

COX AUTOMOTIVE

DEALER SENTIMENT INDEX

SECOND 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 sales volume 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 Q2 2025 CADSI is based on 977 U.S. auto dealer respondents, comprising 496 franchised dealers and 481 independents. The survey was conducted from April 22 to May 5, 2025.
- The next quarterly report will be released in September 2025. The CADSI was first published in Q2 2017.

Key Takeaways: Q2 2025

The Q2 2025 Cox Automotive Dealer Sentiment Index (CADSI) reveals a mixed bag of results. Franchised and independent dealers view conditions differently, but with both groups of dealers expressing concerns about future market conditions. The results of the quarterly survey, conducted in late April and early May, show a market enjoying the near-term benefits of higher sales but also anticipating the tough realities of a slowing market and an uncertain future.

The current market index stands at 42 in Q2 2025, indicating that more dealers perceive the market as weak rather than strong. However, franchised dealers are notably more positive about the current market than independent dealers. This divergence in current market sentiment highlights the varying experiences and expectations within the industry today.

The market outlook index – which measures expectations for the auto market in the next three months – dropped after two quarters of improvement, falling significantly from 58 to 45, landing just one point higher than year-ago

levels. The score of 45 indicates that dealers feel the market ahead will be weak, not strong.

“Dealers have a front-line view of the U.S. auto market, which appears to be at an inflection point,” noted Jonathan Smoke, Chief Economist at Cox Automotive. “The recent sales pace has been a positive, lifting current market sentiment higher for franchised dealers. But as we’ve said before, 2025 is going to be a roller coaster for this industry, and the market could be a lot more hair-raising in the months ahead.”

The customer traffic index increased to 37, up from 33 in Q1 and higher than year-ago levels. Both in-person and online customer traffic improved in the Q2 survey, particularly with franchised dealers. The profit index also improved, jumping from 34 to 39; the Q2 2025 score was the highest in more than a year.

The new-vehicle sales index improved in Q2, indicating good market conditions and an improvement from the previous quarter. The used-vehicle sales index also improved in Q2, marking the sixth consecutive quarter of growth.

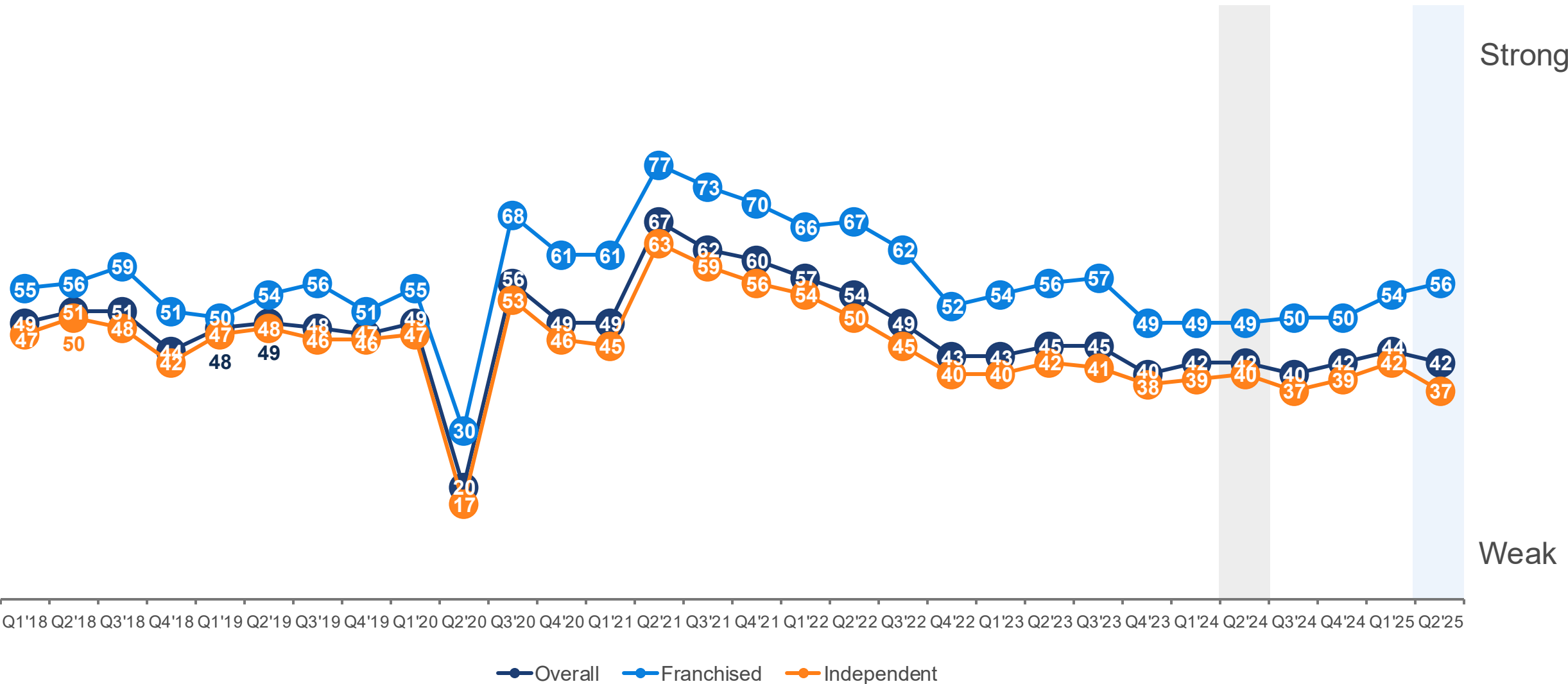
Franchised dealers are significantly more positive about used-vehicle sales, again showcasing the different views franchised and independent dealers have of the current market.

Higher vehicle sales in March and April resulted in tighter inventory levels across the industry. In the Q2 survey, a significantly higher number of franchise dealers noted their inventory was declining, not growing. Likewise, current used-vehicle inventory levels were also seen as declining in Q2, not growing.

The U.S. Economy was the top factor holding back business in Q2, moving above Interest Rates. Political Climate and Tariffs on Imported Vehicles and Parts both jumped significantly in the latest survey, moving to No. 4 and No. 5, respectively. Market Conditions was No. 3.

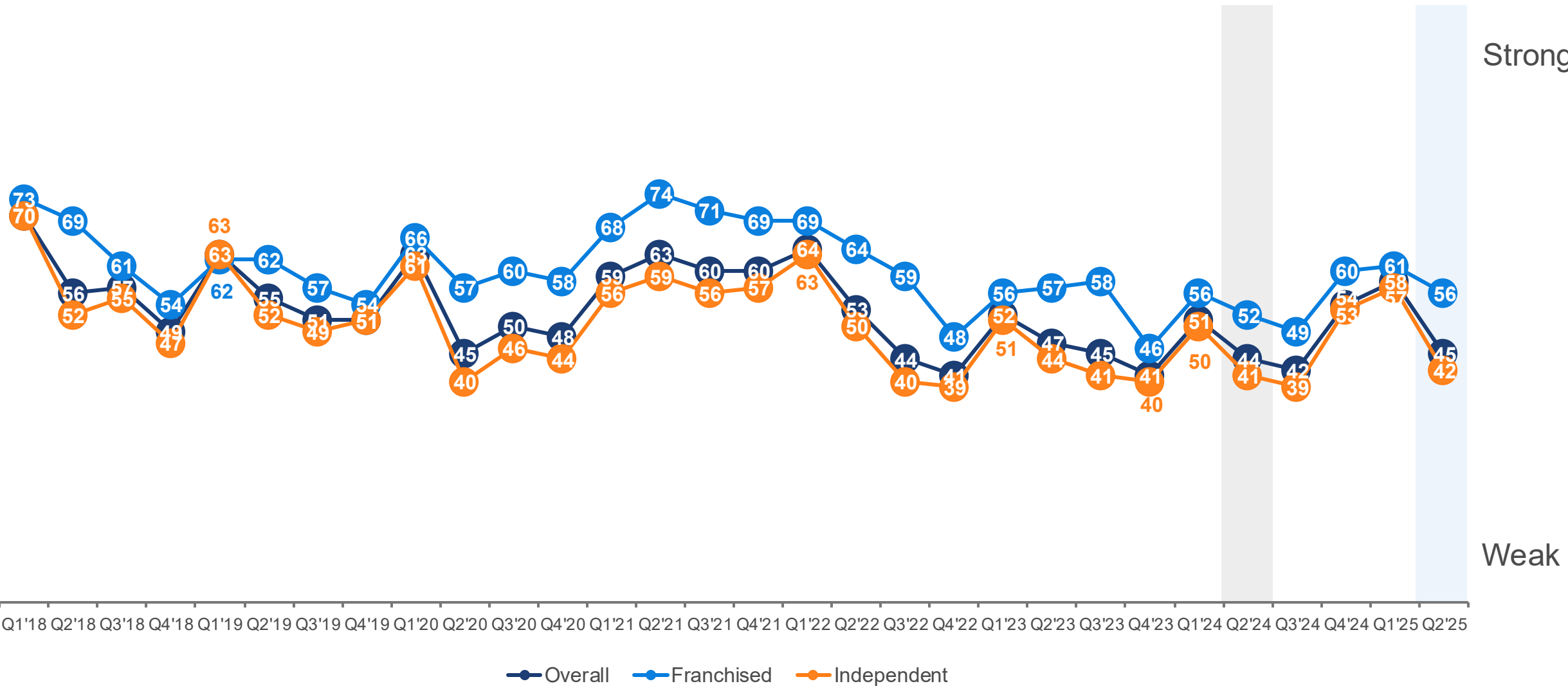
Among franchised dealers, Political Climate and Tariffs were particularly notable, ranking No. 3 and No. 4, respectively. For independent dealers, Expenses, Limited Inventory and Consumer Confidence were ranked higher than both Politics and Tariffs on Imported Vehicles and Parts.

