

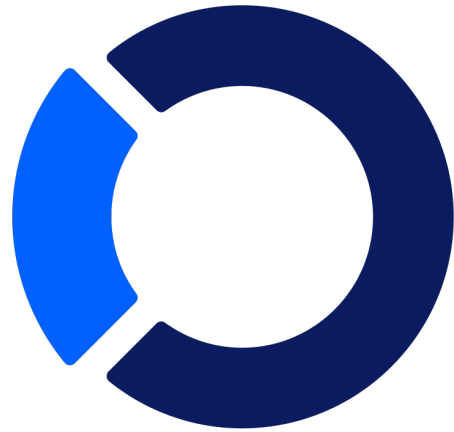


Dealership Buy/Sell Hot Topics for 2025

Thursday, January 30, 2025



GNYADA Dealer Webinars are Sponsored by:



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- Dealer Plate Renewals
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Visit www.gnyada.com/education to Register

Buy/Sell Hot Topics 2025: A Roadmap for New York Dealers

Presented by

Kevin Timson Esq., ArentFox Schiff

Charles Gallaer Esq., ArentFox Schiff



Where are we going in 2025?

- State of the Auto Dealer Market
- Factories, Consolidation and Contracts
- Q&A

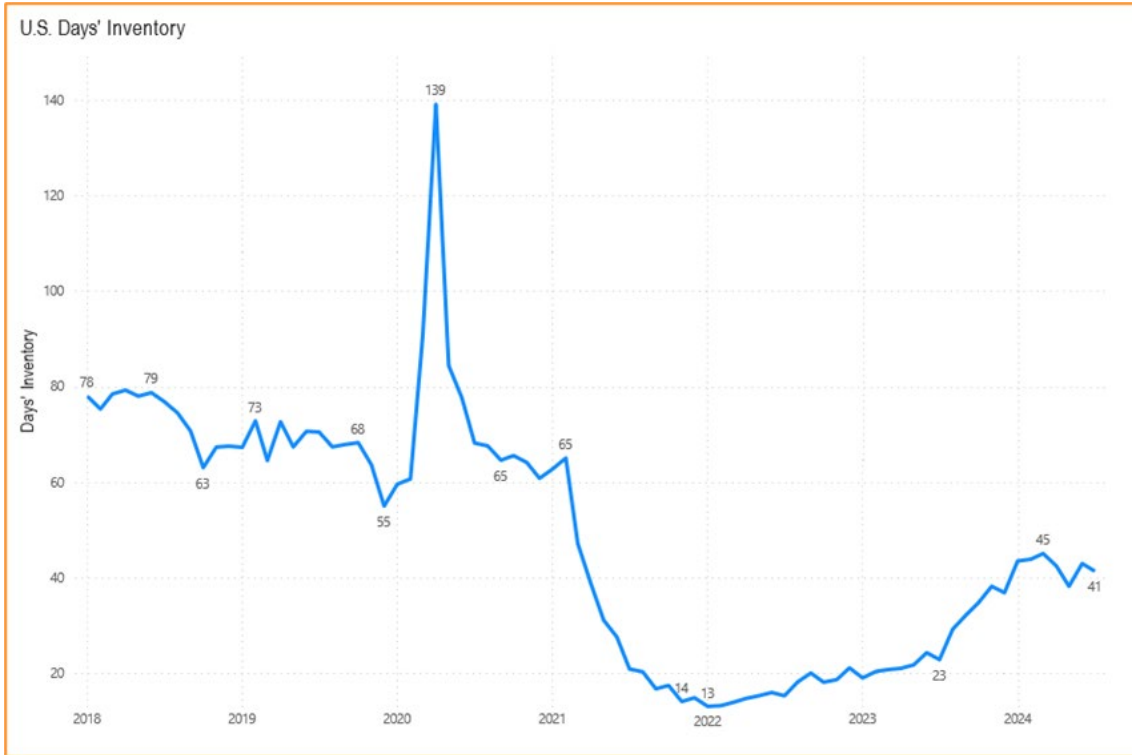


ArentFox
Schiff

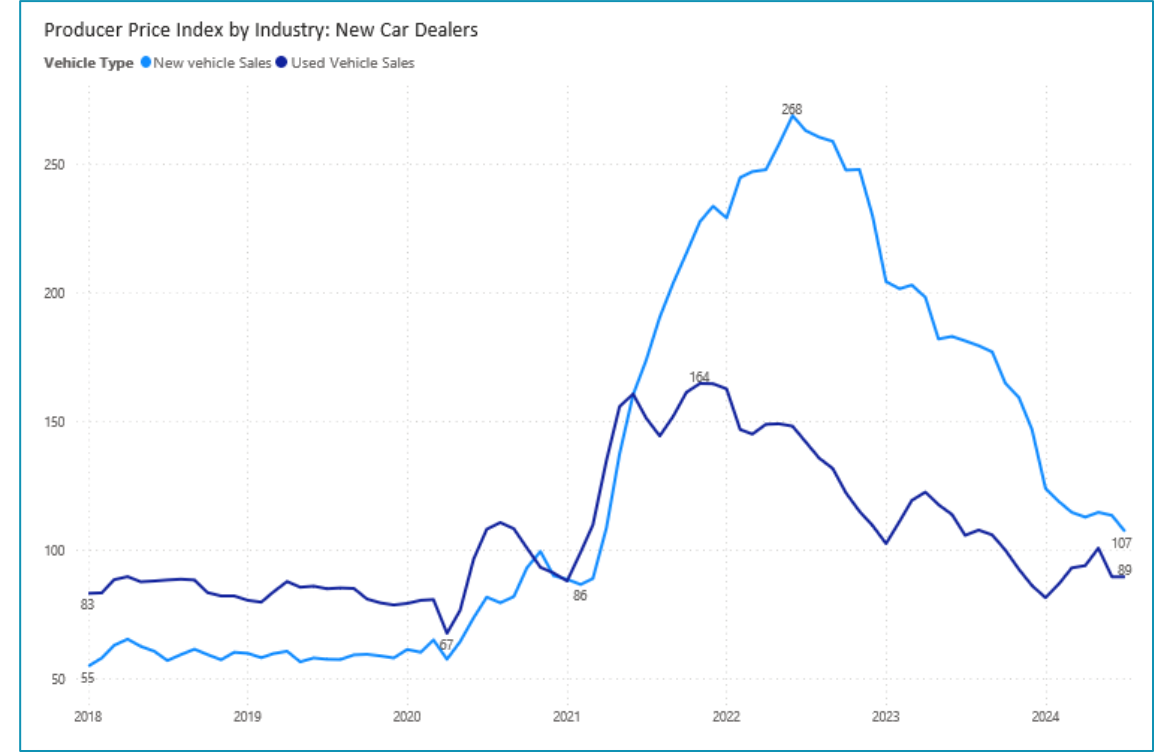
State of the Auto Dealer Market



Dealership Market 2025: It is a Buyer's Market Now



U.S. Bureau of Economic Analysis, Auto Inventory/Sales Ratio [AISRSA], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/AISRSA>, September 5, 2024.



U.S. Bureau of Labor Statistics, Producer Price Index by Industry: New Car Dealers: New Vehicle Sales [PCU441110441110101], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/PCU441110441110101>, September 5, 2024.
 U.S. Bureau of Labor Statistics, Producer Price Index by Industry: New Car Dealers: Used Vehicle Sales [PCU441110441110102], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/PCU441110441110102>, September 5, 2024.

