Mid-Year Update

2026

Automotive Manufacturing

Surplus Asset Market Trends

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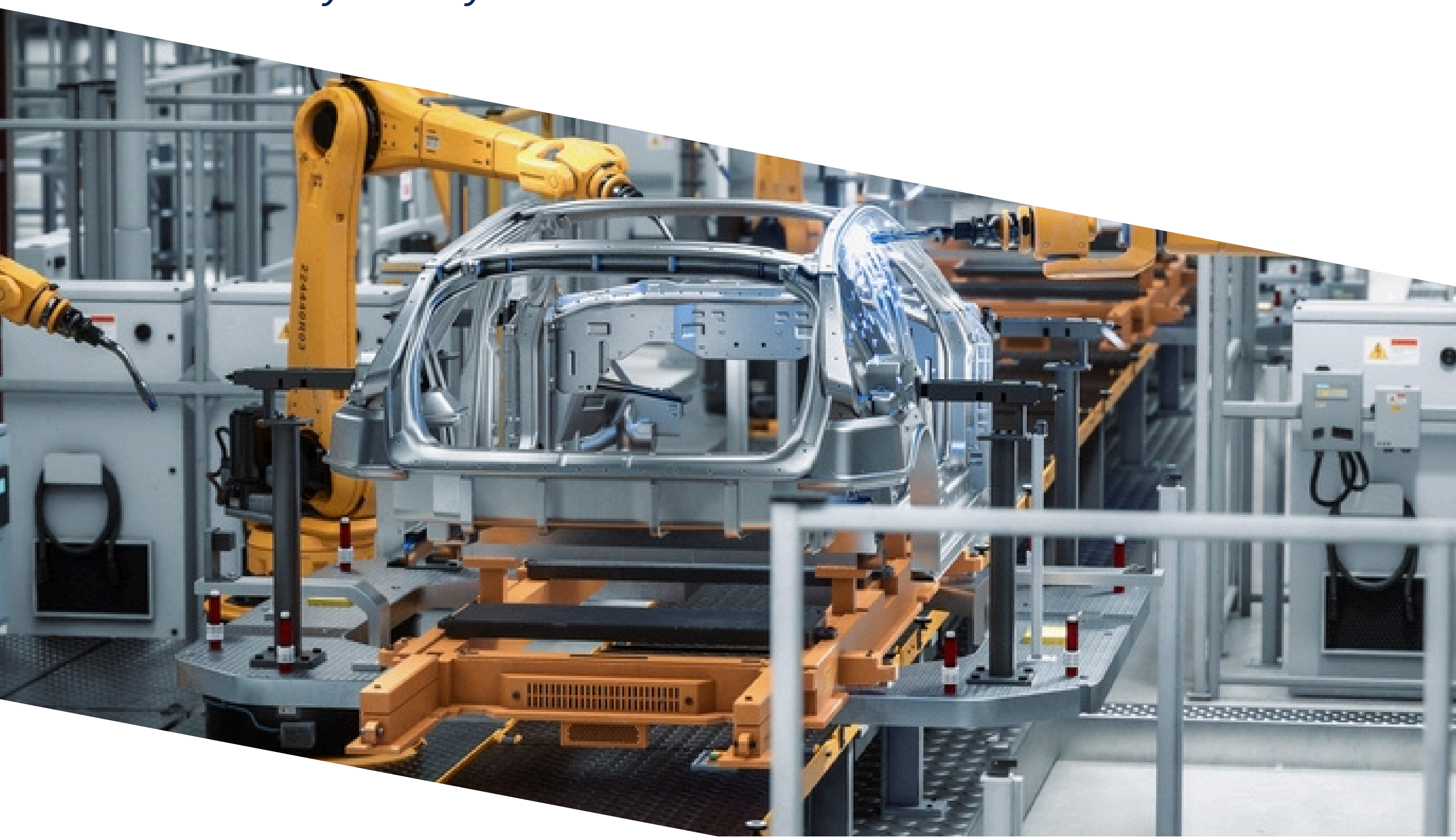

LIQUIDITY SERVICES

Automotive Manufacturing Surplus Asset Market Trends Report

Mid-Year Update

The Mid-Year Scorecard

In January, Liquidity Services published the 2026 Automotive Manufacturing Surplus Asset Market Trends Report, which projected peak surplus asset volumes entering the market between Q2 and Q4 2026, as late-2025 restructuring decisions took full effect. Six months later, that window is open. Seller participation in Liquidity Services automotive auctions grew 42.5% year-over-year in Q2 fiscal 2026, even as bidding steadied. Supply is on schedule. Demand is more selective. And a war that no forecast included has redrawn the economics of moving manufacturing equipment across oceans.

Our January 2026 report made specific, verifiable predictions. Here is how those forecasts have held up at the halfway mark of 2026.