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

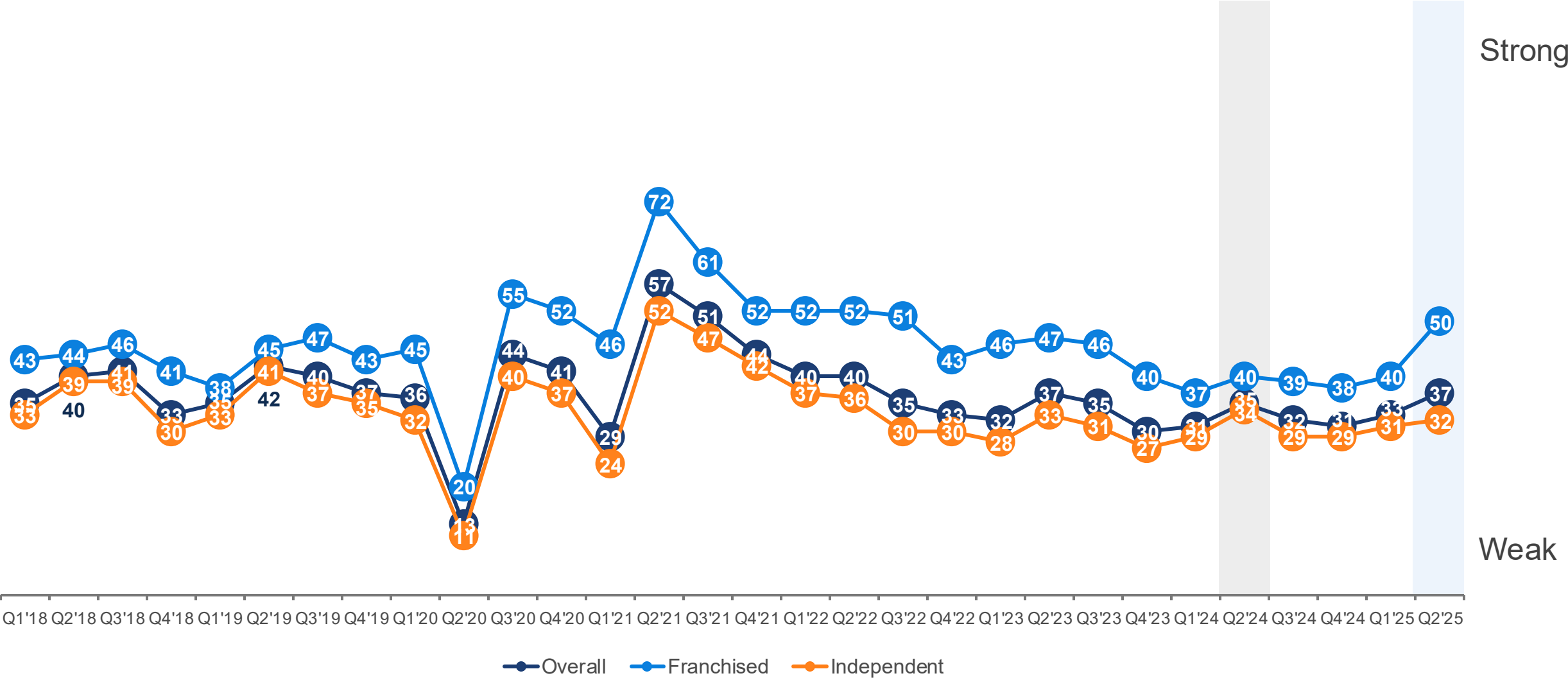


Note: Scale 1 - 100

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

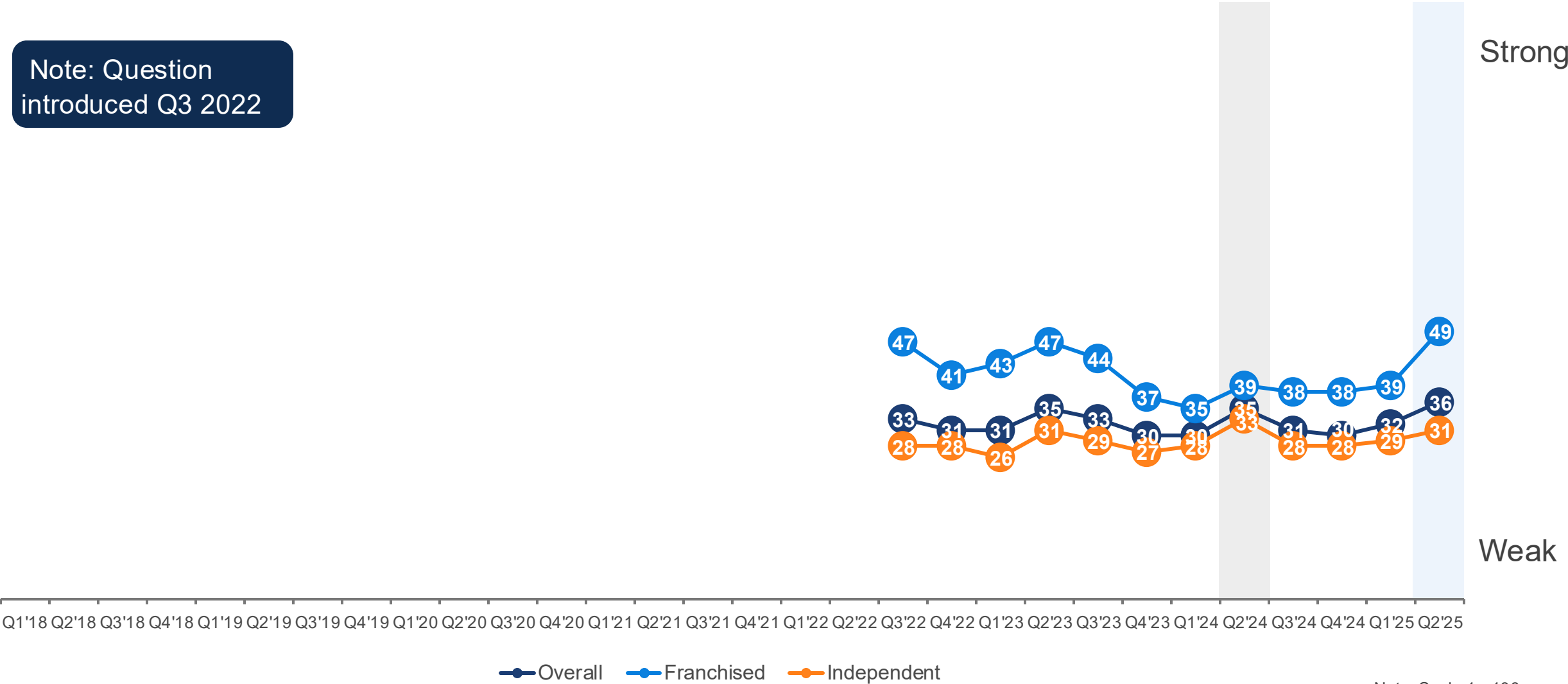


Q3: How do you rate the customer traffic to your dealership over the past 3 months?



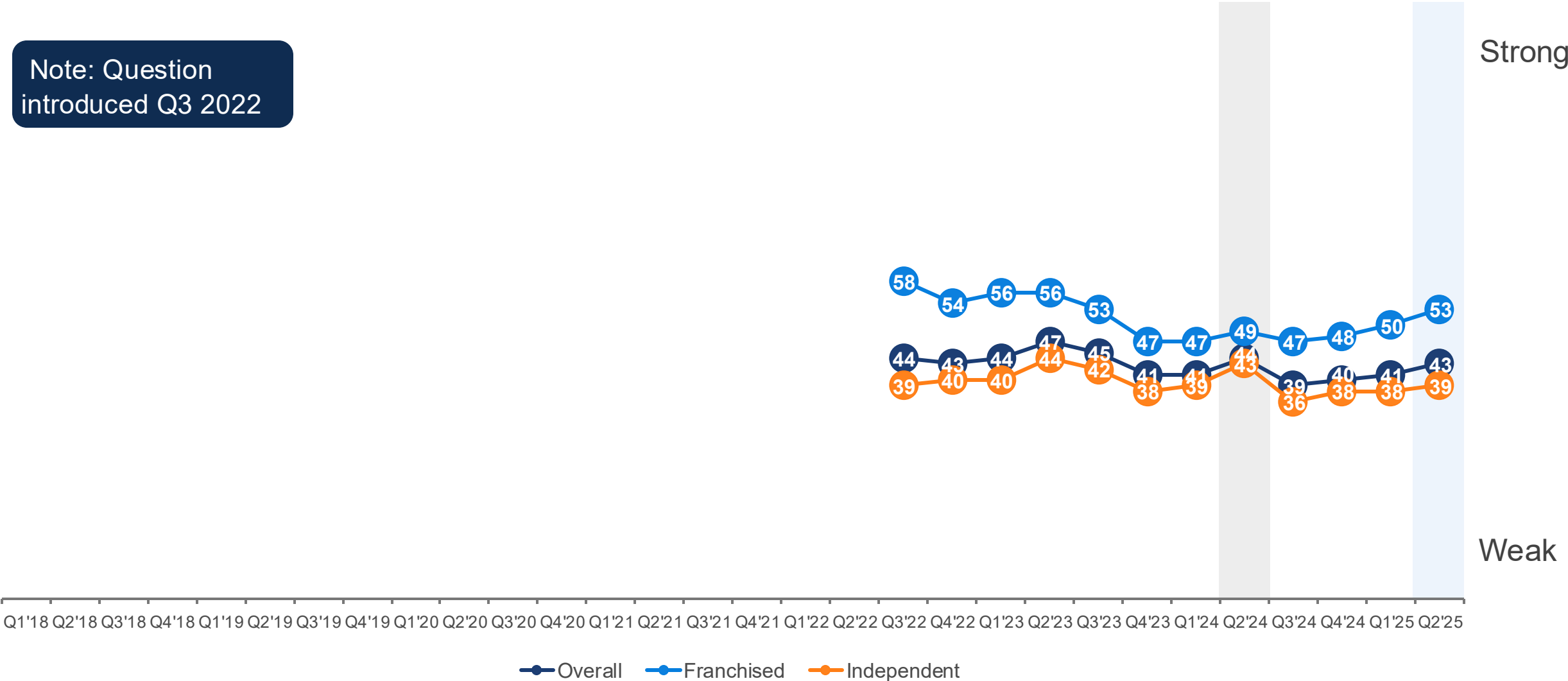
Q3A: How do you rate the in-person customer traffic to your dealership over the past 3 months?

