

MONTHLY INTELLIGENCE REPORT

The Gross Moved To the Service Lane

New-vehicle front-end gross fell 13.5 percent last quarter while service and parts carried 52.8 percent of dealership gross profit. August reporting pushed every profit conversation toward fixed ops, F&I and retention.



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September 4, 2026Dealers **thrive** here.™

01 Industry At Large

August print coverage described a market where volume is being bought, not sold. Incentives, longer terms and captive finance hold the front end together while the back end and the service drive carry the profit. Every figure below is transcribed verbatim from the August 2026 print editions.

- 01 Front-end gross is collapsing while F&I sets records.** F&I gross profit per vehicle retailed rose 4.8 percent in the second quarter to a record \$1,769, per the Presidio Group and NCM Associates. New-vehicle GPPVR fell 13.5 percent to \$1,840 and used fell 10 percent to \$1,409.

Source: [Automotive News, Aug. 10, 2026](#)

- 02 Service and parts now carry the store.** Fixed operations accounted for 52.8 percent of dealership gross profit in the second quarter, and 80 percent of respondents to Presidio's Midyear 2026 Dealer Direction Survey expect parts and service to be top profit drivers over the next 12 months.

Source: [Automotive News, Aug. 10 and Aug. 31, 2026](#)

- 03 Loan terms hit a record stretch.** A record 24 percent of borrowers took seven-year-plus loans in the second quarter, per Edmunds. Average new-vehicle term reached 70.4 months, monthly payment \$777 and amount financed \$44,156.

Source: [Automotive News, Aug. 10, 2026](#)

- 04 Repossessions are climbing.** New York repossessions rose 20 percent from May 2025 to May 2026 and Cox Automotive reported defaults up 9 percent. Manheim repossession volume in the first half was up 11 percent year over year. Toyota Financial Services loses an average of \$13,602 per repossessed vehicle.

Source: [Automotive News, Aug. 10, 2026](#)

- 05 Incentives are carrying volume.** As of early August, incentives averaged 8.2 percent of sticker price. Of the 3 million new vehicles on dealer lots, 68 percent are eligible for at least one program, which at an average sticker of \$56,117 equals \$9.5 billion in available discounts.

Source: [Automotive News, Aug. 31, 2026](#)

- 06 Demand has been sliding for a year.** The MarketCheck New Vehicle Demand Index peaked at 122.4 in April 2025 and fell to 107.7 by late May. Between July 2025 and July 2026 new-car demand slid around 13 percent. The July SAAR was 16.51 million with sales down 1.4 percent to 1.38 million.

Source: [Automotive News, Aug. 10 and Aug. 31, 2026](#)

- 07 The car parc has never been older.** Average vehicle age stands at a historically high 12.8 years, per Mobility Global. Cox Automotive's 2026 Fixed Ops and Ownership Study values a retained service customer at \$12,400 in revenue over the life of a vehicle.

Source: [Automotive News, Aug. 31, 2026](#)

- 08 Dealers leave the service lane unsold.** Only one in three U.S. auto buyers (34 percent) said they received a multipoint inspection, and 65 percent of those invested in some or all recommended services. Just 16 percent were given information on new-vehicle offers and 14 percent received a trade-in offer.

Source: Urban Science and Harris Poll, [Fixed Ops Magazine](#), Vol. 23 No. 4

- 09 Buyers are ready to hand the purchase to AI.** Accenture found 84 percent of consumers are open to AI handling complex tasks and 42 percent would let AI make the final purchase decision, across more than 1,500 consumers in 16 countries.

Source: [Automotive News, Aug. 3, 2026](#)

- 10 Tariff refunds started moving and the Canada file reopened.** About \$100 billion in unlawfully collected tariff revenue has been refunded, with MEMA estimating the auto industry's share at \$13 billion to \$14 billion. Talks with Canada broke down Aug. 21 and 50 percent duties were threatened for Jan. 1.

Source: [Automotive News, Aug. 31, 2026](#)

02

Dealer Group + Retail Network Intelligence

Automotive News remains the source of record for this section. August print coverage is supplemented this issue with company releases, SEC filings, buy-sell advisory reports and other credible trade and business reporting, each attributed inline.

