



Aftermarket Warehouse Distributors: Market Overview

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Continued growth is expected in the Aftermarket Wholesale & Distribution Sector

Market drivers

01

The **number of motor vehicle registrations** is expected to increase from 291.7 million to 306.1 million from 2024-29, propelling industry growth

02

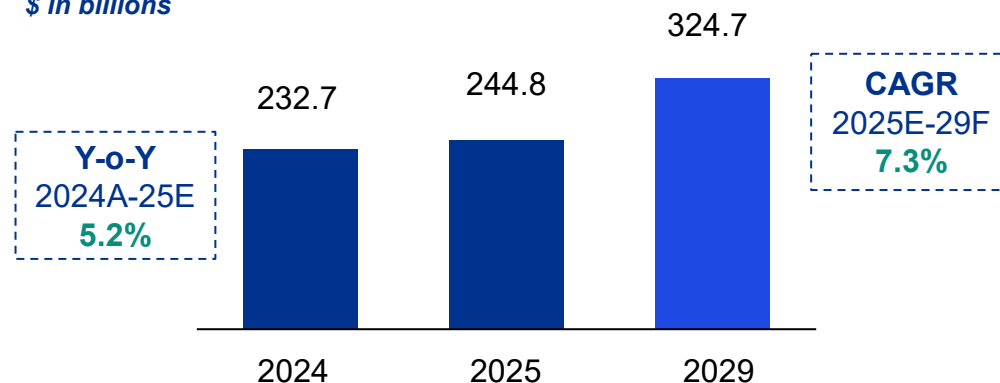
Rising **average age of vehicles**, from 12.1 years in 2021 to 12.6 years in 2024, and reaching 15.4 years by 2030, is enhancing demand for aftermarket parts

03

Elevated prices of new and used vehicles result in consumers keeping and maintaining vehicles longer instead of replacing them. The average price of new cars increased from roughly \$38k in 2020 to nearly \$50k in 2024

Global aftermarket wholesale and distribution industry size

\$ in billions



Industry players are integrating advanced technologies to optimize operations and logistics, while also adapting to new supply chain models

Supply Chain Trends



Just-in-Time (JIT) vs Just-in-Case (JIC) supply chain model transition

- **Before COVID-19, warehouse distributors favored JIT** to reduce inventory and storage costs, but as the pandemic exposed supply-chain vulnerabilities, **the focus shifted to JIC** models with **surplus inventory** allowing for flexible supply chains
- As the pandemic effects recede, some companies may **revert to JIT** but will need to **balance cost-efficiency** against supply disruptions

Co-warehousing

Companies are increasingly **sharing warehouse space and resources to reduce costs**, improve operational flexibility, and expand access to warehousing options

Operational sustainability

There is a rising focus on achieving sustainability by **reducing energy use / carbon footprint** and **automating operations**, aligning with green initiatives

Technology integration



Warehouse automation

Companies are **leveraging automated guided vehicles and robots** to handle tasks such as selecting, packaging, and palletizing, thereby maximizing space utilization and reducing human error

- **Nov 2024: LKQ** opened a **new, fully automated logistics center** in Bielefeld, Germany, enhancing its distribution network across the region. The center features the AutoStore system that **leverages robots** for efficient item processing

Warehouse Management Systems (WMS)

WMS integrated with IoT and AI enables total control over logistics, order processing, and inventory management, optimizing warehouse performance

- **Sep 2024: Advance Auto Parts** overhauled its supply chain by implementing a **single warehouse management system across 14 distribution centers** in the US

AI and machine learning

The integration of **AI/ML technologies** enables **advanced inventory management, demand forecasting, and warehouse layout planning** by identifying trends via data analysis



We have a handful [AI tools] that are underway...for example, within our demand planning...Predictive analytics has now gotten much more sophisticated in its algorithms. And so we continue to deploy that sort of artificial intelligence to make us a better company."

– Eric Philip Sills, CEO, Standard Motor Products, Earnings Call, Feb 2025



Automotive aftermarket industry faces challenges including high input costs, labor shortages, and supply chain disruptions

Challenges facing aftermarket warehouse distribution



- **Rising input costs:** Volatility in input costs such as raw materials, fuel, and labor is driving up operational costs, leading to pricing pressure. Additionally, potential tariffs could further escalate parts costs, impacting the aftermarket distribution industry
- **Strict regulations:** The implementation of state and federal regulations, such as California's Assembly Bill 98 in Sep 2024, may prompt the relocation of warehouses and related truck traffic
- **Surge in EV demand impacting ICE parts aftermarket:** Although EVs have fewer moving parts, companies focused on ICE vehicles may need to **diversify their portfolios** and **develop expertise** in handling high-value EV parts
- **Supply chain disruptions:** Disruptions in global supply chain causing higher lead times and costs, have impacted the ability of companies to procure aftermarket parts economically

