MIDYEAR 2026 DEALER DIRECTION SURVEY

Nearly six months into 2026, U.S. auto dealers face a more demanding environment but many still see a path to long-term growth and stability. Short-term profitability expectations have fallen as geopolitical conflict, higher operating costs and weaker consumer confidence weigh on results, but dealers have more confidence in profits and store valuations over the next three years, according to the Presidio Midyear 2026 Dealer Direction Survey.

"The market is more complicated, but many dealers continue to seek growth, particularly representing the most desired brands," said George Karolis, president of The Presidio Group. "Dealers today face lower vehicle margins and higher costs, pressuring earnings. But operators have long-term confidence in the auto retail business and the attractive returns it provides on invested capital."

Presidio's survey is conducted twice a year to gauge insight into dealership profitability, valuation and the buy-sell market. The midyear 2026 survey, fielded from May 6 to June 15, aggregated responses from 269 dealers and dealership group executives representing 4,200-plus U.S. franchised stores.

About 23% foresee rising dealership profits over the next 12 months, while 44% anticipate declines and 33% expect no change. While near-term profit sentiment is worse than in 2025 and year-end 2024, it's much better than in 2023 through mid-2024 when profits tumbled sharply from pandemic-era records.

The average U.S. dealership's pretax profit rose 3.7% in 2025, per the Presidio-NCM Average Dealership Performance Benchmark, and then dropped 11.2% in the first quarter of 2026 as the industry lapped an unusually strong period fueled by new-vehicle purchases ahead of expected tariffs.

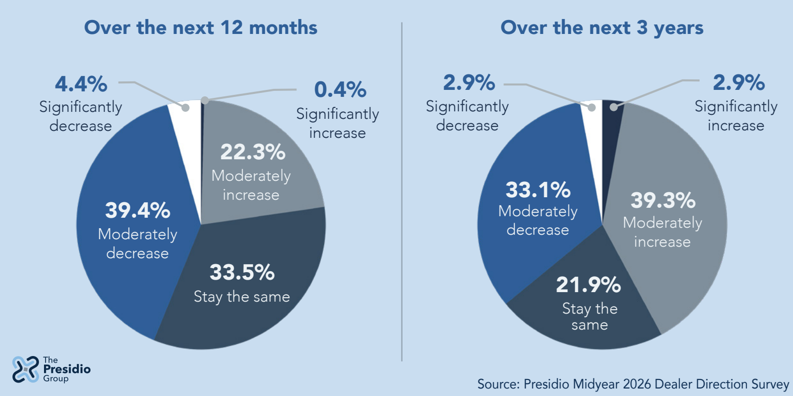
Respondents indicated concerns about vehicle margin compression and escalating costs this year. "We will have to get a lot better just to keep up with what we did in 2024 and 2025," one wrote.

Against that backdrop, Presidio is introducing a dealer net profitability optimism score tracking near-term sentiment about earnings. It measures the gap between respondents projecting rising profits and those expecting declines over the next 12 months. After modestly positive net optimism scores in 2025, calculated using historical survey data, the midyear 2026 reading dropped to -21.1%. One respondent said, "New-car margins will significantly decrease

KEY SURVEY HIGHLIGHTS

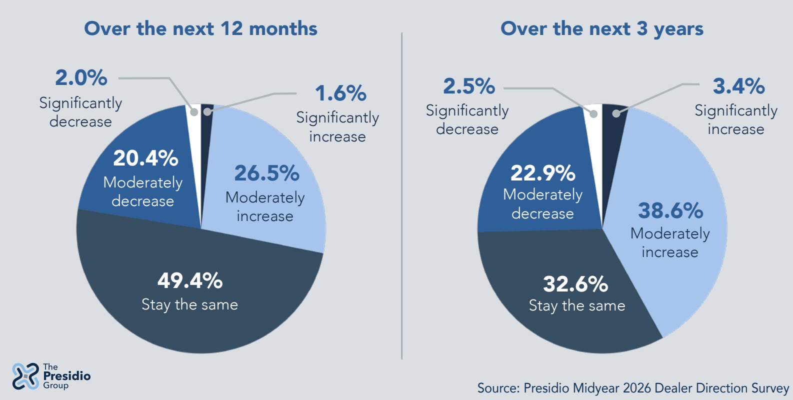
- → **Acquisition** appetite remains strong with **64%** of dealers interested in buying stores
- → **78%** expect stable or rising dealership **values** over the next year
- → **Toyota** and **Lexus** remain dealers' top-ranked brands, with **Honda**, **Subaru**, **Mercedes-Benz** and **BMW** holding strong behind them
- → **Porsche** notably dropped to No. 10 in the brand ranking, while **Audi**'s slide continued and **Nissan** began to recover, rising five places
- → Nearly **44%** see profits dipping the next 12 months while **23%** expect gains, making dealers' **net profitability optimism** its weakest since mid-2024
- → **Parts and service** and **F&I**, cited by **80%** and **57%**, are the top projected profit drivers over the next year
- → **45%** reported business impacts related to the Iran conflict or other geopolitical tensions, while another **31%** expect impacts if conditions persist
- → **Vehicle affordability** remains the top near-term headwind, while **direct sales** and **Chinese automakers** pose the biggest long-term risks

How do you think dealership profitability will trend?

