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Automotive Manufacturing

Surplus Asset Market Trends | Report

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What happens when an industry builds for a future that suddenly, dramatically shifts? Bosch cancelled its planned \$200 million hydrogen fuel cell facility in South Carolina. Freyr abandoned a \$2.5 billion battery plant in Georgia. Kore Power scrapped a \$1.2 billion battery plant in Arizona. These high-profile "next generation" automotive projects, along with multibillion-dollar facility closures, were cancelled in 2025, turning promised capacity into a growing wave of surplus equipment and idle factories. This disruption is prompting automotive manufacturers to rethink how they allocate investment, manage risk, and extract strategic value from surplus assets in a rapidly changing market landscape.

Year in Review

In 2025, the automotive industry moved deeper into a once-in-a-lifetime powertrain transition, from internal combustion engines to electric and hybrid vehicles, but the journey has been far from linear. Policy uncertainty, shifting consumer demand, and supply chain fragility combined to reshape production strategies and capital investment plans across the sector.

Earlier market trend reports predicted that the transition to EV powertrains would trigger plant closures affecting automakers and their suppliers, and this proved accurate. What was less anticipated was the scale of disruption on the EV side itself, where several high-profile projects were cancelled or paused as companies reassessed their strategies.

While EV project cancellations capture headlines, the contraction in traditional combustion engine manufacturing represents an even larger source of surplus assets. Volkswagen's announcement of 35,000 job cuts globally and a reduction of approximately 700,000 units of annual production capacity by 2030 signals a fundamental restructuring of internal combustion engine (ICE) manufacturing (Bauelectric, 2025). This is unprecedented: for the first time in Volkswagen's 87-year history, the company is threatening to close domestic German plants.

Nissan's 20% global capacity reduction, from 5 million to 4 million vehicles annually, includes the closure of three manufacturing plants beginning with its Thailand facility in Q1 FY2025, creating substantial volumes of assembly line equipment, stamping presses, and engine production tooling entering the surplus market (Motor1, 2025).

In North America, the picture is similarly unpredictable. Stellantis has temporarily idled multiple facilities including Windsor Assembly in Canada and Toluca Assembly in Mexico, reducing output of both traditional and electric vehicles (CNBC, 2025). The ripple effect extended to five U.S. support facilities, including Warren Stamping, Sterling Stamping, and three Kokomo plants. Ford's decision to write off \$19.5 billion in EV investments while canceling production of the F-150 Lightning and converting its Tennessee "Blue Oval City" from an EV mega-factory back to traditional truck production demonstrates the equipment displacement volatility across both powertrain types (Car and Driver, 2024).



The Dual-Source Surplus Wave

The automotive sector is experiencing capacity reductions across both traditional and electric vehicle manufacturing. Combined traditional and EV capacity reductions exceed 1.5 million vehicles annually across major OEMs, representing billions of dollars in manufacturing assets seeking new homes. The equipment entering the market spans the full spectrum: machining centers, assembly systems, paint lines, robotics, and specialized tooling for both traditional and electric powertrains.

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The Supply Chain Multiplier

The capacity reductions at OEM level are cascading through the supply chain with devastating effect. Over 60,000 jobs have been cut at supplier companies across North America and Europe since early 2025 (Automotive News, 2024). Major Tier 1 suppliers including Bosch, ZF Friedrichshafen, Continental, and Lear Corporation have announced substantial restructuring programs (Automotive Manufacturing Solutions, 2025; World Socialist Web Site, 2025).

The financial distress extends to outright bankruptcies. Marelli Holdings and First Brands Group both filed for Chapter 11 in 2025, representing nearly \$11 billion in combined debt (TheStreet, 2025). Industry analysts predict additional supplier bankruptcies in 2026, especially among smaller Tier 3 and Tier 4 players facing 30-40% order reductions from major OEMs (World Socialist Web Site, 2025). Each supplier closure adds specialized manufacturing equipment to the surplus market: injection molding systems, hydraulic presses, precision CNC machining centers, automated assembly lines, stamping dies, and specialized tooling.

The Policy and Market Shifts Driving Change

Three interconnected forces are reshaping the automotive landscape: policy reversals, trade disruptions, and consumer behavior shifts. Understanding these dynamics is essential to anticipating surplus market conditions.

Policy Impact on EV Adoption

The expiration of the \$7,500 EV tax credit in September 2024 marked a turning point. While Q3 2025 saw buyers rushing to beat the deadline, the subsequent demand slowdown has been significant (Scurek, 2025). More than 60% of U.S. consumers now worry they will overpay for their next vehicle, and over 72% expect tariffs to make vehicles less affordable (Dale, 2025).



The market response has been swift: consumers are shifting toward hybrid vehicles, seeking a balance between cost, flexibility, and perceived risk. This pivot is forcing manufacturers to reconfigure production lines originally optimized for either pure ICE or pure EV production, creating additional waves of surplus equipment as facilities retool for hybrid flexibility.

