

COX AUTOMOTIVE

DEALER SENTIMENT INDEX

FOURTH QUARTER 2024



A Unique Market Drives Optimism

Background

- Data for the Cox Automotive Dealer Sentiment Index (CADSI) is gathered via a quarterly online survey of franchised and independent auto dealers.
- Dealer responses are weighted by dealership type and volume of sales to closely reflect the national dealer population. Data is used to calculate an index wherein a number over 50 indicates more dealers view conditions as strong or positive rather than weak or negative.
- The Q4 2024 CADSI is based on 933 U.S. auto dealer respondents, comprising 493 franchised dealers and 440 independents. The survey was conducted from November 6th-18th, 2024.
- The next quarterly report will be released in March 2025. The CADSI was first published in Q2 2017.

Key Takeaways: Q4 2024

The Q4 2024 Cox Automotive Dealer Sentiment Index (CADSI) reveals a shift in dealer sentiment. Dealers are optimistic about the future, despite current market conditions being perceived as weak.

The market outlook index, reflecting dealers' expectations for the upcoming quarter, increased to 54 in Q4, up from 42 in Q3. This marks a notable rise compared to last year when the index was at 41, one of its lowest points on record.

Throughout 2024, political uncertainty and the pending U.S. election heavily influenced dealer sentiment.

Jonathan Smoke, Chief Economist at Cox Automotive, stated, "The recent resolution of political uncertainty following the presidential election has cleared the path for a more optimistic outlook on future auto market conditions. Coupled with the potential for supportive measures such as tax rebates and the possibility of lower interest rates, dealers

are feeling more hopeful about the road ahead as we move into 2025."

The current market index score of 42 indicates that most dealers view the current retail auto market as weak. While the outlook index improved significantly, the current market index only increased by two points from 40 to 42 in Q4. This sentiment is slightly better than a year ago but remains below pre-pandemic norms.

Franchised dealers, who sell both new and used automobiles, are more optimistic than used-only independent dealers. The profit index increased slightly from 34 to 35, with both franchised and independent dealers noting higher profitability compared to Q3. However, the index remains well below levels seen in 2021 and 2022.

The cost index also improved, falling from 77 to 71, indicating that the pressure on dealership costs may be easing. Views of the U.S. economy were mostly flat in Q4 at 41, equal to Q3 and slightly higher than Q4 2023. Dealers

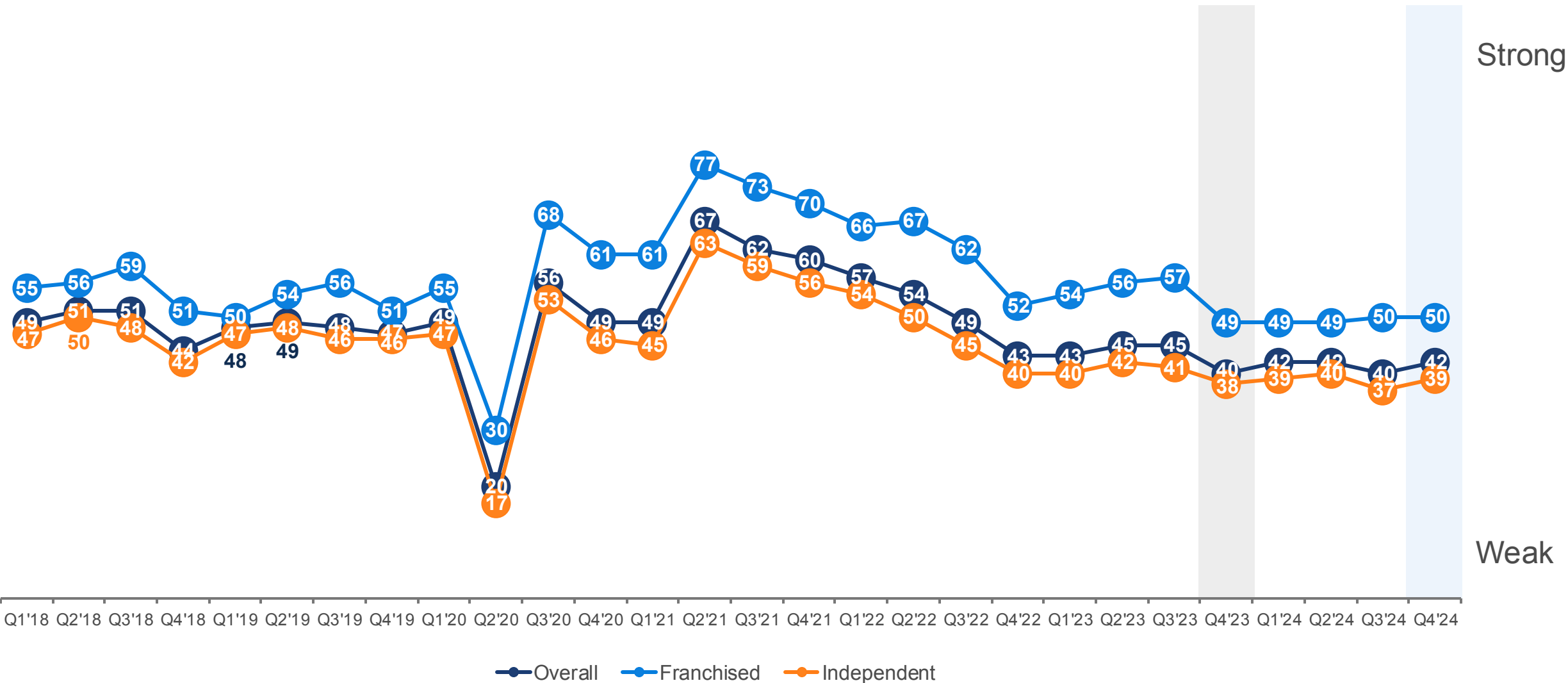
still see the economy as weak, impacted by elevated inflation and high auto loan rates.

The new-vehicle sales index improved from 51 to 54, suggesting a better sales environment. The new-vehicle inventory index remains high at 73, indicating growing inventory. Used-vehicle sales and inventory sentiment also improved.

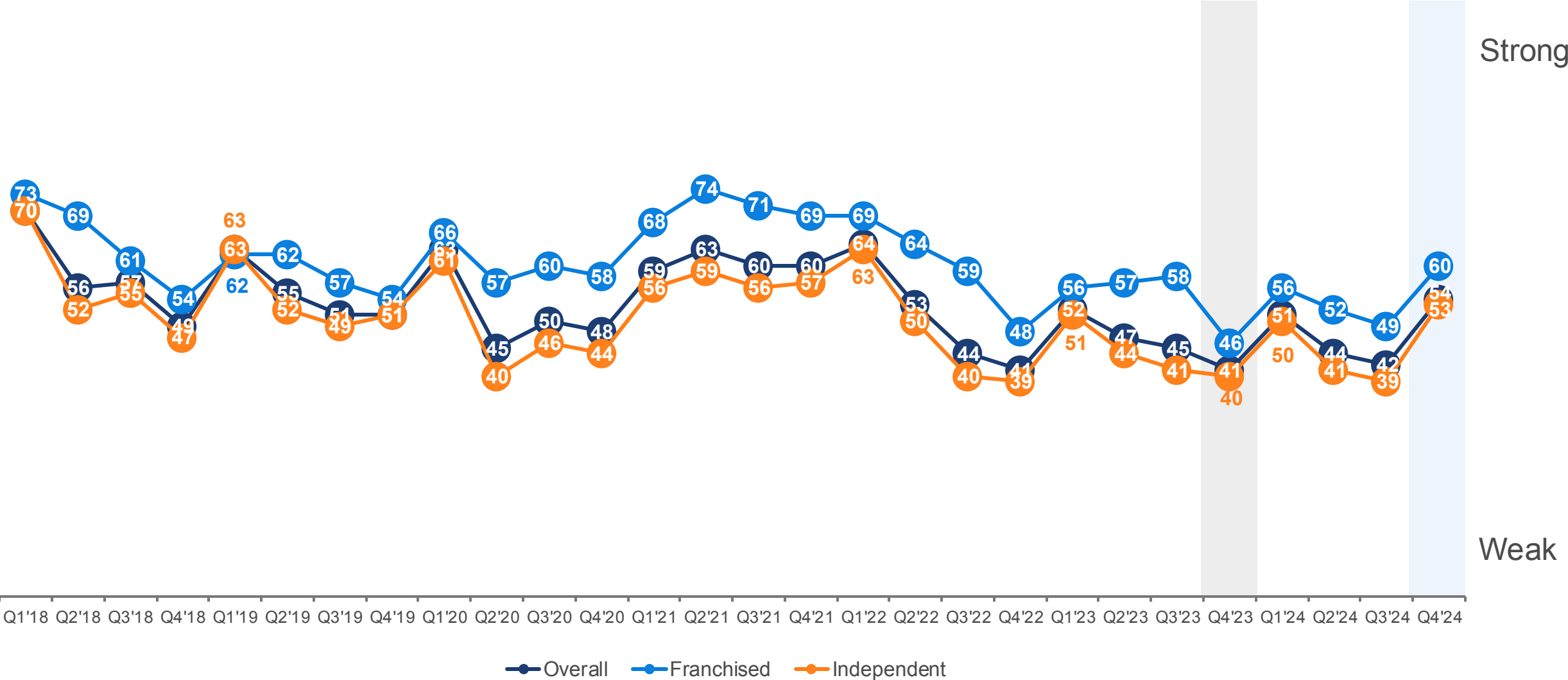
Dealer sentiment toward electric vehicle (EV) sales remained mostly unchanged, with a slight uptick for franchised dealers. The outlook for EV sales fell further due to potential changes in tax incentives with the new administration.

Factors holding back business include the Economy, with 56% of dealers citing it as a significant concern, followed closely by Interest Rates at 52%. Market Conditions and Political Climate are also notable factors, with 37% and 35% of dealers, respectively, identifying these as issues. Completing the top five, 33% of dealers identified Expenses as a barrier.

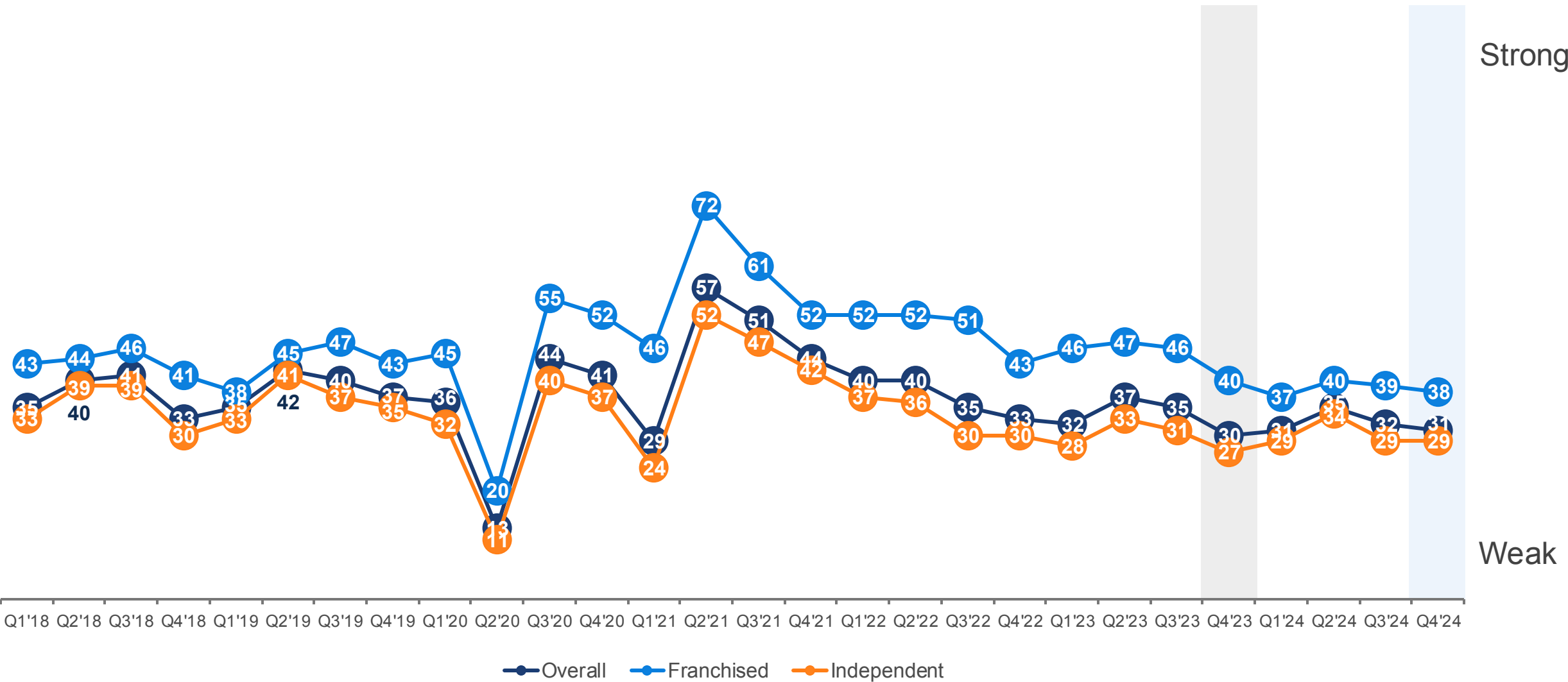
Q1: How would you describe the current market for vehicles in the areas where you operate?



