Penske Automotive Group (PAG): Q1 2026 Pre-Earnings Channel Check

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MarketCheck Investment Funds Practice

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Data Scope Notice

This report reflects MarketCheck data on North American retail vehicle transactions (new and used). It does not capture After-Sales (service, parts, collision), Finance & Insurance (F&I) products, Penske International (UK/Europe, approximately 35% of group revenue), Premier Truck Group commercial truck retail, Penske Transportation Solutions (PTS equity income), or wholesale/auction transactions. Treat this report as one tile in the investment mosaic alongside financial data that covers those excluded dimensions.

PART 1 — EXECUTIVE SUMMARY

North American Vehicle Transaction Signal **NEUTRAL** **Confidence: MEDIUM**

Bullish lenses (sold DOM contraction on new, EV used DOM contraction, M&A scale tailwind) are roughly balanced against bearish lenses (same-store used decline approximately −6%, used DOM expansion, new EV volume collapse, premium luxury active DOM aging). Confidence capped at Medium per methodology — API aggregate sold-volume QC (Call A) was deferred.

Aftersales Scope Notice

This channel check covers US vehicle transaction signals only. Parts and service (aftersales) typically represents 40–50% of franchise dealer gross profit and is not observable in MarketCheck vehicle transaction data. Strong or weak aftersales performance can independently move the overall earnings result by one signal tier relative to the vehicle-only composite signal above.

Signal rationale

Same-store new units grew approximately **+4% YoY** and same-store used units declined approximately **−6% YoY** (observed, zip-code same-store approximation across 67 shared zips of 76 R / 72 R-4). Same-store new is flattered by Longo Toyota/Lexus volume in El Monte CA (zip 91731 went from 192 units in Q1 2025 to 5,394 units in Q1 2026; Longo zips are in the same-store intersection because PAG had a small Q1 2025 footprint there); ex-Longo, same-store new trends are mid-to-high-single-digit negative — consistent with management's Q4 2025 same-store new decline of −8% globally and −6% U.S.

Sold Days on Market (DOM) contracted on new (53.1d in R vs 57.9d in R-4) but expanded on used (42.0d vs 38.4d) — a polarization read; with API Days Supply at 59.5d new and 43.0d used, both inside healthy franchise ranges. Confidence capped at Medium per methodology — API QC reconciliation deferred (response size); see Section 12.

Revenue and volume nowcast

Source: Compass NAm Sales 2025/2026 parquet files. Same-store = zip-code intersection across R and R-4 (67 shared zips of 76 R / 72 R-4); zip-code same-store approximation — not a certified same-store comp.

Top-line trajectory: combined revenue **$3.40B (R) tracks +4.6% YoY** (all-store) on essentially flat units (−0.1%), reflecting price/mix tailwinds. New units +3.8% all-store / approximately +4% same-store; used units −5.1% all-store / approximately −6% same-store. Acquired stores (9 zips across FL, NJ, TX, GA, CT, UT) contributed 1,031 new and 1,469 used units in Q1 2026 with no prior-year baseline; divested stores (5 zips, predominantly Connecticut) generated 1,066 new and 1,167 used units in Q1 2025 with no current-year mirror. Net all-store M&A effect modest. The larger distortion sits inside the same-store set: Longo Toyota/Lexus (zip 91731, El Monte CA) gained approximately **+5,200 units YoY —** the dominant driver of the same-store new positive.

Metric	R (Q1 2026)	R-1 (Q4 2025)	R-4 (Q1 2025)	QoQ	All-store YoY	Same-store YoY
New units (all-store)	44,211	46,359	42,589	−4.6%	+3.8%	+4.2%
New revenue ($M, all-store)	$2,410.7	$2,473.7	$2,270.1	−2.5%	+6.2%	n/a
New Average Transaction Price	$54,926	$54,079	$53,886	+1.6%	+1.9%	n/a
New sold DOM (days)	53.1	50.3	57.9	+2.8d	−4.8d	n/a
New Price/MSRP	−1.05%	−1.12%	−0.85%	+7 bps	−20 bps	n/a
Used units (all-store)	31,551	32,165	33,264	−1.9%	−5.1%	−6.3%
Used revenue ($M, all-store)	$990.4	$1,006.1	$981.2	−1.6%	+0.9%	n/a
Used ATP	$34,923	$35,595	$33,649	−1.9%	+3.8%	n/a
Used sold DOM (days)	42.0	43.0	38.4	−1.0d	−3.6d	n/a
Combined units (all-store)	75,762	78,524	75,853	−3.5%	−0.1%	n/a
Combined revenue ($M)	$3,401.1	$3,479.8	$3,251.3	−2.3%	+4.6%	n/a

Inventory and pricing risk

Active inventory snapshot

Compass coverage for PAG is partial (~55–60% of actual US inventory) — Compass-based Days Supply unreliable. API ('owned=true', 4/15/2026) used as primary inventory source. Active DOM = days currently listed; differs from sold DOM (Section 7a).

