

Presidio Perspectives:

A Quarterly Outlook on Auto Retail and M&A Trends

FOURTH QUARTER 2025



AUTO EXPERTS. DEAL EXPERTISE.

Helping dealers buy and sell dealerships since 1998.

The professionals at Presidio
have completed over

305

automotive transactions

The professionals at Presidio
have completed over

\$20.5B

in deals

Presidio's Dealership M&A
Team has advised on over

305

dealership franchises

Presidio's exceptional experience and relentless focus on your needs can turn your automotive vision into reality. As the largest independent FINRA and SIPC merchant banking firm exclusively focused on automotive, our decades of expertise in dealership mergers and acquisitions, capital raising and investments will lead you to your strategic, financial and personal goals.

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A pivotal year in auto retail lies ahead

Welcome to the latest issue of *Presidio Perspectives*, our quarterly outlook on dealership performance, technology and the dealership M&A market. Themes from the 2026 NADA Show in Las Vegas echo throughout this fourth-quarter report.

The Presidio Group was front and center at NADA. At the AutoTeam America summit, Presidio President George Karolis outlined why 2026 should be a strong M&A year, citing solid buyer appetite, ample capital and a robust deal pipeline. Our M&A section builds on those themes, reviews 2025 deal activity and presents Presidio's updated brand valuation guidelines. It also highlights the growing role of dealership technology in shaping value.

2025 was an active year for Presidio, which advised on 20 transactions including 17 dealership M&A deals. "The Presidio team had a strong 2025, and the transaction pace picked up as the year progressed," Karolis said. "That momentum has continued into 2026 as we work with clients on their long-term strategic plans."

Presidio estimates that 395 dealership transactions involving around 540 stores closed in the U.S. during 2025. The robust deal environment is underpinned by solid fundamentals.

- The Presidio-NCM Average Dealership Profitability Index ended 2025 at 184, as annual dealership earnings rose for the first time since 2021
- Public dealership groups saw adjusted net income rise 3% in 2025, despite a weaker fourth quarter as tariff hikes and expiring electric vehicle tax credits pulled new-vehicle sales into earlier quarters
- Dealers are optimistic about 2026; 68% of respondents to the Presidio Year-End 2025 Dealer Direction Survey expect steady or growing profits

Presidio Director of Research Kevin Tynan notes that the market is entering its first organic supply-demand environment since 2019 and explores implications for dealers in our Research Perspective section.

This quarter's report addresses many areas top of mind for dealers. Our disruption outlook examines the dealer fight against direct-sales ventures from traditional automaker and features interviews with state dealer association leaders. Our auto tech snapshot explores data's importance to artificial intelligence tools. Also, our survey section highlights dealer views on Chinese automakers entering the U.S. market.

Our report aims to inform dealers as they evaluate their portfolios, adopt new technology and navigate shifting profitability dynamics. Thank you for reading — and for turning to Presidio as you navigate the year ahead.



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At The Presidio Group, our goal is to inform you as soon as we receive key data — keeping you on top of the trends. If you are not already registered to receive our industry insights and data reports, please scan the QR code to the right and sign up.



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Presidio out and about

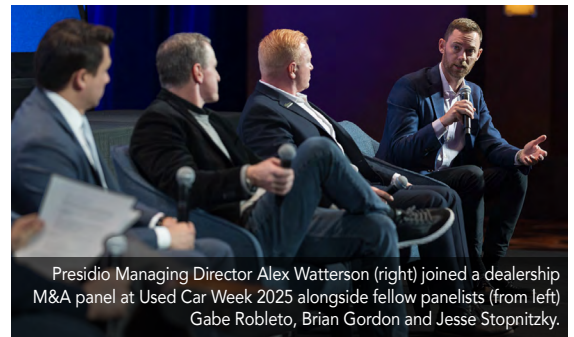
Presidio remained actively engaged in the conversations shaping automotive retail. Leaders took the stage at Used Car Week and at annual meetings for Southeast Toyota Distributors and Maroone USA. Appearances at NADA 2026, AutoTeam America's 2026 Dealer/CEO/CFO Forum and Buy/Sell Summit and the Canadian Automobile Dealers Association Summit followed. From Las Vegas to Toronto, Presidio's George Karolis, Jason Stein, Alex Watterson and Kevin Tynan shared market insight with dealers and industry leaders.



Presidio President George Karolis kicked off NADA Show week with a dealership M&A update for 400 dealers and industry leaders at AutoTeam America's 32nd annual summit.



Presidio Managing Director Jason Stein led a chat with NADA keynote Alex Rodriguez to close out the NADA Show in Las Vegas.



Presidio Managing Director Alex Watterson (right) joined a dealership M&A panel at Used Car Week 2025 alongside fellow panelists (from left) Gabe Robleto, Brian Gordon and Jesse Stopnitzky.



Stein (right) led a keynote with Mercedes-Benz USA CEO Adam Chamberlain at the CADA Summit in Toronto.



Presidio Director of Research Kevin Tynan (center-left) talked industry and consumer trends at AutoTeam America with Jonathan Smoke of Cox Automotive (left), Michael Skordeles of Truist (center-right) and Mike Mader of Baker Tilly (right).



Stein (right) joined Cox Automotive's Smoke for the Smoke & Stein industry outlook at Southeast Toyota Distributors' annual meeting.



Presidio CEO Brodie Cobb (left) and Karolis (right) welcomed nearly 300 auto retail leaders to the firm's NADA 2026 cocktail party at the Wynn Las Vegas.



Stein (center-right) led a discussion at the NADA Show with NADA CEO Mike Stanton (far left), NADA 2025 Chairman Tom Castriota (center-left) and NADA 2026 Chairman Rob Cochran (far right).



Stein (left), pictured with Maroone USA CEO Mike Maroone (center) and McLarty Companies Chairman Mack McLarty (right), led a conversation at Maroone USA's annual meeting.



M&A UPDATE/PRESIDIO VALUATION INDEX

The Presidio Group’s automotive dealership valuation expertise and insights on the latest trends in mergers and acquisitions are informed, in part, by our work with many of the country’s biggest and most influential dealership groups. These relationships give us an insider’s view of how experienced and sophisticated operators value dealerships. Our comprehensive analysis includes:

[Overall Market Update](#) | [Brand Watch](#) | [Presidio Valuation Index](#) | [Presidio’s Valuation Matrix Spotlight](#)

Overall Market Update

The U.S. dealership buy-sell market ended 2025 strong, but softness early in the year pulled full-year transaction totals down.

When all 2025 deals are accounted for, Presidio estimates total transactions will have dropped year-over-year by around 6% to 395 and that the number of dealerships trading hands will have decreased by about 10% to 540. Those numbers are subject to change as news of additional transactions emerges. But if they hold, they will mark the industry’s lowest transaction count since 2023 and lowest dealership count since 2020.

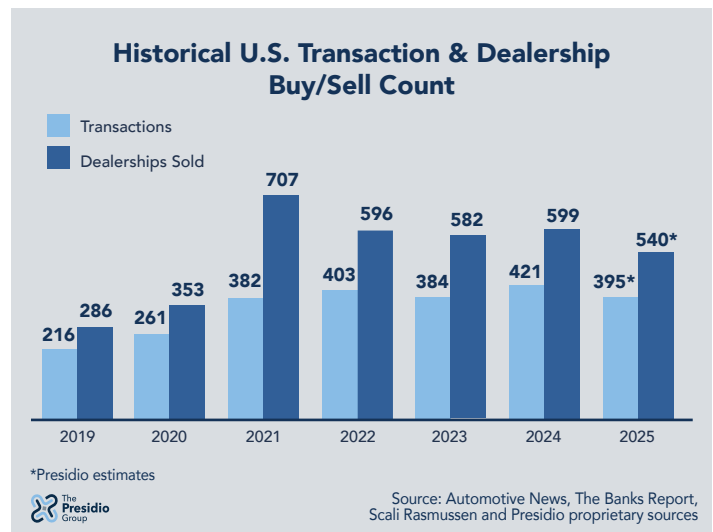
2025’s lower totals largely reflect a slowdown in acquisition activity leading up to the 2024 presidential election as buyers paused amid political uncertainty, setting the stage for significantly fewer deal closings in the first quarter. Post-election exuberance was then somewhat muted by the changing tariff landscape and the resulting impact on the automotive industry.

Despite lower overall totals for 2025, deal momentum in the second half bodes well for 2026. The dealership buy-sell market remains strong and resilient, buyer demand is high and dealers have ample capital to deploy.

“Our pipeline of deals is the largest we’ve seen, and with buyer appetite and resources still strong, we’re poised for both a robust year ahead and continued consolidation well into the future,” said George Karolis, president of The Presidio Group. “Sellers who had been on the sidelines are returning to the market, motivated by a desire to realize value while dealership earnings and buyer demand is strong. With dealers’ profits and liquidity still high, we expect dealership M&A to remain vigorous for years to come.”

Main factors driving buy-sell market activity include:

- Buyers and sellers are ready to transact after last year’s election- and tariff-related slowdown
- Profitability and liquidity remain historically elevated for both public and large private groups
- Buyer demand continues to outpace supply
- Active portfolio management is driving both sales and targeted acquisitions



The Presidio team sees a flywheel effect at work: Robust profitability and record liquidity among public and private consolidators reinforce each other — strong earnings and cash reserves fund new acquisitions, which can then strengthen performance and sustain further dealmaking.

This dynamic is clear when examining deal activity before the onset of the coronavirus pandemic and after. The industry has shifted to a higher transaction pace that we think will extend far into the future. In the three years before the pandemic’s 2020 start, the U.S. buy-sell market averaged 229 transactions involving 335 dealerships. From 2021 through 2024, the average transaction count rose 74% to 398, while the average number of dealerships involved rose 86% to 621.

Public dealership group financials show expanded capacity for M&A. The public’s combined adjusted earnings before interest, taxes, depreciation and amortization in 2025 were \$7.18 billion — more than twice 2019’s \$3.24 billion. Average liquidity for the public was \$1.26 billion at year-end 2025, nearly double 2019’s level. Private consolidators are similarly well-capitalized and primed for growth.

That much capital and the abundance of ready buyers support an active deal environment, even as industry profitability moderates. With around 6,600 dealership groups in the U.S. and 48% of franchised stores still held by owners

with five or fewer outlets, consolidation opportunities remain strong.

Active portfolio management also is shaping consolidation strategy. Leading groups are selling underperforming or non-core assets and redeploying resources to better-fitting dealerships representing priority brands and geographies — enhancing both operational efficiency and long-term strategic positioning.

“We expect dealership M&A to remain vigorous for years to come.”

— George Karolis, president of The Presidio Group

Public groups played their most active role in the buy-sell market in several years during 2025, acquiring 47 dealerships in 17 transactions through the first nine months of the year. They accounted for 6% of all U.S. transactions and 13% of dealerships trading hands during that period, their highest share of both since 2021. Asbury’s July purchase of 33 dealerships from the Herb Chambers Cos. largely drove the increase.

Other noteworthy transactions by the publics last year included Group 1 Automotive’s acquisition of Mercedes-Benz of Buckhead in Atlanta in July and AutoNation’s purchase of Mercedes-Benz and Audi dealerships in Chicago in September. Presidio advised both Group 1 and AutoNation.

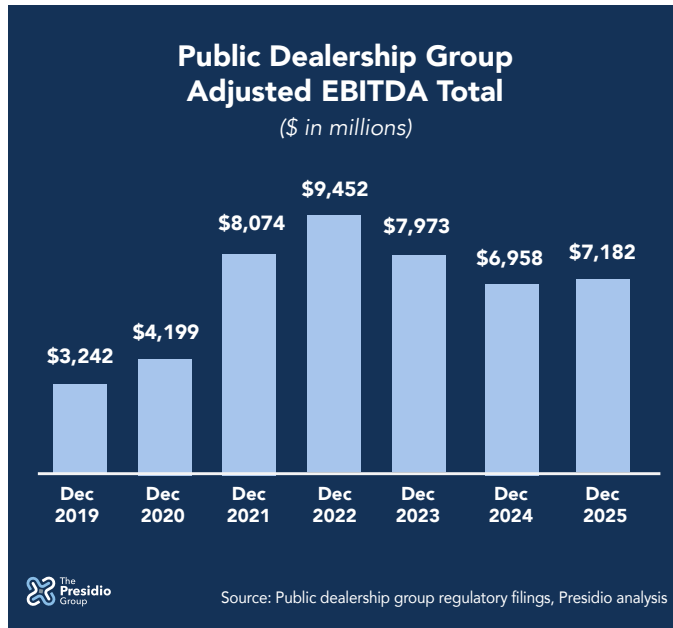
With highly motivated sellers and capital-rich public and private buyers, the market’s competitive environment for prime assets is expected to persist. Presidio expects 2026 transaction activity to surpass 2025 as the deal pipeline remains full. Succession dynamics, rising operational complexity and the ongoing reshaping of the industry will bring more opportunities to market, supporting vigorous buy-sell activity for many years down the road.

Brand Watch

The Presidio team evaluates automaker brands operating in the U.S. twice a year, updating brand-level valuation parameters in our second and fourth quarter reports. Our aim is to inform readers about factors that affect both brand health and the valuation of dealerships representing those brands.

Our valuation multiple guidelines continue to be led by Lexus, the top German luxury brands and Toyota. This cycle, we are raising blue-sky multiple guidance for Mercedes-Benz, Kia and Ford and lowering multiples for Porsche, Audi and Volvo.

Brand-level multiple adjustments are informed by feedback on dealership operational performance and automaker-dealer relations shared by dealers with Presidio’s transaction team, our proprietary knowledge of multiples and transaction prices in recent dealership acquisitions, brand sentiment captured in the Presidio Year-End 2025 Dealer Direction Survey and brand-level sales, inventory and incentive performance for 2025.



PRESIDIO IS RAISING VALUATION GUIDELINES FOR:**↑ Mercedes-Benz | +25 basis points on the high end to a blue-sky multiple range of 8.0x – 9.5x**

Mercedes-Benz passed BMW in the latest Presidio Brand Desirability Ranking, rising to No. 5 as dealer optimism rose. The momentum is driven by new leadership, sharper focus, friendlier dealer relations and a tempered electric vehicle strategy. Mercedes-Benz USA CEO Adam Chamberlain in November said the brand aims to sell 400,000-plus retail vehicles annually by decade's end, excluding vans — a third more than sold at retail in 2025. This is the third straight time we've raised guidance for Mercedes, supported by robust buy-sell activity and sustained positive sentiment. Presidio has advised on transactions involving 19 Mercedes-Benz dealerships — four in 2025 alone — underscoring our expertise in this storied brand. We are raising the Mercedes multiple range by a quarter-point on the high end.

↑ Kia | +50 to +75 basis points to a range of 5.0x – 6.25x

Dealer sentiment on Kia is strong, reflected by its six-time placement in the top third of the Presidio ranking. The Telluride has been a blockbuster success for the brand, and anticipation is high for the redesigned model going on sale in 2026. Kia maintained inventory discipline throughout 2025, even as stock levels rose more for some of its mass-market brand rivals. Dealer interest in Kia in the buy-sell market is strong, and buyers are willing to pay handsomely for stores in great markets. The combination of strong dealer enthusiasm, product momentum and operational discipline supports the increase in Kia's multiple range. We are raising that range by a half-point on the low end and by three-quarters of a point on the high end.