Q2: What do you expect the market for vehicles in your area to look like 3 months from now?

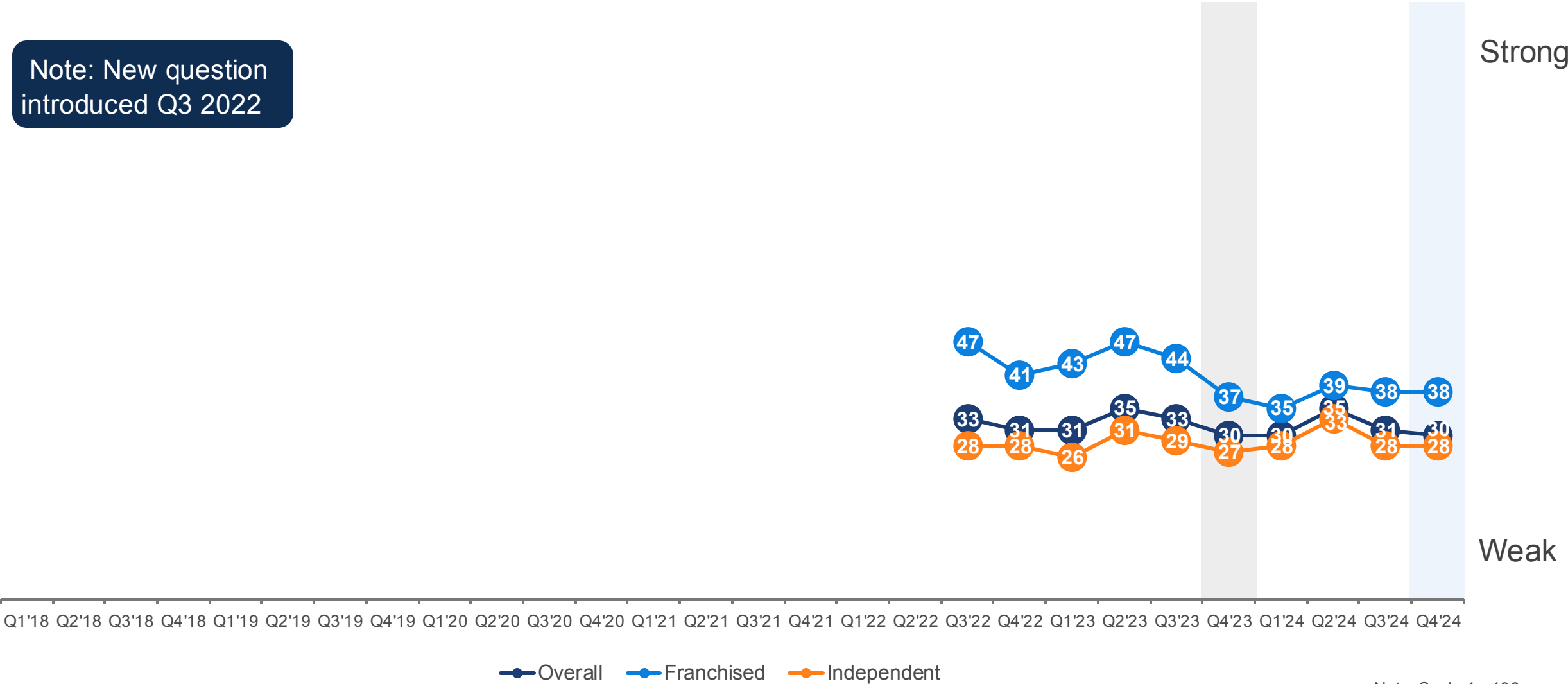


Q3: How do you rate the customer traffic to your dealership over the past 3 months?



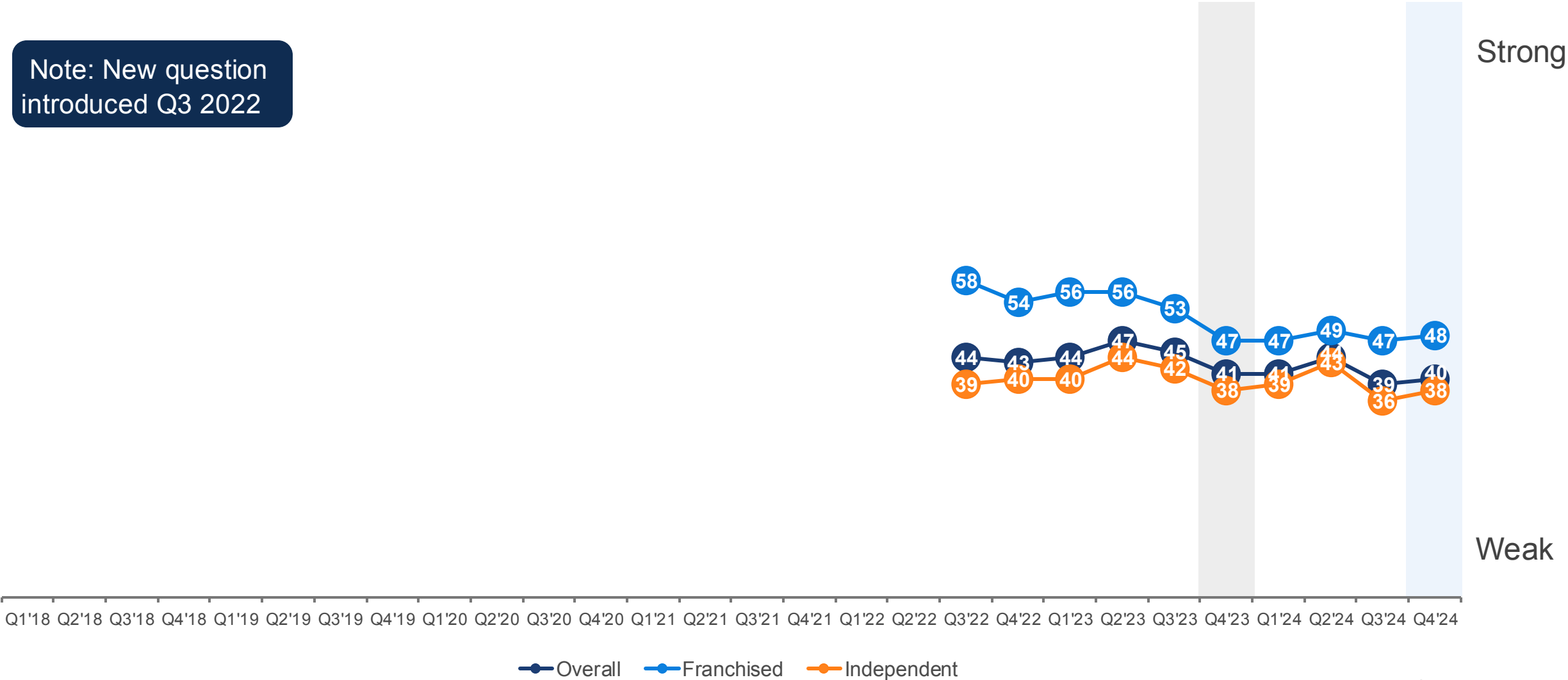
Q3A: How do you rate the in-person customer traffic to your dealership over the past 3 months?

Note: New question introduced Q3 2022

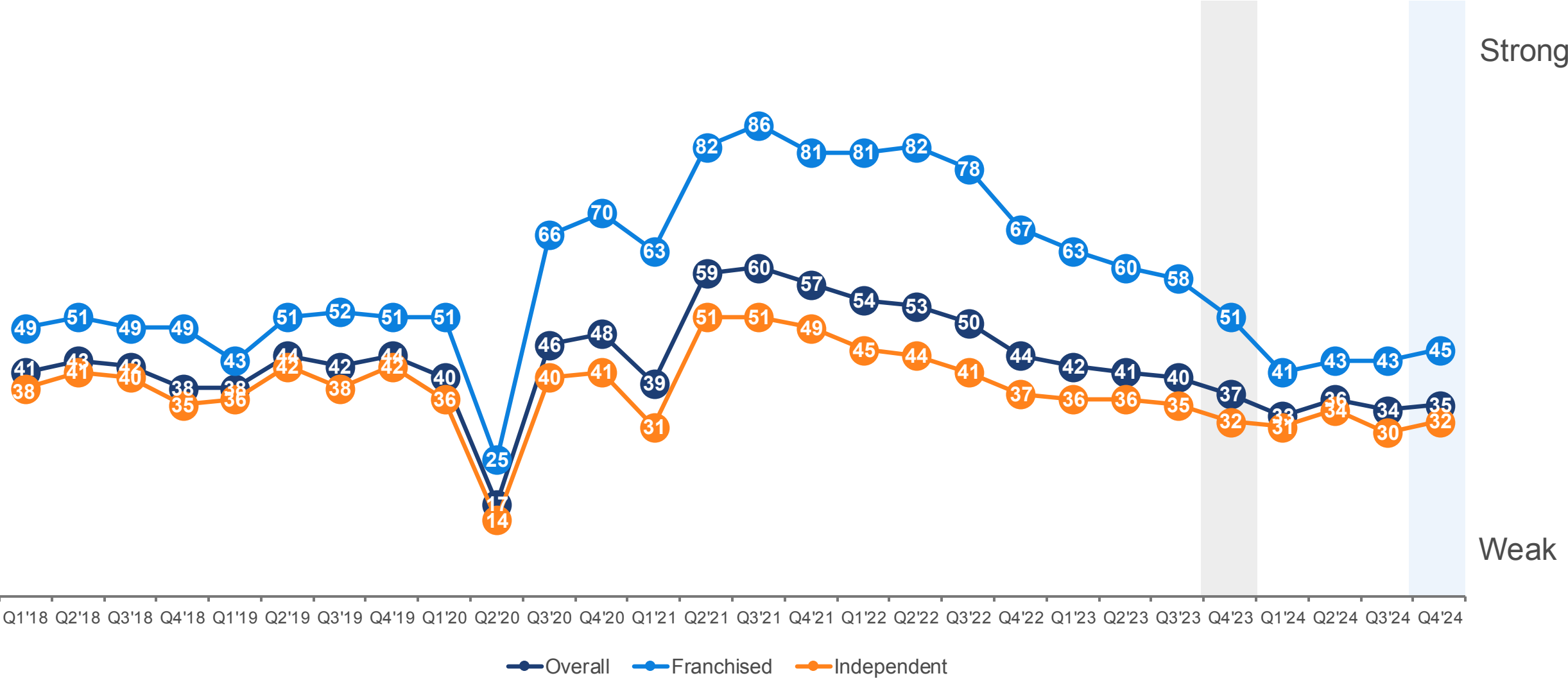


Q3B: How do you rate the digital/online customer traffic to your dealership over the past 3 months?