Trade Policy Disruption

Since February 2025, a 25% U.S. tariff on imports from Canada and Mexico, combined with rising duties on Chinese goods, has materially altered production economics. Stellantis idled production facilities for extended periods, reducing North American shipments by 23% (CNBC, 2025; CNN, 2025). Infiniti halted SUV production indefinitely, and Jaguar Land Rover suspended U.S. shipments. Despite efforts to localize production, only GM, Ford, and Stellantis currently have significant excess U.S. capacity, and even they cannot pivot fast enough to offset the disruption. The result: more equipment displacement as companies rationalize production footprints.

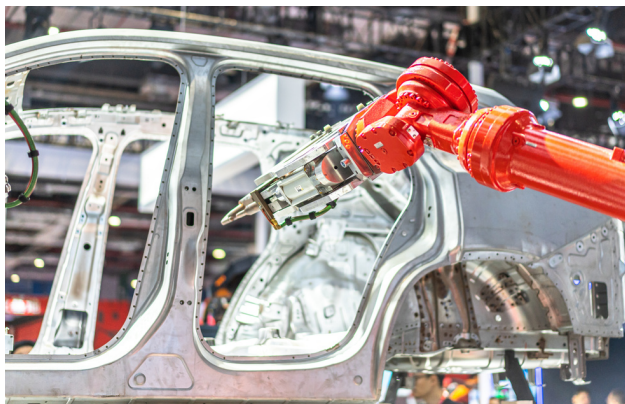
Supply Chain Vulnerability Exposed

The Ford F-150 story shows how highly optimized supply chains can amplify risk. After Ford shifted its best-selling pickup to aluminum-intensive bodies in 2015 to gain fuel-efficiency and performance advantages, a 2025 fire at Novelis's Oswego, New York, aluminum plant, its largest supplier of F-Series body sheet, created a severe bottleneck. Ford now expects a \$1.5–\$2.0 billion adjusted EBIT headwind for 2025 and a fourth-quarter production shortfall of roughly 90,000–100,000 F-Series trucks as a result (Ozsevim, 2025).

China's October 2025 export controls on rare earth minerals and refined materials have intensified the pressure, directly threatening battery and semiconductor supply chains. Toyota stated it may be forced to halt production if constraints intensify (Ozsevim, 2025).

The Global Picture

The net effect: an expected contraction of global vehicle production, with Europe forecast to see a 2.4% decline and North America a 5.2% drop (Automotive World, 2025). Germany has been particularly hard hit, losing over 55,000 automotive jobs in 2025 alone—what some analysts call Germany's "Detroit Moment" (Bauelectric, 2025). Meanwhile, Asia is experiencing consolidation, with over 400 EV manufacturers having exited the market since 2018 as China reclassified EVs as an "established industry" and ended state support (German Autopreneur, 2024).



Automotive Manufacturing Equipment Market

Despite production turbulence, the global automotive manufacturing equipment market is poised for sustained growth, a seeming paradox that actually makes perfect sense.

The Growth Dynamic

The automotive manufacturing equipment market is expected to grow from \$7.6 billion in 2025 to \$20.6 billion by 2035, reflecting a compound annual growth rate of 10.5% (Future Market Insights, 2025). How can the equipment market grow while production contracts? The answer lies in automation and flexibility. Manufacturers are investing in robotics, CNC technology, and digitalized production lines to increase productivity, improve quality, and enable more flexible manufacturing.

The rise of hybrid vehicles is driving demand for new layouts and specialized tooling that can support multiple powertrain architectures on shared platforms. Industry 4.0 initiatives, IoT-enabled equipment, digital twins, and advanced data analytics, enable predictive maintenance, real-time performance optimization, and higher asset utilization. The result: older, less flexible equipment is being displaced by newer, more capable systems.

Regional Dynamics

The United States is expected to dominate the market by 2035, with a projected market size of \$20.6 billion. U.S. automakers are increasingly deploying robots for welding, painting, assembly, material handling, and quality inspection. Approximately 30,700 industrial robot units were installed in the U.S. in 2024 alone (Future Market Insights, 2025).

China dominates the supply side, with more than 7,000 robotics companies and a position as the world's primary hub for robot innovation and production. This dual dynamic—U.S. as leading adopter, China as leading producer—shapes the global landscape for automotive automation (Future Market Insights, 2025).

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Market trend report summary

The Surplus Asset Opportunity

Against this backdrop of contraction and restructuring, the surplus asset market is experiencing explosive growth. The equipment market growth creates a dual opportunity: manufacturers are displacing functional but dated equipment as they upgrade to Industry 4.0 systems, while simultaneously creating surplus from closed or downsized facilities. The result is a diverse surplus marketplace with equipment ranging from proven legacy systems to near-new installations from cancelled projects.

