Q2 | 2026

THE HAIG REPORT®

The longest-published report in auto retail tracking trends and their impact on dealership values.

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HAIG PARTNERS
MAXIMIZING VALUE FOR DEALERS™

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OVERVIEW

Despite all kinds of headwinds, U.S. auto retailers are still generating strong profits and the buy-sell market is responding. We are seeing robust performance from brands like BMW, Lexus, Mercedes-Benz and Toyota, and we are beginning to observe signs of improvement in brands like Stellantis and Nissan. As a result, dealers are increasingly confident in purchasing dealerships. The number of dealerships sold so far in 2026 is up 14.3% compared to the same period last year. Large buyers are particularly active. There have been five purchases of groups that have five or more stores so far this year, compared to none during the first half of 2025. Sales have increased the most in the Southeast, but California is also seeing a big rise in buy-sell activity. Larger buyers have made it clear they are focusing heavily on luxury and strong import brands, which means that lower multiple franchises have become affordable again for many smaller buyers. We expect this elevated level of buy-sell activity to continue for the foreseeable future. The strong demand from buyers continues to support high blue sky values. The window remains wide open for those dealers who want to divest non-core assets or exit altogether.

Operating highlights

- Dealership profits in Q2 averaged $1.1M, a decline of 3.0% from Q2 2025, but still up 119.2% compared to Q2 2019.
- New vehicle gross profits per vehicle retailed declined 15.8% from $3,284 in Q2 2025 to $2,764 in Q2 2026.
- Used vehicle gross profits per vehicle retailed declined 2.0% from $1,668 in Q2 2025 to $1,634 in Q2 2026.
- According to the publicly traded auto retail groups, same-store fixed operations gross profit increased 2.3% in Q2 2026, down from 7.5% in 2025 and well below the growth rates dealers enjoyed in the years following the pandemic. Growth in Q2 also lagged June CPI inflation of 3.5%, meaning fixed operations gross profit declined in real terms even though reported dollars increased.

Other meaningful industry trends

- According to NADA, June 2026 sales reached a SAAR of 16.5M units, up 4.4% year-over-year. SAAR improved through stronger fleet activity and a favorable comparison to June 2025, a month which had its sales volume negatively impacted by tariffs as some sales were pulled ahead earlier in the year.
- Unemployment has been flat at 4.1% and inflation remains above target, at 3.5%. The Fed is now considering increasing interest rates later this year to try to reduce inflation.
- The brands we track averaged 51 days' supply in June 2026, compared to 49 days at the end of 2025 and a five-year average of 55 days. But supply varies widely across franchises.
- Affordability of new vehicles is slowly improving as OEMs begin to lower prices on existing models and introduce new models at lower price points.

Buy-sell market trends

- Dealership M&A activity has been booming through the first half of 2026. The number of dealerships acquired increased 14.3% year-over-year, while transaction count increased only 3.2%, showing that growth was driven more by larger deals than by a broad increase in the number of completed transactions.
- The Southeast has been the most active area, with dealership sales up 65.3% in the first half of 2026 compared to the same period of 2025.
- California has also seen a big lift in buy-sell activity, up 76.0% so far in 2026.
- Acquisitions of luxury dealerships are up 37.7% so far in 2026.
- Acquisitions of import dealerships are up 6.6% so far in 2026.
- Acquisitions of domestic dealerships increased 7.3% in 2026.
- We are raising the blue sky multiples of Lexus and Toyota and reducing the top of the range for Porsche.
- The estimated average blue sky value of a publicly owned dealership was $18.2M in Q2 2026 LTM, down from $19.0M in 2025, but largely unchanged from Q1 2026.

  Note: the public companies are weighted more heavily towards luxury and import franchises which are performing well in the current environment.

KEY TAKEAWAYS

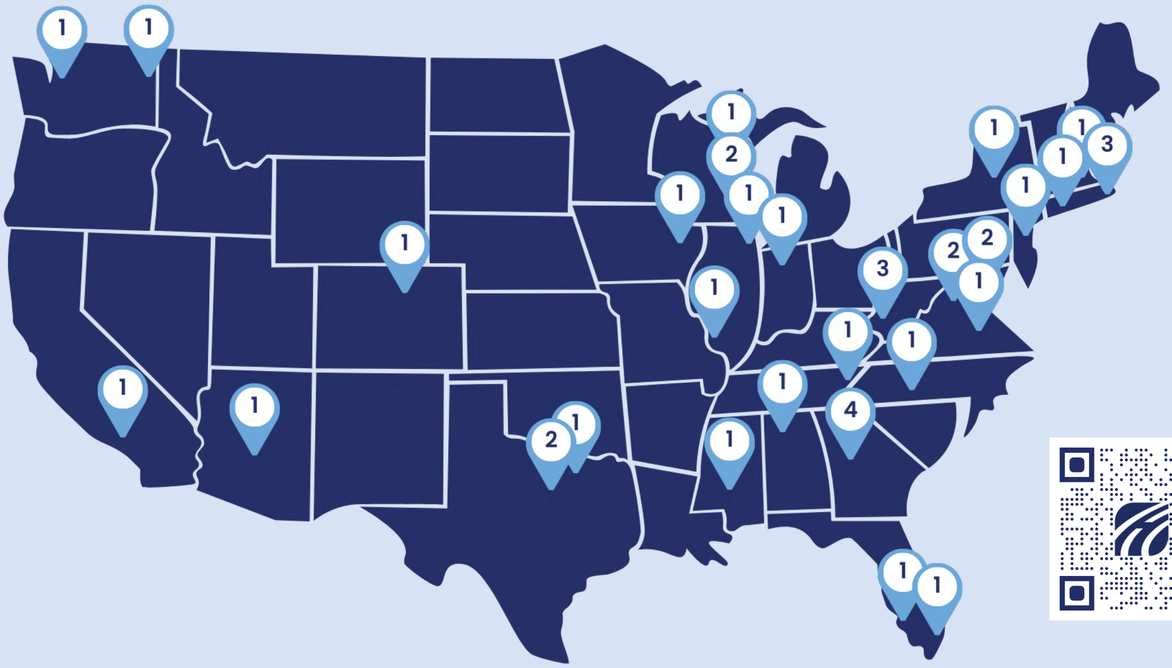
- **Average dealership profits are strong but continue to slowly soften.** Dealers will need to be increasingly focused on taking out costs to increase profits. We are hoping the benefits from AI will kick in soon.
- **Dealership M&A conditions remain excellent.** Sales of dealerships are up 14.3% so far in 2026. Blue sky values remain 2x 2019 levels on average.
- **Larger buyers are increasingly focused on premium luxury and strong import brands.**
- **Smaller buyers are finding value in smaller stores and domestic brands.**
- **We are seeing signs of turnarounds in Stellantis and Nissan.** New management teams are making changes that are helping the bottom lines at their dealerships. We may be past the bottom for these franchises.
- **All buyers might want to focus on acquiring Honda dealerships.** They provide many of the attributes of Toyota dealerships but at a 20% lower blue sky multiple.

SETTING THE STANDARD FOR TOYOTA DEALERSHIPS

The team at Haig Partners has **advised on more Toyota dealership transactions than any other firm**, and also set the record for the highest price ever paid for a Toyota dealership

43 TOYOTA DEALERSHIPS

MORE TOYOTA DEALERSHIPS BOUGHT OR SOLD than any other team



BUY-SELL TRENDS

Dealership M&A Remains Active, but Buyers Are More Selective

Dealership M&A activity remained healthy through the first half of 2026. The number of dealerships acquired increased 14.3% year-over-year, while transaction count increased only 3.2%, showing that growth was driven more by larger deals than by a broad increase in the number of completed transactions. H1 2026 included five transactions with five or more dealerships, compared to none in the prior-year period, reinforcing that larger, strategic acquisitions are accounting for more of the market's activity. Strong operators are still willing to write large checks, but their focus is pretty narrow. They are acquiring strong assets in their core markets. For instance, Haig Partners recently advised on the sale of Toyota and Honda stores in Atlanta to Group 1, which is building a large presence there.

Single-point stores and small groups are also still trading rapidly, but buyers are placing more emphasis on franchise quality, market strength, facility obligations and the path to future earnings. Smaller buyers are focused almost entirely on local acquisitions but are open to many brands.

The outlook for the rest of 2026 is very promising for buy-sell activity based on the level of activity we are seeing at Haig Partners and what we are hearing in the market. In addition to all the normal-sized transactions that we see each month, there are two significant transactions that might close by the end of the year. One is the acquisition of a large dealership group in Atlanta by Group 1 Automotive and the other is the potential take-private of Penske Automotive Group by two of its largest shareholders. To us, these transactions are a huge show of confidence by groups with deep pockets that are operated by some of the best management teams in our industry.

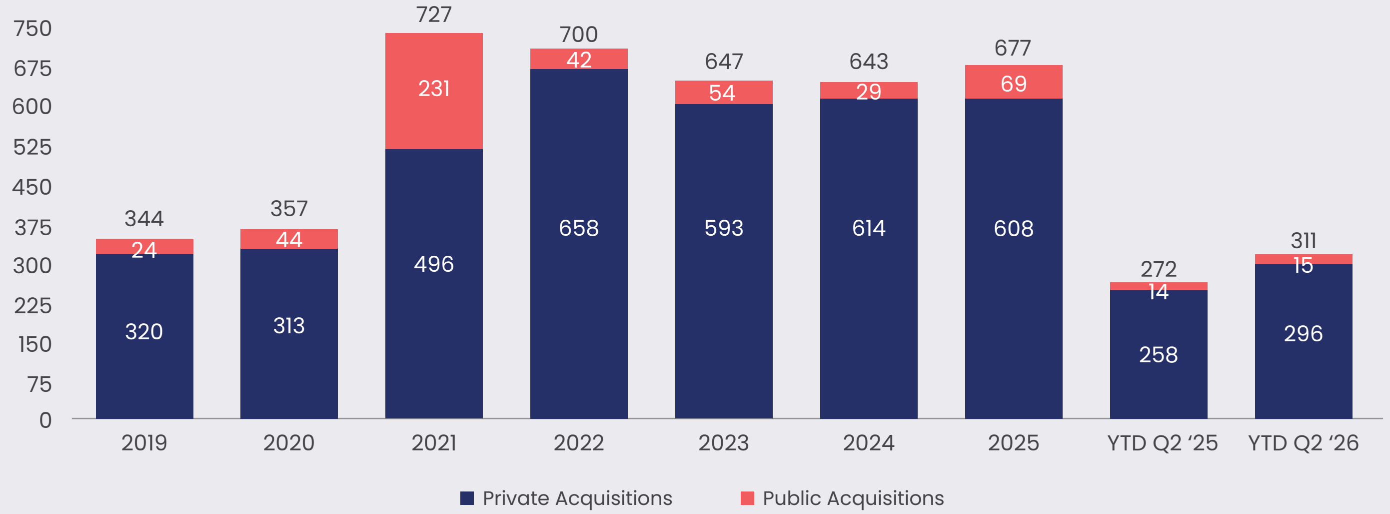
Acquisitions of large dealership groups also tend to drive divestiture activity. Growing groups sometimes decide that some of their dealerships no longer fit their desired brand mix, the geographies that they want to be in, or that they need to sell dealerships to remain in compliance with framework agreements that they have with various OEMs. For instance, when Penske Automotive Group acquired two Lexus stores in Orlando, it needed to divest one Lexus store to stay within its framework agreement, so it sold a smaller Lexus store in Rhode Island. In fact, the public companies divested a total of 24 rooftops in the first half of the year and acquired 15. The stores they are adding are typically much larger than the stores they are selling. Roger Penske described the strategy directly on Penske Automotive Group's Q1 2026 earnings call: "We will continue to prune the portfolio. We are still in the acquisition business."

Regionally, the Southeast is booming. It has long been the most popular region among consolidators, and dealerships acquired in the region increased 65.3% year-over-year in H1 2026. That is consistent with what we hear from buyers: strong population growth combined with business-friendly markets continue to attract capital. California is also enjoying a 76.0% lift in dealership sales compared to last year as buyers feel more comfortable growing there now that CARB has been eliminated. Other regions remain active, but growth is less consistent, and buyers are being more careful in slower-growth or less attractive markets.

Franchise mix also shows a continued flight to quality. Acquisitions of luxury franchises increased 37.7% year-over-year, while acquisitions of import franchises increased 6.6%. Acquisition activity for the Detroit 3 was slower in comparison. These franchises are often smaller than the import brands in terms of revenue and profit opportunity, and many are located in rural areas which means they are challenging to staff. These challenges can make them riskier for larger buyers than buying big import stores in metro markets, but that also means these stores can be purchased at affordable prices by local groups.

We expect M&A activity to remain elevated through the rest of 2026, but the gap between high-quality and lower-quality assets is likely to keep widening.

U.S. DEALERSHIPS BOUGHT/SOLD



Source: Automotive News, SEC Filings, The Banks Report, Haig Partners

Who's Buying What?

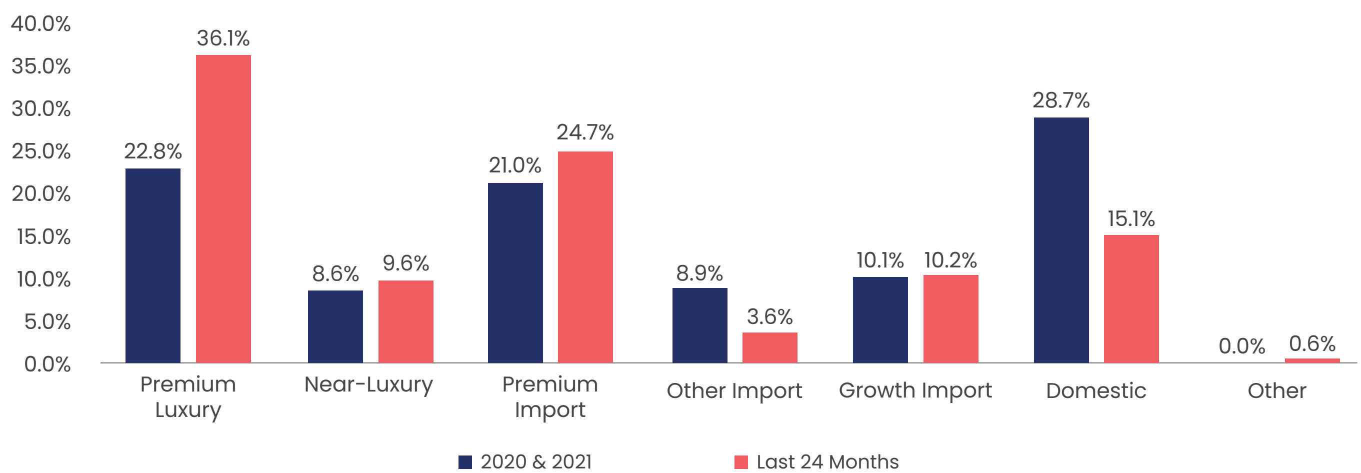
America's top dealer groups are continuing their flight to quality. Dealers have used a variety of acquisition strategies over the years, but the last 24 months show a much greater emphasis from the Top 20 groups on franchises that offer stronger earnings potential, more consistent performance and better long-term buyer demand. In the years immediately following COVID, almost every franchise benefited from unusually high profits. That period is over. Dealership performance is diverging again, and the largest U.S. dealer groups appear to be sharpening their acquisition strategies accordingly.

The shift among major groups is most obvious in the Premium Luxury segment. In 2020 and 2021, Premium Luxury franchises represented 22.8% of the franchises acquired by the Top 20 groups. In the 24 months ended Q2 2026, that figure increased to 36.1%, a 13.4 percentage point increase. These franchises remain highly attractive because they often generate stronger profits per rooftop, benefit from wealthier customer bases and tend to have more durable earnings than many other franchises where new vehicle gross profits have been heavily compressed due to higher levels of competition. The largest groups are willing to spend the capital required to secure these assets when they come to market, even when pricing is high.

Premium Import franchises, including Toyota, Honda and Subaru, also increased as a share of Top 20 acquisitions, rising from 21.0% in 2020 and 2021 to 24.7% over the last 24 months. Growth Import franchises, including Kia, Hyundai and Mazda, were essentially flat, moving from 10.1% to 10.2%. Together, these trends suggest that the Top 20 groups are not just buying for scale. They are placing more emphasis on franchises with strong throughput, loyal customer bases, favorable product portfolios and better long-term resale value in the buy-sell market.

Domestic franchise acquisitions moved the other way. Domestic franchises accounted for 28.7% of Top 20 acquisitions in 2020 and 2021, but only 15.1% over the last 24 months, a 13.6 percentage point decline. Other Import franchises also declined, falling from 8.9% to 3.6%. This does not mean these franchises are unattractive or that buyers have stopped pursuing them. Many domestic dealerships can still produce excellent returns, particularly in the right markets. But the data suggests the largest groups are allocating a smaller share of their acquisition activity to franchises they may view as more cyclical, more operationally challenging or less consistently desirable to future buyers.

TOP 20 GROUPS ACQUISITION SHARE BY SEGMENT



Source: Automotive News, SEC Filings, The Banks Report, Haig Partners

GROUP 1

"This year, we've disposed of stores generating $900 million in revenue that did not fit our success profile. In addition, we're executing on some outstanding acquisitions that will help drive growth well into the future."

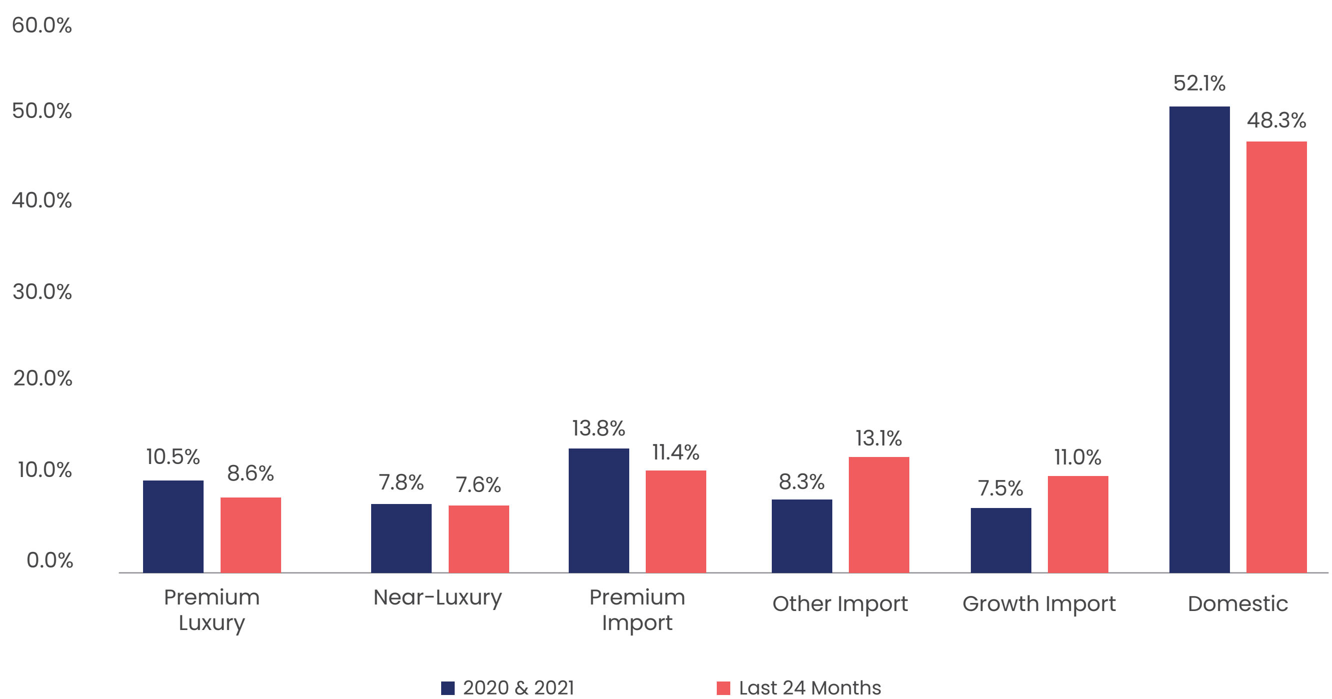
- Daryl A. Kenningham, President & Director, Group 1 Automotive, Inc.