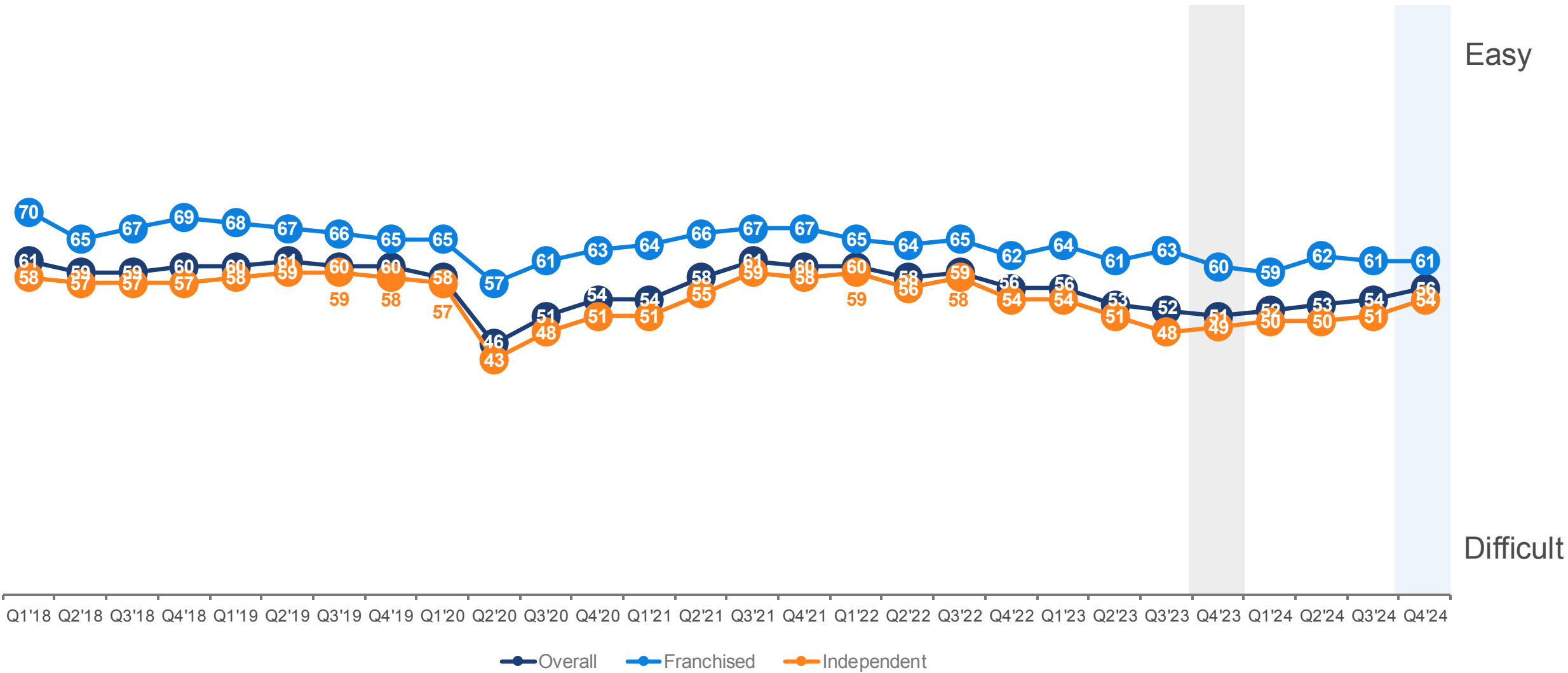
Note: New question introduced Q3 2022



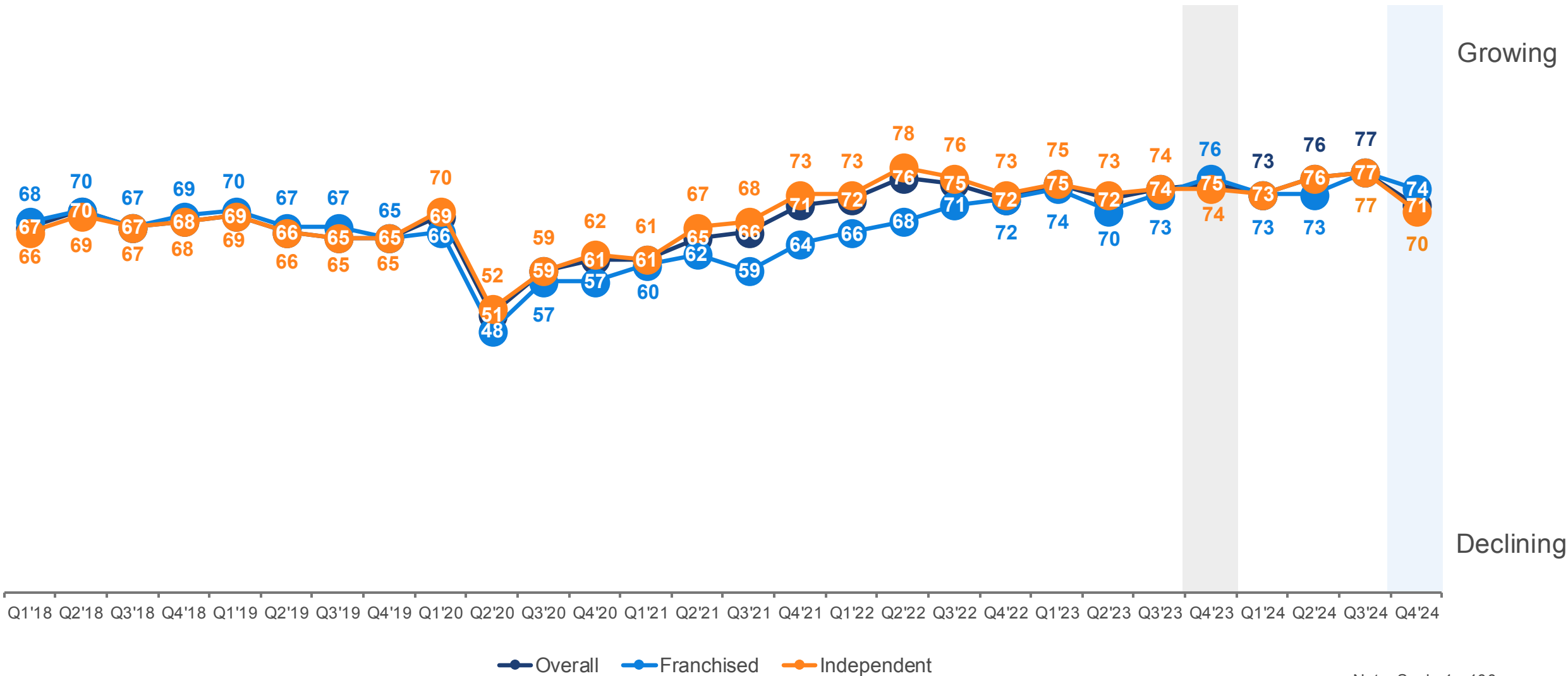
Q4: How would you describe your profits over the past 3 months?



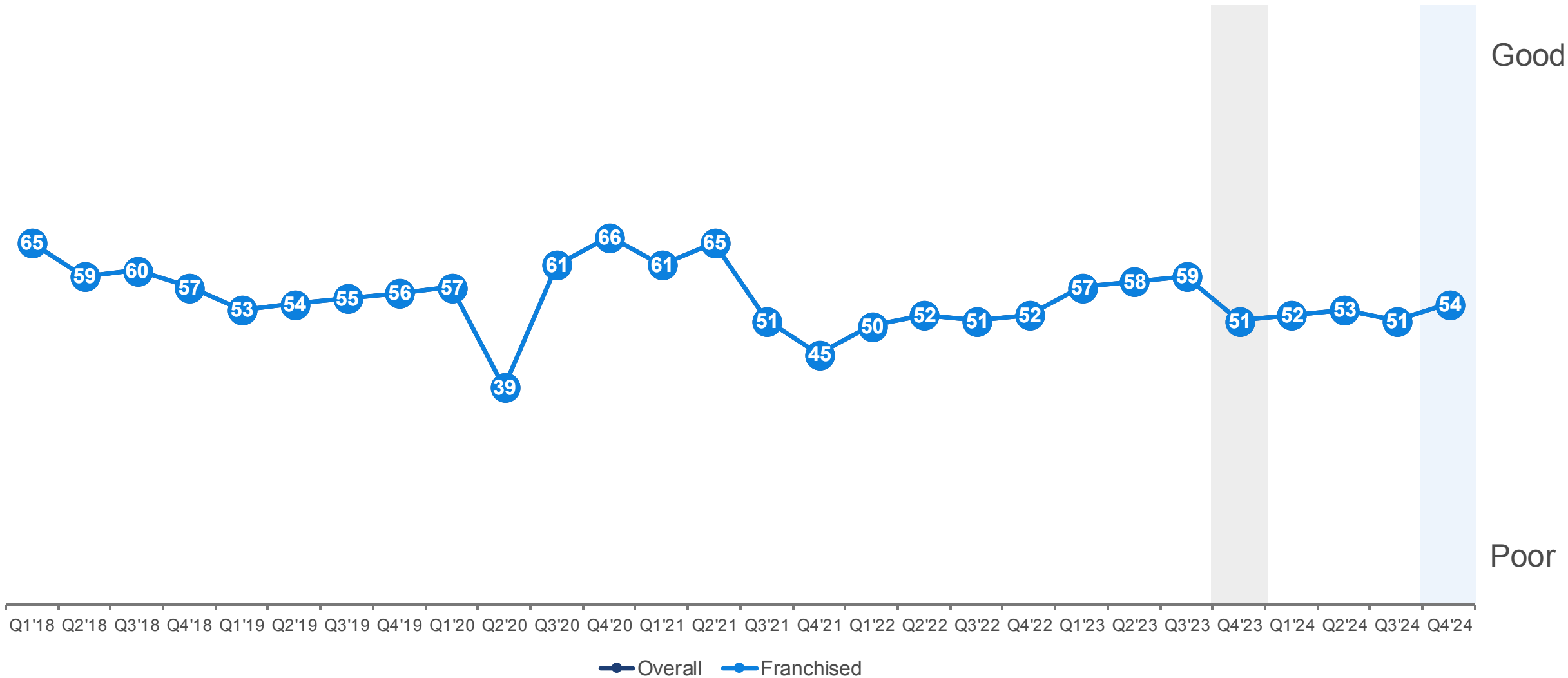
Q5: How would you describe your ability to get credit to operate your business over the past 3 months?