Note: Question introduced Q3 2022

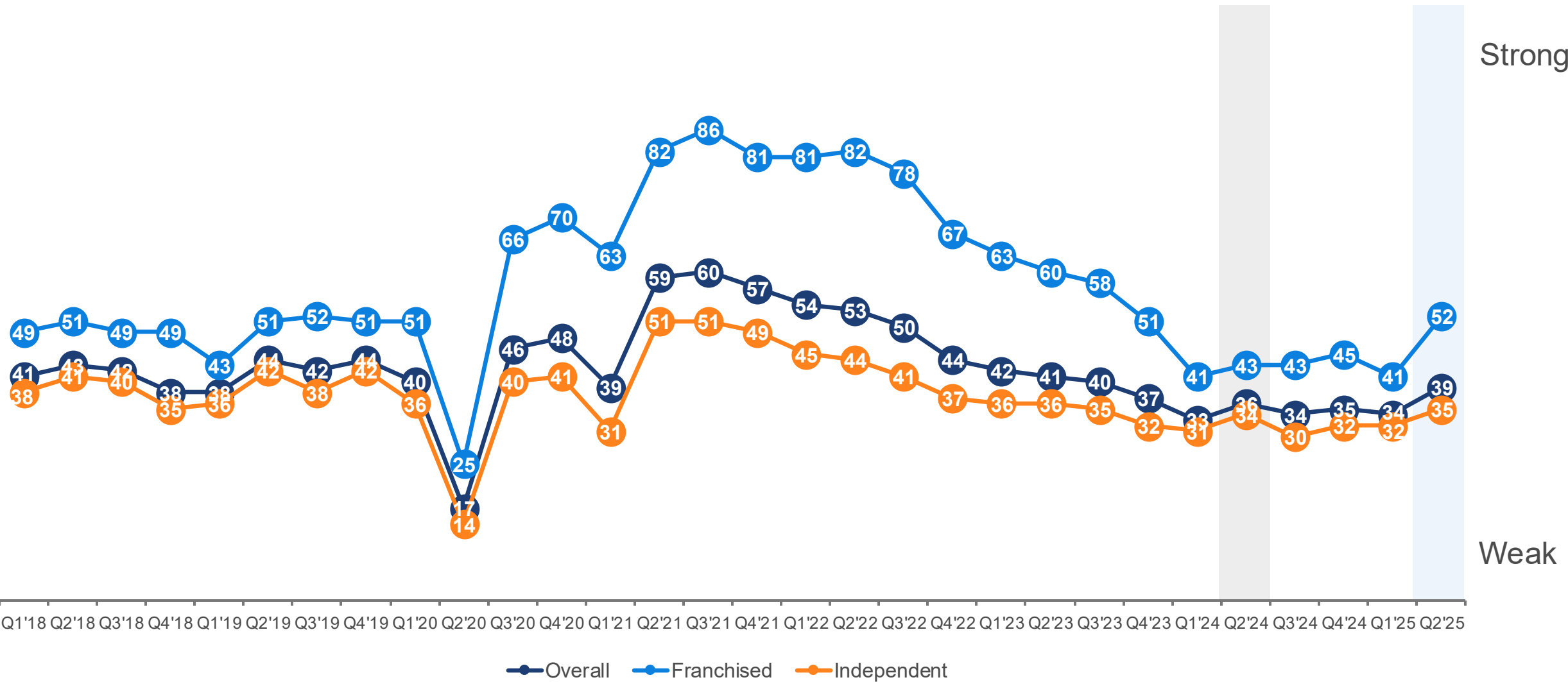


Q3B: How do you rate the digital/online customer traffic to your dealership over the past 3 months?

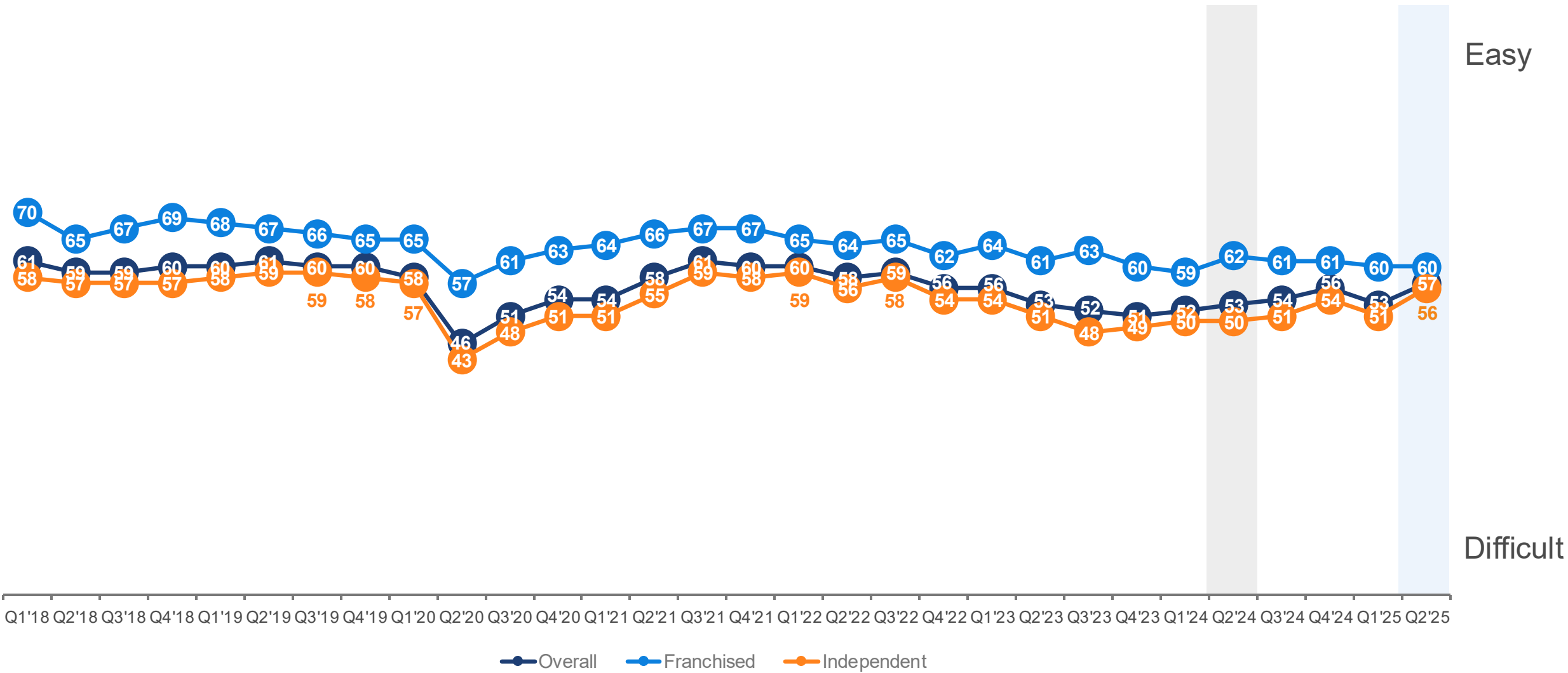
Note: Question introduced Q3 2022



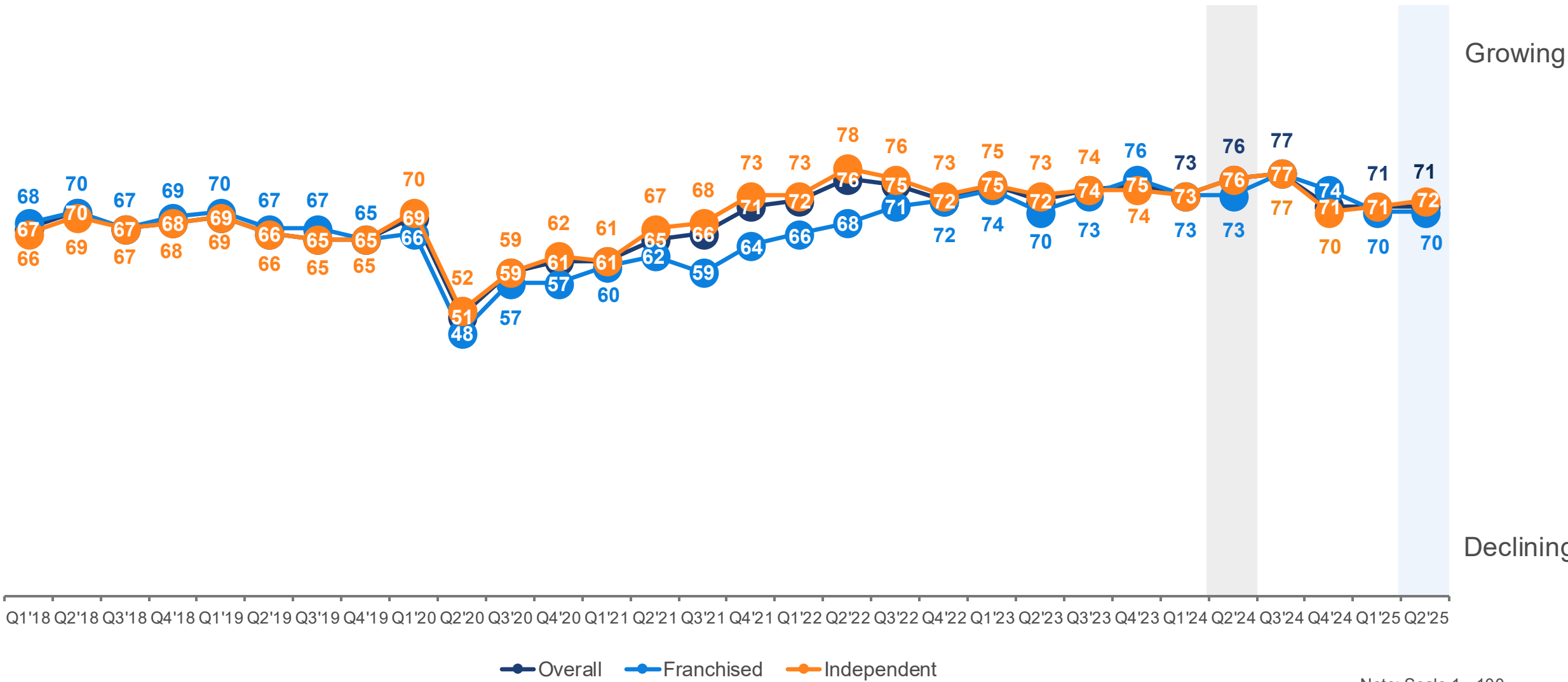
Q4: How would you describe your profits over the past 3 months?