“I think the **disruption in the global supply chain** created new awareness for where we had opportunities...making sure that we were partnering with the right folks to get us inventory and overcome some of the challenges that everyone were facing...” – William P. Stengel, CEO, GPC, Earnings Call, Sep 2024



- **Rise of e-commerce:** Consumer shift towards **e-commerce vs. retail sales** is prompting companies to focus on enhancing their e-commerce capabilities
- **Labor shortage and workforce skill gap:** Labor shortages and workforce skill gaps for new technologies impact aftermarket distributors' ability to adapt to changing market dynamics

“It's clear that the recruitment landscape is shifting under our feet. Businesses must rethink their strategies to avoid falling behind. For **businesses across the aftermarket**, this growing **recruitment gap** is not something that can be ignored. It needs proactive, strategic solutions to future-proof operations.” - James Mackay, Sales Director, Autotech Recruit, Feb 2025



B2C disrupting the automobile aftermarket



The US e-commerce automotive aftermarket is set for growth fueled by technological innovation and strategic acquisitions

- As of 2023, the US automotive e-commerce market size was **US\$55.6 bn^(a)**, and is projected to grow to US\$186.0 bn by 2034, a **CAGR of 11.6%**
- Online platforms are investing in new technologies and seamless fulfillment options to enhance customer experience
- eBay's acquisition of **Caramel** will drive growth and synergies in the automotive segment, especially for collectible cars

Amazon and eBay have secured a significant portion of the automotive aftermarket e-commerce market

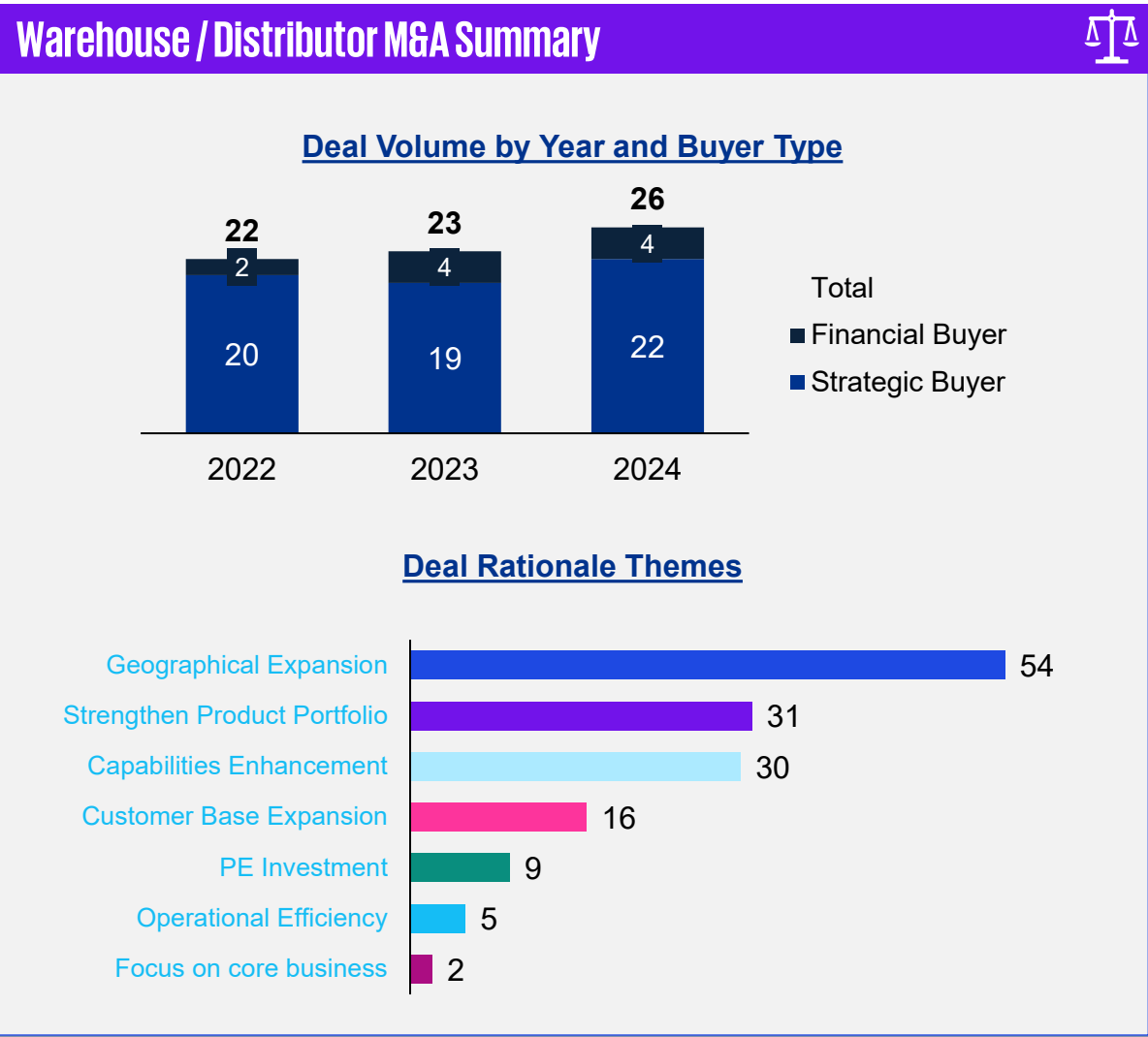
- In 2024, Amazon and eBay combined accounted for **36% of total sales^(b)** in the automotive aftermarket e-commerce space
- In Q4 2023, **Amazon's share of consumer spending on car parts^(c) was 12%**
- eBay has **700 million live listings** for parts and accessories globally and the site's gross merchandise value has grown approximately 5% over last two years

