

Monitor

Automotive

VOLUME
430



PUMPING THE BRAKES

PRICE SENSITIVITY

New vehicle sales were down year-over-year as affordability remained a hurdle for most buyers in the first half of 2026

QUIETER BUZZ

Growth in the U.S. EV market is slowing as demand for BEV and plug-in hybrid options cools down

AI ON THE RISE

Increased adoption of AI is leading to improvements in automotive production, supply management, driver comfort, and vehicle safety

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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	Decreasing ▼	Mixed ⬆	Mixed ⬆
Sales Trends	Increasing ▲	Increasing ▲	Decreasing ▼
Gross Margins	Decreasing ▼	Decreasing ▼	Mixed ⬆
Inventory	Mixed ⬆	Mixed ⬆	Decreasing ▼

OEM PARTS

Net orderly liquidation values (“NOLVs”) for original equipment manufacturer (“OEM”) parts were either flat or down as much as three percentage points in the first half of 2026. While NOLV trends are highly dependent on the programs or customers served, slight margin compression has weighed on NOLVs for many companies.

Sales of OEM parts were either flat or up by 5% to 10% year-over-year. Overall, OEM production has slightly increased since the prior year, though sales trends for individual suppliers are heavily impacted by the OEM programs and customers served.

Gross margins for OEM parts were either flat or down as much as three percentage points in the first half of the year. After some margin recovery in 2025 with companies passing along price increases due to tariffs, OEMs have held firm on pricing in 2026 or even aggressively pursued “price-downs” from their suppliers.

Inventory levels for OEM parts were mixed, increasing or decreasing by as much as 10%. Tier 1 suppliers have been operating on lean inventory levels in 2026, while other suppliers have maintained more volatile inventory levels. Generally, inventory levels are dependent on programs and can change quickly as OEMs pivot on forecasts, which has been the trend for the past two years.

AFTERMARKET REPLACEMENT PARTS/ACCESSORIES

NOLVs for aftermarket replacement parts and accessories were mixed in the first half of the year, increasing or decreasing by 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. Larger swings in NOLVs were driven by greater exposure to mid-tier discretionary product categories and changes to margin.

Sales were either flat or up by as much as 10% year-over-year, depending on the company. Consumer demand for aftermarket replacement parts and accessories has remained strong in 2026 as the average age of vehicles on the road continues to climb and do-it-yourself demand has grown. However, price-sensitive consumers continue to opt for value brands. While demand for high-end discretionary products is strong, mid-tier discretionary products have faced the greatest headwinds.

Gross margins were either flat or down by as much as five percentage points year-over-year. Margins for most companies remained under pressure due to tariffs, increasing logistics costs, competitive pricing pressures, and discounting to combat consumer price sensitivity.

Aftermarket inventory levels were mixed, up or down by 10%, with most companies maintaining lean inventory after significant volatility in the prior year. However, major retailers have run especially lean levels, placing the burden of carrying sufficient inventory on suppliers. Lastly, some discretionary product categories have exhibited supply gluts in 2026.

Industry Trend Tracker

TIRES

NOLVs for tire distributors were mixed in the first half of the year, increasing or decreasing by as much as two percentage points. These modest changes in NOLVs were primarily driven by changes in sales mix and gross margin. Companies with heavy exposure to commercial tires experienced deeper declines.

Sales volumes for tires declined by 5% to 10% year-over-year due to weaker consumer demand and continued trading down to lower-priced options among consumers, with significant weakness noted in commercial tire sales.

Gross margins for most tire distributors were mixed in the first half of the year, increasing or decreasing by as much as three percentage points. Margins on premium brands have generally contracted, while some companies have reported expansion of margins across lower-tier offerings and low-cost imports.

Inventory levels for tires declined by 5% to 10% in the first half of 2026, as many distributors have opted to maintain leaner inventory levels. Additionally, Tier 1 manufacturers have dialed back supply.



Automotive Overview

While the U.S. automotive industry navigated the first half of 2026 in a position of relative resilience despite a volatile operating environment, affordability concerns ultimately weighed down sales performance for most automakers.

