

COX AUTOMOTIVE

DEALER SENTIMENT INDEX

FIRST QUARTER 2025



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 Q1 2025 CADSI is based on 969 U.S. auto dealer respondents, comprising 530 franchised dealers and 439 independents. The survey was conducted from January 28-February 10, 2025.
- The next quarterly report will be released in June 2025. The CADSI was first published in Q2 2017.

Key Takeaways: Q1 2025

According to the Q1 2025 Cox Automotive Dealer Sentiment Index (CADSI), U.S. automobile dealers' view of the current market improved in Q1, increasing from an index score of 42 in Q4 of 2024 to 44 in Q1 2025. The survey was conducted in late January and early February.

The current market index is higher year over year. However, the score of 44 – below the threshold of 50 – suggests more dealers see the current market as weak, not strong.

Franchised automobile dealers were more positive about current market conditions, with a score of 54; independent dealers indicated the current market is weak, with a score of 42.

Importantly, the market outlook index improved in Q1, increasing for the second straight quarter and reaching 58, the highest score since 2022. The market outlook index

typically increases in Q1 as optimism for the spring selling season is felt. The market outlook index score of 58 suggests more dealers expect the market in the coming three months to be strong, not weak.

“At the time of this survey, U.S. automobile dealers were feeling pretty good about the market,” noted Cox Automotive Chief Economist Jonathan Smoke. “A combination of positive factors has been working in the dealers' favor – inventory is healthy, and consumers have some urgency to buy.”

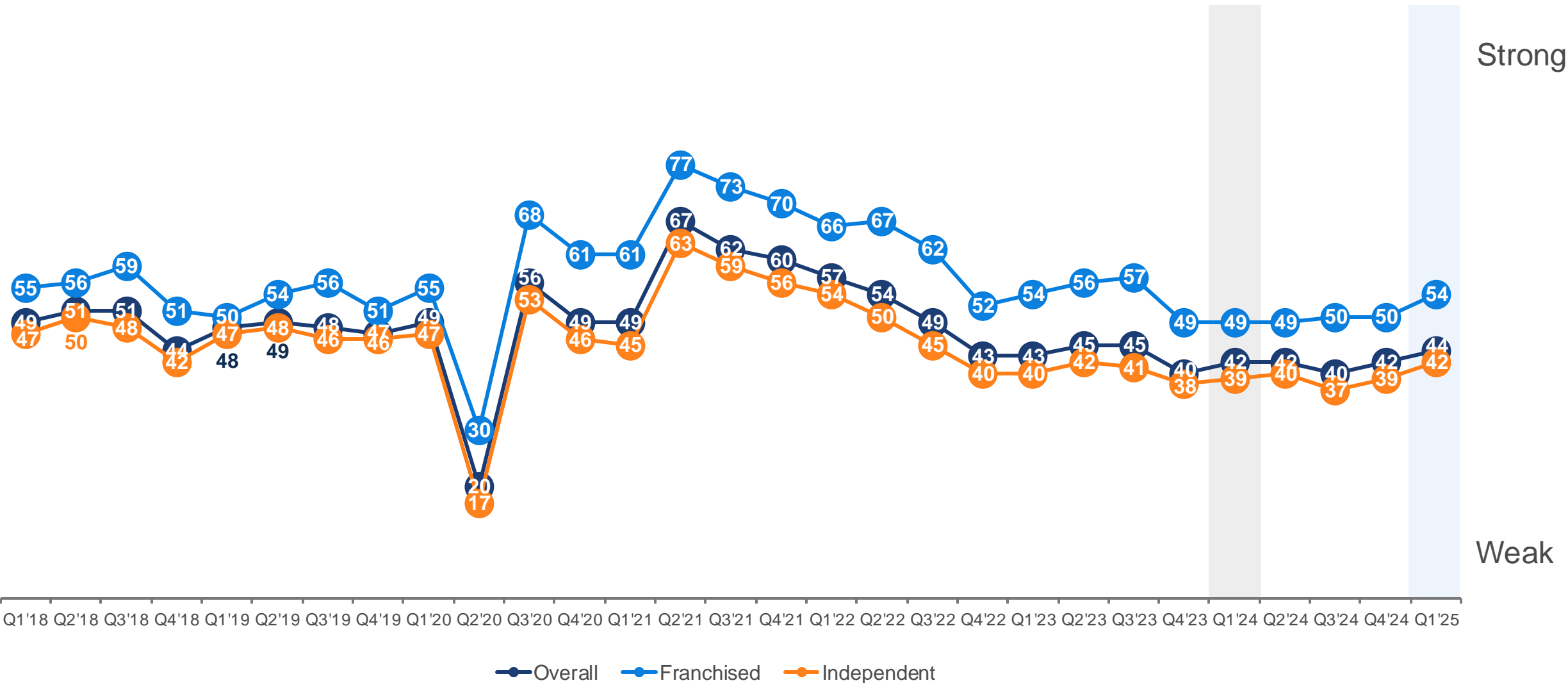
The profit index declined in Q1, indicating dealers feel profits are weak, not strong. The index fell to a score of 34, down from 35 last quarter. Meanwhile, the cost index in Q1 held steady quarter over quarter at 71 and was lower than the year-ago level. Still, even though the cost index in Q1 was unchanged from last quarter and lower than last year

(73), most dealers continue to indicate that the cost of running their business is growing.

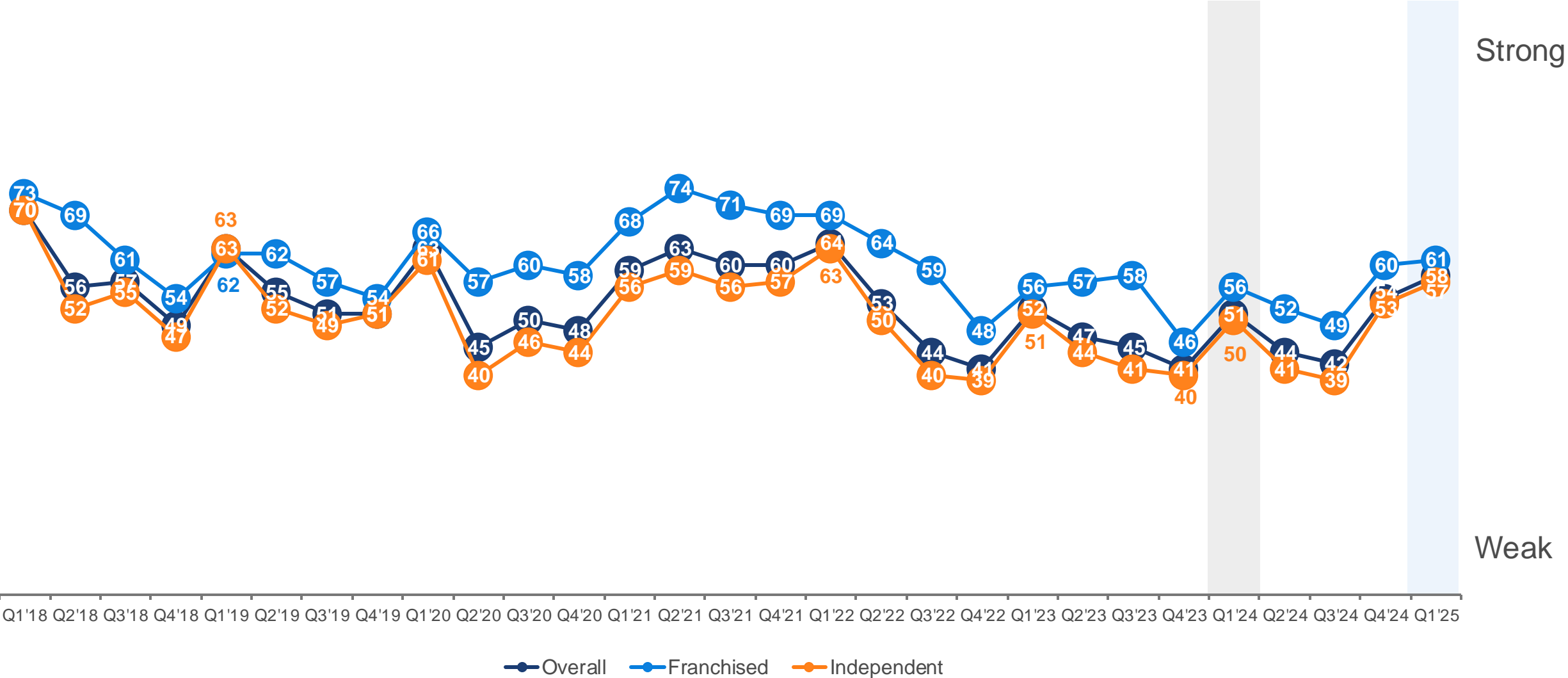
The Q1 new-vehicle sales index of 54 was unchanged from last quarter and higher than last year, when it was 52. The used-vehicle sales index improved in Q1 to 45, up one point from Q4 and higher by five points compared to one year ago. Q1 marked the fifth straight quarter with an improved used-vehicle sales index.

In Q1 2025, Interest Rates were back on top as the leading factor holding back business, mentioned by 52% of dealers. The Economy dropped to No. 2 (45%), down from 56% in Q4. Market Condition (36%), Expenses (29%) and Consumer Confidence (26%) round out the top five. Many of the other factors remained relatively consistent. Political Climate tumbled to the ninth spot, down from the fourth spot last quarter.

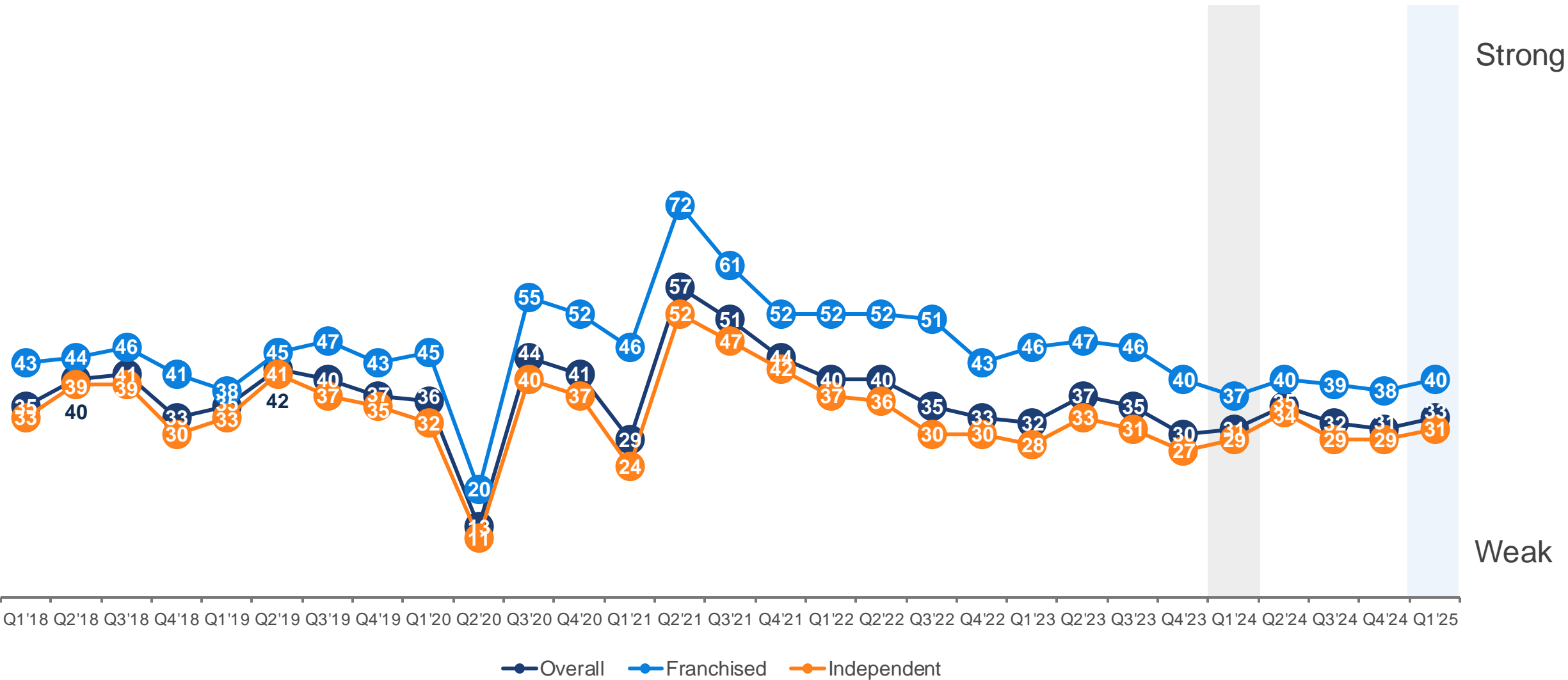
Q1: How would you describe the current market for vehicles in the areas where you operate?