Non-Top 20 groups appear more diversified in their acquisition strategies. These buyers, which are often smaller, regional or family-owned groups, remain much more heavily weighted toward domestic franchises. Domestic stores represented 48.3% of non-Top 20 acquisitions over the last 24 months, down only modestly from 52.1% in 2020 and 2021. Non-Top 20 buyers also increased their share of Other Import and Growth Import acquisitions, while reducing their share of Premium Luxury and Premium Import acquisitions.

Part of the difference likely comes from strategy. Many non-Top 20 buyers are focused on building local or regional scale, not necessarily optimizing a national franchise portfolio. A domestic, import or near-luxury store can still be an excellent acquisition if it adds density in a core market, improves management leverage, strengthens fixed operations or creates operating upside. These deals can generate attractive returns while requiring less capital than premium luxury stores in Tier 1 markets, where blue sky can occasionally reach into the hundreds of millions of dollars.

The broader takeaway is that there is still demand for many types of dealerships, but the buyer universe is becoming more segmented. The Top 20 groups are increasingly using M&A to upgrade franchise mix and scale in key growth markets, while non-Top 20 buyers remain more focused in their existing markets to gain local scale. It is critical for sellers in today's market to understand which buyer pool is most likely to make the strongest offers for their dealerships, because demand can vary significantly by franchise, market and dealership profile. If you own a premium luxury or a premium import brand then a firm like Haig Partners can help you maximize the value of your business by targeting top buyers from around the country who chase these premium opportunities almost regardless of geography. If you own other types of franchises then Haig Partners can identify the best buyers from our extensive database of regional and local buyers. In either case, running a confidential and competitive sales process allows us to help owners to Maximize the Value of Their Lives' Work™.

NON-TOP 20 GROUPS ACQUISITION SHARE BY SEGMENT



Source: Automotive News, SEC Filings, The Banks Report, Haig Partners

Note: Premium luxury includes Lexus, Porsche, BMW, MB, JLR, Audi, Maserati and exotic franchises. Near-luxury includes Volvo, Acura, INFINITI, Genesis, Cadillac, Lincoln, and MINI. Premium import includes Toyota, Honda and Subaru. Growth import includes Kia, Hyundai and Mazda. Other import includes Nissan, VW, Mitsubishi, Fiat and Alfa Romeo. Domestic includes Ford, Chevrolet, Buick, GMC, and CDJR.

Haig Partners National Average Blue Sky Multiples

We constantly monitor the buy-sell market to assess the desirability of various franchises. We analyze offers on transactions we are involved in and regularly speak with leading dealership buyers, as well as attorneys, bankers and CPAs involved in acquisitions.

Most buyers base blue sky offers on expected future cash flows, often expressed as a multiple of historical earnings. But the multiple is only one part of the valuation. The goodwill a buyer is willing to pay depends on its return targets, payback period, growth assumptions, financing costs and view of the risks and opportunities in that specific dealership.

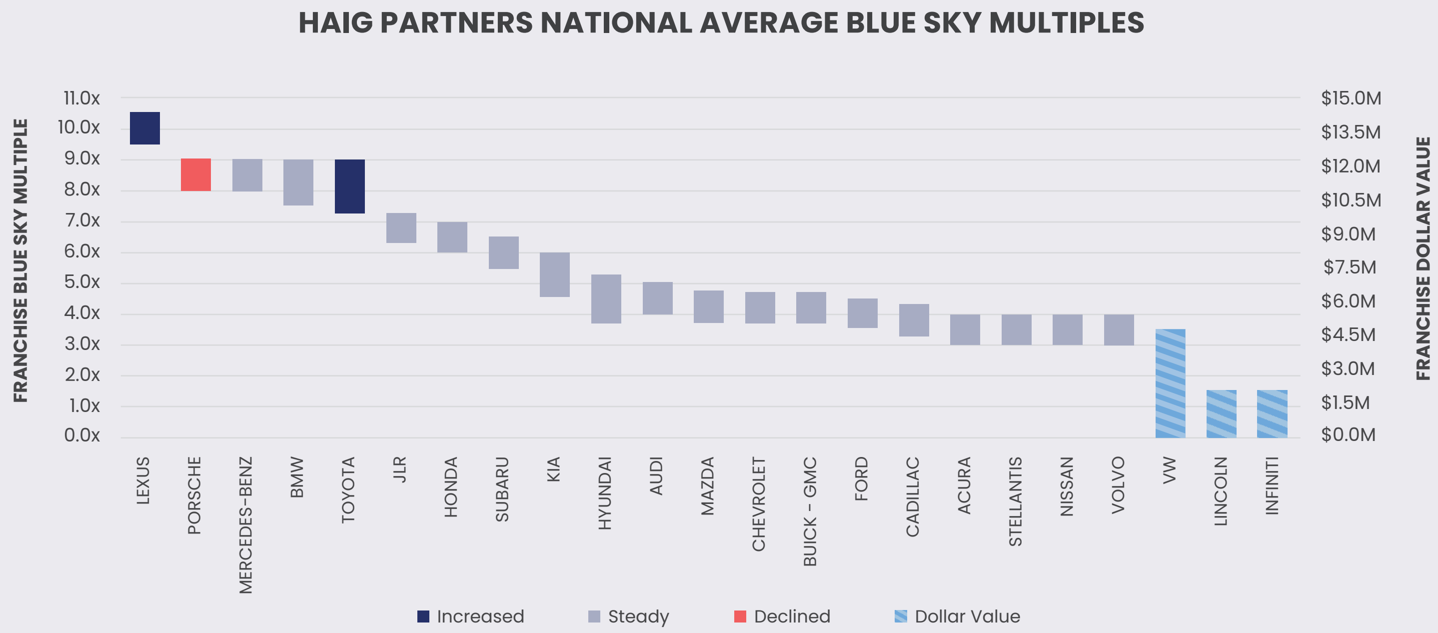
The franchise multiples in the chart below are national averages. They are useful benchmarks, but they should not be applied directly to a dealership's statement earnings to estimate its blue sky value as there are many variables that impact what a buyer will pay. Actual value can vary widely based on market size, geography, facility requirements, brand trajectory, local competition, management depth, real estate, growth prospects and other store-specific factors. Earnings also need to be normalized for rent, owner compensation, non-recurring income or expenses and other items that may not reflect how a buyer would underwrite the business. For more information on factors that can influence multiples, please review the table on page 8.

After more than 12 years of tracking and publishing this data, and decades of advising on dealership transactions, we believe it has never been more important for dealers to understand what their business is truly worth. First, dealership values have appreciated tremendously since the public companies began acquiring dealerships in the 1990s. Selling a business for less than full market value could cost a seller millions. Also, buyer appetites are shifting, dealership performance is diverging and the gap between average and high-quality franchises is becoming more visible. A simple multiple-of-earnings calculation can miss the real value of a dealership by a wide margin.

An experienced advisor can help a seller understand how buyers are likely to view the business, identify the adjustments that matter and position the dealership to achieve the best outcome. Our nationwide team works with a wide range of buyers and sellers, from single store owners to the largest groups in the country. We have served more Top 150 groups than any other firm in the industry and regularly advise dealers on valuation, timing and long-term strategy.

Based on deal activity and market feedback throughout Q2 2026, we are increasing the low- and high-end of the Lexus and Toyota multiple ranges and decreasing the high-end of Porsche's range. These changes reflect what we are seeing in the market: continued buyer demand for Lexus and Toyota stores, and more cautious underwriting for Porsche given recent product, pricing, tariff and facility-related concerns. For more information on why these changes were made, as well as updates on each franchise found in the chart below, please refer to the Franchise Valuation Estimates section later in this report.

Please reach out to any member of our team for a confidential, no-obligation conversation. We would be honored to learn about your goals and help you achieve them.



Source: Haig Partners

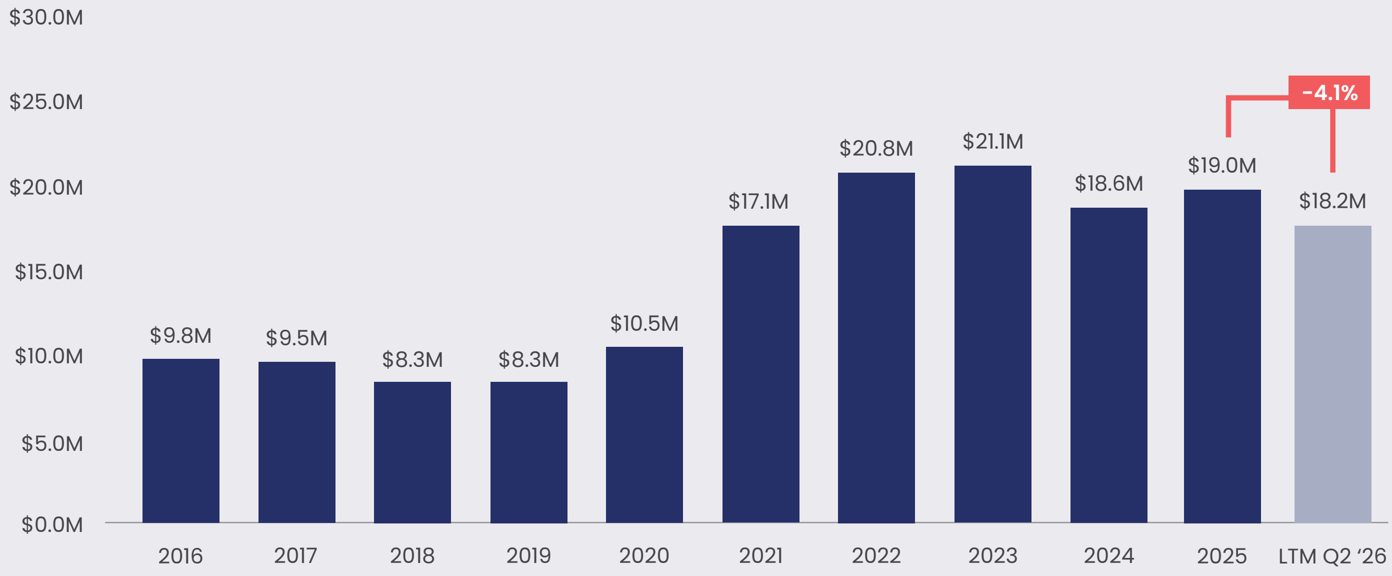
Blue Sky Values Remain Elevated Despite Dip in Earnings

The estimated average blue sky value of a publicly owned dealership was $18.2M in Q2 2026 LTM, down from $19.0M in 2025, but largely unchanged from Q1 2026. Despite the decline from year-end 2025, average blue sky values remain far above pre-pandemic levels. The estimated average dealership blue sky value is now more than double the $8.3M level recorded in 2019 and remains well above every year prior to 2021.

The modest decline from 2025 was driven by lower dealership earnings. However, the average market multiple increased slightly, as upgrades to Lexus and Toyota more than offset the reduction to Porsche discussed in the prior section. That increase in the average multiple was enough to offset the earnings decline and keep estimated average blue sky values consistent with Q1.

We expect blue sky values to remain well above pre-pandemic levels for the foreseeable future, on average.

ESTIMATED AVERAGE BLUE SKY VALUE
Based on Public Group Earnings



Source: Haig Partners & SEC Filings

FACTORS IMPACTING MULTIPLES

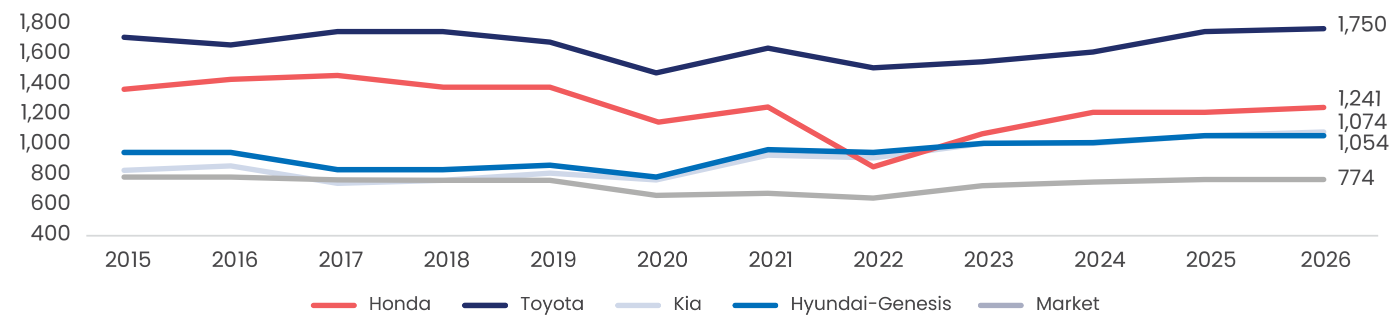
FRANCHISE HIGHLIGHT:

Honda: Steady Wins the Race

Honda has long been one of the steadiest franchises in auto retail, but recently, its story feels overlooked compared to the ongoing rise of Toyota and the rapid recent improvements by competitors Kia and Hyundai. Honda has also lost a lot of share since the pandemic began due to production difficulties. But given its recent strengths, we believe buyers should increasingly be focused on acquiring Honda dealerships. Honda stores offer a rare combination of strong throughput, strong front-end margins, loyal customers and rock-solid fixed operations, similar to many of Toyota's strengths. Blue sky multiples for Honda stores, however, trail Toyota by a meaningful margin, which creates a buying opportunity for dealers seeking a solid investment that can deliver higher returns. Honda could be the best value in the market today.

Honda sales have been gaining quietly after production limitations following COVID. Honda sales increased 9.4% in Q2 2026 compared to Q2 2025, well ahead of the overall market and adding to an 8.4% gain in Q2 the year prior. Consumers get strong value for their purchases, and excellent product reliability over decades has garnered a great deal of customer loyalty. Honda added hybrids in its vehicles well after Toyota but is catching up in 2026. Honda stores have high throughput, averaging 1,241 new vehicle sales per dealership on an LTM basis through Q2 2026, compared to a 774 average for the brands we track. That throughput gives dealers more opportunities to generate F&I income, source trade-ins, grow future UIOs and build a larger fixed operations base.

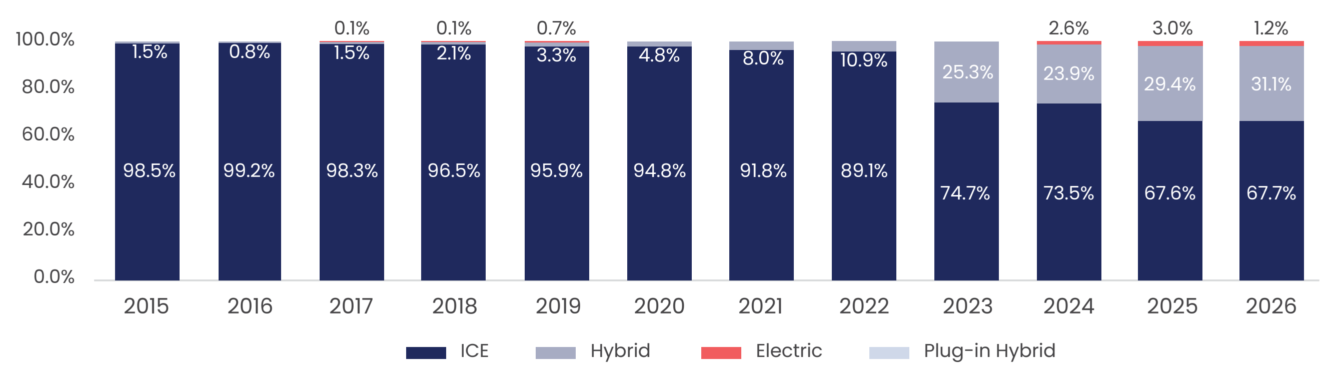
HONDA AVERAGE THROUGHPUT OVER TIME VS. COMPETITORS



Source: Haig Partners, Wards, Automotive News

Honda's core products remain competitive, consistent performers. The CR-V remains the brand's workhorse and increased 16.0% in Q2, while Accord sales increased 41.2% and Civic sales increased 8.1%. And unlike some competitors, whose sales gains often come from new, lower volume models, Honda's gains are coming on their core products. These are the vehicles that define Honda's retail business and drive dealer profitability. Honda's hybrid momentum is also particularly notable. In the first half of 2026, Honda hybrids set a first-half record at 213,513 units, representing 31.1% of Honda sales. CR-V hybrid trims accounted for more than half of CR-V sales. In a market where many customers want better fuel economy but are not ready to buy a full EV, Honda is giving dealers products that match consumer demand. Like other OEMs, Honda spent billions on its EV strategy, but fortunately dealers did not suffer many losses from the few EVs that they ended up selling over the past couple of years. Honda has announced it is ending production of the Prologue, its only all-EV product, and it is not known if the OEM will be introducing another all-EV product anytime soon.

HONDA SALES MIX BY POWERTRAIN TYPE



Source: Wards

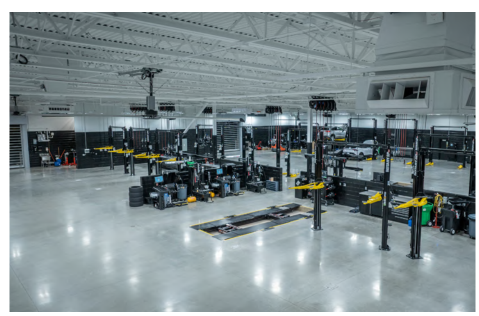
Honda has reassessed its powertrain portfolio, reallocated development and production resources toward hybrids and announced next-gen hybrid models will begin launching in 2027. The company also plans to make its North American plants capable of producing hybrid models and reallocate excess Ohio plant capacity toward gasoline and hybrid vehicles. This is the right direction for U.S. dealers, but the benefits will not show up all at once. Several of the products that could drive the next leg of volume and profitability are still several years away.

Nameplate	Segment	Powertrain	MY2026	MY2027	MY2028	MY2029	MY2030
Passport	Mid-size SUV	ICE	Redesign / off-road variant launch				
Prelude	2-door coupe	Hybrid	Launch				
CR-V	Mid-size CUV	ICE / Hybrid		Possible CY2027 arrival	Forecasted redesign		
Civic	Sedan / hatchback / coupe	ICE / Hybrid		Possible CY2027 arrival	Forecasted redesign		
Pilot	Large CUV	ICE / Hybrid	Refresh		Possible CY2028 arrival	Forecasted redesign	
Accord	Sedan	ICE / Hybrid		Rumored update			Forecasted redesign
HR-V	Small CUV	ICE / Hybrid / TBD					Forecasted redesign

Source: Automotive News, Honda, S&P Global Mobility, Bank of America
Note: Certain entries reflect calendar-year timing that may correspond to the following model year.