Lithia Motors / Driveway

PUBLIC

- No. 1 among U.S. groups with 382,921 new vehicles sold in 2025, and No. 426 on the Fortune Global 500 on \$38.1 billion in 2025 revenue. (Automotive News, Aug. 31; Lithia release, Aug. 18)
- Signed a five-year enterprise agreement to deploy Pinewood Automotive Intelligence across U.S. and Canadian stores by the end of 2028, and sold its 51 percent stake in the North American joint venture for \$76.5 million. (Automotive News, Aug. 31)
- Named former Toyota Financial Services executive Scott Cooke an operations president over Southeastern and South Central stores plus Driveway Finance and F&I. Chuck Lietz retires in 2027. (Lithia IR, Aug. 25)

Penske Automotive Group

PUBLIC

- The board's special committee retained Moelis & Company and Paul, Weiss to evaluate the July 22 proposal from Penske Corporation and Mitsui to take the company private at \$210 per share in cash. (Penske IR, Aug. 10)
- Q2 same-store service and parts revenue rose 2 percent with gross profit up 3 percent and margin up 60 basis points. U.S. bay utilization ran about 84 percent and technician count rose 2 percent. (Q2 call transcript, published Aug. 7)
- No. 2 on the top 150 list with 259,502 new vehicles in 2025. Same-store used retail rose 5 percent to 57,802 units while GPPVR fell 9.9 percent to \$2,088. (Automotive News, Aug. 10)

AutoNation

PUBLIC

- AutoNation Finance president Jeffrey Butler was named 2026 Automotive News F&I All-Star after guiding the captive to its first full year of profitability, with originations up 66 percent to \$1.8 billion. (Automotive News, Aug. 31)
- CEO Michael Manley stated the acquisition filter plainly: "What we want to do is to build density in our clusters." (WardsAuto, Aug. 7)
- Used supply held at 38 days with 90 percent sourced internally. Used units fell 8 percent to 63,428 and average used price reached \$28,610, up 8 percent. (Automotive News, Aug. 10)

Group 1 Automotive

PUBLIC

- Completed the rebrand of more than 60 U.S. dealerships across six Texas metros on Aug. 4, consolidating more than 40 store names into one national brand. Daryl Kenningham: "We spend \$1 million a month in marketing in Houston. We can use that \$1 million on one brand name or on five." (WardsAuto, Aug. 7)
- The pending Hennessy Automobile Companies purchase adds 10 Atlanta dealerships with \$1.7 billion in combined annual revenue, taking Group 1 from three Atlanta stores to 15 by the end of 2026. (WardsAuto, Aug. 7)
- Appointed former Ulta Beauty CEO Dave Kimbell to the board effective Aug. 10, expanding it from nine seats to ten. (Group 1 release, Aug. 11)

Asbury Automotive Group

PUBLIC

- Finance and insurance was about 4 percent of Asbury revenue from January to June but 23 percent of gross profit, making the group the reference case for the F&I profit shift. (CNBC, Aug. 19)
- Named Wendy Reynolds-Dobbs senior vice president and chief human resources officer effective Sept. 14, succeeding Jed Milstein. Asbury ran 158 dealerships and 202 franchises as of June 30. (Asbury release, Aug. 31)
- Three new entries were docketed in the FTC administrative matter against the group on Aug. 4, Aug. 26 and Aug. 27. [unverified] The filings' contents were not readable on the public timeline pages. (FTC docket)

Sonic Automotive / EchoPark

PUBLIC

- Acquired Porsche Walnut Creek, California, from Fletcher Jones Automotive Group including the real estate, with The Presidio Group as sell-side advisor. (CBT News, Aug. 25)
- Renamed its two Los Angeles Jaguar and Land Rover stores Jaguar Beverly Hills and Land Rover Beverly Hills, and relocated EchoPark North Houston to serve Spring and The Woodlands. (Sonic IR, Aug. 6 and Aug. 25)
- President Jeff Dyke on the fixed-ops thesis: "As long as customers are going to stay in cars longer, then our fixed operations business should skyrocket." (Digital Dealer, Aug. 25)

02 Private Groups + Buy-Sell

Hendrick Automotive Group

PRIVATE

- Opened Hendrick Acura Northlake on Aug. 1, a 38,000-square-foot store with 18 service bays completing a six-franchise campus on more than 93 acres in north Charlotte. The campus added a nearly 90,000-square-foot collision center in early May. (Hendrick newsroom, Aug. 1)
- Its Foreign Cars Italia purchase was Hendrick's first Ferrari dealership acquisition. Kerrigan Advisors lists the group at more than 100 dealerships. (Car Dealership Guy, Aug. 9; Kerrigan Advisors, Aug. 24)
- Seven Hendrick dealerships made the 2026 Best Dealerships To Work For list. (Automotive News, Aug. 3)

Berkshire Hathaway Automotive

PRIVATE

- Berkshire's Form 10-Q, signed Aug. 8, discloses that BHA runs over 80 dealerships and produced about 70 percent of retailing group revenues in the first six months.
- Q2 revenue rose 0.5 percent and pre-tax earnings rose 5.1 percent, attributed primarily to increased earnings from service contract operations, partially offset by lower gross sales margins. New and pre-owned retail sales fell 2.0 percent over six months. (Berkshire Hathaway Form 10-Q, Aug. 8)