↑ Ford | +25 basis points to a range of 4.0x – 5.0x

Ford has listened to dealers while pivoting on EVs and navigating production cycle issues. Its iconic F-Series pickup, the best-selling vehicle in the U.S. for 44 straight years, remains a powerhouse. And dealer sentiment has improved; Ford reached the Presidio ranking's top 10 for the first time at year-end 2025. We are aligning Ford's multiple range with Chevrolet's and increasing it by a quarter-point on both ends.

PRESIDIO IS LOWERING VALUATION GUIDELINES FOR:**↓ Porsche | -50 points on the low end to a range of 8.0x – 9.5x**

Not all Porsche dealerships are created equally — a store's location and favorability for receiving strong product allocation from the automaker directly affects its value. We have reduced the lower end of Porsche's multiple range in part because of pressure on dealer margins and ongoing uncertainty about how higher tariff costs will be passed through to dealers and consumers in 2026. At the same time, demand for Porsche stores remains strong, and dealerships with great facilities in strong markets command premium values. We are lowering Porsche's range by a half-point on the low end.

↓ Audi | -25 to -50 basis points to a range of 5.5x – 6.5x

After record U.S. sales in 2023, Audi has posted two straight years of sales declines, and dealers have understandably lost some enthusiasm. Audi's position in the Presidio ranking slipped to No. 14 in 2025 from No. 10 in 2023. Per-vehicle and overall dealership profitability is under pressure, and dealers want better inventory management and reduced supply to help restore margins. Dealers expect new products, especially redesigned and new larger crossovers launching in 2026, to aid recovery. However, without U.S. production, Audi continues to face extensive tariff risk. While U.S. assembly capacity may be in the works, no plan has been announced yet. We are lowering Audi's range by a half-point on the low end and a quarter-point on the high end.

↓ Volvo | -50 basis points to a range of 3.0x – 4.0x

Dealers are concerned about higher discounting by both the brand and its retailers to sustain volume. Brand performance also is regarded as location dependent given Volvo's popularity in regional market pockets such as the Northeast. Volvo typically doesn't land on dealership buyers' wish lists; its locations are more likely to transact as part of a multi-store deal. We are lowering Volvo's range by a half-point at both ends.

The Presidio Valuation Index

When valuing a dealership, it’s all about expected normalized future earnings, which typically influence 80% of the equation for mainstream brands. Presidio considers this when determining blue-sky earnings multiples and our brand revenue multipliers, which are based on earnings as a percentage of dealership revenue. Multiples have not changed much the past two decades, but dealership earnings have grown and varied dramatically. Predicting sustainable earnings is a critical part of the calculation, particularly in recent years when dealership profitability has been seeking its new normal.

Average dealership profitability dropped about 20% in 2023 and by more than 24% in 2024 but rebounded in 2025, rising 6.3% through the full year. Sustainability of earnings varies significantly by brand and often geography. We estimate that net profit as a percentage of sales ranges across brand segments as follows:

Luxury brands: 4-7% | Top-tier import brands: 3-5% | Domestic/Other value brands: 1-3%

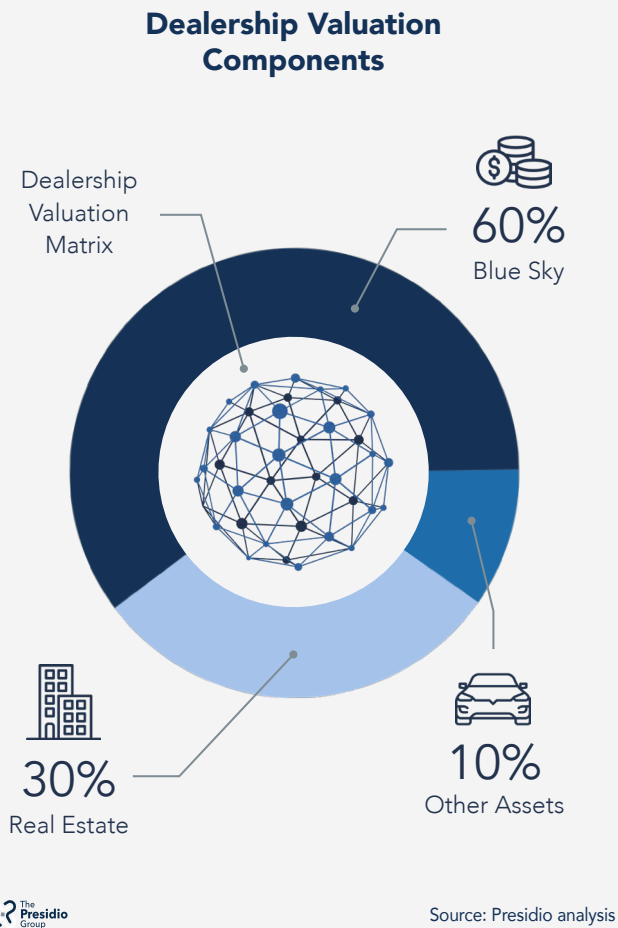
Revenue multipliers help eliminate volatility associated with changes in dealership earnings and are labeled on the following Presidio Valuation Index page as “blue sky as a % of revenue range.” Revenue multipliers are a great barometer for estimating initial dealership valuation as they help neutralize earnings volatility and associated unknowns.

Dealership Valuation Overview and Methodology

The Presidio team believes every dealership is unique and that the industrywide standard of applying a blue-sky multiple to earnings lacks the sophistication required to determine a dealership’s market value. Solely focusing on blue sky ignores about 40 percent of the total investment represented by real estate and other assets. The symbiotic relationship among these components correlates to a dealership’s total cash flow and, ultimately, return on investment.











Presidio has created an index that includes three pillars of valuation — blue-sky earnings multiples, a multiplier based on a percentage of dealership revenue and a return on investment calculation — and uses other key factors such as a brand’s network size to help stakeholders triangulate an estimated value of a dealership.

Presidio evaluates each brand on the three pillars twice a year and revises multiples or other factors as needed. While we believe our approach helps triangulate value, it’s important to note that our guide is still simply a guide. Anyone looking to sell or buy dealerships should consider using experts to conduct a deeper evaluation to determine value. For more information on Presidio’s valuation methodology, go here: <https://thepresidiogroup.com/valuationmethodology>



The Presidio Valuation Index

The Presidio Valuation Index uses three pillars of valuation to help estimate dealership value by brand. We adjust brand-level guidelines twice a year, after the second and fourth quarters. Major factors influencing our changes in this report include automaker-dealer relations, brand product cycle and inventory management, dealer margin outlook and brand exposure to higher tariffs. We've increased blue-sky multiples for Mercedes-Benz, Kia and Ford. We have reduced multiples for Porsche, Audi and Volvo. Revenue multiples have been updated to reflect current market conditions.

Presidio Valuation Pillars →		Blue Sky as % of Revenue Range	Blue-Sky Multiple Range	Average Estimated ROI	Dealership Count as of Jan. 1, 2026	2025 New-Vehicle Volume/Dealership
	Lexus	48% - 62%	9.0 - 10.0	<10%	244	1,417
	Porsche	52% - 67%	8.0 - 9.5	↑	202	381
	Mercedes	42% - 52%	8.0 - 9.5		384	975
	BMW	40% - 50%	7.75 - 9.0		350	1,061
	Toyota	38% - 48%	7.5 - 9.0		1,237	1,607
	Land Rover	31% - 40%	6.25 - 7.75		202	528
	Subaru	30% - 38%	6.25 - 7.25		641	1,042
	Honda	28% - 38%	6.0 - 7.25		1,070	1,207
	Audi	25% - 35%	5.5 - 6.5		307	643
	Kia	20% - 30%	5.0 - 6.25		795	1,006
	Chevrolet	13% - 19%	4.0 - 5.0		15%	2,886
	Ford	13% - 19%	4.0 - 5.0	↓	2,839	682
	Hyundai	14% - 24%	3.5 - 5.0		852	988
	Cadillac	11% - 16%	3.75 - 4.75		567	282
	Mazda	11% - 16%	3.5 - 4.5		541	783
	Buick GMC	10% - 14%	3.5 - 4.5		1,659	553
	Volvo	10% - 14%	3.0 - 4.0		281	444
	Acura	10% - 14%	3.0 - 4.0		274	485
	Volkswagen	10% - 14%	3.0 - 4.0		633	596
	CDJR	4% - 10%	2.5 - 3.5		2,398	539
	Nissan	4% - 10%	2.5 - 3.5		1,069	806
	Infiniti	4% - 10%	2.0 - 3.0	20%	197	292

1) Dealership count represents GMC outlets

2) Dealership count represents Chrysler outlets

Source: Presidio proprietary data/analysis, Automotive News Dealer Census, Wards Intelligence

Presidio's Valuation Matrix Spotlight

A quarterly deep-dive into one of the factors driving dealership value

Technology

The rising importance of dealership technology in buy-sell deals

The suite of retail technology software known as the dealership tech stack is an increasingly prominent factor in today's buy-sell market. As digital tools, particularly artificial intelligence-based products, reshape every facet of automotive retail, dealers are rapidly adopting them and evaluating their own tech stacks as they consider whether to be buyers or sellers.

It marks a major shift in how dealers view technology. Prominent North Carolina dealer Don Flow calls it a move "from a people-based business supported by technology to a technology business supported by people."

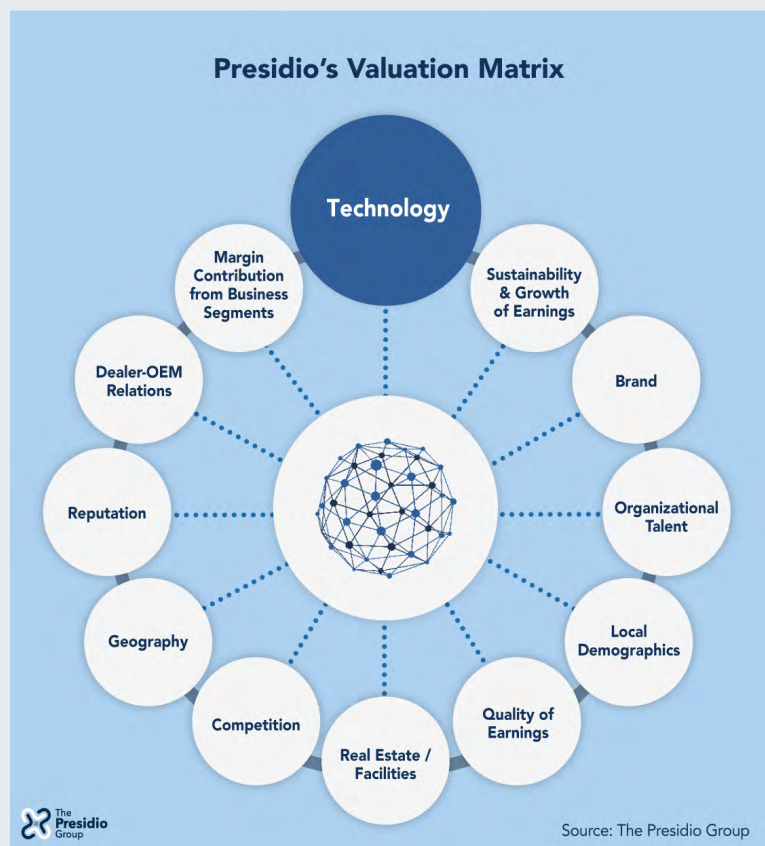
A dealership's tech stack is now integral to how these businesses compete, grow and deliver value to both customers, employees and dealers themselves. Dealers invest in tech to enhance the customer experience, drive workforce productivity and grow revenue. They are especially enthused about the potential AI holds for transforming the business. Tech vendor choices are growing rapidly, and the industry's dealership management system players, whether long-established companies like Reynolds and Reynolds or newer competitors like Tekion, are embracing AI.

When it comes to dealership M&A, dealers with robust technology can unlock greater productivity, efficiency and profitability at newly acquired stores, giving them more motivation to pursue acquisitions and leverage those advantages at scale.

"Dealers that thoughtfully model out their tech usage can approach the buy-sell market with more confidence and, often, greater success," said George Karolis, president of The Presidio Group. "They're able to predict cash flows more accurately, understand the real upside an acquisition can bring and value buy-sell opportunities better than those without that level of insight."

Conversely, some smaller groups or single-store operators facing the expense and complexity of technology upgrades may go the other direction and choose to sell, viewing exit as a prudent response to the demands of the digital era.

Dealers opting to stick around, though, are making significant investments in tech. More than 93% of dealers surveyed by Presidio said they've recently expanded software use or plan to in the next year, and nearly seven in ten reported positive results. Leading benefits cited include enhanced customer experience, improved outreach and greater productivity.



The most popular categories of new software include service scheduling, automated call answering, reputation management and vehicle appraisals, the Presidio Year-End 2025 Dealer Direction Survey found. AI-enabled tools are a central focus.

“At many dealerships, gone are the days of long waits in service or F&I or sifting through piles of paperwork to finalize a purchase,” Karolis said. “The stores that are winning today are those leaning into technology to create a seamless, quick and easy customer experience — enabling paperless transactions, mobile service options and giving customers the flexibility and speed they expect. The groups that embrace these tools are separating themselves from the rest of the market.”

But as the array of available tools has proliferated, he also noted that a coming phase for many dealers will be “a tech stack clean up.” Dealers want integrated platforms and vendor consolidation to reduce complexity.

Core tech needs of a dealership are expected to remain anchored around DMS and customer relationship management platforms — functions now being supercharged by AI and better integration. Dealers’ hope over time is that many of the specialty one-off tools will be embedded in those DMS and CRM systems.

In years past, a store’s tech assets were rarely a notable focal point in the M&A process. But in today’s buy-sell environment, a dealership group’s suite of software is viewed differently. While not a driver of valuation multiples or transaction price, tech

is now scrutinized more closely during deal exploration and due diligence, Karolis said. Having a clear view of the assets helps buyers plan post-acquisition steps, but those assets aren’t a make-or-break factor when striking a deal.

After a transaction closes, most buyers follow a “rip and replace” approach, canceling the acquired store’s

TECH BOOST

Dealers report these top benefits from their use of recently adopted technology software, including AI tools. They could select up to three options.

Enhanced customer experience	62.0%
Better outreach to/communications with customers	60.9%
Productivity improvements	60.3%
Increased sales	33.5%
Better use of staff skills	33.5%
Reduced headcount needs	22.4%
Enhanced employee experience	21.8%
Cost savings	20.7%
Higher profits	11.7%



Source: Presidio Year-End 2025 Dealer Direction Survey

contracts and substituting their own preferred vendors, software and processes.

Lithia Motors exemplifies these trends, investing in Pinewood.AI to strengthen its tech stack. Lithia plans to roll out Pinewood tools, including its DMS, to replace legacy products across its dealerships, including new acquisitions — a move the retailer says will reduce annual tech costs, once estimated at \$100 million, by up to \$40 million. Lithia CEO Bryan DeBoer has said the change will improve the sales experience, streamline workflows and further reduce costs.

“We’ve got great people that understand the opportunity and know it’s game on and are looking ... to leverage the ecosystem and the massive amounts of acquisitions that we’ve added over the last five years to really differentiate ourselves as operators,” DeBoer said last October.