Consumer affordability remained the industry's key challenge. Elevated interest rates, higher household expenses, energy costs, and persistent inflation constrained purchasing power, particularly among lower- and middle-income buyers. The average new-vehicle loan rate was approximately 9.6%, amplifying monthly-payment pressure even as vehicle price inflation remained comparatively moderate. Vehicle offerings have generally improved in features and retained value in inflation-adjusted terms; however, financing costs, insurance, maintenance, and broader cost-of-living pressures made most vehicle purchases feel less attainable this year. Additionally, auto sales were tempered in Q1 as harsh winter storms severely impeded foot traffic at dealerships.

Year-over-year new vehicle sales comparisons in 2026 have been adversely affected by the significant uptick in consumer demand for the same period in 2025, as many buyers had rushed to dealer lots to purchase new vehicles ahead of anticipated tariff hikes, particularly for imports.

Market demand has increasingly favored practical and value-oriented products as well as alternative powertrains. Mid-size cars, trucks, and SUVs outperformed other segments as demand softened for entry-level and high-priced luxury or full-size vehicles. Hybrid vehicles emerged as a particularly successful category, supported by high fuel prices, expanded product availability, and consumer interest in fuel savings without charging-related trade-offs.

Demand for new electric vehicles ("EVs") normalized in the first half of 2026 after the end of tax credits in 2025. However, the used EV market expanded as off-lease vehicles became more affordable and attracted greater buyer interest. While used-vehicle retail sales were down overall, used prices and wholesale values remained firm amid constrained supply of newer, lower-mileage vehicles.

Many automakers have managed production cautiously in light of inflation, rising fuel costs, geopolitical uncertainty, policy changes, and uneven consumer confidence. Given these ongoing factors, industry experts are bracing for full-year new vehicle sales to come in slightly below 2025.



New Vehicle Market

U.S. new light-vehicle sales softened during the first six months of 2026, with the market achieving a seasonally adjusted annual rate ("SAAR") of 15.9 million units, roughly 2.8% below the prior year. The year-over-year comparison was tempered by unusually strong demand early in 2025, when consumers accelerated new vehicle purchases ahead of tariffs, as well as severely reduced foot traffic at dealer lots amid harsh winter weather in Q1 2026. Auto sales experienced a boost in June 2026, totaling approximately 1.4 million units and achieving a SAAR of 16.5 million units, as improved vehicle availability and OEM incentives supported demand.

Affordability remained the central constraint for most consumers in the first half of 2026. Average OEM incentive spending was projected to reach \$3,217 per vehicle in June, up 12.7% year-over-year, as automakers sought to maintain sales momentum. However, even with greater incentives, the average monthly payment on a new-vehicle loan reached a record \$813 in June, up 3.4% year-over-year. Automakers have continued to try to balance affordability pressures with tariff-related cost concerns and shifts in consumer demand.

Meanwhile, electrification trends in the industry continued to diverge sharply in 2026. Conventional hybrid sales reached approximately 1.2 million units through June, an increase of nearly 20% from the same period in 2025.

Hybrid vehicles captured 16% of the new-vehicle market, as consumers favored their fuel-efficiency benefits without the charging and range considerations associated with all-electric options. In contrast, battery-electric vehicle ("BEV") sales declined over 25% from the same period in the prior year. Overall, hybrid vehicle consideration rose to a record 22% of shoppers according to industry experts, while EV consideration declined to 10%.

Utility vehicles (SUVs and crossovers) remained the industry's dominant segment in the first half of 2026, representing approximately 60% of the market, which is relatively consistent with the prior year. Non-luxury SUV consideration reached a record 71% of all buyers, while sedan consideration fell to a record-low of 25%, reinforcing the continued migration toward utility-oriented vehicles. The strongest hybrid momentum was concentrated in the SUV and crossover classes, with buyers increasingly seeking a superior balance of cabin space, cargo versatility, all-wheel-drive availability, and fuel efficiency.

The average transaction price ("ATP") for non-EV new light vehicles in June 2026 was \$49,758, up 0.6% versus the ATP for the same period in 2025 and only 0.4% above the revised May 2026 ATP, indicating restraint in pricing amid ongoing affordability concerns for buyers.