That timing may create an attractive acquisition window. Buyers often pay the highest prices after the earnings recovery is already visible. Honda appears positioned before that stage today. Its powertrain missteps have been identified, its product direction is improving and the dealer body is growing more confident, but the full earnings benefit from the next product cycle has not yet arrived. Honda's EV pullback has not made for flattering headlines, but it may be good news for dealers. The U.S. customer has made clear that hybrids are more attractive than forced EV adoption in many markets. If Honda's next generation of hybrids lands well, dealers should benefit from stronger volume, better model mix and a more competitive showroom.

The Blue Stage facility program is another major topic with dealers, and the feedback we hear has been positive. Facility programs are rarely popular, and dealers acknowledge that Blue Stage requires capital. But several dealers said the investment makes sense. Honda ATPs are much higher than they were before COVID, and customers paying $40,000 to $50,000 for higher-end trims expect a better retail experience. A dated lounge or tired showroom is harder to justify when the customer's transaction price has moved materially higher.

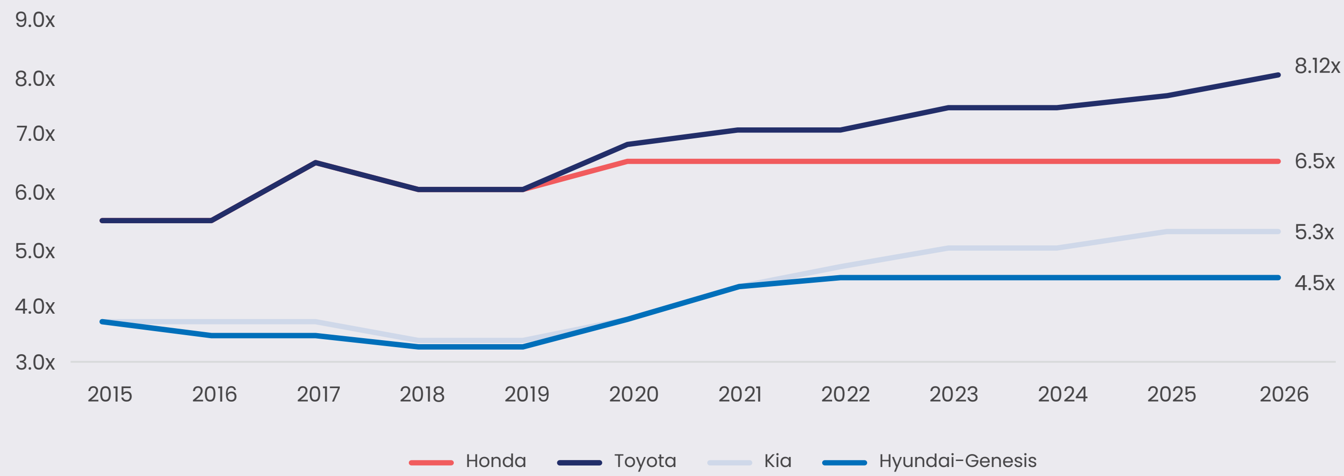


"Milton Martin Honda opened our new, Honda Blue Stage facility in January and the impact has been incredible! Customers, associates and visitors are grinning from ear to ear. Our team is energized by the new vibe and it's contagious! The renewed sense of pride continues to drive sales, service, CSE and recruitment throughout the dealership. We built more than a dealership...we created a place where customers and employees are excited to be!" **– Butch Miller, Owner, Milton Martin Honda**

Dealers also see benefits beyond the customer experience. Modern facilities can help with employee morale, recruiting, service capacity and retention. These dealers believe updated facilities will support higher volume and profit over time. Honda's program is not cheap, but dealers generally view it as more rational than several competing OEM image programs. Additionally, in one recent transaction that we advised on, Honda went above and beyond for the incoming buyer, offering an extended facility renovation timeline paired with greater future allocation once the project was complete. That type of flexibility and partnership carries significant weight with the retail network. It makes the program easier to underwrite and reduces the risk that future capex becomes a major drag on buy-sell value.

From a buy-sell perspective, Honda is increasingly one of the most attractive midline franchises in the market. The brand has high throughput, loyal customers, strong products, a growing hybrid mix, reasonable facility costs and a factory that dealers generally trust, just like Toyota, but the average blue sky multiple is almost 20% less.

HONDA MULTIPLE MIDPOINT OVER TIME VS. COMPETITORS



Source: Haig Partners

RECENT TRANSACTIONS

HAIG PARTNERS

2027 NADASHOW
ORLANDO • WEDNESDAY-SATURDAY • FEB. 17-20

SAVE THE DATE

MAXIMIZING VALUE CONFERENCE ™

A Dealer-Focused Event • $399 per Guest

February 17, 2027 | Time: 8:00AM-1:00PM | Orlando, Florida

Following a sold-out 2026 event, the Maximizing Value Conference™ returns to Orlando in 2027 for a morning with auto retail's top thought leaders on buy-sell trends, profitability, valuations and the strategies driving record results. Enjoy dedicated networking breaks and hosted meal functions built for connecting with fellow dealers and industry leaders.

> *"We had a wonderful experience at the Maximizing Value Conference. It was truly the highlight of my NADA experience. The guest speakers were all very informative and inspirational."*

> *"From an information/learning standpoint, this conference was the highlight of NADA 2026 - well done all around."*

RSVP at bit.ly/MaximizingValueConference

Attendance is limited to dealers and executive dealer management.

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TRENDS IMPACTING AUTO RETAIL

Labor Market Weakens as Hiring Stalls

The labor market weakened after the more resilient reading we discussed last quarter. According to the BLS, nonfarm payroll employment declined by 23,000 jobs in July, while the unemployment rate was little changed at 4.1%. Revisions also suggest a softer market, with May and June job gains revised down by a combined 103,000 jobs. For dealers, slower hiring could make consumers more cautious heading into the second half of the year, particularly payment-sensitive buyers.

GDP Growth Slows Despite Temporary Boost

U.S. GDP increased at a 1.5% annualized rate in Q2 2026, down from 2.1% in Q1 and below the expectations of most economists. Consumer spending increased 3.2%, a sharp improvement from 0.5% in Q1, and motor vehicle and parts spending increased 10.5%, providing near-term industry support. However, part of the Q2 consumer spending improvement was supported by larger-than-normal tax refunds, while expenses continued to outpace income growth and the personal savings rate fell to 2.7%, its lowest level in four years. Business investment remained positive, helped by continued AI-related capital spending, but GDP was weighed down by weaker net exports, lower inventories and mildly negative government spending. Consumers are still spending, but at a rate that may be hard to sustain through the second half of the year, particularly with rates elevated and affordability already stretched.

Interest Rates Held Steady as Inflation Remains Elevated

At its July meeting, the Fed kept the federal funds rate at 3.50%-3.75%, citing solid economic activity, job gains that have kept pace with the workforce, little change in unemployment and inflation that remains above its 2.0% target. Three Fed officials voted to raise rates by 0.25%, foreshadowing a rate increase that some markets expect before the end of the year. The conflict in the Middle East has become a significant variable, with higher energy prices contributing to inflation pressure. For dealers and consumers, rates are still working against affordability. Elevated borrowing costs continue to weigh on monthly payments for consumers and floorplan expense for dealers. And the possibility of rate increases implies these conditions could worsen for our industry.

Inflation Slows, But Remains a Headwind

Inflation is still running hotter than the Fed would like, but the June CPI report gave consumers a bit of relief. Headline CPI increased 3.5% year-over-year in June, down from 4.2% in May, while core CPI, which excludes food and energy, rose 2.6%. On a month-over-month basis, headline CPI declined 0.4%, the largest monthly drop since April 2020, helped by a 5.7% decline in energy prices and a 9.7% drop in gasoline prices. New vehicle prices were flat in June after declining 0.3% in May.

For dealers, these trends are not enough to meaningfully improve the affordability of vehicles. The total cost of vehicle ownership is still high. Energy prices are up 15.7% year-over-year, and consumers continue to face elevated insurance costs, repair costs, vehicle prices and interest rates.

HAIG PARTNERS
MAXIMIZING VALUE FOR DEALERS™

WHERE DEALERSHIP INTELLIGENCE LIVES

Insights on market trends, dealership values, and the evolving auto retail landscape, so you always know where the market is headed.

Explore more of our insights at
haigpartners.com/resources

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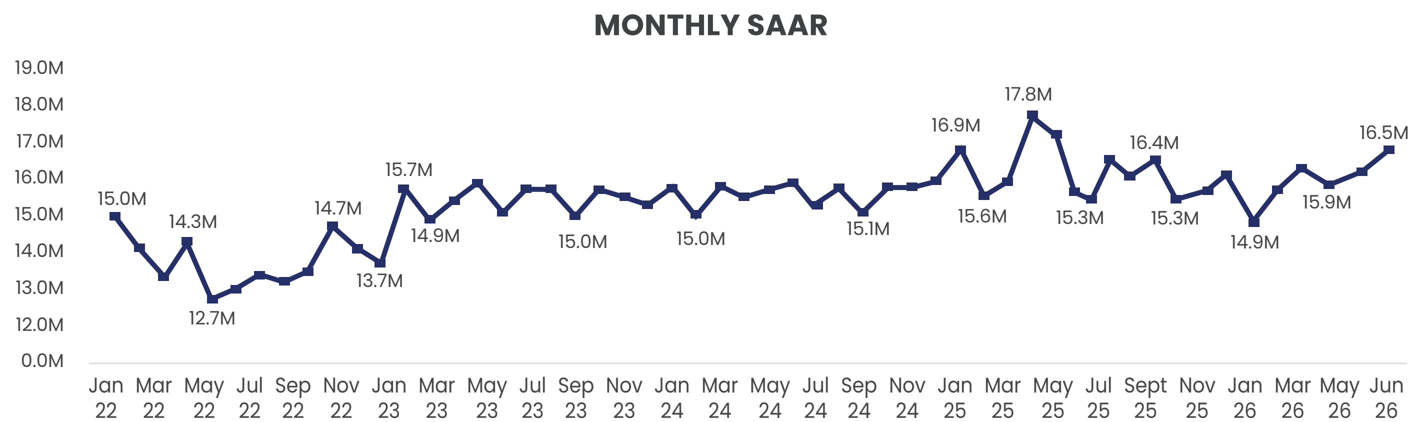
WARDSAUTO.

SAAR Improves, but Retail Demand Under Pressure

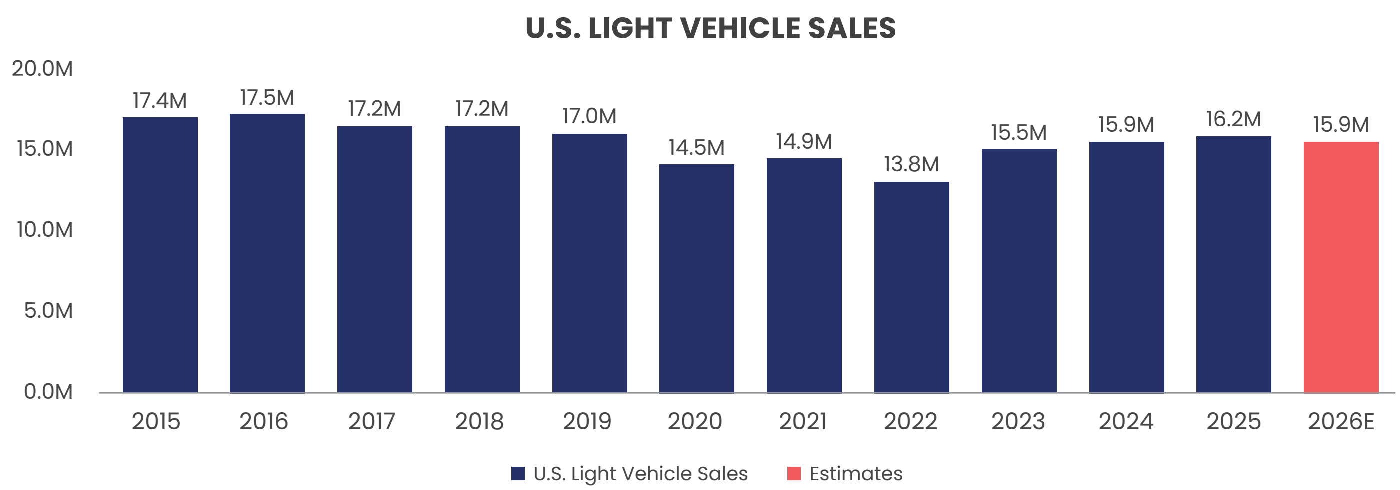
New light vehicle sales improved through the end of Q2, but weakness could be lurking under the headline. According to NADA, June 2026 sales reached a SAAR of 16.5M units, up 4.4% year-over-year. But this SAAR improvement was reached through stronger fleet activity and a favorable comparison to June 2025, a month which had its sales volume negatively impacted by tariffs as some sales were pulled ahead earlier in the year. Additionally, many consumers received larger-than-normal tax refunds in the second quarter, which could increase quarterly sales performance but provide little additional momentum in the second half of the year. J.D. Power and GlobalData estimate that total new-vehicle sales increased 1.2% in the first half of 2026, while retail sales declined 4.1%.

Affordability remains the key limiting factor. J.D. Power estimates that the average new-vehicle monthly payment reached $813 in June, up 3.4% year-over-year and the highest June payment on record. Incentives are rising as OEMs work harder to keep buyers in market, with average incentive spending increasing 12.7% year-over-year to $3,217 per unit. Loan terms are stretching as well, with 13.6% of new-vehicle loans now carrying terms of 84 months or longer. Consumers are still buying, but transactions are requiring more support, longer terms and more payment management than they did several years ago.

It appears that 2026 will result in fewer than 16M new units sold in the U.S. For many years before COVID, the U.S. was enjoying sales of over 17M new units per year. The impact of COVID is behind us, but there are other factors at work that are limiting new vehicle sales. The high cost to purchase, finance, insure and maintain vehicles is limiting demand. Normally, we would expect dealers to be suffering from this loss of volume, but what we are seeing is the opposite. The lower level of sales has resulted in much higher profits for auto dealers. They are making more money in their fixed and variable departments, proving that less (volume) can mean more (profit). If we think back to the pre-COVID era dealers, and OEMs had to work very hard to sell 17M units a year. Incentives were high, grosses were low, advertising was high, and compensation as a percentage of gross profit was high.



Source: Cox Automotive, NADA



Source: Wards, COX Automotive, NADA

Inventory Has Improved, but Mix Still Matters

The brands we track averaged 51 days' supply in June 2026, compared to 49 days at the end of 2025 and a five-year average of 55 days. Inventory is healthier than it was during the depths of the post-COVID shortage, but the market is still 8.1% below its historical level. Some brands remain tight, some have normalized, and others are now carrying enough supply to pressure margins.

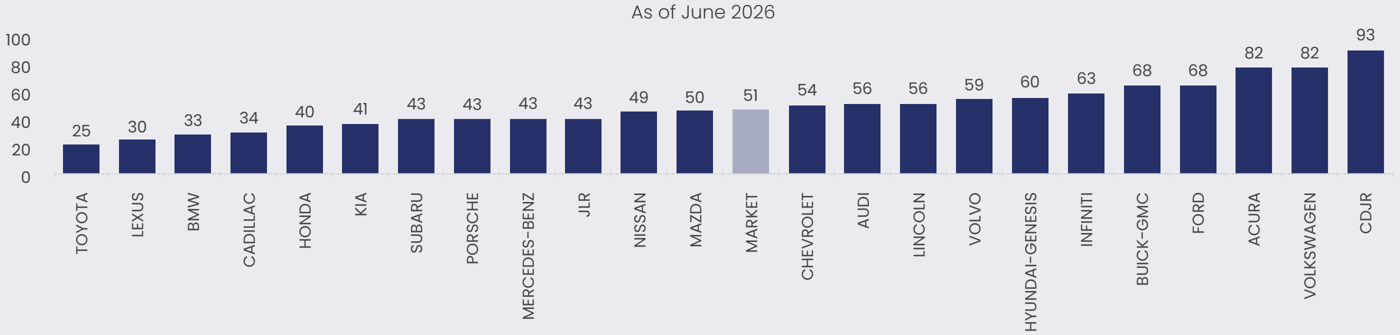
Toyota and Lexus remain the most supply-constrained franchises we track. Toyota carried just 25 days' supply in June, while Lexus carried 30 days, both more than 25% below their five-year averages. BMW and Cadillac were also tight at 33 and 34 days' supply, respectively, although Cadillac's low inventory is not purely positive. Dealers are asking for more of the right product, especially ICE inventory, not just more units.

Among the high-volume franchises, supply has improved but mix remains a key issue. Honda carried 40 days' supply, still 19.4% below its five-year average, which supports the positive dealer sentiment we are hearing around throughput, hybrids and core products. Chevrolet and Ford both carried more inventory than the market average thanks to all the variations for full-size trucks, at 54 and 68 days, but still sat below their own historical levels. Dealers for both brands continue to distinguish between total inventory and desirable inventory. They want more trucks, full-size SUVs and faster-turning, higher-grossing vehicles, not just a blanket rise in all units.

The highest inventory positions were concentrated in CDJR, Acura and Volkswagen, at 93, 82 and 82 days' supply, respectively. CDJR remains the most over-inventoried franchise in our data set, consistent with dealer concerns around product quality, recalls, incentives and the pace of Stellantis' turnaround. Acura's inventory is now 30.1% above its five-year average, reinforcing dealer comments that higher supply and a lack of incentives are pressuring front-end gross profits. Volkswagen also remains above its historical inventory level, although its strong Q2 sales rebound makes the situation better than earlier this year.

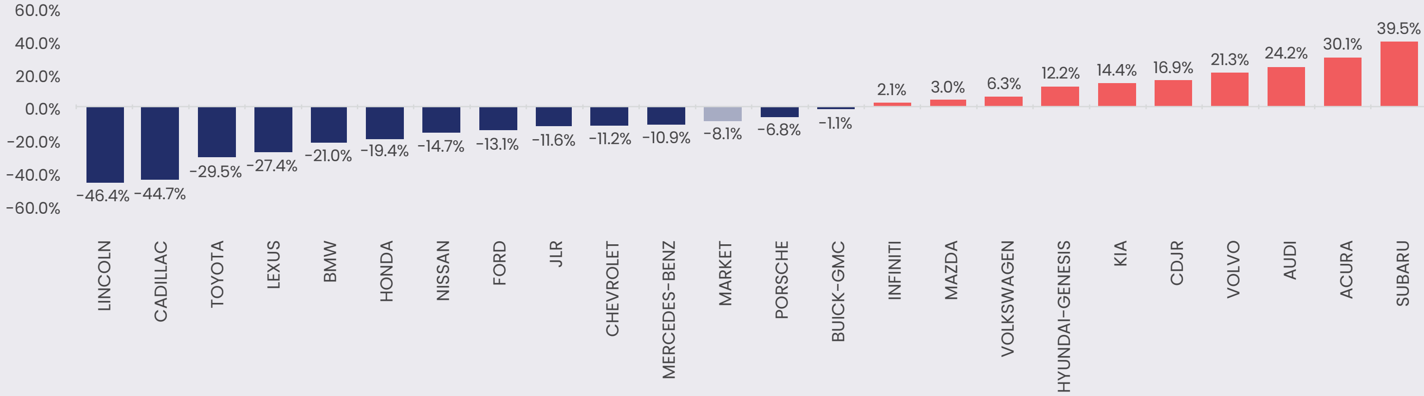
Subaru, Audi and Volvo are the more nuanced cases. Subaru's 43 days' supply is below the market average, but 39.5% above its own five-year average, showing how far the brand has moved from its old scarcity model. Audi and Volvo are both more than 20% above their historical averages, which are driving dealer concerns around product-cycle timing, EV demand and model-level softness.