“Dealers that thoughtfully model out their tech usage can approach the buy-sell market with more confidence and, often, greater success.”

— George Karolis, president
of The Presidio Group

Bottom line: Dealers are adopting AI and other tools to improve customer experience and profitability, making the tech stack an increasingly important factor in the buy-sell market. Groups with robust technology that can be scaled across an expanding footprint via acquisitions will gain competitiveness and value in the increasingly digital U.S. auto retail space.

ASBURY
AUTOMOTIVE GROUP
GREENVILLE



acquired by

RBM
AUTOMOTIVE GROUP

FIVE STAR
AUTOMOTIVE



acquired by

ALM

LAND ROVER

BOERNE, TX

acquired by

SEWELL




Hyundai of Noblesville

acquired by

Beep! Beep!
IT'S Gurley Leep

FLETCHER JONES
AUTOMOTIVE GROUP
CHICAGO, IL



acquired by

AutoNation

 **STIVERS**
SUBARU
DECATUR, GA

acquired by

LITHIA
MOTORS, INC.



Mercedes-Benz
BUCKHEAD

acquired by

GROUP 1

Park Place
DEALERSHIPS


acquired by

ASBURY
AUTOMOTIVE GROUP

Hendrick
Honda
WOODBRIDGE

acquired by

OURISMAN
EST. 1981
TRUSTED TRADITION

Mercedes-Benz
JACKSON, MS Mercedes-Benz
COLLIERVILLE, TN

acquired by

LITHIA
MOTORS, INC.

BILL BROWN
Ford

acquired by

PENSKE
Automotive

Larry H Miller
Toyota Lemon Grove


ASBURY
AUTOMOTIVE GROUP

acquired by



VAUGHAN
AUTOMOTIVE

PLAZA MOTORS



acquired by

MileOne
AUTOGROUP




LEXUS
LEXUS OF WILMINGTON
ASBURY
AUTOMOTIVE GROUP

acquired by

MileOne
AUTOGROUP

UMANSKY
AUTOMOTIVE GROUP
CHARLOTTEVILLE



acquired by

FLOW

SUBURBAN
Suburban Collection Holdings

acquired by

LITHIA
MOTORS, INC.

MileOne
AUTOGROUP

CHESAPEAKE, VA
NEWPORT NEWS, VA



acquired by

SOUTHERN
AUTO GROUP



Anderson Autos

acquired by

M.K. Inkard
SWICKARD AUTO GROUP

GROUP 1
AUTOMOTIVE®
BEAUMONT, TX




acquired by

DOGGETT
AUTOMOTIVE GROUP

Hall
MileOne Autogroup
Honda Huntersville

acquired by



Hudson
Automotive Group



PRESIDIO-NCM AVERAGE DEALERSHIP PERFORMANCE BENCHMARK

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

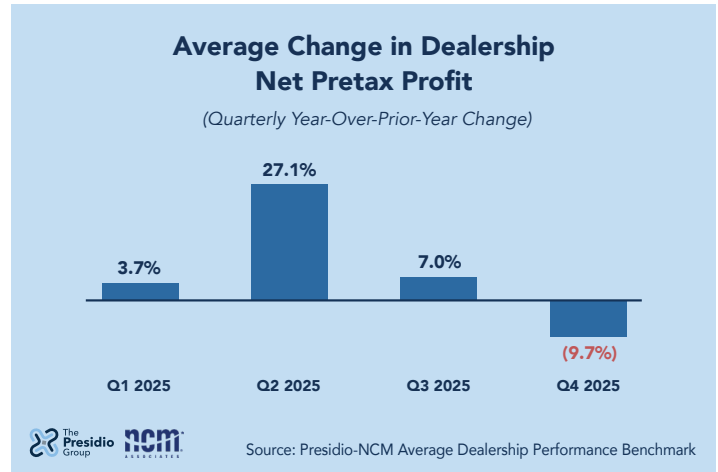
The latest Presidio-NCM Average Dealership Performance Benchmark closed out 2025 with fourth-quarter profit and vehicle margin declines for U.S. franchised dealerships. Average annual profits, however, are still nearly double 2019 levels.

- 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.



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 184 — 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.



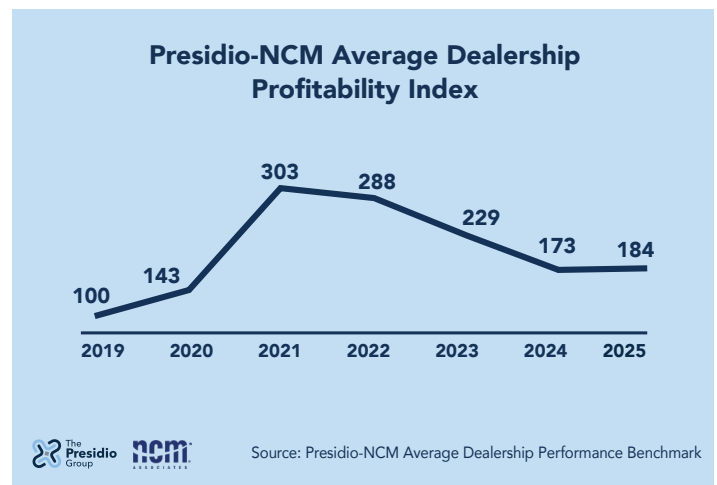
“All brand segments contributed to dealers’ 2025 profit gains.”

— 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%.

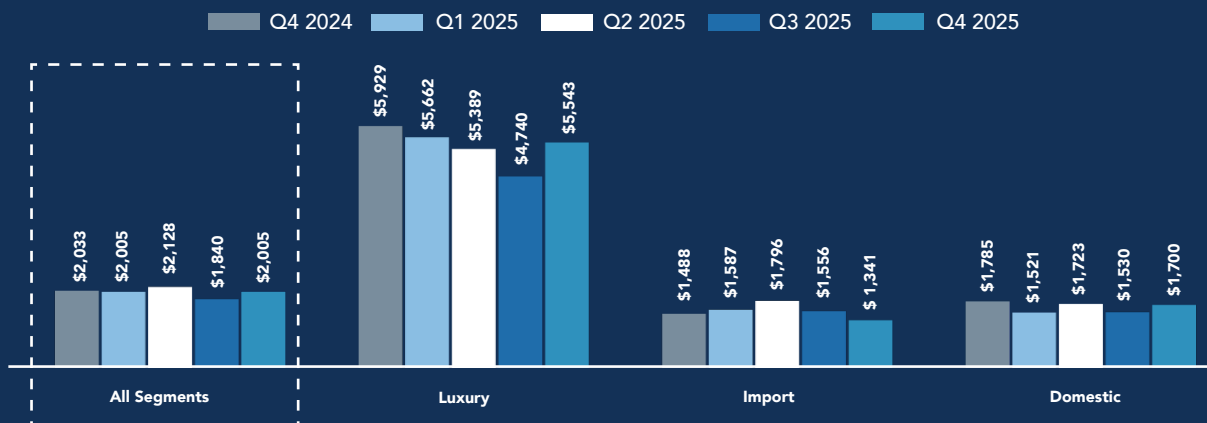
New-vehicle margin compression was most pronounced for import stores, with per-vehicle gross profit dropping 9.9% to \$1,341. For luxury stores, that metric declined 6.5% to \$5,543, while domestic stores saw a 4.7% decrease to \$1,700.

“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.”



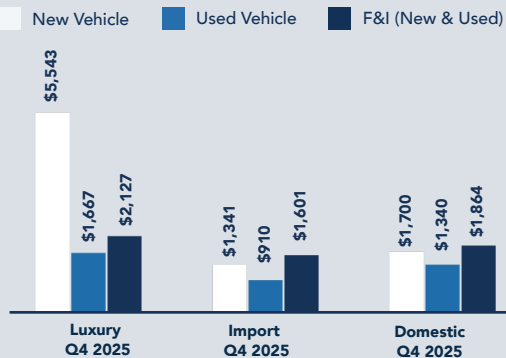
† Automaker bonuses/incentives from adds and deducts are included in departmental gross; PVR only includes retail units; net profit is pre-LIFO

Average New-Vehicle Gross Profit by Brand Segment



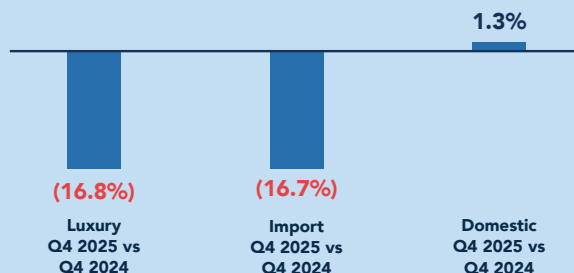
Source: Presidio-NCM Average Dealership Performance Benchmark

Gross Profit Per Vehicle by Brand Segment



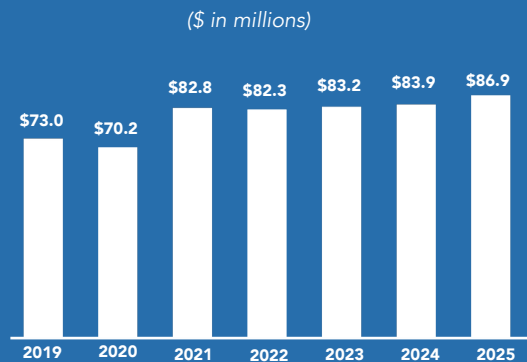
Source: Presidio-NCM Average Dealership Performance Benchmark

Average Change in Dealership Net Pretax Profit by Brand Segment



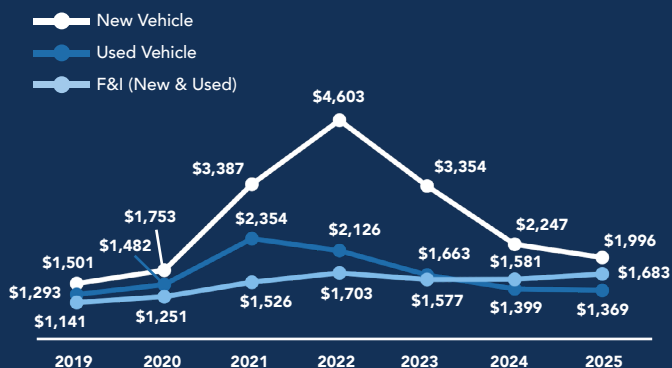
Source: Presidio-NCM Average Dealership Performance Benchmark

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

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

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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2026



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PUBLIC DEALERSHIP GROUP TRENDS

As vehicle margins ease in choppy year, publics rely more on fixed ops and F&I

The six publicly traded U.S. dealership groups entered 2026 on soft footing, as U.S. trade and economic policies delivered volatile results in 2025 and pulled demand into earlier quarters. That left the fourth quarter without a catalyst to drive vehicle sales, leading to lower profitability. Fourth-quarter and full-year 2025 results showed moderating gross profit from vehicle sales, with fixed operations and finance and insurance carrying more of the earnings load.

Collectively, the public groups — Lithia Motors Inc., AutoNation Inc., Penske Automotive Group Inc., Group 1 Automotive Inc., Asbury Automotive Group Inc. and Sonic Automotive Inc. — generated a total of \$826 million in adjusted net income in the fourth quarter, down 16% from the same period in 2024. All six reported lower adjusted net income for the quarter.

Volume and revenue in the fourth quarter reflected tariff effects and the end of electric vehicle tax credits. “New unit sales of our German luxury brands declined 20% and were impacted by pull-forward activity related to tariffs and the expiration of BEV credit,” said Rich Shearing, COO of Penske’s North American operations.

New-vehicle gross margins continued to fall in 2025 from pandemic highs as inventories and supply-demand balance improved.

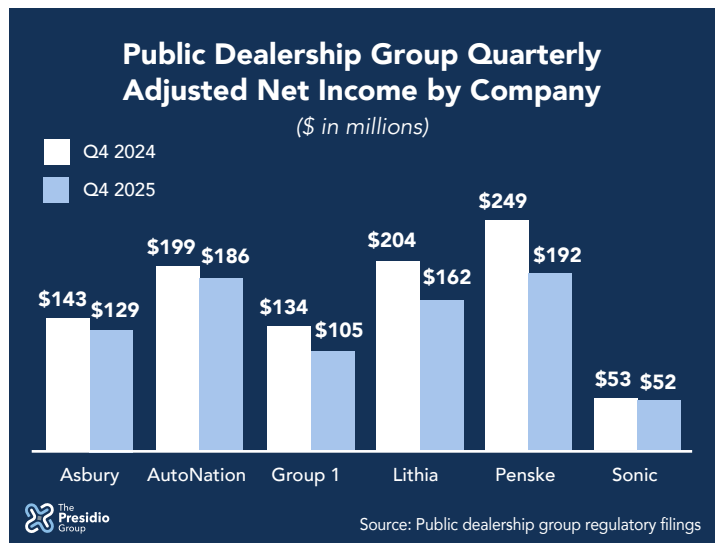
Asbury CEO David Hult said new-vehicle profitability “continued to normalize” in the fourth quarter and reiterated company expectation that the company’s per-vehicle profit will eventually stabilize between \$2,500 and \$3,000, down from the fourth quarter’s \$3,344.

Though the used-vehicle business is expected to grow in 2026 as more off-lease units come back to market, used margins haven’t broadly rebounded to earlier highs. Public retailers face less certainty around near-term front-end profit and thus are leaning more on parts, service and F&I, which have historically delivered steadier and higher-margin earnings.

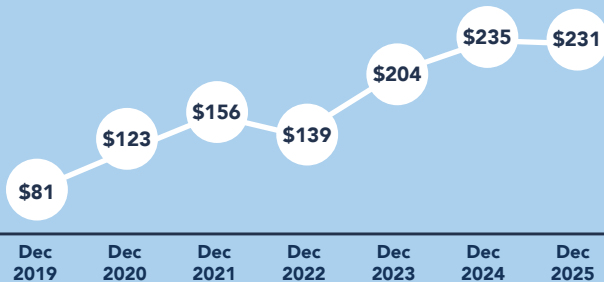
Lithia CEO Bryan DeBoer credited the company’s diversified mix, double-digit percentage growth in parts and service and stable F&I performance for helping “offset front-end pressures.”

AutoNation highlighted its finance arm as a key earnings driver, with CEO Mike Manley noting that gross profit per unit was “the highest we have had in the history of AutoNation.” Group 1 CEO Daryl Kenningham touted record gross profits in parts and service and F&I.

As 2026 unfolds, the durability of those higher-margin businesses may prove more important than any rebound in front-end gross.