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

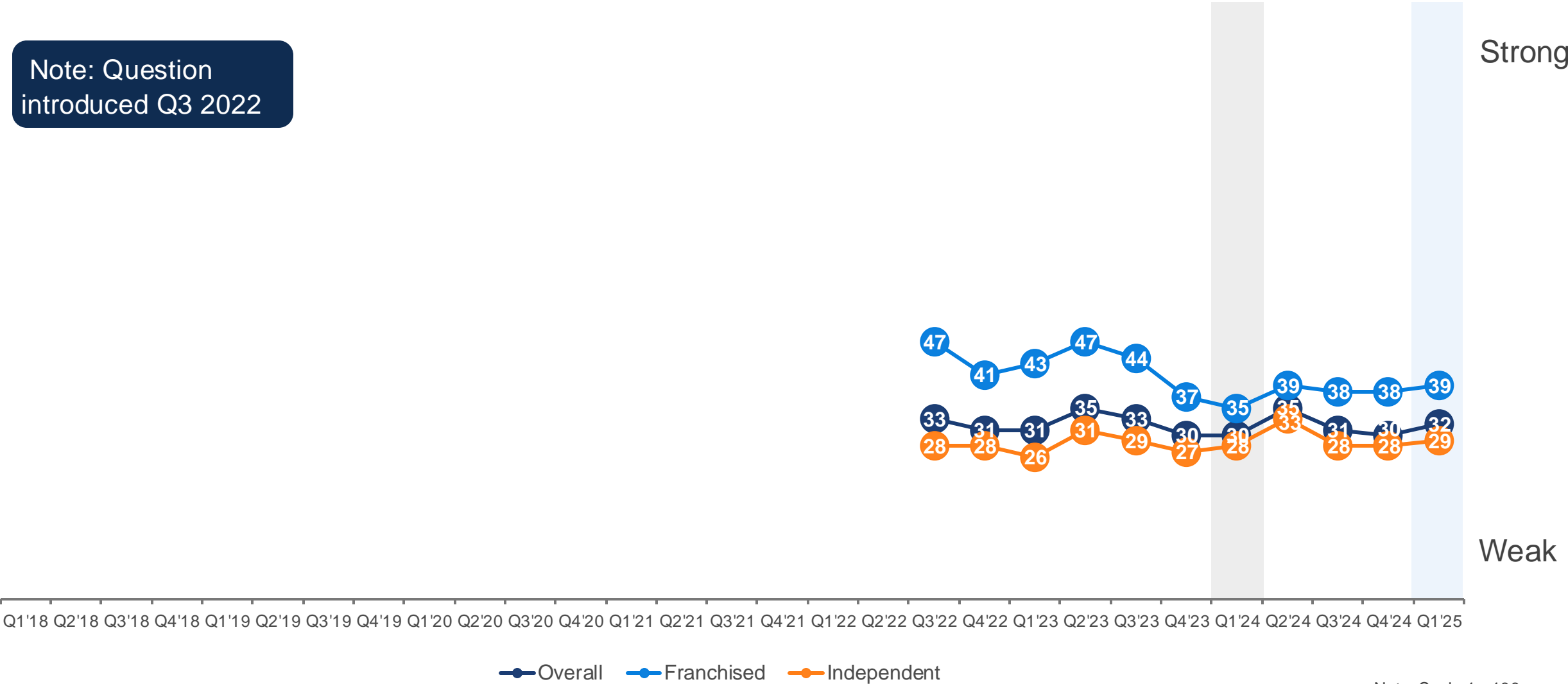


Q3: How do you rate the customer traffic to your dealership over the past 3 months?



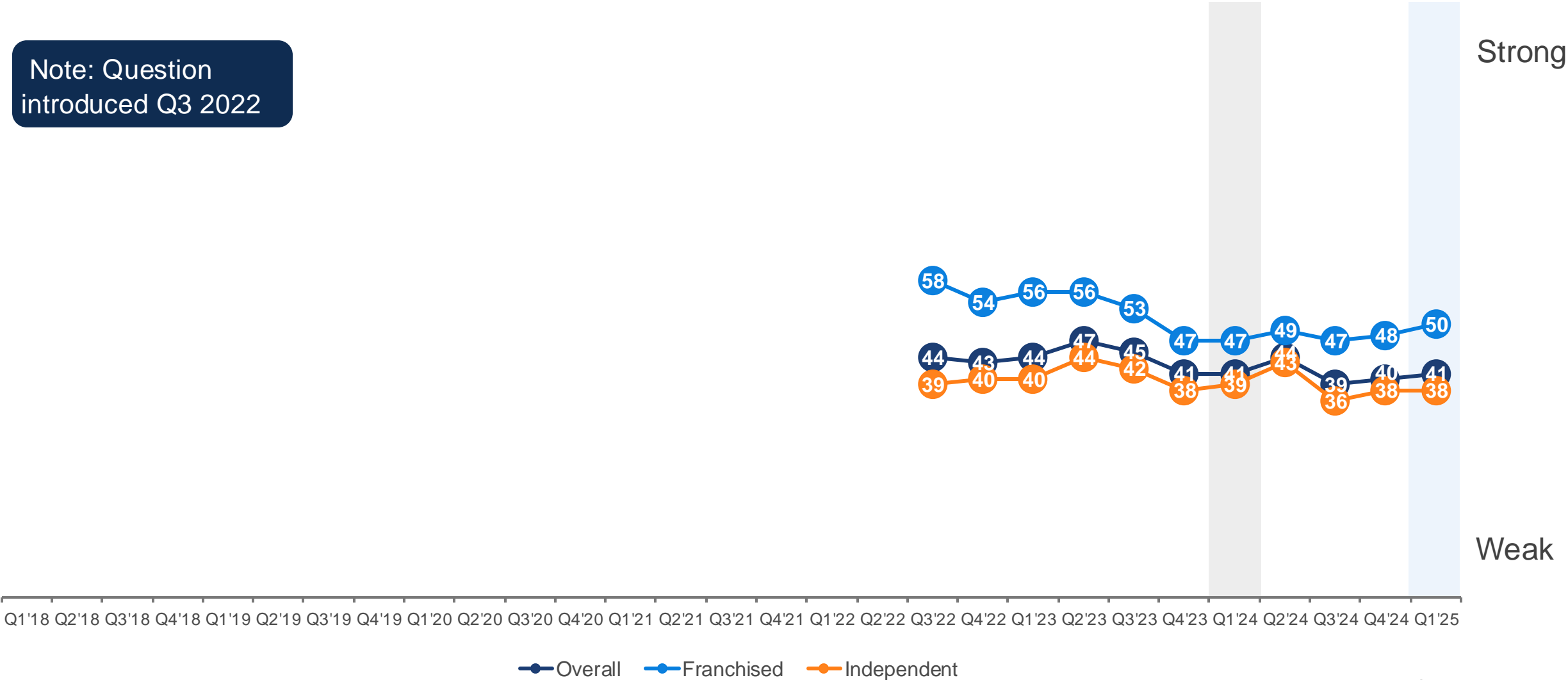
Q3A: How do you rate the in-person customer traffic to your dealership over the past 3 months?

Note: Question introduced Q3 2022

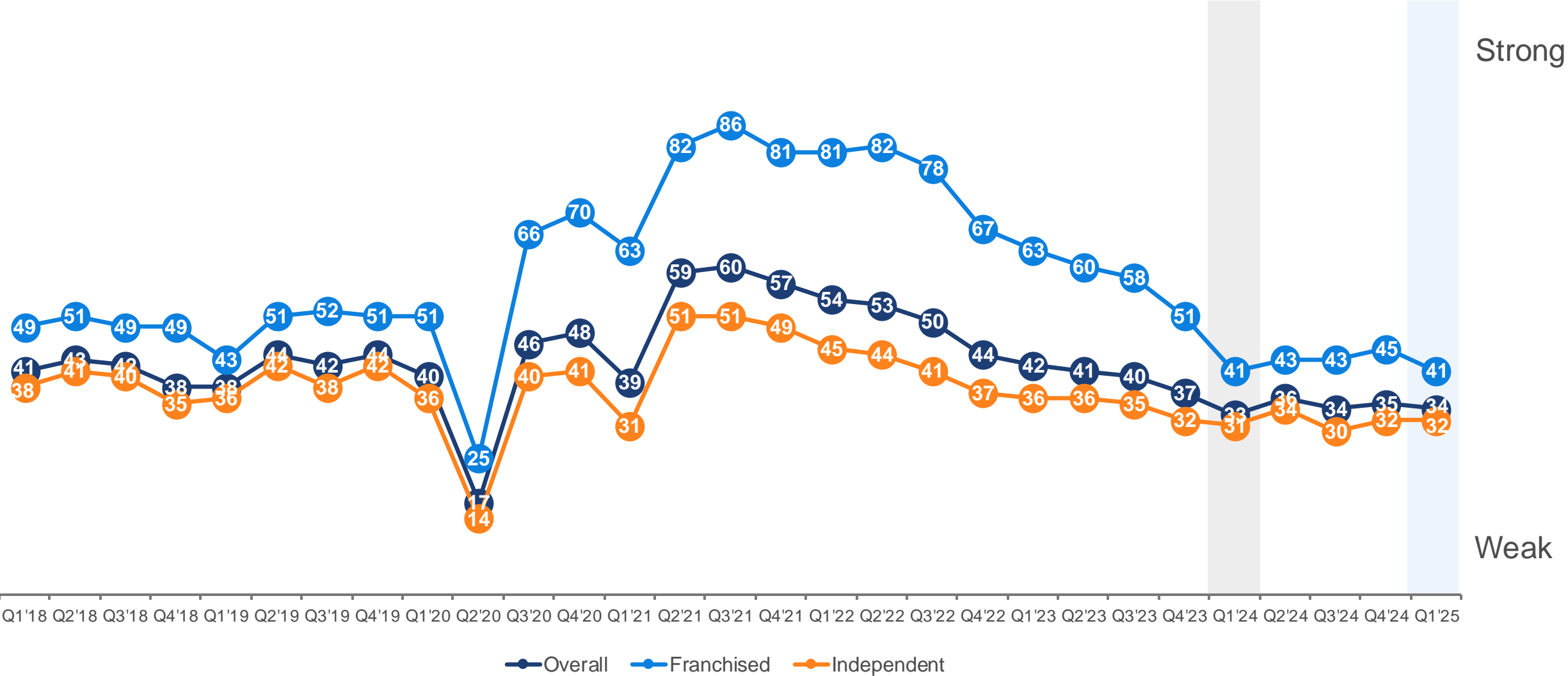


Q3B: How do you rate the digital/online customer traffic to your dealership over the past 3 months?

