

# Monitor

## Automotive



VOLUME  
**422**

## PLUGGED IN, PRICED OUT

### STICKER SHOCK

Affordability remained a key challenge for buyers in 2025 as vehicle prices reached new highs

### THAT NEW CAR SMELL

New light vehicle sales totaled 16.2 million units in 2025, a 2.4% increase from the prior year

### EV DEMAND AMPED UP

EV sales spiked in the third quarter as buyers raced to showrooms before the phaseout of tax credits

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MONITOR AUTOMOTIVE

[gagroup.com](http://gagroup.com)

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Deals are a moving target with a constantly shifting mix of people, numbers and timing. We are here to simplify this process for you. Our associates are experts at analyzing situations and quantifying values you need on the most complex deals, so you can leverage our extensive industry knowledge to close the deal.

# Industry Trend Tracker

	OEM Parts	Aftermarket Replacement Parts and Accessories	Tires
Net Orderly Liquidation Values	Mixed ⬆️	Mixed ⬆️	Mixed ⬆️
Sales Trends	Decreasing ▼	Mixed ⬆️	Decreasing ▼
Gross Margins	Mixed ⬆️	Mixed ⬆️	Mixed ⬆️
Inventory	Mixed ⬆️	Mixed ⬆️	Increasing ▲

## OEM PARTS

Net orderly liquidation values (“NOLVs”) for original equipment manufacturer (“OEM”) parts were mixed in the final half of 2025, up or down as much as five percentage points. NOLV trends are highly dependent on the programs or customers served, as well as each company’s ability, or lack thereof, to pass along costs to customers.

Sales of OEM parts decreased 5% to 10% in the second half of the year. Most companies attributed declines to a softening market related to higher costs from tariffs, high stock levels at dealer locations, and general uncertainty in the market and greater economy. Additionally, programs supplying parts for EVs were especially negatively impacted, as several OEMs revised forecasts for EV production or halted certain EV models entirely.

Gross margins for OEM parts were mixed in the final half of 2025, up or down as much as three percentage points. Several companies attributed margin declines to reduced sales volumes, which resulted in less efficient production and margin erosion. Other companies reported success in passing along higher costs to customers, resulting in increased gross margins.

Inventory levels for OEM parts were mixed, up or down 10%, primarily driven by the timing of new projects or orders and anticipation of higher or lower sales volumes in the coming months.

## AFTERMARKET REPLACEMENT PARTS/ACCESSORIES

NOLVs for aftermarket replacement parts and accessories were mixed, up or down as much as five percentage points. This segment tends to experience greater fluctuations due to the wide variety of product categories and customer bases served. Swings in NOLVs were driven by changes in excess inventory, exposure to more discretionary product categories, inventory mix, and gross margins.

Sales were mixed, up or down as much as 10% year-over-year, due to the ever-increasing average age of vehicles on the road and growth in do-it-yourself demand; however, price-sensitive consumers continued to opt for value brands. Additionally, more discretionary items, such as performance parts and luxury aftermarket accessories, experienced a reduction in demand.

Gross margins were mixed in the final half of 2025, up or down as much as five percentage points. Most companies attributed margin changes to tariffs, competitive pricing pressures, and discounting to combat consumer price sensitivity, with some companies able to pass along costs to consumers and increase margins.

Aftermarket inventory levels were mixed, up or down 10%, as some companies reduced levels in response to lower demand, while others experienced increased levels amid lower sales volumes and inventory rising in the short term.



# Industry Trend Tracker

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## TIRES

NOLVs for tire distributors were mixed, increasing or decreasing up to two percentage points, in the final half of 2025. These modest changes in NOLVs were primarily driven by changes in margin and product mix.

Sales volumes for tires were either flat or down 5% in the second half of the year, with a steady or even increasing replacement volume partially offset by a reduction in OEM sales and continued consumer preference for lower-priced value brands.