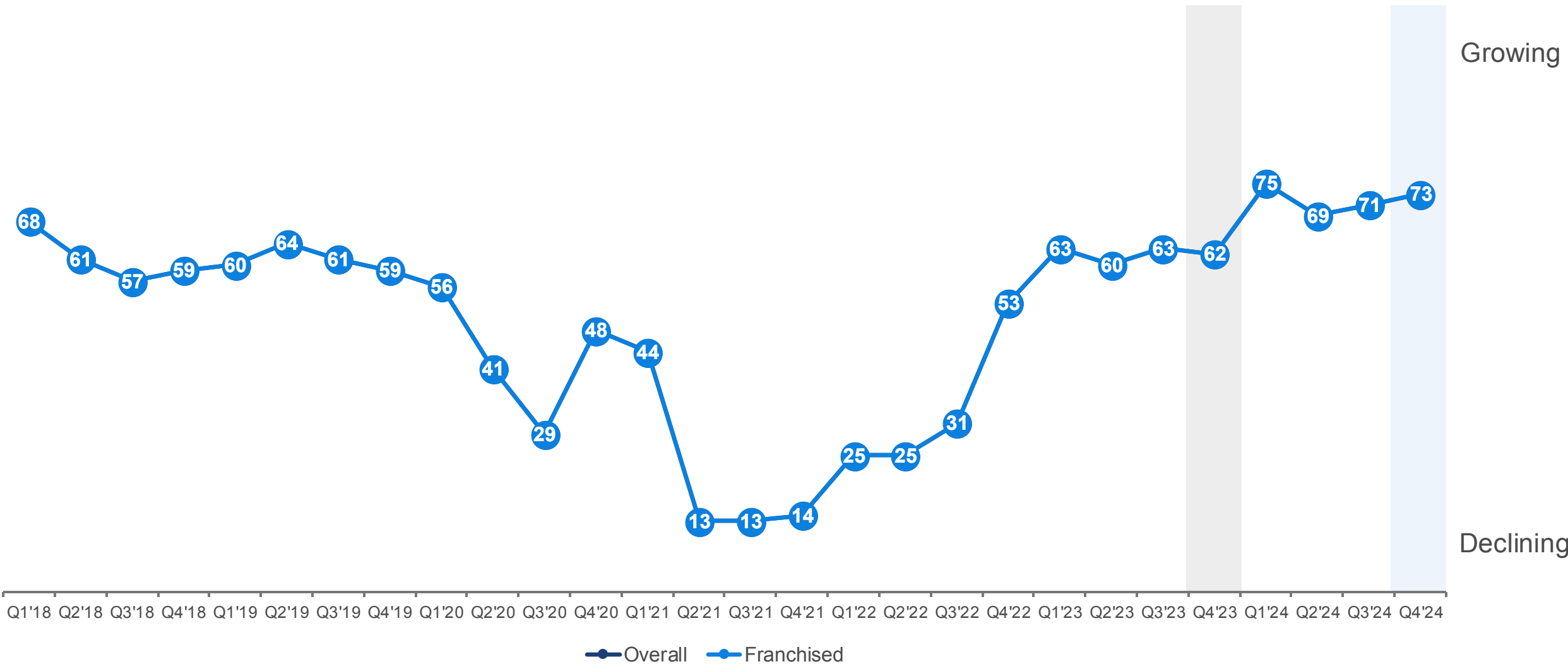
Q6: How would you describe the cost of running your dealership over the past 3 months?



Q7: How would you describe the current new-vehicle sales environment?

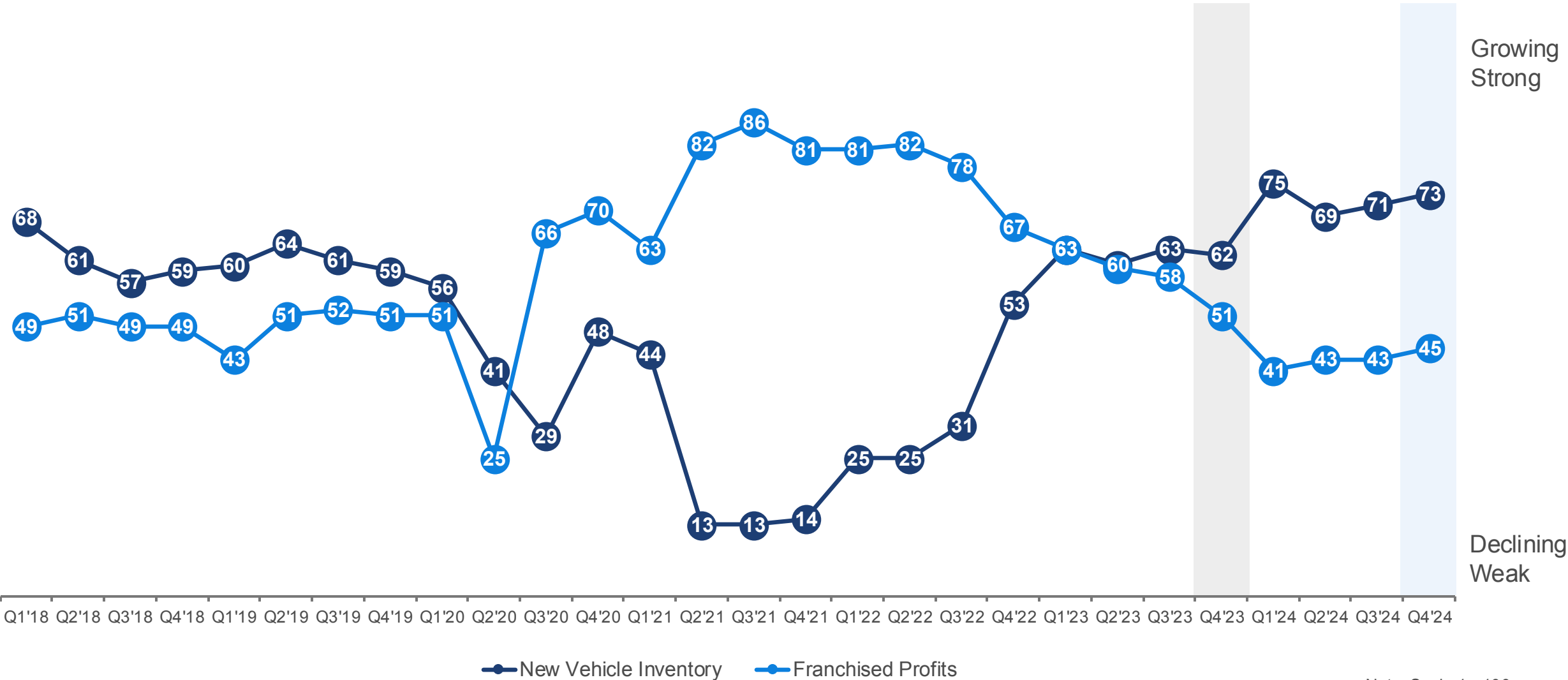


Q8: How would you describe the current new-vehicle inventory levels?



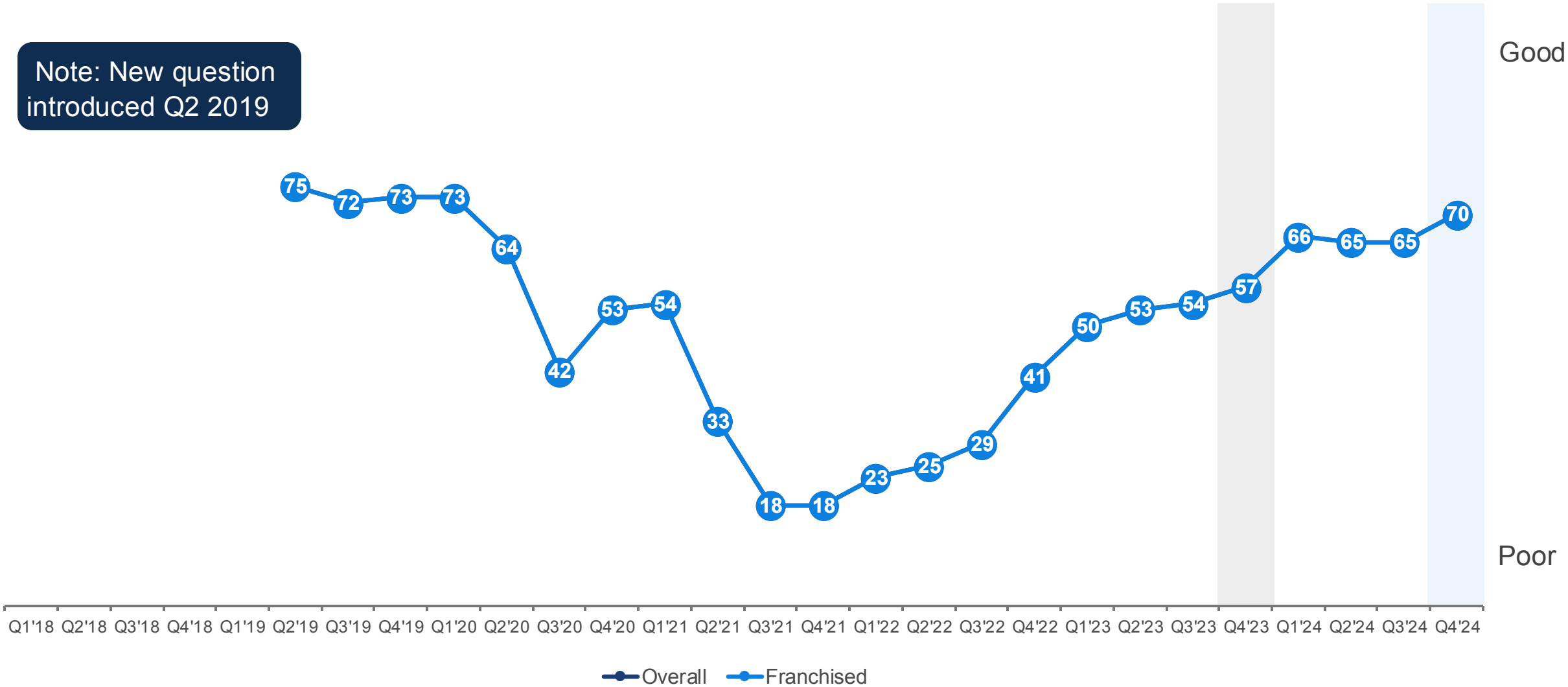
Inventory/Profits

Q4: How would you describe your profits over the past 3 months?
Q8: How would you describe the current new-vehicle inventory levels?



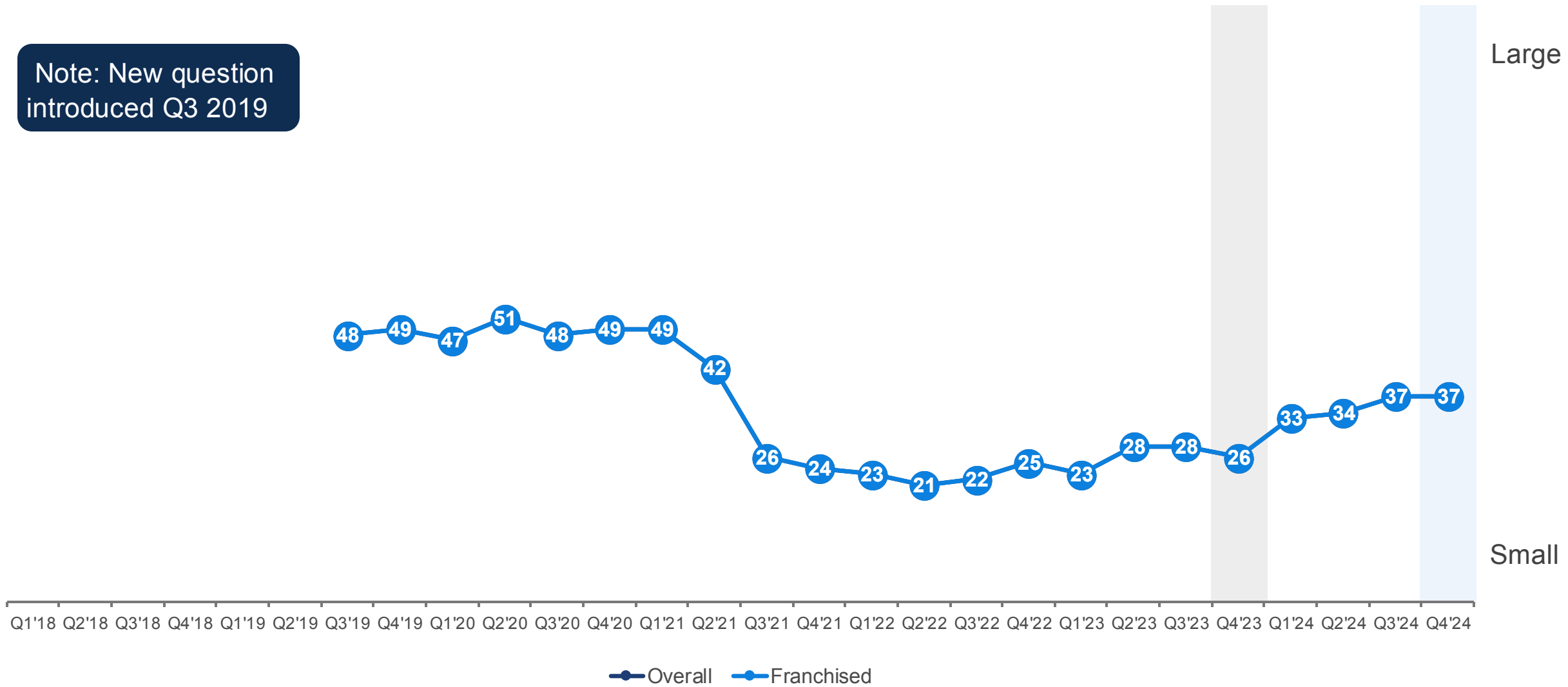
Q9: How would you describe the current new-vehicle inventory mix?