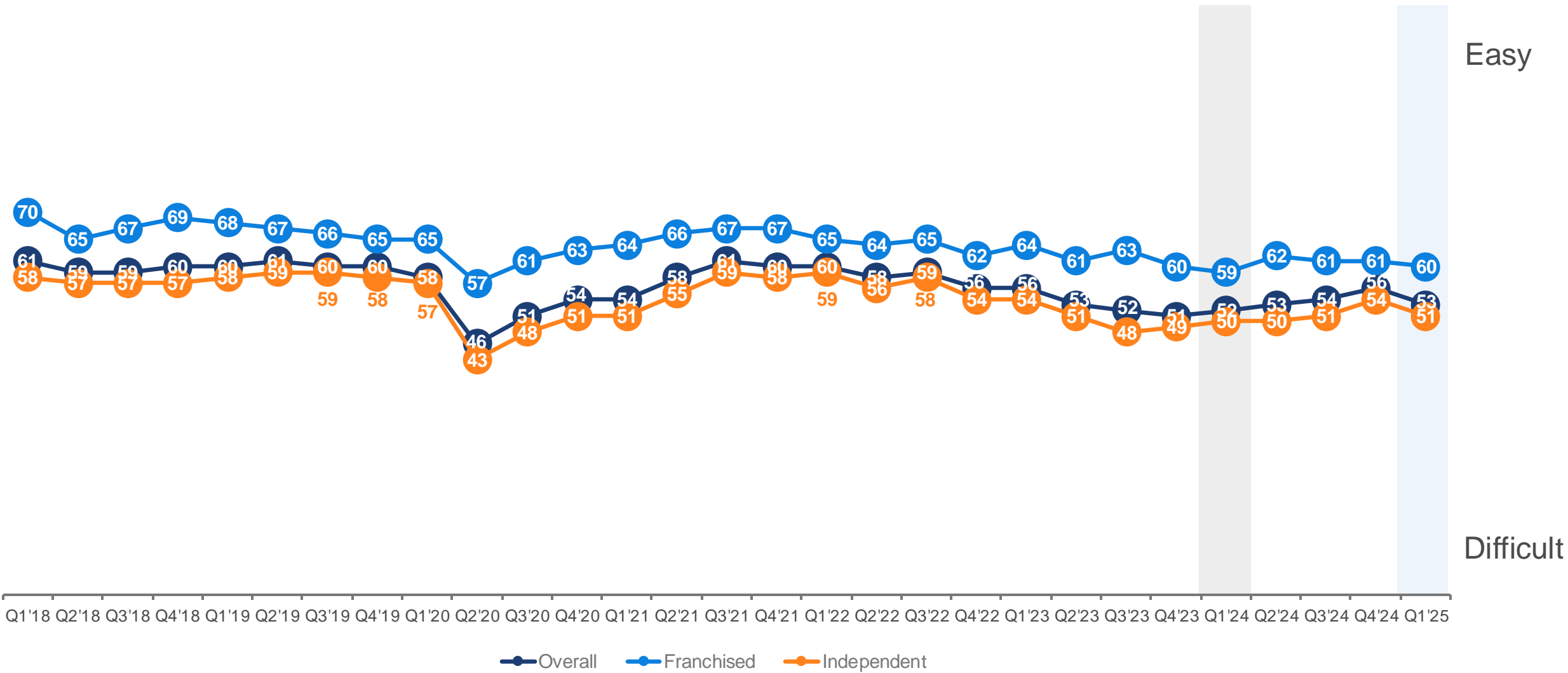
Note: Question introduced Q3 2022



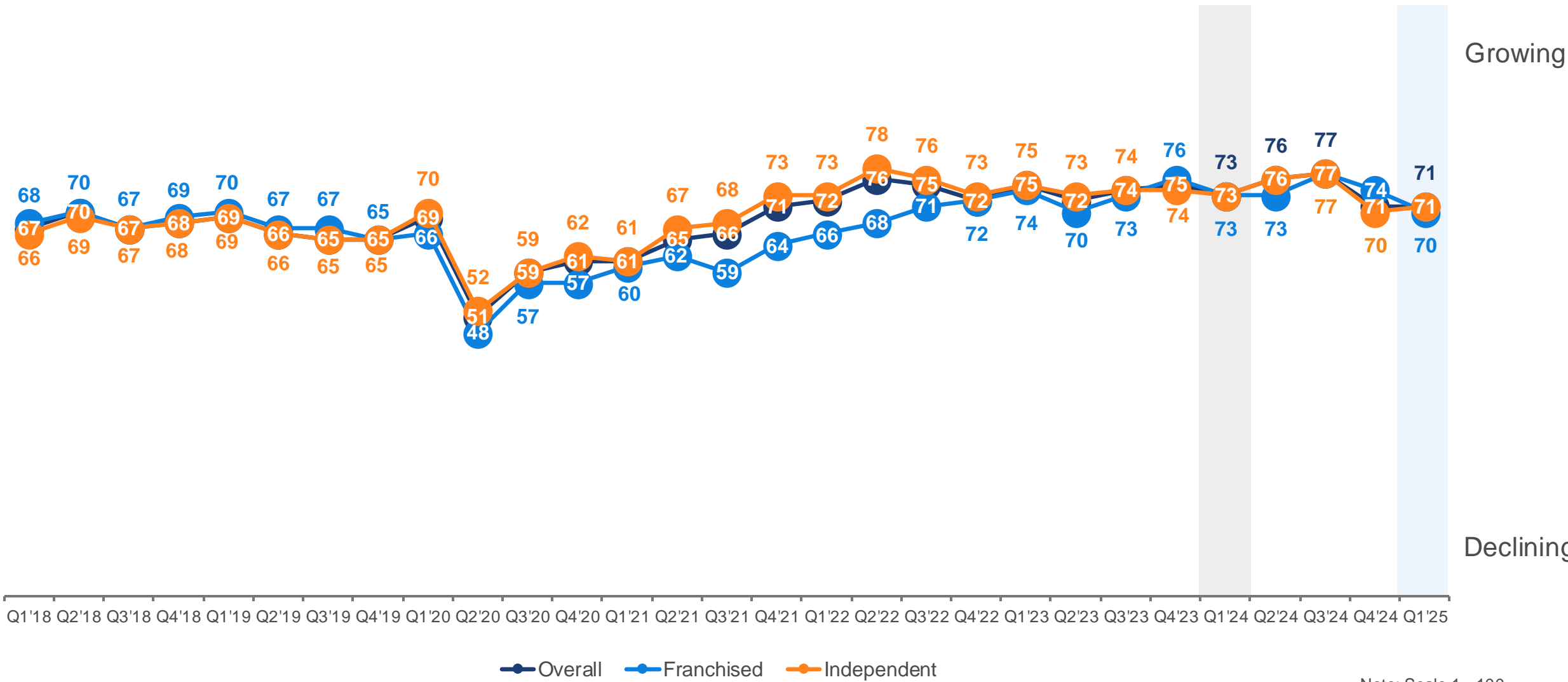
Q4: How would you describe your profits over the past 3 months?



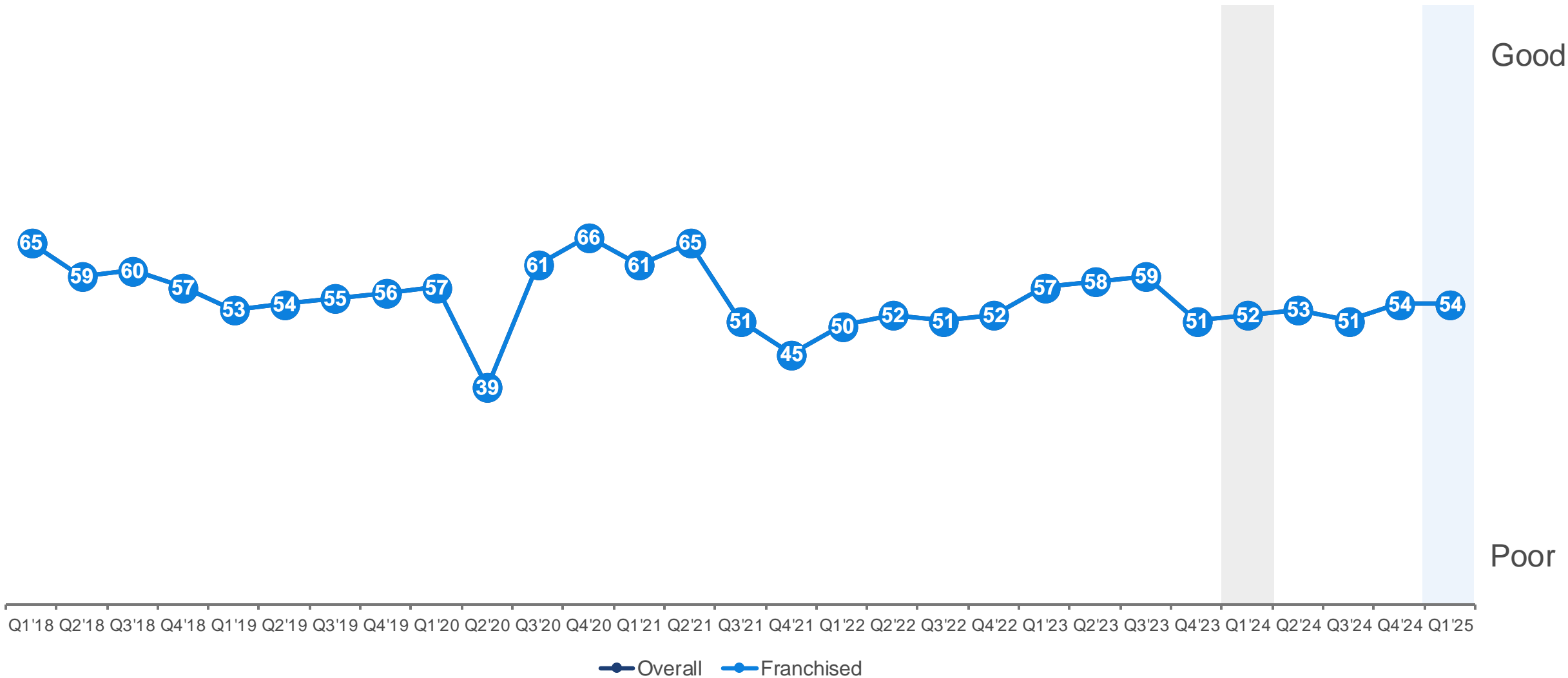
Q5: How would you describe your ability to get credit to operate your business over the past 3 months?