DAYS' SUPPLY BY FRANCHISE
As of June 2026



Source: Wards

DAYS' SUPPLY VARIANCE FROM FIVE-YEAR AVERAGE
June 2026 vs. Five-Year Average*



Source: Wards

*Note: *Five-year average includes inventory data from the following years: 2018, 2019, 2023, 2024, 2025. These years were selected to avoid comparisons against COVID-impacted periods.*

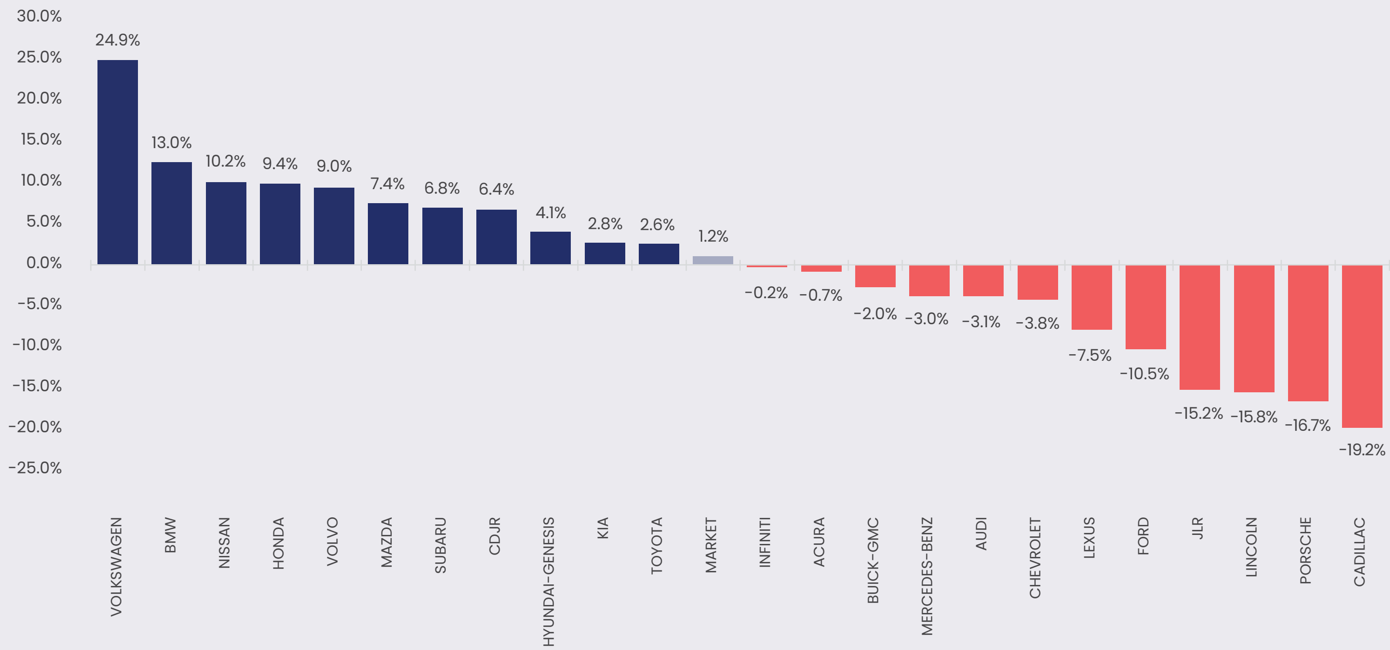
New Vehicle Sales Rose in Q2

Q2 was a better quarter for the U.S. auto market, with new vehicle sales increasing 1.2% from Q2 2025 to Q2 2026. But the comparison requires some context. Q1 2026 was benchmarked against a difficult prior-year period that benefited from tariff-driven pull-ahead demand, while Q2 2026 is being compared against a softer prior-year period after some 2025 demand had already been pulled into March and April. Overall, sales in the first half of 2026 landed 2.4% below the first half of 2025. The majority of the brands we track posted gains in Q2, led by Volkswagen (+24.9%), BMW (+13.0%), Nissan (+10.2%), Honda (+9.4%) and Volvo (+9.0%). Several other brands also beat the overall market, including Mazda (+7.4%), Subaru (+6.8%), CDJR (+6.4%), Hyundai-Genesis (+4.1%), Kia (+2.8%) and Toyota (+2.6%).

The results show that demand has not disappeared, but it remains highly uneven from franchise to franchise. Midline import brands were the standout winners in Q2, with every franchise in the category recording growth. Toyota and Honda continued to perform well, while Volkswagen and Nissan rebounded sharply from weaker prior periods. Luxury performance was more mixed, with BMW and Volvo posting strong gains while INFINITI (-0.2%), Acura (-0.7%), Mercedes-Benz (-3.0%), Audi (-3.1%), Lexus (-7.5%), JLR (-15.2%), Lincoln (-15.8%), Porsche (-16.7%) and Cadillac (-19.2%) declined. Domestic performance was also uneven. CDJR gained momentum, but Buick-GMC (-2.0%), Chevrolet (-3.8%), Ford (-10.5%), Lincoln and Cadillac all underperformed the market. For dealers, one key takeaway is that the market average looks stable, but brand-level performance remains highly variable, and that variability continues to influence dealership profits, buyer demand and goodwill values.

% CHANGE IN SALES BY BRAND

(Q2 2026 vs. Q2 2025)



Source: Wards

AutoNation

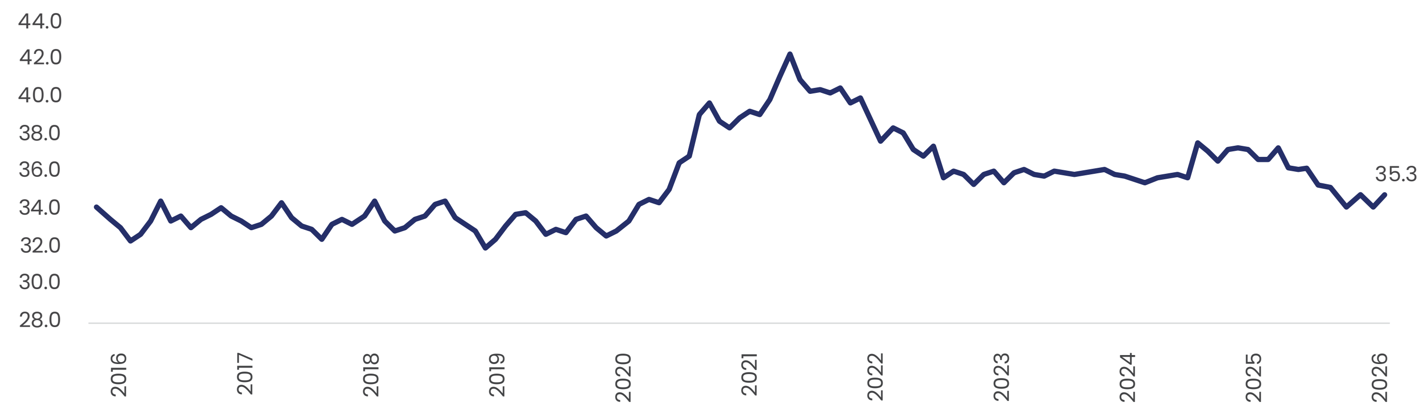
"As expected, new unit sales were lower versus a year ago, which benefited from tariff-related pull-forward activity and higher BEV sales."

– Michael Manley, CEO & Director, AutoNation, Inc.

New Vehicle Affordability Continues to Improve

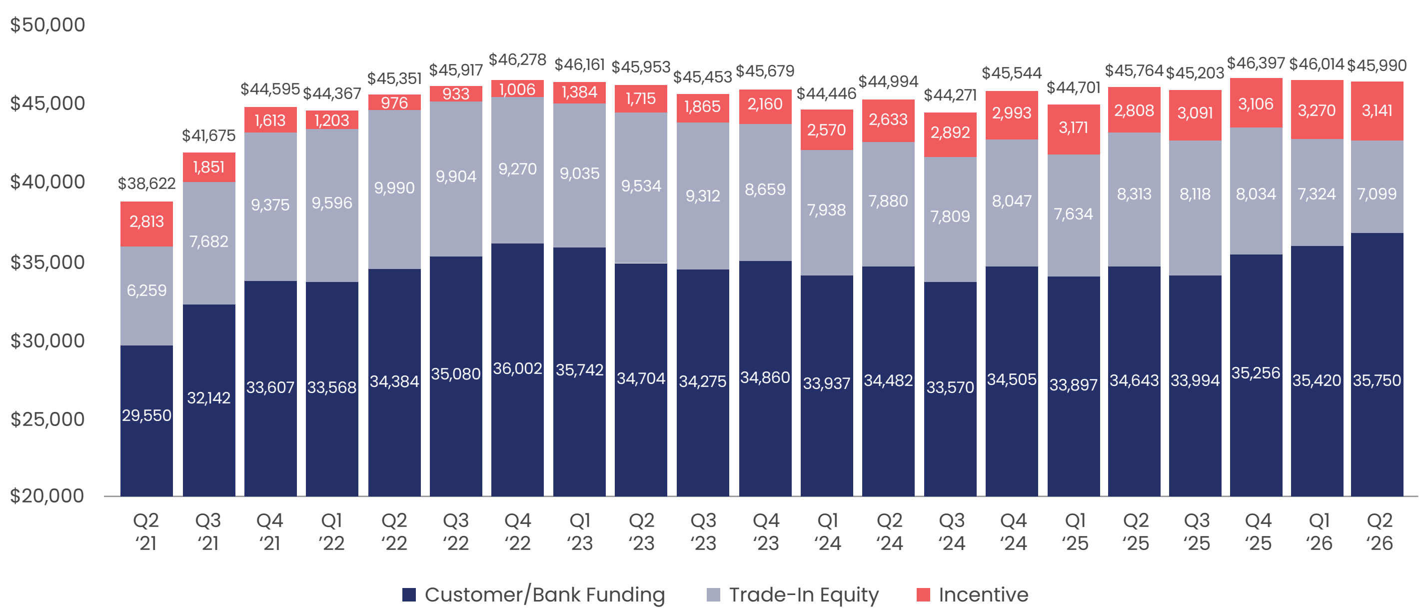
New vehicle affordability improved during Q2 2026 but remains strained compared to pre-COVID norms. According to the Cox Automotive/Moody's Analytics Vehicle Affordability Index, the number of median weeks of income needed to purchase the average new vehicle in June was 35.3 weeks, up slightly from 34.9 weeks in May but much better than this time last year. It used to take around 33 weeks of income to purchase a new vehicle before COVID. Consumers have gained some purchasing power as incomes have grown and vehicle pricing has moderated, but the total cost of buying and owning a vehicle is still high enough to cap demand.

VEHICLE AFFORDABILITY INDEX



Source: Cox Automotive/Moody's Analytics

NEW VEHICLE TRANSACTION FUNDING



Source: J.D. Power & Haig Partners

Note: Q2 2026 Trade-In Equity is as of April 2026. J.D. Power stopped publishing this data point.

Average Transaction Price Growth Trails Inflation

Average transaction prices continued to rise through June 2026, with the brands we track averaging $49,693, up 1.8% from June 2025. That increase was below the 3.5% CPI inflation rate, suggesting that new vehicle pricing is no longer rising as quickly as broader consumer prices.

The most notable declines came from Mercedes-Benz, Chevrolet and Acura. Mercedes-Benz ATPs declined 3.3%, likely reflecting a mix shift and improved availability on certain models, while Chevrolet declined 2.3% as dealers continue to work through a more payment-sensitive customer base and a product mix that is not always weighted toward the highest-grossing trucks and SUVs. Acura declined 1.6%, consistent with dealer feedback that higher inventory, more incentives and weaker differentiation are pressuring front-end margins.

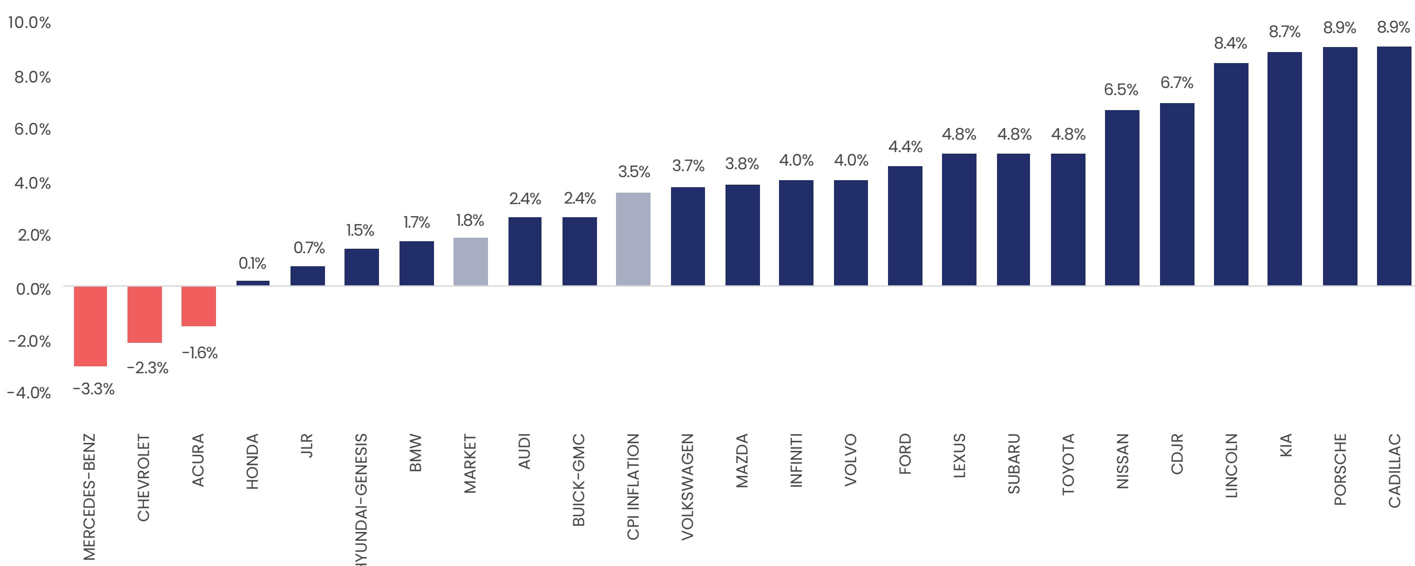
Several high-volume midline import franchises posted moderate increases. Honda was essentially flat at $38,019, which helps explain why dealers remain positive on the franchise: Honda is growing volume without pushing pricing far beyond its customer base. Toyota increased 4.8% to $44,295, while Subaru increased 4.8% to $37,269 and Mazda increased 3.8% to $37,328. These brands remain well below the market average ATP, which provides them an important affordability advantage in a market where payment pressure is still limiting demand.

The sharpest increases were concentrated in brands where mix, product cadence or reduced affordability are becoming more important to underwriting. Kia ATPs increased 8.7% to $39,189, reflecting the continued move upmarket in product content and consumer perception. The average Kia now sells for more than the average Honda! Nissan increased 6.5% to $36,800, although it remains one of the lowest-priced franchises we track, which helps support its recovery story. CDJR increased 6.7% to $57,223, a difficult combination for dealers when product quality concerns and high inventory remain unresolved.

Luxury pricing remains elevated. Porsche ATPs increased 8.9% to $127,318, as the sales of Macans decline as it is phased out and the sales of 911s are increasing. Porsche has wealthy, loyal customers, but the lack of more affordable models may hit dealership profits, just after many dealers built expensive new facilities. Cadillac also increased 8.9% to $85,680 thanks to its premium mix of Escalade and EV products, but this also highlights why dealers need more attainable ICE coverage. Lincoln increased 8.4% to $73,079, despite weaker sales, a symptom of its narrow, higher-priced SUV lineup.

% CHANGE IN AVERAGE TRANSACTION PRICE

(June 2026 vs. June 2025)



Source: Haig Partners, Wards, Kelley Blue Book

Average Dealership Throughput Correlates with Economic Potential

The brands we track averaged 774 new vehicle sales per dealership through the last twelve months ("LTM") ended Q2 2026. This section looks at throughput differently than the sales growth analysis earlier in the report. Sales growth shows which brands are gaining or losing volume nationally, while average throughput shows how much volume opportunity the typical dealer has at the store level. Higher throughput does not guarantee higher profitability, but it generally creates more chances for the dealership to generate F&I income, source trade-ins, build future UIOs, leverage facilities and grow fixed operations.

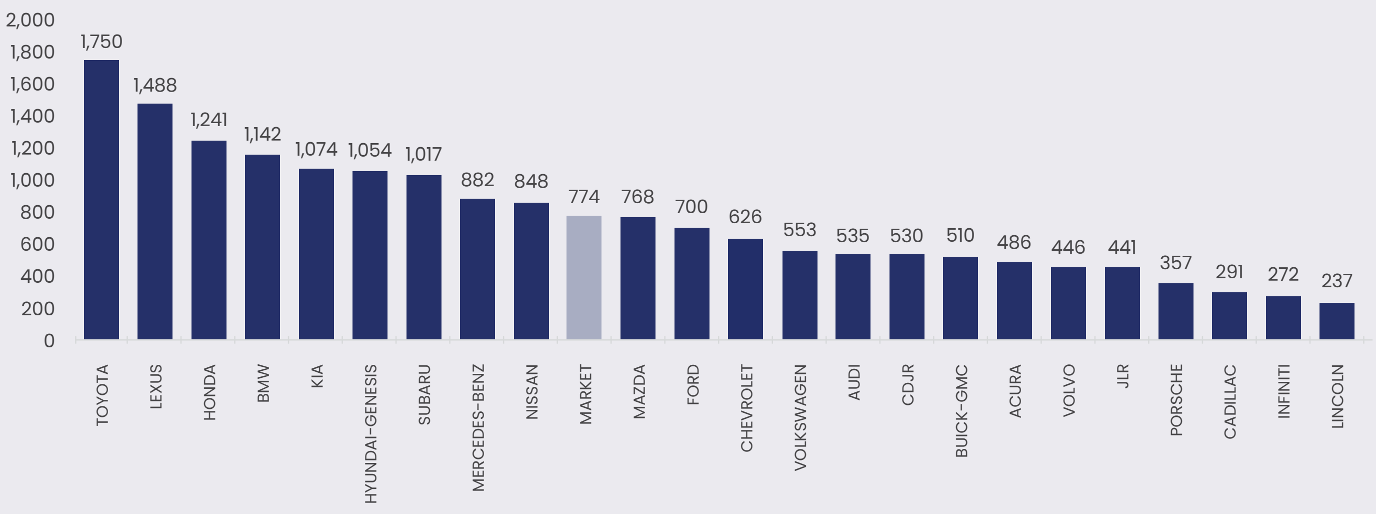
Toyota remains in a category of its own, averaging 1,750 new vehicles per dealership, the highest of any franchise we track. Lexus also ranked near the top at 1,488 units, an unusually high figure for a luxury franchise and a key reason buyer demand for Lexus remains so intense. Honda, BMW, Kia, Hyundai-Genesis and Subaru also exceeded 1,000 units per dealership, demonstrating the economic appeal of several of the most desirable import franchises. These brands combine strong per-store volume with attractive customer bases, which helps explain why buyers aggressively pursue them.

