



# **F&I Products Quarterly Update: 2025 Second Quarter**



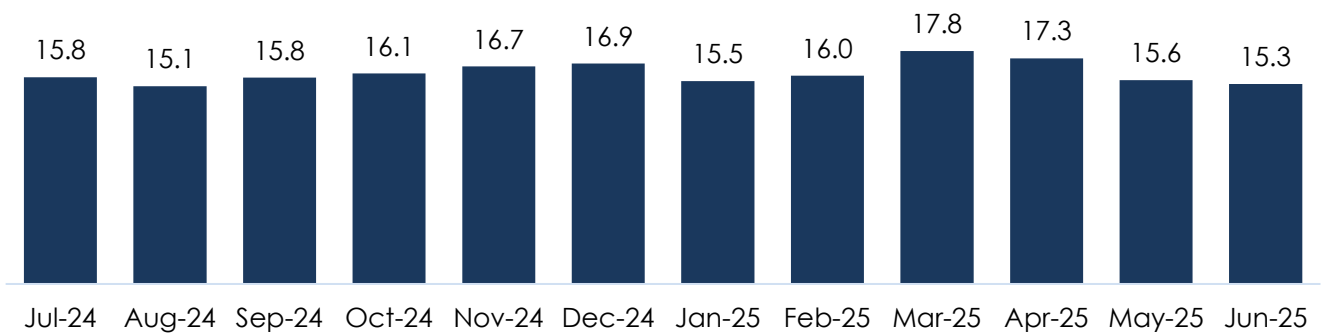
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## NEW LIGHT-VEHICLE SALES (SAAR) INCREASED IN Q2 2025, DRIVEN BY STRONG APRIL DEMAND

New light-vehicle sales (SAAR) averaged 16.1M units in Q2 2025, a 2.9% increase year-over-year. In April, the SAAR rose above 17 million as demand continued to be pulled forward ahead of expected tariff-related price increases, before easing in May and June.<sup>1</sup> OEMs are expected to increase buyer incentives if tariffs have a significant effect on prices and sales volume.<sup>2</sup>

### U.S. LIGHT VEHICLE SALES (SAAR)<sup>3</sup>

(units in millions)

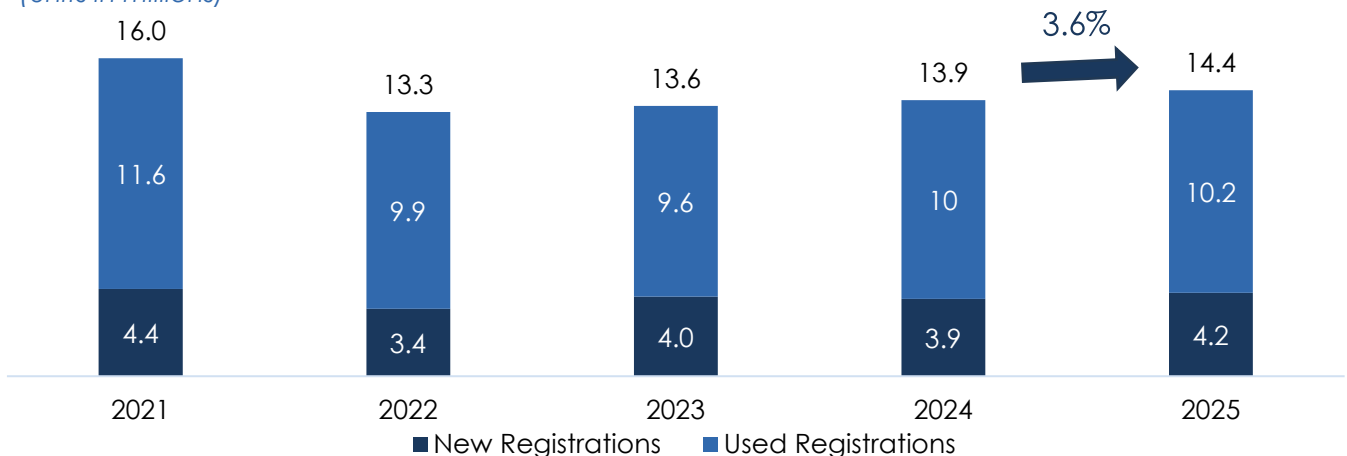


## TOTAL VEHICLE REGISTRATIONS UP 3.6% IN Q2 2025

Total vehicle registrations rose 3.6% year-over-year in the second quarter of 2025, driven primarily by a 7.7% increase in new vehicle registrations, but tempered by more modest 2.0% growth in used registrations.