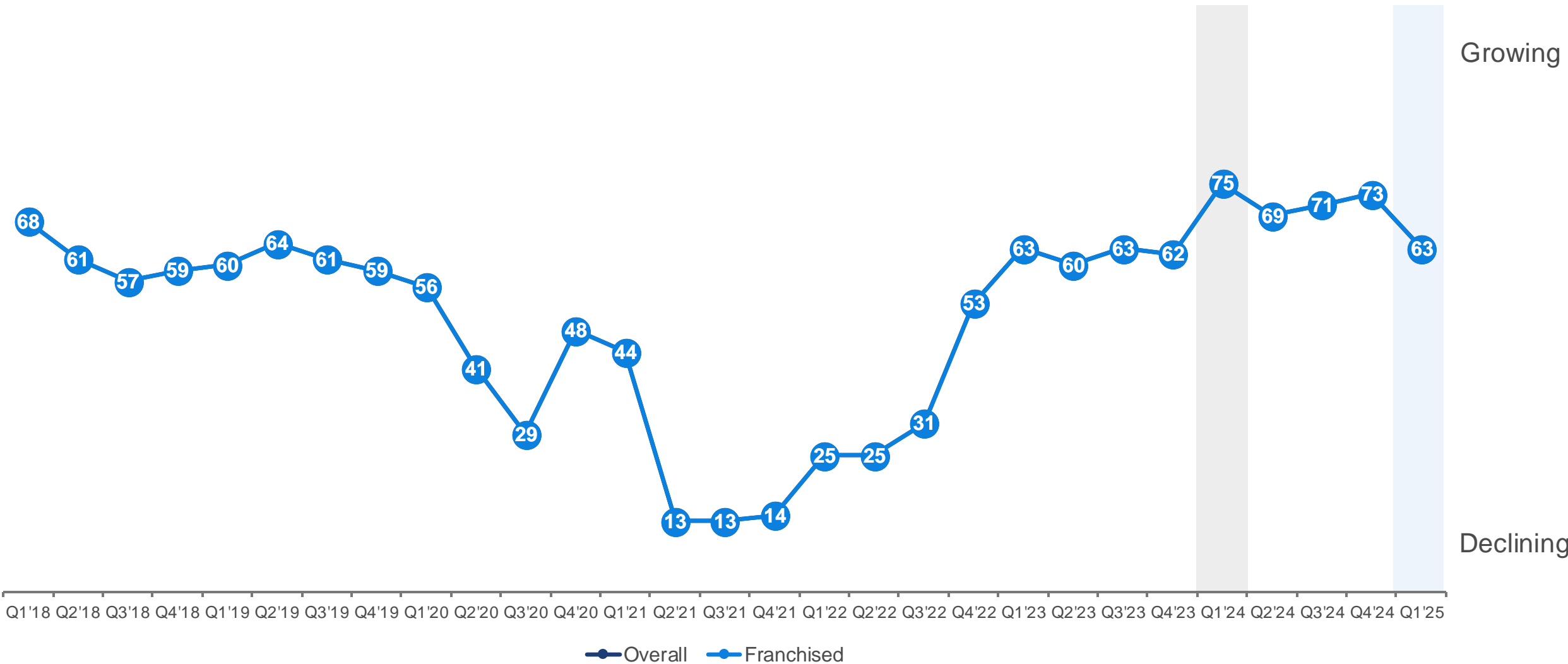
Q6: How would you describe the cost of running your dealership over the past 3 months?



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

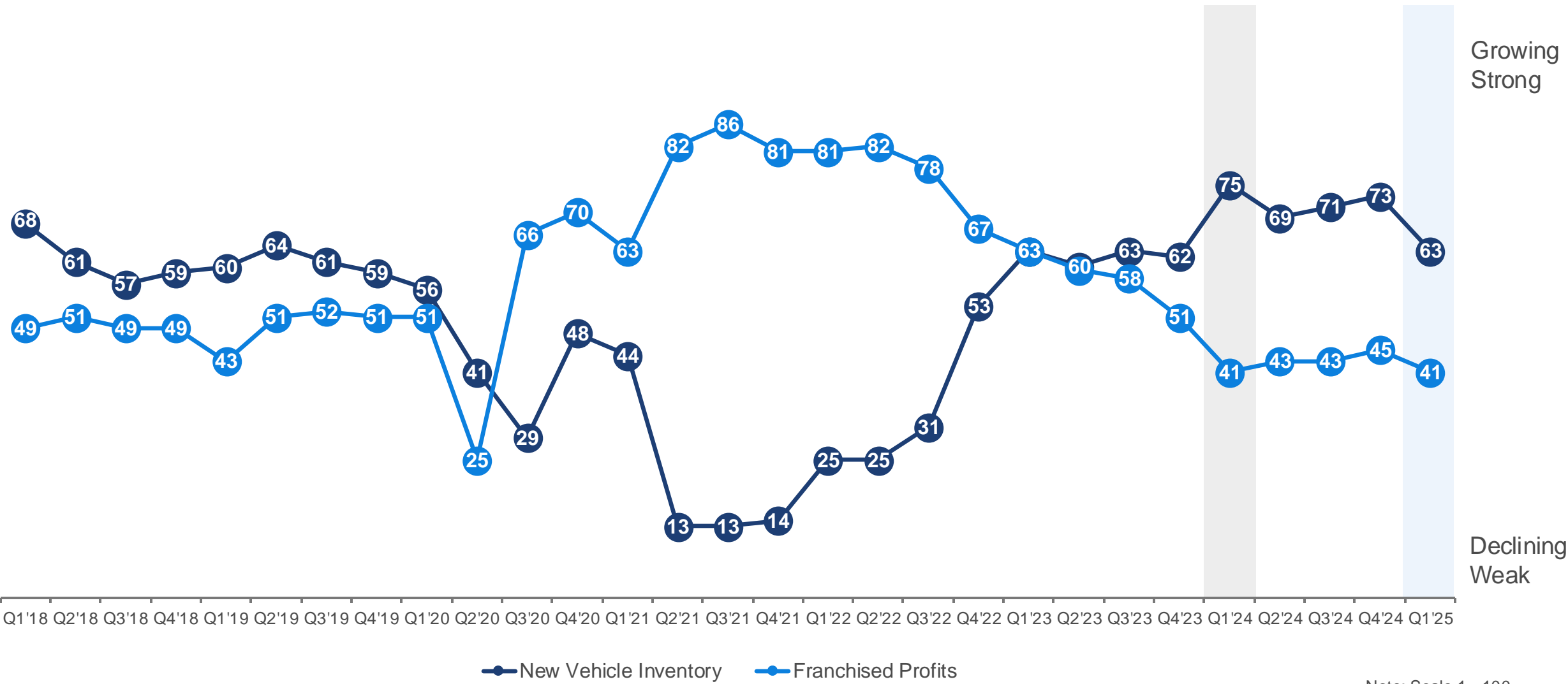


Q8: How would you describe the current new-vehicle inventory levels?



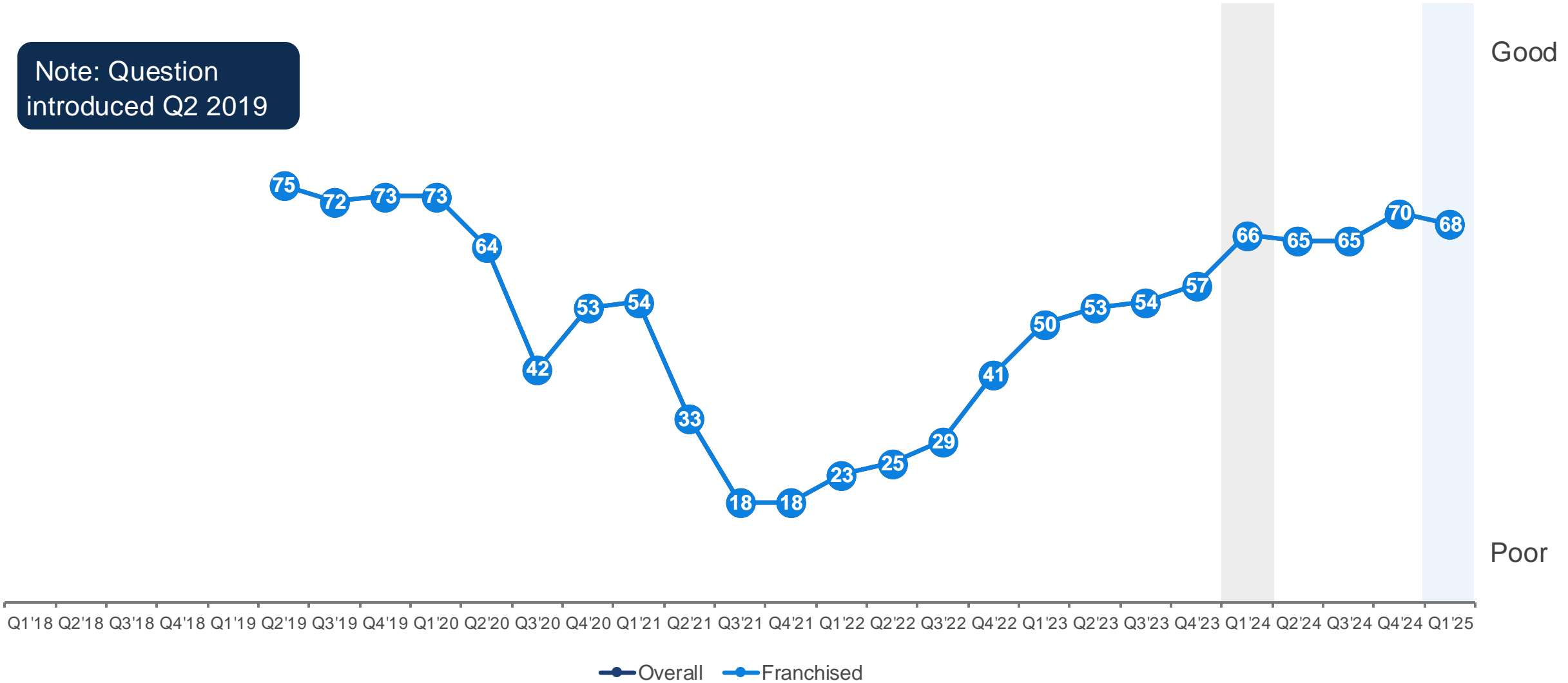
Inventory/Profits

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



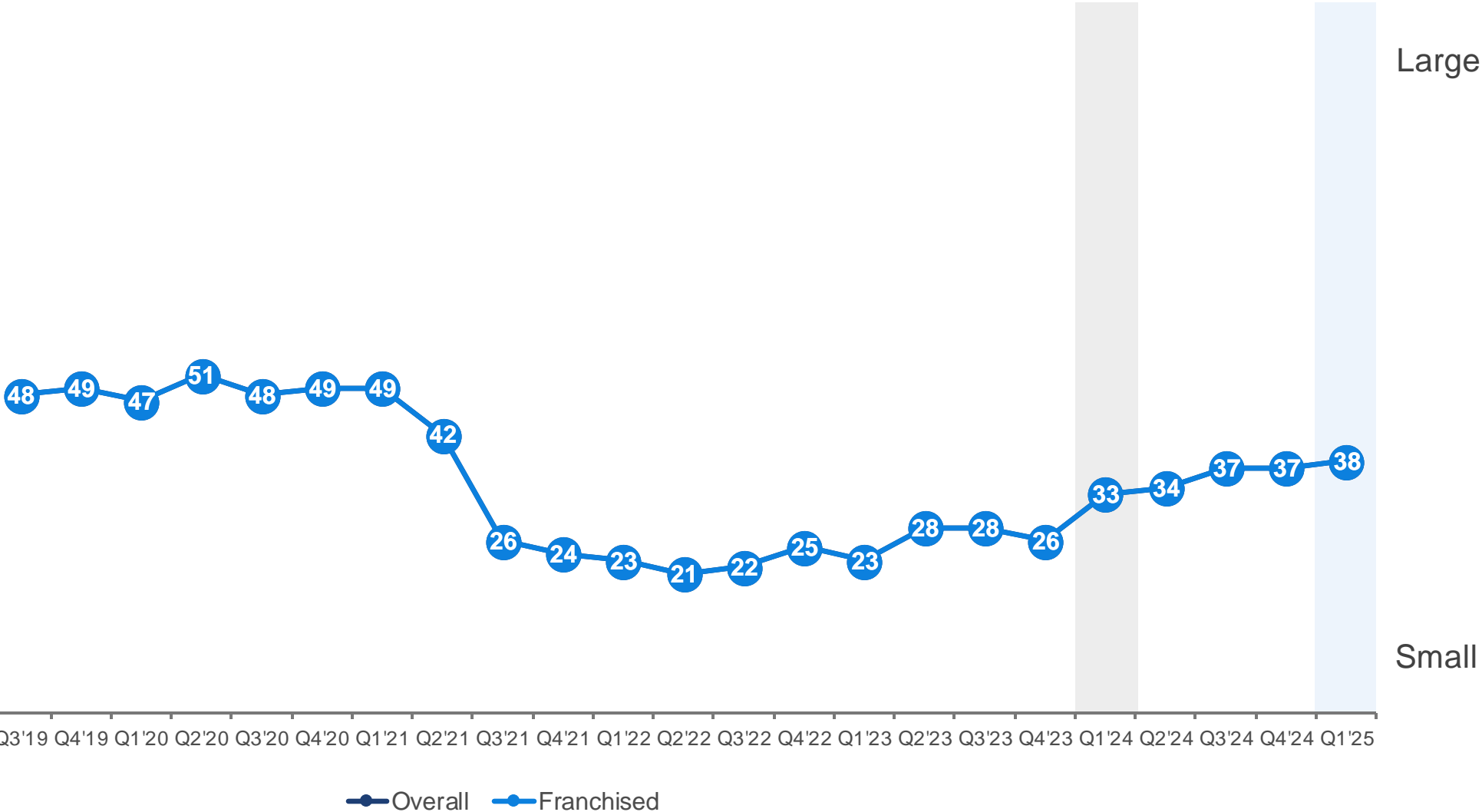
Q9: How would you describe the current new-vehicle inventory mix?