Gross margins for most tire distributors were mixed in the final half of the year, up or down two percentage points. Margins were dependent on product mix and customer mix. For some companies, gross margins decreased amid higher costs related to tariffs, while other distributors were able to raise prices to maintain or even increase gross margins.

Inventory levels for tires increased up to 5% in the last half of 2025, largely as a result of a slight pullback in demand late in the year.



# Automotive Overview

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The U.S. automotive industry fared well for most of 2025, supported by resilient consumer demand that drove new vehicle sales for the first nine months of the year. However, sales slowed in the final quarter amid inflationary pressures, tariffs, and dwindling EV incentives.

New vehicle sales remained near cyclical highs for much of 2025, with steady dealer showroom traffic fueled by demand for replacement rides, a stable labor market, and the continued popularity of trucks and SUVs. While growth was more measured than in the immediate post-pandemic rebound, the market demonstrated surprising durability amid the complex economic and policy environment.

EVs remained a central theme, though momentum shifted within the segment, particularly ahead of changes to federal incentives late in the year, when growth quickly cooled with the expiration of EV tax credits. In contrast, conventional hybrid vehicles saw strong gains as consumers sought more affordable electrification options with fewer range concerns. In turn, many automakers aligned production plans to keep pace with evolving consumer preferences.

Policy changes under a new administration played a significant role in automotive sales patterns in 2025. Tariffs on certain imported vehicles and components increased costs across the supply chain.

However, the increasingly competitive landscape limited the extent to which automakers could pass higher costs on to consumers. Furthermore, anticipation of tariff changes and the looming end to significant EV tax credits contributed to intermittent spikes in sales.

Pricing and affordability remained key challenges for the industry in 2025. Average transaction prices (“ATPs”) rose to new record highs, reflecting a market shift toward higher-priced trucks and SUVs, as well as persistent cost pressures. However, most automakers absorbed the majority of higher costs to protect market share. While financing conditions improved slightly amid lower interest rates, monthly payments remained elevated relative to pre-pandemic levels, which sidelined many would-be buyers.

Overall, 2025 was a year of transition for the U.S. automotive industry. Strong core demand and strategic product adjustments supported healthy sales volumes, while regulatory shifts, uncertainty surrounding tariffs, and affordability concerns posed ongoing challenges.



# New Vehicle Market

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Despite an anticipated slowdown in sales in the final quarter of 2025 amid economic uncertainty, the U.S. automotive industry fared well for the year, with new light vehicle sales totaling 16.2 million units in 2025, a 2.4% increase compared to the prior year.

The industry faced its share of new challenges this past year, including tariffs on imported vehicles and parts, as well as changes in federal policy that led to the expiration of significant tax credits on EV purchases. However, these policy changes temporarily resulted in boosted sales for parts of the year. Consumers rushed to buy vehicles in the second quarter before announced tariffs could take effect, and EV purchases spiked in the third quarter ahead of the September 30 expiration of EV tax credits. This Q3 surge in EV sales led to battery electric vehicles (“BEVs”) reaching a record-high monthly market share of 11.8% in September. By December, however, market share had fallen to 5.9% as EV demand dropped sharply without the help of tax credits.

Meanwhile, conventional hybrid vehicle sales rose sharply to 2.1 million units in 2025, an increase of nearly 28% versus the prior year. Although BEV sales are expected to slow further in 2026, hybrid sales are projected to continue rising with regulatory changes reshaping the market. Many automakers have been aligning production plans with current consumer preferences for the reliability, convenience, and range of hybrid vehicle options.

Although new vehicle retail sales experienced a downturn in the fourth quarter, a surge in rental fleet demand helped buoy the industry in the final stretch, as rental companies rushed to refresh their aging fleets and capitalize on new legislative incentives.