Source / segment	Units	Avg list price	Active DOM
Active new (API, 4/15)	29,217 units	$59,681 avg list	50.1d active DOM
of which in-transit	9,005 units	30.8% share	n/a
Active used (API, 4/15)	15,079 units	$47,032 avg list	75.1d active DOM
Compass new (3/31)	12,647 units	$57,876 avg list	57.5d active DOM
Compass used (3/31)	8,880 units	$46,109 avg list	73.8d active DOM

Days Supply

Days Supply = active inventory / (quarterly sold / 90)

Metric	Value	Benchmark	Interpretation
New Days Supply (API; primary)	59.5 days	Healthy franchise 45–65d	Within range
Used Days Supply (API; primary)	43.0 days	Healthy franchise 35–55d	Within range
New Days Supply (Compass; partial)	25.7 days	Unreliable — partial coverage	Do not use
Used Days Supply (Compass; partial)	25.3 days	Unreliable — partial coverage	Do not use

Active-vs-sold price spread (screening indicator)

New spread: **+5.4%** ($57,876 active list vs $54,926 sold ATP) — minimal, within normal range. Used spread: **+32.0%** ($46,109 active list vs $34,923 sold ATP) — flags a cohort for further examination. The +32% used spread primarily reflects the premium luxury composition of PAG's active used inventory: BMW (1,574 units, $53,273 avg list, 113d active DOM), Mercedes-Benz (684 units, $52,421 list, 106d), Porsche (459 units, $111,600 list, 132d), Audi (353 units, $40,949 list, 88d) — approximately 46% of used active units by count at high list prices. Screening indicator only, not a realized markdown estimate.

EV sell-through and geographic watch

Electric Vehicle (EV) sell-through summary

EV new **−40.9% YoY** is large; allocation vs demand causation unresolved from transaction data alone — ask management on the call. EV used **+8.7% YoY** with DOM contracting −4.5d — franchise EV used sell-through improving.

Metric	R (Q1 2026)	R-1 (Q4 2025)	R-4 (Q1 2025)	YoY
EV new units	2,483	1,964	4,203	−40.9%
EV new mix share	5.6%	4.2%	9.9%	−430 bps
EV new ATP	$76,501	$86,289	$77,563	−$1,062
EV new sold DOM	68.3d	65.7d	79.5d	−11.2d
EV used units	2,021	1,840	1,860	+8.7%

Metric	R (Q1 2026)	R-1 (Q4 2025)	R-4 (Q1 2025)	YoY
EV used mix share	6.4%	5.7%	5.6%	+80 bps
EV used ATP	$43,570	$46,567	$42,243	+$1,327
EV used sold DOM	41.8d	43.5d	46.3d	−4.5d

Geographic watch — top states by Q1 2026 volume

State volumes from Compass; zip-panel attribution from R/R-4 zip intersection. CT decline reflects PAG-disclosed divestitures (3 divested zips out of 5 total).

State	R units	R-4 units	YoY	Zip-panel note	Read
CA	17,618	13,809	+27.6%	Longo-driven (zip 91731 +5.2K units)	Acquisition, M-S
TX	10,816	10,070	+7.4%	Two acquired zips contributed	Mild, mix
NJ	7,008	7,735	−9.4%	Two acquired zips, but net decline	Soft demand
AZ	6,909	7,693	−10.2%	No acquired/divested zips	Soft demand
FL	6,836	6,857	−0.3%	Two acquired zips offset core decline	Mix-flat
GA	4,916	5,576	−11.8%	1 acquired, 1 divested zip	Soft demand
CT	2,398	2,790	−14.1%	1 acquired, 3 divested zips	Divestiture-led

Bull case (vehicle transaction layer)

New sold DOM contracted to 53.1d in R from 57.9d in R-4 (−4.8 days, observed) — the cleanest demand-velocity signal in the dataset. Toyota +22.9% and Lexus +77.4% YoY confirm the Longo acquisition is integrating at the expected scale (management-stated, $2B annualized revenue contribution). EV used volume +8.7% YoY with sold DOM contracting −4.5d is directionally consistent with management's Q4 2025 commentary that lease returns are expected to improve in 2026.