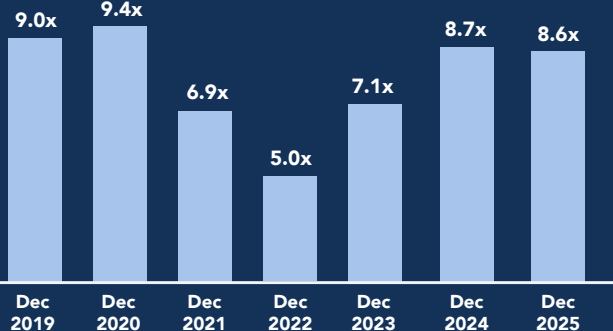


Average Public Dealership Group Stock Price



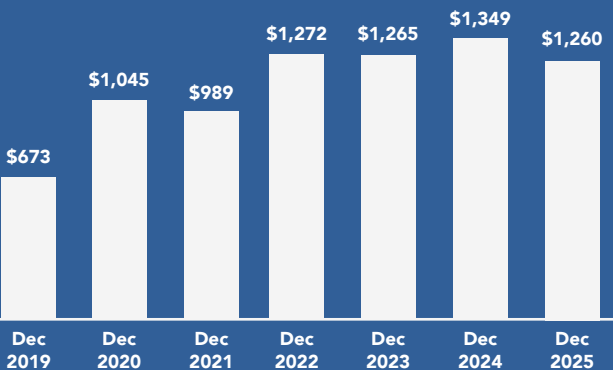
Source: Yahoo Finance, NYSE

Average Public Dealership Group EV/Adjusted EBITDA Multiple



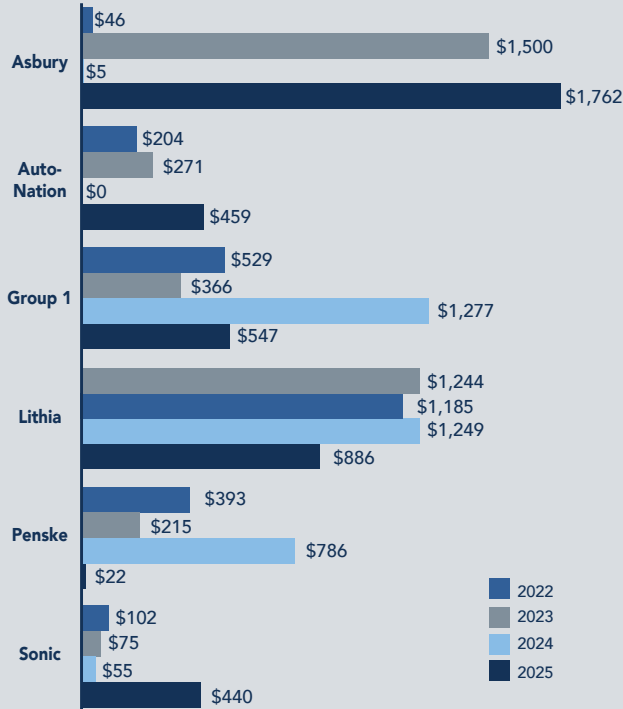
Source: Public dealership group regulatory filings, Yahoo Finance, Presidio analysis

Public Dealership Group Average Available Liquidity (\$ in millions)



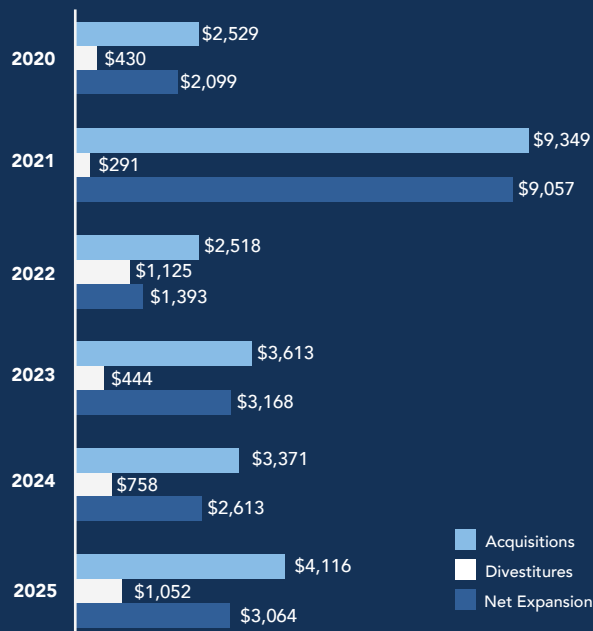
Source: Public dealership group regulatory filings

Public Dealership Group Acquisition Spending by Company (\$ in millions)



Source: Public dealership group regulatory filings (Asbury, AutoNation, Group 1, Lithia, Penske, Sonic)

Public Dealership Group Acquisition & Divestiture Totals (\$ in millions)



Source: Public dealership group regulatory filings (Asbury, AutoNation, Group 1, Lithia, Penske, Sonic)



Without one-time catalysts, dealers will look beyond new-vehicle sales for growth in 2026



Kevin Tynan

Director of Research
The Presidio Group

Editor's Note: This article is condensed from a longer piece originally published January 5, 2026. The full version can be found here: <https://thepresidiogroup.com/presidio-perspectives-2026-year-ahead-outlook/>

Franchised auto dealers may need to lean more heavily on revenue diversity in 2026 as the factors that drove U.S. new-vehicle sales to an estimated 16.3 million units in 2025 — namely the specter of higher tariffs and expiring electric vehicle tax credits — won't repeat.

Absent such catalysts in 2026, automakers face a choice: constrain production to protect pricing power and profits or increase production and employ higher incentives that drive demand but reduce margins and risk ballooning inventory.

For dealers, the better scenario is clear. New-vehicle pricing and profit dynamics erode when industry sales exceed 16 million units annually. But even if automakers go the volume-pushing route, retailers fortunately have other levers to pull to maintain operational discipline and profitability.

Those other avenues, which typically generate better margins than new vehicles, include:

- Parts, service and warranty, supported by an aging U.S. vehicle fleet
- Used-vehicle sales, poised to benefit as the industry climbs out of a supply trough
- Finance and insurance income, which is rising on a per-unit basis industrywide
- Productivity gains from new or evolving technology tools such as artificial intelligence

Takeaway: Dealers can't count on isolated factors like tariffs or expiring EV tax credits to lift new-vehicle sales in 2026, making volume above 16 million units a threat to pricing power and margins. Sustained profitability will depend on revenue diversity — used vehicles, fixed ops and F&I — along with technology-driven productivity gains.

New-vehicle segment under pressure

New-vehicle volume gains appear unlikely against a 2025 that boasted the industry's highest unit sales since 2019.

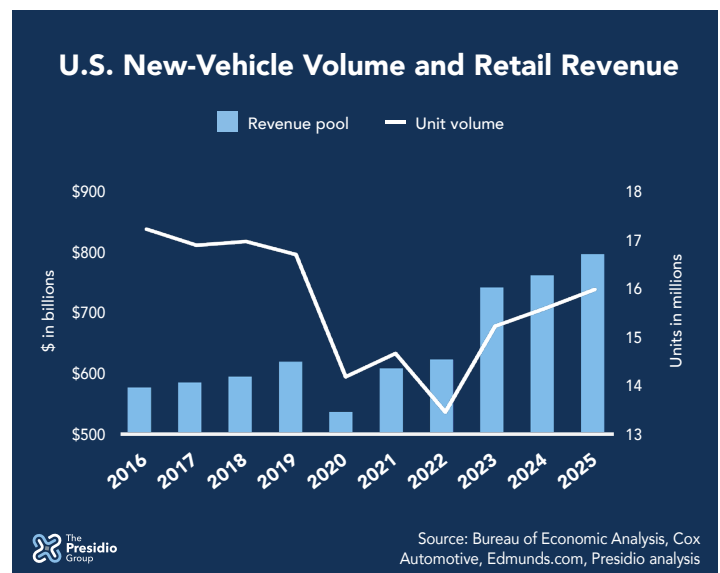
U.S. consumers rushed to buy last March and April ahead of expected tariff-driven price hikes, pushing the seasonally adjusted annual sales rate above 17 million for both months. Federal EV tax credits expiring Sept. 30 then boosted SAAR above 16 million in all three months of the third quarter.

Without such catalysts in 2026, the big question is how manufacturers respond. If they are disciplined and align supply with demand below 16 million units, they and their retailers can stabilize

profitability. While a rational strategy, automakers may not follow it. After all, their market valuations tend to rise only when new-vehicle volume grows.

Though overproducing drives volume, it is a poor option especially when rising costs — including the increased pass-through of tariffs to consumers

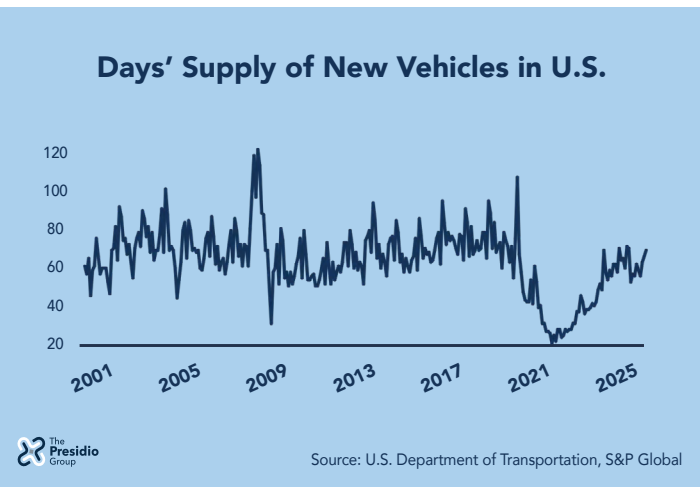
— are likely to inflate vehicle prices, mute demand and further erode margins.



Automaker profitability will be more tenuous in 2026 as the market adjusts to a supply-demand balance that is more organic than at any point since 2019, just before the onset of the coronavirus pandemic.

Automakers and retailers cut costs and rode the wave of a measured production recovery below or in step with consumer demand from 2021 through 2025.

Supply-demand balance in 2026 is much more at risk of tipping to oversupply, which could leave automakers and dealers with their worst pricing power and margin integrity since 2019.



U.S. market is at a tipping point where price and profit could be traded for volume

Current U.S. new-vehicle supply resembles 2019 more than any year since. The industry sold 16.9 million vehicles in 2019, the fifth highest annual total in history, but automaker and dealership profitability was historically weak.

Industry profitability ultimately hinges on striking the right balance of supply and demand. With inventory now closer to historic norms, the industry could soon flirt with oversupply. U.S. sales have risen for three straight years from the pandemic's low of 13.8 million new vehicles in 2022. During that time, earnings have moderated, though franchised dealers' 2025 profits still were nearly double 2019's level, according to the Presidio-NCM Average Dealership Performance Benchmark.

But those higher profits are at risk should overproduction push sales past 16 million new vehicles in 2026. Margin-compressing discounts from dealers and incentives from automakers would be necessary to move that much metal.

The industry finds equilibrium and sustainable profitability at annual new-vehicle sales of 16 million or fewer. Since 2012, U.S. new-vehicle sales have averaged 1.3 million units per month or 15.95 million annually. Inventory

over that period averaged 3.0 million new vehicles, a 58-day supply level.

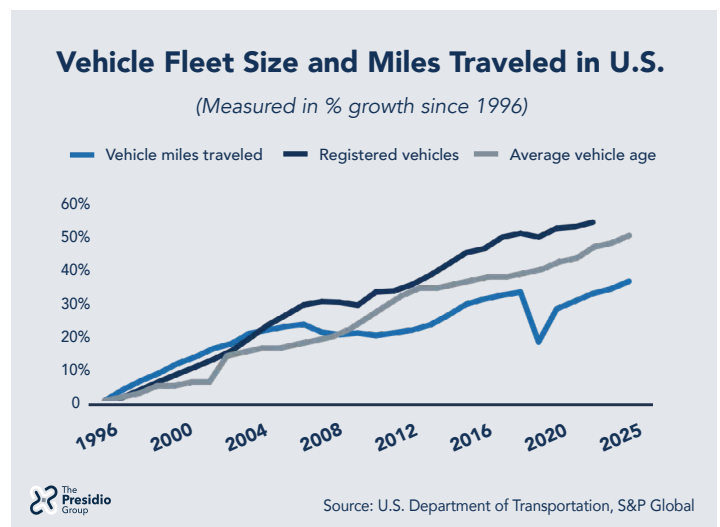
At year-end inventory levels, monthly sales would have to average 1.43 million new vehicles to hit the 60-day level considered manageable for the industry. It's a tough target: Monthly new-vehicle sales have topped that average less than a third of the time in the last 25 years.

If stocks stay below 2.7 million units, automakers and retailers would be better positioned to sustain profitability at the historical sales rate of 1.32 million vehicles per month since 2012.

EV revamp likely will shift profit mix even more to high-profit trucks

With the expiration of the EV tax credit, automakers are rethinking how electrification fits into a more organic selling environment. It will take automakers and retailers a long time to recover from sunk costs in the EV space, and manufacturers will likely load 2026 with asset write-downs and one-time charges.

Automakers aren't backing away entirely from EVs. But with consumers unwilling to pay profitable prices for the technology, automakers will search elsewhere to generate margin. They can gain segment share with more affordable EVs. The goal: Introduce the technology to entry-level and move-up buyers to build a base for the future.



Supply tail wind supports used-vehicle growth

The number of vehicles coming off lease will rise in 2026 for the first time since 2022.

Automakers largely eliminated leasing incentives when the pandemic's supply chain disruptions lowered inventory. Lease penetration dropped to 17.5% by 2022, down from 31.1% in 2019. While 2022 was the most profitable year in

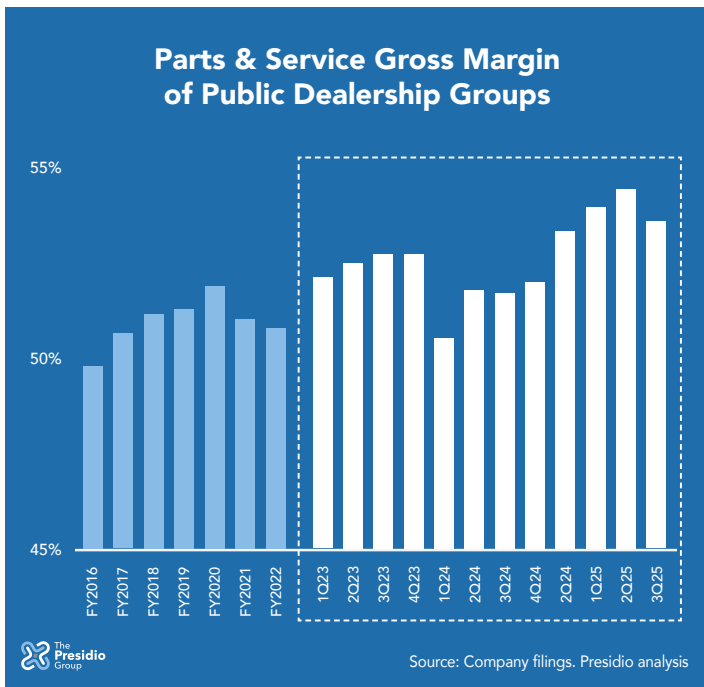
history for franchised dealers, it meant many fewer vehicles coming off lease to stock used-vehicle lots in 2025.

Off-lease supply is set to increase by 31.1%, or 750,000 vehicles, in 2026. It should rise by another 13.7%, or 433,000 vehicles, in 2027. This marks the beginning of changing revenue and profit dynamics in the used-vehicle segment.

Dealers continue to boost focus on fixed ops

With an increasing average vehicle age with more miles driven, dealers' service business will grow even as competition for that revenue intensifies.