Several brands lie closer to the market average. Mercedes-Benz averaged 882 units, Nissan averaged 848, Mazda averaged 768, Ford averaged 700 and Chevrolet averaged 626. Nissan and Mazda remain attractive because their average stores still generate solid volume at affordable price points. On the other hand, Ford and Chevrolet produce less new vehicle volume per rooftop than their national sales scale might suggest, partly because both brands operate through large dealer networks. Their value is still supported by truck customers, commercial business and large fixed operations bases, but the average new vehicle throughput is lower than some buyers might assume.

Lower-throughput franchises require different views. Porsche averaged only 357 new vehicles per dealership, but its high ATP, wealthy customer base and strong front-end gross profit potential can still produce attractive economics when facility requirements are manageable. JLR, Cadillac, Lincoln, Volvo and Audi also sit below the market average, but many of these brands rely more heavily on strong luxury grosses, service opportunity and customer demographics than raw unit volume alone.

The lowest throughput figures belong to INFINITI and Lincoln, at 272 and 237 units, respectively. The limited product breadth and lower per-store volume make future product cadence critical for both brands. Without more retail tools, owners of both franchises will likely have to continue working hard to keep store economics afloat.

AVERAGE NEW VEHICLE THROUGHPUT PER DEALERSHIP
(LTM Q2 2026)



Source: Haig Partners, Wards, Automotive News

Franchise Horsepower Index

Blue sky multiples get all the attention in a buy-sell conversation, and for good reason: they are the most direct read on what a buyer is willing to pay for a franchise. But a multiple is ultimately a market opinion. It reflects dealer sentiment, deal flow, and scarcity as much as it reflects the underlying economics of the store. To measure those economics directly, we built the Franchise Horsepower Index: new vehicle throughput multiplied by average new vehicle transaction price, indexed to the market average of 1.00x.

New vehicle revenue is not the same thing as profit, but it is roughly 50% of a dealership's total revenue, and it is the engine that feeds every other department:

- Used vehicles: Trade-ins and lease returns are heavily influenced by new vehicle sales, so this index is a barometer for both the volume of vehicles a used vehicle department will see and the price range of the vehicles that return to it.
- F&I: Higher-priced vehicles support higher-dollar F&I products, which can offset the lack of volume compared to their lower-priced high-volume competitors.
- Fixed operations: Higher-throughput brands generate significantly more repair orders, but higher-priced brands can post significantly larger profit per RO, which often more than offsets the difference in volume.
- Expenses: Higher-throughput brands typically require a larger footprint, more employees, and a bigger overall expense structure, one that only pays off if the volume can be profitable enough to support it. Lower-volume brands need a smaller footprint and carry lower overhead, though that logic bends depending on factory facility requirements, since higher-priced brands often demand a higher investment per square foot than higher-volume, lower-priced brands.

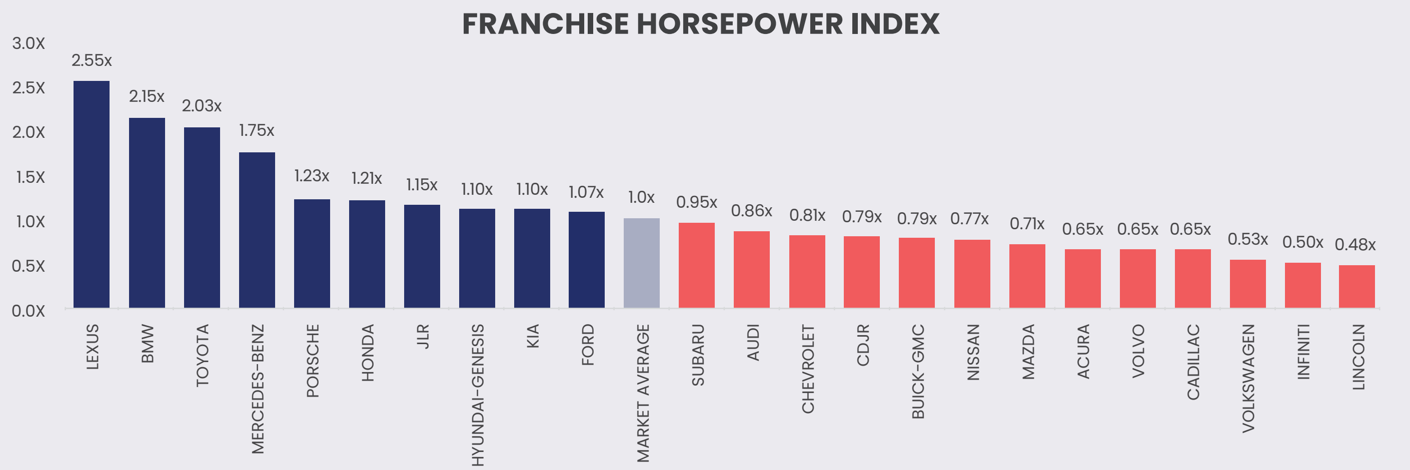
The new vehicle department is the key driver for most dealerships, and dealers should weigh the economic opportunity of a franchise carefully against their strategic goals before buying in.

Blue sky multiples and the Franchise Horsepower Index move together more often than not: brands that generate more new vehicle revenue per store tend to command higher multiples too. But the exceptions are where the real story is.

Porsche and Nissan sit at opposite ends of the same trade-off. Nissan's new vehicle throughput is roughly 2.2x that of a Porsche store, but the average transaction price of a new Porsche is roughly 3.6x that of a new Nissan. Net those two factors together and the average Porsche store generates about 1.6x more new vehicle revenue than the average Nissan store, despite selling far fewer cars.

Four brands have managed to turn both dials up at once. Lexus, BMW, Toyota, and Mercedes-Benz combine high throughput with high transaction prices, and it shows: all four post the top Franchise Horsepower Index scores in the industry, Lexus at 2.55x, BMW at 2.15x, Toyota at 2.03x, more than double the market average of 1.00x, with Mercedes-Benz at 1.75x. These are likely the most profitable franchises in nearly every market where they compete, a byproduct of OEMs that have managed dealer count with discipline while building vehicles that consumers are willing to pay up for.

For dealers, the Franchise Horsepower Index is a way to see past the multiple to the underlying new vehicle economics, and to find where a dollar of goodwill buys the most opportunity.



Source: Haig Partners, Wards, Kelley Blue Book

New Vehicle Gross Continues to Normalize

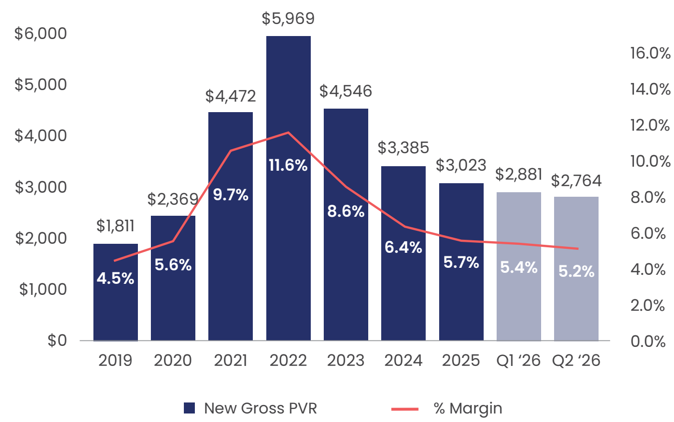
According to the publicly traded auto retail groups, new vehicle gross profit per vehicle retailed continued to decline in Q2 2026. New gross PVR fell to $2,764, down from $2,881 in Q1 2026 and $3,023 in 2025. New vehicle margin also declined to 5.2%, down from 5.4% in Q1 and 5.7% in 2025. The decline was not severe but does show that front-end gross pressure continued throughout the first half of the year.

Dealers are still earning more front-end gross per new vehicle than they did before COVID, when the new gross PVR was generally below $2,000 and margins were in the mid-4.0% range. But the extraordinary 2021 and 2022 environment is over. As supply improves and consumers remain focused on monthly payments, dealers have less ability to hold the same front-end gross they enjoyed during the shortage years.

This is not necessarily bad for the industry. Lower new vehicle gross can help support affordability, volume, trade-ins, F&I income and future UIO growth. The risk is that front-end gross is decreasing while dealers are facing higher rent, personnel costs, insurance, floorplan expense and facility requirements. For dealers, the question is whether new vehicle margins stabilize around today's level or continue to grind lower if supply rises and affordability challenges persist.

NEW GROSS PROFIT PER VEHICLE: PUBLIC COMPANY DATA

Weighted Average Same-Store Performance (In Current Dollars)



Source: SEC Filings

Used Vehicle Profits Head Sideways, with Relief on the Way

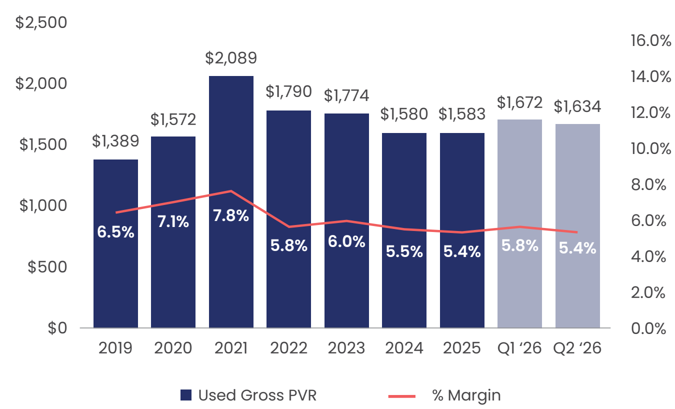
According to the publicly traded auto retail groups, used vehicle gross profit per vehicle retailed declined modestly in Q2 2026. The public company used gross PVR was $1,634 in Q2 2026, down sequentially from $1,672 in Q1 2026, but still above the $1,583 recorded in full-year 2025. Used vehicle margin declined from 5.8% in Q1 to 5.4% in Q2, returning to the same margin level recorded for full-year 2025.

The issue is that used vehicle margins are now below pre-COVID levels, even though the used gross PVR remains slightly higher in dollar terms. The average public company used vehicle margin was 6.5% in 2019, compared to 5.4% in Q2 2026. Dealers are still fighting for quality used inventory, and supply remains tight as public groups, private groups and independent retailers compete for the same units. Many dealers also complain that auction fees remain high, which further eats into margin when they are forced to acquire inventory outside their own trade-in channels.

For dealers, used vehicles remain an important profit lever, but the easy gains from rapidly rising used car values are gone. Higher interest rates, elevated vehicle values and tighter consumer budgets continue to make used vehicle affordability difficult. The stores that can source inventory effectively through trades, service lanes and direct consumer acquisition, while managing aging and auction exposure, should continue to outperform their peers.

USED GROSS PROFIT PER VEHICLE: PUBLIC COMPANY DATA

Weighted Average Same-Store Performance (In Current Dollars)



Source: SEC Filings

GROUP 1

"To improve our execution, we're making concentrated efforts to improve our sourcing of less expensive vehicles, being more aggressive with bids, improving our appraisal practices and putting more emphasis on trade closing rates. Our focus remains on organic sourcing.."

- Daryl Kenningham, Group 1 Automotive, Inc., CEO, President & Director

F&I Profits Remain Near Record Levels

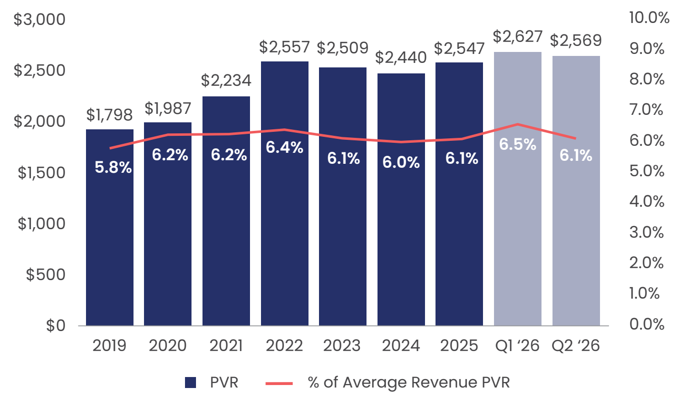
According to the publicly traded auto retail groups, F&I gross profit per vehicle retailed declined modestly in Q2 2026 but remained near record levels. The F&I gross PVR was $2,569 in Q2 2026, down from $2,627 in Q1 2026 but still above 2025's level. F&I as a percentage of average vehicle revenue also declined from 6.5% in Q1 to 6.1% in Q2, returning to the same level recorded for full-year 2025.

F&I departments have long been crucial earnings drivers for dealers, but their importance has risen in recent years. Unlike new vehicle gross, which has declined sharply from the pandemic-era peak, F&I PVR has held up extremely well and remains far above pre-COVID levels. In 2019, F&I PVR was $1,798. By Q2 2026, it had increased more than 40.0%, even as consumers faced higher monthly payments, elevated interest rates and continued affordability pressure.

One overarching risk is that Q2's F&I strength is being supported by a more strained consumer transaction. Longer loan terms, higher transaction prices and higher borrowing costs can create more opportunities for finance reserve and protection products, but they also make the deal harder to close. For dealers, F&I remains a critical offset to declining front-end gross, but continued performance will depend on disciplined process, product penetration and the ability to structure deals without pushing customers beyond their payment tolerance.

F&I GROSS PROFIT PER VEHICLE: PUBLIC COMPANY DATA

Weighted Average Same-Store Performance (In Current Dollars)



Source: SEC Filings

Fixed Operations Grew in Q2, But Not in Real Dollars

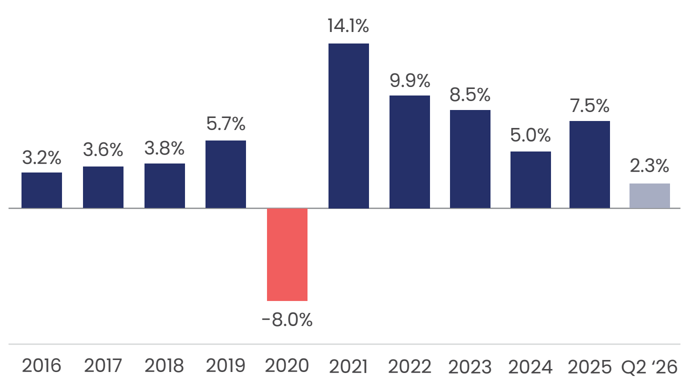
According to the publicly traded auto retail groups, same-store fixed operations gross profit increased 2.3% in Q2 2026, down from 7.5% in 2025 and well below the growth rates dealers enjoyed in the years following the pandemic. Fixed operations appear to be stalling amid U.S. consumer challenges. It also lagged June CPI inflation of 3.5%, meaning fixed operations gross profit declined in real terms even though reported dollars increased.

The slowdown does not change the long-term attractiveness of fixed operations. Today, vehicle affordability remains strained, monthly payments are elevated and many consumers are likely to keep their vehicles longer rather than replace them. That should support customer-pay repair demand over time, especially as the average vehicle age continues to rise and more customers remain in vehicles beyond their original warranty period.

For dealers, fixed operations remain the most dependable profit center in the dealership, but growth is no longer automatic. Stores will need to compete more aggressively for lucrative customer-pay work through better pricing, service marketing, retention strategies and convenient service offerings. The upside remains significant, especially for dealers that can capture more service work from their existing UIO base, but Q2 results show that fixed operations is not immune from the broader consumer pressure that has been primarily showing up in variable operations performance.

FIXED OPERATIONS GROSS PROFIT GROWTH: PUBLIC COMPANY DATA

Same-Store Performance (In Current Dollars)



Source: SEC Filings

"And I think, as long as customers are going to stay in cars longer, which is all the indications are that that's beginning to happen, then our fixed operations business should skyrocket. There should be a lot of opportunity there for us to continue to grow and not have what we saw happening across the industry in the second quarter."

- Frank Jeff Dyke, Sonic Automotive, Inc., President & Director

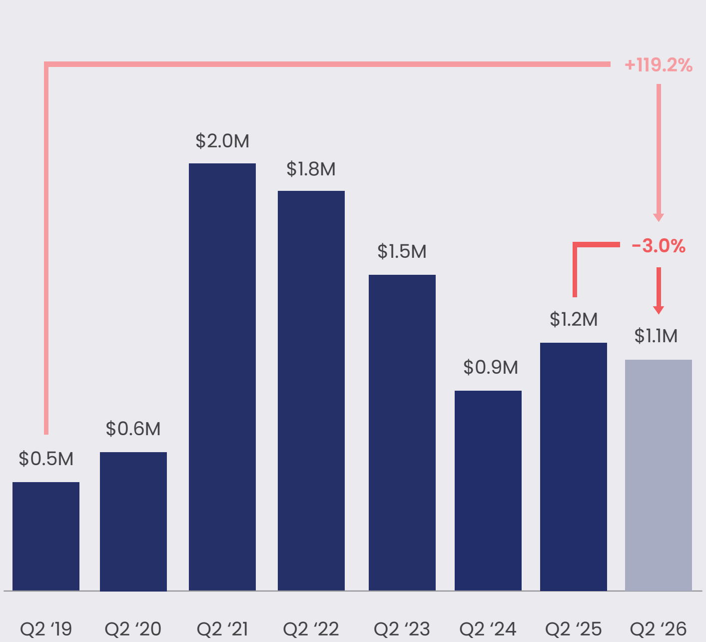
Dealership Profits Remain Healthy Despite Q1 Weakness

Despite the challenges mentioned previously, from declining variable grosses to slower growth in fixed operations, dealership profits remained historically healthy. F&I remains a healthy offset, but even it declined modestly from Q1 of this year. Taken together, these factors are putting pressure on dealership profitability, though profits remain far above pre-COVID levels.

The average publicly owned dealership generated $1.1M of adjusted pre-tax income in Q2 2026, down 3.0% from Q2 2025. That decline was modest compared to Q1, when profits fell 15.9% year-over-year. But Q1 2026 suffered from a difficult comparison to a Q1 2025 that benefited from pull-ahead tariff demand, and Q2 2026's comparison is being made to a soft Q2 2025 that suffered from demand pulled into Q1 2025. The average store is no longer earning the extraordinary profits seen in 2021 and 2022, but Q2 2026 profit was still 119.2% higher than Q2 2019, when the average publicly owned dealership generated roughly $0.5M of adjusted pre-tax income.

Trailing twelve-month profit tells a similar story. The average publicly owned dealership generated $3.9M of adjusted pre-tax income on an LTM basis through Q2 2026, down 4.2% from the $4.1M recorded in 2025. Profits remain well below the $6.8M peak reached in 2022, but they are still 86.7% higher than the $2.1M average generated in 2019. For dealers, the easy gross profit environment is gone, and operators will need to work harder to protect earnings through expense control, used vehicle sourcing, F&I performance and service retention. For the buy-sell market, today's profitability remains supportive, but buyers are being more selective and placing more value on franchises with high throughput, good inventory balance and durable fixed operations.

AVERAGE Q2 EARNINGS PER DEALERSHIP
Based on Public Group Earnings



Source: Haig Partners & SEC Filings

ADJUSTED ANNUAL EARNINGS PER DEALERSHIP
Based On Public Group Earnings

Source: Haig Partners & SEC Filings

Public Group Earnings consists of the consolidated financial performance of AutoNation, Group 1, Asbury and Sonic.

