



Built to Last

Why U.S. Automotive Repair Services Continue to Attract Investment

The U.S. automotive mechanical repair and services market is large, essential and locally delivered. Demand is supported by an aging vehicle population, high vehicle utilization and consumers' continued reliance on personal transportation. At the same time, increasing vehicle complexity and persistent technician constraints are widening the performance gap between well-capitalized, professionally managed operators and businesses that have not invested sufficiently in people, systems and equipment.

For investors, these dynamics are creating opportunities to build scaled platforms in a highly fragmented market. For owners, however, the implications are more nuanced: location count alone does not create institutional value. Buyers increasingly differentiate businesses based on organic growth, management depth, technician stability, financial reporting, geographic density and the ability to integrate acquisitions without compromising customer experience.

Key takeaways

Aftermarket demand remains durable. The average U.S. light vehicle reached 12.8 years in 2025, while vehicles in operation increased to approximately 289 million ¹.

The broader light-duty aftermarket continues to grow. Auto Care Association and MEMA forecast 5.2% growth in 2026 and a market exceeding \$500 billion by 2029 ²; that definition includes non-warranty parts, fluids and service labor and is therefore broader than mechanical repair services alone.

Independent service formats remain highly relevant. Cox Automotive's 2025 Service Industry Study found general repair shops represented 27% of service visits, quick lube 14%, tire stores 10% and dealerships 29% ³.

Fragmentation creates consolidation opportunity—but scale alone is insufficient. Buyers increasingly underwrite same-store performance, technician stability, management depth, location-level data and integration discipline.

Valuation dispersion can be significant. As operators scale, valuation increasingly reflects normalized EBITDA, earnings quality, management infrastructure and scarcity value rather than simply store count.

¹ S&P Global Mobility — U.S. vehicle age and vehicles-in-operation data, May 2025

² Auto Care Association and MEMA Aftermarket Suppliers — U.S. light-duty aftermarket outlook, June 2026

³ Cox Automotive — 2025 Service Industry Study

Structural demand drivers remain favorable

Several long-term trends continue to support demand for automotive repair and maintenance services.

01 - An aging vehicle population

S&P Global Mobility reported that the average age of U.S. light vehicles reached **12.8 years in 2025**, including 14.5 years for passenger cars and 11.9 years for light trucks ⁴. The U.S. vehicle population reached approximately **289 million vehicles**.

Vehicle age is particularly important for the independent aftermarket. As vehicles move beyond manufacturer warranty periods, owners generally assume greater responsibility for repair costs and have more flexibility in selecting service providers. High-volume vehicle-registration cohorts from 2015 through 2019 are increasingly entering this post-warranty period, expanding the addressable population for independent repair operators.

Older vehicles also tend to require more frequent and higher-value repairs as components wear and maintenance requirements increase.

3 - Vehicle affordability is extending ownership periods

Elevated new- and used-vehicle prices, financing costs and insurance expenses have increased the economic incentive for many consumers to maintain existing vehicles rather than replace them.

Some of these affordability pressures are cyclical. However, the vehicles retained during this period will remain part of the installed base for years, supporting future maintenance and repair requirements.

For repair operators, this dynamic can be particularly favorable when the cost of a repair remains substantially below the economic cost of replacing the vehicle.

02 - Vehicle utilization remains high

Americans continue to rely heavily on personal vehicles. The twelve-month total through July 2026 reached approximately **3.3 trillion vehicle-miles traveled** ⁵, supporting recurring wear-related maintenance and repair demand.

Miles driven can fluctuate with employment, fuel prices and broader economic conditions, but the scale of U.S. vehicle utilization provides a substantial recurring demand base for repair operators.



⁴S&P Global Mobility — U.S. vehicle age and vehicles-in-operation data, May 2025

⁵Federal Highway Administration — U.S. vehicle-miles-traveled data through July 2026

4 - Independent service providers remain competitive

Independent repair operators compete with dealership service departments on convenience, price perception, trust, location and customer experience.