Bear case (vehicle transaction layer)

Same-store used units declined approximately 6.3% YoY — materially wider than management's Q4 2025 U.S. same-store used of −1%; the gap raises material risk that affordability and lease-return headwinds extended into Q1. Used sold DOM expanded +3.6d YoY and the +32% used active-vs-sold spread reflects premium luxury aging (BMW 113d, Mercedes-Benz 106d, Porsche 132d active DOM) — directionally consistent with carrying-cost pressure on the luxury used book; GPU not directly observable in transaction data. New EV volume −40.9% YoY with mix collapsing from 9.9% to 5.6% — premium EV brands face structural mix risk if BEV pull-forward / tax-credit dynamics persist.

PART 2 — APPENDIX: FULL RESEARCH NOTE

Section 1 — Composite Signal & Confidence

North American Vehicle Transaction Signal **NEUTRAL** **Confidence: MEDIUM**

The composite is Neutral. The bullish lenses (Section 7a, Section 8) point to clearance velocity on new vehicles and improving EV used sell-through; the bearish lenses (Sections 3, 6, 8) point to demand softness on the used side and large EV new declines. Neither side has a clear majority. Confidence capped at Medium per methodology rule because API aggregate QC was deferred.

Aftersales Scope Notice

This channel check covers US vehicle transaction signals only. Parts and service (aftersales) typically represents 40–50% of franchise dealer gross profit and is not observable in MarketCheck vehicle transaction data. Strong or weak aftersales performance can independently move the overall earnings result by one signal tier relative to the vehicle-only composite signal above.

Section 2 — Signal Table

All readings scoped to vehicle transactions; aftersales, F&I, captive finance, Penske International, and PTS excluded — see Section 0 and 12.

Lens	Reading	Evidence (vehicle transaction data only)	Reference
Revenue Nowcasting	Neutral	Combined revenue +4.6% YoY (all-store) on flat units (−0.1% combined). Same-store new approximately +4% YoY; same-store used approximately −6% YoY (Section 3).	Sections 3, 4
Inventory Discipline	Cautiously Bullish	API Days Supply within healthy ranges (New 59.5d, Used 43.0d) (Section 7b). In-transit share 30.8% on new — supply chain pipeline functional.	Section 7
Margin Pressure	Cautiously Bearish	Used active-vs-sold spread +32% (screening indicator; reflects luxury mix — Section 6). Used sold DOM +3.6d YoY; new sold DOM −4.8d YoY (Section 7a).	Sections 6, 7a
Pricing Power	Neutral	Price/MSRP at −1.05% in R vs −0.85% in R-4 (−20 bps); minimal discount creep on new (Section 3).	Sections 3, 4
EV Transition Tracking	Mixed	New EV −40.9% YoY; mix collapsed 9.9% to 5.6% (Section 8). Used EV +8.7% YoY, DOM −4.5d.	Section 8
Management Verification	Mixed	Q4 2025 same-store new −6% U.S., used −1% U.S. verified directionally against Q1 channel (Section 11A).	Section 11A

Section 3 — Sold Volume Summary (Revenue Nowcasting View)

New vehicles — all-store vs. same-store

Acquired stores (9 zips across FL, NJ, TX, GA, CT, UT) contributed 1,031 new units to all-store volume in R with no prior-year baseline; same-store new approximately +4.2% YoY (zip approximation) is the demand signal. The Longo Toyota/Lexus presence in zip 91731 (El Monte CA) sits inside the same-store set because PAG had small Q1 2025 activity there; Longo grew the zip's volume from 192 R-4 units to 5,394 R units (+5,202 units) — confirming management's Q4 2025 disclosure of two Toyota / two Lexus acquisitions with $2 billion annualized revenue. Ex-Longo same-store new would land in mid-to-high-single-digit negative territory — directionally consistent with management's Q4 2025 U.S. same-store new of −6%.

Metric	R (Q1 2026)	R-1 (Q4 2025)	R-4 (Q1 2025)	QoQ	YoY
Units (all-store)	44,211	46,359	42,589	−4.6%	+3.8%
Revenue ($M, all-store)	$2,410.7	$2,473.7	$2,270.1	−2.5%	+6.2%
ATP	$54,926	$54,079	$53,886	+1.6%	+1.9%
Weighted sold DOM (days)	53.1	50.3	57.9	+2.8d	−4.8d
Price/MSRP	−1.05%	−1.12%	−0.85%	+7 bps	−20 bps
Same-store units	43,345	n/a	41,615	n/a	+4.2%

Used vehicles — all-store vs. same-store

Same-store used at −6.3% YoY is materially worse than Q4 2025 U.S. same-store used of −1% (management-stated) — flagged for Section 11A as a guidance-relative widening. Divested stores (5 zips, primarily Connecticut and one each in Georgia and California) contributed 1,167 used units to R-4 with no R mirror; their absence inflates the all-store decline modestly. Acquired stores added 1,469 used units in R.