Sales By Automaker

General Motors (“GM”) finished the first half of 2026 with over 1.3 million year-to-date (“YTD”) unit sales through June, down 6.8% versus the same six-month period in 2025. GM’s Q2 sales totaled 714,896 units, a 4.2% decline from the same quarter in the prior year. The automaker attributed the sales declines to the smaller EV market, the discontinuation of some vehicle models, and supply constraints. While GM has remained the top automaker in pickup truck and SUV sales in the U.S., GM lost ground in the U.S. light vehicle market in the first half of the year, dropping from 17.7% of market share in 2025 to 17.0%.

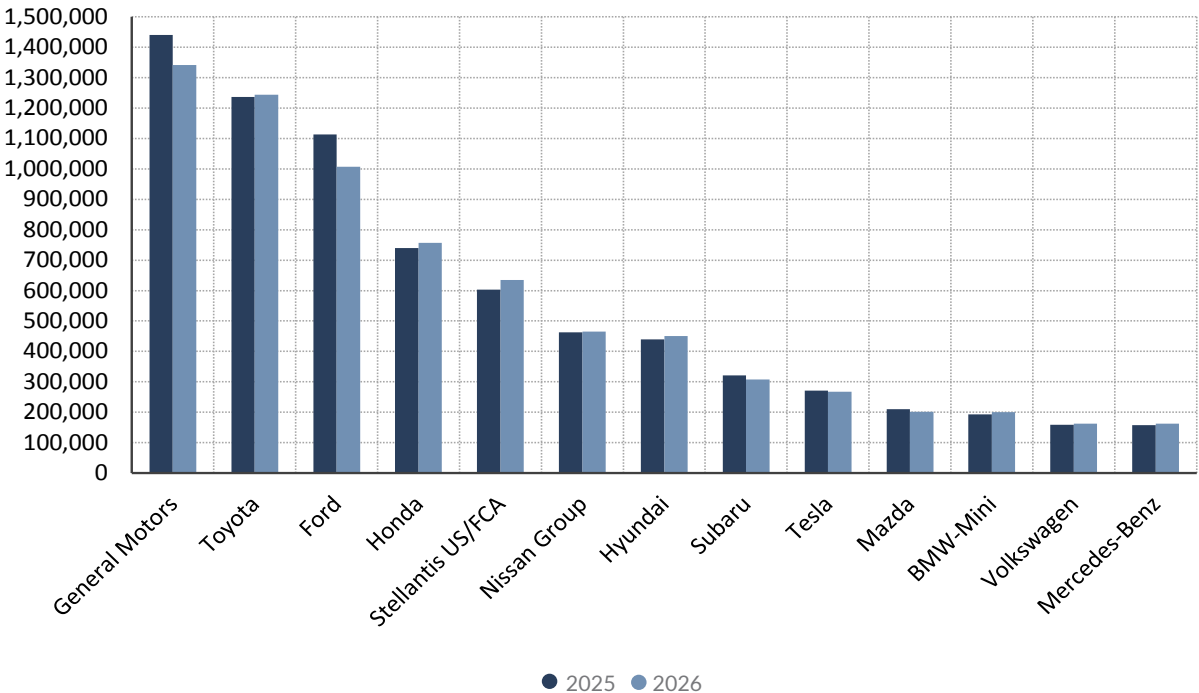
Meanwhile, Toyota Motor North America (“TMNA”) retained its second-place standing with 673,971 vehicles sold in Q2 2026, up 1.1% year-over-year due to robust demand for the automaker’s electrified offerings. TMNA reported YTD sales through June totaling over 1.2 million units, up 0.5% from the prior year. The automaker also attributed its overall success to a continued commitment to offer a broad lineup of vehicles available under \$35,000 in an increasingly price-sensitive market.

Ford reported 549,200 vehicles sold in Q2 2026, a 10.3% decline versus Q2 2025. The decline was attributed to production issues of Ford’s F-Series line of trucks amid aluminum supply constraints, as well as lower fleet volume sales and decreased demand for the automaker’s BEV models. Ford’s YTD sales through June were down 9.6%, totaling just over 1.0 million units.