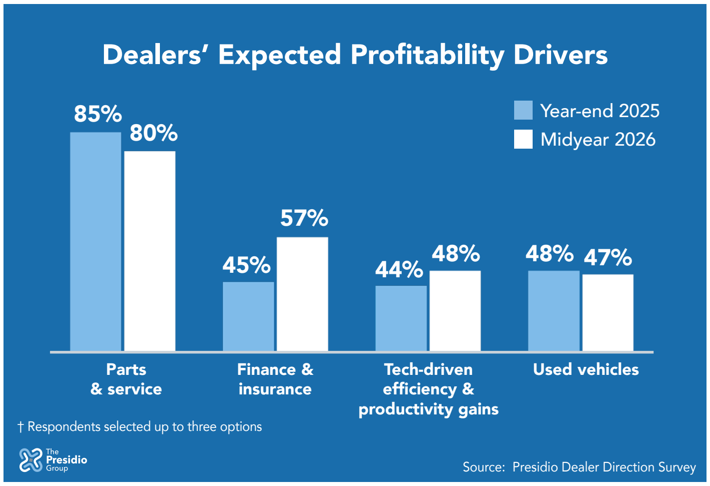


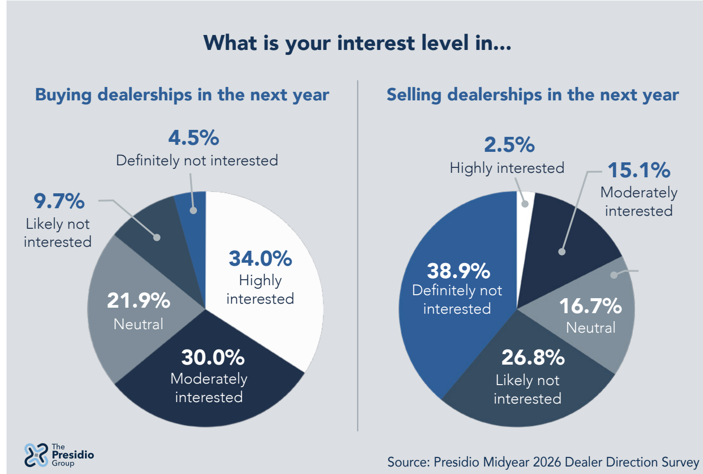
Source: Presidio Midyear 2026 Dealer Direction Survey

How do you think dealership values will trend?



Source: Presidio Midyear 2026 Dealer Direction Survey





as inventory levels increase." Another said automakers are "continuing to take away margin everywhere in the business."

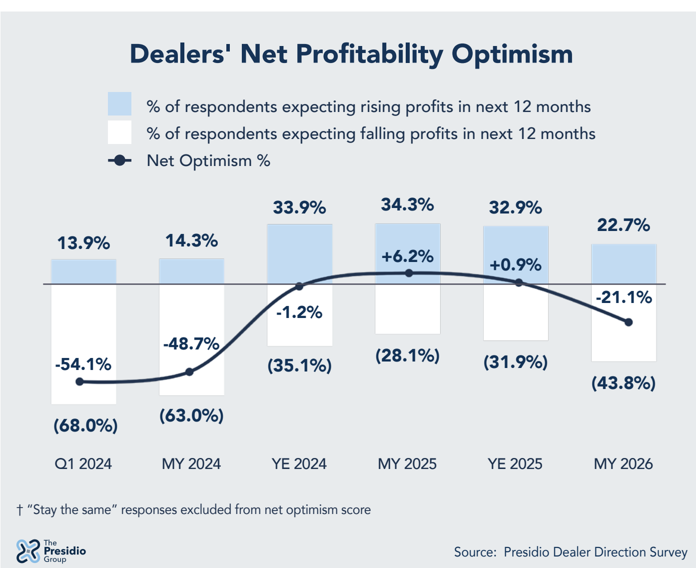
Their three-year view is more favorable, with 42% expecting gains vs. 36% foreseeing a decline and 22% expecting stability.