AN EVENING WITH DEALERS AT NAMAD IN MIAMI










Thank you to the dealers who joined Haig Partners aboard CIAO during NAMAD for an unforgettable night on the water. We are grateful for the relationships that continue to shape our work, and for the dealers who make evenings like this one worth celebrating.

WE LOOK FORWARD TO SEEING YOU!

HAIG PARTNERS MAXIMIZING VALUE FOR DEALERS™ | BORDER GRILL

A TOAST TO TOYOTA LEADERSHIP

Tuesday, September 15 | 2:30 PM to 4:30 PM | Las Vegas, NV
bit.ly/HaigPartnersToyota2026

forvis mazars | HAIG PARTNERS MAXIMIZING VALUE FOR DEALERS™

NADC ANNUAL FALL DINNER

Monday, October 12 | 6:30 PM | Las Vegas, NV
bit.ly/NADCDinner2026

HAIG PARTNERS MAXIMIZING VALUE FOR DEALERS™ | BOQUERIA BAR DE TAPAS | RESTAURANTE

AICPA RECEPTION

Monday, October 19 | 6:00 PM to 9:00 PM | Nashville, TN
bit.ly/HaigAICPA

LUXURY FRANCHISE BLUE SKY MULTIPLES

Lexus

Lexus sales declined 7.5% in Q2 2026 compared to Q2 2025, but dealers remain bullish on the franchise. The decline appears to be more of a supply and product-transition issue than a demand issue. Lexus dealers continue to report excellent profitability, strong UIOs, a constructive factory relationship and very little aged inventory. The RX remained the brand's volume leader and increased 8.5% in Q2, while the TX increased 3.4% and continues to give Lexus a high-demand three-row family SUV. The IS also increased 77.7%, while the RZ and UX grew 44.4% and 25.2%, respectively. The biggest drag was the ES, which declined 91.5% as Lexus transitioned to the redesigned model and its updated hybrid / EV lineup. GX sales also declined 33.5% after a strong launch period, while NX sales fell 13.4%.

Dealer complaints are limited and familiar: they just need more vehicles. Inventory remains extremely tight, and dealers tell us that most Lexus vehicles are turning in two weeks or less. Lexus has also indicated that inventory is likely to remain low for the foreseeable future. This scarcity is helping dealers preserve margins, although some markets are seeing more pressure on front-end gross. Even in those markets, the combination of front-end margin, F&I income and fixed operations remains highly attractive.

The primary frustration is allocation. Dealers who want more volume can pursue facility improvements to improve their allocation position, but the cost can be significant. Some dealers estimate that each incremental unit of allocation can require roughly $35,000 of facility investment, making growth within the network expensive.

From a buy-sell perspective, Lexus remains one of the hardest franchises to acquire in auto retail. The barrier is not just the price tag. Buyers also need significant face time with the factory and a long approval runway, even if they appear qualified. Scarcity, strong dealer profitability, excellent factory relations and intense buyer demand continue to place upward pressure on franchise valuations. **Increased multiple range by 0.5x on low- and high-end of range. New multiple range: 9.5x-10.5x.**

Porsche

Porsche sales declined 16.7% in Q2 2026 compared to Q2 2025, the second-largest decline of the brands we track. Dealer sentiment has become more cautious, and Porsche's slip to 9th place in NADA's Winter Dealer Attitude Survey reflects that the franchise is not enjoying the same level of dealer enthusiasm that it has in recent years. That said, Porsche continues to perform extremely well with customers, ranking #1 in recent J.D. Power Sales, Service, Quality and Appeal studies, a reminder that the brand's customer-facing strength remains exceptional even as dealers work through a more difficult operating period. Porsche remains a trophy franchise with wealthy, loyal customers, strong brand equity and attractive dealer profitability, but the near-term story has become more complex.

Porsche's product issues are most visible with the Macan and 718. Dealers remain frustrated that the ICE Macan is disappearing from the lineup, leaving a near-term hole in one of Porsche's most important U.S. segments. The Macan EV is a strong product, but many Porsche customers still want an ICE SUV in this size class. Dealers understand that Porsche is working on a future ICE replacement, which should help the long-term investment case, but the timing still leaves retailers exposed in the near term. Dealers are also preparing for an electric 718, but many would still like clarity on whether there will be an ICE successor. The concern is not that Porsche lacks brand equity; the concern is that dealers are losing profitable ICE products before replacement products are fully in market.

The 911 remains one of the most desirable vehicles in the industry and sales are up significantly this year. However, dealers noted that some 911s are now sitting in showrooms, which is highly uncommon for this model. Fixed operations and CPO performance remain strong and continue to support dealer profitability, but the new vehicle side of the business is more unsteady than it has been in recent years. The Cayenne EV is generating enthusiasm, and dealers who have participated in product training have given positive feedback. Dealers are hopeful it will add incremental volume because it joins the existing ICE and plug-in hybrid Cayenne lineup rather than replacing it. Dealers are much more receptive to EVs when they expand the lineup instead of replacing profitable ICE products.

The largest concern remains the brand's facility requirements, which are among the most expensive in the industry. Most current dealers are either planning to invest, actively building, or have already completed their new facilities, but the cost of these upgrades pressures store profits in terms of rent, insurance and other operating costs. Many of those dealers remain profitable, and added service capacity can improve store economics over time, but the math is harder for lower-volume stores or stores with unresolved image obligations. Dealers selling fewer than 200 new vehicles per year may face facility requirements far larger than their current volume can support. We have also seen situations where unresolved facility commitments became significant hurdles and impacted transaction pricing. Porsche stores with completed facilities can still attract premium interest, but stores with unresolved obligations are increasingly difficult to underwrite.

Future product could improve the story, particularly if Porsche successfully fills the ICE Macan gap and adds a 7-passenger ICE SUV. Until then, buyer demand will depend heavily on facility status, store volume, product cadence and whether the required real estate investment can pencil against current and expected earnings. Porsche remains highly desirable, but buyers are underwriting the franchise with more caution than they were a few years ago. **Decreased multiple range by 1.0x on high-end of range. New multiple range: 8.0x-9.0x.**

Mercedes-Benz

Mercedes-Benz sales declined 3.0% in Q2 2026 compared to Q2 2025 and are down 3.2% year-to-date. The brand's plan to grow sales by 100,000 units has not taken off quite yet, but dealers remain optimistic that the turn is coming. Dealer sentiment toward Mercedes-Benz is stronger than the change in sales suggests. Retailers remain pleased with a management team that they describe as responsive to dealer concerns, and they continue to view Mercedes-Benz as one of the most desirable luxury franchises in the industry.

Several dealers told us Mercedes-Benz sits just behind Lexus in terms of desirability. Buyers still see better times ahead for Mercedes-Benz, driven by new products in key segments, improving lease competitiveness and a factory relationship that dealers generally trust. Mercedes-Benz's two-year leasing programs are also helping the brand take back share, which is important in a luxury market where payment, lease support and product cadence can shift momentum quickly.

There are still areas where dealers want improvement. Some dealers believe Mercedes-Benz product still lags BMW in certain segments, but they are optimistic that help is on the way. Dealers also describe Mercedes-Benz's facility requirements as reasonable, which compares favorably against several other luxury OEMs and helps support buyer appetite. The larger unresolved issue is commercial vans. Sprinter and other commercial van products have become expensive, and dealers say the franchise has lost share to competitors. That has left dealers with Sprinter franchises earning significantly less profit than they did in prior years.

Dealers also continue to ask for a stronger advertising plan. While retailers generally speak highly of senior management, the sales team and the network team, they believe the brand would benefit from more effective marketing support as new products arrive and competition remains intense.

From a buy-sell perspective, Mercedes-Benz remains highly attractive. We are involved in the sale of several Mercedes-Benz dealerships, and buyer appetite is strong. Buyers are trying to acquire stores before product momentum improves, profits increase and blue sky values move higher. That demand is keeping Mercedes-Benz multiples strong even as many other franchises face declining earnings and more cautious buyer underwriting. **Same multiple range: 8.0x-9.0x.**

BMW

BMW sales increased 13.0% in Q2 2026 compared to Q2 2025, one of the strongest results among the luxury franchises we track. Dealers remain highly confident in BMW, and demand for its dealerships remains high. The franchise continues to benefit from an attractive product portfolio, rising fixed operations, strong retailer profitability and solid consumer demand. The X5 was the standout in Q2, increasing 41.6%, while the X3 increased 11.9%, the 3 Series increased 56.8%, and the X1 increased 31.3%. Importantly, these gains arrived on core, high-volume products that make a significant impact on store-level earnings.

The tone from dealers is steady and positive. BMW is not generating the same "comeback story" excitement as Mercedes-Benz, but it also does not need to. Dealers describe BMW as consistent, desirable and easier to underwrite than most luxury franchises. Some noted that Mercedes-Benz stores may be slightly more profitable today in certain examples, but BMW remains one of the safest luxury acquisitions in the market. Buyers already in the franchise want to expand, and buyers outside the brand continue to pursue BMW stores when they become available.

The next product cycle is a growing source of excitement. BMW's Neue Klasse rollout begins with the fully electric iX3, and BMW has said it plans to introduce more than 40 new or updated models by the end of 2027. Just as important, the technology developed for Neue Klasse is expected to spread across the broader portfolio, regardless of powertrain. Dealers view this flexibility as a major advantage. BMW is not forcing one powertrain strategy on the market; it is preparing to sell ICE, hybrid, plug-in hybrid and EV products based on what customers actually want. The new X5 is a good example, with BMW describing it as "one model, five drives," including gasoline, diesel, plug-in hybrid, battery-electric and hydrogen versions in select markets.

There is some risk. Neue Klasse represents a major design and technology shift, including a more radical interior with BMW's panoramic display replacing the traditional instrument cluster. Dealers acknowledge that some BMW designs have been controversial at launch, but they also note that BMW has a history of moving the market toward its designs over time. For now, dealers are more excited than worried.

From a buy-sell perspective, BMW remains a premium luxury franchise with few near-term negatives. Sales are growing, fixed operations are expanding, the product cycle is freshening, and the factory has maintained enough powertrain flexibility to avoid the strategic mistakes some competitors made during the EV rush. For buyers looking at luxury franchises, BMW represents one of the cleanest acquisition opportunities in the industry. **Same multiple range: 7.5x-9.0x.**

JLR

JLR sales declined 15.2% in Q2 2026 compared to Q2 2025, but dealer sentiment remains stronger than the headline sales result suggests. Buyers and dealers are still focused on Land Rover, not Jaguar. Range Rover and Defender remain the core of the franchise, and both continue to attract wealthy, loyal customers who are less sensitive to payment pressure than the broader market. Dealers report tight inventory, strong grosses and excellent fixed operations, particularly around the higher-end Land Rover products.

In terms of sales, the Defender declined 6.4% in Q2 but remains one of the brand's most important products and continues to generate strong loyalty. The Range Rover declined 19.2%, while the Range Rover Sport increased 1.6%, driven by strength in the gasoline model despite weaker plug-in hybrid volume. The Discovery, Discovery Sport, Evoque and Velar were all down sharply, aligning with dealer comments that the lower-volume Discovery side of the lineup is not what drives the value of this franchise. These vehicles help provide showroom variety and segment coverage, but they do not carry the same profit potential as the Range Rover or Defender.

Jaguar remains the unknown and is largely absent from underwriting conversations. The brand has little volume today, and many buyers give it little weight when pursuing a JLR store. Dealers are waiting to see what Jaguar becomes as it transitions to an all-electric future, but current buyer demand for JLR is almost entirely tied to Land Rover's high-end SUV portfolio and the fixed operations base that comes with it.

The future product story is also more encouraging on the Land Rover side. JLR recently said it plans to offer more propulsion flexibility across the Range Rover, Defender and Discovery, including MHEV, HEV, PHEV and BEV options, while Jaguar will remain fully electric. The company also highlighted North America as a growth priority and is exploring a collaboration with Stellantis focused on Defender products designed specifically for the U.S. market. We believe that is the right area of focus. If JLR can preserve scarcity, add more flexible powertrains and keep the Range Rover and Defender special, dealers should continue to make strong profits even if reported sales volumes are choppy. **Same multiple range: 6.25x-7.25x.**

Audi

Audi sales declined 3.1% in Q2 2026 compared to Q2 2025, and dealers describe the franchise as being largely stuck in the same position it has been for the past several quarters. Audi is not broken, but it is still working through a difficult product cycle and store-level performance remains well below that of prior years. Dealers we spoke with still have faith in the brand and believe the factory has improved its communication and support, but most acknowledge that dealership economics could remain pressured for the next couple of years.

Q5 sales increased 30.1% in Q2, which is helpful given the importance of that vehicle to Audi's U.S. business, although the comparison was likely aided by last year's tariff-related shipment disruption. Audi paused U.S. imports in April 2025 after the 25% auto tariff took effect, and the Q5 was one of the most exposed models given its Mexican production and importance to Audi's U.S. sales mix. Q8 sales also increased 46.9%, while the A3 and A5 posted gains. But those positives were offset by weaker Q7 and Q3 volumes and steep declines in several EV nameplates. Audi's product problem is that the lineup has been caught between aging core products, weak EV demand and stronger execution from BMW, Lexus and Mercedes-Benz.

Factory relations have improved. Dealers say Audi's field organization and factory leadership have become more responsive, particularly around specialty allocations, parts support and day-to-day operating issues. Several dealers are cautiously optimistic with Vito Paladino now leading Audi of America, saying he has been open with the dealer body and willing to listen to the challenges retailers are facing. That does not fix gross profit overnight, but it helps keep dealers engaged during a difficult stretch.

Audi's near-term product pipeline is also compelling. Audi has introduced the all-new 2027 Q7, and the upcoming Q9 will finally give Audi a full-size, three-row flagship SUV to compete more directly with the BMW X7 and Mercedes-Benz GLS. Dealers are especially focused on the Q7 and Q9 because Audi needs fresh, high-margin SUVs to rebuild momentum in the U.S. market.

From a buy-sell perspective, Audi remains an opportunity for risk-tolerant buyers. Focused operators can still make money, but the franchise requires more attention than stronger luxury brands. Franchise values are likely to remain under pressure until the new product cycle begins to show up in dealer earnings. Still, Audi has loyal customers, a global luxury reputation and a factory that appears more engaged than it has been in years. As one dealer put it, the brand may be approaching a "nowhere to go but up" moment. **Same multiple range: 4.0x–5.0x.**

Cadillac

Cadillac sales declined 19.2% in Q2 2026 compared to Q2 2025, the greatest decline among the franchises we track. Dealer feedback was negative. Several dealers said they are losing market share because the current lineup is too EV-centric for many of their customers. Cadillac has attractive products, but the brand moved too far into EVs before enough buyers were ready. That shift left dealers with limited ICE inventory in some of the most important luxury segments.

Almost all of Cadillac's issues can be found in the showroom. Dealers essentially have the Escalade, the aging XT5 and a growing number of EVs. The Escalade remains the franchise's profit engine, but it cannot carry the entire brand. The XT5 is outdated compared to newer luxury crossovers, yet it still does some volume because it is one of the few non-EV options available. The rest of the lineup is increasingly weighted toward Lyriq, Optiq, Vistiq and Escalade IQ. Those vehicles may work in select EV-friendly markets, but dealers in many regions are finding that customers still want gasoline or hybrid luxury SUVs.

In terms of sales, Escalade volume declined in Q2, and Lyriq sales also fell after helping Cadillac last year. The newer EVs are beginning to add volume, but not enough to offset the weakness in the broader lineup or replace the ICE products dealers lost. Cadillac dealers are encouraged that GM appears to be listening and pivoting back toward internal combustion products, but the correction will take time.

Cadillac has confirmed that the XT5 will return for the U.S. market and be built in Spring Hill, Tennessee, and reports suggest the redesigned U.S. model could arrive around 2028 with hybrid or gasoline powertrains. Cadillac has also confirmed that the CT5 will continue in the U.S. with an internal combustion engine, with the next generation expected later in the decade. The XT6 is also expected to return with a gasoline engine after Cadillac previously planned to discontinue it.

Dealers want those products as soon as possible, but many believe that real relief may not arrive until 2028. Until then, Cadillac dealership performance will likely remain highly market-dependent. Stores in EV-friendly metros can still perform well, and the Escalade remains one of the best luxury products in the industry. But many dealers are frustrated with the current lineup and believe Cadillac gave up too much ICE coverage too quickly. From a buy-sell perspective, buyers will underwrite Cadillac carefully until the product plan becomes more balanced and the brand can prove it can regain share outside its strongest EV markets. **Same multiple range: 3.25x-4.25x.**

Volvo

Volvo sales increased 9.0% in Q2 2026 compared to Q2 2025, but dealer sentiment toward the franchise is largely unchanged from recent quarters. Volvo continues to occupy a niche position in the U.S. market. The brand performs well in select markets, particularly those with higher-income customers, stronger brand loyalty and greater openness to electrified products. In other parts of the country, however, many dealers continue to face profitability challenges, and buyer demand for the franchise remains highly market-dependent.

Volvo's product lineup still has attractive qualities. The brand's broad offering of plug-in hybrids gives dealers a useful bridge between traditional ICE products and full EVs, and Volvo customers remain fans of its safety, design and technology. That positioning has helped the brand maintain a differentiated identity, even as competition in many of its segments has become more competitive. A key challenge is affordability now that federal EV and plug-in hybrid tax credits have been eliminated.

The larger product concern is that Volvo's investment in electrification has left parts of its ICE lineup with less development than dealers would like. Volvo is not alone in this issue, but the impact is more visible for a smaller OEM competing against larger brands with deeper product budgets, broader hybrid lineups and faster redesign cycles. Dealers still like Volvo's brand identity, but some worry the product cadence has not kept pace with the strongest luxury and near-luxury competitors.

From a buy-sell perspective, Volvo remains a selective franchise. The best stores can perform well in the right markets, especially where customers understand the brand and are receptive to electrified products. But the franchise is not broadly desirable in every geography. Buyers continue to focus on market fit, product mix, facility obligations, electrification risk and whether the store has enough volume and fixed operations depth to support attractive earnings. **Same multiple range: 3.0x-4.0x.**

Acura

Acura sales declined 0.7% in Q2 2026 compared to Q2 2025. Acura products remain reliable and customers are loyal, but the dealer body is frustrated. The biggest issue is not quality, but differentiation. Dealers say Acura is not distinct enough from Honda on the low-end or from stronger luxury competitors on the high-end to command the retail margins they need. Inventory is also more balanced than it was during the supply-constrained period, with some dealers describing supply as full. As inventory has grown, incentives have increased and front-end gross has compressed.

Acura's current product lineup is narrow. The MDX remains the anchor, but it has become expensive. The RDX is important for volume, but dealers say it can be hard to differentiate from highly contented Honda vehicles like the CR-V, particularly for customers who are focused on value and reliability. The ADX is doing well as a new entry, but it competes in a crowded segment, and dealers question how much margin it can support.

Dealer frustration with the factory remains high. Many believe Honda has failed to invest enough product development, marketing and leadership focus into Acura. They see a brand with good vehicles and loyal customers, but not enough identity. Higher ATPs have also made the margin challenge more painful, since customers are being asked to pay luxury prices for products that dealers say are not always perceived as clearly differentiated.