Cox Automotive's 2025 Service Industry Study found that general repair represented **27% of U.S. service visits**, compared with **29% for dealerships**, while quick-lube operators represented 14% and tire stores 10%.

The study also found general repair shops to be the preferred service provider for 33% of respondents compared with 31% for dealerships⁶

These findings reinforce the importance of the independent aftermarket as vehicles age and consumers increasingly evaluate service providers based on convenience, transparency and value.

5 - Vehicle complexity is raising the operating bar

Modern vehicles increasingly incorporate advanced driver-assistance systems, software, electronics, sensors, hybrid powertrains and high-voltage components.

This complexity creates both opportunity and risk.

Operators that invest in diagnostic equipment, technician training, calibration capabilities and modern shop-management systems may be positioned to capture a greater share of increasingly sophisticated repair work.

Conversely, businesses that fail to make these investments may find portions of the vehicle population increasingly difficult to service.

The transition toward hybrid and battery-electric vehicles will also affect service mix over time. Certain internal-combustion maintenance categories may decline, while demand for tires, suspension, brakes, electronics, diagnostics, thermal management and other vehicle systems should remain relevant.



⁶ Cox Automotive — 2025 Service Industry Study

Why investors continue to focus on automotive repair

Automotive repair combines several characteristics that can be attractive to financial and strategic buyers.

Recurring and often non-discretionary demand



Consumers can defer certain maintenance items, but many repairs ultimately become necessary to keep a vehicle safe and operational. This can provide greater demand resilience than more discretionary automotive services.

Attractive cash-conversion characteristics



Retail customers generally pay at the time service is completed, limiting receivables relative to many business-to-business service models. Maintenance capital requirements can also be manageable for well-maintained facilities.

Significant fragmentation



The market remains highly fragmented across thousands of independent operators. This creates opportunities for scaled platforms to acquire local businesses and build regional density.

Purchasing leverage



Larger operators may obtain improved purchasing economics across tires, parts, lubricants, equipment and other consumables.

Centralized customer acquisition



Digital marketing, CRM systems, online scheduling, service reminders and centralized call centers can improve customer acquisition and retention while reducing reliance on individual store managers.

Pricing and labor optimization



Sophisticated operators can use location-level data to manage labor rates, technician productivity, service mix, discounting and parts margins more consistently.

Technician recruiting and retention



Scale can support dedicated recruiting, training, career development and benefits programs—an increasingly important advantage in a technician-constrained market.

Powertrain and Technology Resilience



Many repair categories remain relevant despite the adoption of EVs and autonomous-driving technologies, as a substantial portion of automotive repair demand remains largely powertrain and technology agnostic.

Geographic density



Density can improve brand awareness, management supervision, technician deployment, local marketing and fleet-service capabilities.

Shared technology and data



Modern shop-management systems can provide visibility into car count, average repair order, billed hours, technician productivity, margins, customer retention and other operating metrics across locations.

Valuation: scale matters, but earnings quality matters more

Automotive repair businesses can trade across a wide range of valuations. Store count is an imperfect proxy for EBITDA scale, management depth, geographic diversification and institutional readiness.

As businesses develop from smaller multi-location groups into scaled regional and multi-region platforms, valuation methodology generally shifts toward normalized adjusted EBITDA, and buyers place increasing weight on the durability and transferability of earnings.

Indicative valuation framework

Operator profile	Indicative valuation framework. ⁷	Key considerations
Fewer than five stores	Approximately 4.0x–6.0x normalized EBITDA	Owner dependence, management infrastructure, location concentration, financial-reporting quality and transferability can materially affect value.
Regional platform (approximately 10 stores)	Approximately 6.0x–10.0x normalized EBITDA	Buyers increasingly focus on scalable infrastructure, organic growth, acquisition integration, location-level reporting and a credible expansion pipeline.
Institutional-quality multi-region platform	Approximately 10x to high-teens normalized EBITDA	Premium valuations may be supported by significant scale, attractive organic growth, geographic density, strong margins, professional management, sophisticated systems, demonstrated M&A integration and scarcity value.

