DOWNEY & COMPANY, LLP

2025 Dealership Facts and Figures

Recapping the current state of the auto industry through the nine months ending September 2025:

- Year to date sales have been strong but are expected to weaken in Q4.
- Projected sales volume for 2025 should be slightly ahead of 2024.
- Inventory levels are up from the spring.
- Wholesale used prices have been steadily decreasing as the market stabilizes.
- The effect of tariffs has created uncertainty in the market for both dealers and consumers.
- Recent and expected interest rate cuts should be advantageous for dealers (floorplan) and consumers (auto loans).
- Affordability is an overriding concern for consumers.

Survey Data

The following results are derived from our compilation of information from our dealer client financial statements for the nine months ended September 30, 2025, as compared to the same period ended September 30, 2024.

Another Year of Declining Profits

- Nearly 63% of our dealer clients reported a drop in profits.
- Both domestic and foreign brands were affected.

Overall Dealership Sales Leveling Off

- While ***59%*** saw overall dealership sales increase, that is a marked decrease from prior years when nearly all dealers saw sales rise.

Expense Analysis

- **Variable** – Nearly ***60%*** of dealers reported a drop in variable expenses. The main cause is the decrease in sales commissions. Sales commissions have declined due to shrinking profit margins on vehicle sales.
- **Personnel** – Dealers continue to see personnel costs climb. The special skills required to work in a dealership are hard to find. It is more beneficial to give current employees raises then to hire inexperienced workers and train them. Over ***68%*** of dealerships reported an increase in personnel costs.
- **Semi Fixed** – Until recent reductions, interest rates remained high. More than ***76%*** of dealers experienced an increase in this category.
- **Fixed** – As with all the other categories, fixed expenses have increased for ***79%*** of dealers. Inflation remains high and dealers are seeing expenses rise faster than inflation.

Summary

While all the news appears to be doom and gloom, dealership profits remain strong for well-run dealerships when compared to profits prior to COVID. For dealers to maintain profitability, it is imperative that they are vigilant in all areas of the dealership and identify ways to maximize revenues and pare down operating costs.