Amazon and eBay have disrupted traditional offline distributors

- Amazon and eBay have leveraged their **strong logistics networks, brand presence and extensive marketplaces** to compete in the auto parts market
- eBay's detailed fitment data on auto parts listings has driven **double-digit conversion** growth and increased platform trust
- Both invest in customer support, augmented reality, and logistics improvements and benefit from the **DIY culture, competitive pricing, and online product information availability**

Notes: (a) E-Commerce Automotive Aftermarket Size report published by Precedence Research in Jul 2024; (b) AlphaSense as of 17th Mar 2025; (c) Includes car parts from retailers and e-commerce merchants
Sources: Analyst reports; News articles; Refinitiv

M&A activity in the Warehouse / Distributor Sector is expected to further accelerate in coming years



Sector Commentary



In recent years, transaction activity within the warehouse / distributor sector has been robust, fueled both by strategic consolidation as well as private equity investment

- M&A continues to be a key strategy for industry players to expand **their regional / global presence**, coupled with strengthening their **product portfolio**
- Companies are also utilizing M&A to enhance their operational capabilities in the areas of **supply chain management, e-commerce capabilities, and order fulfillment**
- Many **private equity** firms have strategically focused their investments on the **non-discretionary** segment of the aftermarket distributor industry, which includes essential components such as brakes, tires, batteries, and other “break-fix” replacement parts

In **2025 and beyond**, further consolidation in the parts distribution sector is anticipated. The industry remains highly fragmented, and should experience a **surge in acquiror interest** as adjacent automotive sectors such as collision, tire service, and car wash become more and more concentrated

 “In M&A, we will see Tier 1 suppliers acquire other suppliers and distributors of auto parts acquire others within their region and globally to become international players. Private equity firms are...focusing on distributors and intermediaries due to their **stable cash flows, consolidation potential and operational improvement opportunities**.” – Forbes, Apr 24, 2025 

 “What we like about Worldpac is it's just the professional market, the repair shops, and the **trend longer term is for that market to grow and the economic resiliency makes it an attractive part of the industry**”– Wes Bieligk, Partner at Carlyle (Industrials), Nov 2024 

Notes: Excludes private placements, share buybacks, and spin-offs
Sources: Capital IQ; Third-party sources