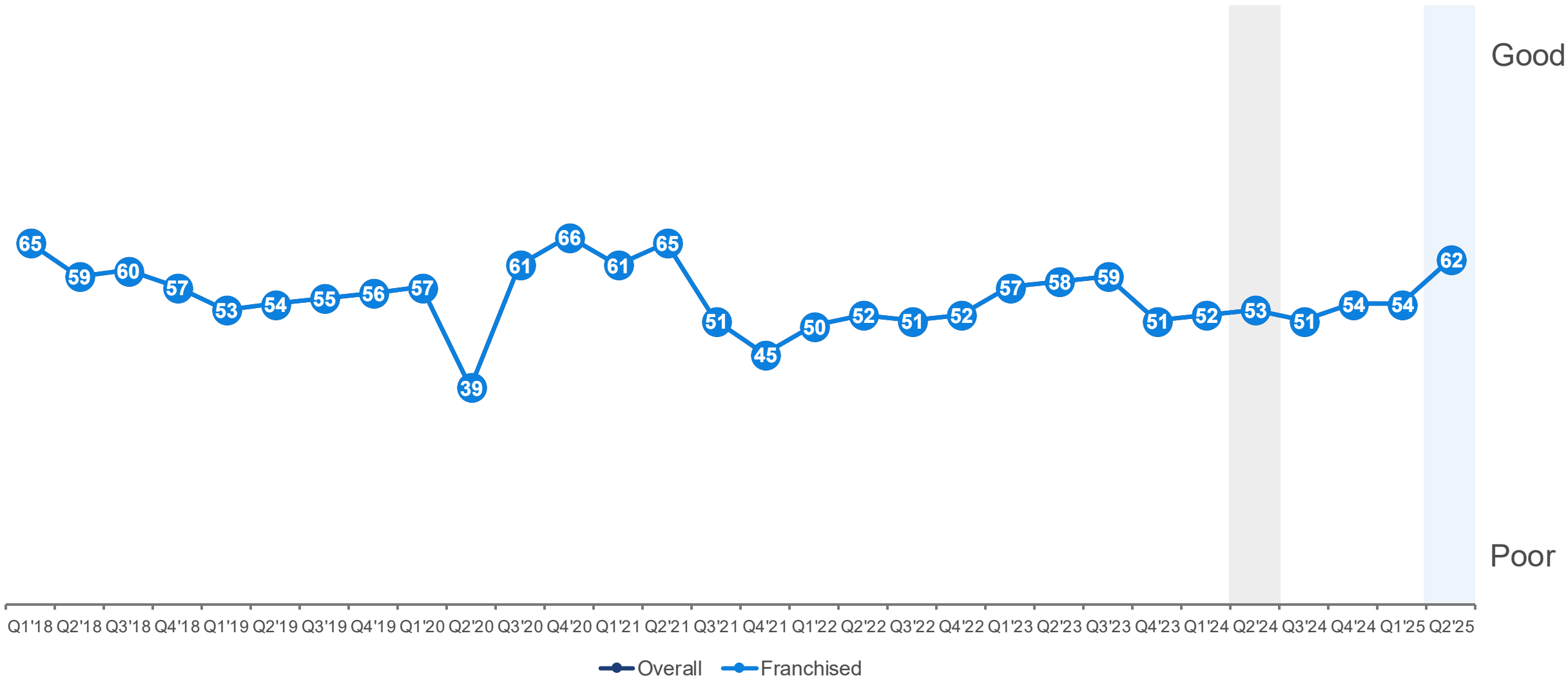
Q5: How would you describe your ability to get credit to operate your business over the past 3 months?



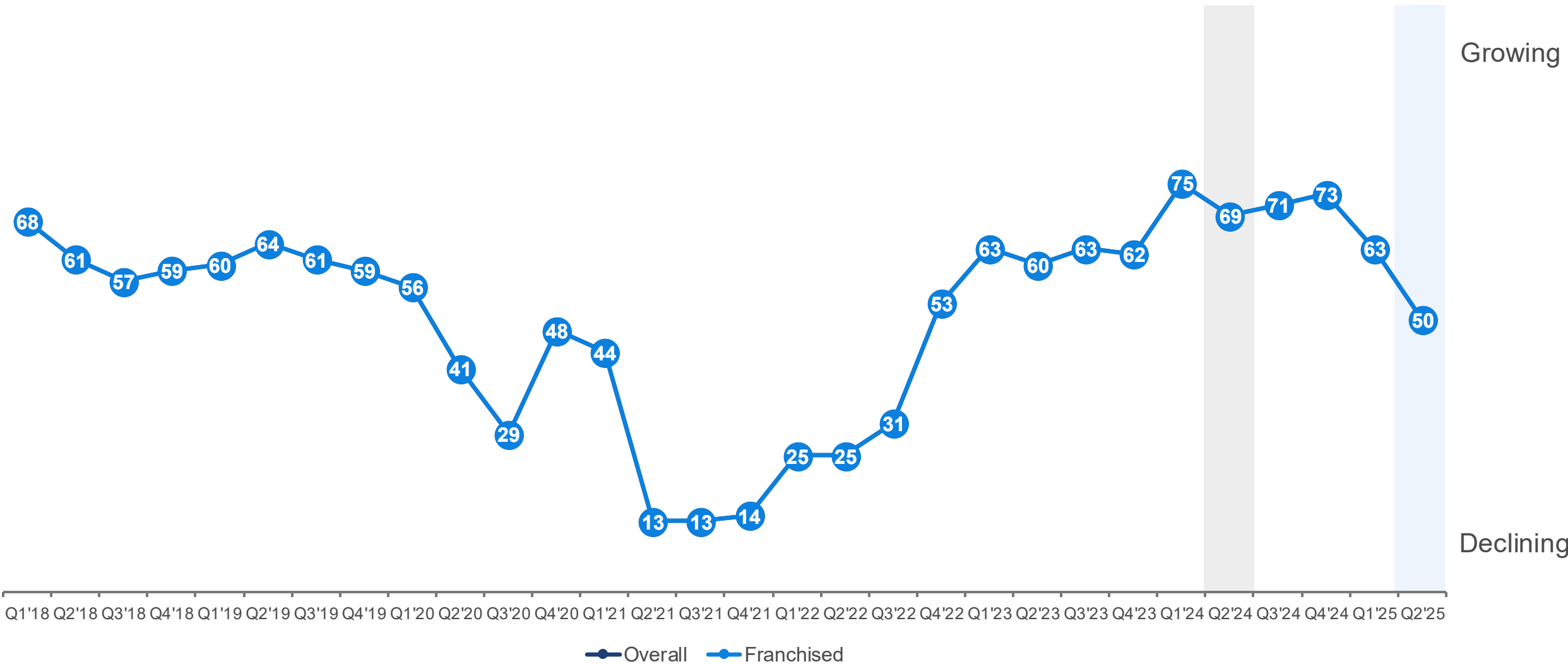
Q6: How would you describe the cost of running your dealership over the past 3 months?



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

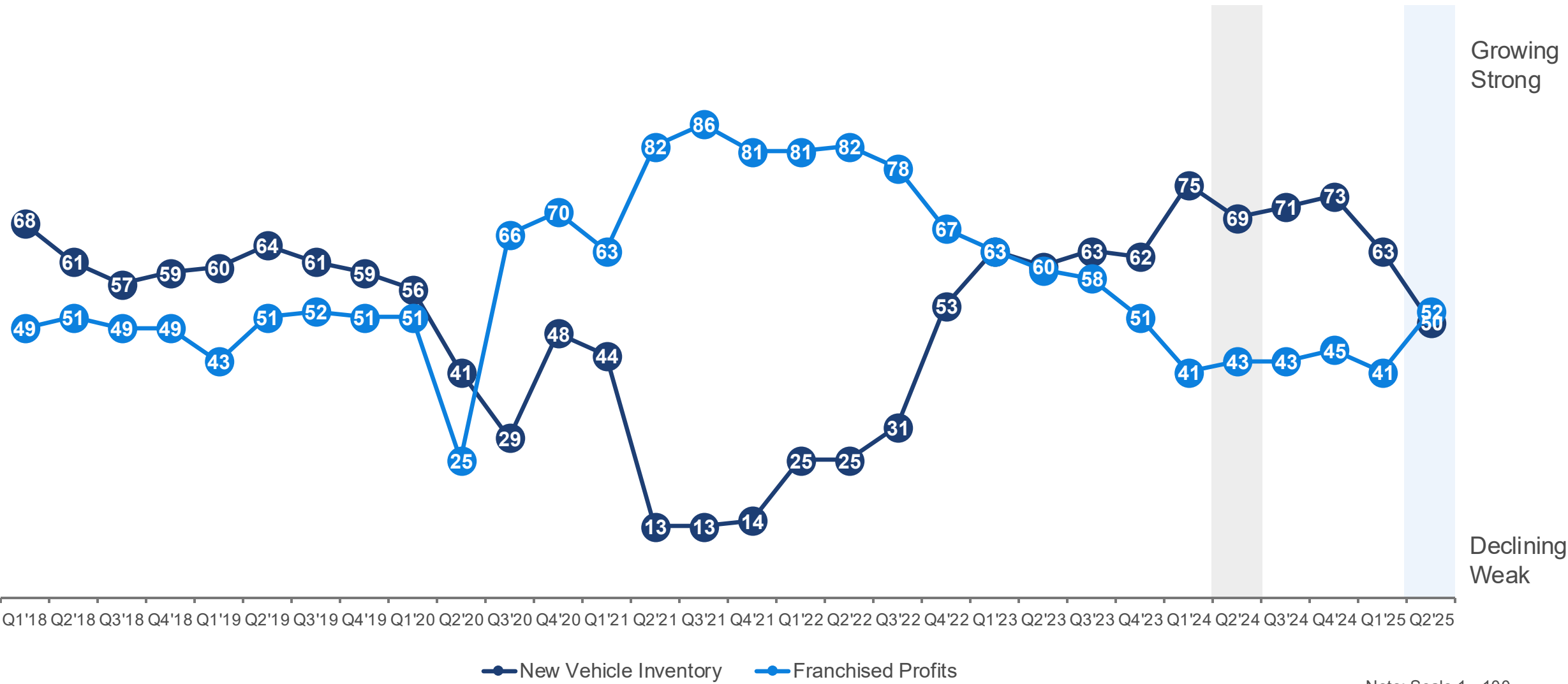


Q8: How would you describe the current new-vehicle inventory levels?