Despite fears that tariffs would significantly raise new vehicle prices in 2025, most automakers absorbed the bulk of the added cost, leading to only modest price increases across the majority of brands. The new light vehicle ATP in December 2025 reached \$50,326, up 0.8% versus the same period in 2024 and marking the highest new light vehicle ATP ever. While average monthly finance payments rose toward the end of the year, payment growth was tempered in December by slightly lower interest rates, averaging 5.8% versus 6.1% in the same period a year ago.

The crossover segment continued to dominate the U.S. market in 2025, accounting for 49% of all new vehicle sales, due to a winning combination of cabin space, generous ground clearance, all-wheel drive options, accessible cargo loading, and fuel-efficient design. Light truck sales (crossovers, pickup trucks, SUVs, and vans) represented 83.1% of the market, up from 81.2% in 2024.

OEM incentive spending averaged \$3,433 per vehicle in December, up 2.3% versus the same period in 2024.



# Sales By Automaker

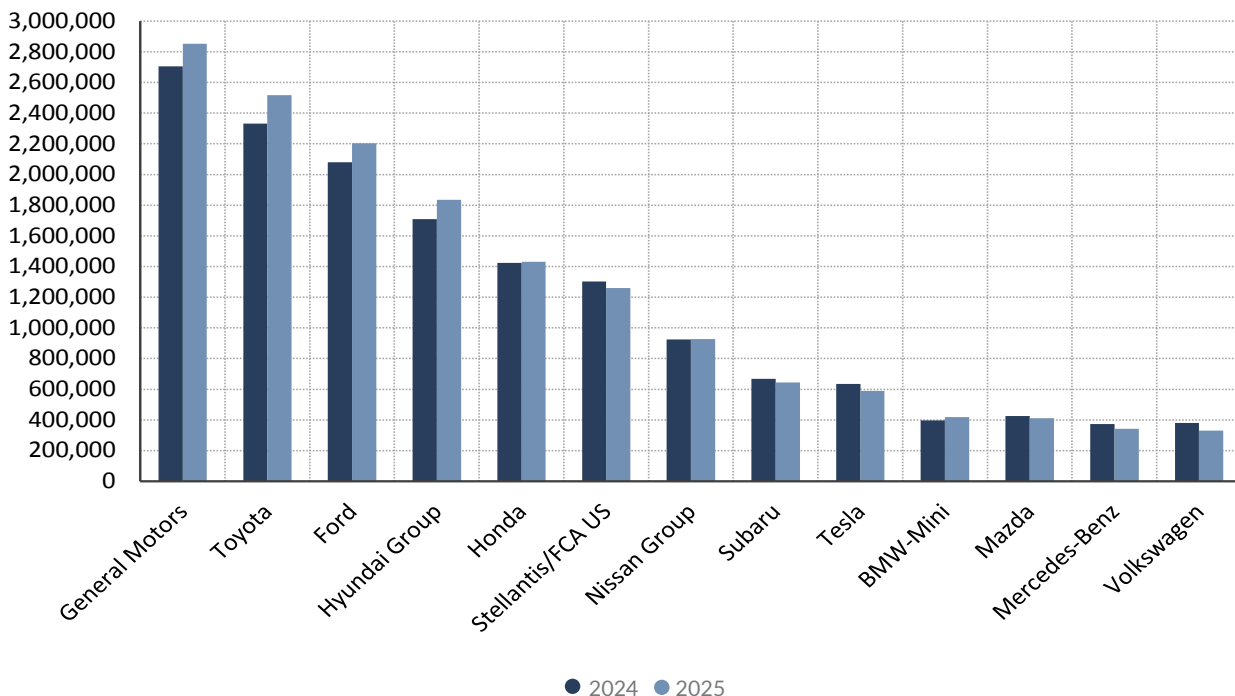
General Motors (“GM”) retained its crown as U.S. leader in new light vehicle sales in 2025, finishing the year with 2.8 million vehicles sold, up 5.1% versus 2024. The automaker also gained market share, increasing from 16.8% to 17.3% since the prior year, with growth bolstered by record-breaking small SUV sales. Additionally, GM enjoyed its sixth consecutive year in leading full-size pickup sales. However, the auto giant was not immune to the industry slowdown in the final quarter, with GM’s sales down 8.7% versus Q4 2024 amid consumers’ concerns about the economy, and the sharp decline in EV sales after tax credits expired.