Note: Question introduced Q2 2019

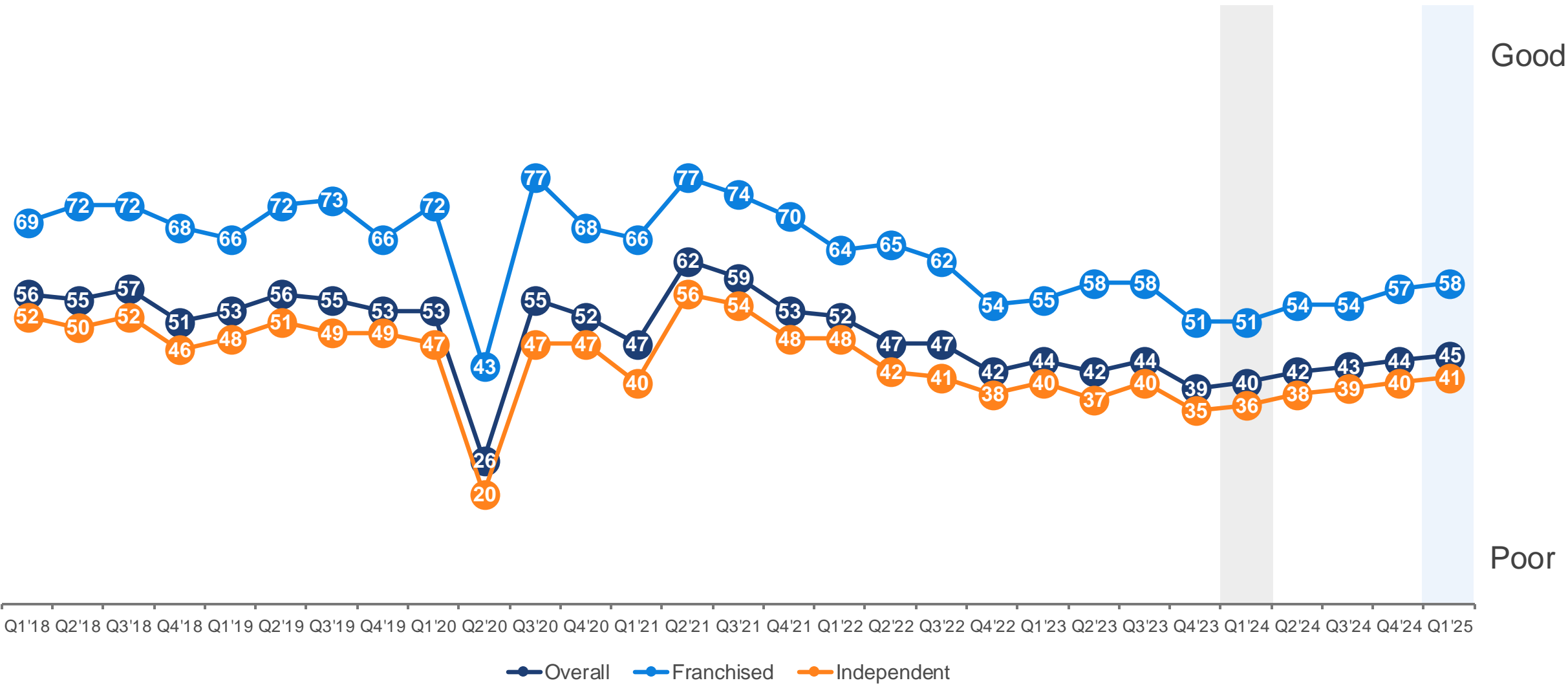


Q10: How would you describe the current level of OEM new-vehicle incentives?

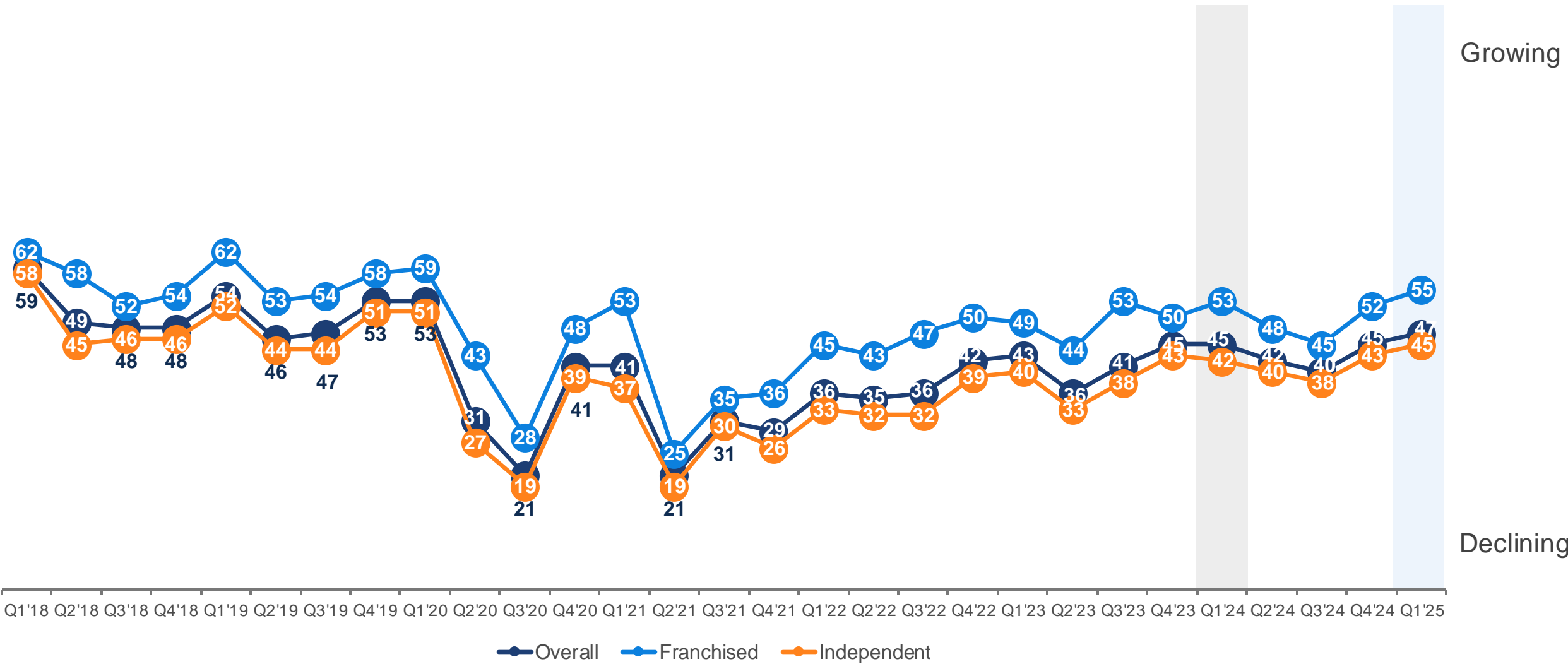
Note: Question introduced Q3 2019



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

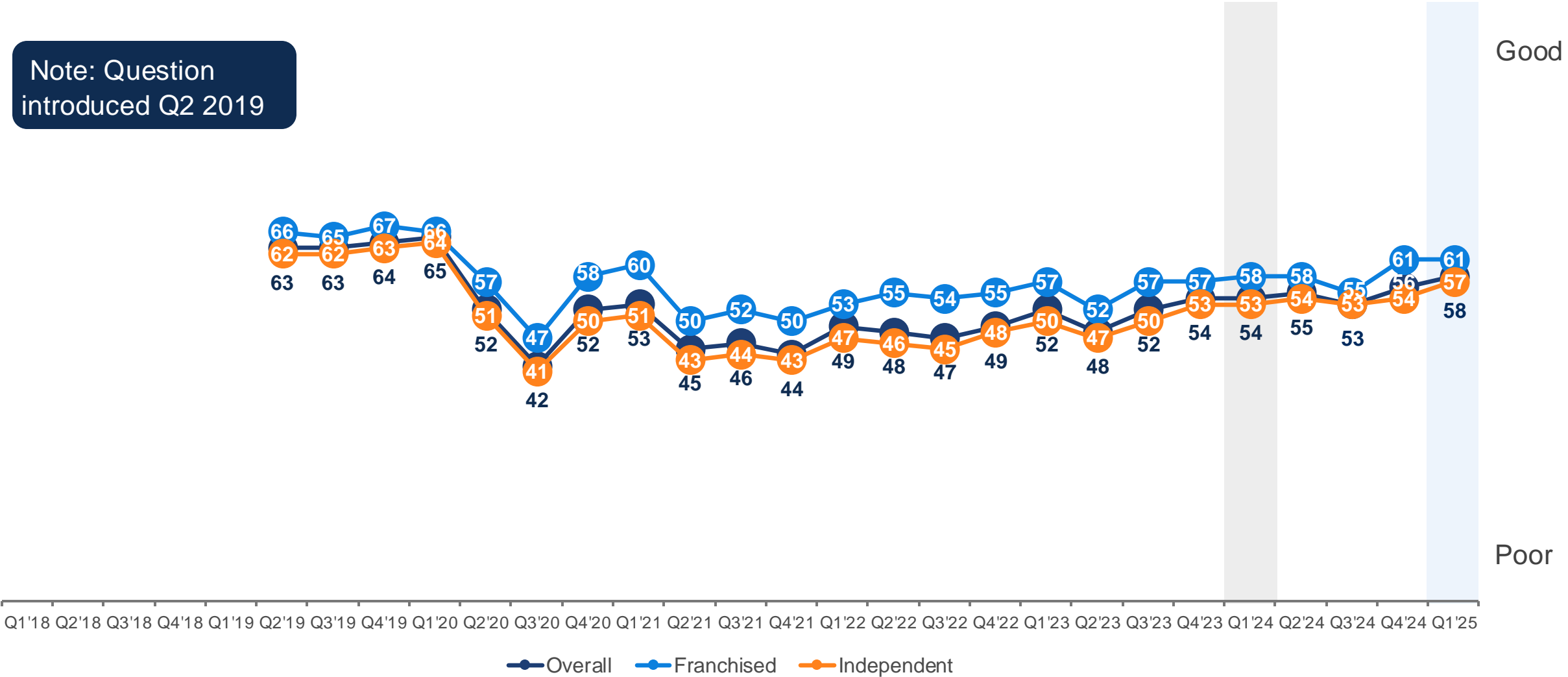


Q12: How would you describe the current used-vehicle inventory levels?