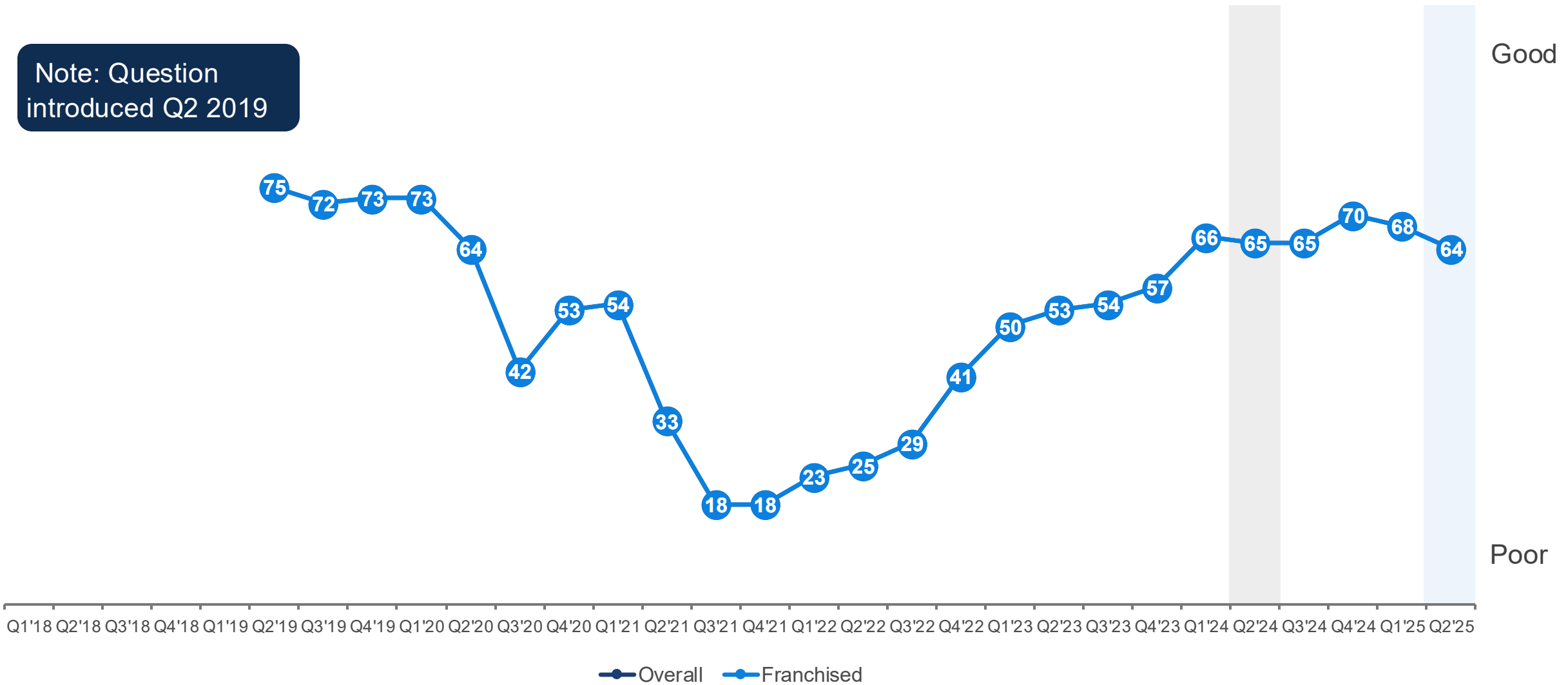
Inventory/Profits

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



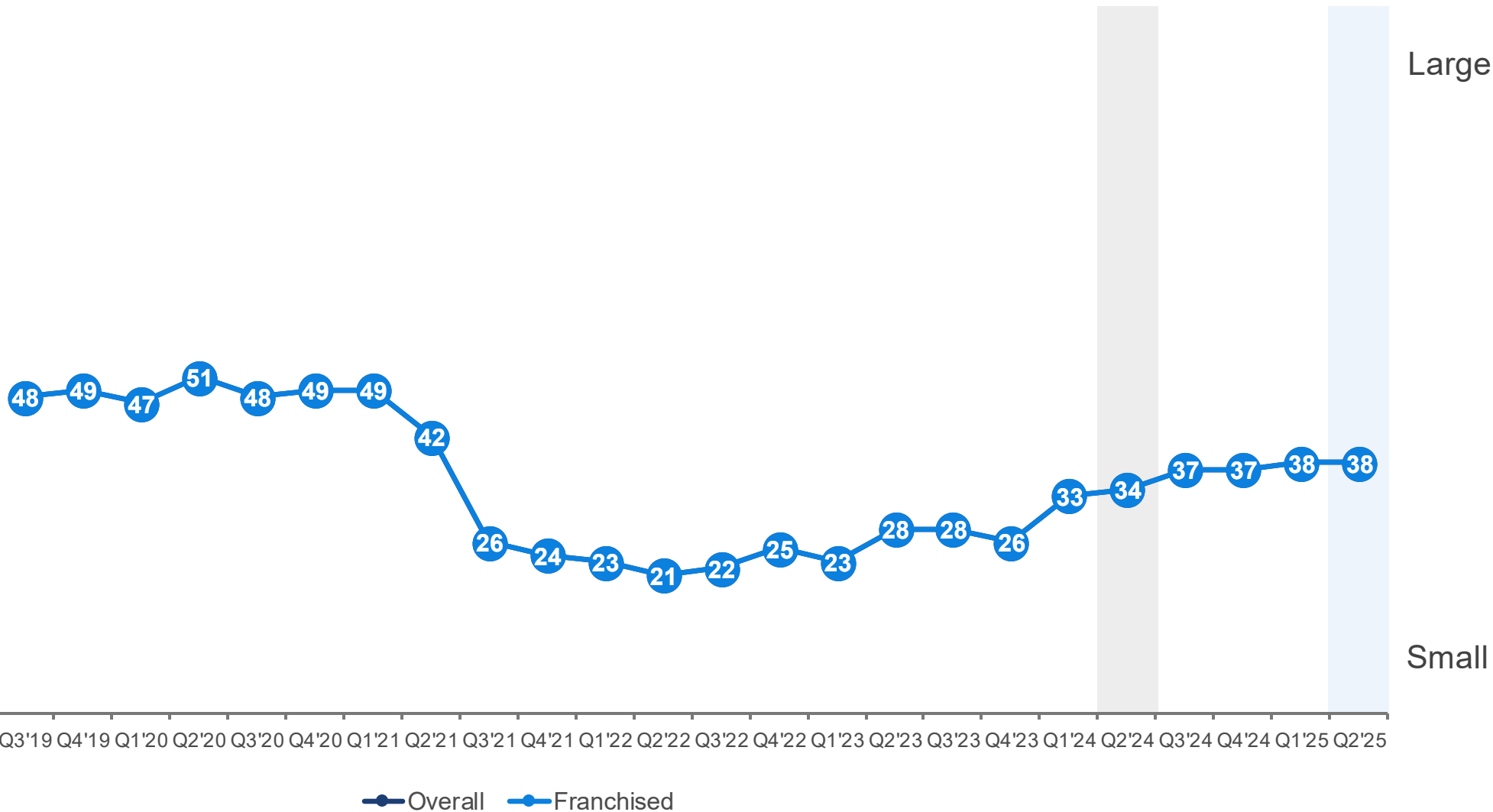
Q9: How would you describe the current new-vehicle inventory mix?