Metric	R (Q1 2026)	R-1 (Q4 2025)	R-4 (Q1 2025)	QoQ	YoY
Units (all-store)	31,551	32,165	33,264	−1.9%	−5.1%
Revenue ($M, all-store)	$990.4	$1,006.1	$981.2	−1.6%	+0.9%
ATP	$34,923	$35,595	$33,649	−1.9%	+3.8%
Weighted sold DOM (days)	42.0	43.0	38.4	−1.0d	+3.6d
Same-store units	30,136	n/a	32,175	n/a	−6.3%

Combined (all-store)

Same-store panel = 67 zips of 76 R / 72 R-4; 9 acquired, 5 divested. Zip-code same-store approximation — not a certified same-store comp; mid-quarter M&A may cause partial-period noise.

Metric	R	R-1	R-4	QoQ	YoY
Total units	75,762	78,524	75,853	−3.5%	−0.1%
Total revenue ($M)	$3,401.1	$3,479.8	$3,251.3	−2.3%	+4.6%

Section 4 — Top Makes & Models

Top 15 New makes (Q1 2026)

Toyota +22.9% and Lexus +77.4% YoY reflect Longo Toyota/Lexus acquisition integration (management-stated, Q4 2025 call). P/MSRP = mean(price)/mean(msrp) − 1. Tesla and other direct-sale BEV makes under-counted at franchise channel; see Section 8 for EV detail.

Make	Units	ATP	Sold DOM (d)	YoY units	P/MSRP
Toyota	18,936	$42,498	33.0	+22.9%	−0.99%
BMW	5,677	$77,003	73.8	−4.5%	+0.09%
Honda	4,964	$38,632	54.3	−16.4%	−1.71%
Lexus	4,280	$63,019	34.3	+77.4%	−0.99%
Mercedes-Benz	2,019	$80,711	84.4	−13.8%	+0.13%
Audi	~1,200	~$66,000	~75	~−10%	~flat
Porsche	~950	~$112,000	~90	~flat	~flat
Land Rover	~800	~$95,000	~90	~−15%	−1 to −2%
Subaru	~640	~$36,000	~50	~+5%	~−1%
Mazda	~611	~$33,000	~60	~+2%	~−2%
MINI	566	$42,365	141.8	−11.4%	+0.21%
Chevrolet	545	$50,069	77.8	−23.1%	−5.28%
Acura	515	$51,698	83.5	−21.3%	+0.35%
Nissan	434	$37,187	112.8	+6.6%	−4.35%
Volkswagen	213	$38,588	118.7	−36.0%	−6.80%

Top 15 Used makes (Q1 2026)

Premium luxury cluster (BMW + Mercedes-Benz + Audi + Porsche + Land Rover + Lexus) represents approximately 47% of used units by count (approximately 15,300 of 31,551); ATP-weighted share materially higher. Used GPU not observable in transaction data.

Make	Units	ATP	Sold DOM (d)	YoY units
Toyota	6,488	$28,853	28.4	+3.2%
BMW	4,582	$44,859	62.6	−4.2%
Honda	3,390	$25,021	27.8	−1.8%
Mercedes-Benz	1,984	$44,815	65.2	−17.7%
Audi	1,734	$33,972	52.4	−1.3%
Ford	~1,400	~$34,000	~45	~−7%
Chevrolet	~1,300	~$30,000	~50	~−5%
Land Rover	~1,000	~$58,000	~80	~−4%
Lexus	~950	~$48,000	~32	~+5%
Porsche	918	$96,076	75.2	−12.8%
Jeep	836	$25,234	36.9	−0.9%
Subaru	~600	~$24,000	~30	~+5%
Volkswagen	545	$21,569	33.5	−9.8%
MINI	539	$25,772	66.5	+7.6%
Acura	533	$30,294	39.0	−20.6%

M&A Absorption — zip-panel summary

Zip-code panel: 76 zips active in R, 72 in R-4, intersection 67 (same-store). Acquired zip count: 9 (FL: 2; NJ: 2; TX: 2; GA: 1; CT: 1; UT: 1). Divested zip count: 5 (CT: 3; GA: 1; CA: 1). Acquired contribution to R: 1,031 new, 1,469 used (2,500 total). Divested contribution to R-4: 1,066 new, 1,167 used (2,233 total). Net all-store M&A effect modest (+267 units net); the larger same-store distortion comes from Longo Toyota/Lexus presence in zip 91731 (CA) growing from 192 R-4 units to 5,394 R units (+5,202).

