

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 in the real world. Our comprehensive analysis includes:

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Overall Market Update

The third quarter of 2025 saw continued momentum in the dealership M&A market, building on the rebound that began earlier this year. Since midsummer, the pace of buyers and sellers turning to Presidio for transaction assistance has been “on fire,” said George Karolis, president of The Presidio Group. Activity level across the broader industry also has grown. It remains a seller’s market for dealerships representing high-quality brands in prime locations, and those are the assets buyers primarily are clamoring for.

Presidio estimates U.S. dealership M&A activity through the first nine months of 2025 totaled 320 transactions involving 445 stores. With four more transactions involving 20 fewer dealerships estimated, this year’s pace is roughly on par with the same period in 2024. Numbers are subject to change as news of additional transactions emerges. A factor in the pace of the last year is the slowdown in deal completion late in 2024 and early in 2025 connected to transaction hesitation ahead of the 2024 presidential election.

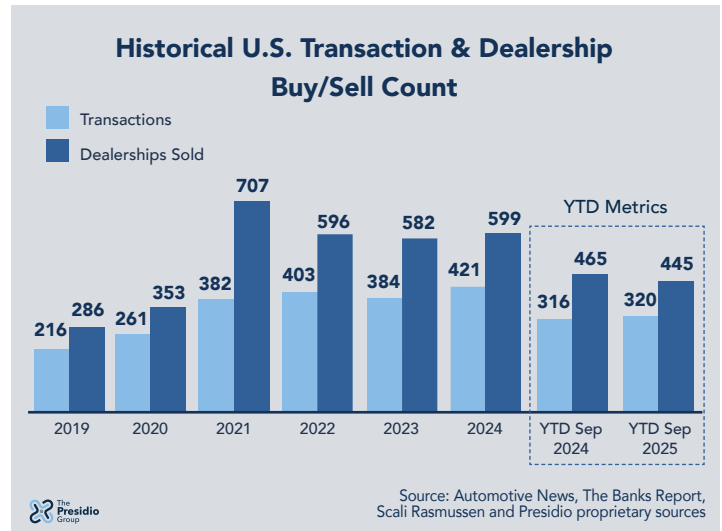
The team at Presidio continues to expect that full-year 2025 transaction counts and number of dealerships sold will meet or exceed last year’s levels. Presidio slightly increased its full-year 2024 data, to 421 transactions involving 599 stores, as more deals for that period became public.

Presidio’s own pipeline of deals continues to be stronger than ever, reflecting both the strength of its industry relationships and overall heightened deal activity. Large luxury transactions are a particular focus of the firm’s activity, with several notable deals closing in recent months. And the outlook for the 2026 dealership M&A market is robust.

“There’s no end in sight, at least for a few years. Buyers are willing to pay strong, but fair, prices and are stepping up for premium brands and markets,” Karolis said. “It’s a seller’s market, but sellers need to have a sound basis for valuation in any transaction, even in a robust market.”

While a larger bid-ask spread persists with some, buyers and sellers generally have become better aligned on both deal pricing and how to quantify store performance.

“For dealerships performing well, current earnings levels are more indicative of the new baseline,” Karolis added. “With rational parties, it’s much easier to get deals done today.”



A key trend with the nation’s largest and best dealership groups is active portfolio management, a strategy Presidio has championed for many years with its clients. Both buyers and sellers are actively leveraging their holdings and strategically realigning assets, divesting some stores and acquiring others that make sense for long-term strategic growth.

In notable third-quarter deals, Asbury Automotive Group in July finalized its \$1.45 billion acquisition of 33 Herb Chambers dealerships in New England. And Sonic Automotive continued to step back into the market after a long absence by buying a California Jaguar-Land Rover store in August, two months after buying several other JLR dealerships.

Presidio advised on multiple landmark luxury transactions in the quarter: AutoNation’s September purchase of large Mercedes-Benz and Audi stores in Chicago from Fletcher Jones Automotive Group and Group 1 Automotive’s August acquisition of highly sought-after Mercedes-Benz of Buckhead in Atlanta.

Industry consolidation continues to shape the auto retail landscape, with both private and public groups actively pursuing acquisitions. As 2025 winds down, robust deal activity is expected to continue; Presidio has several transactions poised to close before year-end. Circumstances support an opportunity-rich environment for both buyers and sellers as the year draws to a close.