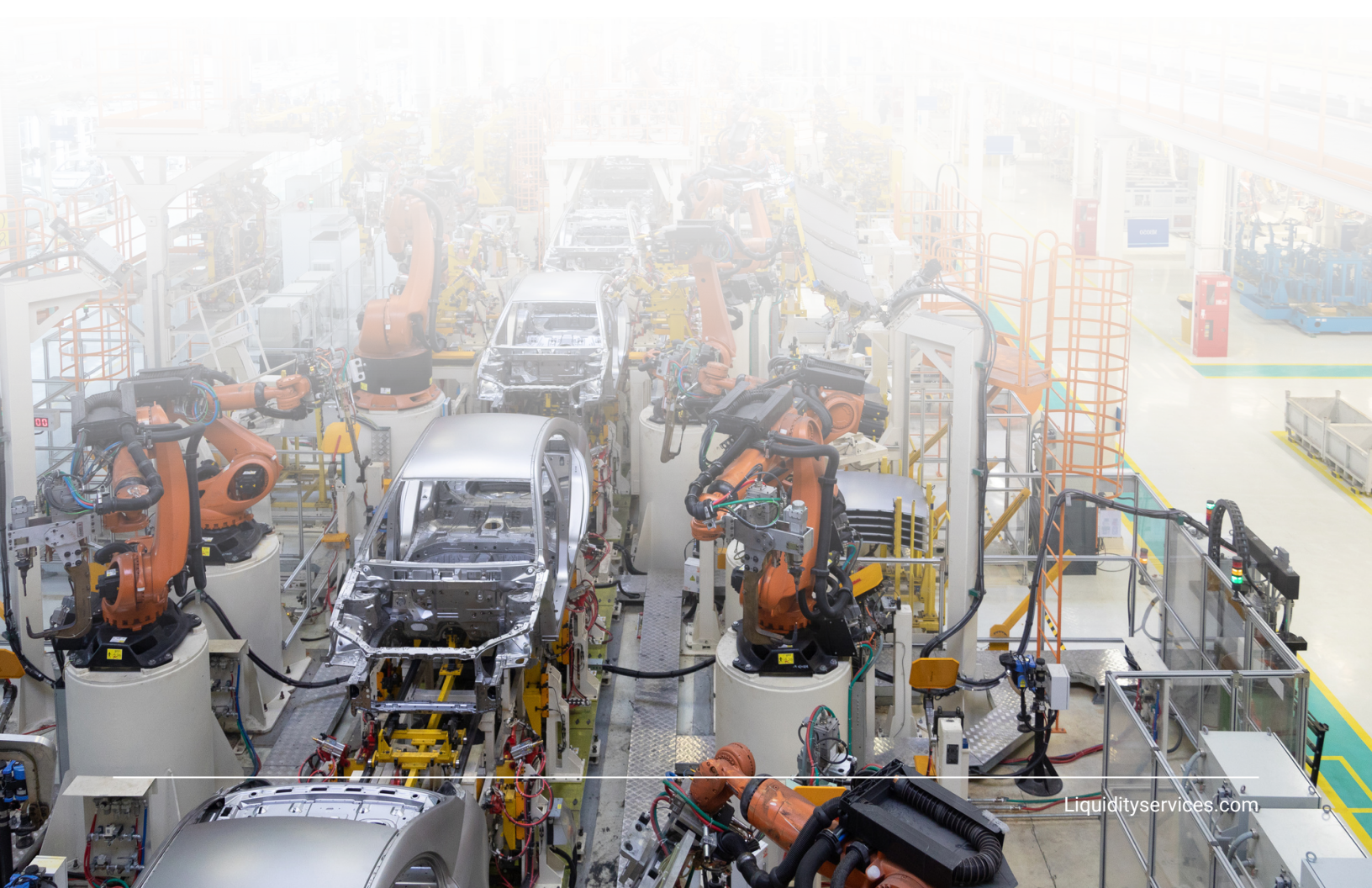
Market Trajectory

The online salvage and industrial auction market is expected to grow from \$12 billion in 2025 to \$59.18 billion by 2035, nearly 5X growth in ten years, reflecting a CAGR greater than 17.3% (Fundamental Business Insights, 2025).

Regional dynamics reveal strategic opportunities:

- North America leads with nearly 49% of market share, driven by high vehicle turnover and mature digital auction platforms
- Asia-Pacific is the fastest-growing region, supported by rapid digitalization and strong aftermarket demand
- Europe's growth is shaped by sustainability initiatives and circular economy policies that encourage reuse and refurbishment

Key growth drivers include digital platform adoption, end-to-end B2B integration, and sustainability-focused lifecycle management practices that treat surplus assets as strategic resources rather than disposal problems.