There is, however, more optimism than we have heard in some time. Dealers came away from Acura's recent dealer meeting in Las Vegas with positive energy, citing new leadership in Japan, more focus on Acura and a product pipeline that could help the brand over the next handful of years. Acura has confirmed that the next-generation RDX will get a two-motor hybrid system, and Acura also previewed a next-generation hybrid SUV prototype tied to a new hybrid system and platform that will begin launching in the next two years. Some dealers believe Acura may be near a trough, and that now could be an interesting time to acquire the franchise before the next product cycle arrives. **Same multiple range: 3.0x-4.0x.**

Lincoln

Lincoln sales declined 15.8% in Q2 2026 compared to Q2 2025, the third-largest decrease among the franchises we track. Dealer feedback varies sharply by market. Some major metro stores are reporting solid performance, helped by stronger luxury demand and a reduced dealer count, while smaller and mid-size markets remain much more challenged. Lincoln is in the final year of its market optimization plan, which is intended to bring the dealer count down to roughly 300 locations and make the brand more competitive with other luxury OEMs. Until that process is finished, dealers say the factory has been relatively quiet about its long-term product and retail plans.

The current lineup is the biggest issue. Lincoln is essentially operating with three core vehicles: the Nautilus, the Aviator and the Navigator. The Nautilus was the only meaningful volume gainer in Q2, increasing 6.4%, while the Aviator declined 1.3% and the Navigator declined 17.4%. Corsair sales fell 61.3%, and dealers miss having a more affordable entry point in the lineup. The next Corsair is expected to return in the next 12-18 months, but the gap is being felt today. Inventory is tight on many lots, limiting what dealers can do in markets where customers remain interested in the brand.

Dealers believe Lincoln's pivot away from an aggressive EV strategy has helped. Some think Lincoln is capturing customers who are not interested in Cadillac's heavier EV push, although it is still early to know how much share is truly moving. The brand's current products are attractive, and the Navigator and Nautilus give Lincoln credible entries in important luxury SUV segments. Lincoln's core product challenge is its breadth. A three-vehicle showroom is hard to build around, especially when one of the missing vehicles is the brand's smaller and more attainable crossover.

Fixed operations remain a critical anchor. Lincoln dealers benefit from being able to perform Ford service and warranty work, which helps support profitability even when new vehicle sales are soft. That back-end earnings base makes the franchise more durable than the sales chart alone suggests.

From a buy-sell perspective, Lincoln remains highly market-specific. Dealers who are on the fence about accepting a buyout and giving up the franchise need to decide whether they are willing to invest in Lincoln as a more standalone luxury business rather than a Ford-dualed add-on. In the right markets, Lincoln can still be profitable and attractive. In weaker markets, limited product, uncertain long-term plans and the ongoing network reduction make the franchise difficult to underwrite aggressively. **Same dollar-value range: $0M-$2M.**

INFINITI

INFINITI sales declined 0.2% in Q2 2026 compared to Q2 2025, almost flat in a market that grew 1.2%. For most franchises, that would be an uninspiring result. For INFINITI, it is at least a sign that the brand may be stabilizing after years of lost momentum. Dealers are not calling the franchise healthy yet, but they do see a glimmer of hope. The tone around the brand has improved as new leadership has become more transparent about past mistakes and more direct about what needs to change.

The QX65 is the biggest reason for near-term optimism. The new five-seat sportback SUV has reached showrooms, and dealers report a steady stream of leads from customers asking about it. INFINITI describes the QX65 as a fastback SUV inspired by the old FX, which is exactly the kind of design link dealers have wanted the brand to recapture. Its early Q2 volume was modest, but the vehicle gives INFINITI another sellable nameplate and expands the lineup beyond the QX60 and QX80. Dealers believe the QX65 can help, but they need more products sooner rather than later.

The rest of the lineup remains thin. QX60 sales increased 3.5% in Q2 and the redesigned QX80 increased 18.5%, which is encouraging given how important those vehicles are to the current business. But QX50 and QX55 volume has nearly disappeared, the Q50 is gone, and dealers are effectively operating with only three nameplates. Many stores are still relying heavily on used vehicles and fixed operations to cover overhead. That can work for disciplined operators, but it is not a sustainable substitute for a full product lineup.

Fortunately, the future product pipeline is more compelling than it has been in years. INFINITI is expected to add one new vehicle per year, with the QX65 followed by a future sports sedan and then a hybrid compact SUV using e-POWER technology. The high-performance variant of the QX80 has also been delayed. INFINITI had been developing a higher-output QX80 Red Sport, but recent reporting indicates the launch has been delayed as the brand works on more comprehensive performance upgrades beyond horsepower alone. That delay may disappoint dealers in the short term, but it also suggests the company is trying to avoid another half-step product.

From a buy-sell perspective, INFINITI remains a speculative acquisition. The brand still lacks volume, margin and a broad product lineup. But leadership appears more focused, the QX65 is finally in market, the QX80 is stronger, and dealers appreciate the honesty they are hearing from the factory. Today, INFINITI appears best suited to acquirers able to dedicate significant time to INFINITI operations, dealers with patience and confidence in its product pipeline, and those seeking to expand at affordable blue sky values. **Same dollar-value range: $0M-$2M.**

MIDLINE IMPORT FRANCHISE BLUE SKY MULTIPLES

Toyota

Toyota sales increased 2.6% in Q2 2026 compared to Q2 2025, outperforming the overall market and reinforcing its position as the most valuable mass-market franchise in auto retail. Dealers remain highly positive on the brand, with few complaints outside of how difficult the stores are to buy and how demanding the factory can be during the approval process. Toyota has the right products, the right powertrain strategy and strong OEM support. Inventory also remains tight in many markets, with days' supply often below 15 days, allowing dealers to maintain healthy gross profits on most products.

Model-level sales data shows the strength of Toyota's lineup, even with some unevenness. Camry increased 18.5% as the all-hybrid lineup continues to resonate with customers, while 4Runner increased 79.9% as the redesigned model ramps up. Corolla Cross increased 15.6%, Corolla increased 6.6%, Tacoma increased 5.0% and Sienna increased 4.8%. The RAV4 declined 24.2%, but dealers continue to describe demand as extremely strong, with many units presold. The decline appears to be more of a supply constraint issue than a demand problem.

Second-half production also appears to be improving. Dealers say Toyota has been delivering on the production guidance it provided earlier in the year, and that the expected improvement in supply is beginning to show up. Lexus dealers have seen a similar dynamic, although ES volume was hurt as Lexus paused production during the transition to the redesigned model and its updated hybrid / EV lineup. For Toyota, the key issue is not whether dealers can sell the vehicles they want, but whether they can get enough of the right vehicles.

There are a few pressure points for the network. Several dealers mentioned having too many trucks on the ground, particularly

Tundras, and incentives are increasing on weaker truck inventory. This is notable because Toyota dealers need to take their full allocation to sustain current levels, even when certain models are not turning as quickly as the rest of the lineup. Toyota's EV offerings also remain less competitive than its hybrid products. The brand has an EV back in the market, but dealers generally view Toyota's near-term EV position as less compelling than its hybrid strategy. Toyota may improve its battery technology over time, but currently, its hybrids are its alternative powertrain leaders.

From a buy-sell perspective, Toyota remains one of the most coveted franchises in the industry. Capital requirements are high, approval is difficult and facility investment can be expensive. Toyota still gives its dealers an increased allocation of new vehicles when they invest in their facilities, but the cost per car has gone up significantly. Still, with many models producing more than $4,500 of combined front- and back-end gross, buyers continue to underwrite Toyota aggressively. The Toyota formula remains steady: tight supply, strong products, trusted hybrids, excellent factory support and durable buyer demand, and this combination of factors has continued to drive transaction multiples upward. **Increased multiple range by 0.50x on low- and high-end of range. New multiple range: 7.25x–9.00x.**

Honda

Honda sales increased 9.4% in Q2 2026 compared to Q2 2025, well ahead of the overall market. Dealers remain highly positive on the franchise. Throughput continues to improve, the product lineup is in excellent shape, and the factory relationship is considered constructive. Honda is also benefiting from a few product and pricing strengths: affordable enough for payment-conscious consumers, trusted enough to retain loyal customers, and increasingly well positioned in hybrids. The CR-V remains the brand's workhorse and increased 16.0% in Q2, while Accord sales increased 41.2% and Civic sales increased 8.1%. Dealers are particularly pleased with Honda's hybrid lineup, which gives customers better fuel economy without forcing them into an EV.

The "Blue Stage" facility program has been a major topic with dealers, but the feedback was more favorable than we expected. Dealers acknowledge the program is expensive, but several said the investment makes sense. One dealer noted that most modern facility programs require a lot of glass, and glass is expensive regardless of brand. Others were more direct: with Honda ATPs now much higher than they were before COVID, customers expect a more upscale retail experience. A $50,000 customer does not want to wait for service in a dated lounge or buy a vehicle from a tired showroom.

Dealers also see benefits beyond the customer experience. One dealer said a recent renovation helped unlock higher volume and profit, while also improving employee morale. Another said facility upgrades have become a requirement for any dealer who wants to attract both customers and talent. People want to work in nice facilities, and customers increasingly expect the dealership experience to match the price of the vehicle they are buying.

Importantly, dealers give Honda credit for how it is handling the program. Honda's facility costs are not cheap, but dealers told us they are more reasonable than several competing OEM programs. One dealer estimated Honda's upgrade cost at roughly half of Hyundai's. Dealers were quick to compare Honda's approach with more rigid and expensive programs at certain luxury and competing import brands.

Honda appears positioned for continued strength. The product lineup is performing, hybrid demand remains strong, global scale helps dilute tariff costs, and leadership appears focused after a sluggish period for the brand. From a buy-sell perspective, Honda remains one of the most attractive midline franchises in the market: high throughput, loyal customers, strong products, reasonable facility economics and a factory that dealers generally trust. **Same multiple range: 6.0x-7.0x.**

Subaru

Subaru sales increased 6.8% in Q2 2026 compared to Q2 2025, outperforming the overall market and improving from the weakness we discussed in our last report. Dealer sentiment remains positive, although the franchise is significantly more market-dependent than most. Subaru stores in the Northeast, Midwest and mountain or outdoor markets can be exceptional. Dealers in certain Sunbelt markets are less enthusiastic, and buyer demand often follows the same pattern. Subaru multiples are partly defined by latitude.

The Q2 model data was encouraging, but not uniformly strong. The Forester increased 16.5%, the Outback increased 7.7%, the Crosstrek increased 5.1% and the Ascent was essentially flat. These vehicles carry the most weight for dealership new vehicle volumes and profits. The WRX also more than doubled, but off a smaller base. On the other hand, the Impreza, Legacy and Solterra all declined, reinforcing the view that Subaru's strength remains concentrated in its core crossover lineup rather than in its sedans or EVs. The all-new Trailseeker and Uncharted also began contributing volume, but those EV products are still too new to judge.

Dealers give Subaru credit for becoming more responsive. Rather than applying broad discounts across the lineup, the factory has been placing incentive money on specific models where inventory has increased or demand has softened. Dealers like that approach. It helps move the right vehicles without damaging pricing discipline across the entire brand. The factory's willingness to listen has strengthened confidence in Subaru's leadership, particularly after a period when some retailers felt inventory and product issues were building.

Fixed operations remain one of Subaru's biggest advantages. The brand has a large, loyal and aging UIO base that produces dependable warranty, maintenance and customer-pay repair work. That recurring income gives Subaru stores a cushion when new vehicle margins tighten. The longer-term concern is whether Subaru can protect that UIO base as its product strategy shifts. The brand is adding more EVs, including the Trailseeker and Uncharted, while the 2026 Outback has been redesigned and the Solterra has been updated. Dealers are not opposed to electrification, but they worry that an overly EV-heavy pipeline could hurt share if misaligned with consumer demand.

Facility requirements are the other pressure point. Subaru's image program can create a more experiential dealership, with large retail areas, outdoor-lifestyle displays and pet-friendly amenities such as dog parks. Some dealers like the differentiation; others view parts of the program as wasted space. The economics also vary by market. Dealers in the Midwest often see the upgrade as a no-brainer, while retailers in expensive metros or low-volume markets are more frustrated by changing requirements and space demands. Completed facilities should help valuation, but stores with unfinished image work may face buyer adjustments for future capex. **Same multiple range: 5.5x-6.5x.**

Kia

Kia sales increased 2.8% in Q2 2026 compared to Q2 2025, outperforming the overall market and continuing the brand's steady climb in the U.S. Dealers generally prefer Kia to Hyundai, not because the product story is dramatically different, but because the factory relationship feels better and the economics are cleaner. Hyundai Motor Group gives both brands the benefit of scale, capital and R&D, but Kia dealers tell us they feel more like partners and less like the factory is trying to reach back into their margin.

In Q2, the Sportage was Kia's highest-volume model and increased 9.4%, while the Telluride increased 19.0% despite the model transition. The Seltos increased 31.3%, the Carnival increased 15.4% and the Sorento increased 7.9%. EV9 volume also grew sharply off a small base, while both the EV6 and Niro declined. The Soul essentially disappeared from the sales mix, and the K4 declined 5.5% as Kia continues to reset its passenger car lineup.

Dealer sentiment remains positive. Kia's products are well-designed, well-priced and improving in quality and customer perception. Dealers are also bullish on the future product plan. The redesigned Telluride adds a hybrid powertrain, which should help one of Kia's most important products remain competitive against the Toyota Grand Highlander, Honda Pilot and Hyundai Palisade. Kia has also outlined a plan to expand its U.S. hybrid lineup from four models to eight, grow the Sportage into a 200,000-unit product, add a hybrid Seltos, and eventually enter the U.S. pickup segment. This pipeline is highly aligned with what dealers and customers want for the U.S. market: more SUVs, more hybrids and less dependence on pure EV adoption.

The comparison and resulting contrast with Hyundai has become hard to ignore. Hyundai-Genesis dealers continue to complain about facility requirements, approval difficulty and factory employee turnover. Kia is not perfect, but dealers describe a more constructive relationship and better ability to hold margin. This connection is highly important to dealers in a market where many OEMs are looking for ways to absorb or offset tariff costs, fund incentives and manage image programs.

From a buy-sell perspective, Kia remains one of the more attractive midline import franchises. It has strong products, a better factory relationship than Hyundai, and a product pipeline that lines up well with consumer demand. Buyers are still mindful of facility obligations and the fact that Kia shares some of Hyundai Motor Group's broader strategic risks, but dealer enthusiasm remains high. For many buyers, Kia is the safer and easier way to invest in the strength of the Hyundai Motor Group product machine. **Same multiple range: 4.5x-6.0x.**

Hyundai / Genesis

Hyundai-Genesis sales increased 4.1% in Q2 2026 compared to Q2 2025, outperforming the overall market. The product lineup remains the main reason dealers still like the franchise. Hyundai and Genesis continue to offer attractive designs, strong technology, long warranties and competitive value, and dealers believe the scale and capital strength of Hyundai Motor Group will allow the OEM to keep investing in R&D, hybrids, EVs and future platforms. The Tucson increased 6.6% in Q2, Elantra increased 13.3%, Palisade increased 15.5%, Sonata increased 31.0%, and Genesis' two most important products, the GV70 and GV80, increased 4.5% and 6.3%, respectively.

Dealer sentiment toward the factory, however, remains mixed at best. Retailers continue to describe Hyundai as difficult to deal with, particularly around facility image requirements, approval processes, incentive programs and factory expectations. Dealers also noted significant turnover within Hyundai's corporate organization, which has made it harder to build lasting relationships with field representatives. The result is inconsistency in communication and support. Several dealers told us they prefer the Kia franchise because the product is strong, the factory relationship is better, and Kia dealers often feel they are able to keep more of the margin they create.

That last point is the key differentiator between these brands. Dealers believe Hyundai has a strong product lineup, but they also feel the factory has a way of identifying where margin exists and taking some of it back through programs, requirements or incentive structures. Variable operations remain healthy, but fixed operations are not growing as quickly as some dealers would like. Facility costs are another underwriting issue. Hyundai and Genesis image requirements can be expensive, and buyers are paying close attention to future capital obligations when evaluating stores.

The product pipeline should remain a major advantage. Hyundai's 2026 lineup includes the all-new Palisade and IONIQ 9, and Hyundai has said it plans to expand its hybrid lineup to more than 18 models by 2030, including Genesis hybrids beginning in 2026. Genesis has also announced 22 all-new or significantly enhanced vehicles for North America through 2030. That is the benefit of being part of a global OEM with money to spend. From a buy-sell perspective, Hyundai-Genesis remains desirable because the products are good and consumer demand is healthy. But buyers factor the tense factory relationship, approval risk and facility obligations into valuations, which is why many still view Kia as the cleaner way to invest in the same product momentum. **Same multiple range: 3.75x-5.25x.**

Mazda

Mazda sales increased 7.4% in Q2 2026 compared to Q2 2025, outperforming the overall market and bringing sales back on track after a rare sales slip in Q2 last year. Dealers are still positive on Mazda. Its products are attractive, designs are well-received, customer loyalty continues to improve, and factory-dealer relations remain strong. But the tone is more measured than it was a few years ago. The hype around Mazda's growth story has flattened as the brand works through tariff pressure, tougher competition and the challenges that come with being a smaller OEM in a market dominated by larger, better-capitalized competitors.

Mazda's lineup is solid but narrow. The brand is heavily dependent on light SUVs and a limited lineup of sedans, which leaves little margin for error when a major segment becomes more competitive. The CX-50 remains a key product and gives Mazda a slightly larger compact crossover than the RAV4, but dealers note that the segment is crowded and competitors have broader hybrid offerings. Mazda's hybrid products are improving, but some dealers worry the brand is losing the fuel economy battle. The CX-50 Hybrid is rated around 38 mpg combined, while competing hybrids from Toyota, Honda and Kia are often perceived as stronger in both efficiency and consumer awareness.

The product pipeline should help, but it will take time. Mazda has confirmed that the next-generation CX-5 will receive Mazda's in-house hybrid system and new SKYACTIV-Z engine by the end of 2027. The brand is also planning a battery-electric vehicle on its first dedicated EV platform in 2027. That timing leaves dealers waiting while competitors continue to expand their own hybrid and EV lineups. Dealers like Mazda's product direction, but they acknowledge that Toyota, Honda and Hyundai-Kia have larger R&D budgets and can move faster with both technology and incentives.

Tariffs are another pressure point. Dealers said the impact is not unique to Mazda, but smaller OEMs have less room to absorb cost increases or fund aggressive incentive programs. That can put Mazda dealers in a difficult position: they have attractive vehicles, but they are competing against brands with more scale, broader powertrain offerings and deeper marketing budgets.

From a buy-sell perspective, Mazda remains a franchise with many attractive qualities, including improving customer loyalty, good design, solid factory relations and approachable facility expectations. But the brand is also dealing with growing pains. Mazda's growth arc is still intact, just less sure than it looked a few years ago. Buyers continue to like Mazda, but they are also watching tariff exposure, hybrid timing, incentive pressure and the brand's ability to compete against much larger OEMs in crowded SUV segments. **Same multiple range: 3.75x-4.75x.**

Nissan

Nissan sales increased 10.2% in Q2 2026 compared to Q2 2025, matching the improving sentiment we are hearing from dealers. The brand is moving in the right direction and appears worth pursuing in the right market. Several dealers said Nissan has the best leadership team it has had in many years, and one commented that if this group had been in place seven to ten years ago, Nissan might not be in its current position. That is high praise for a franchise that has tested dealer patience for a long time.

