MARKET HIGHLIGHT: CALIFORNIA

The Golden State Advantage: Scale, Luxury and Renewed Buyer Confidence

California is America's largest car market and one of the most important buy-sell markets in the country. The state combines scale, wealth, population density, strong import and luxury brand demand, and some of the highest-value dealership markets in the U.S. Its new vehicle market is so large that it resembles a country more than a single state, with annual new retail registrations larger than the entire new vehicle markets of countries such as Mexico, Australia and Spain, and close to Canada's entire national market.

California also offers buyers something that is hard to replicate: a deep pool of high-income, brand-conscious consumers in dense metro markets where well-run dealerships can generate substantial revenue and profit. The state is expensive and operationally complex, but for many brands, especially luxury and import franchises, the opportunity is unmatched.

CALIFORNIA MARKET RANKINGS

#1 New Retail Vehicle Registrations

#1 Retail UIOs

#1 GDP

#1 Population

#2 Used Vehicle Registrations

#2 Most Franchise Dealerships

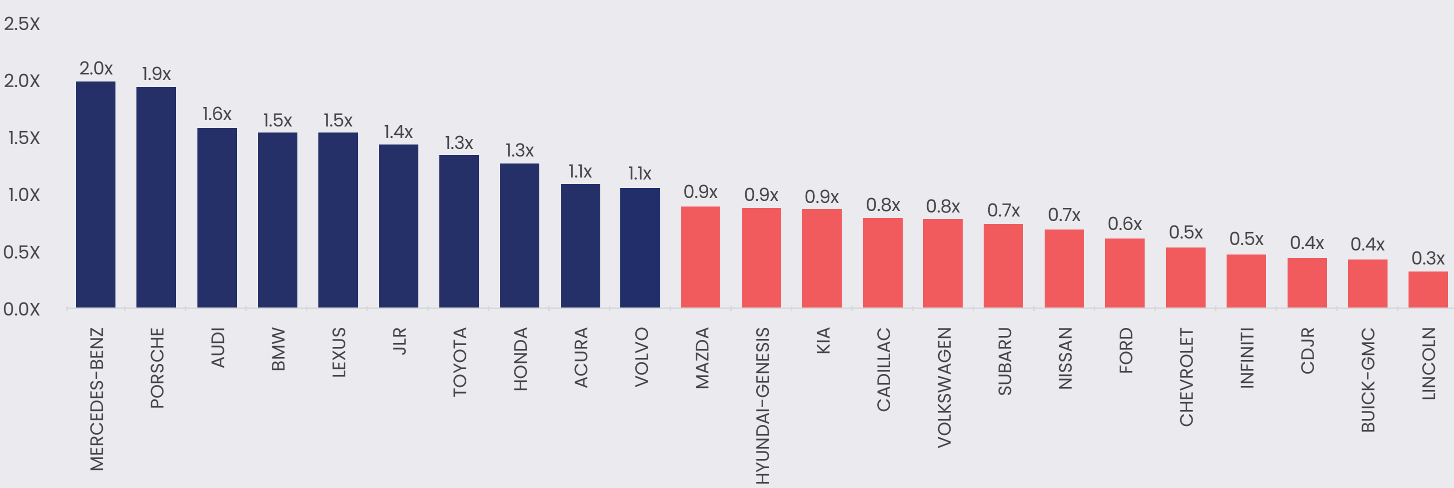
#2 Population per Franchise

#3 New Retail Sales per Franchise

Source: U.S. Census Bureau, Automotive News, Haig Partners

California has become more attractive to buyers in 2026 as one of the largest perceived risks tied to the state has eased. In June 2025, Congress and the President nullified EPA's waiver approval for California's Advanced Clean Cars II rules, including the state's planned 2035 zero-emission vehicle sales mandate. California is challenging that action in court, so the regulatory picture is not fully settled. But for now, buyers appear more comfortable underwriting California stores without assuming that future profits will be pressured by aggressive EV sales requirements. That change has helped drive stronger buyer interest, resulting in a 76.0% increase in dealerships bought or sold in California in 1H 2026.

CALIFORNIA MARKET SHARE VS. NATIONAL AVERAGE
(California market share % vs. National market share %)



Source: Haig Partners & Experian

LUXURY BRANDS OUTPERFORMING IN CALIFORNIA

Brands that outperform in California tend to skew towards luxury. Mercedes-Benz, Porsche, Audi, BMW, Lexus and JLR all perform well above their national averages in California, helping explain why sophisticated buyers continue to pursue stores in the state despite high blue sky values, expensive real estate and a complex operating environment.

Northern California vs. Southern California

This spotlight focuses on statewide data, but California should not be considered a single market. Consumer preferences, brand mix, real estate costs, dealership density and buyer appetite vary significantly between Northern California, Southern California, coastal markets, inland markets and major metro areas. For more information on specific California markets, reach out to Jayson Crouch, Managing Director, who resides in California and brings firsthand market knowledge to these conversations. (949) 573-2258 | Jayson@HaigPartners.com

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VALENCIA VALENCIA
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GHREIWATI HOLDINGS
EXCLUSIVE SELL-SIDE ADVISOR
MARCH 2026

CALIFORNIA
SALE OF
hello AUTO GROUP
VALENCIA
TO
JERRY SEINER DEALERSHIPS
EXCLUSIVE SELL-SIDE ADVISOR
MARCH 2026

CALIFORNIA
SALE OF
SANTA MONICA
TO
FLETCHER JONES AUTOMOTIVE GROUP
EXCLUSIVE SELL-SIDE ADVISOR
JANUARY 2026

CALIFORNIA
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TO
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EXCLUSIVE SELL-SIDE ADVISOR
OCTOBER 2025

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- Paul Walser, Partner and Board Member of Hello Auto Group and Partner of Walser Automotive Group

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