### NEW AND USED LIGHT VEHICLE REGISTRATIONS<sup>4</sup>

(units in millions)



<sup>1</sup>NADA

<sup>2</sup>JM&A Group

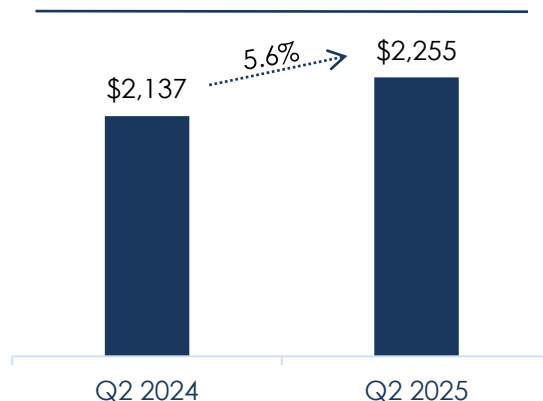
<sup>3</sup>FRED, seasonally adjusted annual rate

<sup>4</sup>Experian as of April through June of each year

## F&I PRODUCTS SOLD WITH VEHICLES PROVIDES DEALERS WITH ADDITIONAL PROFITS

Despite a slowdown in new vehicle sales toward the end of Q2, dealerships continued to add meaningful profit through F&I performance. Among the top six public dealership groups, same-store F&I profit averaged \$2,255 PVR in Q2 2025, a 5.6% y-o-y increase.<sup>1</sup> Strong penetration of protection products, particularly Vehicle Service Contracts (VSCs) and GAP coverage, reflected consumers' desire to protect against rising repair and ownership costs.<sup>2</sup>

### F&I PROFIT PER VEHICLE<sup>1</sup>

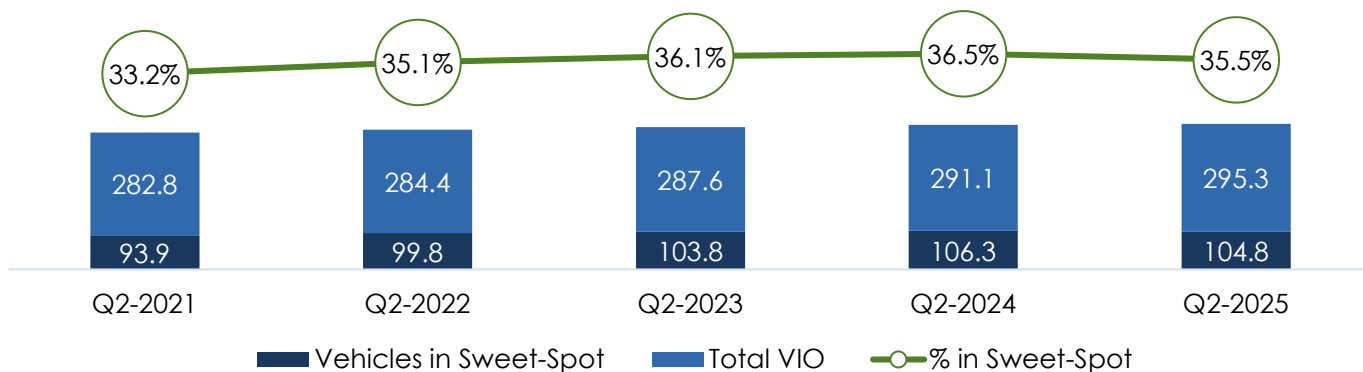


## TOTAL VEHICLES IN OPERATION (VIO) INCREASED, SWEET SPOT SHARE CONTRACTS

The F&I "sweet spot" refers to 6- to 12-year-old vehicles that have aged out of OEM warranty coverage and represent the core addressable market for F&I products. In Q2 2025, vehicles in the sweet spot accounted for 35.5% of total VIO, a slight decline from the prior year.<sup>3</sup> The ongoing decline stems largely from the pandemic-era sales disruptions in 2020, when fewer vehicles entered the market and are now aging into this range. As a result, the overall mix of vehicles in operation has shifted, reducing the relative share of the sweet spot as total VIO continues to grow.