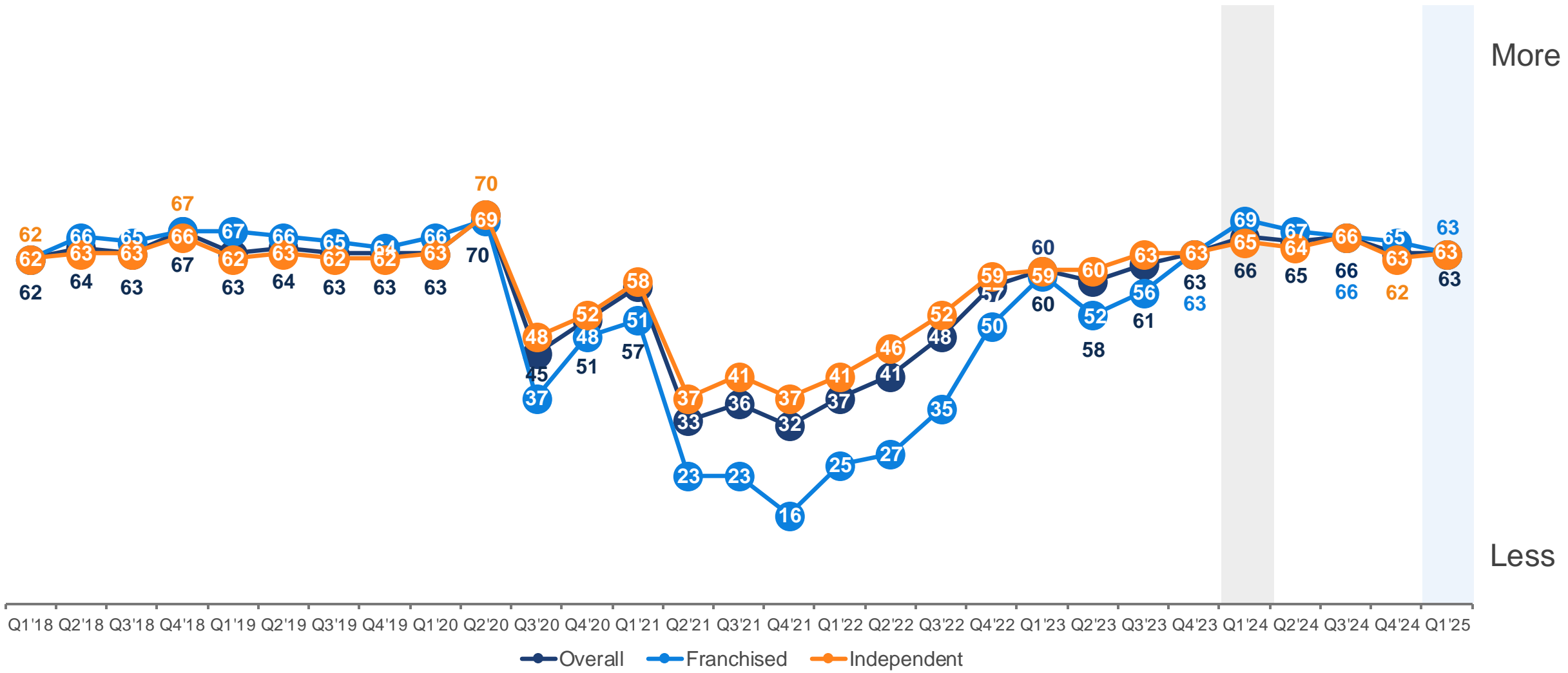


Q13: How would you describe the current used-vehicle inventory mix?

Note: Question introduced Q2 2019

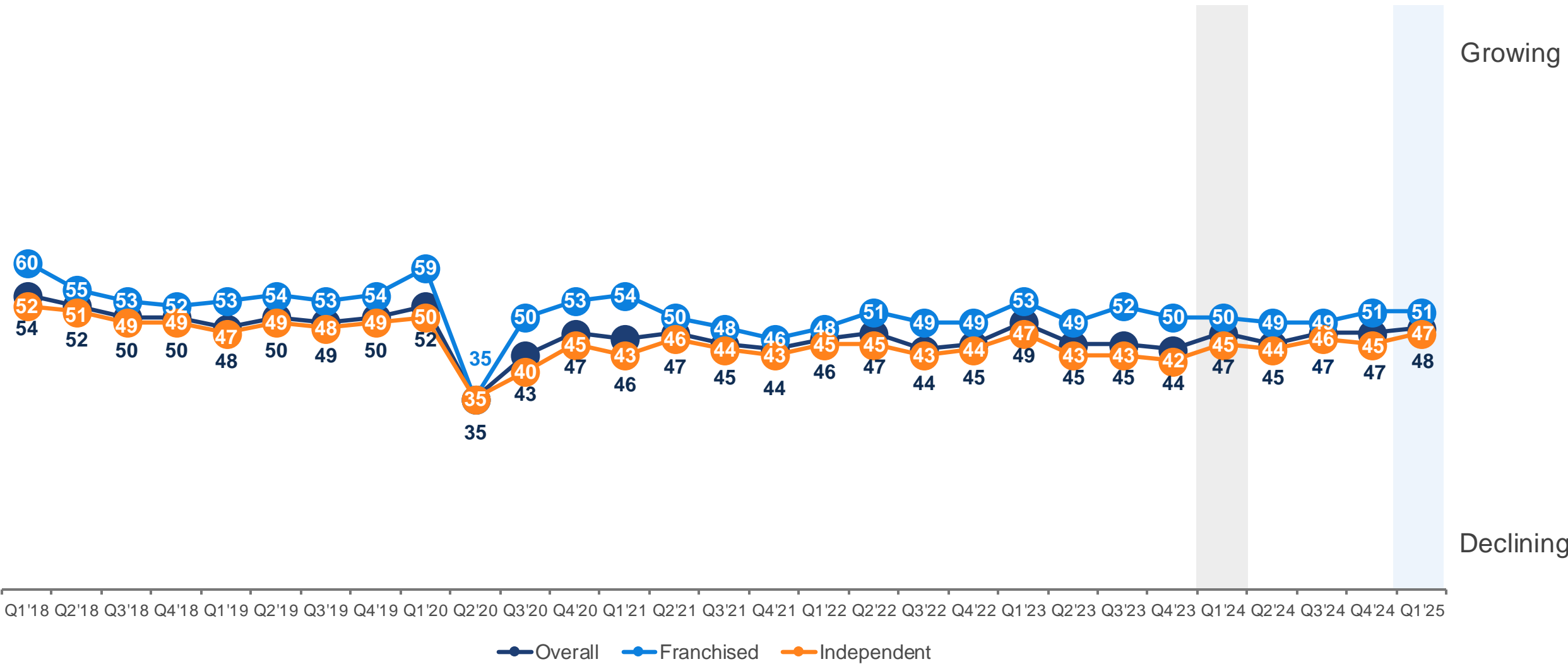


Q14: How much pressure do you feel to lower your prices?



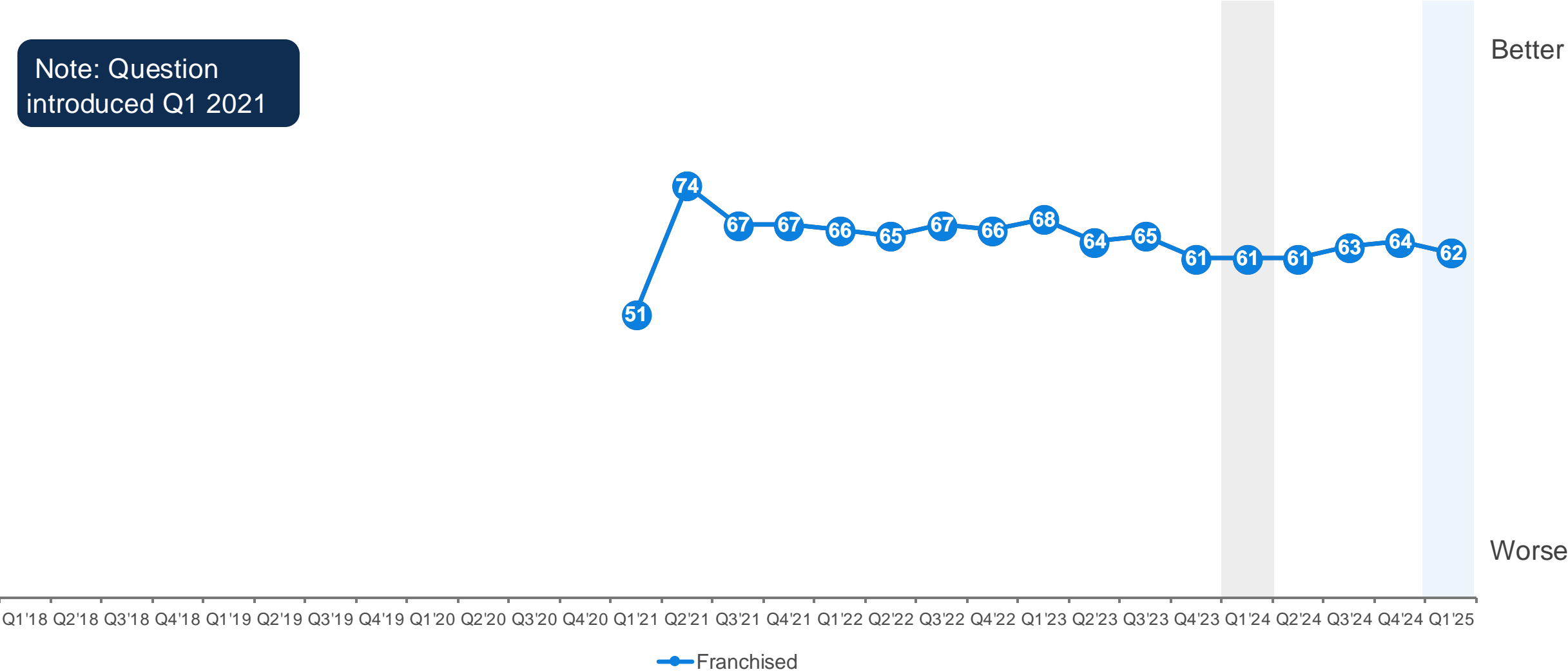
Note: Scale 1 - 100

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



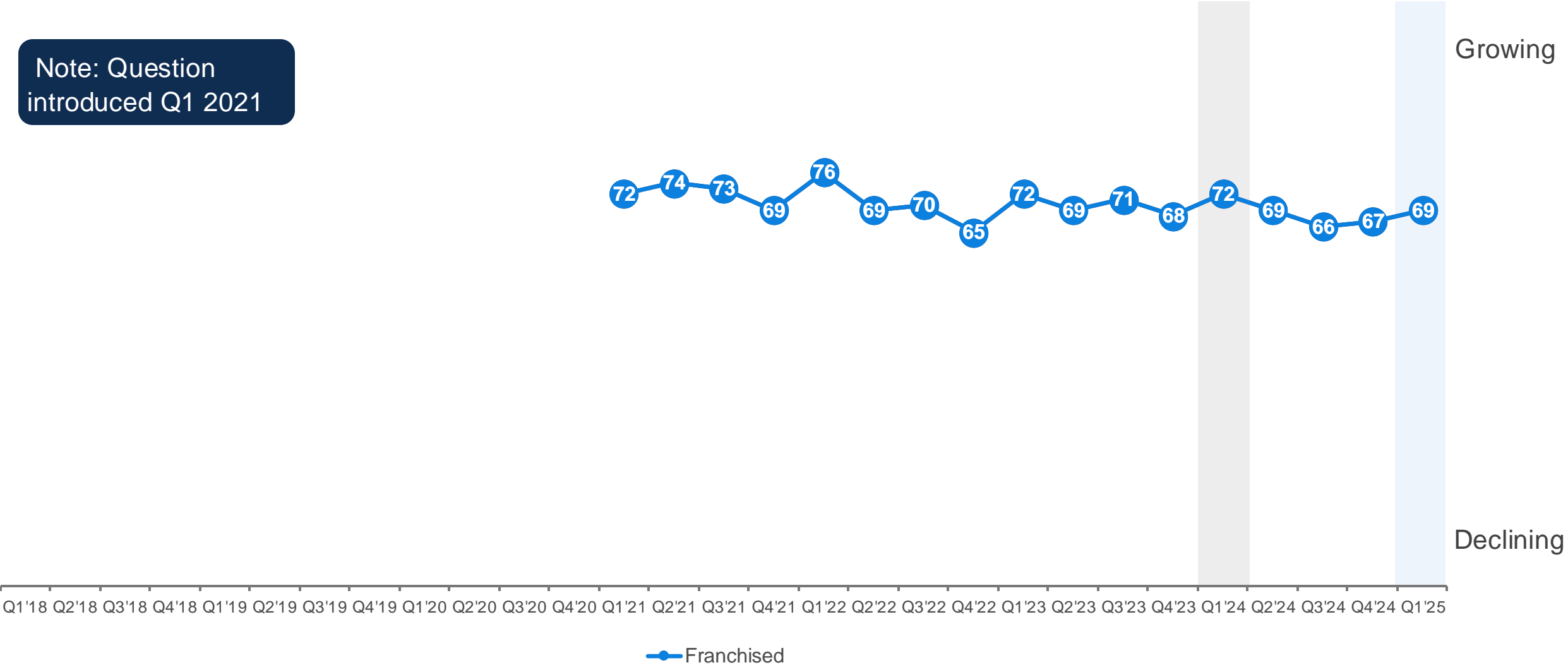
Q16: How would you describe the current level of business in your fixed operation?