At the institutional end of the market, high-quality multi-region platforms can command **approximately 10x to high-teens EBITDA multiples**, reflecting scale, scarcity, organic growth, management infrastructure and strategic value.



⁷ EBITDA multiple ranges are based on KPMG Corporate Finance market observations rather than disclosed transaction data

What separates premium assets?

Buyers generally pay premium valuations when they have confidence that earnings are sustainable, transferable and scalable.

Premium-supporting attribute	Why buyers care	Potential red flag
Consistent same-store sales, car count and billed-hour growth	Demonstrates organic health	Acquisition growth masking weak underlying locations
Clean, supportable adjusted EBITDA	Protects the valuation denominator	Aggressive or undocumented add-backs
Stable technicians and store managers	Supports capacity and transferability	Owner dependence, turnover and vacancies
Attractive repair/service mix and average repair order	Supports margins and cash generation	Excessive dependence on lower-margin commodity services
Location-level reporting and modern shop systems	Enables benchmarking and integration	Manual books, inconsistent pricing or weak controls
Demonstrated acquisition integration capability	Supports confidence in future M&A	Failed integrations or inconsistent operating models
Credible greenfield and acquisition pipeline	Supports future growth	Aspirational pipeline without supporting evidence



Transaction readiness can materially affect outcomes

Owners considering a transaction within the next one to three years can improve strategic flexibility by addressing potential diligence issues before entering a process.



Build management depth

A business that depends heavily on its owner for customer relationships, pricing, technician management or daily operations can be difficult to transfer.

Developing capable regional, operational and financial leadership can reduce perceived transition risk.

Improve location-level reporting

Buyers increasingly expect visibility into revenue, gross margin, labor productivity, car count, average repair order and EBITDA by location.

Consistent reporting also allows owners to identify underperforming stores before buyers do.

Demonstrate organic growth

Acquisition activity should not substitute for evidence of healthy underlying operations.

Owners should be prepared to demonstrate same-store sales, car count, billed hours, pricing and margin trends over multiple periods.

Document adjusted EBITDA

Adjustments should be identifiable, recurring or non-recurring as appropriate, and supported by documentation.

Aggressive or poorly supported adjustments can undermine buyer confidence and create valuation disputes.

Address leases and real estate early

Owners should understand lease terms, renewal options, change-of-control provisions, related-party arrangements and market rent.

Owned real estate should be evaluated separately from the operating business.

Retain technicians

Technician turnover, vacancies and productivity should be tracked systematically. Retention programs implemented shortly before a sale are less persuasive than a demonstrated history of workforce stability.

Standardize operations

Consistent pricing, inspections, purchasing, inventory controls, customer-service practices and shop-management systems can make a multi-location business easier to diligence and integrate.

Prepare for quality of earnings

An early quality-of-earnings review can identify accounting, working-capital and EBITDA issues before buyers control the timetable.

Legal, environmental, employment, licensing, cybersecurity and tax matters should similarly be addressed in advance.



The road ahead

The fundamental investment thesis for U.S. automotive repair remains compelling: an aging vehicle population, high vehicle utilization, recurring maintenance requirements and a fragmented provider base continue to support demand and consolidation.

But the market is becoming more sophisticated.

Buyers increasingly distinguish between **collections of locations and repeatable operating platforms**. Scale can create purchasing leverage, marketing efficiency and management infrastructure, but it does not compensate indefinitely for weak same-store performance, technician instability, poor reporting or unsuccessful integration.

For owners, that distinction is important. Businesses that invest early in management depth, technician retention, location-level reporting, organic-growth evidence and transaction readiness should be better positioned to evaluate strategic alternatives from a position of strength.



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