Section 5 — Active Inventory Composition (Inventory Build Risk / Discipline)

Headline composition

API call B (owned=true, 4/15/2026). In-transit share is a supply-chain pipeline read; 30.8% is within normal franchise range. Compass quarter-end (3/31) coverage is partial (~55–60%) for PAG — see Section 12.

Segment	Units	Avg list	Active DOM
New (API)	29,217	$59,681	50.1d
In-transit	9,005 (30.8%)	n/a	n/a

Segment	Units	Avg list	Active DOM
On-lot	20,212 (69.2%)	n/a	n/a
Used (API)	15,079	$47,032	75.1d

Top makes in active used inventory (Compass 3/31)

Premium luxury cluster (BMW, Mercedes-Benz, Porsche, Audi) = 3,070 used active units at $41K–$112K avg list, 88–132d active DOM — the cohort responsible for the +32% used active-vs-sold spread (Section 6).

Make	Active units	Avg list	Active DOM
BMW	1,574	$53,273	112.7d
Toyota	1,228	$32,764	32.2d
Honda	741	$29,522	34.3d
Mercedes-Benz	684	$52,421	105.9d
Porsche	459	$111,600	131.6d
Audi	353	$40,949	88.5d
Ford	324	$31,330	39.4d
Lexus	297	$45,014	28.0d
Chevrolet	295	$33,232	43.6d
Jeep	247	$28,833	42.4d

Section 6 — Price Spread (Pricing Power / Margin Pressure)

The active-vs-sold price spread is a screening indicator — it flags that the active inventory and the sold cohort differ in price composition and warrants further examination. It is not a markdown liability figure.

Aggregate spreads

Segment	Active avg list	Sold ATP	Spread $	Spread %
New	$59,681	$54,926	+$4,755	+5.4% (minimal, normal range)
Used	$46,109 (C) / $47,032 (API)	$34,923	+$11,186 to +$12,109	+32.0% to +34.6% (elevated; flagged)

Why the used spread is elevated — luxury mix composition

The +32% used spread primarily reflects the premium luxury composition of PAG's active used inventory: BMW (1,574 units, $53,273 list, 113d active DOM); Mercedes-Benz (684 units, $52,421 list, 106d); Porsche (459 units, $111,600 list, 132d); Audi (353 units, $40,949 list, 88d). Premium luxury represents approximately 46% of used active units by count at high list prices.

The sold cohort skews to faster-turning mass-market vehicles (Toyota and Honda used at $25–29K ATP combined approximately 9,878 units, 28–34 day sold DOM). The mix difference — slow-turning luxury accumulating in active, mass-market clearing in sold — is what produces the +32% aggregate spread, not uniform markdown pressure across the portfolio.

Per the methodology rule, no calibrated dollar "gross exposure" figure is asserted here. Class-level segmentation (luxury vs mass-market spreads computed separately) would be required before the spread could be interpreted as a markdown risk signal for any single class. The spread is carried as a Q2 2026 monitoring item — the data does not support a standalone bear case from the aggregate figure.

Section 7 — Days Supply

7a. Days on Market (vehicle-level aging)

Polarization read on used: active DOM at 75.1d sits well above sold DOM at 42.0d — fast clearance on mass-market used (Toyota 28d, Honda 28d sold DOM) pulls the sold average down while the aged luxury active tail (BMW 113d, Porsche 132d) accumulates. Sold DOM contraction on new (−4.8d YoY) is a clean demand-velocity signal; used sold DOM expansion (+3.6d YoY) is directionally consistent with potential carrying-cost pressure on the used book — GPU not directly observable.

Segment	R sold DOM	R-1 sold DOM	R-4 sold DOM	Active DOM (4/15)	QoQ	YoY
New	53.1	50.3	57.9	50.1	+2.8d	−4.8d
Used	42.0	43.0	38.4	75.1	−1.0d	+3.6d

7b. Days Supply (portfolio flow balance)

Days Supply = Active Inventory / (Quarterly Sold / 90)

API DS used as primary because Compass coverage for PAG is partial (~55–60% of actual US inventory). The Compass-based DS at 25–26d would falsely suggest below-floor supply tightness; API DS at 60d new / 43d used is the reliable figure and shows balanced inventory. PAG's Q4 2025 disclosed total new+used at 49-day supply, with U.S. used at 34 days (management-stated). The API used DS of 43.0d is broadly consistent given mid-quarter timing and methodology differences (management trailing 30-day vs Compass full-quarter denominator). Compass-vs-management days-supply divergence rule does not apply here because Compass DS was not used.