Note: New question introduced Q2 2019

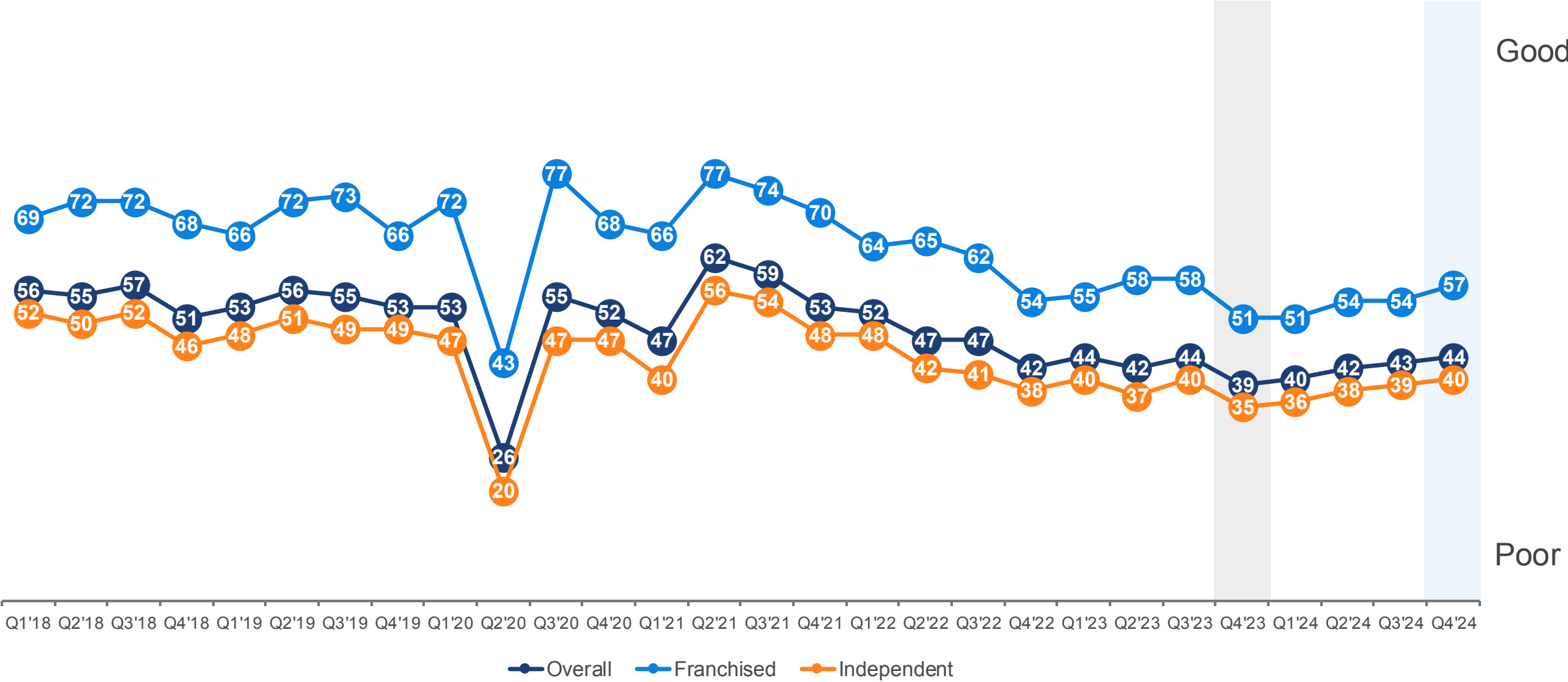


Q10: How would you describe the current level of OEM new-vehicle incentives?

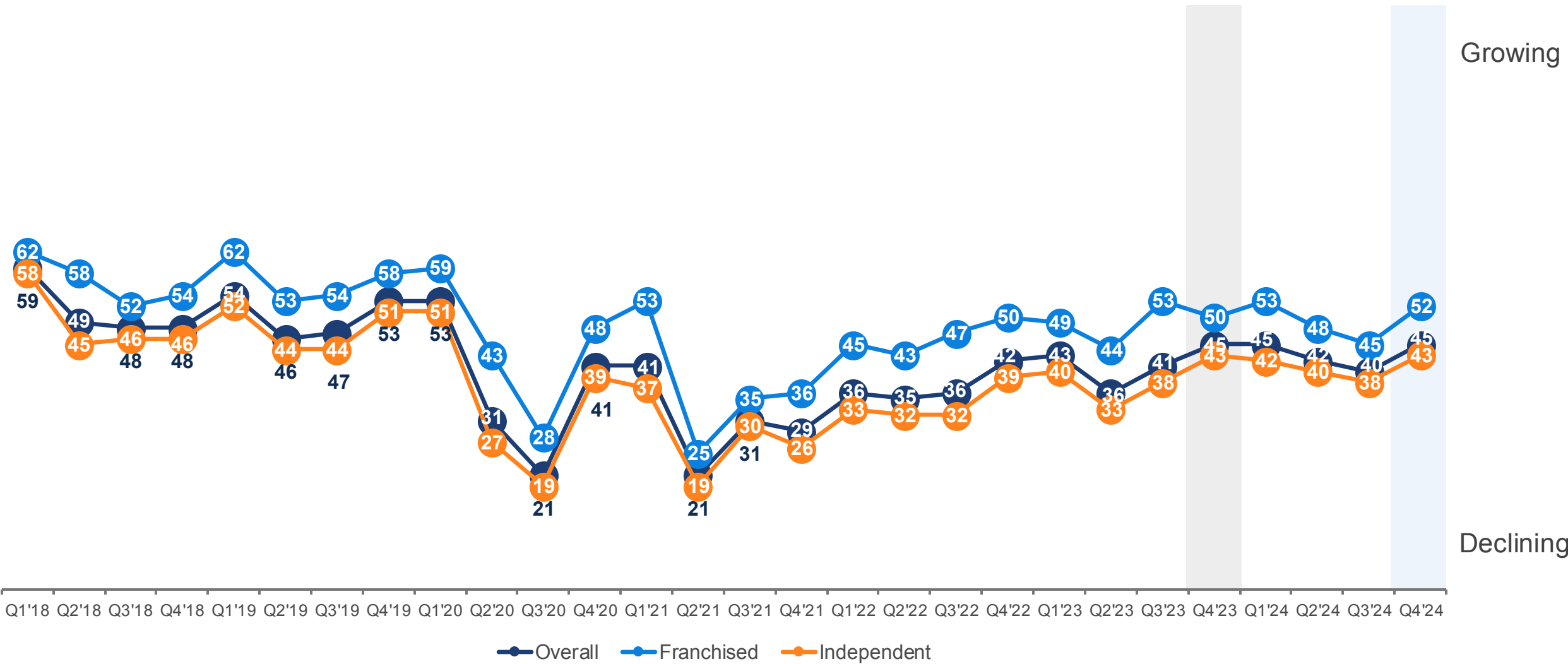
Note: New question introduced Q3 2019



Q11: How would you describe the current used-vehicle sales environment?



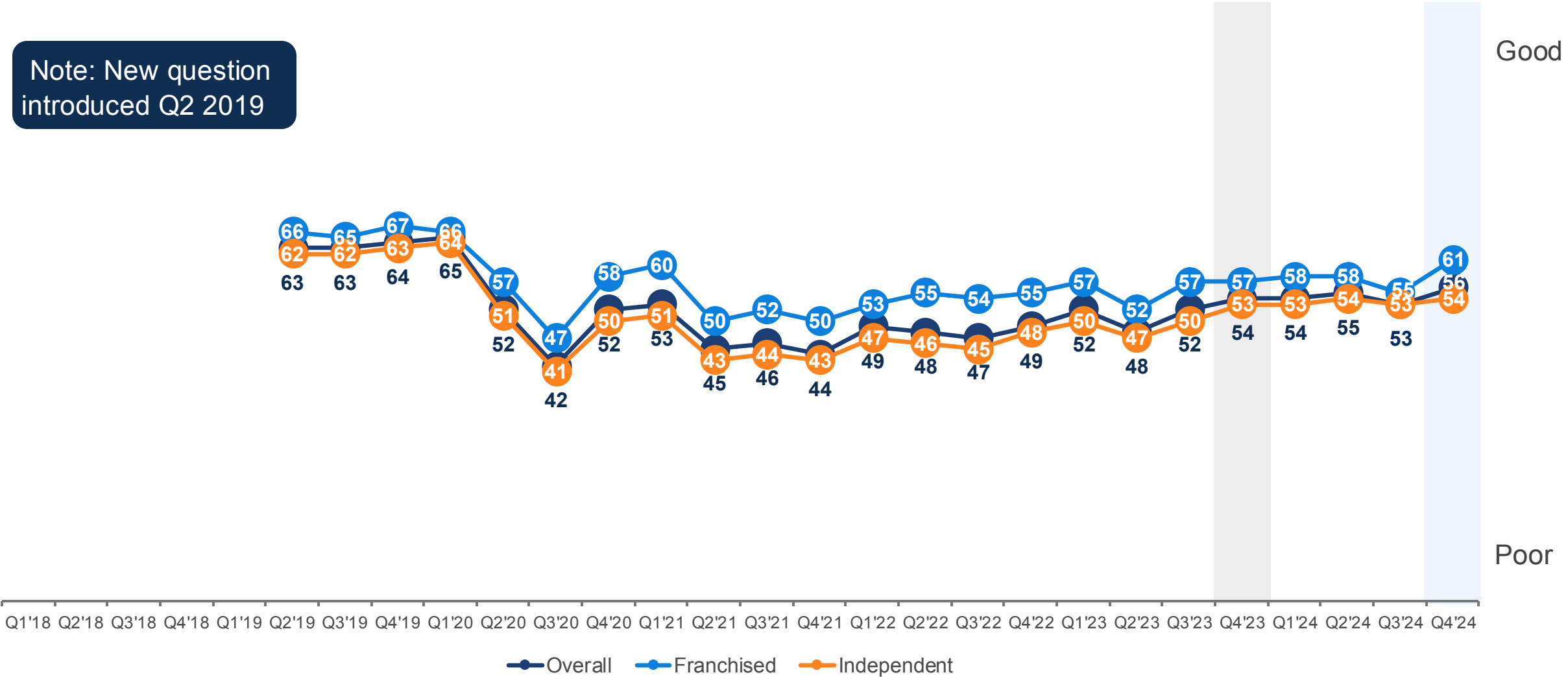
Q12: How would you describe the current used-vehicle inventory levels?