ELECTRIC VEHICLES

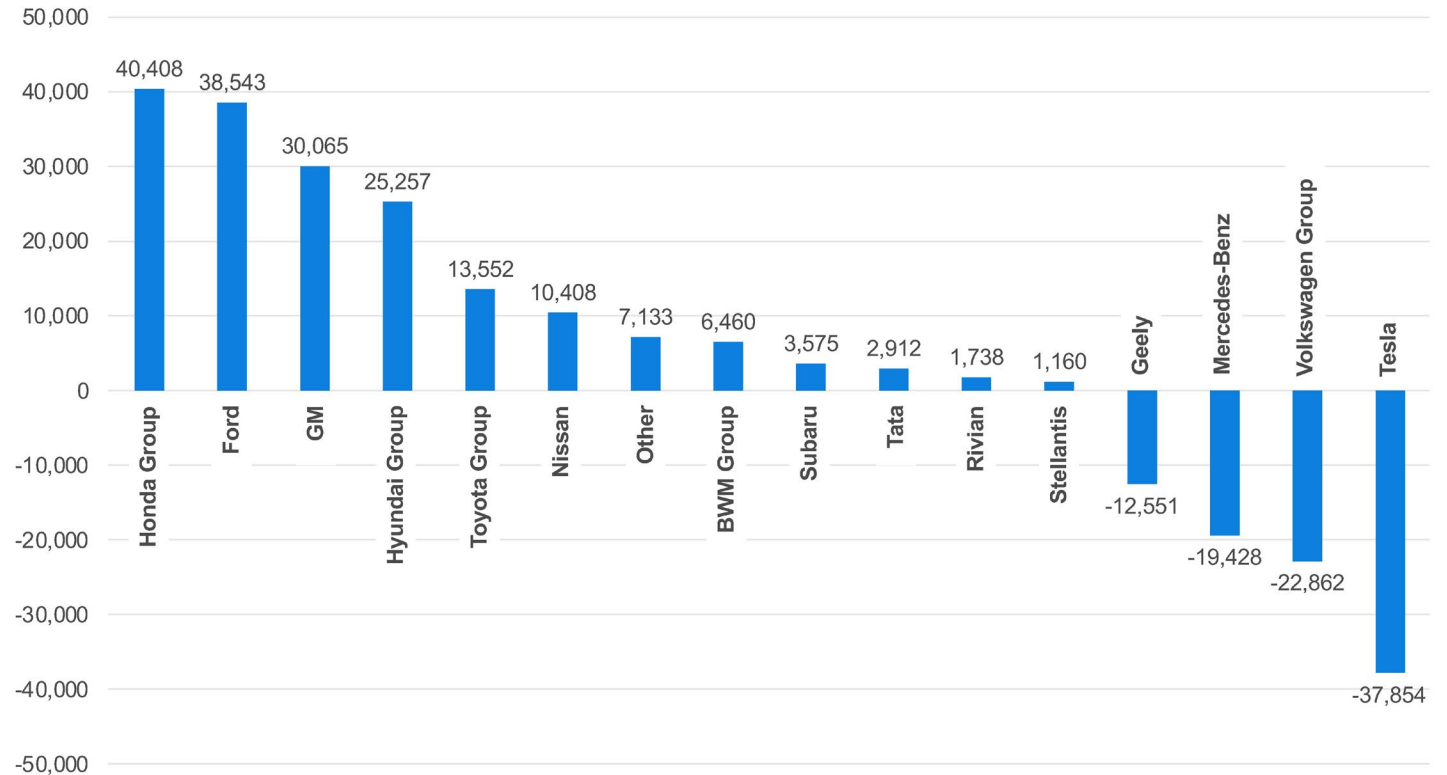
Data Point

Electric Vehicle Sales Jump Higher in Q4, Pushing U.S. Sales to a Record 1.3 Million

Monday January 13, 2025

Top 10 EV Models and Brand YOY Sales

1. Tesla Model Y
2. Tesla Model 3
3. Ford Mustang Mach-E
4. Hyundai Ioniq5
5. Tesla Cybertruck
6. Ford F-150 Lightning
7. Honda Prologue
8. Chevrolet Equinox
9. Cadillac Lyriq
10. Rivian R1S



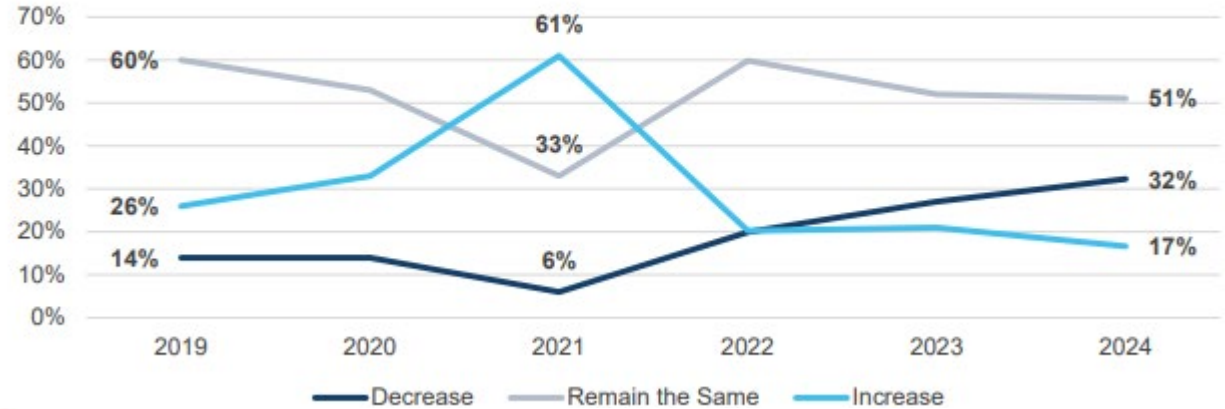
Dealership Profits: “A Tale of 3 Cities”

