

The Presidio Group’s 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 deals in the real world. Our analysis includes:

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

## Overall Market Update

While dealership transactions slowed last year, 2024 is still likely to be the fourth busiest buy-sell year ever. Presidio estimates the final tally for the year will come in around 360 transactions involving 515 dealerships once all 2024 deals have been reported. That would put 2024 behind transaction totals for the previous three years — and well behind the blockbuster year of 2021 when several megadeals pushed the number of stores sold to 707.

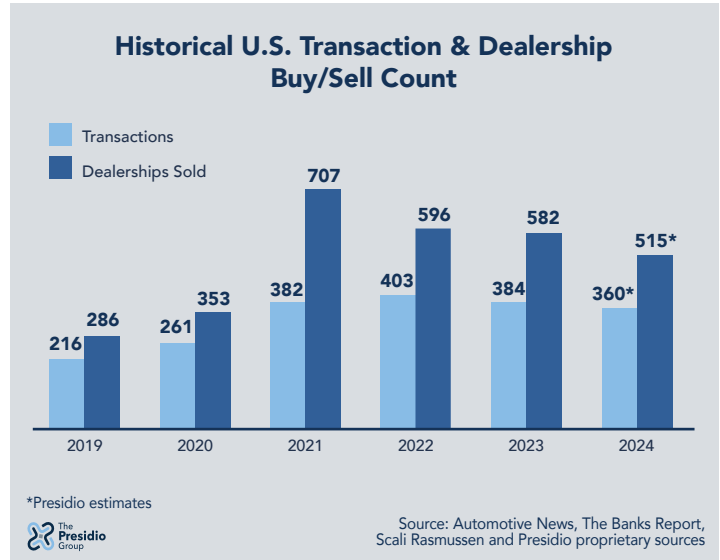
2024 deal closings notably slowed in late summer and fall as the presidential election approached. Pressure on already falling vehicle margins and uncertainty about the regulatory environment and dealership profitability delayed some transactions and put some buyers on the sidelines.

Since the election, the momentum has swung. The number of deals on the market has picked up, and our team has had steady conversations with dealers looking to both buy and sell. As of early 2025, Presidio’s deal pipeline is more robust than ever before. Indications are that buy-sell activity in 2025 will likely be steadier than last year.

Demand remains choppy, however. Brand and geography matter more than ever. It is still a seller’s market for those divesting dealerships representing desirable brands and in great locations. But it’s become much harder to sell stores representing challenged brands, struggling with steeper profit slides or located in less desirable geographies. Being rational about pricing is increasingly important to getting deals to the finish line.

The Presidio team is seeing increased emphasis on portfolio management by savvy dealership groups, and we expect that to continue. Strategic evaluation and optimization of store networks likely will be a defining trend in the dealership buy-sell market in the years to come.

The best dealership groups, especially the larger ones, aren’t staying put. They continually evaluate their portfolios from multiple angles — geographic fit, brand alignment



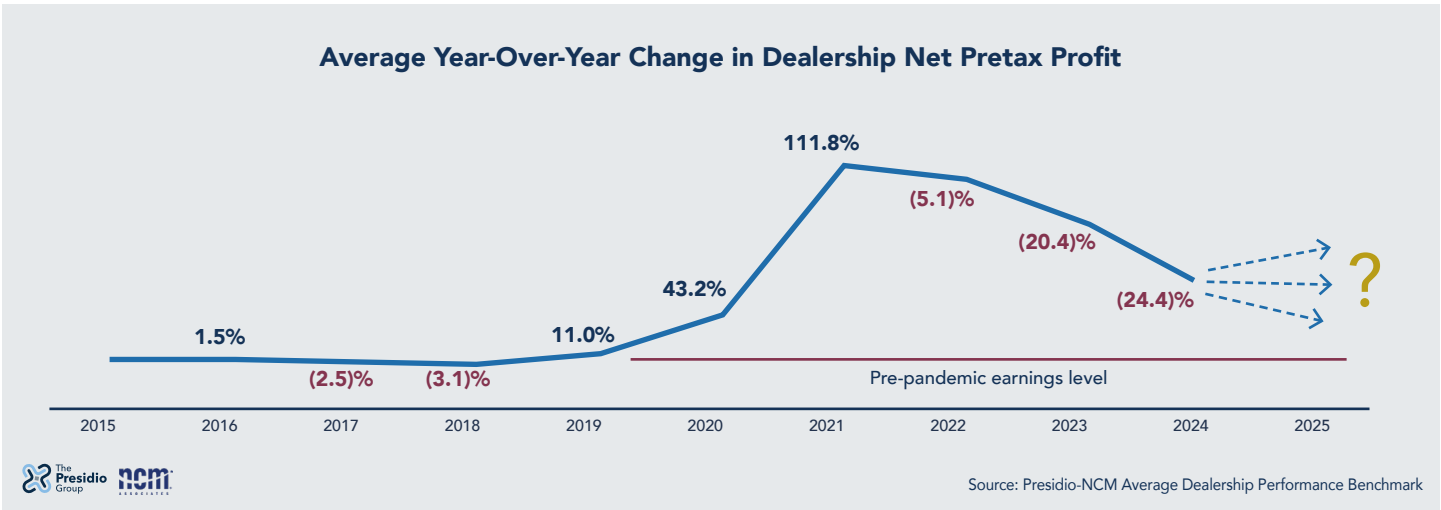
and financial performance — and identify stores that may no longer align with their long-term vision. In the current strong deal climate, many are seizing the opportunity to divest these non-core assets and free up resources to put into more promising investments.