Note: Question introduced Q2 2019

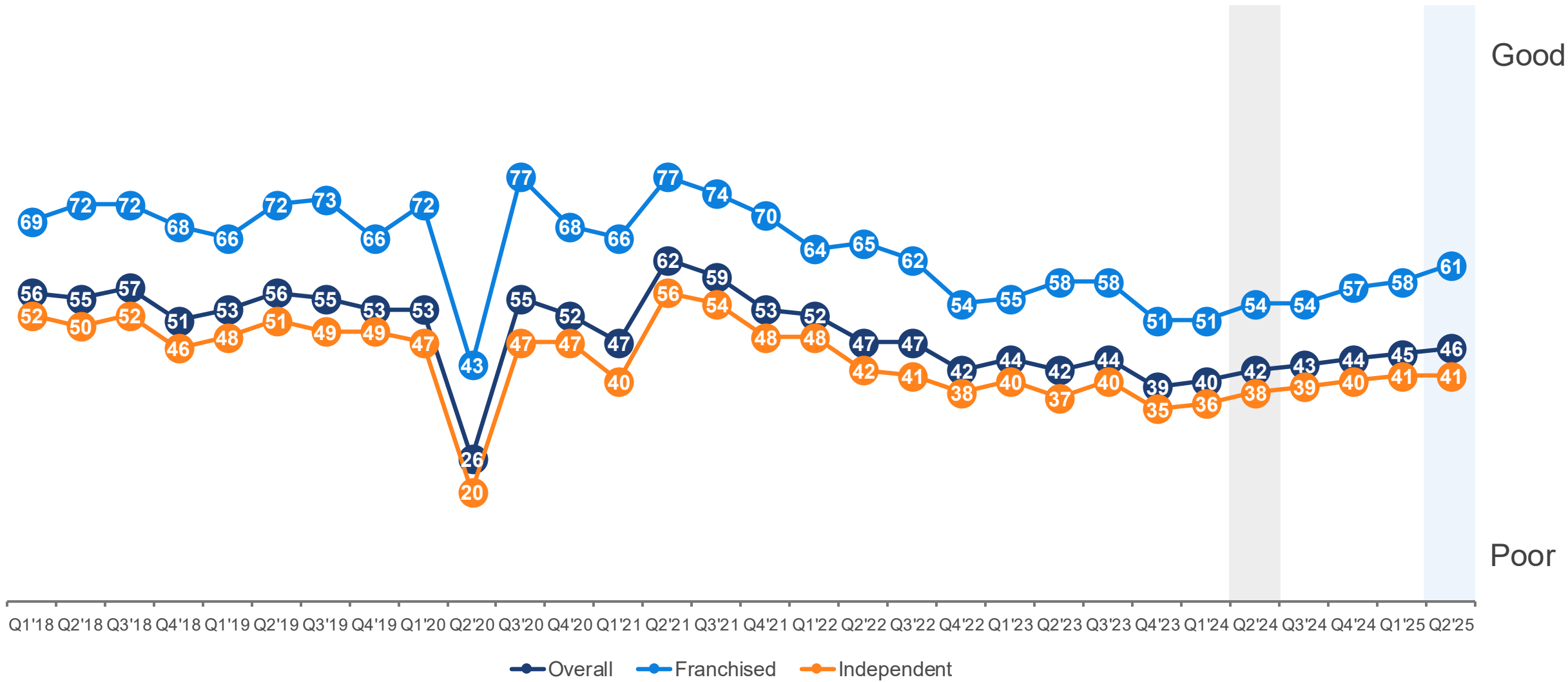


Q10: How would you describe the current level of OEM new-vehicle incentives?

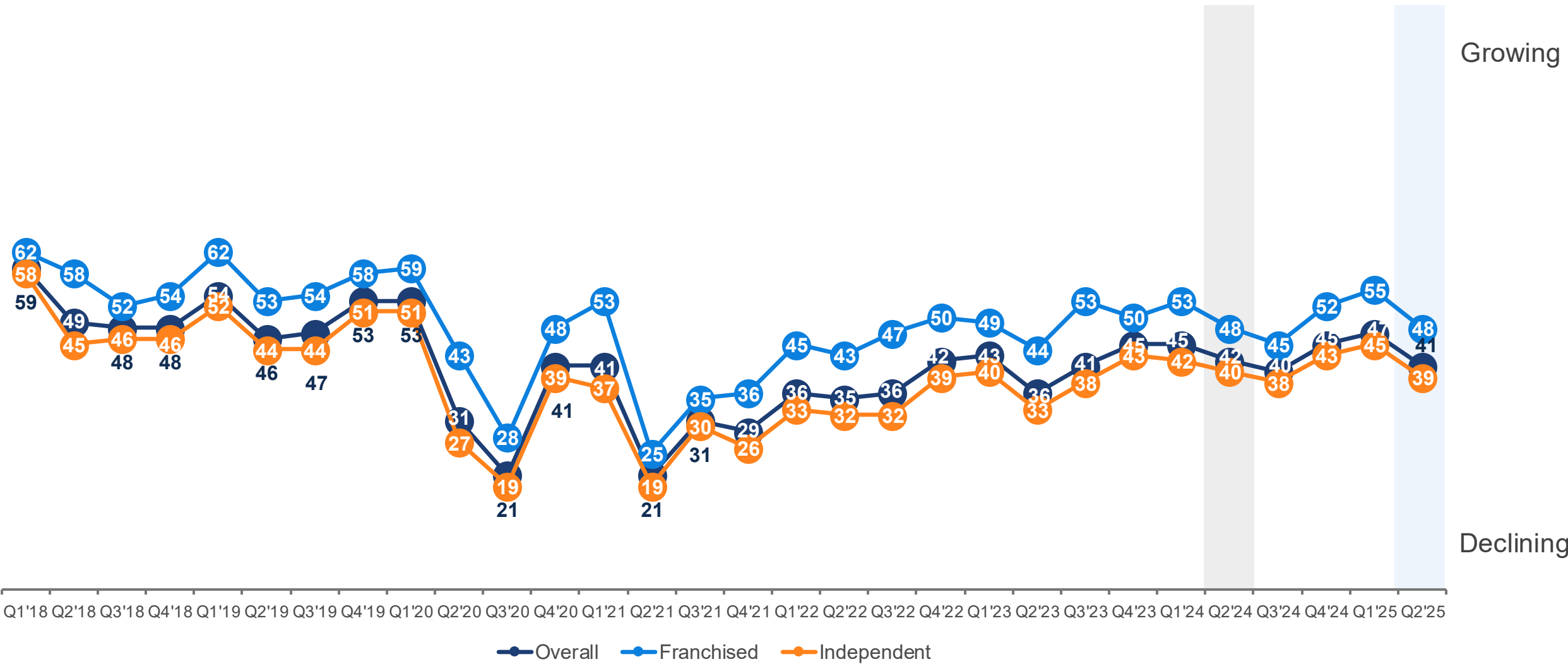
Note: Question introduced Q3 2019



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

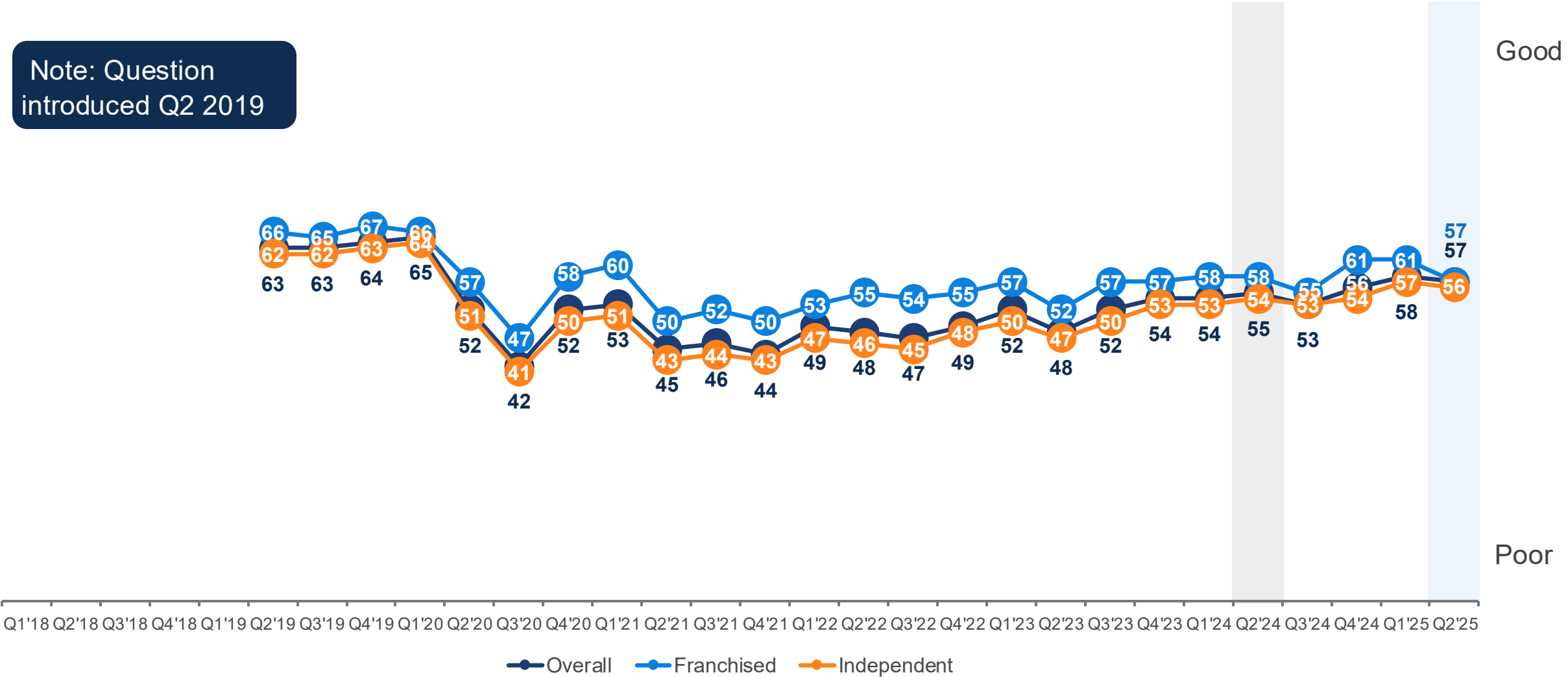


Q12: How would you describe the current used-vehicle inventory levels?