Most Dealerships: “Return to Normal”

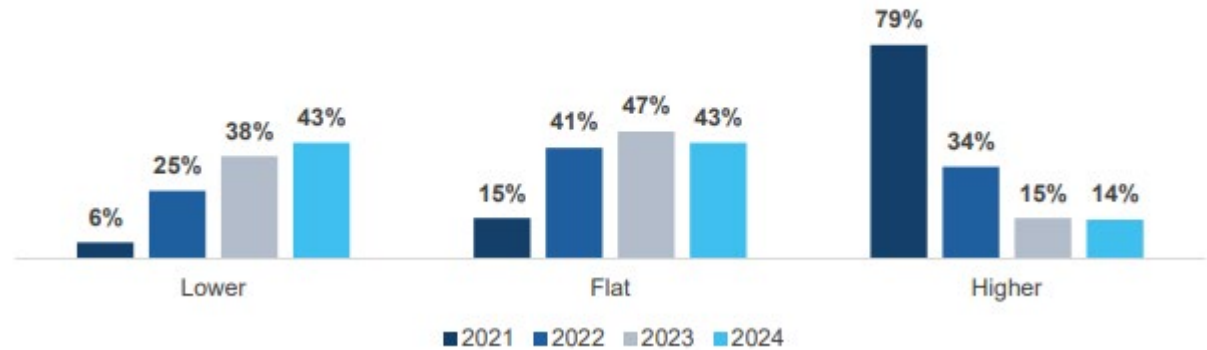
Two Other Dealership Groups Have Very Different Outlooks

- Top Performers
- Pessimists

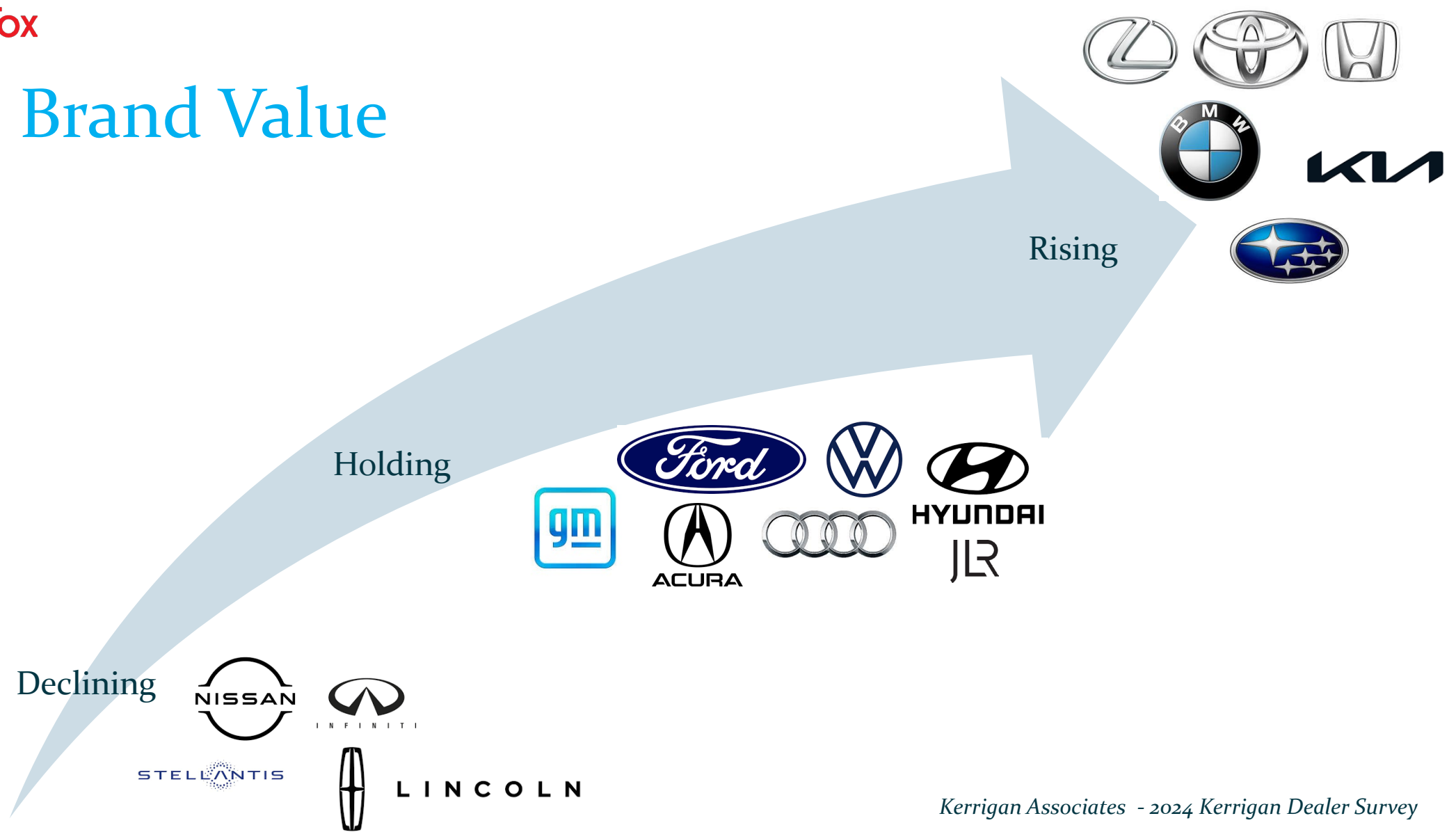
How do you expect the value of your dealership/dealership group to change in the next 12 months?