“We’re seeing dealers take advantage of positive valuation trends to sell stores that don’t fit their strategy,” Presidio President George Karolis said. “It’s a way for them to maximize the value of their assets, free up resources for growth and position their organizations for long-term success in the years to come.”

Industry leaders and Presidio clients MileOne Autogroup and Anderson Automotive Group have demonstrated the power of this approach. By strategically divesting stores that are geographically isolated or don’t fit from a brand perspective, they’ve been able to redirect their attention and capital toward acquisitions that better complement overall business objectives. For example, MileOne in 2024 sold a Honda store in North Carolina but acquired a high-value Lexus store in Delaware, closer to the dealership group’s core operations.

Portfolio management activity is poised to become an even more critical focus for dealership groups in 2025. As consolidation continues to reshape auto retailing, the ability to quickly adapt one’s network of stores can be a key competitive advantage.

“Agile dealers who are constantly evaluating their brand mix, geographic footprint and financial performance will be best positioned to navigate the evolving auto retail landscape,” Karolis said. “The most successful will be those willing to make tough decisions about their portfolios to align with their long-term strategic vision.”



The typical U.S. franchised dealership recorded a 24.4% decline in net pretax profit for all of 2024, according to the Presidio-NCM Average Dealership Performance Benchmark. The profit falloff from pandemic-era highs started to stabilize in the second half of the year, and it’s likely that a new normal for profitability is just around the corner. Stabilization of profits, especially at a level above pre-pandemic norms, could boost deal activity in 2025.



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— George Karolis, president of The Presidio Group

**Brand Watch**

Each quarter, the Presidio team shares our view on certain automaker brands operating in the U.S. We evaluate brand-level valuation parameters for potential changes twice a year, after the second and fourth quarters. In the interim quarters, we share notable developments that we are tracking. Our aim is to inform readers about factors that affect both brand health and the valuation of dealerships representing those brands.

Porsche, Toyota and Lexus continue to lead the pack on brand strength and valuation. Subaru looks strong, with smartly balanced supplies and good customer loyalty. Mercedes-Benz, Land Rover and Mazda have trended positively in recent weeks, leading us to boost their blue-sky multiples. We continue to closely watch Nissan, challenged but showing improvement in the fourth quarter with sales up 11.4%. We dropped multiples this quarter for only one brand, Infiniti.

We changed guidelines broadly for one of our valuation pillars, blue sky as a percentage of revenue. With the 24.4% decline in average pretax profit for the average dealership in 2024 and the Great Normalization likely near its tail end, we made slight reductions on most brands in this revenue multiplier category to account for that decline and the leveling out of earnings from their peak in 2022.

#### PRESIDIO IS RAISING VALUATION GUIDELINES FOR:

##### ↑ **Mercedes-Benz** | + 25 to 50 basis points to a blue-sky multiple range of 7.75x – 9.0x

Dealer sentiment about the brand improved as it adopted more retail-friendly strategies and saw a 9% year-over-year gain in fourth-quarter U.S. sales. Mercedes is taking a more hands-on and local approach to dealer relations and has reduced sales focus on its electric vehicle lineup. A surge in inventory gave dealers more in-demand products, particularly SUVs. Dealer discounting averaged \$3,969 per vehicle, or 5% below MSRP across the lineup, the highest in the industry. Dealers view Mercedes' shift in support strategy favorably, which is increasing demand and valuations for its dealerships across the board.