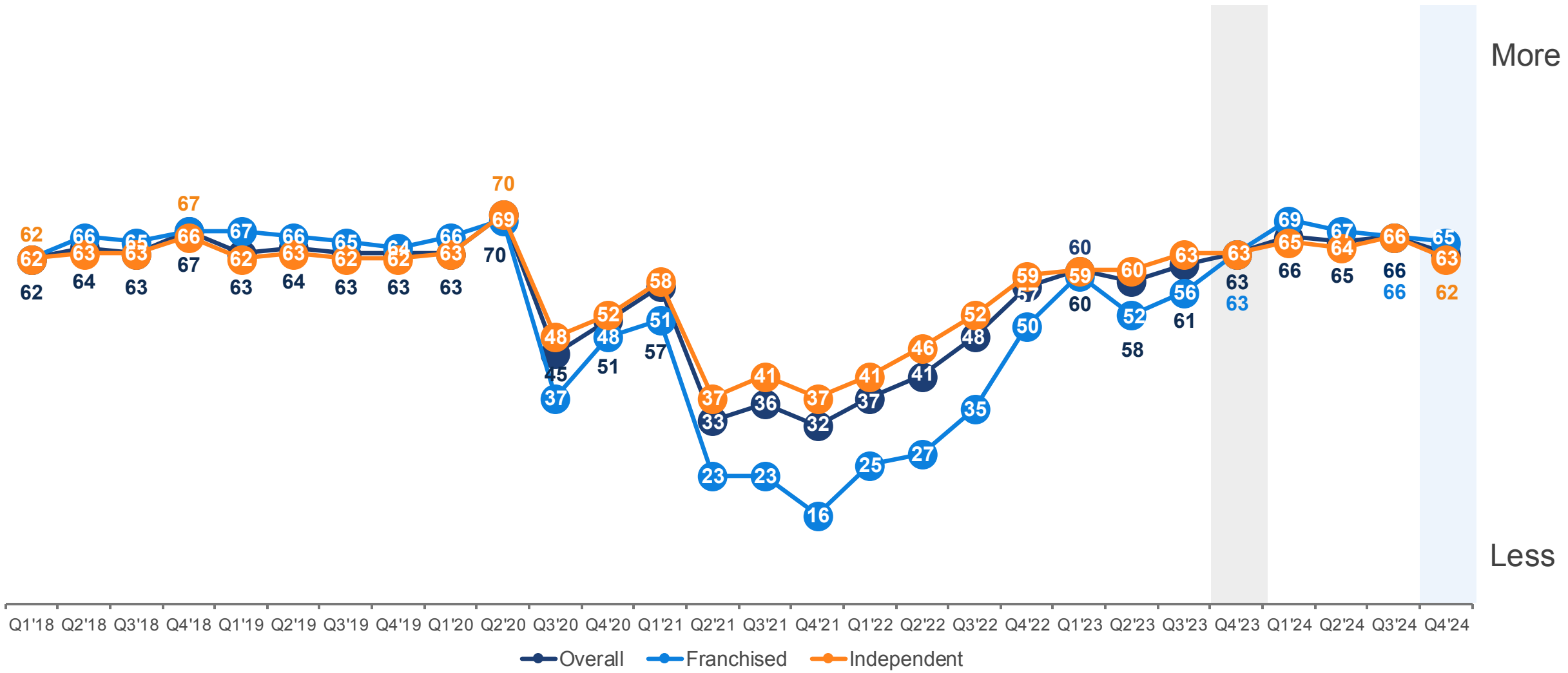
Note: Scale 1 - 100

Q13: How would you describe the current used-vehicle inventory mix?

Note: New question introduced Q2 2019

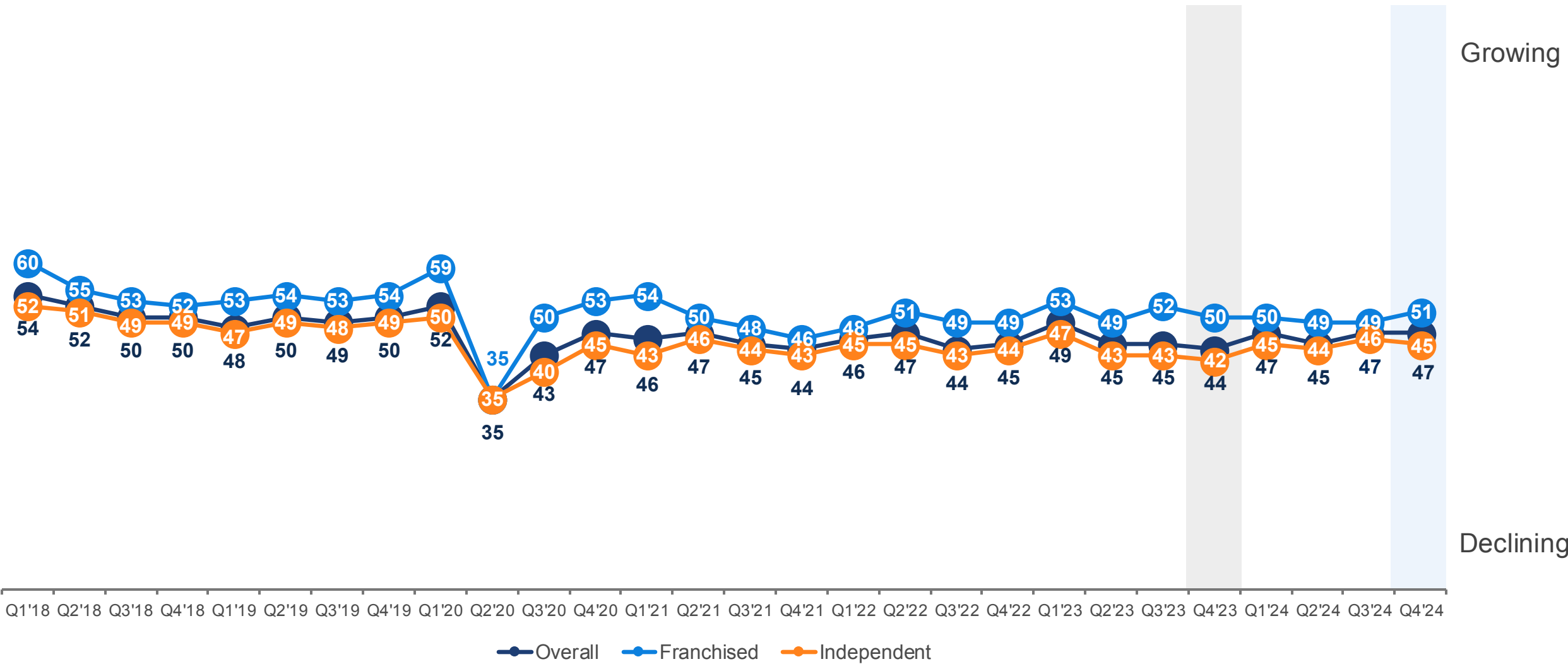


Q14: How much pressure do you feel to lower your prices?



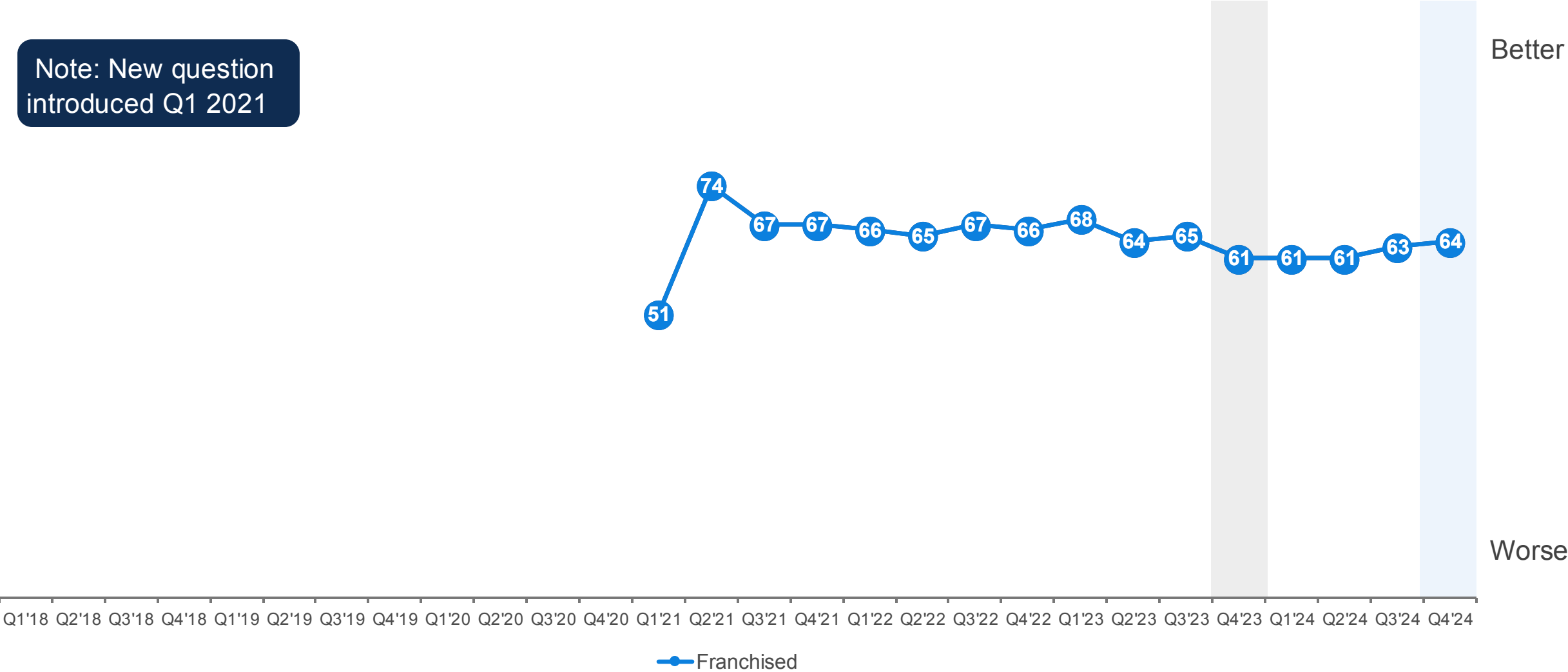
Note: Scale 1 - 100

Q15: How would you describe your dealership's current staffing levels?



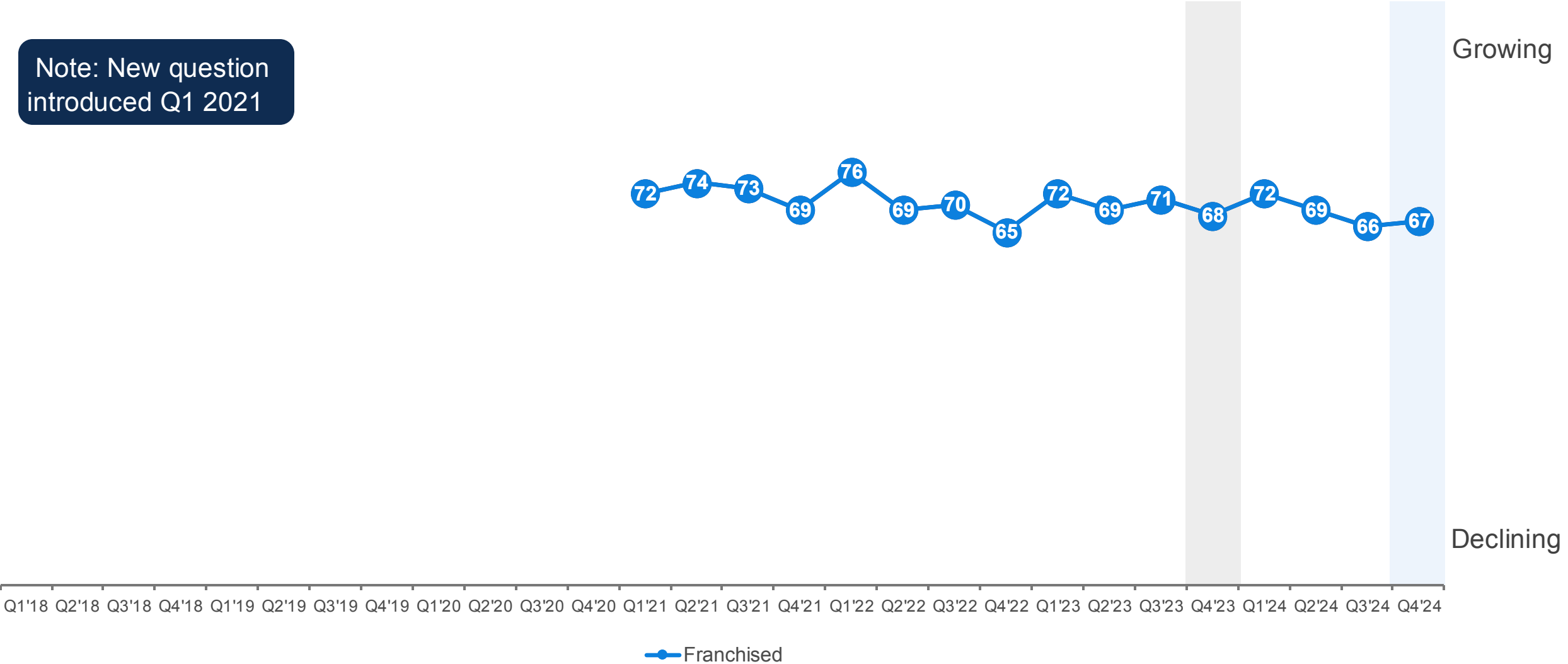
Q16: How would you describe the current level of business in your fixed operation?