Automotive Manufacturing

Market trend report summary



Surplus as Strategic Category

For automotive manufacturers, the most strategically relevant surplus segment isn't vehicles, it's manufacturing assets: production lines, assembly tools, robots, test equipment, and related infrastructure. These assets carry high original capital costs and significantly embedded carbon, making their disposition choices highly consequential from both a financial and Environmental, Social, and Governance (ESG) standpoint.

In Europe, ESG mandates and corporate sustainability targets are pushing manufacturers to adopt more rigorous approaches to surplus assets. The trend toward formalized surplus strategies is expected to strengthen as OEMs seek both cost savings and carbon reductions.

Specialized surplus asset marketplaces work with automotive manufacturers to unlock immediate cash from surplus assets, advance ESG goals by prioritizing reuse over scrappage, and support circular economy practices that extend asset lifecycles and reduce waste. By turning idle equipment into revenue and demonstrable sustainability gains, manufacturers can improve capital efficiency while meeting stakeholder and regulatory expectations.

What this Means

The automotive manufacturing industry is experiencing a historic convergence of challenges that creates both urgency and opportunity, depending on your position as a seller or buyer of surplus assets.

For Sellers: Why Timing Matters Now

Industry restructuring isn't happening all at once; it's unfolding in three distinct waves. The first phase, running from September 2024 through January 2025, saw initial project cancellations totaling \$3.9 billion (Kennedy, 2025; Udavant, 2025). The second phase, spanning February through July 2025, brought production adjustments and the first wave of supplier bankruptcies (CNBC, 2025; TheStreet, 2025). Now we're in the third phase, characterized by fundamental

capacity rationalization: Volkswagen cutting 35,000 jobs by 2030, GM reducing Factory Zero to single-shift operations, and Ford writing off \$19.5 billion in EV programs (Bauelectric, 2025; World Socialist Web Site, 2025; Car and Driver, 2024).

The critical window: Industry analysts project that peak surplus volumes will flood the market in Q2 through Q4 of 2026 as all those late-2025 restructuring decisions get fully implemented. Companies making disposition decisions now, in Q1 2026, are operating in a market that's less saturated than what's coming.

Understanding the Economics

Several factors compound the urgency. Idle automotive manufacturing equipment typically loses 1-2% of its value every month it sits unused, and that's before accounting for the carrying costs of floor space, insurance, and maintenance. Meanwhile, market saturation risk grows daily as combined ICE and EV capacity reductions exceed 1.5 million vehicles annually, with suppliers facing 30-40% order reductions that displace even more equipment into the market.

What makes this particularly challenging is that we're not dealing with a normal cyclical downturn. This contraction stems from structural factors: 72% of consumers expect tariffs to make vehicles less affordable, the \$7,500 EV tax credit has been eliminated, and supply chain inflexibility persists. Historical data on structural disruptions like these suggests recovery timelines extend 18-24 months minimum (Dale, 2025; Scurek, 2025; Ozsevim, 2025). Strategic implications for manufacturers: If you have idle or underutilized equipment, now is the time to evaluate your disposition options, before the Q2-Q4 2026 surge when market saturation will likely pressure pricing and extend sales cycles considerably.

Conclusion

Several key predictions from our earlier 2025 automotive market trend reports have been validated:

- Plant closures and project cancellations are accelerating across both traditional and EV manufacturing, with combined capacity reductions exceeding 1.5 million vehicles annually
- Hybrid vehicle adoption has pivoted faster than pure EV adoption as consumers seek affordability and flexibility
- Automation adoption continues surging despite overall production cuts, as manufacturers seek efficiency and flexibility
- Digital auction platforms are experiencing strong growth, with the market expected to reach \$59.18 billion by 2035
- Sustainability focus is intensifying, particularly in Europe where ESG mandates drive asset disposition strategies

One area where earlier projections missed the mark: the pace of EV adoption in the United States, which was significantly hampered by the elimination of the \$7,500 EV tax credit.

Looking Ahead

The coming months will be defined by:

- Continued factory streamlining in response to global production declines
- Increased focus on hybrid production lines as automakers hedge powertrain strategies
- Peak implementation of Phase 3 structural restructuring in Q2-Q4 2026
- Significant increases in manufacturing equipment entering surplus markets
- Accelerated digital auction adoption as companies seek efficient disposition channels
- Growing emphasis on sustainability and circular economy practices in asset disposition

The perfect storm we predicted in early 2025 has materialized, intensified by factors we couldn't fully anticipate: the speed of policy reversals, the magnitude of supplier distress, and the global scope of restructuring. For those positioned to capitalize on it, the surplus opportunity of 2026 may be unprecedented in automotive manufacturing history.

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Consultative surplus asset management, valuation, and sales solutions

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 - Asset management
 - Compliance and risk mitigation
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