##### ↑ **Land Rover** | + 25 basis points to 6.25x – 7.75x

Land Rover's U.S. performance could not be more different than that of its Jaguar sibling. The average Land Rover store delivered 139 vehicles in the fourth quarter, up 35% year over year and outpacing the 7% average for the luxury segment. The average Land Rover vehicle sold for \$100,751 in the fourth quarter, up 6.8% year over year. The average dealer discount was just \$848 in the quarter, less than 1% below sticker and the lowest percentage of any brand selling in the U.S. Meanwhile, Jaguar sales grew 2.3% for the period as it struggles with a product lull and navigates a brand image overhaul. Demand for JLR dealerships remains high — but dealers are more focused on the "LR" while generally indifferent to the "J."

##### ↑ **Mazda** | + 25 basis points to 3.5x – 4.5x

Mazda has emerged as a quiet leader among lower-volume Japanese brands, and its partnership with Toyota bolsters its outlook. We are believers in the brand. Fourth-quarter volume jumped 33% year over year, while the brand's average transaction price rose 2.6% to \$36,506. The sales gain was not discount driven; Mazda's average transaction price was \$1,086 below MSRP, a 2.9% discount. Among the competitive peer group, only Toyota's 2.7% was better. A well-managed 42-day supply to start January primes the brand to prosper after a record 2024 in which U.S. sales increased 16.8% to 424,382 vehicles. With a growing customer base, dealers are increasingly interested in adding Mazda to their long-term portfolios.

#### PRESIDIO IS LOWERING VALUATION GUIDELINES FOR:

##### ↓ **Infiniti** | -25 basis points to 2.0x – 3.0x

Infiniti's fourth-quarter volume in the U.S. dropped by 2.3% as the brand's average transaction price increased 5.5% to \$64,445. Infiniti's average dealer discount below MSRP grew 6.5% to \$3,030. With inventory still relatively high to start 2025, more discounting may be likely to move the unsold metal. Dealers have more options now to dual their Infiniti franchises with Nissan operations. But with parent Nissan's long-term future in question, we expect the M&A market for both brands to remain choppy until leaders solidify a turnaround plan dealers can buy into.

**The Presidio Valuation Index**

When valuing a dealership, it’s all about expected normalized future earnings, which typically influence 80% of the equation for most mainstream brands. Presidio considers this when determining both 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, while dealership earnings have grown and also varied dramatically. Predicting sustainable earnings is the more volatile part of the calculation, particularly in recent years when dealership profitability has been erratic and seeking its new normal. We believe that new norm is just around the corner.

Average dealership profitability dropped about 20% in 2023 and by more than 24% in 2024. The rate of decline in 2024 leveled off as the year went on. 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:

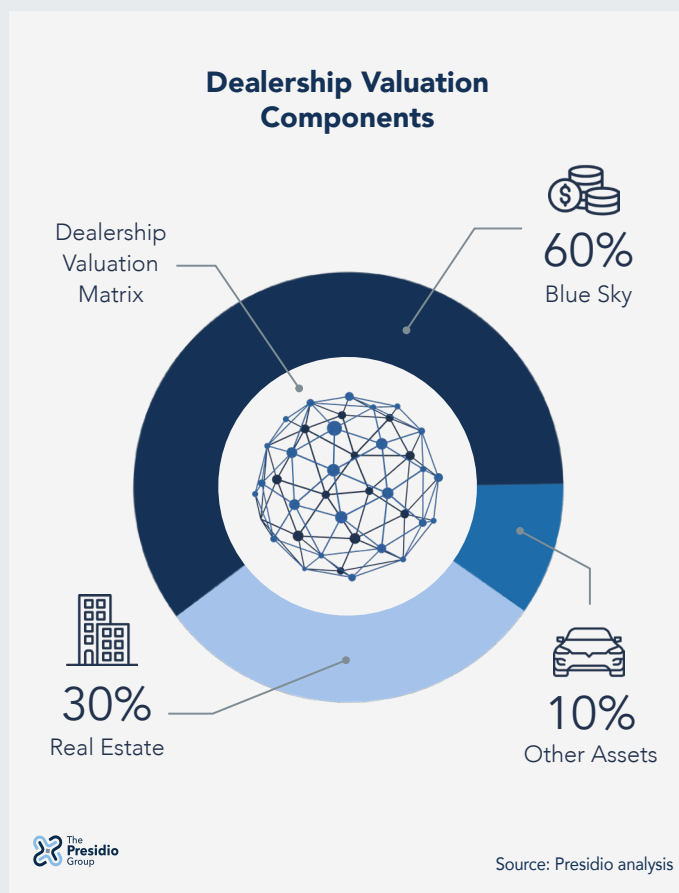
**Luxury brands: 4-7% | Top-tier import brands: 3-5% | Domestic/Other value brands: 1-3%**