With new-vehicle profitability under pressure, dealers already are putting more resources into fixed operations to leverage its superior profit dynamics. The average U.S. vehicle is now a record 12.8 years old and will continue to age. The combination of the largest registered fleet in U.S. history, oldest average vehicle age and the most miles driven should deliver an expanding repair and maintenance revenue pool for franchised dealers.



Service is a tougher sell as labor rates climb

With the technician shortage and increasing costs moving effective labor rates higher, dealerships may continue to lose low-margin business to independent repair shops, oil change chains and mobile service companies. Dealerships handled 12% fewer service visits in 2025 compared with 2018, according to a study by Cox Automotive. Some of that lost business, however, may carry narrow margins or represent work commonly upsold into a larger service visit.

Maintenance visits can create repeat customers and foster vehicle purchases. But escalating costs for real estate, tools, technology and labor makes that low-margin business less attractive, especially for a service department with capacity constraints. When dealerships use technology and proprietary diagnostic tools to increase the hours and labor rate per job, they can still grow revenue and profits even if repair orders are shrinking.

Public dealership groups have consistently improved their parts and service gross margins. The six public groups grew that margin by 378 basis points on average to 54.4% through the first nine months of 2025 and also raised revenue by 7.2%.

New technology tools should improve operating efficiency for dealers

Even as new-vehicle margins shrink, dealerships' other three main business units — used vehicles, fixed ops and F&I — can improve profitability, as the public dealership groups did in 2025.

Improving margin, however, is tough. It behooves dealers to look beyond normal channels to reduce costs and increase productivity. With artificial intelligence taking a larger role in all aspects of automotive retail, it is likely that low-margin tasks will be passed off to software that can organize, schedule, track and reorder while human resources focus on relationship building, growth prospects and more complex tasks.

Revenue diversity key for dealers in 2026

With new-vehicle gross margin likely to continue to contract in 2026, dealers have to look elsewhere. Their other business units are the obvious answer.

With 2026 poised to deliver the industry's first period of organic supply and demand since 2019, retailers have a clear view of their opportunities and challenges for the near and intermediate term. With revenue diversity that their automaker partners lack, dealers should be able to cycle resources to their best-earning business units. It will make 2026 a pivotal year for retail automotive.

Kevin Tynan, Presidio's director of research, has 25 years of investment research experience covering the automotive industry. He was global director of automotive research for Bloomberg Intelligence before joining Presidio in 2024. Contact Kevin at ktynan@thepresidiogroup.com or 631-671-9148 to discuss research topics.



PRESIDIO DEALER DIRECTION SURVEY

As they head into 2026, U.S. auto dealers remain optimistic but realistic about their profitability prospects. While vehicle affordability is a growing top concern, most dealers expect stable or improving business performance in the year ahead, according to the Presidio Year-End 2025 Dealer Direction Survey. Interest in buying dealerships remains strong, with the majority of survey takers wanting to acquire.

More than 68% of survey respondents expect profits to be steady or increase over the coming year. They are even more optimistic looking at the next three years, with 75% forecasting steady or improved profits. Compared with Presidio’s midyear 2025 survey results, dealers’ expectation about near-term profitability has slightly softened, while their outlook for the next three years has improved.

“Dealers have adjusted to multiple disruptive cycles in recent years and have built operational discipline,” said George Karolis, president of The Presidio Group. “While challenges remain — from regulatory and tariff policy, to cost and affordability concerns — most are positioning for measured growth and remain attentive to factors that could affect both day-to-day profitability and long-term value.”

The Presidio Dealer Direction Survey is conducted twice a year to gauge insight into dealership profitability, valuation and the buy-sell market. The year-end 2025 survey, fielded from Nov. 13 to Dec. 17, aggregated responses from 222 dealers and dealership group executives representing more than 3,100 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.

Dealers expect parts and service will be the biggest driver of their business in 2026, with 85% naming it as such. “I believe fixed-operation profits will continue to carry the dealerships,” one dealer wrote.

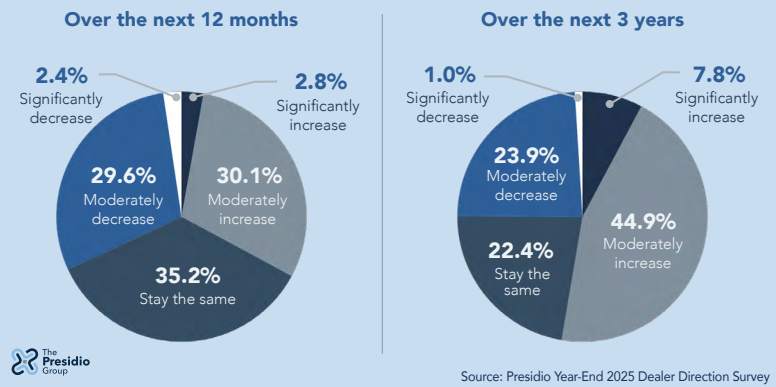
More dealers than a year ago expect the used-vehicle business to help, with 48% of respondents naming that as a top driver vs. 45% a year ago. With more off-lease vehicles returning to the market this year and boosting supply, “I see opportunity for pre-owned gross to increase from historically low levels,” a survey taker noted.

While cost cuts are also expected to be a main driver in 2026, the share of dealers expecting that has dropped to 31% from 34% a year ago. Dealers, however, expect employee productivity moves and

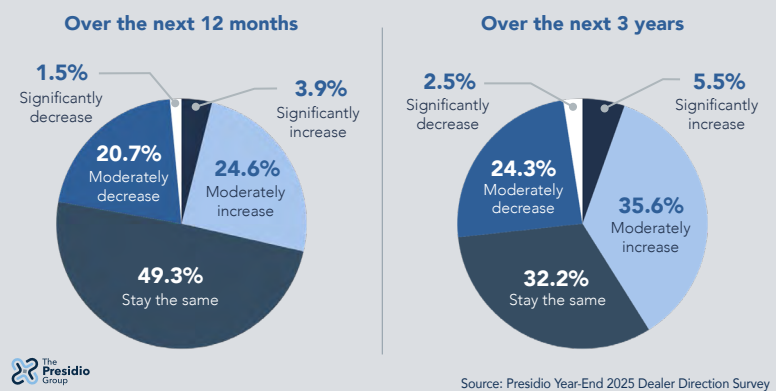
KEY SURVEY HIGHLIGHTS

- 68% of dealers expect steady or growing profits in 2026, and 75% foresee such stabilization for the next three years
- Presidio’s Magnificent Seven is reunited as Porsche rises; Mercedes-Benz passes BMW, and Ford for the first time is among the 10 most desirable brands to represent
- Nearly 50% of dealers expect stable dealership values in the next year vs. 40% six months ago
- 59% want to buy stores in the next year with a focus on high-quality brands in growth markets
- Vehicle affordability accelerates as dealers’ top near-term headwind, while direct sales, OEM margin cuts and Chinese brands are the top long-term threats
- 93% of dealers have or plan to expand software use, including AI tools, and report productivity gains and improved customer engagement

How do you think dealership profitability will trend?

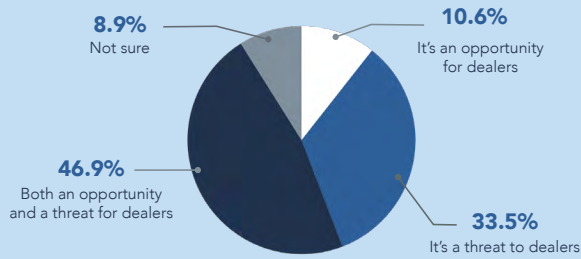


How do you think dealership values will trend?



PRESIDIO DEALER DIRECTION SURVEY

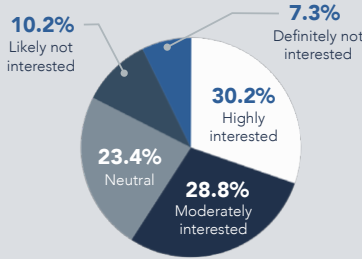
What is your view on the possibility of Chinese auto brands coming to the U.S?



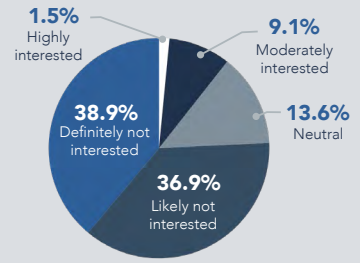
Source: Presidio Year-End 2025 Dealer Direction Survey

What is your interest level in ...

Buying dealerships in the next year



Selling dealerships in the next year



Source: Presidio Year-End 2025 Dealer Direction Survey

technology implementation to be more meaningful in 2026. The share of respondents projecting those factors as main drivers rose to 44% from 35% a year ago. Survey takers could select up to three top drivers.

An increasing number of dealers expect stabilizing store valuations. Nearly 50% said they expect values to hold steady in the next 12 months — nearly 10 percentage points higher than reported at midyear. More than 32% expect values to remain steady over a three-year period, nearly six percentage points higher than at midyear. This rising “stay the same” outlook marks a shift toward greater valuation stability for dealerships after pronounced ups and downs seen during and coming out of the coronavirus pandemic.

“There’s still a ton of cash on the sidelines that needs to be deployed, so competition for capital deployment could keep valuations high” one dealer wrote. “Values hold steady or tick up slightly. Consolidation appetite from publics and private equity keeps demand strong,” another said.

With buyers increasingly focused on top brands in growth markets, the Presidio team expects that demand will likely keep values strong for high-quality dealership assets. About 59% of survey respondents expressed interest in buying dealerships over the next year.

Dealers have a broad consensus about key risks for the industry this year. Concern about vehicle affordability came in as the top near-term headwind, cited by 67% of respondents, the highest level ever in the survey’s history. The average transaction price of a new vehicle crossed the \$50,000 mark late last year.

“Too much of the population can’t afford an automobile,” one dealer wrote. “Customers have less buying power,” another noted. Dealers’ concern about loan availability and lending standards jumped to 10% from 3% at midyear, signaling rising anxiety about tighter credit and broader economic pressure.

Automaker margin cuts are another increasing concern, jumping from 20% at midyear to nearly 27%. That supports what Presidio has heard from dealers in recent months about more automakers trimming dealer margins. Meanwhile, concern about the industry shift to electric vehicles dropped meaningfully from the midyear 2025 survey, likely reflecting the rollback of EV mandates.

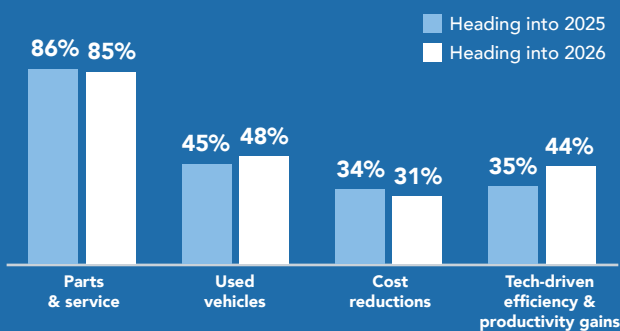
Longer-term, dealers are increasingly anxious about the potential impact of Chinese automakers entering the U.S. market. China ranked as the third biggest long-term industry threat, cited by 30%, behind only direct sales models, chosen by 55%, and automaker margin changes, picked by 35%.

Dealers were specifically asked for their views on the possibility of Chinese auto brands entering the U.S. market. Nearly half called it both an opportunity and a threat, while a third view it strictly as a threat and just 11% see it as an opportunity. “Our lawmakers should be doing everything in their power to keep the Chinese automakers out of this market,” one dealer wrote. Another said, it “will be good if they choose the dealer model. Problematic if they go direct.”

Though dealers are optimistic about 2026, they noted that the “easy money” is in the past.

“2026 will reward dealers who run tight operations, focus on fixed ops and don’t chase volume at the expense of gross,” a dealer wrote. “It’s a back-to-basics year.”

Dealers’ Expected Profitability Drivers



† Respondents selected up to three options



Source: Presidio Year-End 2024 and 2025 Dealer Direction Surveys

Tech tools see rapid uptake

Adoption of technology tools is accelerating rapidly among U.S. dealerships, the Presidio Year-End 2025 Dealer Direction Survey found. Dealers are experimenting with software, including artificial intelligence-enabled tools, to streamline operations, enhance the customer experience and improve processes.

More than 93% of respondents have expanded or plan to expand their use of software tools, while 68% reported positive experiences. Dealers are testing software covering a wide range of dealership activities, from service scheduling and automated call answering to reputation management and vehicle appraisals.

“Dealers are actively expanding their tech stacks and exploring new tools, especially in the area of artificial intelligence,” said Brodie Cobb, CEO of The Presidio Group. “While most report early success, this technology is still developing and gaining new capabilities by the day. Dealers are taking a practical approach — adopting software where it adds real operational value and keeping a close eye on how these platforms evolve in the years ahead.”

Several dealers said they are continually assessing new tools, particularly AI software. “If you’re not investing in the future, you might as well get out,” one dealer wrote. Routine tasks are generally handled well by new tools, some said. Another reported uneven results now but “definitely [sees] this technology helping in the future.”

Some survey takers described their experiences as a mixed bag, noting some products aren’t fully proven. “It’s not mature enough yet,” one dealer wrote. Said another: “The AI-to-human pass off is still somewhat of a challenge.”

The most widely adopted tools thus far involved service scheduling and repair order management, used by 76% of respondents; automated call answering and customer communications, used by 57%; and customer relationship management, used by 53%.

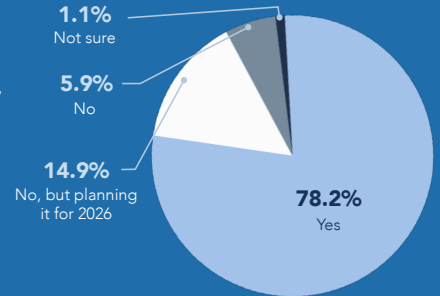
Dealers identified clear benefits from the products. The most common were enhanced customer experience, reported by 62% of respondents; better outreach and engagement with customers, noted by 61%; and productivity improvements, identified by 60%.

Dealers expect tech, particularly AI, to be even more impactful as products improve and integrate. Some expressed cautious optimism and a careful approach — “slow and steady,” as one respondent summed up.

Another described the current environment in the auto retail tech space as “a bona fide arms race. We’ll see who wins ultimately.”

TECH USE RISES

Have you expanded your use of software/technology tools, including artificial intelligence-enabled tools, in the last 12 months?



Source: Presidio Year-End 2025 Dealer Direction Survey

LEADING TECH TOOLS

Here are the top tech software categories, including artificial intelligence-enabled tools, that dealers report using:

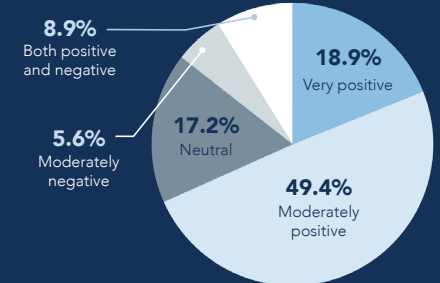
Service scheduling/repair order management	76.3%
Automated call answering/customer communications	56.5%
Customer relationship management	53.1%
Reputation and review management	39.0%
Vehicle appraisal	37.9%
Vehicle listing and merchandising	36.7%
Recall/warranty management	33.9%



Source: Presidio Year-End 2025 Dealer Direction Survey

HELPING HAND

What kind of experience have you had with recently adopted technology tools, including AI-enabled tools?