What We Got Right

The dual-source surplus wave is arriving on schedule. The restructuring of internal combustion and EV programs continues to push equipment into secondary channels. Automakers are now paying suppliers hundreds of millions of dollars in settlements for canceled EV programs (Irwin, 2026), and mid-market suppliers that retooled for EV powertrains now carry measurable stranded capital, especially in Europe (Beecham, 2026).

The quality spread we described has hardened into a two-tier market. January described a surplus marketplace spanning proven legacy systems to near-new installations from cancelled projects, with automation displacing older, less flexible equipment. Six months on, that spread has hardened into distinct pricing tiers. High-specification, reconfigurable automation, including robot cells, modular lines, and EV-capable presses, holds firm pricing in North America and APAC, while softening is concentrated in inflexible, ICE-only, or poorly documented lines (Lehne, 2026). This is not a global fire sale. It is a widening quality spread.

Circular channels keep absorbing parts-related surplus. The global recycled auto parts market remains on track to grow roughly 8% annually to nearly $30 billion by 2033, led by North America and APAC (Auto Recycling World, 2026).

Tariffs and supply chain pressure are driving regionalization. Cost pressure and supply chain risk remain top industry concerns for 2026, pushing OEMs and Tier suppliers to requalify production closer to end markets and rotate older assets into secondary channels (Baucus, 2026; Lehne, 2026).

What Changed

A war redrew the cost map. The US-Iran conflict that began in late February closed the Strait of Hormuz, drove Brent crude to a peak of over $126 per barrel, and pushed war-risk insurance premiums to four or five times prior levels (Congressional Research Service, 2026; CNBC, 2026). No January forecast, ours included, priced this in.

The single-pathway assumption is gone. The electrification transition has not stopped, but the idea that one powertrain pathway would dominate everywhere equally is over. The surplus picture is more granular than a uniform global glut, and disposition strategy now depends heavily on what you own, where it sits, and how flexible it is.

The War Premium: Cost-Push, not Collapse

The Iran conflict has not forced a wholesale relocation of automotive parts capital expenditure. Its effect is subtler and, for surplus sellers, more interesting. Higher energy, freight, and insurance costs act as a cost-push factor that strengthens the economic case for buying regional surplus equipment rather than importing new gear from overseas.

War-risk insurance premiums for regional shipping have risen to four to five times prior levels, and carriers are rerouting around the Cape of Good Hope to avoid Red Sea exposure, adding weeks and costs to long-distance equipment moves (Congressional Research Service, 2026). For European parts makers, that math favors extending the useful life of existing gear and buying second-hand locally. For APAC buyers, it favors refurbished or regional surplus over imports. The net effect is firm regional pricing for high-specification, easily requalified equipment on both sides of the disruption.

Fuel costs reach the equipment market indirectly. Sustained high pump prices have weakened demand for ICE vehicles in Europe, where used ICE prices were already easing before the war began (AUTO1 Group, 2026). Softer ICE demand means more ICE production equipment heading to surplus, and steeper discounts when it gets there.

Regional Outlook

United States

Reshoring and electrification continue to reshape capital expenditure. Rather than building greenfield plants, OEMs and Tier suppliers are retooling existing ICE facilities into mixed EV and ICE production, generating a steady flow of presses, machining centers, weld cells, and ICE-specific tooling into the secondary market (The Manufacturer, 2025; Reshoring Initiative, 2025). At the same time, extended lead times for new equipment are pushing buyers toward well-maintained used machinery, particularly reconfigurable and EV-compatible assets.

Reshoring activity is concentrated in manufacturing corridors across the Midwest and South-central regions, where automotive and battery investment keeps localized demand for industrial assets strong. Surplus pricing in these corridors remains relatively firm despite broader cyclicality in the industrial sector (Baker Institute, 2026).

One useful contrast: the semiconductor domain, where capital spending is concentrated in a handful of advanced-node fabs, produces a thin and highly specialized surplus market (Deloitte, 2026). Automotive restructuring produces the opposite, a broad, liquid secondary market with diverse buyers and faster price discovery. For automotive sellers, that liquidity is an advantage. Assets find buyers faster, and competitive bidding sets clearer prices.

EMEA

The European sector faces continued restructuring through 2026 and beyond, driven by slower-than-expected EV adoption, intensifying Chinese competition, high labor costs, and pressure to restore profitability (PwC, 2026; Reuters, 2026). OEMs are shifting away from large-scale expansion toward rationalizing footprints, consolidating operations, and converting legacy ICE facilities for mixed EV and hybrid production.

That conversion work will generate rising volumes of surplus across Europe: presses, machining centers, weld cells, paint systems, conveyors, and ICE-specific tooling entering auction channels. Facilities that cannot be economically converted face partial closure, downsizing, or divestment, particularly in high-cost Western Europe. Flexible, automation-ready equipment is the exception and should retain strong value as manufacturers prioritize mixed-platform plants (Financial Times, 2026). Investment continues to flow toward lower-cost corridors in Central and Eastern Europe, North Africa, and Turkey.