Morgan Auto Group

PRIVATE

- No qualifying item appeared between Aug. 1 and Sept. 4 across the trade press, Florida business journals, buy-sell advisories or the group's own newsroom.
- The open item is pre-window: a whistleblower suit alleging Florida consumer-fraud practices, last covered July 10. (Used Car News, July 10)

Larry H. Miller

PRIVATE

- No dealership news in the window. The name generated only family holding company items, including a \$100,000 Larry H. & Gail Miller Family Foundation gift to Special Olympics Utah. (LHM Company newsroom, Aug. 10)
- The stores appear only as an asset that changed hands: Vaughan Automotive bought Larry H. Miller Toyota Lemon Grove from Asbury to enter California. (Automotive News, Aug. 31)

Other Noteworthy

- **The buy-sell market ran hot through August.** The Q2 2026 Haig Report put first-half dealership acquisitions up 14.3 percent year over year with five transactions of five or more dealerships closing, versus none in the first half of 2025. New-vehicle gross profit per unit fell 15.8 percent to \$2,764 while same-store fixed-operations gross profit rose 2.3 percent. Average blue sky value for a publicly owned dealership reached \$18.2 million. (Haig Partners, Aug. 19)
- **Kerrigan Advisors closed its 452nd and 453rd store sales inside two weeks.** Car Pros Kia Huntington Beach, the No. 1 Kia dealer in Orange County in 2025, went to Sutherlin Automotive Group on Aug. 19, and Tommie Vaughn Ford in Houston, operating nearly 70 years, went to Vaughan Automotive on Aug. 24 as its first Ford franchise. Erin Kerrigan: "Kia has become one of the most sought-after non-luxury franchises in the buy/sell market." (Kerrigan Advisors, Aug. 19 and Aug. 24; CBT News, Aug. 26)
- **Carvana remained the dominant retail story.** Second-quarter net income jumped by two-thirds to a record \$513 million on retail sales up 38 percent to 197,325 units. Its seven franchised Stellantis stores turn new inventory at 69 percent versus 39 percent for other CDJR stores in the same markets. (Automotive News, Aug. 24 and Aug. 31)
- **Private-group activity kept pace.** Hudson Automotive acquired All Star Automotive Group in Baton Rouge, adding 12 dealerships and 16 franchises. Clement Auto Group closed a four-brand acquisition of Mansfield Motor Group in Ohio on Aug. 26. Steve Napleton Auto Group reached 13 stores with two Elmhurst, Illinois, acquisitions. Walser Automotive settled Minnesota sales-tax allegations for \$490,000 with all criminal charges dismissed. (Automotive News, Aug. 31; Car Dealership Guy, Aug. 29; PR.com, Sept. 1; FOX 9, Aug. 27)

03 Broader U.S. Retail Automotive Trends

Fixed ops is the profit engine

- Car Pros Kia Moreno Valley added a \$2.25 million, 7,500-square-foot shop with 15 more bays, doubling capacity to more than 100 appointments a day. Gross profit rose 30 percent in the first 90 days. (Automotive News, Aug. 31)
- Van Horn Honda of Glendale opened a 37-bay shop in February. Service and parts revenue is up more than 40 percent through June, and fixed ops now generates about 65 percent of dealership revenue. (Automotive News, Aug. 31)

The DMS market is being redrawn

- CDK Global CEO Brian MacDonald is retiring, with Sudhakar Ramakrishna taking over Oct. 5. CDK has invested more than \$500 million since 2022 rebuilding its core platform and lost Lithia and Asbury after the June 2024 cyberattacks. (Automotive News, Aug. 31)
- Ridgeview Partners offered £545 million (\$743.6 million) to take Pinewood.AI private by Dec. 22. (Automotive News, Aug. 31)

Compliance costs are landing on dealers

- California CIPA demand letters are hitting dealerships with violations starting at \$5,000 each. Brad Miller of ComplyAuto said possibly 1,000 or more dealerships received letters. (Automotive News, Aug. 10)
- California's CARS Act takes effect Oct. 1, requiring total price in advertising and in the first written communication, plus a three-business-day return right on qualifying used vehicles. (Automotive News, Aug. 24)

Speed to lead is still the gap

- Nearly 60 percent of callers will not stay on hold longer than a minute, and the majority never call back, per Cory Coler of Reynolds and Reynolds. (Fixed Ops Magazine, Vol. 23 No. 4)

04 Opportunity Analysis · Marketing & CRM

Marketing & Websites

Sell the fixed-ops offer, not the discount

Urban Science found 77 percent of U.S. auto buyers said a \$35 incentive would be enough to bring their vehicle in for maintenance, while only 34 percent recall receiving a multipoint inspection. That is a low-cost campaign brief for any store watching front-end gross fall 13.5 percent.

Product: [AutoPoint Marketing](#). Source: Urban Science and Harris Poll, Fixed Ops Magazine, Vol. 23 No. 4.