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 the first half of 2025, rising 15.3% on a year-over-year basis. 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%

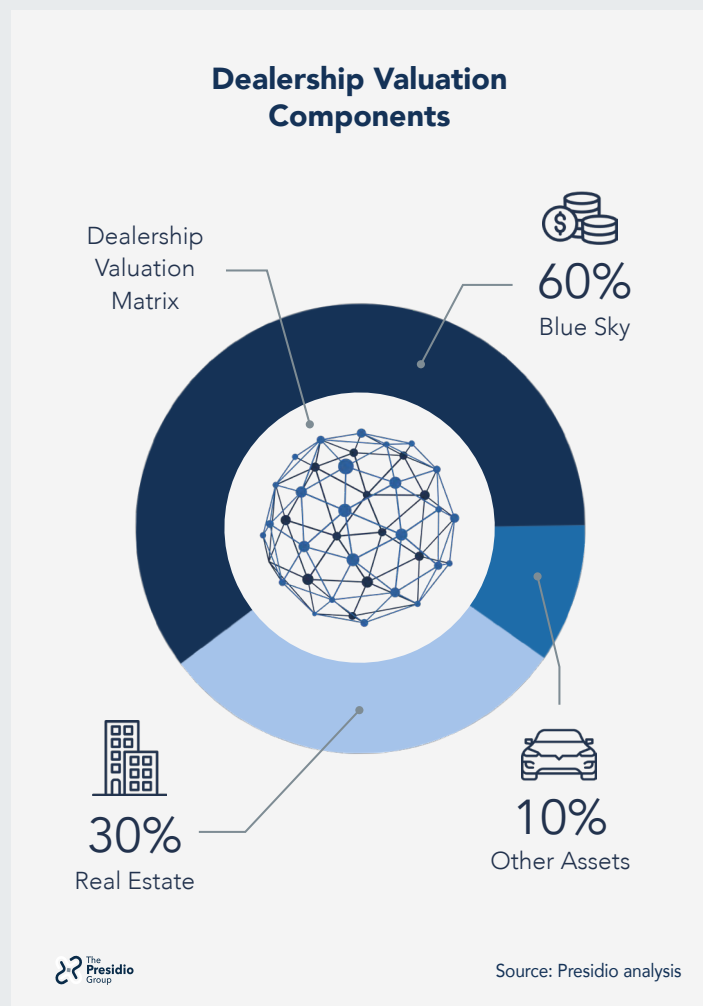
Revenue multipliers help eliminate volatility associated with changes in dealership earnings and are labeled on the following Presidio Valuation Index page as “blue sky as a % of revenue range.” Revenue multipliers are a great barometer for estimating initial dealership valuation as they help neutralize 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. We've made no adjustments this cycle but are closely watching several brands for possible changes. European brands with minimal U.S. production capacity are being monitored for potential negative impacts of higher tariffs. Also, with robust demand for Toyota dealerships pushing current market valuations above historical levels, some market participants wonder whether current guidelines are sustainable. Finally, Nissan, after bottoming out, could be in line for improvements given recent momentum and management developments. Presidio will continue to track these factors and general brand performance and make any needed adjustments to valuation guidelines in our fourth-quarter report.

Presidio Valuation Pillars →		Blue Sky as % of Revenue Range	Blue-Sky Multiple Range	Average Estimated ROI	Dealership Count as of Jan. 1, 2025	2024 New-Vehicle Volume/Dealership
	Lexus	48% - 62%	9.0 - 10.0	<10%	244	1,417
	Porsche	52% - 67%	8.5 - 9.5	↑	202	381
	Mercedes	41% - 50%	8.0 - 9.25		384	975
	BMW	43% - 52%	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	29% - 33%	6.25 - 7.25		641	1,042
	Honda	25% - 38%	6.0 - 7.25		1,070	1,207
	Audi	29% - 38%	6.0 - 6.75		307	643
	Kia	14% - 24%	4.5 - 5.5		795	1,006
	Chevrolet	13% - 19%	4.0 - 5.0		15%	2,886
	Hyundai	14% - 24%	3.5 - 5.0	↓	852	988
	Ford	13% - 19%	3.75 - 4.75		2,839	682
	Cadillac	11% - 16%	3.75 - 4.75		567	282
	Volvo	12% - 17%	3.5 - 4.5		281	444
	Mazda	11% - 16%	3.5 - 4.5		541	783
	Buick-GMC	10% - 14%	3.5 - 4.5		1,659 ¹	553
	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 ²	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