Source: Presidio Year-End 2025 Dealer Direction Survey

TECH BOOST

Dealers report these top benefits from their use of recently adopted technology software, including AI tools. They could select up to three options.

Enhanced customer experience	62.0%
Better outreach to/communications with customers	60.9%
Productivity improvements	60.3%
Increased sales	33.5%
Better use of staff skills	33.5%
Reduced headcount needs	22.4%
Enhanced employee experience	21.8%
Cost savings	20.7%
Higher profits	11.7%



Source: Presidio Year-End 2025 Dealer Direction Survey



PRESIDIO BRAND DESIRABILITY RANKINGS

Presidio’s Magnificent Seven brands are reunited. After falling out of that group in 2025’s midyear survey, in part because of tariff uncertainty and some challenging brand policies, Porsche moved ahead of Kia in year-end dealer voting to reclaim the No. 7 position in the Presidio Brand Desirability Ranking.

The change in part reflects an environment in which dealer concerns around tariffs eased in the second half of 2025.

“Porsche edged back into the Magnificent Seven, moving in front of Kia, while Mercedes-Benz reflected its new leadership and improved focus by pulling ahead of BMW,” said George Karolis, president of The Presidio Group. “Ford’s rise to the top 10, just in front of Chevrolet, means we now have two domestic brands there for the first time. The top of the brand rankings is now defined by leading luxury brands, strong imports and a couple of rising domestics — a sign that dealers are focusing on the brands best positioned to perform as the industry evolves.”

The ranking is based on responses to the Presidio Year-End 2025 Dealer Direction Survey, which asked dealers to rate the desirability of owning stores representing specific brands.

In addition to Porsche, the Magnificent Seven includes Toyota, Lexus, Honda, Subaru, Mercedes-Benz and BMW. Toyota and Lexus remain No. 1 and No. 2, sustaining a six-survey streak at the top. Honda and Subaru show steady demand, with multiple respondents highlighting Japanese brands as preferred acquisition targets.

After Kia at No. 8, Ford ranked ninth, reaching the top 10 for the first time since the ranking’s inception. Sentiment around Ford has benefited from recent improvements in dealer relations and the brand’s shift away from aggressive electric vehicle pursuits.

Chevrolet held steady at No. 10. Hyundai, ninth in all previous surveys, slipped out of the top 10. While Hyundai still demonstrates strength in the No. 11 spot, some dealers criticized the brand, noting experiences with declining profitability and concerns about dealer relations and high production levels.

Survey takers indicated they are looking for new products, strong leadership and competitive pricing when considering future brand investments. It underscores a theme that Presidio has highlighted for years — as profitability continues to recede from coronavirus-pandemic highs, dealers are making a flight to quality in their brand portfolios. That is expected to continue as dealers looking to acquire target strong brands in growth markets throughout the U.S.

Reunited: The Presidio Group’s Magnificent Seven

These seven brands topped Presidio’s ranking across four surveys in 2023 and 2024 and again at year-end 2025 with dealers rating them as highly desirable.



*Back in the Magnificent Seven after falling out in 2025’s midyear survey
Source: Presidio Year-End 2025 Dealer Direction Survey

Brand Ranking

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

PRESIDIO MAGNIFICENT SEVEN		
	TOYOTA Toyota	9.11
	LEXUS Lexus	8.91
	HONDA Honda	7.94
	SUBARU Subaru	7.65
	Mercedes-Benz	7.14
	BMW	7.05
	Porsche	6.72
	Kia	6.48
	Ford	6.11
	Chevrolet	6.08
	HYUNDAI Hyundai	6.07
	BUICK GMC Buick-GMC	4.92
	Mazda	4.84
	Audi	4.61
	Cadillac	4.45
	Genesis	4.30
	JAGUAR LAND ROVER Jaguar-Land Rover	4.21
	ACURA Acura	4.06
	Volkswagen	3.65
	Ultraluxury	3.61
	Volvo	3.38
	CDJR	3.24
	LINCOLN Lincoln	3.19
	NISSAN Nissan	2.90
	INFINITI Infiniti	2.47



Source: Presidio Year-End 2025 Dealer Direction Survey

Full Throttle Replay



The Presidio Group's Full Throttle podcast brings together industry leaders on a regular basis to discuss retail trends, innovation and thought-provoking business models. Presidio Managing Director Jason Stein interviews some of the industry's key personalities and insiders — from legendary dealers to up-and-coming entrepreneurs.

Tune in here to stay ahead of industry news and learn how some companies are thriving in the new automotive landscape: <https://thepresidiogroup.com/podcast/>

Here are edited excerpts of recent interviews:



Eddie Stivers, Stivers
Automotive Group president

PRESIDIO: After leading Ford's dealer council, we imagine your experience around dealer-OEM relations has changed. How so? It seems a real partnership exists.

ES: Yes. There's a perception that's not always the case. There were only two Sundays during my chairmanship where I wasn't on the phone with [Ford leadership] discussing what (they were) thinking as a manufacturer. What is the dealer body's reaction going to be? What don't we understand? Where are the minefields? How does this affect the buyer? The reality is we're in the same business, but we're in two very different businesses.

As much as we'd like to think we understand OEMs, we don't understand their true cost. We certainly don't understand manufacturing and the complexities behind a supply chain. And most of us don't understand labor union negotiation and stockholder equity. We worry about our own families. [We got] to understand the pressures they're under are totally different than the pressures we're under. And that's what makes the relationship between Ford and its dealer council so unique. They were willing to listen to what pains us, what will pain us, what could pain us.



Andrew Gilleland, Toyota
Motor North America SVP of
automotive operations

PRESIDIO: Very few companies in the automotive space talk about visions that go out decades. What's it been like to be with a company that, despite the many things that change around you, it stays on the course and steady?

AG: To outsiders, it looks on the course and steady. It takes a lot of work. The Toyota family, years ago, made a transition from making looms to cars. So we're used to doing things that are really uncomfortable. We have that in our DNA, that we're willing to take measured risks. But we also have long-term views. That's one of the things I love about this company. We don't get paid on quarterly results. We get paid on the long-term growth of the company. And that's a very different culture and different mindset from other car companies. Luckily, we've been successful enough where we can diversify risk.

[One example is] through powertrains. [Caring about the environment] started us on the pathway of hybrid. Now we've moved on to EVs, and we still have very efficient internal combustion engines. We've been blessed as a company to diversify the risks that have been in the market.



To suggest a guest:

Email Jason Stein
jstein@thepresidiogroup.com

To tune into Full Throttle:



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The meeting point for automotive retail and technology

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Stivers
Automotive Group



Jay Vijayan
Tekion



Andrew Gilleland
Toyota Motor
North America



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As market stabilizes, industry weighs volume growth against margin protection

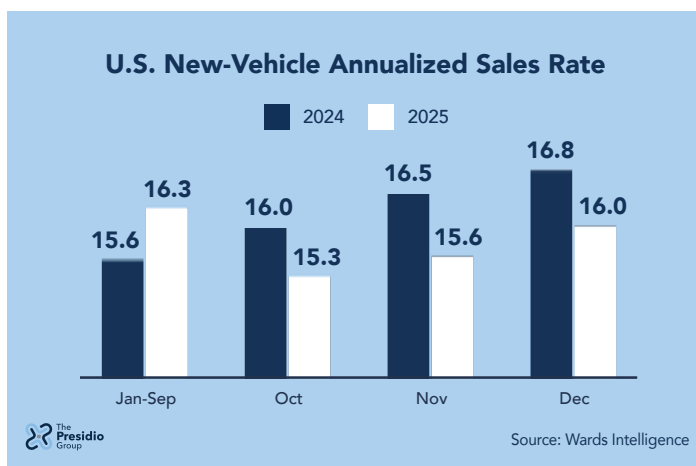
Franchised dealers achieved a 6% average profit gain in 2025, according to the Presidio-NCM Average Dealership Performance Benchmark, despite weakening U.S. vehicle sales, pricing and earnings in the fourth quarter.

A tough comparison was expected given that the 16.5-million seasonally adjusted annual new-vehicle sales rate in the comparable fourth quarter of 2024 had been the industry's strongest since the second quarter of 2021.

The drop to a 15.6 million SAAR for fourth-quarter 2025 was expected, as outsized volume earlier in the year pulled demand forward. The January-through-September sales pace of 16.3 million was the strongest for that period since 2019.

The specter of higher tariffs pulled demand into March and April and pushed the sales rate above 17.2 million across both months, with March's 17.8-million pace the highest since October 2017.

Then in late summer, the impending expiration of federal electric vehicle tax credits lifted third-quarter SAAR to 16.3 million. In both cases, expected price increases motivated consumers to buy sooner. Those catalysts weakened fourth-quarter demand, though not enough to offset volume gains from the first nine months of 2025.



Higher 2025 volume came at the cost of more discounts and lower margins

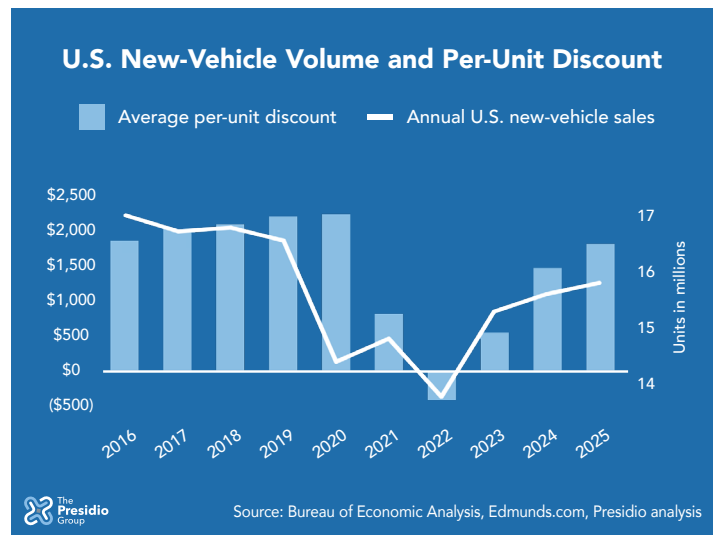
While sales could grow in 2026, the supply push required to support that would further erode automaker and dealer

pricing power. U.S. new-vehicle volume has now risen for three straight years, topping 16 million in 2025 for the first time since 2019.

The sales-weighted average new-vehicle transaction price rose 1.5% to a record \$48,627 in 2025, according to Edmunds.com. As volume climbed, the discounts supporting those sales also grew.

In 2022, with sales of 13.6 million new vehicles, consumers paid an average of \$489 over MSRP. By 2025, that dynamic had reversed, and discounts from MSRP averaged \$2,094. New-vehicle discounts totaled \$34 billion in 2025, the highest level since 2020. Maintaining volume now requires higher discounts, though they are still below pre-pandemic norms.

2025's average discount put transaction prices 4% below MSRP — the widest gap since 2019 but still about \$400 per vehicle less than from 2015 to 2019 when the average discount was 6.5%.



As vehicle inventory ramps, OEMs seek supply-demand balance

Automakers have been relatively disciplined in rebuilding output after pandemic disruptions. Profit lessons from inventory-constrained 2021 and 2022 motivated better supply-demand alignment, enabling higher margins.

But as OEM production has ramped over the last three years, U.S. inventory levels have grown. At the same time,

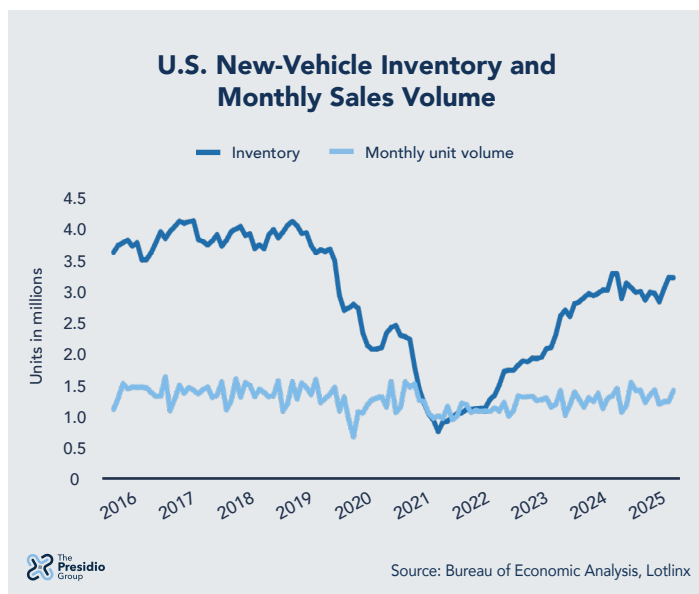
consumer demand, as measured by monthly vehicle sales, has remained relatively consistent.

Since 2000, monthly sales have averaged 1.32 million; 2025 was in line at 1.35 million. A 60-day supply target means inventory is manageable at 3.04 million units when adjusted for selling days.

Inventory averaged 3.06 million units in 2025, but that rose during the year with November and December above 3.28 million — about a 65-day supply.

While that level is arguably manageable, automakers now face a choice: employ high production output for cost efficiency or pull back to protect pricing power.

For now, they appear to be prioritizing pricing, as North American vehicle assemblies fell 3.7% in 2025, including a 4.3% decline at U.S. plants. Automakers that hold that line will push fewer units to their franchised dealers.



Dealers face more tentative new-vehicle buyers

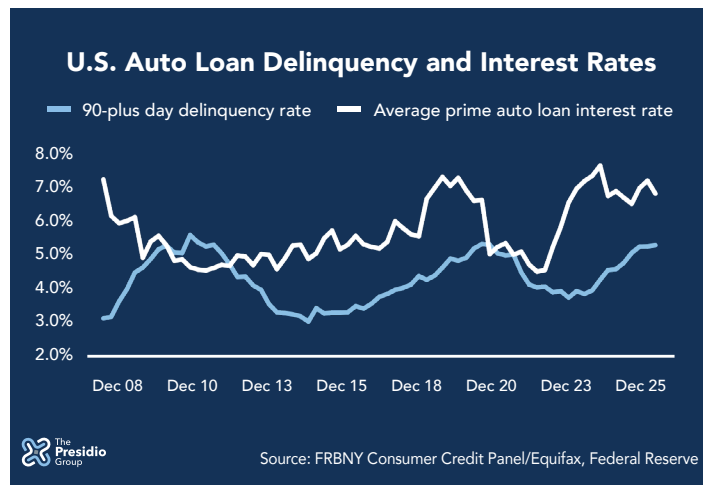
Vehicle prices have outpaced inflation as automakers shifted toward higher-margin trucks and away from lower-priced cars. It's made new-vehicle purchases prohibitive for many U.S. consumers, narrowing the buyer pool.

The U.S. auto loan balance held steady at \$1.66 trillion to end 2025, the first year without an increase since 2010. Average new-vehicle loan rates have been above 6% since late 2022. They have eased lately, to 6.2% for prime borrowers at the end of 2025, down from 7% two years earlier.

Higher rates keep more buyers on the sidelines unless automakers and dealers give up margin to reduce prices and overall ownership costs.

More owners also are struggling to make payments.