AI search rewards the sites that were already good

Zach Billings of Wikimotive wrote that "roughly 99.5% of low-funnel automotive search opportunity still exists in traditional search," and that content depth, review quality and complete inventory detail predict visibility in AI answers.

Product: [DealerFire](#). Source: AutoSuccess, August 2026; Automotive News, Aug. 3, 2026.

CRM

Fix the transmission before adding horsepower

Jason and Scarlet Girdner of TECOBI argued AI bolted onto a legacy CRM is horsepower that never reaches the ground because data and handoffs are disconnected. Their cited results: Thunder Chrysler Dodge Jeep Ram worked more than 47,000 aged leads into more than 700 appointments in about six months at a show rate of about 79 percent.

Product: [DealerSocket CRM](#). Source: AutoSuccess, August 2026.

Service-to-sales is the retention lane

Skyler Chadwick of Cox Automotive said customers are more than twice as likely to buy their next vehicle from the dealership they service with, and Car Pros cited internal Kia data showing a first service visit raises retention odds by 57 percent.

Product: [DealerSocket CRM](#). Source: Automotive News, Aug. 31, 2026; Fixed Ops Magazine, Vol. 23 No. 4.

04

Opportunity Analysis · Fixed & Dealer Ops

Fixed Ops

The inspection gap is a revenue gap

Urban Science reported 65 percent of buyers who received a multipoint inspection invested in some or all recommended services, but only 34 percent received one. Lifting an OEM's bottom-performing 18 percent of dealers to the average defection rate could generate 62 more new-vehicle sales per dealer each year and more than \$2,500,000 in annual revenue.

Product: [Service Suite Inspect](#). Source: Urban Science and Harris Poll, Fixed Ops Magazine, Vol. 23 No. 4.

Capacity and convenience are the constraint

The technician math is unforgiving: about 70,000 annual openings against fewer than 42,000 technical school graduates, per TechForce Foundation. Stores that cannot add bays have to add throughput instead. CDK's Service Shopper 5.0 study put mobile-service net promoter score at 64, up 18 points.

Product: [Service Suite Shuttle on Demand and Payments](#). Source: [Automotive News](#), Aug. 3 and Aug. 31, 2026.

Dealer Ops

DMS switching is live and dealers are watching

A CEO change at CDK Global on Oct. 5, a \$630 million settlement behind it, and Lithia's five-year enterprise move to Pinewood all landed in one month. Groups evaluating alternatives are in market now.

Product: [Auto/Mate DMS](#). Source: [Automotive News](#), Aug. 31, 2026.

Rising repossessions raise the value of recovery

Manheim repossession volume rose 11 percent year over year in the first half and 36 percent versus 2019, and Toyota Financial Services loses an average of \$13,602 per repossessed vehicle. Every avoided loss is margin no front-end deal has to replace.

Products: [LoJack](#) and [GoldStar GPS](#). Source: [Automotive News](#), Aug. 10, 2026.

Recon time is a line item, not a dashboard

Euwart Anderson of Rapid Recon wrote that time-to-line benchmarks typically range from three to five days while stores often run 10 days or more, at a holding cost averaging \$75 per car per day on NCM estimates. A shop reconditioning 200 cars a month at 10 days spends \$150,000; at five days, \$75,000.

Products: [Inventory+](#) and [Titling](#). Source: [AutoSuccess](#), August 2026.

05

What to Watch Next Month

Sept. 4	Volkswagen Group's supervisory board votes on CEO Oliver Blume's 40-point turnaround plan. Management wants to double job cuts to 100,000 from 50,000.	(Automotive News , Aug. 31)
Sept. 28-30	Automotive News Congress, with CXAUTO on Sept. 28 and the Assembly Ventures Summit on Sept. 30. The Industry Leader of the Year is announced Sept. 29 in Detroit.	(Automotive News , Aug. 24 and Aug. 31)
Oct. 1	California's CARS Act takes effect. Total-price advertising, two-year record retention and a three-business-day return right on qualifying used vehicles become enforceable.	(Automotive News , Aug. 24)
Oct. 5	Sudhakar Ramakrishna becomes president and CEO of CDK Global and joins its board. Brian MacDonald shifts to strategic adviser to CDK and Brookfield Business Partners.	(Automotive News , Aug. 31)
Oct. 20	Automotive News Canada Retail Forum convenes as Canadian production sits down 15 percent in the first year of U.S. tariffs, per the Center for Automotive Research.	(Automotive News Canada , August; Automotive News , Aug. 31)
Jan. 1, 2027	Threatened 50 percent U.S. tariffs on Canadian vehicles and parts would take effect. Most experts Automotive News spoke with called the threat a negotiating tactic.	(Automotive News , Aug. 31)



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