Select Transaction History

Closed Date	Target Company	Buyer	Target description	Deal rationale (for Buyer)	Deal value, US\$ mn	Transaction multiple
Apr-25	Integrated Supply Network, LLC	National Oak Distributors, Inc.	Automotive tools, equipment, and supplies distributor	Combine product portfolios and distribution networks to enhance capabilities and expand market reach	NA	NA
Apr-25	Wheeler Fleet Solutions, Co.	OEP Capital Advisors, L.P.	Distributor of automotive engineering products and parts	Enhance operational performance, expand product capabilities, and extend geographic reach	230.0	NA
Dec-24	Paint Works	Automotive Color & Supply Corp.	Distributor of automotive and industrial paint and supply products	Expand reach and customer service capabilities across north Texas, east Texas, south Arkansas and north Louisiana	NA	NA
Dec-24	Fleet Services	Commercial Truck And Trailer Parts Inc	Regional distributor of heavy-duty parts and service provider	Expand physical footprint, enhance service, and accelerate local deliveries in Southern California	NA	NA
Dec-24	Shawnee Paints	Wesco Group LLC	Distributor of automotive paint and supplies in Oklahoma	Strengthen market presence in Oklahoma	NA	NA
Nov-24	Worldpac Inc.	The Carlyle Group Inc	Distributor of quality aftermarket automotive parts	Simplify organizational structure, and increase focus on blended box business, while utilizing net proceeds to invest in the business	1,500.0	EV / Revenue: 0.7x; EV / EBITDA: 15.0x
Oct-24	City Auto Supply LLC	NexaMotion Group, LLC	Distributor of automotive parts and supplies for the public and auto repair industry	Part of continued strategy to serve repair customers effectively	NA	NA
Oct-24	Landon Auto Parts	Auto-Wares Group of Companies	Provider of automotive parts and service in Northern Michigan	Expand presence in northern Michigan, coupled with enhancing inventory capacity	NA	NA
Oct-24	Chicago Parts & Sound, LLC	HCI Equity Partners	Warehouse distributor of automotive aftermarket parts and accessories	Enhance market presence in Midwest and strengthen its product offerings	NA	NA
Oct-24	Marco Supply, Inc.	NexaMotion Group, LLC	Distributor of quality OE, foreign, and domestic car parts	Expand geographical presence in north Texas	NA	NA
Sep-24	K & W Tire Company, Inc.	K&M Tire, Inc.	Distributor of diverse passenger, truck, agricultural, industrial, and specialty tires	Expand distribution footprint within the Northeast market	NA	NA
Apr-24	Frank's Supply Co., Inc.	Meyer Distributing, Inc.	Regional distributor serving Texas, Oklahoma, Louisiana, and New Mexico	Expand market presence in the southern states	NA	NA
Mar-24	Wheelco	FleetPride, Inc.	Distributor of heavy-duty truck and trailer parts	Expand retail locations, service centers, and distribution; enhances OEM capabilities	NA	NA
Jan-24	K W Automotive Inc.	Continental Auto Parts, LLC	Wholesaler and distributor of automotive aftermarket collision parts to multi-shop operators and independent collision shops	Expand market presence in Texas, Louisiana, and Oklahoma	NA	NA
Dec-23	Carolinas Auto Supply House	KSI Auto Parts	Distributor of automotive and aftermarket parts	Increase market presence in the Carolinas	NA	NA
Oct-23	Berrodin Parts Warehouse	Fisher Auto Parts	Full-line distributor of automotive aftermarket parts	Strengthen market presence in southeastern Pennsylvania and northern Delaware	NA	NA
Aug-23	Wesco Group LLC	BDT & MSD Partners, LLC	Distributor of paints, equipment, and tools for the automotive refinish market	Viewed as long-term growth opportunity in attractive sector, and features broad customer base and industry-leading capabilities	NA	NA
Aug-23	Uni-Select Inc.	LKQ Corporation	Canadian-based automotive refinish and aftermarket parts distributor	Strengthen its paint and mechanical parts distribution network and enhance its presence in North America	2,166.7	EV / Revenue: 1.2x; EV / EBITDA: 13.6x

Notes: Excludes private placements, share buybacks, and spin-offs
Sources: Capital IQ; Third-party sources



KPMG's Firmwide Dedication to the Automotive Aftermarket

Global Coverage. Industry Knowledge. Middle-Market Focus.

KPMG has closed approximately 100 automotive components and retail transactions over the last five years, at times under challenging circumstances and often involving counterparties from around the globe. We have the resources, experience, and stamina to bring every transaction to a successful conclusion.

Automotive Aftermarket Coverage:

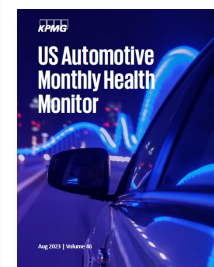


How KPMG Can Help

KPMG is a recognized leader in identifying and understanding critical trends in the automotive sector, including mobility, autonomy, and electrification. We have helped leading companies in the industry both plan and execute to capitalize on these trends.

Our data-driven approach allows us to quantify the impacts of trends across the value chain on automakers, dealers, suppliers, and others so they can identify and prioritize emerging opportunities. We then assist clients in developing roadmaps to pursue these opportunities

Thought Leadership



For aftermarket warehouse distributor companies and investors, we offer the following services*:

- **M&A advisory and capital raising**
- **Carve-out, separation, and transition services advisory**
- **Buy-side and sell-side diligence for investments in the sector**
- **Revenue and cost synergy opportunity assessment**
- **Performance improvement**

** Includes services performed by KPMG LLP Professionals*

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