Meanwhile, Toyota (North America) secured the second-place slot for another year with over 2.5 million vehicles sold in 2025, an 8.4% increase from the prior year. The automaker reported 658,540 vehicles sold in Q4, up 9.2% year-over-year. Toyota attributed its success to its continued commitment to offer a broad lineup of affordable vehicles with accessible options, most notably its top-selling Camry, Corolla, and RAV4 models, as well as several EV options.

Ford finished third again with full-year sales totaling nearly 2.2 million vehicles in 2025, up 5.6% versus 2024. The automaker saw modest Q4 sales growth of 0.5% versus the same period in the prior year. Ford’s overall growth was tempered by \$2 billion in tariff costs in 2025, partly due to temporary changes in aluminum sourcing after a fire at the company’s Novelis aluminum plant threatened F-Series truck production.

Hyundai Group (Hyundai, Kia, and Genesis) enjoyed its fifth consecutive year of record-high retail sales, reporting a combined 1.8 million vehicles sold in 2025, up 7.9% versus the prior year, due to the auto group’s sprawling lineup of popular and affordable SUVs and EVs. Despite struggles in Q4, American Honda closed out 2025 with over 1.4 million vehicles sold, a 0.6% gain over 2024. Meanwhile, Stellantis/FCA US reported its seventh consecutive year of annual sales declines, with sales down 3.3% versus 2024, despite a 3.6% year-over-year increase in Q4 sales, primarily due to missteps in EV forecasts, significant price increases, and lineup gaps, though recent aggressive price reductions have benefited sales volumes.

## 1 U.S. Light Vehicle Retail Sales by Automaker Full Year 2025 versus 2024 (in Units Sold)



# Industry Spotlight

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## EV MARKET

The U.S. EV market experienced slower growth in 2025 compared to the rapid expansion seen in prior years. After several years of double-digit gains, demand for many EVs declined amid higher interest rates, mounting affordability concerns, and policy shifts. Although total EV sales remained near record levels, their share of the overall light vehicle market dropped from 8.1% in 2024 to 7.8% in 2025.

Industry experts note that the EV market has entered a more mature phase, with growth increasingly dependent on pricing, incentives, and product availability rather than early adopter enthusiasm alone.

Federal and state policy changes played a significant role in shaping EV market outcomes in 2025. The structure and eligibility requirements of federal EV tax credits under the Inflation Reduction Act continued to influence which makes and models qualified for incentives, affecting both consumer purchasing decisions and automaker sourcing strategies. Additionally, adjustments to credit availability during the year led to fluctuations in monthly sales and market share. Meanwhile, regulatory developments, including emissions standards and state-level zero-emission vehicle mandates, continued to push automakers to expand their electrified offerings, even as they balanced investments between fully electric and hybrid powertrain model production.

Automakers have responded to evolving consumer demand by broadening EV lineups, adjusting production plans, and placing greater emphasis on cost control and battery supply chain localization. Increased domestic battery manufacturing capacity progressed in 2025 with support from federal incentives, though the deployment of more public fast-charging stations and other infrastructure remained uneven across the country.

Conventional hybrid vehicles gained traction in 2025 as more consumers sought improved fuel economy without the commitment to full electrification, adding competitive pressure within the EV segment.

While range anxiety and charging challenges continued to dissuade some consumers from investing in EVs in 2025, pricing remained the primary purchasing hurdle. The ATP of a new EV was \$58,034 in December 2025 compared to the \$50,326 average of non-EV options in the same month. While the gap has been narrowing between EV and non-EV pricing, many consumers still have affordability concerns.