Note: Question introduced Q1 2021



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

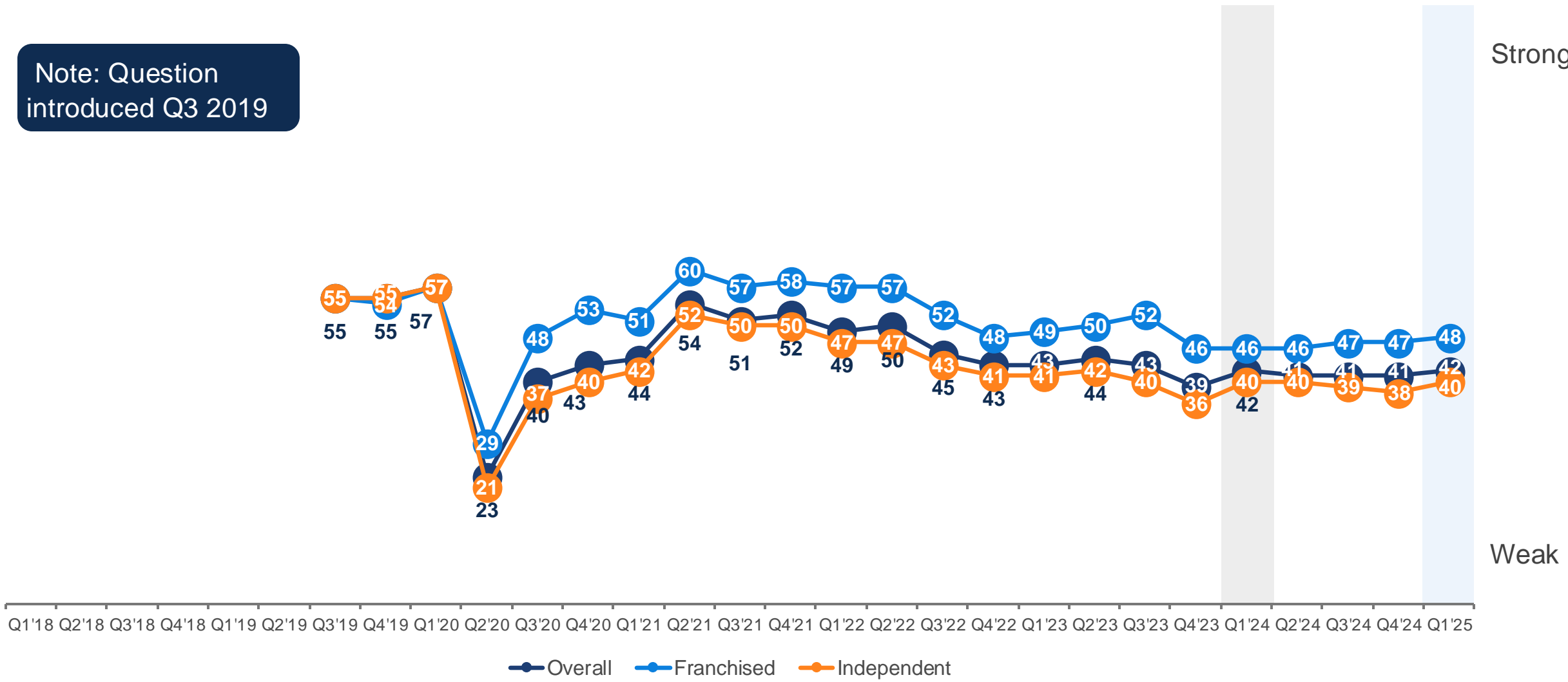
Note: Question introduced Q1 2021



Note: Scale 1 - 100

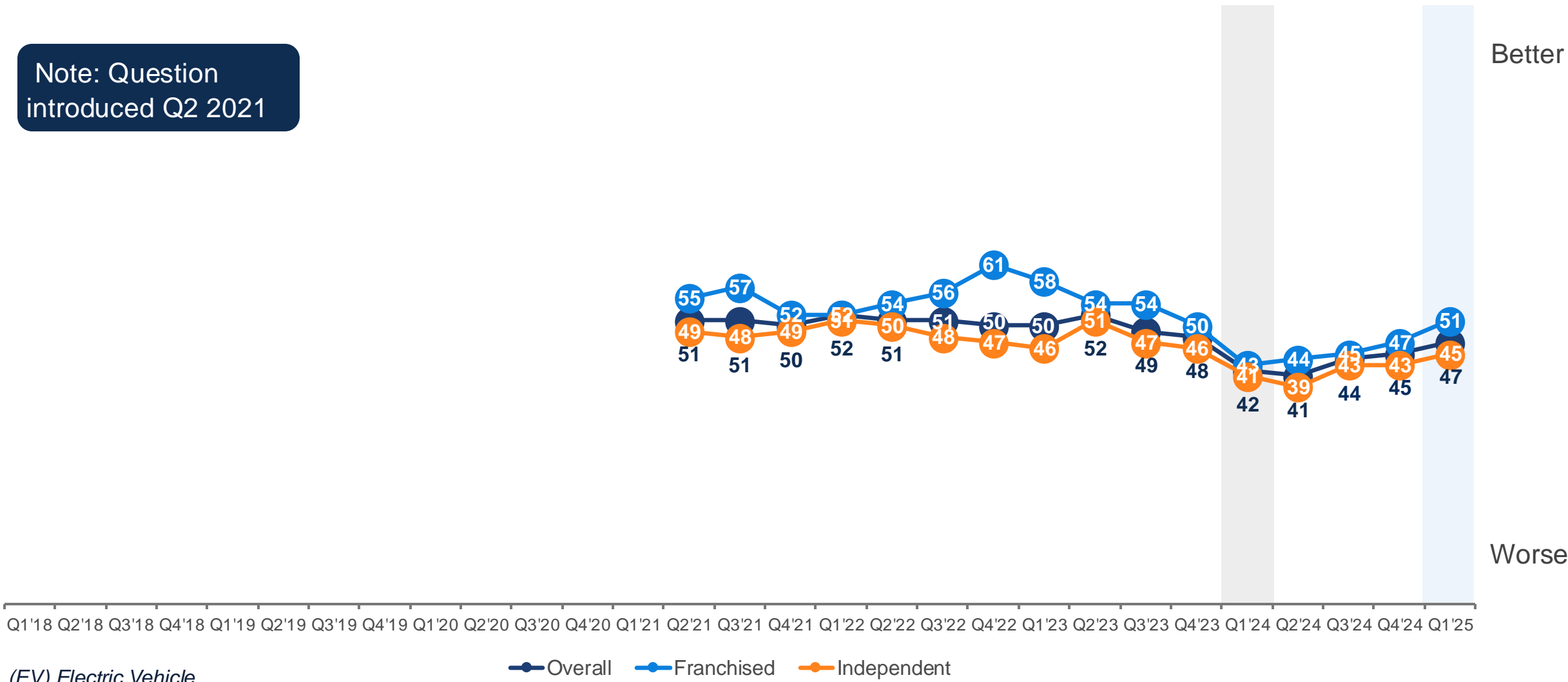
Q18: How would you describe the current U.S. economy?