Revenue multipliers help eliminate volatility associated with changes in dealership earnings and can be seen on the Presidio Valuation Index page that follows. Revenue multipliers remain 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 to determine value is inadequate. 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 will evaluate each brand’s status with regard to the three pillars twice a year and then revise multiples or other factors as needed. While we believe our approach can help 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: [thepresidiogroup.com/valuationmethodology](https://thepresidiogroup.com/valuationmethodology)



# The Presidio Valuation Index

The Presidio Valuation Index uses three pillars of valuation developed by our team to help estimate dealership value according to brand. Presidio evaluates and adjusts brand-level valuation guidelines twice a year, after the second and fourth quarters. In this report, we have adjusted blue-sky multiples for four entrants — Mercedes-Benz, Land Rover, Mazda and Infiniti — and we have reduced revenue multiplier percentages for most brands. As 2025 begins, the overall deal environment looks robust, and a seller's market persists for stores representing desirable brands.

Presidio Valuation Pillars →		Blue Sky as % of Revenue Range	Blue-Sky Multiple Range	Average Estimated ROI	Dealership Count on Jan. 1, 2024	2024 New-Vehicle Volume/Dealership*
	Porsche	52% - 67%	9.0 - 10.0	<10%	198	381
	Lexus	48% - 62%	9.0 - 10.0	↑	244	1,312
	BMW	43% - 52%	7.75 - 9.0		349	1,035
	Mercedes	41% - 50%	7.75 - 9.0		384	916
	Toyota	38% - 48%	7.5 - 9.0		1,237	1,558
	Land Rover	31% - 40%	6.25 - 7.75		202	323
	Subaru	29% - 33%	6.25 - 7.25		640	989
	Honda	25% - 38%	6.0 - 7.25		1,070	1,088
	Audi	29% - 38%	6.0 - 7.0		305	750
	Kia	14% - 24%	4.5 - 5.5		788	997
	Hyundai	14% - 24%	4.0 - 5.0		15%	841
	Chevrolet	13% - 19%	3.75 - 4.75	↓	2,898	586
	Ford	13% - 19%	3.75 - 4.75		2,902	648
	Volvo	12% - 17%	3.5 - 4.5		282	457
	Mazda	11% - 16%	3.5 - 4.5		542	669
	Cadillac	11% - 16%	3.25 - 4.25		567	260
	Buick-GMC	10% - 14%	3.25 - 4.25		1,671	337
	Volkswagen	10% - 14%	3.0 - 4.0		640	514
	Acura	10% - 14%	3.0 - 4.0		272	536
	CDJR	4% - 10%	2.5 - 3.5		2,406	666
	Nissan	4% - 10%	2.5 - 3.5		1,079	773
	Infiniti	4% - 10%	2.0 - 3.0	20%	201	319

\*Presidio estimate

1) Dealership count represents Chrysler outlets 2) Dealership count represents GMC 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

### Organizational Talent

## Dealership workforce and culture can help — or hurt — valuations

While balance sheets and physical assets tend to dominate discussions around buy-sell transactions, a critical element is increasingly important to valuations: the strength and stability of the dealership's workforce. This often-underestimated factor significantly influences performance, customer loyalty and, ultimately, a dealership's appeal to potential buyers.

"A stable team fosters stronger customer relationships, boosts service volume and drives sales. This, in turn, contributes to a more profitable and sustainable business, making it a more desirable acquisition," said George Karolis, president of The Presidio Group. Strong employee retention translates directly into measurable business benefits and can boost the value of dealership being sold.