Overall, 2025 represented a transitional year for the U.S. EV market, marked by steady but careful growth amid policy changes, the expiration of federal tax credits, and intensifying competition.

## TARIFFS

Similar to many other industries and markets, the U.S. automotive sector and its global supply chain were not immune to tariffs this past year. Ongoing duties on certain steel, aluminum, and vehicle imports, alongside targeted tariffs on components from specific trading partners, raised input costs across the sector. As modern vehicles heavily rely on global supply chains, even minor tariff adjustments affected parts sourcing, production planning, and inventory management for most automakers and suppliers.

However, despite early concerns of significant vehicle price increases amid new tariff announcements, much of the tariff burden was absorbed within the supply chain, which tempered the impact on vehicle sticker prices. Competitive pressures and softer demand growth limited the extent to which manufacturers could pass through higher costs, leading to margin compression for some companies. At the same time, tariffs contributed to policy-driven volatility in consumer purchasing behavior, with automakers noting some spikes in demand ahead of anticipated changes.

Most OEMs at least partly mitigated tariffs over the past several months by diversifying suppliers, increasing domestic sourcing when feasible, and reconfiguring production footprints. Nonetheless, the impact of any further policy changes on the U.S. economy and developing geopolitical tensions remains to be seen.

# Appraisal and Liquidation Experience

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GA Group has worked with and appraised numerous companies within the automotive industry. While our clients remain confidential, they include companies throughout the automotive supply chain, such as manufacturers, importers, distributors, and retailers of aftermarket, performance, replacement, and OEM parts and accessories.

GA Group's appraisal experience includes the following sampling:

- A remanufacturer and distributor of alternators and starters for imported and domestic vehicles with over \$170 million in sales and over \$60 million in inventory, including \$20 million of core inventory.
- An Internet retailer of aftermarket replacement automotive parts, including auto body and engine parts, as well as accessories, to customers worldwide. The company's \$50 million of inventory includes approximately 1.8 million types of aftermarket auto parts for nearly all makes and models of domestic and foreign cars and trucks.
- OEM parts suppliers to top U.S. automakers, which includes manufacturers of transmission, interior, wheel, and accessory products.
- A full-line automotive core supplier scrap processor, and a processor of catalytic converters.
- An importer and wholesaler of specialized aftermarket automotive wheels and parts, including wheels for the U.S. auto market available in a variety of specifications.
- A designer, manufacturer, and distributor of specialty products for the performance automotive aftermarket, including fuel, air, and internal engine management systems, which are sold to retailers and distributors.
- A retailer and wholesaler of aftermarket auto parts, including engine, wiper, undercar, heat, and cooling parts and accessories, as well as electrical supplies, oil, filters, tools, equipment, paint, chemicals, and more, all sold under well-known national brands.
- A processor and distributor of precision automotive components designed for various automotive assemblies, such as transfer cases, transmissions, and air conditioners, selling to Tier 1 and Tier 2 suppliers.
- A U.S.-based producer and recycler of automotive and industrial lead-acid batteries, with locations throughout North America and the world.
- A distributor of tires, wheels, and assemblies for utility trailers, recreational vehicles, livestock trailers, mobile homes, and other applications.

GA Group has also liquidated a number of manufacturers and distributors of OEM and aftermarket parts, including Midas Corporation, Trak Auto, Smittybilt Outland Automotive Group, Inc., and American Products Company, Inc. In addition to our vast liquidation and appraisal experience, GA Group utilizes input from our staff of automotive experts.

# Meet Our Team

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# About GA Group

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GA Group is a privately-held financial services company offering a comprehensive set of tailored solutions to meet our clients' diverse needs. Our teams value, monetize, lend against or acquire assets across a broad range of sectors from both healthy and distressed companies.

GA Group and its predecessors are celebrating 50 years of client service, and its current leadership has over 100 years of collective experience in the industry. GA Group is majority-owned by Oaktree Capital Management.



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