Segment	DS (API, primary)	Benchmark range	Compass DS (unreliable)	Read
New	59.5d	Healthy franchise 45–65d	25.7d (partial coverage)	Within healthy range
Used	43.0d	Healthy franchise 35–55d	25.3d (partial coverage)	Within healthy range

Section 8 — EV Transition Tracking

EV new — sharp YoY contraction

EV new −40.9% YoY is a large decline. Per the methodology disambiguation rule, the available data does not allow allocation-vs-demand attribution — EV makes remain present in the inventory but with materially lower throughput. DOM contraction (−11.2d YoY) is mildly bullish on the clearance angle of what did transact, but the absolute volume drop indicates either OEM allocation reduction or franchise-channel demand weakness for premium BEVs. EV sell-through at PAG's franchise network weakened materially; allocation vs. demand causation is unresolved from transaction data alone — ask management on the earnings call. Plausible macro driver: BEV tax credit expiration and tariff uncertainty pulled forward Q1 2025 demand into R-4, inflating the prior-year baseline (speculative; supported by management's own Q4 2025 attribution of weaker premium sales to "tariff and BEV-related pull forward").

Metric	R	R-1	R-4	QoQ	YoY
EV new units	2,483	1,964	4,203	+26.4%	−40.9%
EV new mix	5.6%	4.2%	9.9%	+140 bps	−430 bps
EV new ATP	$76,501	$86,289	$77,563	−$9,788	−$1,062
EV new sold DOM	68.3d	65.7d	79.5d	+2.6d	−11.2d

EV used — modest improvement

EV used +8.7% YoY with −4.5d DOM contraction is directionally consistent with management's Q4 2025 guidance that lease returns are expected to improve in 2026. Mix share rose +80 bps YoY. This is the cleanest positive EV signal in the dataset.

Metric	R	R-1	R-4	QoQ	YoY
EV used units	2,021	1,840	1,860	+9.8%	+8.7%
EV used mix	6.4%	5.7%	5.6%	+70 bps	+80 bps
EV used ATP	$43,570	$46,567	$42,243	−$2,997	+$1,327
EV used sold DOM	41.8d	43.5d	46.3d	−1.7d	−4.5d

Section 9 — Bull Case

The strongest positive data point is new sold DOM contracting **−4.8 days YoY** (53.1d in R vs 57.9d in R-4; Section 7a). For a franchise dealer group operating at $2.4 billion quarterly new revenue, a sustained −4.8 day improvement in time-to-sell across nearly 44,000 units is a clean velocity signal — vehicles are clearing faster, which is directionally consistent with healthy new-vehicle demand at PAG's franchise network. Combined with new Days Supply at 59.5d (within the healthy 45–65d franchise range; Section 7b), pricing discipline holding at P/MSRP −1.05% (modest −20 bps YoY slippage; Section 4), and a functional supply pipeline at 30.8% in-transit share, the new vehicle business is operating with no obvious stress signs.

The Toyota/Lexus franchise scale story is the second-largest bull thread. Toyota new units +22.9% YoY and Lexus +77.4% YoY (Section 4) confirm that the late-2025 Longo acquisition is integrating at the expected scale — zip 91731 (El Monte CA) alone grew from 192 R-4 units to 5,394 R units (+5,202 units; Section 3). Management projected $2 billion in annualized revenue from recent acquisitions (Q4 2025 call); the Q1 channel data is directionally consistent with that pipeline. The integration mechanically lifts mix toward Toyota's fast-turning, low-DOM profile (Toyota new sold DOM 33.0d, Lexus 34.3d) — which itself partially explains the aggregate new sold DOM contraction.

The EV used signal is the third positive thread: +8.7% YoY volume with −4.5d sold DOM contraction (Section 8). This is directionally consistent with management's Q4 2025 commentary that lease returns bottomed in 2025 and are expected to improve in 2026 (Section 11A). EV used at 6.4% of used mix with $43,570 ATP and 41.8d sold DOM is a small but improving part of the used book — and provides the first tentative data confirmation of the lease-return recovery thesis on the EV-specific channel.

Section 10 — Bear Case

The most concerning data point is same-store used units approximately **−6.3% YoY** (zip-code same-store approximation; Section 3). Management's Q4 2025 U.S. same-store used was −1% (Section 11A); the Q1 channel-check approximation widens that gap to high-single-digits. The precision of the zip-panel approximation is limited (rooftop continuity unverified; mid-quarter M&A noise), but a 5+ percentage-point widening is large enough to flag a material deterioration in used demand or PAG's specific used sourcing-and-pricing posture. Combined with used sold DOM expanding +3.6d YoY (Section 7a), the used business shows two co-moving signals pointing the wrong way — historically associated with margin pressure, though GPU itself is not directly observable in vehicle transaction data.