### F&I SWEET SPOT<sup>3</sup>

(units in millions)



<sup>1</sup>Public Dealership Same Store Sales: AutoNation (NYSE: AN), Asbury Automotive Group (NYSE: ABG), Group 1 Automotive (NYSE: GPI), Lithia Motors (NYSE: LAD), Penske Automotive Group (NYSE: PAG), Sonic Automotive (NYSE: SAH)

<sup>2</sup>JM&A Group

<sup>3</sup>Experian

## RECENT M&A TRANSACTIONS IN THE F&I PRODUCTS INDUSTRY

DATE	TARGET	BUYER	CATEGORY
February 2025	DEALERPRO TRAINING	APCO HOLDINGS, LLC (Ontario Teachers Pension Plan)	F&I ADMIN
February 2025	LAWLEY AUTOMOTIVE DEALERSHIP SOLUTIONS	APCO HOLDINGS, LLC (Ontario Teachers Pension Plan)	F&I ADMIN
August 2025	TIRE SHIELD	BROWN & BROWN (NYSE: BRO)	F&I ADMIN
July 2025	INET FINANCIAL SERVICES	T&J DEALER SERVICES	F&I ADMIN
February 2025	PERMAPLATE	SPECTRUM AUTOMOTIVE HOLDINGS, LLC (HPS Investment Partners)	F&I ADMIN
July 2024	SAFE-GUARD PRODUCTS	HELLMAN & FRIEDMAN	F&I ADMIN
June 2024	RIDER'S ADVANTAGE	APCO HOLDINGS, LLC (Ontario Teachers Pension Plan)	F&I AGENCY
June 2024	CAPITAL ADMINISTRATIVE PROFESSIONALS, LLC	APCO HOLDINGS, LLC (Ontario Teachers Pension Plan)	F&I ADMIN
May 2024	<b>CRYSTAL FUSION TECHNOLOGIES</b>	APCO HOLDINGS, LLC (Ontario Teachers Pension Plan)	F&I ADMIN

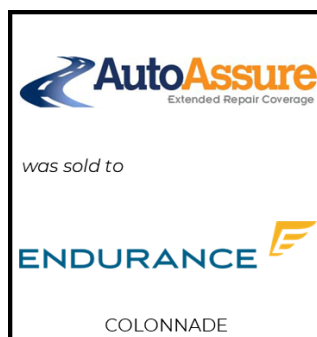
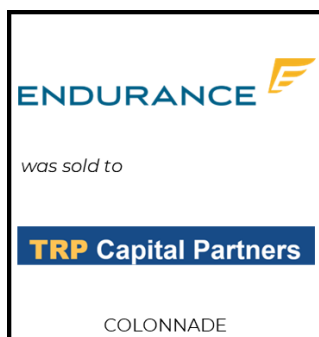
Colonnade clients in **bold**

## Q2 2025 KEY U.S. AUTOMOTIVE TRENDS AND SALES HIGHLIGHTS<sup>1</sup>

- 1 Tariffs spurred a pull-forward in demand early in Q2. Beyond vehicles costs, tariffs are expected to raise parts and repair expenses, intensifying affordability pressures and fueling consumer interest in protection products
- 2 Despite rising loan amounts and monthly payments, Loan-to-Value (LTV) ratios declined for both new and used vehicles in Q2 2025, reflecting elevated vehicle values and stronger borrower credit profiles
- 3 VSC penetration increased year-over-year and quarter-over-quarter in Q2, underscoring the growing role of F&I products in dealership profitability
- 4 Rising repair costs, higher vehicle prices, and longer ownership cycles are pushing consumers toward VSCs as a hedge against affordability risks, with dealerships increasingly positioning VSC products as essential to protecting budgets and ensuring predictable ownership costs

<sup>1</sup>Experian, JM&A Group

## COLONNADE IS A LEADING ADVISOR TO THE F&I PRODUCTS INDUSTRY





For more information on the F&I products industry, please contact:



Gina  
Cocking  
Managing Director  
312.953.2658  
gcocking@coladv.com



Jeff  
Guylay  
Managing Director  
847.452.8315  
jguylay@coladv.com



Greg  
Makoid  
Associate  
312.870.6203  
gmakoid@coladv.com



Austin  
Cambas  
Analyst  
813.454.6964  
acambas@coladv.com



Matt  
Magee  
Sr. Account Executive  
312.870.6204  
mmagee@coladv.com



Colonnade Advisors LLC • 600 Cleveland Street • Suite 272  
Clearwater, FL • 33755

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