What are your profit expectations for your dealership(s) over the next 12 months?



Brand Value



Kerrigan Associates - 2024 Kerrigan Dealer Survey

Manufacturer Issues Driving Buy-Sell Terms

Candidate Quality



Sales and Service Facilities

Inventory Allocation



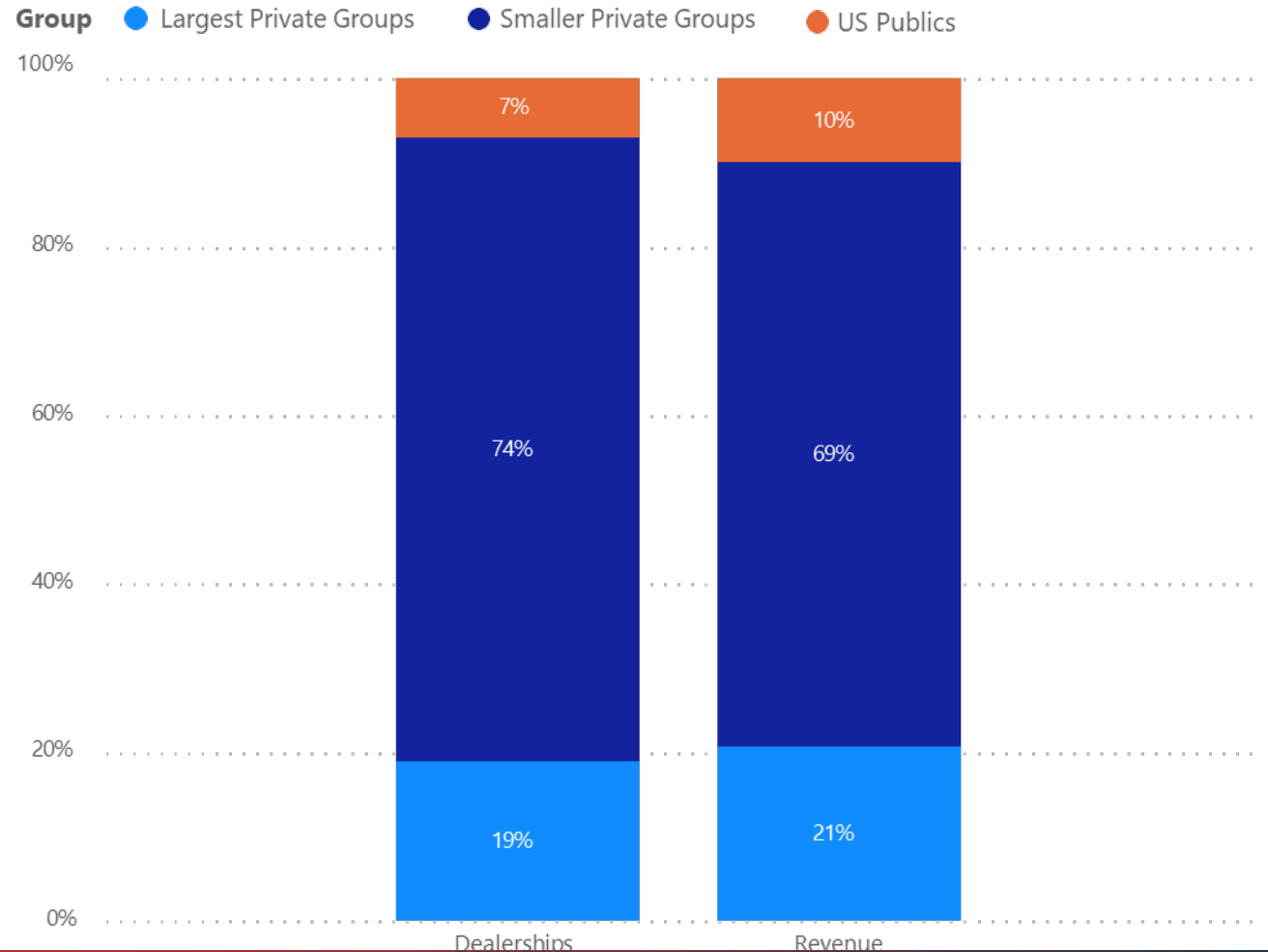
Open Points & Market Re-Alignment



Market Consolidation Factors Driving Buy-Sell Terms

Investors See More Opportunity to Consolidate Among Dealerships

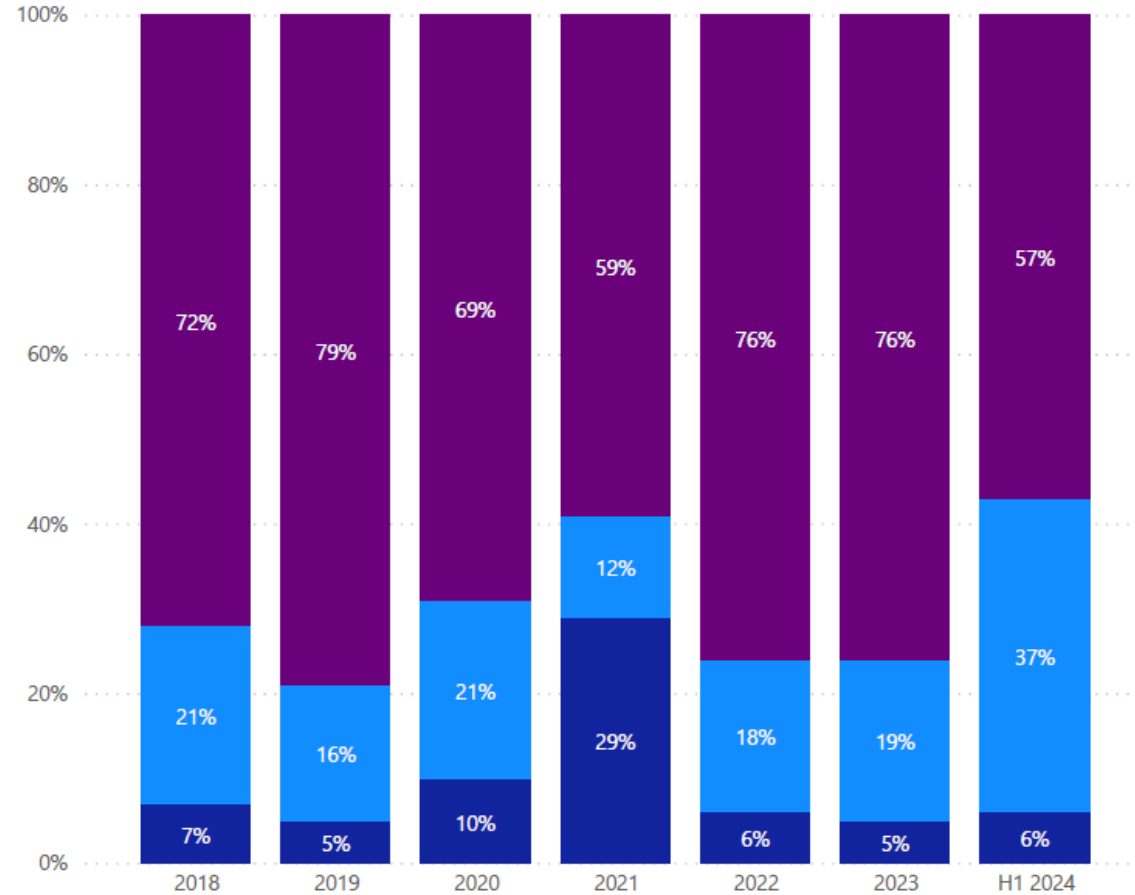
Dealership Consolidation, 2023



Buy/Sell Activity Among Larger Groups Has Increased

Buy/Sell Market Share

Group ● Smaller Private Groups ● Largest Private Groups ● US Publics



Contractual Considerations



Digital Assets:

Managing Transitions with Social Media Accounts and Domains

Addressing Facility Requirements

Official Program Rules: Hyundai Accelerate Brand Program

Updated: 03/05/2021

3. Exclusive Facility Payments.