American Honda reported 420,089 vehicles sold in Q2 2026, up 8.4% year-over-year. The automaker fared well for the first half of the year with YTD sales through June totaling 756,920 units, up 2.4% versus 2025, driven by demand for the company’s successful hybrid lineup and focus on affordable vehicle options.

Stellantis/FCA US reported 328,284 vehicles sold in Q2 2026, up 6.0% versus Q2 2025. The automaker enjoyed a 5.0% increase in YTD sales through June, totaling 634,345 units. Stellantis/FCA US attributed the massive turnaround from prior difficult years to a shift away from its aggressive EV campaign to a renewed focus on gas-powered offerings.

1 U.S. Light Vehicle Retail Sales by Automaker
Year-to-Date June 2026 versus 2025 (in Units Sold)



Industry Spotlight

EV MARKET

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

The market contracted materially in the first half of 2026, even as overall light-vehicle demand remained relatively stable. Total BEV sales were estimated at 460,000 units for the six-month period, down approximately 25% year-over-year, while plug-in hybrid (“PHEV”) sales declined more than 43% versus the prior year, totaling roughly 92,000 units. These results indicate a reversal of the rapid growth seen in prior years.

Demand for EVs has been uneven rather than uniformly weak in 2026. After a difficult first quarter, monthly sales volumes improved through Q2, rising from an estimated 62,000 units sold in January to 110,000 units in June. Many consumers opted to purchase new EVs as gas prices remained high in the first half of the year.

Conventional hybrid vehicles have emerged as the primary growth segment in 2026, with sales up almost 20% year-over-year in the first six months, totaling an estimated 1.2 million vehicles sold and representing a record 16% of U.S. light-vehicle sales in the second quarter. Consumers have heavily favored hybrid models due to their lower fuel consumption without requiring home charging, reliable access to public charging, or changes in long-distance driving habits. Hybrid strength was especially evident in mainstream sedans, crossovers, and SUVs.

Overall, several factors have weighed on BEV and PHEV demand this year. The impending expiration of federal clean-vehicle tax credits at the end of 2025 led many buyers to purchase new EVs last year. The absence of such tax credits in 2026 has led to reduced affordability of EVs.

Additionally, the market has been negatively impacted by shifting policy, slow rollout of charging infrastructure, persistent public concerns regarding charging convenience, and limited availability of pickup trucks and large SUVs as many automakers have been cautious in expanding their EV lineups.

Furthermore, several manufacturers have delayed, reduced, or altogether canceled some EV programs and production plans amid weaker economic conditions and shifting regulatory incentives.

The ATP of a new EV was \$56,238 in June 2026 compared to the \$49,758 average of non-electric options in the same period. Although the gap has been narrowing between EV and non-EV pricing, affordability is expected to remain a primary concern among consumers.

ADOPTION OF AI

In 2026, AI adoption in the U.S. automotive industry has expanded beyond pilot programs into broader operational and commercial use. A growing number of automakers are expanding advanced driver-assistance systems, including software-enabled features that can be improved over the air and monetized through subscriptions. For example, Ford’s BlueCruise subscriber base has grown substantially since the system’s debut in 2021, while companies such as Rivian continue to advance higher-capability assisted-driving roadmaps. AI is also gaining traction in other parts of the industry, with autonomous trucks progressing toward limited commercial fleet deployment and companies scaling operations on defined freight routes.

Meanwhile, Tesla has shifted its strategic focus away from EV production and toward physical AI and robotics. In January 2026, CEO Elon Musk announced plans to phase out the company’s legacy Model S and Model X vehicle lines and convert Tesla factories for humanoid-robot and Cybercab production.

Manufacturing, quality control, supply-chain planning, and logistics currently offer AI’s strongest value proposition in the automotive sector. Automakers and suppliers are using computer vision to identify defects, while predictive models are reducing equipment downtime. AI-driven planning is improving inventory, scheduling, routing, and supplier-risk management. However, despite meaningful progress, broadly available hands-off consumer autonomy remains a more distant prospect. In the meantime, further adoption of AI will continue to expand connected-car capabilities and improve driver comfort and safety.

Appraisal and Liquidation Experience

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 leading U.S. automakers, including manufacturers of transmission, interior, wheel, and accessory products.
- A full-line automotive core supplier, scrap processor, and 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

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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