The volume recovery was broad enough to be encouraging. Rogue sales increased 38.6% in Q2 and remain the critical showroom anchor. Pathfinder increased 32.1%, Sentra increased 28.5%, Frontier increased 34.6%, Armada increased 27.0% and Kicks increased 4.9%. Those gains were offset by weakness in Altima, Versa, Ariya and Z, but dealers are more focused on the improvement in SUVs, pickups and lower-priced passenger cars that still bring customers into the showroom. Nissan is not back to full strength, but it is no longer being discussed only as a broken brand.

Beyond the sales recovery, dealers are giving Nissan credit for better execution and more discipline. Management appears focused on maintaining healthier inventory levels, simplifying programs and creating more consistency around pricing, incentives and product actions. Dealers also describe a more constructive partnership with leadership, including greater attention to dealer profitability rather than just OEM volume. That combination of transparency, operating discipline and dealer alignment is helping rebuild confidence in the franchise.

The biggest product gap remains hybrids. Dealers are split on whether Nissan is already on a recovery path or whether the real turnaround is still several years away, but nearly everyone agrees the lack of hybrid product has been costly. Toyota, Honda, Hyundai and Kia are all benefiting from hybrid demand, while Nissan is only now beginning to catch up. The 2026 Rogue Plug-in Hybrid has started reaching showrooms, offering up to 38 miles of electric-only range and up to 420 miles of total range, but dealers worry it may be priced too high to reach enough consumers. The more important product may be the 2027 Rogue Hybrid e-POWER, which Nissan says is coming in late 2026 and will bring its third-generation e-POWER system to the U.S. market.

For now, fixed operations and used vehicles remain essential to keeping Nissan dealerships profitable. Dealers are still working through thin margins, heavy competition and an uneven product lineup, but the tone has changed. From a buy-sell perspective, Nissan remains market- and operator-dependent, but buyer interest is returning. The stores still require careful underwriting, but a lower entry point, improving volume, better leadership, stronger dealer alignment and the coming hybrid cycle are giving buyers a reason to look again. **Same multiple range: 3.0x-4.0x.**

Volkswagen

Volkswagen sales increased 24.9% in Q2 2026 compared to Q2 2025 and are up 2.3% year-to-date. The headline result looks impressive, but it's a bit misleading. Much of the Q2 increase appears to have been driven by a large shipment of Tiguans that had been held in Mexico in 2025 while Volkswagen waited for a potential resolution to tariff issues. That makes the sales rebound less reflective of a true demand increase at dealerships than the headline percentage suggests.

Volkswagen is also working through broader challenges as a company. VW Group has announced a significant worldwide restructuring plan intended to reduce complexity, lower costs and make the organization more competitive. That plan may be beneficial for the long-term health of Volkswagen globally, but it does little to improve dealer confidence in the U.S. today. Dealers remain concerned that Volkswagen is not moving quickly enough to deliver the products, powertrains and pricing needed to compete more effectively in this market.

In August, Volkswagen also announced a significant plan to improve its business in North America. It plans to move away from its aggressive EV push and into high-margin profitable segments like domestic pickup trucks and full-size SUVs. VW is overhauling its U.S. leadership, is considering trimming underperforming models and potentially partnering with other OEMs to produce new vehicles in the U.S. We believe dealers will welcome these changes that will take years to arrive, but they will also be asking for near-term help with more incentives to help sell products and hybrid powertrains.

Tariffs are another headwind. A significant percentage of Volkswagen's U.S. volume is imported, creating a cost disadvantage versus brands with larger North American production footprints. Perhaps Volkswagen's restructuring will eventually help the company build better products at lower prices and become more responsive to U.S. market demand. Until then, many Volkswagen dealers are likely to remain under pressure from low throughput and weak profitability.

The dealer network is frustrated. Many locations are losing money, and we are hearing that some dealers are closing Volkswagen points and converting the facilities for use by other brands. One way to improve sales and morale would be to announce that Scout vehicles will be sold through Volkswagen dealerships rather than directly to consumers. Scout may not become a high-volume brand, but it would give customers a new reason to visit Volkswagen stores and help resolve an issue that has become highly divisive between Volkswagen and its dealers. This would be the fastest way to get pickups into VW stores while the company develops other pickups based on ICE or hybrid powertrains.

From a buy-sell perspective, Volkswagen remains one of the more difficult franchises to value. Until profitability improves, most Volkswagen dealerships will likely be valued on a flat-dollar basis rather than a multiple of trailing earnings. The franchise has brand equity and some good products, but buyers need a more constructive path to dealer profitability before underwriting Volkswagen more aggressively. **Same dollar-value range: $0M–$5M.**

DOMESTIC FRANCHISE BLUE SKY MULTIPLES

Chevrolet

Chevrolet sales declined 3.8% in Q2 2026 compared to Q2 2025, underperforming Ford, CDJR and the overall market. Dealers remain generally positive on the brand, especially those with larger stores, but many are frustrated by allocation, particularly those in tier two or three markets. The vehicles dealers want most are Silverados, Tahoes and other higher-grossing trucks and SUVs. The vehicles they can get more easily are often smaller cars and crossovers that serve payment-conscious customers but carry far less dealer margin.

The model-level sales data supports dealers' complaints. Silverado volume declined 7.3% in Q2, the Tahoe declined 8.1% and the Suburban declined 20.4%. Those declines are painful because they are happening to the highest-profit products in Chevy showrooms. At the same time, lower-priced utility vehicles held up better. The Traverse increased 19.5%, the Trailblazer increased 28.4%, Equinox ICE increased 6.9% and the Trax was essentially flat. That mix helps Chevrolet maintain volume, but it does not solve the margin issue for dealers who are short on high-gross products.

Dealers are pleased that GM has moderated its EV push and appears increasingly willing to listen to what customers want to buy and retailers want to sell. Chevrolet still has EVs in the lineup, including the Equinox EV, Blazer EV, Silverado EV and the returning Bolt, but the dealer body is happier when GM emphasizes trucks, SUVs and attainable ICE products. The next-generation 2027 Silverado should help, with Chevrolet announcing updated V8 engines, new technology and a broader trim strategy when it goes on sale later this year.

From a buy-sell perspective, Chevrolet remains attractive, especially for larger, high-volume stores. Buyers like the brand's scale, truck business, fixed operations opportunity and strong product direction from GM. The challenge is supply mix. If a store is receiving enough trucks and full-size SUVs, Chevrolet can produce excellent returns at current multiples. If the store is smaller or under-allocated on those products, the investment case becomes more dependent on expense control, used vehicles, fixed operations and the ability to make money on lower-margin units. **Same multiple range: 3.75x-4.75x.**

Buick-GMC

Buick-GMC sales declined 2.0% in Q2 2026 compared to Q2 2025, but the franchise remains in a better position than it was a few years ago. Dealers came out of Buick-GMC's recent Las Vegas meeting with more enthusiasm than we have heard in some time, driven by clearer product direction, stronger Buick styling and continued confidence in GMC's truck and SUV lineup. Dealers who kept Buick after the recent buyout efforts now have a better sense of what the brand is trying to be: more affordable, younger and easier to retail. The current issue is that the factory support has not yet matched the energy dealers felt coming out of the meeting.

Buick is showing both promise and pressure. Dealers like that Buick is attracting younger buyers, and products such as the Envista and Encore GX have helped bring new customers into the showroom. But the quarter was difficult. Dealers noted that tariff-related price increases, lower rebate support and higher lease payments are making Buick harder to retail. One dealer said some Buick leases are roughly $200 per month higher than prior leases, causing loyal customers to shop Lincoln, Honda and Toyota for the first time in years. Buick does not lack appeal; its entry-level premium buyers are highly payment-sensitive, and Buick needs the right lease support to keep those customers in the brand.

GMC is still the profit engine. Dealers continue to demand more large GMC products, particularly Sierras and higher-trim SUVs, but Q2 was a bit of a transition period for the brand. The redesigned Sierra is expected later this year, and some customers appear to be waiting for the updated product that GM announced in July. That has made the current Sierra market more promotional, with dealers competing aggressively to move existing inventory. Dealers also noted that the Canyon, Terrain, Yukon and Acadia have not received enough factory rebate support, forcing retailers to use their own discounts to stay competitive against Ford, Ram and Lincoln.

Even with these issues, dealers are still positive on long-term direction. Buick gives the store a more affordable entry point and incremental customer reach, while GMC supplies the higher-margin trucks and SUVs that support dealership profitability. Dealers are also encouraged that GM is investing to bring more production stateside, which could help reduce future tariff exposure on models like the Envision.

From a buy-sell perspective, Buick-GMC remains more attractive than it was before Buick's network reset. The best stores offer affordable Buick volume, profitable GMC trucks and SUVs, and a fixed operations base that should benefit as Buick brings younger customers into the ownership cycle. Near-term factory support and lease competitiveness need to improve, but the product direction, dealer commitment and GMC profit opportunity still support the improvement in franchise perception we noted last quarter. **Same multiple range: 3.75x-4.75x.**

Ford

Ford sales declined 10.5% in Q2 2026 compared to Q2 2025, underperforming its domestic rivals and the overall market. Dealer sentiment remains steady, but has not been highly enthusiastic up until the recent dealer meeting in Las Vegas. The franchise is not facing the same level of dealer distress as CDJR, and Ford still has several highly desirable products, but dealers continue to point to major product and price-point gaps. Ford wants its dealers to sell more vehicles, but dealers say too many of the vehicles they have are expensive trucks, SUVs and specialty products rather than the attainable crossovers many customers are shopping for.

Ford is the leader in the light and medium-duty truck business. F-Series remains the core of the franchise, and sales declined 12.3% in Q2. Some of this was supply-related stemming from the 2025 Novelis fire, and dealers are watching closely to see when F-150 volume returns and whether there is pent-up demand for trucks that were unavailable or harder to find. Those dealerships with Ford Pro are also enjoying strong results. The Explorer increased 13.8%, the Bronco increased 15.9%, the Transit increased 7.7% and the Mustang increased 3.4%, softening the F-Series drop. But the Escape declined 74.1%, the Edge is now gone, the Bronco Sport declined 6.7%, the Ranger declined 9.8%, the Expedition declined 27.0% and the Mach-E declined 30.9%. The loss of the Edge and the aging of the Escape have been painful because Ford is losing ground in one of the most important and competitive parts of the market.

Dealers are especially frustrated by the compact and midsize crossover gap. Ford has strong brand equity, a massive truck business and loyal customers, but it does not currently have enough affordable, high-volume utility vehicles to meet the market where many buyers are today. That puts dealers in a difficult position. They can compete aggressively on price and payment, but the lineup itself does not give them as many tools as Toyota, Honda, Hyundai, Kia or Subaru.

The product pipeline may eventually help. Dealers say Ford has shown them several more affordable vehicles in development, including products that could address the lower-priced end of the market, but those vehicles won't arrive until around 2028. In the meantime, dealers are relying on the F-Series, commercial vehicles, the Bronco, the Explorer and used cars to stay competitive.

From a buy-sell perspective, Ford remains an important domestic franchise, but buyer enthusiasm is more measured than it was when truck supply was tighter and front-end grosses were easier to hold. Dealers need more affordable product, clearer crossover coverage and a recovery in truck volume. Ford stores remain strong businesses, but performance varies by market, and factors like expense control, commercial strength and dealers' ability to manage around the current product gaps will become even more important. **Same multiple range: 3.5x-4.5x.**

Stellantis

CDJR sales increased 6.4% in Q2 2026 compared to Q2 2025, the best performance of any domestic franchise, but dealers are less optimistic than they were earlier this year. A few months ago, there was more excitement that Stellantis may finally be turning a corner. Today, that tone is more cautious. Dealers are still waiting for evidence that the turnaround is materializing in product, quality, customer experience and dealer profitability. The problem is not a lack of promises. The problem for Stellantis is that dealers have heard many of them before.

The sales data was mixed across the portfolio. Ram carried much of the improvement, with Ram 1500 sales increasing 15.4% in Q2. Chrysler was also up sharply, helped by Pacifica volume, while Dodge declined 15.3% and Jeep declined 5.5%. The Grand Cherokee and Wrangler remained the largest Jeep products, but both declined, and dealers are still looking for a stronger, more consistent product cadence. The new Cherokee should help restore coverage in an important segment, but the brand still needs products customers want, priced where customers can afford them, and built with better quality.

Dealer frustration remains high. Many retailers say product quality is still poor, recalls remain a major issue, and customer relations with the factory continue to be difficult. Several dealers mentioned to us that they have concerns about the reliability of certain CDJR products. Dealers also believe the incentive and rebate structure remains too complicated. Simplifying programs would make the sales process easier for customers, easier for salespeople and better for overall dealership execution.

Leadership change is another issue. Stellantis recently appointed new CEOs for both Ram and Jeep, with Matt VanDyke leading Ram and Branden Coté leading Jeep as part of CEO Antonio Filosa's broader effort to reset the company's leadership team. Dealers welcome experienced leadership, but the constant change makes it difficult for the organization to stay focused on long-term objectives. The dealer body wants stability, better products and a clearer plan.

The financing side is also creating headaches. Dealers noted that the Santander relationship ending has disrupted lease return flows, with some vehicles going to auction rather than returning naturally through the dealer network. That takes away used vehicle opportunities at a time when many CDJR stores need every profit lever they can find.

From a buy-sell perspective, CDJR is still broadly considered a turnaround opportunity, but the optimism has cooled. Strong operators can still make money, particularly with Ram, used vehicles and fixed operations, but buyers are underwriting the franchise carefully. Dealers need product quality to improve, incentives to become simpler, leadership to stabilize and the factory to prove it is serious about rebuilding dealer profitability. **Same multiple range: 3.0x-4.0x.**

FRANCHISE BLUE SKY MULTIPLES/VALUES: AT A GLANCE

	9.5X-10.5X		3.75X-4.75X
PORSCHE	8.0X-9.0X	GMC	3.75X-4.75X
	8.0X-9.0X	Ford	3.5X-4.5X
BMW	7.5X-9.0X		3.25X-4.25X
	7.25X-9.0X		3.0X-4.0X
JLR	6.25X-7.25X		3.0X-4.0X
	6.0X-7.0X	NISSAN	3.0X-4.0X
	5.5X-6.5X	VOLVO	3.0X-4.0X
KIA	4.5X-6.0X		\$0.0-5.0M
GENESIS	3.75X-5.25X		\$0.0-2.0M
	4.0X-5.0X		\$0.0-2.0M
	3.75X-4.75X		

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

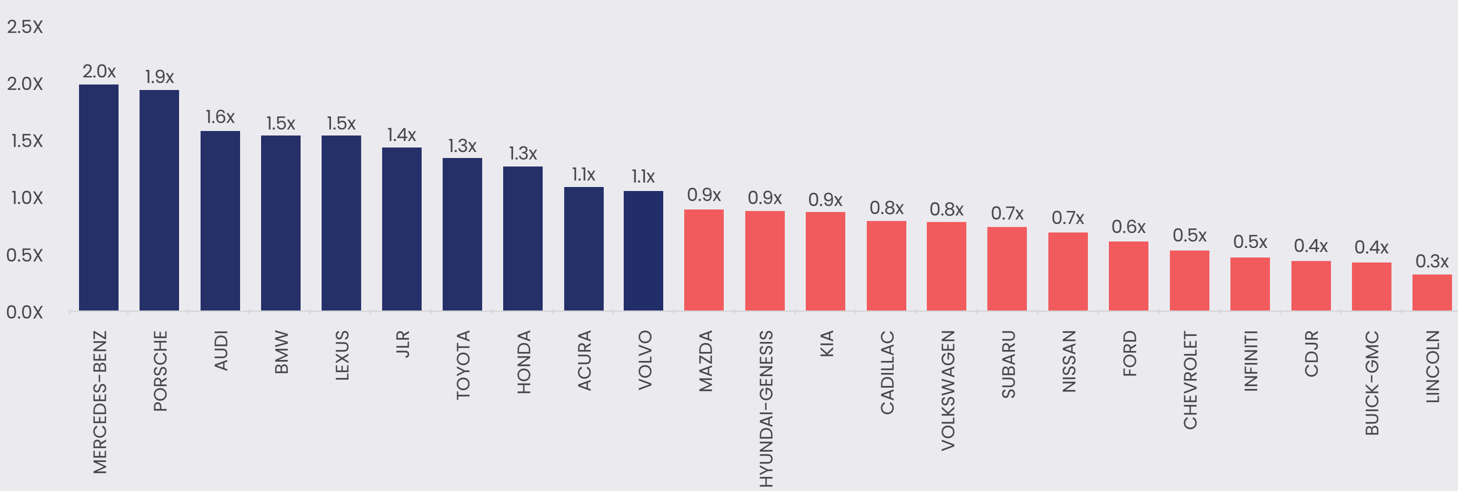
#3 New Retail Sales per Franchise

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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TO
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EXCLUSIVE SELL-SIDE ADVISOR
MARCH 2026

CALIFORNIA

SALE OF
SANTA MONICA
TO
FLETCHER JONES AUTOMOTIVE GROUP

EXCLUSIVE SELL-SIDE ADVISOR
JANUARY 2026

CALIFORNIA

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

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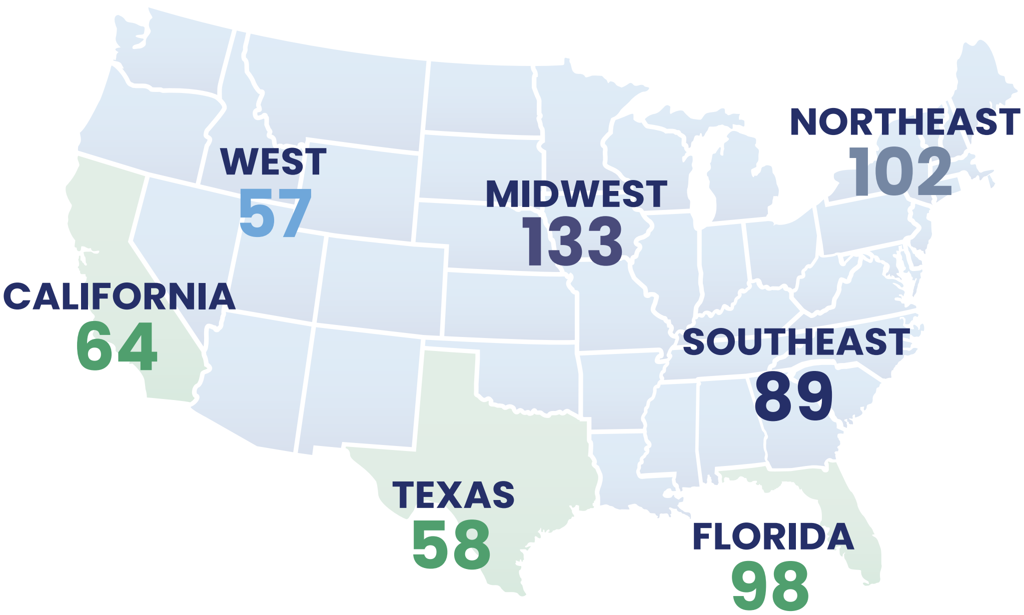

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HODGES MAZDA

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Highest Price Paid for Kia Franchise

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TEXAS
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TEXAS
SALE OF
SWICKARD AUTO GROUP
MERCEDES-BENZ OF SOUTH AUSTIN
TO
GROUP 1 AUTOMOTIVE
EXCLUSIVE SELL-SIDE ADVISOR
MAY 2025

FLORIDA
SALE OF
Warren Henry AUTO GROUP
Audi Gainesville
ACQUIRED BY
Etti Luxury
EACH 1 TEACH 1
EXCLUSIVE BUY-SIDE ADVISOR
FEBRUARY 2026

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