Note: New question introduced Q1 2021



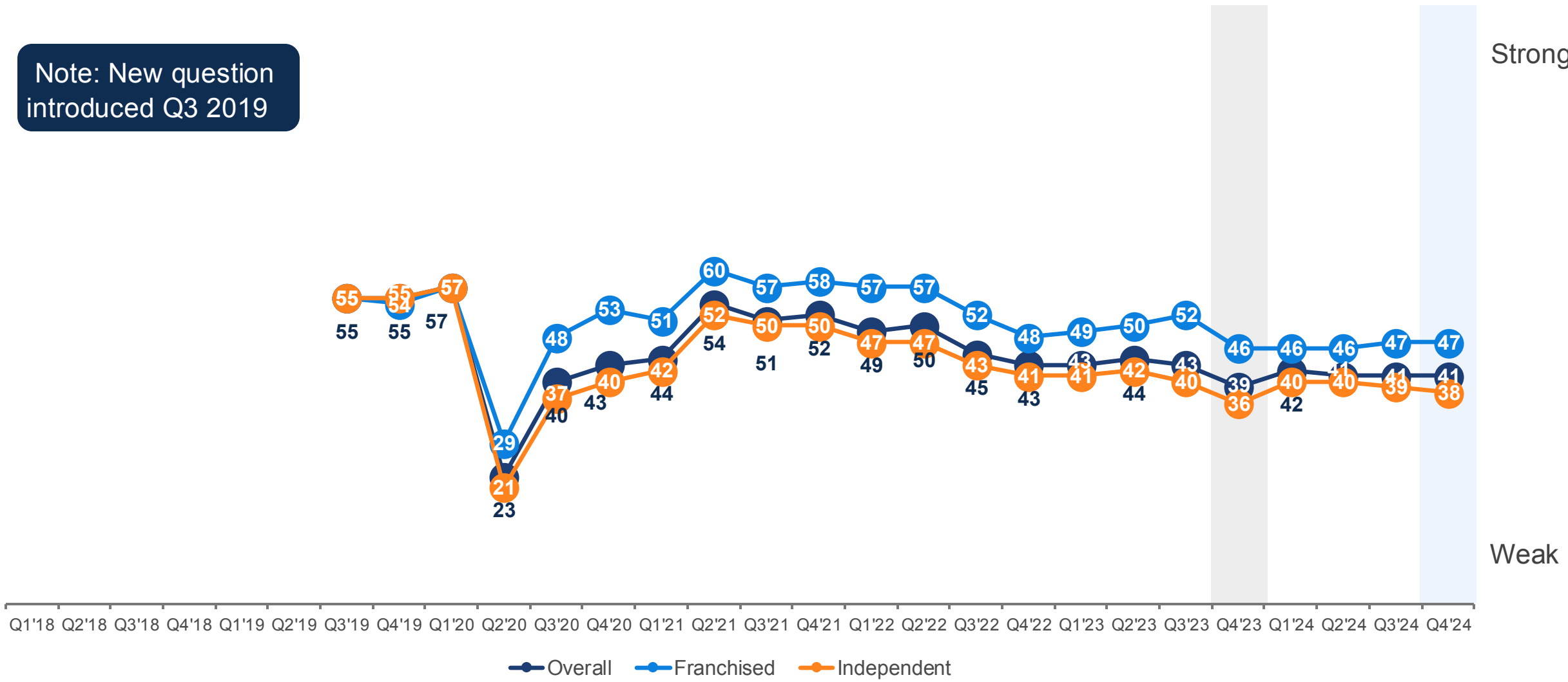
Q17: How would you describe the future opportunity with your fixed operations business?

Note: New question introduced Q1 2021



Q18: How would you describe the current U.S. economy?

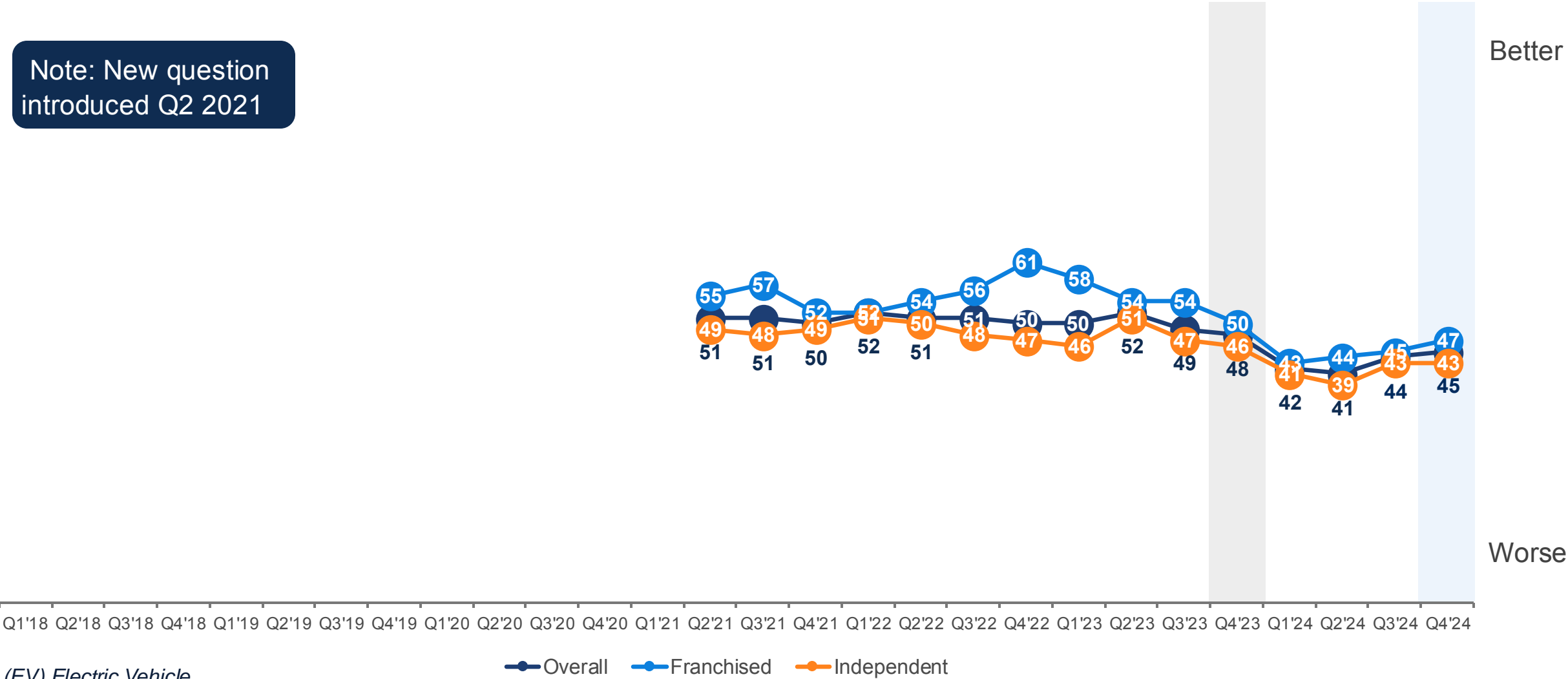
Note: New question introduced Q3 2019



Note: Scale 1 - 100

Q19: Compared to last year, how would you describe your EV sales?

Note: New question introduced Q2 2021

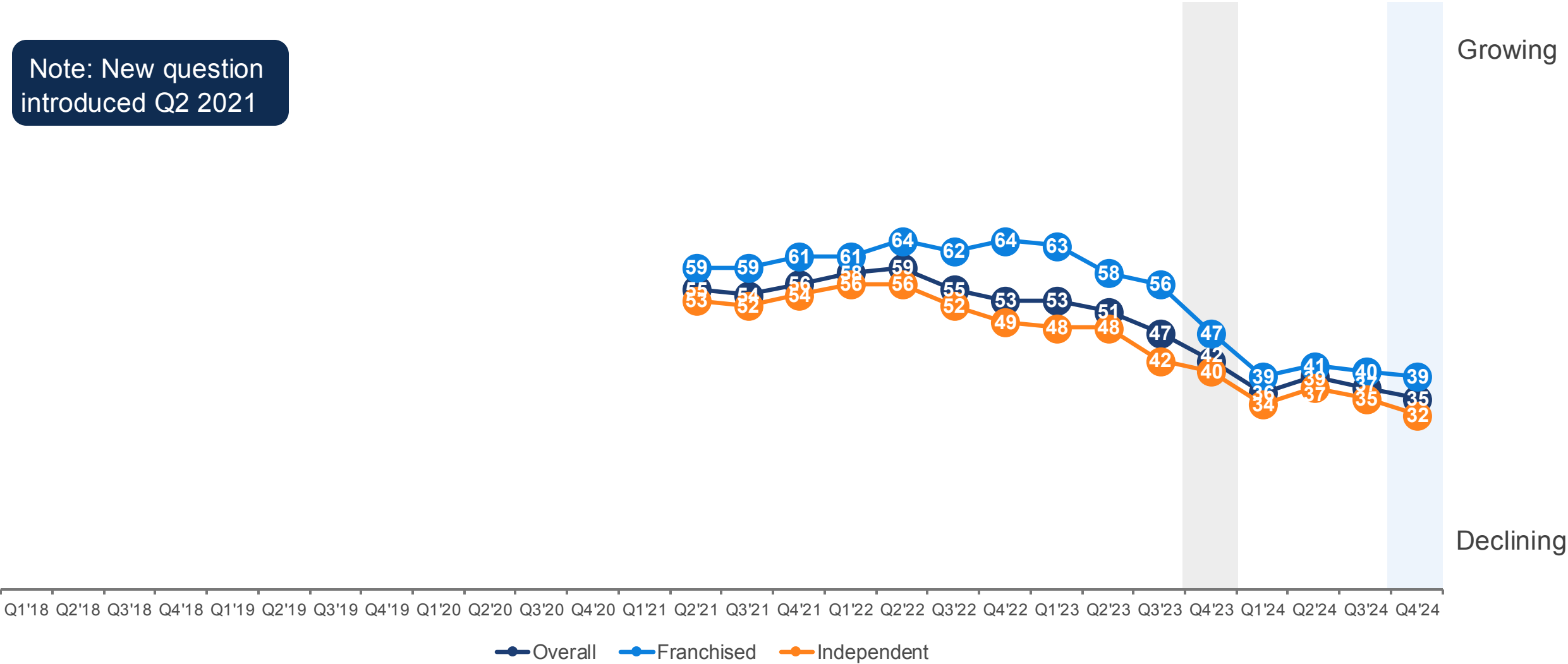


(EV) Electric Vehicle

Note: Scale 1 - 100

Q20: What do you expect the EV market in your area to look like 3 months from now?