Dealers overwhelmingly expect top profit drivers over the next 12 months will be parts and service, selected by 80%, and finance and insurance, chosen by 57%. Nearly 48% cited productivity efforts and technology-enabled efficiency gains.

As vehicle margins erode, "the hope is parts and service make up some of the difference," one dealer wrote. Said another: "We are buying cars to drive F&I and service at this point."

Dealership valuation sentiment is strong. About 78% expect stable or increasing values over the next year, the same as at year-end 2025. Sentiment is similarly positive over three years, supported by steady M&A activity, ample capital and limited availability of stores representing high-performing brands in top markets. That said, buyers are getting more selective.

"There's strong competition for high-quality assets and more caution around average stores or weaker brands and locations," Karolis said.



Even as acquisition demand remains near record highs, that selectivity is shaping portfolio strategy — 64% expressed interest in buying stores and 18% in selling. The share open to selling was the highest since the survey began and up from 11% at year-end 2025. The shift likely reflects increased portfolio management by dealership groups seeking to better align their footprints with their long-term strategic objectives. That represents a big portion of Presidio's current deal pipeline activity, at a historically high level for the firm.

"In 2026, the question is, 'Do I have the right brands, in the right markets, at the right scale?'" Karolis said.

Geopolitical and macroeconomic factors are affecting operations and outlook. About 45% said they've experienced some impact tied to the Iran conflict, while another 31% expect to feel effects if conditions persist. The most cited impacts are lower consumer demand and confidence, higher operating costs and shifts in vehicle buying patterns.

Affordability remains the dominant near-term headwind, cited by 66%, followed by interest rates and inflation. "People cannot afford to purchase," one dealer wrote.

Longer term, dealers are focused on structural risks to the franchise model, with direct sales and the specter of Chinese automakers in the U.S. topping long-term concerns.

Dealers have grown slightly more cautious on China as the debate has intensified. The National Automobile Dealers Association is among industry groups seeking to block Chinese brands from the U.S., citing competitive imbalances.

The share of dealers viewing Chinese entrants primarily as a threat rose to 40% in mid-2026 from 34% at year-end 2025, while those who see them primarily as an opportunity fell to 5% from 11%. Nearly 47% viewed them as both opportunity and threat in the two surveys, reflecting a conflicted view of a disruptor that could also create franchise opportunities.

"If the Chinese embrace the franchise model, we should welcome them," one dealer said. Another likened it to Lexus arriving in the U.S. in 1989. Others were far more skeptical. "They will put many brands out of business," a dealer wrote.

Dealers see growing impact from global uncertainty

As conflict involving Iran and broader geopolitical uncertainty influence the U.S. economy, a growing number of dealers say they are seeing consequences in their businesses and among their customers.

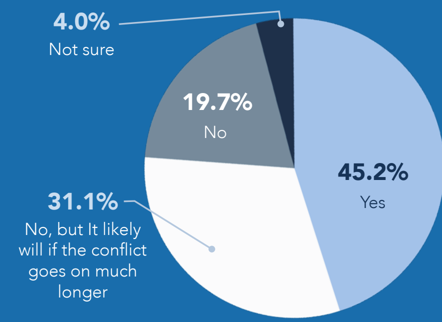
Dealers surveyed by Presidio in May and June reported impacts ranging from softer consumer demand and rising operating costs to supply-chain challenges and changing vehicle purchase patterns. About 45% said their operations had already experienced some effect tied to geopolitical tensions, while another 31% expect consequences if conditions persist.

"Following tariffs, then EV [regulatory] change, macro factors have been quite frustrating," one respondent wrote.

Among dealers reporting impacts, 70% cited reduced customer demand or consumer confidence, while 67% pointed to higher operating costs, including fuel, transportation and utilities. About a third reported shifts in the types of vehicles customers are shopping for, while roughly a quarter cited parts delays or inventory disruptions.

Dealers repeatedly linked the pressures to affordability concerns. "Gas prices and other increases are putting more financial pressure on consumers at the worst time," one respondent said.

Is your dealership experiencing any impact related in part to the conflict with Iran, other geopolitical tensions or related macroeconomic factors?



