TOYOTA Toyota	9.37
	LEXUS Lexus	8.67
	HONDA Honda	8.30
	SUBARU Subaru	7.99
	BMW BMW	7.22
	Mercedes-Benz Mercedes-Benz	7.12
	KIA Kia	6.88
	Porsche Porsche	6.61
	HYUNDAI Hyundai	6.45
	CHEVROLET Chevrolet	6.43
	Ford Ford	6.03
	Mazda Mazda	5.24
	BUICK GMC Buick-GMC	5.08
	Audi Audi	5.05
	Cadillac Cadillac	4.63
	ACURA Acura	4.29
	Genesis Genesis	4.27
	Volkswagen Volkswagen	4.01
	JLR Jaguar-Land Rover	3.91
	ULTRALUXURY Ultraluxury	3.35
	LINCOLN Lincoln	3.28
	NISSAN Nissan	3.15
	Volvo Volvo	3.13
	CDJR CDJR	3.10
	INFINITI Infiniti	2.37

Notable Brand Sentiment Trends

— Data points represent brand’s desirability ranking across surveys



Source: Presidio Dealer Direction Survey

Source: Presidio Mid-End 2025 Dealer Survey