 - a. *Description:* Dealer must enroll in the Hyundai Accelerate Brand Program and start construction within the timeline specified below. Dealer must be operating out of a facility that complies with HMA's current Facilities Usage Policy (Exclusivity).

RETURN OF THE PURCHASE PRICE HOLDBACKS!



Addressing radically different franchise agreements

Automotive News

A CRAIN FAMILY BRAND

Latest News

Data Center

Events

Awards

Digital Edition

Jobs Board

RETAIL

Hyundai dealer agreement changes could be illegal in many states



By: **Carly Schaffner** June 14, 2024 06:41 AM

The [National Automobile Dealers Association](#) has alerted [Hyundai](#) dealers of changes the manufacturer has made to their dealer sales and service agreement that might run afoul of [state franchise laws](#).

Environmental Issues: Due Diligence and Contingencies Provisions



Addressing facility support payments /margin payments

Accelerate Core Programs

Component	Current	New
Holdback Program	3.00%	2.00%
Floorplan Assistance Program	1.00%	2.00%
Marketing Co-op Program	n/a	\$125
Dealer Performance Bonus (DPB) Program	\$500/Up to 2.5% (\$700)	\$630/Up to 3.6% (\$990)
CX Earnback Program	\$400	Up to \$550
GDSI 2.0 Facility Program – Begin Construction	n/a	1.0%*
GDSI 2.0 Facility Program – Complete Construction	n/a	1.0%*
GDSI 2.0 Facility Program – Exclusivity	n/a	1.0%*
Full Bonus Potential	8.0%	12%

GENESIS KEYSTONE PROGRAM STRUCTURE

COMPONENT	FULL	ADAPTIVE	OTHER
KEYSTONE QUALIFICATION			
TRADING MARGIN	5.0%	5.0%	5.0%
FLOORPLAN ASSISTANCE	1.5%	1.5%	1.5%
FIXED MARGIN (%)	6.5%	6.5%	6.5%
RETAILER PERFORMANCE BONUS (RPB)	1.5%	1.5%	1.0%
SALES SURVEY INDEX (GBX)	0.4%	0.4%	0.4%
SERVICE SURVEY INDEX (GSX)	0.4%	0.4%	0.4%
EXCLUSIVITY			
FULL EXCLUSIVE	4.0%		
ADAPTIVE EXCLUSIVE		2.5%	
GENESIS SIGNATURE RETAILER			
FULL EXCLUSIVE	4.5%		
ADAPTIVE EXCLUSIVE		2.5%	
VARIABLE MARGIN (%)	10.8%	7.3%	1.8%
MAX MARGIN OPPORTUNITY	17.3%	13.8%	8.3%

Questions?

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