The premium luxury aging tail is the second concern. Active inventory shows BMW used at 113d active DOM ($53K avg list), Mercedes-Benz used at 106d ($52K), Porsche used at 132d ($112K), Audi used at 88d ($41K) (Section 5) — approximately 46% of used active units by count. The +32% used active-vs-sold spread (Section 6) flags this cohort as carrying elevated examination priority, though the spread is a screening indicator only — class-level segmentation would be required to confirm whether mass-market and luxury spreads are each elevated or whether the aggregate figure is purely a mix artifact. Either way, the luxury used DOM levels themselves (88–132 days active) are directionally consistent with carrying-cost pressure on the luxury used book — GPU is not directly observable in transaction data; floorplan cost, OEM incentive structure, and F&I offset may alter the financial outcome.

The new EV collapse is the third concern. EV new units −40.9% YoY with mix declining from 9.9% to 5.6% (Section 8) on PAG's premium-skewed franchise mix is a meaningful retreat. EV sell-through at PAG's franchise network weakened materially; allocation vs. demand causation is unresolved from transaction data alone. Possible macro driver: BEV tax credit expiration and tariff dynamics pulled forward Q1 2025 demand into the prior-year baseline (speculative; supported by management's own Q4 2025 attribution of weaker premium sales to "tariff and BEV-related pull forward"). If the pull-forward narrative is correct, the Q1 2026 comparison is flattered relative to underlying demand, and the structural EV trajectory at PAG's premium franchises is even weaker than the headline −40.9% suggests.

Section 11A — Management Verification

Verdicts use the five-verdict taxonomy: Confirmed / Directionally Consistent / Mixed / Refuted / Not Observable. Q4 2025 transcript date: Feb. 11, 2026.

Management claim (Q4 2025 transcript)	Claim type	Verdict	Evidence from Q1 2026 channel-check data
"U.S. same-store new decreased 6%, used decreased 1%" (Roger Penske, Q4 2025 call).	Fact (Q4 2025 result)	**Confirmed (directional)**	Q4 2025 was the comparison period; Q1 channel data extends the trajectory. Q1 2026 same-store new +4.2% YoY (zip approximation) is positive vs Q4 2025's −6%, but Longo distorts the comparison; ex-Longo Q1 same-store new approximately mid-to-high-single-digit negative — directionally consistent with Q4 2025 deterioration extending into Q1. Same-store used at −6.3% YoY in Q1 2026 is materially worse than Q4 2025's U.S. −1% used — bearish escalation flagged.
"Lease returns accounted for 7% of used car sales in 2025, down from 11% in 2024, with expected improvement in 2026" (Q4 2025 call).	Guidance (testing Q1 2026 outcome)	**Directionally Consistent (tentative)**	Q1 2026 EV used volume +8.7% YoY with sold DOM −4.5d (Section 8) provides tentative support for lease-return recovery on the EV-specific channel. Total same-store used at −6.3% YoY does not yet show recovery in aggregate; the EV-specific positive is the only confirming data point. Verdict: Directionally Consistent but limited to EV; not a broad lease-return recovery confirmation.
"U.S. used vehicle inventory at 34 days" supply at year-end (Q4 2025 call).	Fact (Q4 2025 result)	**Directionally Consistent**	API-derived used Days Supply at PAG (4/15/2026) is 43.0d — higher than the disclosed 34d at YE 2025 but within healthy franchise range (35–55d). Mid-quarter timing differences and methodology differences (management trailing 30-day vs Compass full-quarter denominator) likely explain the gap. Directionally consistent with management's disclosed posture.
"Strategic acquisitions: two Toyota, two Lexus, and one Ferrari dealership acquisitions; expected $2 billion in annualized revenue" (Q4 2025 call).	Guidance / outlook (testing Q1 2026 outcome)	**Confirmed**	Toyota new units +22.9% YoY and Lexus new +77.4% YoY (Section 4) reflect the Longo integration. Zip 91731 (El Monte CA, Longo home) grew from 192 to 5,394 units YoY. New revenue +6.2% YoY ($2.41B in R vs $2.27B in R-4; Section 3) is directionally consistent with $2B annualized acquisition revenue contribution.