Loans that are 90-plus days delinquent have climbed to 5.02% of outstanding balances, the highest since 2020. The record was 5.27% in 2010. That compares with below 4% as recently as the fourth quarter of 2023. While delinquencies don't directly predict future sales, as potential buyers can be won over by big incentives, they signal increasing financial strain on consumers.



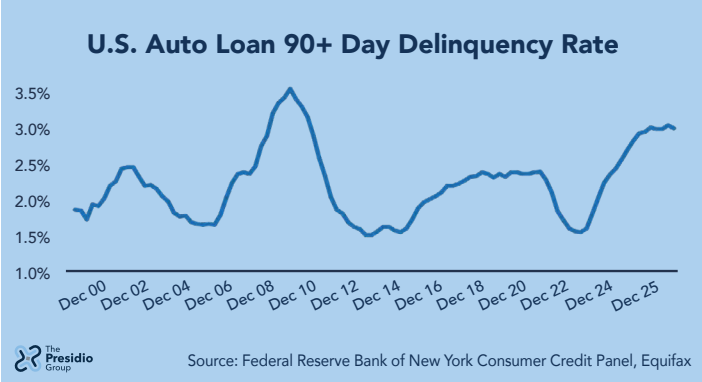
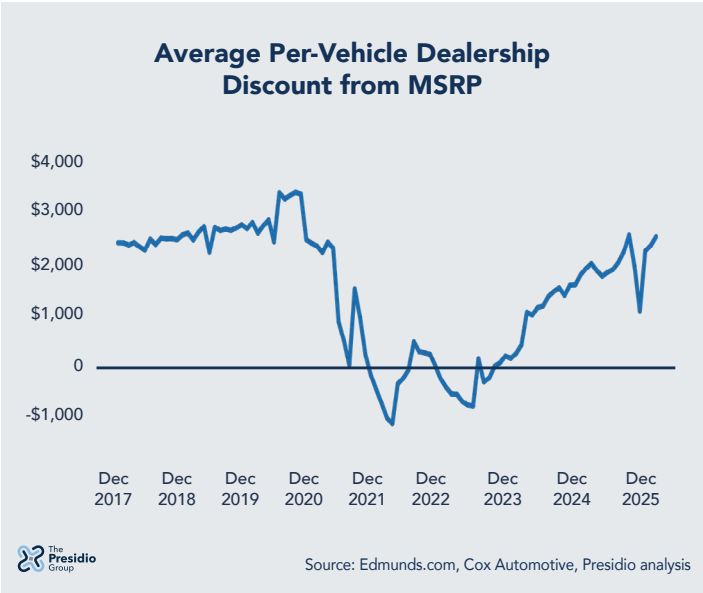
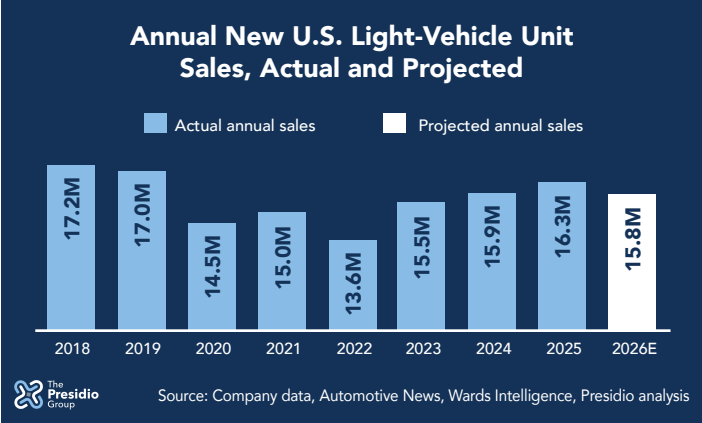
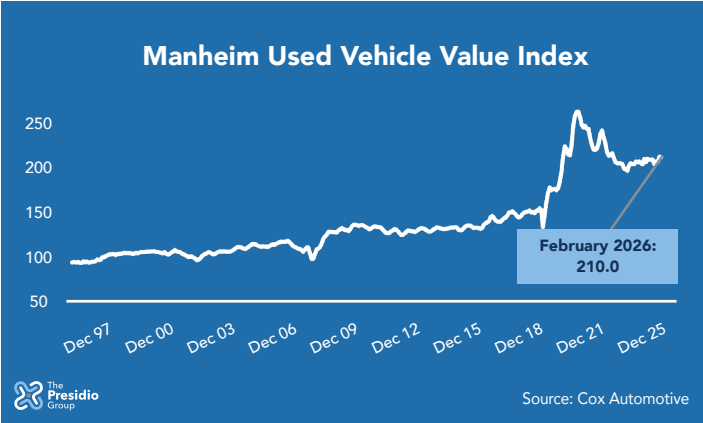
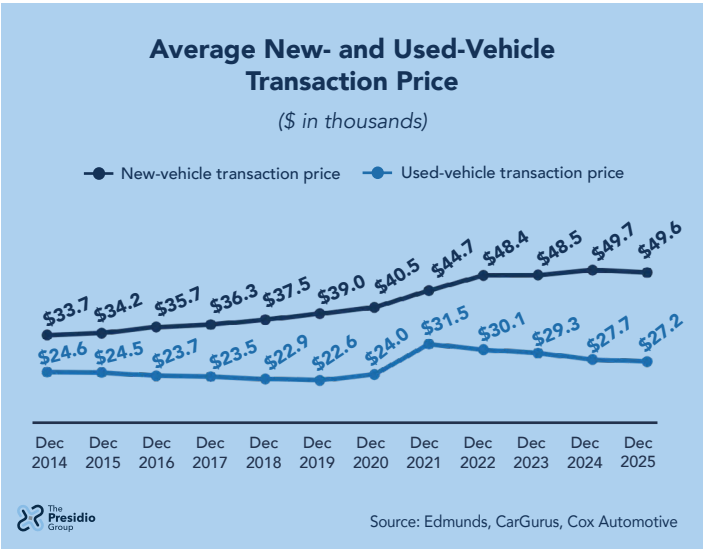
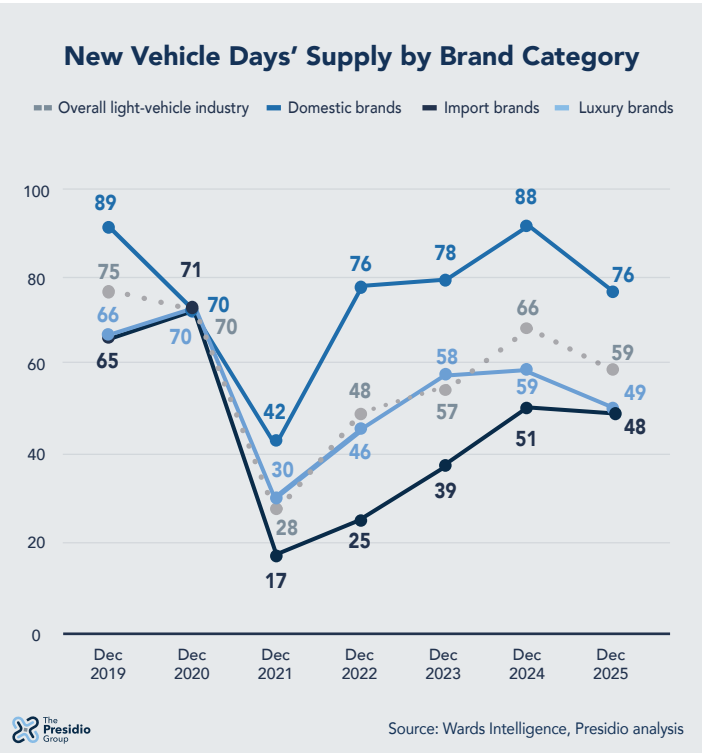
Supply and demand balance will drive volume and margin dynamics in 2026

Dealers likely will face fewer systemic shocks in 2026, supporting more stable operations and financial performance. In 2025, the sales rate swung sharply — from 16.7 million for the first four months of the year to below 15.7 million in May and June, rebounding to 16.3 million in the third quarter, only to fall again in the fourth quarter to 15.6 million. Those swings made planning difficult and increased profitability variance. Volatility also pulled demand from the fourth quarter and raised questions about volume trajectory in 2026.

Even as automakers weigh how to manage higher tariff costs and the new EV landscape, the market appears poised for its greatest certainty since 2019. Improved stability gives automakers and dealers more room to choose between chasing additional volume or protecting price and margin — and the industry is better served by the latter.

In the current environment, disciplined supply and steadier earnings are likely to be worth more to the industry than squeezing out an additional few hundred thousand units of annual sales.

Presidio Data Library





As AI tools multiply, auto retail tech leaders say the underlying data will decide the winners

Artificial intelligence tools are only as effective as the information they draw from, putting the importance of data squarely in the auto tech spotlight.

As more AI-powered software rolls into dealerships, industry leaders say the real differentiator for competing tools will be whether retailers and vendors will be able to access and leverage robust, real-time information and keep that data clean, connected and governed. Without that, even the most impressive-sounding AI products will struggle to deliver.

“Data is the foundation,” said Brodie Cobb, CEO of The Presidio Group. “If you want AI that does something useful in the real world, you must start with clean, organized, dealer-centric data. Everything else depends on that.”

But data holes — lack of access to deep and broad information, as well as problematic unreliable data — is a persistent challenge that dealers and tech vendors face. While not a new problem, it’s one that’s increasingly in the crosshairs of the tech players grappling with the issue. Some have high hopes that ever-more-powerful AI tools will help them find solutions.

Significant opportunities exist to bring together fragmented records across dealership departments and

consumer households to maximize the value of the customer life cycle more efficiently, Inga Maurer, senior partner at McKinsey & Co., recently told Automotive News.

“The auto industry hasn’t maximized AI’s potential despite advances in the back office and with analytics,” Maurer told the publication. “Data is the key to making further gains.”

At the Presidio Auto Tech Summit last October, some of the sharpest criticism was aimed at data used to feed agentic AI tools.

Matt Leone, CEO of customer relationship management provider DriveCentric, called much of that data “really bad” and a risk for having “AI go rogue.” The industry needs to solve the data hitches that arise when software providers are pulling from the same sources such as dealership websites carrying 30 different pixels or dealership management systems supporting 40 different integrations, he said.

“Companies that do a good job of harnessing the data, cleansing the data, enriching data, putting some identity around that data so that it’s universally accurate, then you can start to trust your agents,” Leone said.

Jade Terreberry, senior director of strategic planning at Cox Automotive, concurred that this is where real separation between winners and also-rans will emerge.

“You will start to see the gap widen drastically on who can actually play in the space, because it is all about the underlying data,” Terreberry said. Without accurate and up-to-date data, “you can have the brightest, shiniest AI tools and capabilities out there, and it is totally useless to the dealer.”

For Pearl Percy, chief corporate development officer at JM Family Enterprises, the data issue presents both opportunity and exposure.

“In the last five years, we’ve really been thinking about people, process, technology and differentiating data,” Percy said at the Presidio summit.

That lens now drives serious questions in all of Percy’s strategic conversations: How clean is this data, who has access to it, and what risk does JM assume if it acquires or partners with a company that has not taken governance seriously?



“[Without accurate and up-to-date data], you can have the brightest, shiniest AI tools and capabilities out there, and it is totally useless to the dealer.”

— Jade Terreberry, senior director of strategic planning at Cox Automotive

The infrastructure advancements underway in today's industry are helping to get dealers and vendors closer to where they need to be on the data front, Jay Vijayan, CEO of DMS provider Tekion, said at the summit. He described the move to modern DMS platforms as being, at its core, about data integrity and security — both prerequisites for any serious AI work.

Tekion uses AI tools to cleanse decades of legacy data during DMS migrations but Vijayan stressed that the process must be anchored in an understanding of dealership workflows. He also warned about careless use of public AI tools, relaying a case in which internal competitive intelligence from another tech company's private meeting surfaced inside ChatGPT after someone uploaded notes to that public model.

Tekion bans its employees from using public ChatGPT and is developing its own "Tekion GPT," which can leverage large language models while keeping dealer and consumer data within Tekion's own secure environment.

Concrete use cases are emerging where the link between data and AI performance is easy to see. One of those is with voice and telephony systems.

A recent Deepgram survey of voice AI adopters offers a snapshot of how far the industry still has to go on data readiness. Even in one of the most advanced test beds for automation — voice AI — data and systems integration are proving to be the real constraint. Roughly two-thirds of respondents to the Deepgram survey said integration with existing systems is one of their biggest challenges to adopting voice AI.

As long as dealership data remains fragmented across multiple, poorly connected systems, even sophisticated AI tools will struggle to plug in and perform.



"Data needs are going to drive a lot of decisions — who partners with whom, who gets acquired and which platforms are still relevant three or five years from now."

— Brodie Cobb, CEO of The Presidio Group

If data depth and integrity is one half of the equation, access and scale are the other. At the Presidio summit, marketing and technology executives pointed to a structural disadvantage facing smaller and midsize vendors. They may have clever products, but not the volume or diversity of information needed to train robust models or refine features.

John Fitzpatrick, CEO of Force Marketing, said midsize providers that do not sit at the center of large-scale transaction flows need access to a wider swath of information and thus must collaborate more deeply with third parties to truly make the most of their AI ambitions.

"We've got to do better in this massive category in partnering together," Fitzpatrick said. "We're talking to all of the big partners in the space that have a significant data footprint on how can we do better on behalf of the dealer."

Without the volume and variety of real-time, first- and zero-party data that larger ecosystems can access, many of the smaller players are facing a strategic choice. One path is to band together — forming data-sharing alliances or consortiums designed to give them deeper, more robust records to leverage. The other is to link themselves more tightly to companies with larger ecosystems, whether through deep partnerships or perhaps even eventual sale to bigger platforms with stronger data positions.

Accelerated consolidation among the plethora of AI players is one likely outcome of data gaps, Cobb said.

"If companies don't have the data and don't have the time to build it, they're going to buy it," he said. "Data needs are going to drive a lot of decisions — who partners with whom, who gets acquired and which platforms are still relevant three or five years from now."



"We've got to do better in this massive category in partnering together."

— John Fitzpatrick, CEO of Force Marketing

DEALERSHIP TECH SPOTLIGHT

Presidio highlights technology companies adding value to the auto retail ecosystem via innovations that enhance customer experience, drive revenue, improve efficiency and increase profitability. This quarter's focus: Digital training and RockED, a dealership employee training platform that's growing rapidly.



ROCKED

Dealership training platform RockED has grown rapidly since its 2021 launch, attracting notable auto industry investors and building training partnerships with vendors, automakers, distributors and dealers. More than 12,000 U.S. franchised dealerships have access to RockED's training, with about 30 percent accessing the platform monthly, according to CEO Matthias Stoever.

Founded by leaders with experience in auto retail, software and education technology, RockED was created to address gaps in dealership employee education as industry complexity grows. Training is delivered via a mobile app built around short-form video, gamification and certifications, rather than daylong in-person sessions or long online courses. The format is modeled on technology that employees already use daily, such as social media, fitness or sports apps.

A RockED user may spend 5 or 10 minutes per day on the platform, which over time adds up to hours of training more likely to be completed than with traditional formats, Stoever said. More than 60,000 individuals have logged 10 million-plus course completions to date.

RockED aims to consolidate auto retail training that has traditionally been spread across multiple systems and sources, including automakers, vendors and dealership groups.