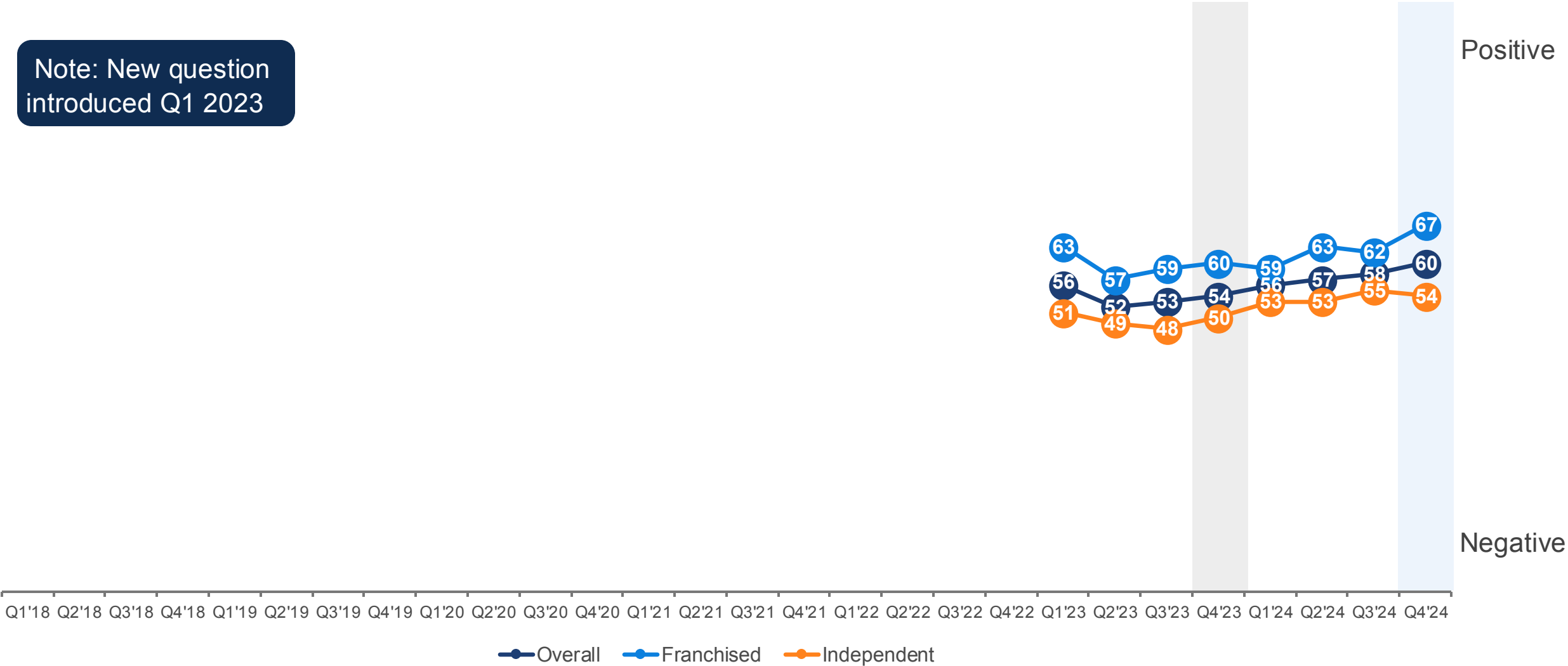
Note: New question introduced Q2 2021



Q23: How would you describe the effect of battery electric vehicle (BEV) tax credits are having on your dealership's BEV sales?

Note: New question introduced Q1 2023

Dealer Sentiment Index FOURTH QUARTER 2024

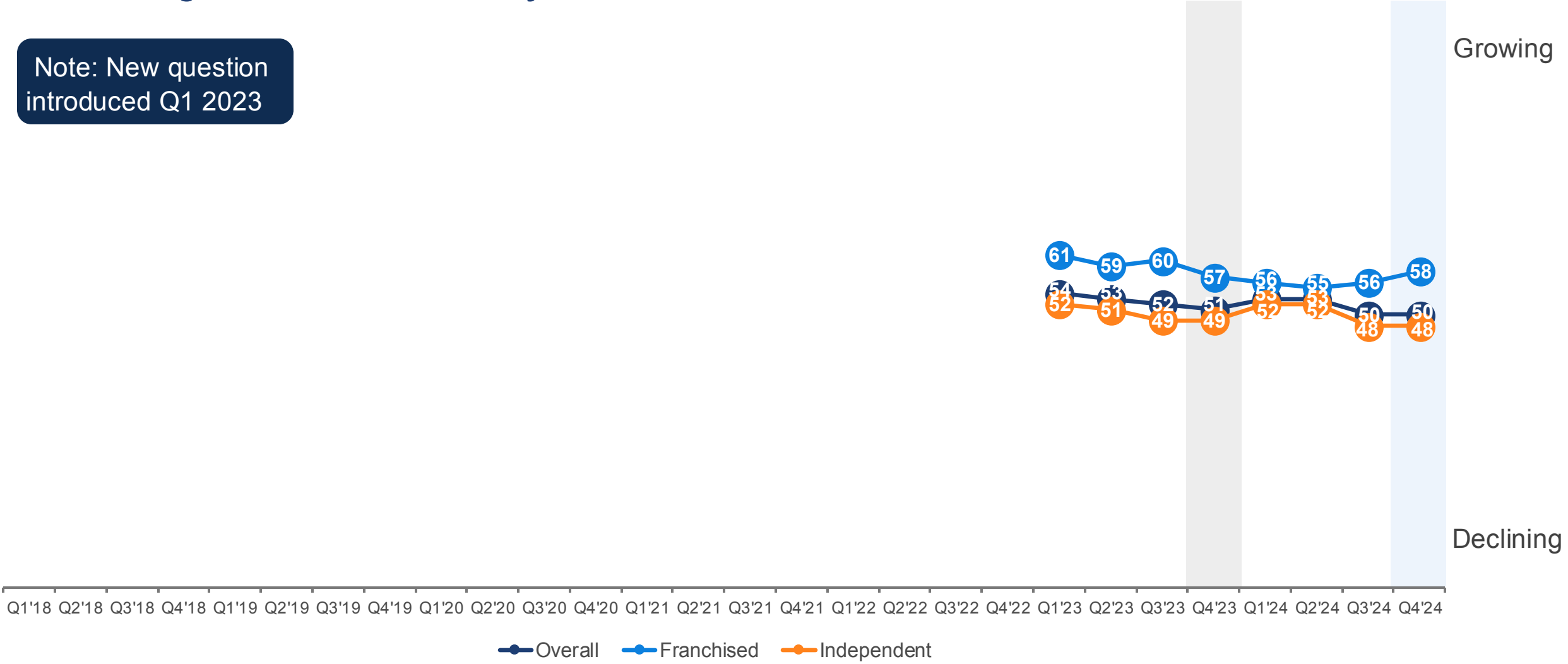


Note: Scale 1 - 100

Q24: Compared to the last 3 months, how would you describe the extent of your dealership's sales process that are being done online currently?

Note: New question introduced Q1 2023

Dealer Sentiment Index FOURTH QUARTER 2024



Factors Holding Back Business

OVERALL RANK

		Q4 '24	Q3 '24	Q4 '23	Q4 '22
1	Economy	56%	61%	61%	62%
2	Interest Rates	52% ↓	59%	65%	49%
3	Market Conditions	37%	41%	48%	46%
4	Political Climate	35% ↓	44%	32%	33%
5	Expenses	33%	33%	31%	29%
6	Consumer Confidence	30%	30%	29%	33%
7	Limited Inventory	29%	30%	33%	47%
8	Credit Availability for Consumers	28%	31%	34%	24%
9	Competition	18% ↑	15%	13%	12%
10	Regulations	8%	8%	6%	7%



Significant decrease vs previous quarter



Significant increase vs previous quarter

Factors Holding Back Business

FRANCHISED DEALERS

		Q4 '24	Q3 '24	Q4 '23	Q4 '22
1	Interest Rates	55% ↓	67%	73%	58%
2	Economy	51%	53%	56%	57%
3	Political Climate	37% ↓	49%	35%	34%
4	Market Conditions	35%	39%	46%	41%
5	Consumer Confidence	27%	32%	31%	28%
6	Expenses	26%	23%	20%	16%
7	Lack of Consumer Incentives from my OEM	24%	24%	34%	31%
8	Credit Availability for Consumers	19%	19%	24%	18%
9	Competition	16%	14%	11%	7%
10	Limited Inventory	15%	16%	31%	51%



Significant decrease vs previous quarter



Significant increase vs previous quarter

Factors Holding Back Business

INDEPENDENTS

		Q4 '24	Q3 '24	Q4 '23	Q4 '22
1	Economy	58%	63%	62%	64%
2	Interest Rates	51% ↓	57%	63%	46%
3	Market Conditions	38%	42%	48%	48%
4	Expenses	36%	36%	35%	34%
5	Limited Inventory	34%	34%	34%	45%
6	Political Climate	34% ↓	42%	32%	33%
7	Consumer Confidence	31%	30%	28%	35%
8	Credit Availability for Consumers	31%	35%	37%	26%
9	Competition	19%	15%	14%	13%
10	Credit Availability for my Business	9%	9%	7%	7%



Significant decrease vs previous quarter



Significant increase vs previous quarter

Impact of Inflation on Areas of Dealership

	Index (Strong/Weak)	Overall	Franchised (A)	Independent (B)
1	Costs/Expenses	77	75	78
2	Interest Rates	75 ↓	74 ↓	75 ↓
3	Vehicle Sales	65	68	65
4	Fixed Operations	65	63	66
5	Staffing Levels	54	56	53

Note: New question introduced in Q3 2022.

A/B indicates significant difference between groups at the 95% confidence level



Significant decrease vs
previous quarter



Significant increase vs
previous quarter



Regional View – Index Score (Franchised)

Question	Answer	North-east	Mid-west	South	West
Current Market	Strong/Weak	54	47	52	49
Market Next 3 Months	Strong/Weak	61 	53	65 	61
Overall Customer Traffic	Strong/Weak	40	38	39	36
In-Person Customer Traffic	Strong/Weak	38	38	41	34
Digital/Online Customer Traffic	Strong/Weak	46	46	51	50
Profits	Strong/Weak	45	43	46	47
Costs	Growing/Declining	74	75	71	76
New Vehicle Sales	Good/Poor	55	51	57	55
New Vehicle Inventory	Growing/Declining	74	75	68	74
New Vehicle Inventory Mix	Good/Poor	71	70	67	74



Significant decrease vs previous quarter



Significant increase vs previous quarter

Regional View – Index Score (Franchised)

Question	Answer	North-east	Mid-west	South	West
Price Pressure	More/Less	61	71	63	64
Staffing	Growing/Declining	50	53	52	48
OEM incentives	Large/Small	41	33	39	35
Economy	Strong/Weak	49	45	50	42
Current Fixed Operations	Better/Worse	65	63	67	62
Future Fixed Operations	Growing/Declining	65	68	69	63
Current BEV Sales	Better/Worse	45	45	46	51
Future BEV Sales	Growing/Declining	40	38	38	43
Dealer Credit	Easy/Difficult	62	60	63	56
Effect BEV Tax Credits Have on BEV Sales	Positive/Negative	66	67	61	76



Significant decrease vs previous quarter



Significant increase vs previous quarter

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COX AUTOMOTIVE

Contact information:

Dara Hailes

Senior Manager

Cox Automotive Corporate Communications

dara.hailes@coxautoinc.com

Mark Schirmer

Director

Cox Automotive Corporate Communications

mark.schirmer@coxautoinc.com