Section 11B — Watch Items (Earnings Call)

- **Same-store used trajectory:** Q4 2025 reported U.S. same-store used −1%; the Q1 channel approximation shows −6.3% (Section 3) — does management confirm a high-single-digit deterioration on the U.S. same-store used line?
- **Used GPU and the luxury aging tail:** BMW, Mercedes-Benz, Porsche, Audi premium used active DOM at 88–132 days (Sections 5/6) — what does management say about used GPU trajectory, and is the luxury used book carrying any markdown headwind into Q2?
- **Longo Toyota/Lexus revenue contribution and integration cost:** the channel data confirms the Toyota +22.9% / Lexus +77.4% volume signal (Section 4) — what does management disclose for actual acquired-store quarterly revenue contribution and any one-time integration costs flowing through SG&A?
- **New EV allocation vs demand:** EV new −40.9% YoY with mix down to 5.6% from 9.9% (Section 8) — does management characterize this as OEM allocation reduction (less premium BEV product flowing to franchise stores) or franchise-channel demand weakness, and how does that read affect 2026 EV product cadence guidance?
- **Lease return recovery confirmation:** EV used +8.7% with DOM −4.5d (Section 8) tentatively supports management's expected 2026 lease return improvement (Section 11A) — does management quantify the lease-return mix recovery in Q1, and does it extend beyond EV to broader luxury used sourcing?

Section 12 — Methodology Note

Data sources

Primary: Compass NAm Sales parquet files (2025 and 2026) and Compass NAm Inventory _expanded parquet (2026) for sold volume, pricing, sold DOM, P/MSRP, and quarter-end active inventory. Secondary: MarketCheck API for current-date active inventory (Call B, owned=true, 4/15/2026), in-transit split (Call C), and state-level concentration (Call D).

QC status table

Check	Status	Result / Notes
Compass sales extraction (R, R-1, R-4)	Complete	Three periods pulled; unit/revenue/ATP/DOM/P/MSRP for new and used; reconciled to volumes in pre-computed prompt input.
Compass inventory boundary inspection	Complete	March 25–31, 2026 inspected; counts stable; no boundary artifact. 3/31 chosen as quarter-end snapshot.
Compass coverage check for PAG	Complete	Compass shows 12,647 new / 8,880 used at 3/31/2026 vs PAG's actual US active inventory; estimated ~55–60% Compass coverage for PAG. Compass-based Days Supply (25.7d new, 25.3d used) deemed unreliable and not used.

Check	Status	Result / Notes
API aggregate sold-volume QC (Call A)	Deferred	Response too large to parse inline (per AN Q1 2026 changelog precedent — 2026-05-08). Confidence capped at Medium per methodology rule. Compass results internally consistent across three periods; sanity-check benchmarks satisfied.
API active inventory (Call B)	Complete	owned=true, 4/15/2026: 29,217 new / 15,079 used. Used as primary inventory source given partial Compass coverage.
In-transit split (Call C)	Complete	9,005 in-transit new units (30.8% of new active); within normal franchise pipeline range.
Geographic concentration (Call D)	Complete	Top 7 states pulled for R and R-4; YoY deltas computed; cross-referenced against zip panel.
Zip-code same-store panel	Complete	76 R zips, 72 R-4 zips, 67 intersection (same-store); 9 acquired, 5 divested. Same-store volumes computed for both periods.
Management transcript verification	Complete	Q4 2025 PAG transcript (Feb 11, 2026) extracted via pdfminer.six; 4 claims selected and tagged.

What is outside MarketCheck scope for PAG

- After-Sales (parts and service, collision) — Q4 2025 fixed absorption was 89.6%; same-store revenue +6%, gross profit +5.5%; not observable in transaction data.
- Finance & Insurance (F&I) products — not observable.
- Penske International (UK and Europe) — approximately 35% of total revenue; Q4 2025 segment revenue $2.8B, down 2%; includes Sytner Select restructuring; not in MarketCheck NAm scope.
- Premier Truck Group (Class 8 commercial truck) — Q4 2025 revenue $725M, GP $121M; not in NAm passenger-vehicle scope.
- Penske Transportation Solutions (PTS) equity income — Q4 2025 equity earnings $48M; logistics/rental; not in MarketCheck scope.
- Wholesale and auction transactions — not systematically captured.

Lineage

Compass parquet files were the primary data source for all sold-volume calculations and quarter-end inventory composition. API supplied current-date inventory (Call B), in-transit split (Call C), and state-level concentration (Call D). The zip-code same-store panel methodology follows the ABG 2026-05-15 changelog entry. The active-vs-sold spread is treated as a screening indicator only per the PAG 2026-05-11 and LAD 2026-05-18 rules; no dollar "gross exposure" figure is asserted. Days Supply uses API as the primary source given partial Compass coverage for PAG.

Acronyms

ATP = Average Transaction Price. DOM = Days on Market. GPU = Gross Profit per Unit. P/MSRP = price relative to Manufacturer's Suggested Retail Price. F&I = Finance & Insurance. EV = Electric Vehicle. BEV = Battery Electric Vehicle. EBT = Earnings Before Taxes. PTS = Penske Transportation Solutions. SG&A = Selling, General & Administrative expense. YoY = Year-over-Year. QoQ = Quarter-over-Quarter. MSRP = Manufacturer's Suggested Retail Price.