APAC

Led by China and increasingly supported by Southeast Asia and India, APAC remains the global center of EV manufacturing growth (IEA, 2026). The same growth is producing significant overcapacity. Analysts expect consolidation among smaller Chinese EV makers and suppliers to escalate between 2026 and 2030, with plant closures, distressed asset sales, and rising volumes of surplus production equipment entering secondary channels (South China Morning Post, 2025). Beijing's decision to drop EVs from its priority list in the latest five-year plan underscores how the policy tailwind has shifted (Reuters, 2025).

Unlike Europe, where surplus stems from ICE phase-outs, APAC surplus will be driven by overcapacity and rapid technology cycles. Older-generation EV manufacturing equipment may depreciate quickly as Chinese makers keep investing in newer automation. Southeast Asia and India are positioned to absorb much of this equipment, making APAC one of the most active and price-competitive secondary markets in the world over the coming decade.

What our Marketplace Data Shows

Liquidity Services delivered a solid second quarter of fiscal 2026, with GMV up 6% to $389.9 million, revenue up 4% to $120.7 million, and adjusted EBITDA up 37%. Our number of registered buyers reached approximately 6.3 million, an 8% year-over-year increase (Liquidity Services, 2026). Within the Capital Assets Group, GMV grew 3%, with results tied to project cycles including plant closures, CapEx timing, and surplus disposition decisions.

The automotive numbers tell a sharper story. Bid volume more than doubled in the first and second quarters of fiscal 2025 versus the prior year. In fiscal 2026, bidding activity softened slightly in Q1 and more materially in Q2. Seller participation moved in the opposite direction, growing in every period and jumping 42.5% year over year in Q2 FY2026.

Read together: supply is building exactly as projected, while buyers are becoming more selective. This is the early stage of the saturation dynamic we flagged in January, and it is the single most important data point in this report for anyone holding idle equipment.

What This Means for Sellers

The disposition window we identified in January is open and narrowing. Three pressures compound from here.

- **Carrying costs do not pause**. Idle manufacturing equipment typically loses 1 to 2% of its value every month, before accounting for floor space, insurance, maintenance, and property tax.
- **Seller competition is rising.** Liquidity Services' 42.5% jump in seller participation means there are more assets competing for the same buyer attention each quarter through year end.
- **Buyers are concentrating bids.** In a selective market, flexible, well-documented assets attract competition. Poorly documented or single-purpose assets sit. Currently, complete documentation, maintenance records, and configuration detail directly affect recovery.

Two practical advantages matter more in this seller environment. First, selling assets in place eliminates relocation costs and logistics risk at exactly the moment freight and insurance costs have spiked. Second, compliance has gotten harder, not easier. Export controls and denied-party screening carry more weight in a wartime trade environment, and an audit-ready disposition process protects both recovery and reputation.

Looking Ahead

The second half of 2026 will be defined by:

- Peak surplus supply through Q4 as late-2025 restructuring decisions fully land
- Accelerating consolidation among Chinese EV makers, adding distressed assets to global channels
- War-related cost-push will continue to favor regional secondary purchases, even if a ceasefire holds
- A widening price gap between flexible, EV-capable assets and ICE-only equipment
- Intensifying ESG and circular economy pressure on disposition strategy, particularly in Europe

The surplus opportunity we described in January has materialized. What changed is the urgency. Sellers who act in the next two quarters will face less competition and stronger regional demand than those who wait for the market to clear.

Disclaimer: *The information in this report, including all references to the status of the U.S.-Iran conflict, and related market conditions, was accurate as of June 17, 2026. The situation in Iran and the broader Middle East remains fluid. Details regarding the ceasefire framework, the Strait of Hormuz, sanctions, and any related agreements may change after publication. Readers should verify current conditions. Liquidity Services makes no representation that the information will remain accurate after the date noted above.*

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Services

Consultative surplus asset management, valuation, and sales solutions

- Program management
- Surplus asset management
- Valuation services
- Warehousing and transportation support
- Sales and marketing
- Compliance and risk mitigation

About Liquidity Services

Every organization has surplus assets. Liquidity Services (NASDAQ:LQDT) works with clients to ensure surplus is sustainably transformed, generating capital that fuels strategic goals.

Liquidity Services partners with over 15,000 clients, including 130+ Fortune 1000 companies, to sell their surplus equipment. The company maintains a robust database of over 6.3 million registered buyers, and executes over one million transactions annually across 100+ countries. With over $15 billion in completed online transactions, Liquidity Services has cemented its market strength through a steadfast focus on compliance, extensive global reach, and dedicated client support.

Visit us at LiquidityServices.com

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A Better Future for Surplus

You have surplus. We have solutions.
Let's talk.

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