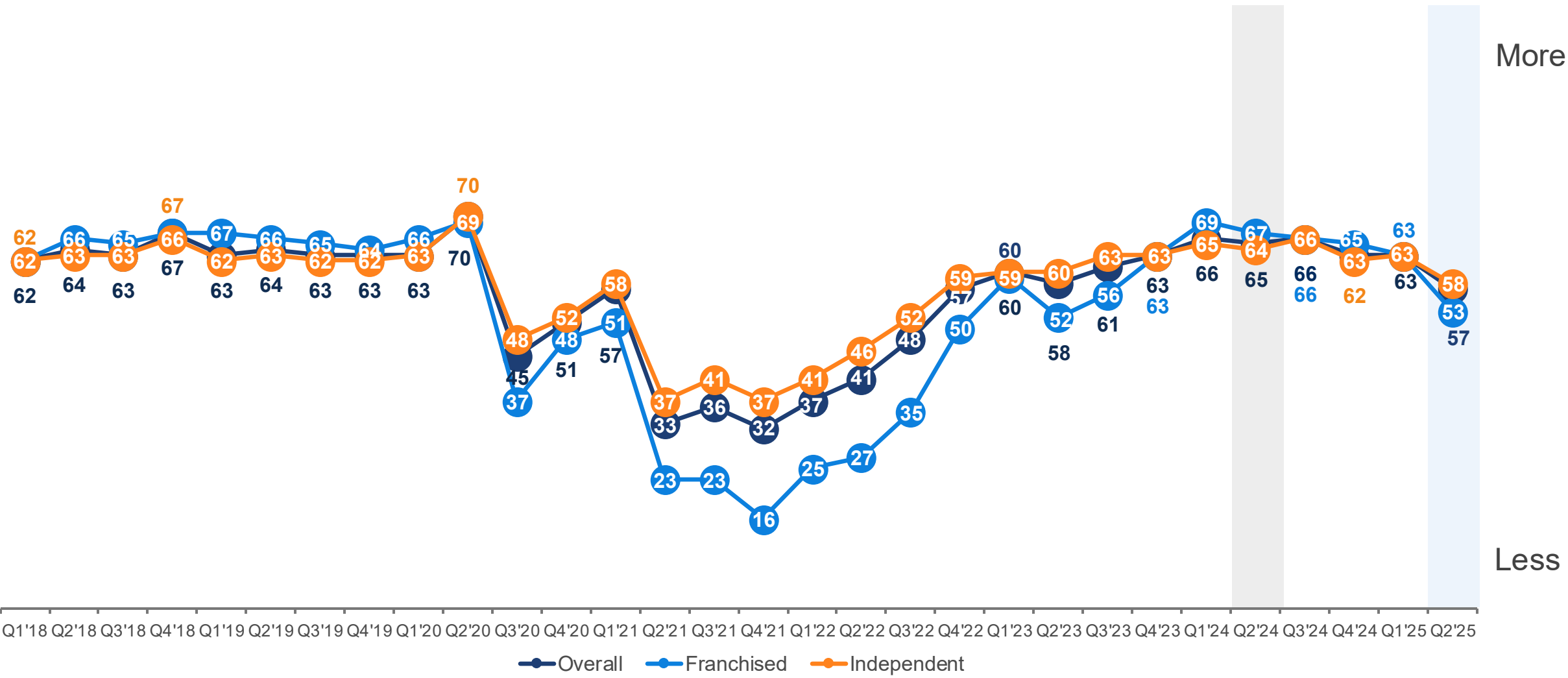
Q13: How would you describe the current used-vehicle inventory mix?