Case in point: The July 2024 sale of Bill Brown Ford of Livonia, Mich., the highest-volume Ford dealership in the world. The Presidio Group advised the Brown family in the store's sale to Penske Automotive Group, Inc. This real-world example, in which the store's large staff had average tenure well beyond industry norms, underscored the value of a loyal team with less turnover. Such stability signals a healthy organizational culture and mitigates the risk of post-acquisition disruptions for a buyer.

"Bill Brown had incredible employee tenure and loyalty, and that made the dealership really in demand when it came time for it to go on the market," Karolis noted.

On the flip side, high turnover and poor employee engagement metrics may contribute to a store's lagging reputation and could hurt its value or desirability.

Employment-related challenges can influence buy-sell activity in other ways. Many retailers, particularly larger groups, routinely assess their portfolios and may choose to sell underperforming stores. While these divestitures can be related to various factors, such as geography, brand and overall profitability, staffing challenges may also be a catalyst. Stores grappling with high turnover or operational issues related to employment may be more likely to become candidates for sale.

To maximize the perceived value of a dealership during a sale, sellers can take several proactive steps around talent and employment policies. They should move beyond simply stating they have good



retention and instead provide concrete data that illustrates employee tenure, turnover rates, compensation, benefits and any unique retention initiatives. Such detailed information allows potential buyers to objectively assess the strength and stability of the workforce.

Sellers can also showcase the direct impact that retention has on key business metrics. By quantifying how strong employee retention translates into improved customer loyalty and better overall profitability, sellers can demonstrate the strategic value of their talent management approach. A data-driven approach like this provides compelling evidence of the positive impact of a stable workforce and can support higher valuations.

“Strong retention, especially on the fixed operations side, is incredibly valuable,” said Karolis. “If you have that, you have the ability to service more vehicles and, ultimately, sell more vehicles as you’re likely going to have a larger, loyal, better customer base because your employees are taken care of and are happier.”

Industry experts echo the importance of workforce strategy, particularly as dealership operations settle into a new normal after the heights of pandemic-era profitability.

Fleming Ford, director of business talent solutions at NCM Associates, a firm that provides consulting and 20 group services to dealers, is noticing that some clients, even if seeking to trim costs overall, are refusing to cut spending on leadership development and training initiatives.

Though some dealers are investing more heavily in their leadership and human resource plans — and some automakers are pushing for more oversight and strategy around those issues — assessing the risks and potential rewards of the workforce climate is still not the norm during buy-sell transactions, Ford said. But it’s crucially important.

“A lot of this is, let’s mitigate the risk,” Ford said. “If they would assess the organizational talent, the quality, the loyalty, prior to the sale, and if the team is going to stick around and is well trained, the operational disruption is much more minimal.”

Buyers seeking long-term investments want to see strong retention metrics.

“We’ve seen dealers buy a store and three or four years later, they’re still struggling with the reputation of what it was before in terms of staffing it, in terms of customers returning,” Ford said. “So assessing the human capital [ahead of time] just makes sense.”

Kendall Rawls, director of development at The Rawls Group, a succession planning firm, emphasized the importance of organizational structure, workplace culture and succession planning.

“A well-structured organization where everyone understands their roles and responsibilities is more efficient and productive,” Rawls said. “This not only improves current performance but also makes the dealership more attractive to potential buyers.”

Sellers should highlight initiatives that demonstrate a commitment to employee well-being and professional development, such as competitive compensation and benefits and opportunities for training and advancement, she said. Such priorities not only attract and retain top talent but also demonstrate a proactive approach to human capital management, which is increasingly valued by dealers looking to expand.

Data points around turnover, retention and customer satisfaction can help clue in buyers on whether an acquisition target could be a good fit, Rawls said. She’s seen situations where transaction talks fizzle out because an operation’s metrics in those areas make it clear there would be “too much to do in terms of the workforce to build that up.”

“So it incredibly impacts the value of the business and someone’s interest in wanting to sell or wanting to buy,” Rawls said.

**Bottom line:** In the evolving landscape of dealership acquisitions, the human element is gaining increasing recognition. Dealerships that prioritize employee retention, invest in their workforce and proactively manage their talent are not only building stronger businesses today but also significantly enhancing their value in the eyes of potential buyers. By effectively communicating the value of their human capital, sellers can maximize the return on their investment in their workforce and achieve more favorable outcomes in buy-sell transactions.