Quality of Earnings

Understanding the true earnings of a dealership when evaluating a potential transaction is crucial

When auto dealerships change hands, both buyers and sellers turn to more than just the raw information printed on a financial statement. A key factor in valuing a dealership is ensuring that the financial figures used in the calculations are vetted to determine the full picture, performance metrics and, ultimately, earnings of the store.

Dealership financial statements are not all created equally. Numerous considerations and subsequent adjustments are often required to arrive at a true understanding of profitability.

Quality of earnings refers to the reliability of a dealership's reported profits, whether facilitating a dealership transaction or helping dealers understand the value of their businesses.

"It's about making sure the underlying financial information depicts the most complete financial profile of a dealership," said George Karolis, president of The Presidio Group. "A typical unadjusted dealership financial statement almost never provides a realistic view of profitability."

It's important to distinguish quality of earnings from another key valuation metric used by Presidio: sustainability and growth of earnings. Quality of earnings focuses on the completeness and comparability of reported financial results, while sustainability and growth of earnings is about a dealership's ongoing performance and future potential. Presidio provided a deep dive on the latter concept in its 2023 fourth-quarter report.

Assessing quality of earnings is essential for both buyers and sellers to provide a solid foundation for determining value. Without this foundation, projections about sustainability and growth may be built on shaky ground.

Presidio follows a rigorous process when evaluating dealership earnings.

"Our bespoke approach, which is driven by our years of experience and our intimate understanding of the inner workings of dealerships and their financial statements, results in the most comprehensive and reliable understanding of earnings," Karolis said.

Sometimes certain expenses are not captured, while some areas of income, such as



finance-and-insurance, may not be accounted for on the dealership's financial statements. To provide an apples-to-apples comparison, adjustments to some reported items may also be required. Examples include ensuring that proper levels of management compensation are reflected, eliminating management fees and cost overrides or adjusting facility rent to market levels.

Presidio's process includes a thorough review of financial statements to spot inconsistencies or unusual items. As a result, statements may require adjustments for one-time events, non-operating or personal expenses on the books or other items that muddy the true earnings history of the business. Examples of one-time events include the CDK Global cybersecurity breach of 2024, a significant legal settlement or the impact of a major weather event. Additionally, non-operating or personal expenses are often accounted for on dealership financials. Examples include payments to family members not actively working in the business or expenses for private planes or country clubs.

Expenses such as rent, compensation and floorplan interest are standardized to make sure all relevant costs are properly captured. Sometimes a management company overseeing multiple dealerships will absorb certain direct costs that should be included in the financials being evaluated. Additionally, some dealership groups may pad their inventory or product costs, practices that require adjustments to properly depict the true outlook on financial statements.

It's important to note this type of work shouldn't be considered an independent third-party quality of earnings analysis. It's not about striving to confirm the accuracy of specific reported items but rather about ensuring that the financial picture presented is comparable and comprehensive.



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During the due diligence phase of a transaction, many buyers use internal financial experts or engage outside accountants to review and confirm the accuracy of the provided financial information. Firms that are experts in dealership accounting, such as HHM PLLC, Crowe LLP and Forvis Mazars LLP, are frequently brought in to conduct these independent analyses. This additional layer of review helps provide buyers comfort and supports a fair transaction process.

Whether a seller is a public or private dealership group, the goal in the end is an adjusted financial statement that presents a clear and comparable view of a dealership's true performance and earnings. That can then serve as the reliable basis for applying valuation multiples and making informed decisions about buying and selling.

Bottom line: A quality of earnings analysis is not a box-checking exercise. It is a fundamental part of understanding the true value and risk profile of a dealership in any M&A transaction. For buyers and sellers alike, investing in a rigorous, fact-based earnings analysis is not just prudent — it's essential.