The Presidio Group

Source: Presidio Midyear 2026 Dealer Direction Survey

If you are experiencing an impact related to the geopolitical conflict, what specific effects have been observed at your dealership? (Select all that apply)

Reduced customer demand or consumer confidence	**69.7%**
Higher operating costs *(e.g., fuel, transportation, utilities)*	**67.0%**
Shifts in vehicle type customers are shopping for *(e.g., favoring more fuel-efficient vehicles)*	**32.5%**
Parts or other supply chain delays	**26.1%**
Inventory or new-vehicle supply disruptions	**25.0%**
Tighter credit or financing conditions	**16.5%**

The Presidio Group

Source: Presidio Midyear 2026 Dealer Direction Survey

MIDYEAR 2026 BRAND DESIRABILITY RANKING

The marques leading the Presidio Brand Desirability Ranking are associated with strong customer satisfaction, supply discipline and dependable retail profitability. While that profile has long aligned with leading luxury and Asian import brands, two domestic makes with profitable truck lineups, Chevrolet and Ford, have moved ahead of Porsche in the top 10 of Presidio's midyear 2026 ranking.

That group showed remarkable stability with no new entrants, and no ranking change among the first six: Toyota, Lexus, Honda, Subaru, Mercedes-Benz and BMW.

"The first-half operating environment was tougher, making dealers more selective about where to place their capital," said George Karolis, president of The Presidio Group. "Not all brands are equal, and the best luxury and import makes consistently top our survey and do well out in the market. Dealers are making a clear flight to quality by gravitating toward brands that are great dealer partners, favored by consumers and better equipped to weather a tougher cycle."

The latest ranking is based on the Presidio Midyear 2026 Dealer Direction Survey, which asked dealers to rate the desirability of owning stores representing specific brands. After the steady leading six, rankings shifted among the rest of the top 10. Kia rose one spot to No. 7. Chevrolet climbed two to No. 8, its highest ranking yet. Ford held at No. 9 in its second straight turn in the top 10. And Porsche fell three spots to No. 10, its lowest ranking since the survey's inception.

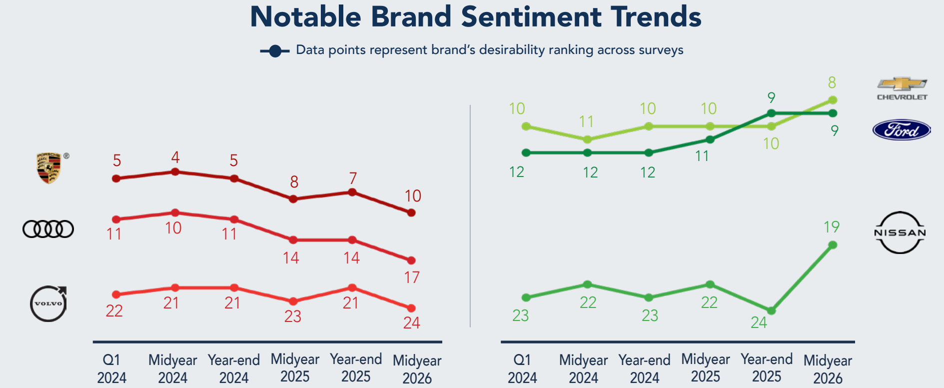
Porsche is experiencing short to medium-term product and margin challenges as its demanding facility requirements put pressure on some dealers.

"With Porsche, the survey reflects a bifurcation between larger and mid-sized markets," Karolis said. "In places where stores have more scale and more ways to make the economics work, enthusiasm is higher. But in smaller locales, dealers are squeezed by limited allocation, costly facility requirements and margin cuts."

Other brands facing pressure include Audi, down three spots to No. 17 on concerns about product cadence and market share. Volvo, down three to No. 24, a brand low, similarly reflects weaker sales momentum and high inventory.

Meanwhile, Nissan, long near the list's bottom, rose sharply, up five spots to No. 19, as leadership changes and better product direction buoyed sentiment. While it's not yet clear what Nissan's changes will mean for store profitability and valuations, Presidio is watching closely. If anything, the recovery story inherent in Nissan's leap to its best showing since the survey began is a reminder that even long-struggling brands can regain traction as fundamentals improve.

Notable Brand Sentiment Trends



Source: Presidio Dealer Direction Survey

Brand Ranking

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

PRESIDIO'S TOP 10

Toyota		9.28
Lexus		8.65
Honda		8.05
Subaru		7.52
Mercedes-Benz		7.20
BMW		7.15
Kia		6.95
Chevrolet	↑2	6.71
Ford		6.41
Porsche	↓3	6.33
Hyundai		5.87
Buick-GMC		5.29
Mazda		5.01
Cadillac		4.66
Genesis		4.38
Jaguar-Land Rover		4.31
Audi	↓3	4.28
Acura		3.75
Nissan	↑5	3.72
Ultraluxury		3.63
CDJR		3.39
Volkswagen		3.32
Lincoln		3.19
Volvo		3.00
Infiniti		2.41

Source: Presidio Midyear 2026 Dealer Direction Survey