"We want to get everybody who does any form of digital training for car dealerships on our platform," Stoever said. "One day, they have an AI training; the next day, compliance training; the next day, sales training; then OEM training. Our goal is...the user gets all of this out of one app and doesn't have to switch to five different systems."

Vendors, automakers and distributors, including J.D. Power, Impel, Dealer Tire, Southeast Toyota and Audi, provide training and certifications through RockED. Retailers such as Rick Case Automotive Group and Hendrick Automotive Group also use the platform for custom group-level training. RockED produces most of its content, creating its own certifications and co-developing programs and additional certifications with partners.

RockED has raised \$20 million from investors, with major infusions from FM Capital and JM Family Enterprises. The company isn't disclosing annual revenue, but Stoever said it more than doubled revenue in 2025. RockED continues investing significantly into growth and product development.

The company's RockED Booster product, launched last year, integrates with dealership management systems to pull performance data and reinforce training goals. Service advisors, for example, can see where they rank on customer-pay repair orders for jobs like tire replacement or alignments and receive targeted training to improve. Dealerships using RockED Booster delivered customer-pay revenue growth between 10% and 20% last year, Stoever said.

The Presidio Group CEO Brodie Cobb called RockED a standout in the dealer training and education space.

"It's a hot company delivering what auto retailers need in a modern way easily adopted by users," Cobb said. "RockED's approach is setting a new industry standard for effective training, helping dealers and partners accelerate growth and improve competitiveness."

RECENT AUTO TECH TRANSACTIONS

Deals span AI, payments and marketplaces



January 2026: Mia Labs, a provider of AI-driven dealership communications technology, raised **\$20 million** in Series A funding led by Permanent Capital Ventures to accelerate growth.



January 2026: Online vehicle marketplace **TrueCar** was taken private by **Fair Holdings Inc.** in a **\$227 million** all-cash deal led by TrueCar founder Scott Painter and backed by strategic investors including dealership groups AutoNation and Atlantic Coast Automotive, PenFed Credit Union and insurer Zurich North America.



January 2026: A minority stake in **myKaarma**, a provider of dealership service lane software, was acquired for an undisclosed amount by private equity firm **Warburg Pincus**, which plans strategic investment to enhance myKaarma's product offerings and growth.



January 2026: Dealerware, a fleet management and mobility platform, was acquired by an investor group led by **Wavecrest Growth Partners** for an undisclosed amount, positioning it to accelerate product development and growth.



December 2025: CHAMP Titles, a provider of digital vehicle titling services to motor vehicle agencies, raised **\$55 million** in new financing, led by W.R. Berkley Corp., Point72 Ventures and ORIX Corp., to help fuel its expansion.



December 2025: Impel, a provider of automotive customer lifecycle and merchandising software, completed a secondary share offering to automotive investment firm **FM Capital** for an undisclosed amount.



December 2025: Element Fleet Management, a fleet management platform, acquired **CarlQ**, a provider of vehicle-initiated payment technology, for an undisclosed amount to broaden its payments offerings.



November 2025: PCMI, an automotive finance-and-insurance software provider, acquired the enterprise solutions business unit of **StoneEagle**, a provider of automotive F&I management services, for an undisclosed amount.



October 2025: EPIC, a vehicle loan, payments, lien and title processes platform, raised **\$10 million** in Series A funding led by FM Capital to help it expand its reach.



October 2025: Authenticom Group, an automotive technology provider, acquired **iSKY's Automotive Experience Division** from Ibex for an undisclosed amount, expanding its customer experience management capabilities.



October 2025: CallRevu, an artificial intelligence-powered dealership call monitoring software provider, was acquired for an undisclosed amount by **Astria Capital**, which aims to expand CallRevu's business.



NADA makes direct-sales fight its top 2026 cause

Franchised dealers are rallying around their national trade association's top directive for 2026: stop the direct-sales ventures launched by traditional automakers through affiliates and partnerships.

National Automobile Dealers Association CEO Mike Stanton emphasized that message across multiple appearances at last month's NADA Show in Las Vegas, declaring the battle against direct sales models associated with Volkswagen and Honda to be the dealer group's chief focus this year.

"This is our number one priority," Stanton said at the convention. "We are in the fight."

The concern centers on Volkswagen's Scout Motors and the Sony Honda Mobility joint venture. Both plan to sell directly to consumers while their sibling brands continue to rely on franchised dealers.

Core to the dispute is how directly the new brands are tied to VW and Honda. Scout, for one, is owned by Volkswagen Group but maintains it is independent from VW's legacy brands and thus is free to sell directly. Dealers, however, argue that Scout's planned use of VW platforms and assembly plants belies such independence.

Tensions spilled over inside two closed-door meetings VW executives held with retailers at the NADA Show. People who were present described the gatherings as strained as dealers pressed VW on the Scout plan.

Scout has signaled a willingness to challenge the franchised model. In 2025, a Scout executive asked the U.S. Department of Justice to "take all steps necessary to eliminate state motor vehicle franchise laws," calling them "burdensome restrictions on competition," according to Automotive News. The request came in an 11-page letter to the DOJ's Anticompetitive Regulations Task Force, an entity created by the Trump administration to reduce regulatory burdens.

Even as Scout has sought to curb franchise laws, its executives have tried to ease retailer concerns. In January, according to Automotive News, Scout CEO Scott Keogh told the BloombergNEF Summit: "Make no mistake, dealers sell 90 to 95 percent of the cars in America. They have a massive footprint. They've treated customers well. They've done great things. This is an alternative."

Dealers are pushing back in the courts.



NADA CEO Mike Stanton pledged NADA's war chest to fighting plans by Scout Motors and Sony Honda Mobility to sell their vehicles directly to consumers.

The California New Car Dealers Association has filed lawsuits challenging the direct-sales plans of both Scout and Sony Honda Mobility, arguing that they violate a 2024 update to the state's franchise law requiring that affiliates of automakers with franchised dealers must also sell through dealers.

In Colorado, Volkswagen dealers sued the state's Department of Revenue after its Motor Vehicle Dealer Board voted in December to grant Scout a dealer license. Dealers seek to overturn that decision, arguing that regulators misread state law by treating Scout as a standalone electric vehicle manufacturer instead of as an affiliate of Volkswagen.

VW and Audi dealers in Florida also are challenging Scout, contending its connection with Volkswagen bars it from selling directly under state statute. And VW dealers in New York and Connecticut have joined a proposed class action lawsuit filed in federal court in Virginia that challenges Scout's direct sales plan on a national basis.

NADA is backing dealer challenges. Stanton told dealers at the NADA Show that the association has committed undisclosed sums from its legal defense fund to support the Scout challenges in California and Florida.

Said Stanton: "We have a big war chest, and we have not said no to a request."

California dealers sue over Scout, Sony Honda plans they call 'existential threat'



California dealers are frontline combatants in the legal clash over Scout Motors and Sony Honda Mobility, first rewriting state law and now suing to block the factory-direct sales plans of both ventures.

California New Car Dealers Association President Brian Maas spoke to Presidio Perspectives on why he views the Scout and Sony Honda plans as a threat to the franchise system. Here are edited excerpts.

How big of an issue is this direct-sales push for your dealers in California?

A lot of initiatives of the OEMs tend to be launched in California. So we're always trying to look around the corner and see what's coming. We realized a few years ago the direct sales threat was a serious one. [In California], we have an anti-competition bar, which [states] manufacturers can't compete against their own dealers. By launching a new direct sales-related brand, they're competing directly with their franchisees. Every VW dealer would love to sell a Scout vehicle, but VW has chosen to say, 'We're going to try and distribute those directly and not use our business partners.' And their business partners are pretty angry about it.

If the OEMs are allowed to compete against their own franchisee, the meaning of the franchise system is undermined. We feel like this is a potential existential threat.

What was changed in the California law?

We strengthened our law to make it clear that what VW and Scout and Sony Honda are doing is illegal under our statute. [The revision] called out affiliates, and [made sure to] accurately define competition, so that the very behavior that they're engaged in now would be prohibited. We knew this was coming.

[The changes] took effect in January of '24. We sued VW and Scout in April of '25 and Sony Honda in August.

How do you think Volkswagen leaders view their strategy — and what happens if they win in California?

I think executives within Volkswagen believe this is the right strategy for the company, full stop. And they're not thinking about California law. They're not thinking about how angry the VW dealers are that they're not getting Scout vehicles. They've just decided this is the strategy they want to pursue, and they're proceeding. Scout's general counsel

[wrote] a letter to the California Legislature when our bill was pending, saying this would prohibit [them] from doing business as Scout. So it's not like they didn't know the law. They absolutely know; they're choosing to proceed anyway.

If they emerge victorious in California, it would be a devastating loss for the industry. That's why we're encouraging other states [with] strong laws to take them on. Ultimately, our goal in litigation is to get VW and Sony Honda to pick franchisees to sell cars. We don't tell them how many. We don't tell them which ones. We don't tell them where. But use franchisees.

What are the broader implications for dealers if they don't step up now to challenge these plans?

Now is not the time to sit on the sidelines. If your law is strong enough and your dealers have the wherewithal to do something, do it now. Because if the horse leaves the barn, three years from now there's no undoing it. It'll be a tsunami of OEMs. Ford [could say] we'd like to sell F-150s direct. "Why send those to Ford dealers? Let's do it ourselves." You start thinking of the ramifications, and it's massive.

The smart dealers thinking about the future need to step up. Credit to our board of directors: Not [just the] VW or Honda dealers, but all said this is important. We need to step up and protect ourselves.

How is NADA helping, and what financial backing will you need from your own dealers?

[NADA] understands if OEMs are allowed to compete against their own franchisees, the meaning of the franchise system is undermined. NADA is helping support us financially in both those cases through [its] legal defense fund. I don't have a precise number, but it's significant financial support, and we appreciate it.

We're a nonprofit trade association. We don't have piles of money sitting in a vault. We will probably ask our dealers at some point for additional support for our legal fund. Any litigation is expensive. To see this all the way through could take a couple years. We're going to need to make sure we are sufficiently resourced. We're going against global automakers that can hire the best law firms. It's really a David and Goliath scenario.

When we ask the dealers to assist on something that they've told us is a top priority, they step up. I have no doubt that when the time is appropriate and the ask is appropriate, they'll respond.

Colorado dealers see Scout license fight as a make-or-break test for franchise protections



Colorado became another test case in the fight over factory-direct sales after the state in December granted Scout Motors a dealer license.

A group of Volkswagen dealers in the state sued the Colorado Department of Revenue, seeking an administrative judgement overturning Scout's dealer license. The suing dealers argue that regulators misread state law by treating Scout as an independent electric vehicle maker instead of as an arm of Volkswagen Group.

Colorado Automobile Dealers Association CEO Matthew Groves spoke with Presidio Perspectives about why he sees the Scout case as a make-or-break moment for franchise protections. Here are edited excerpts.

How big of an issue is Scout and direct sales for your members right now?

It's a huge issue. I am hearing about it even from non-Volkswagen [dealers]. There's pretty widespread realization that we're dealing with Scout today, but this is not a Scout issue. Once the camel's nose is under the tent, it's going to get a lot harder for individual states to uphold their laws.

What does Colorado's 2019 law say on direct sales?

It set up standards — if you want to sell direct, you can only make electric vehicles and you can have no franchise dealers with that same line. So in our state, nobody can say we're against direct sales. Rivian does it. Tesla does it. We're against the mass breach of franchise rights. That's something we want to protect against.

Where does the Colorado Scout case stand now?

A group of dealers have filed a lawsuit. [The association] is not a party to the lawsuit. We wanted to be but had some question over whether there would be standing issues. We are trying to organize and be a facilitator for communications. We're obviously doing a lot of public

relations interactions. There is a legislative strategy behind this that, after the lawsuit finishes, we will run point on.

How high are the stakes for the franchise system?

The association will be there for the dealers, and we will die on this hill. If we don't defend the franchise law, then why do we even exist. This is not like an air quality challenge.

It feels like the intent of the laws here are not misunderstood. This is not a great time to bring any company to market, and realistically, we could probably sit back and let the economy take care of this one for us. But we're fighting on principle.

You mentioned a legislative option after this plays out. What do you think you can do from a legislative standpoint?

We will take care of Scout first. And once that's done, we'd like to come back and make sure that Colorado knows that the state is behind their franchised dealers. That's what we're looking for. That really goes back more to what are the

Big Three and the Asian brands doing, and let's make sure they're not going to come back and try this as well. We want to put the affiliate language into our law.

Now I don't know that the affiliate language is necessarily at point here because Scout is not an affiliate. They're an alter ego. It's 100% ownership. So we don't believe we need that affiliate language for the Scout lawsuit. But as direct sales and

manufacturer competition evolve, they probably will try to sidestep those wordings as well. So we just want to make sure we have the robust protection.

What are the broader implications if Scout succeeds in selling directly in Colorado?

This is a national fight. Even, God forbid, were Scout to be successful in Colorado, you can't support a national company selling from one site. Our big fear is that they're going to get one temp tag and unlawfully [use that] to sell to all of the other states. If they are successful here, it's almost an invitation to do more lawbreaking. So it's going to be everybody's problem.

“We will die on this hill. If we don't defend the franchise law, then why do we even exist.”

— Matthew Groves, CEO of the Colorado Automobile Dealers Association

Meet the Team

Our team has an exceptional breadth and depth of experience in the auto retail and technologies sectors as well as deep relationships in the broader corporate and financial communities. Our mission is to relentlessly put our clients' needs first.



Brodie Cobb
CEO



George Karolis
President



Keith Style
COO



Jamie Albertine
Managing Director



Jason Stein
Managing Director



Alex Watterson
Managing Director



Matt Assad
Principal



Erika Bevers
Marketing Associate



Pete Constantinides
Analyst



Diane Durbin
Chief of Staff



Nick Klass
Associate



Mary Michael Massie
Executive Assistant



Haakon Mathiesen
Analyst



Lauren Pfohl
Chief Marketing Officer



James Reece
Associate



Adam Schraudenbach
Associate



Brian Sorrell
Vice President



Susan Stein
Chief Administrative
Officer & Controller



Dean Trapani
Analyst



Kevin Tynan
Director of Research



Amy Wilson
Director of Publishing



Scott Zienkewicz
Principal

PRESIDIO PERSPECTIVES: LEADING VOICES



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Hosted by **Jason Stein**

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From legendary dealers to up-and-coming technology entrepreneurs, our Full Throttle audio and video conversations focus on innovation and game-changing trends. Listen to our library to hear from 35+ industry leaders who are making news.



Published by **Kevin Tynan**

Market Insights

Kevin Tynan, Presidio's director of research and a Wall Street analyst for 25+ years, provides deep insight into the global auto industry and the market trends shaping its future via written reports, video and audio commentary, in-person appearances and Drive-ins for Presidio's network.



Led by **Amy Wilson**

Quarterly Report

The Presidio quarterly report includes the Presidio-NCM Average Dealership Performance Benchmark's data on franchised dealership profitability and performance. It also offers dealership transaction activity and valuation guidelines, plus insight and analysis on auto tech and the broader industry.



For more information on The Presidio Group or to join the conversation with our Perspectives team, please contact Presidio's Chief Marketing Officer, Lauren Pfohl, at lpfohl@thepresidiogroup.com.