Note: Question introduced Q3 2019



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

Note: Question introduced Q2 2021



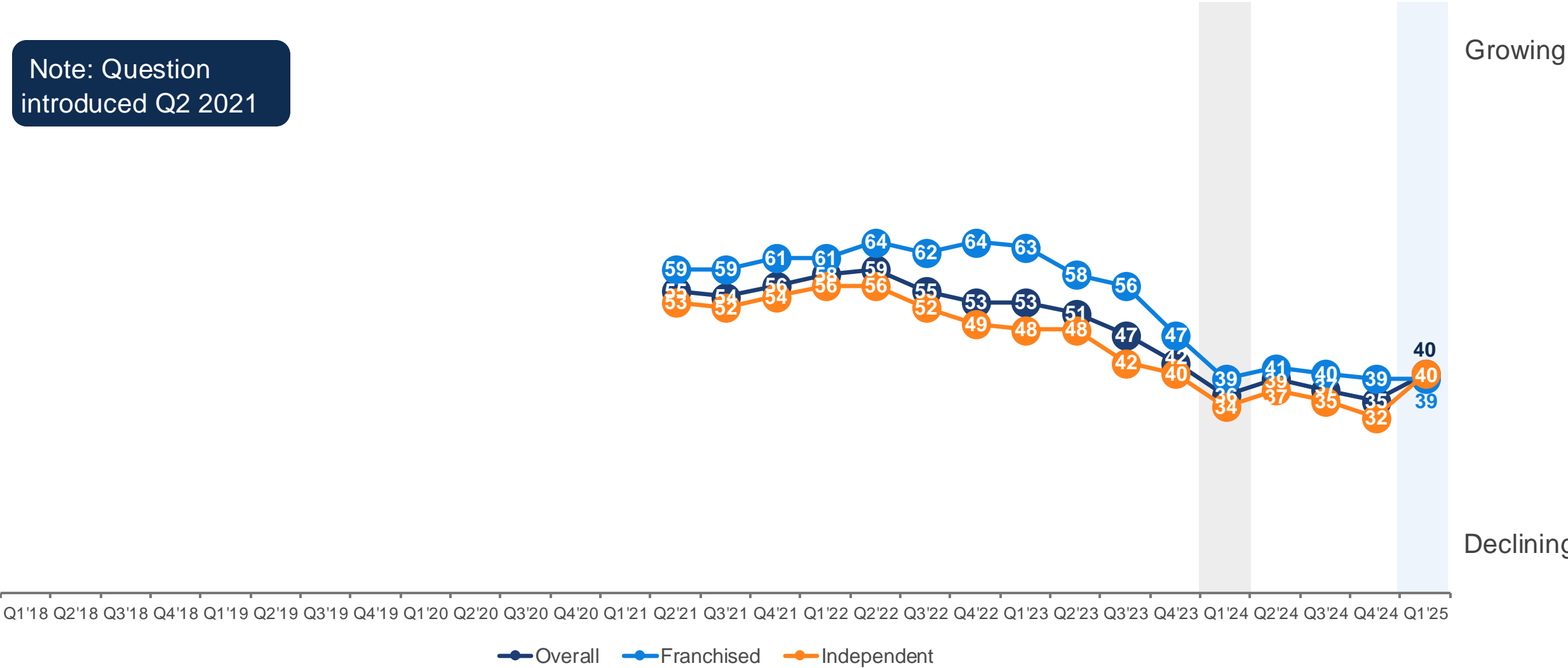
(EV) Electric Vehicle

Overall Franchised Independent

Note: Scale 1 - 100

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

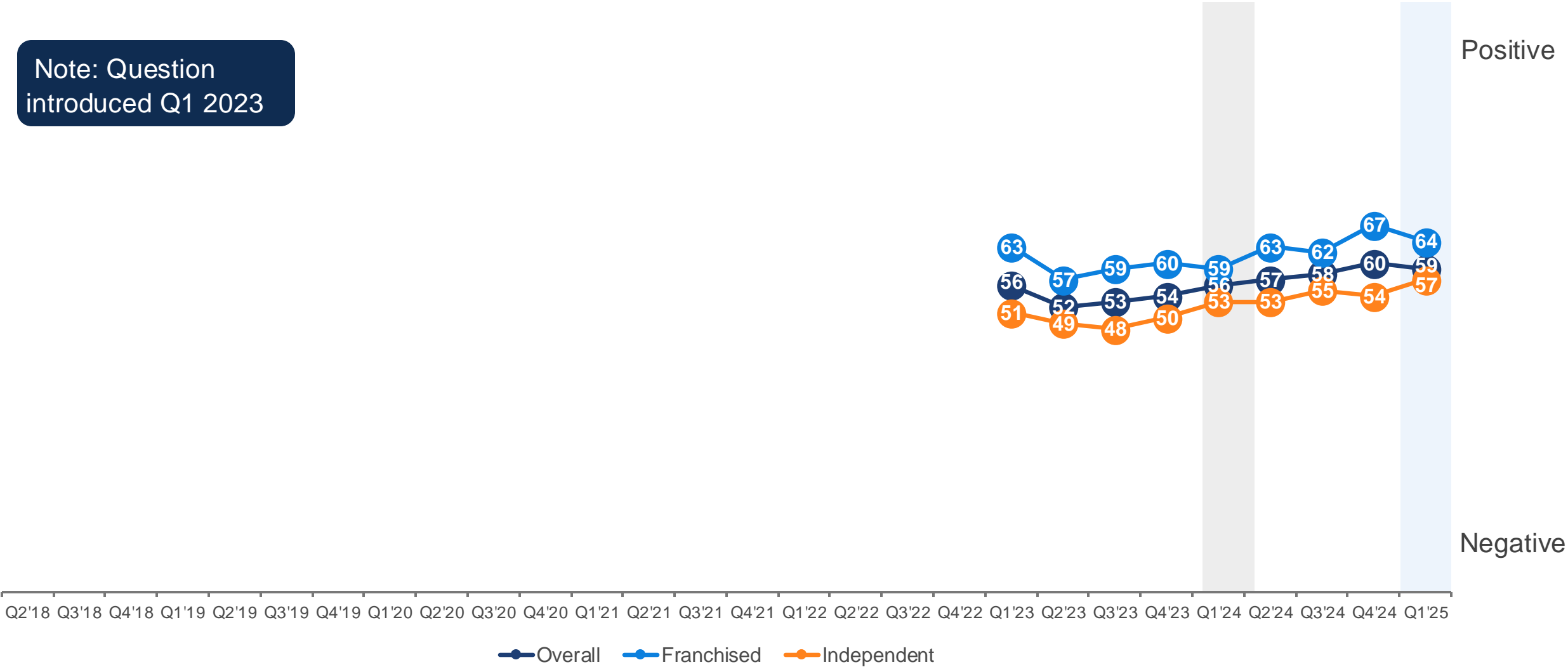
Note: Question introduced Q2 2021



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

Note: Question introduced Q1 2023

Dealer Sentiment Index FIRST QUARTER 2025

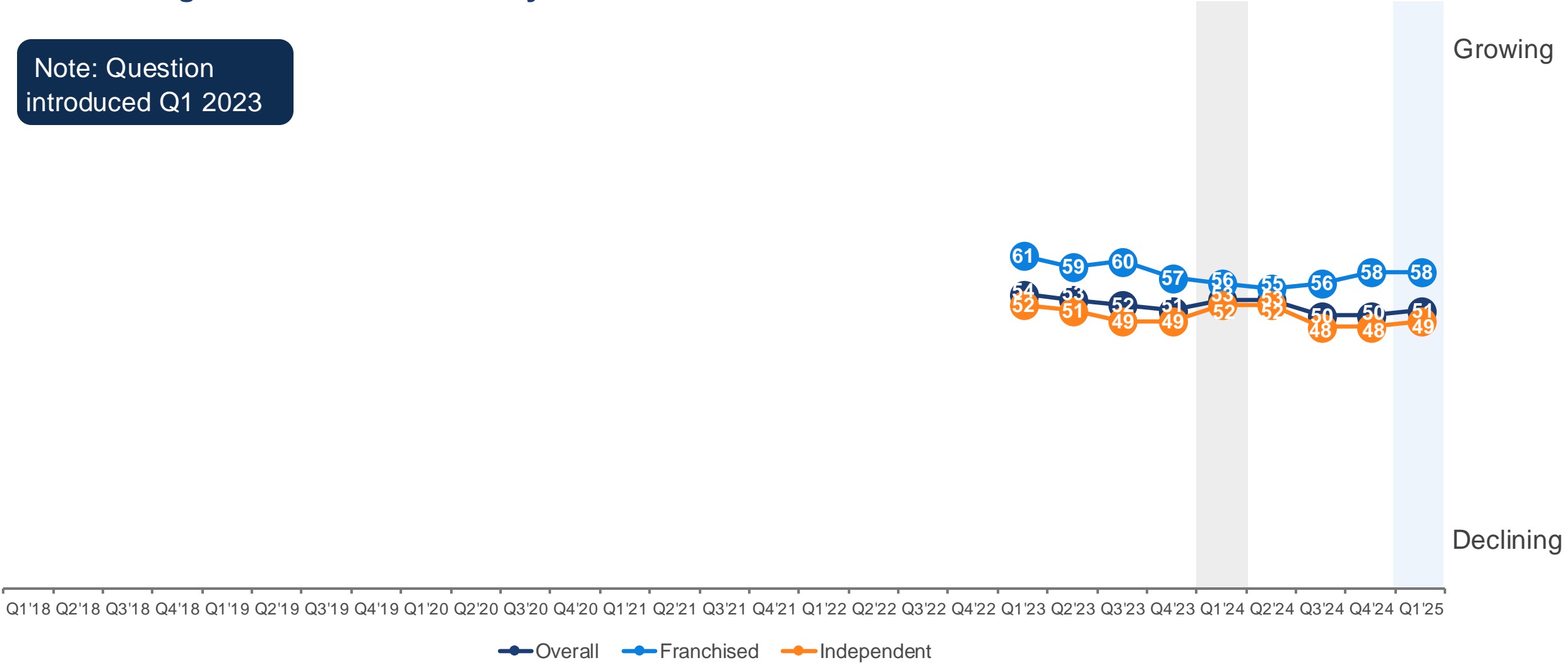


Note: Scale 1 - 100

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: Question introduced Q1 2023

Dealer Sentiment Index
FIRST QUARTER 2025



Factors Holding Back Business

OVERALL RANK

		Q1 '25	Q4 '24	Q1 '24	Q1 '23
1	Interest Rates	52%	52%	62%	55%
2	Economy	45% ↓	56%	55%	54%
3	Market Conditions	36%	37%	40%	42%
4	Expenses	29% ↓	33%	32%	29%
5	Consumer Confidence	26%	30%	31%	28%
6	Credit Availability for Consumers	26%	28%	31%	26%
7	Limited Inventory	26%	29%	31%	43%
8	Cost of Vehicle Insurance for Consumers	22%	N/A	N/A	N/A
9	Political Climate	21% ↓	35%	33%	25%
10	Weather	18% ↑	5%	14%	13%



Significant decrease vs previous quarter



Significant increase vs previous quarter

Factors Holding Back Business

FRANCHISED DEALERS

		Q1 '25	Q4 '24	Q1 '24	Q1 '23
1	Interest Rates	60%	55%	70%	60%
2	Economy	43%	51%	51%	50%
3	Market Conditions	30%	35%	38%	38%
4	Consumer Confidence	27%	27%	32%	27%
5	Political Climate	26% ↓	37%	34%	24%
6	Lack of Consumer Incentives from my OEM	24%	24%	30%	29%
7	Expenses	22%	26%	23%	17%
8	Weather	20% ↑	7%	20%	14%
9	Credit Availability for Consumers	17%	19%	22%	19%
10	Competition	16%	16%	13%	7%



Significant decrease vs previous quarter



Significant increase vs previous quarter

Factors Holding Back Business

INDEPENDENTS

		Q1 '25	Q4 '24	Q1 '24	Q1 '23
1	Interest Rates	49%	51%	60%	53%
2	Economy	46% ↓	58%	56%	55%
3	Market Conditions	38%	38%	41%	44%
4	Expenses	31%	36%	35%	33%
5	Limited Inventory	29% ↓	34%	34%	43%
6	Credit Availability for Consumers	28%	31%	34%	28%
7	Consumer Confidence	26% ↓	31%	30%	29%
8	Cost of Vehicle Insurance for Consumers	25%	N/A	N/A	N/A
9	Political Climate	20% ↓	34%	33%	25%
10	Competition	18%	19%	14%	14%



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	79	73	81 A
2	Interest Rates	76	76	76
3	Vehicle Sales	65	66	64
4	Fixed Operations	64	62	65
5	Staffing Levels	52	54	51

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	52	54	54	54
Market Next 3 Months	Strong/Weak	60	62	65	56
Overall Customer Traffic	Strong/Weak	36	40	41	42
In-Person Customer Traffic	Strong/Weak	35	39	41	43
Digital/Online Customer Traffic	Strong/Weak	47	48	52	51
Profits	Strong/Weak	40	39	44	40
Costs	Growing/Declining	73	72	66	70
New Vehicle Sales	Good/Poor	51	52	57	57
New Vehicle Inventory	Growing/Declining	65	65	63	60
New Vehicle Inventory Mix	Good/Poor	71	64	67	70

 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	67	64	59	64
Staffing	Growing/Declining	50	52	51	49
OEM incentives	Large/Small	42	36	39	34
Economy	Strong/Weak	49	51	47	45
Current Fixed Operations	Better/Worse	57	67	64	59
Future Fixed Operations	Growing/Declining	70	72	70	65
Current BEV Sales	Better/Worse	58	46	48	54
Future BEV Sales	Growing/Declining	45	34	37	41
Dealer Credit	Easy/Difficult	61	64	60	54
Effect BEV Tax Credits Have on BEV Sales	Positive/Negative	58	65	62	71



Significant decrease vs previous quarter



Significant increase vs previous quarter

MORE AUTO INDUSTRY DATA AND INSIGHTS FROM COX AUTOMOTIVE

The go-to source for insights based on the largest breadth of first-party data in the automotive ecosystem

Cox Automotive Newsroom: www.coxautoinc.com/newsroom/

Fresh content from Chief Economist Jonathan Smoke and the Industry Insights team is published regularly

Auto Market Snapshot: www.coxautoinc.com/marketsnapshot

This dashboard is a one-stop dashboard for the most recent data points our team is tracking.

From the Newsroom: www.coxautoinc.com/signup

The Cox Automotive biweekly newsletter, published every other Tuesday, is a round-up of news from Cox Automotive and perspectives from its analysts and experts on topics dominating the automotive industry.



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