Note: Question introduced Q2 2019



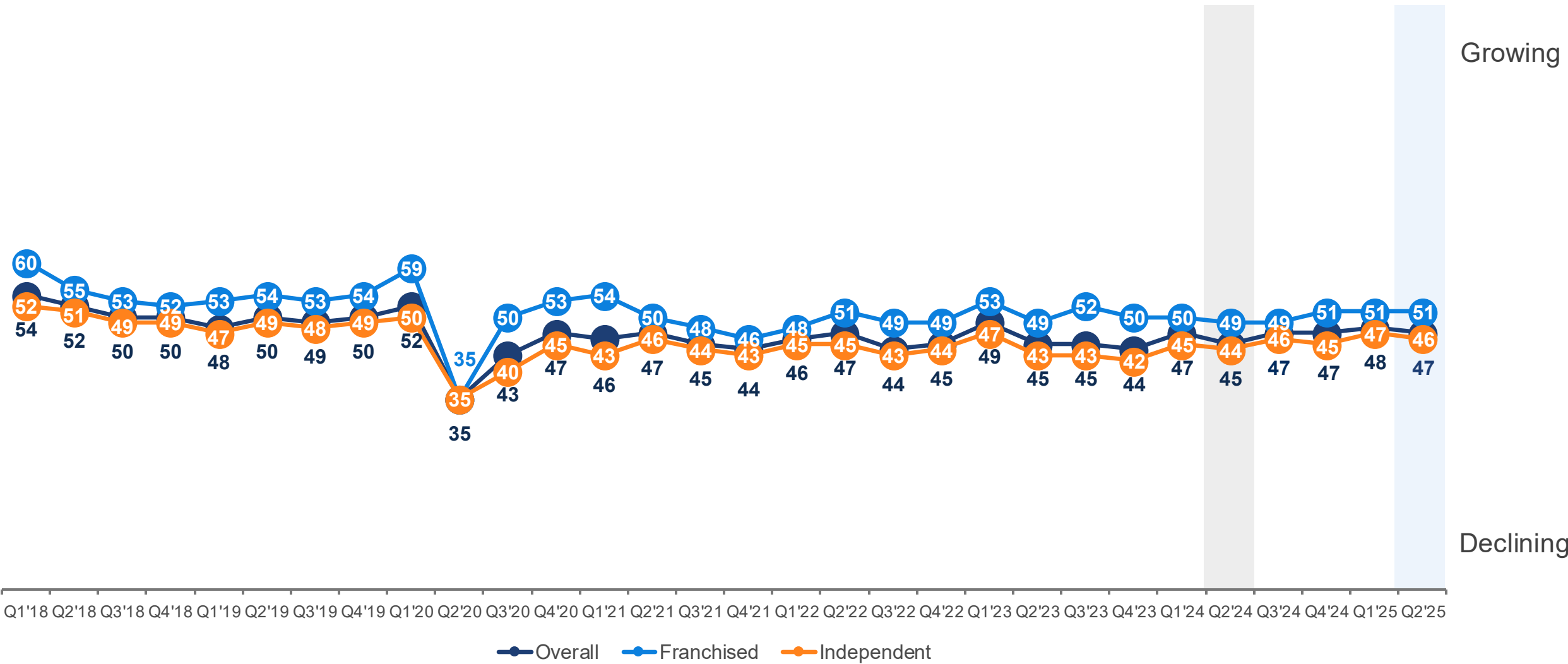
Note: Scale 1 - 100

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



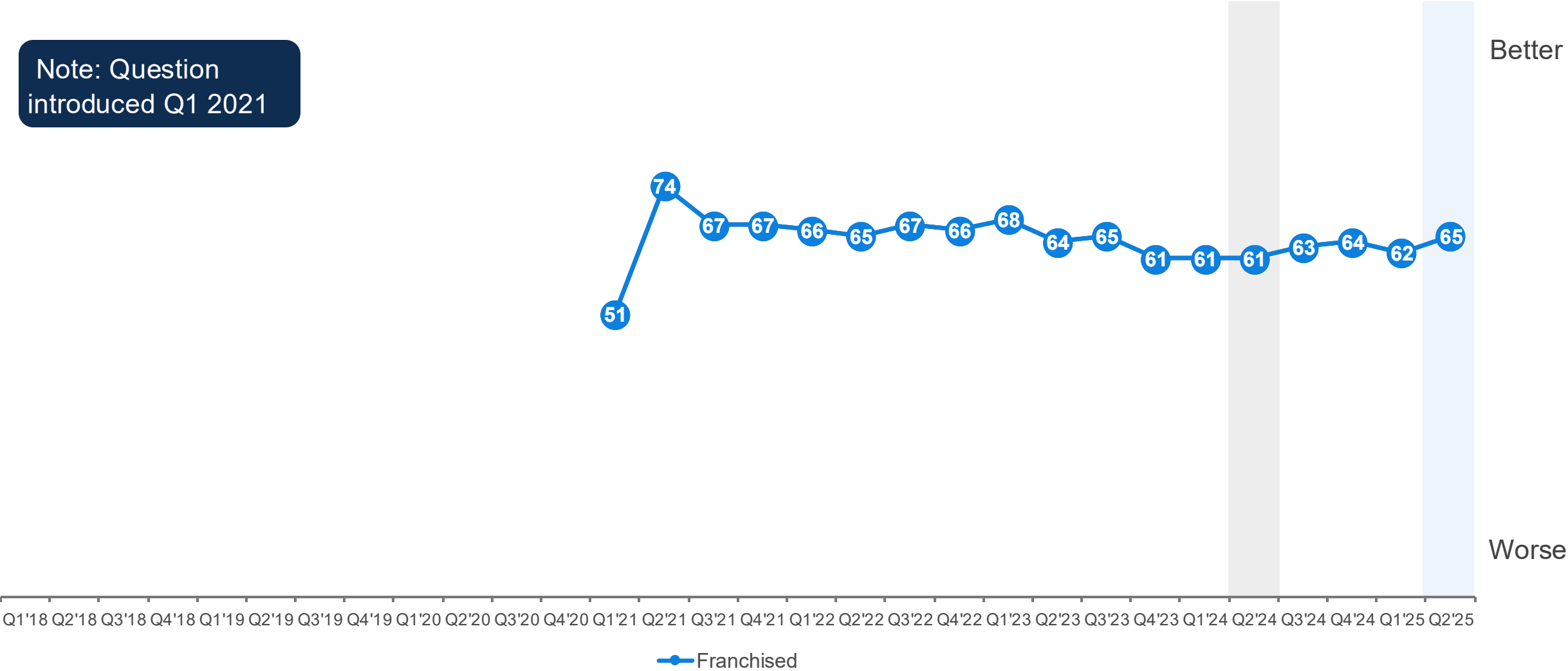
Note: Scale 1 - 100

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



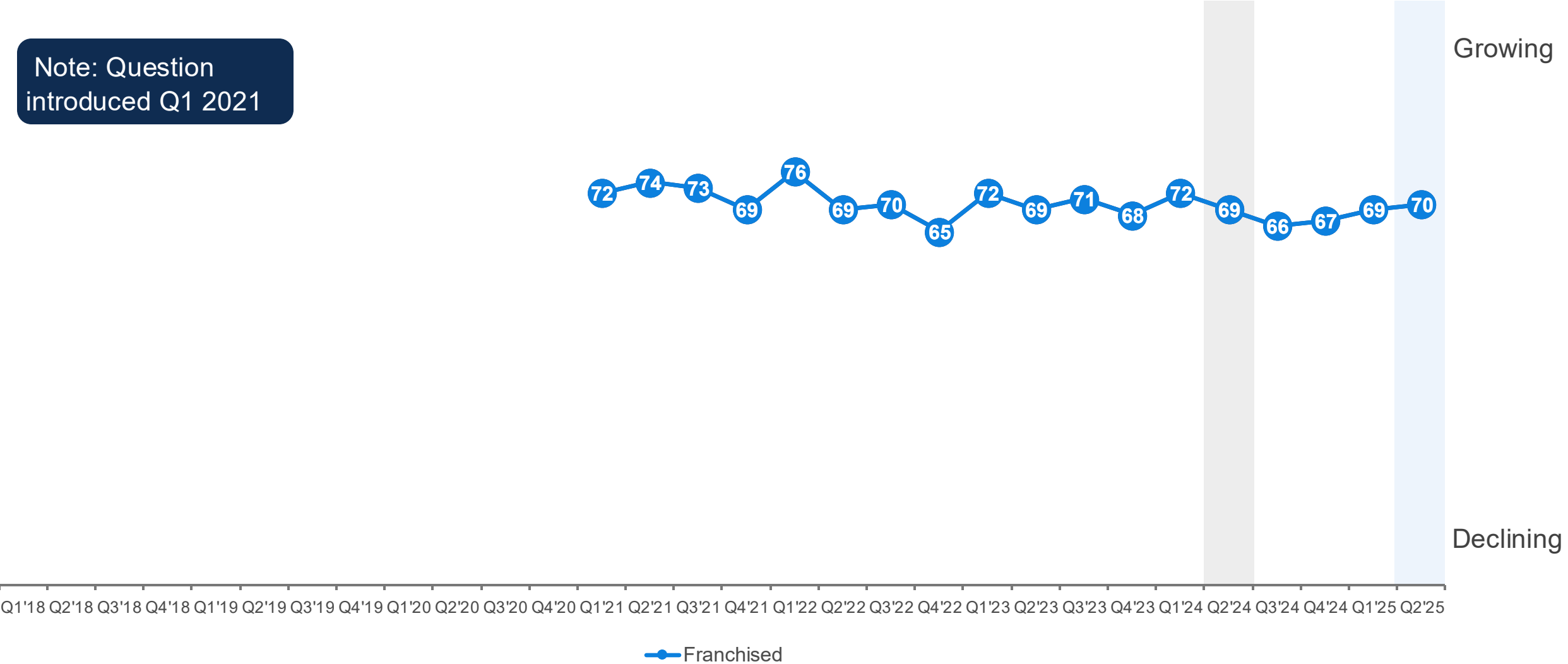
Q16: How would you describe the current level of business in your fixed operation?

Note: Question introduced Q1 2021



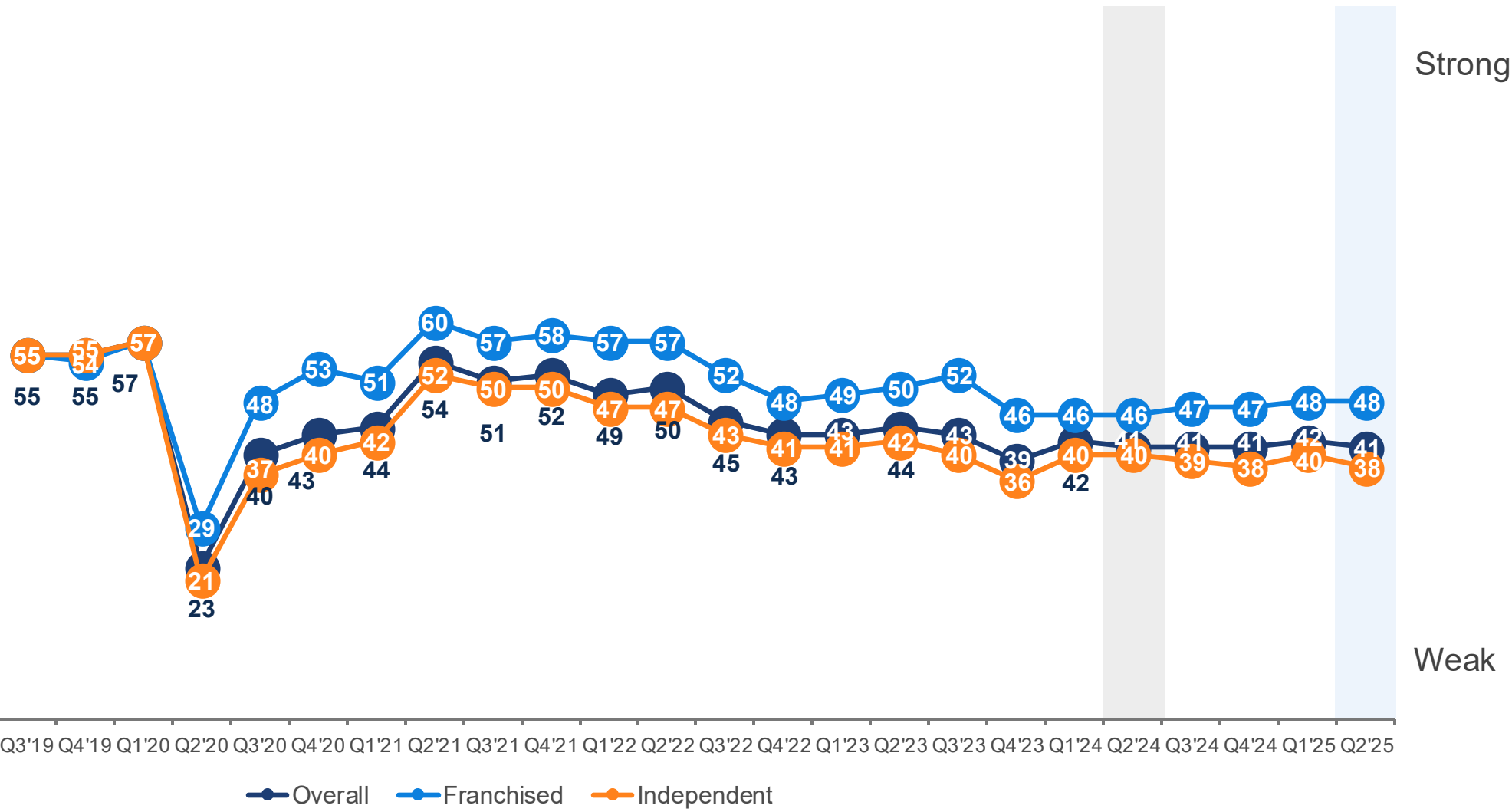
Q17: How would you describe the future opportunity with your fixed operations business?

Note: Question introduced Q1 2021



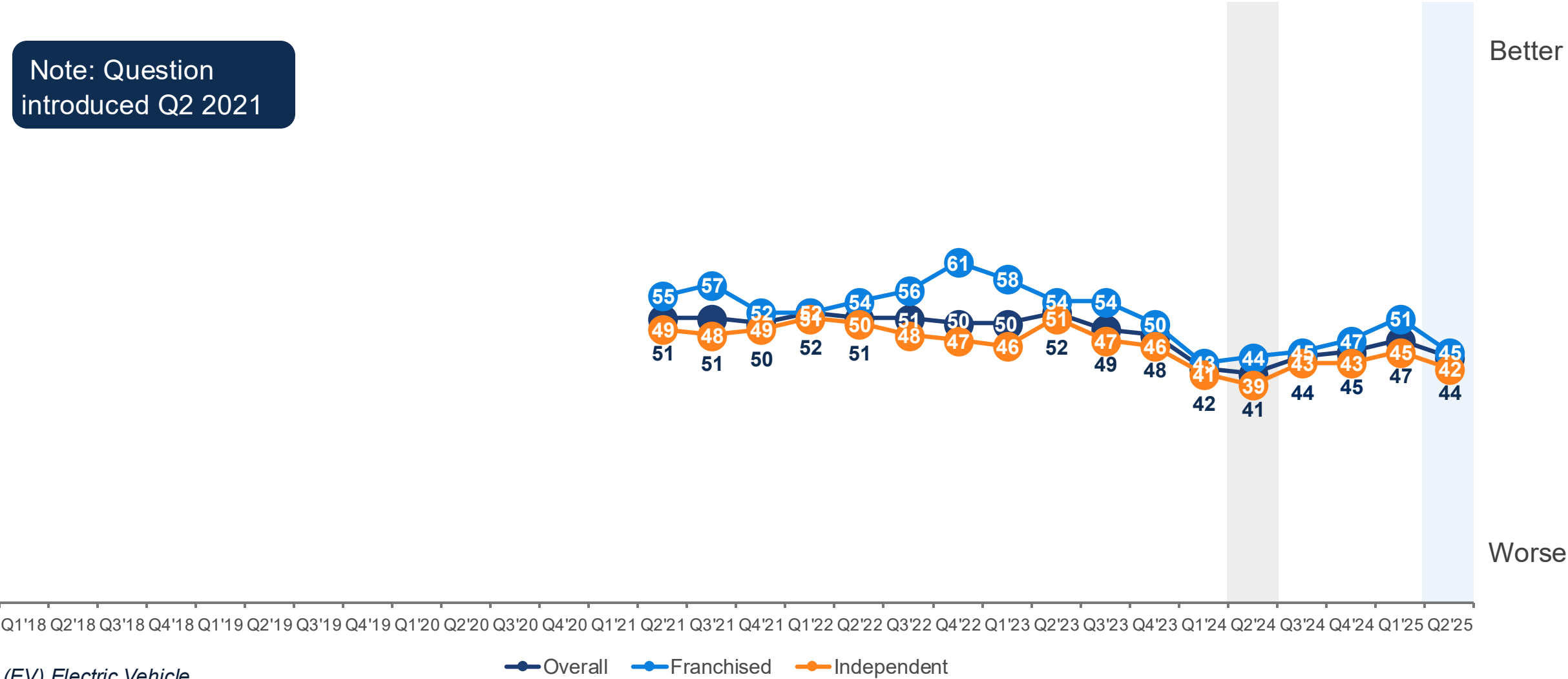
Q18: How would you describe the current U.S. economy?

Note: Question introduced Q3 2019



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

Note: Question introduced Q2 2021

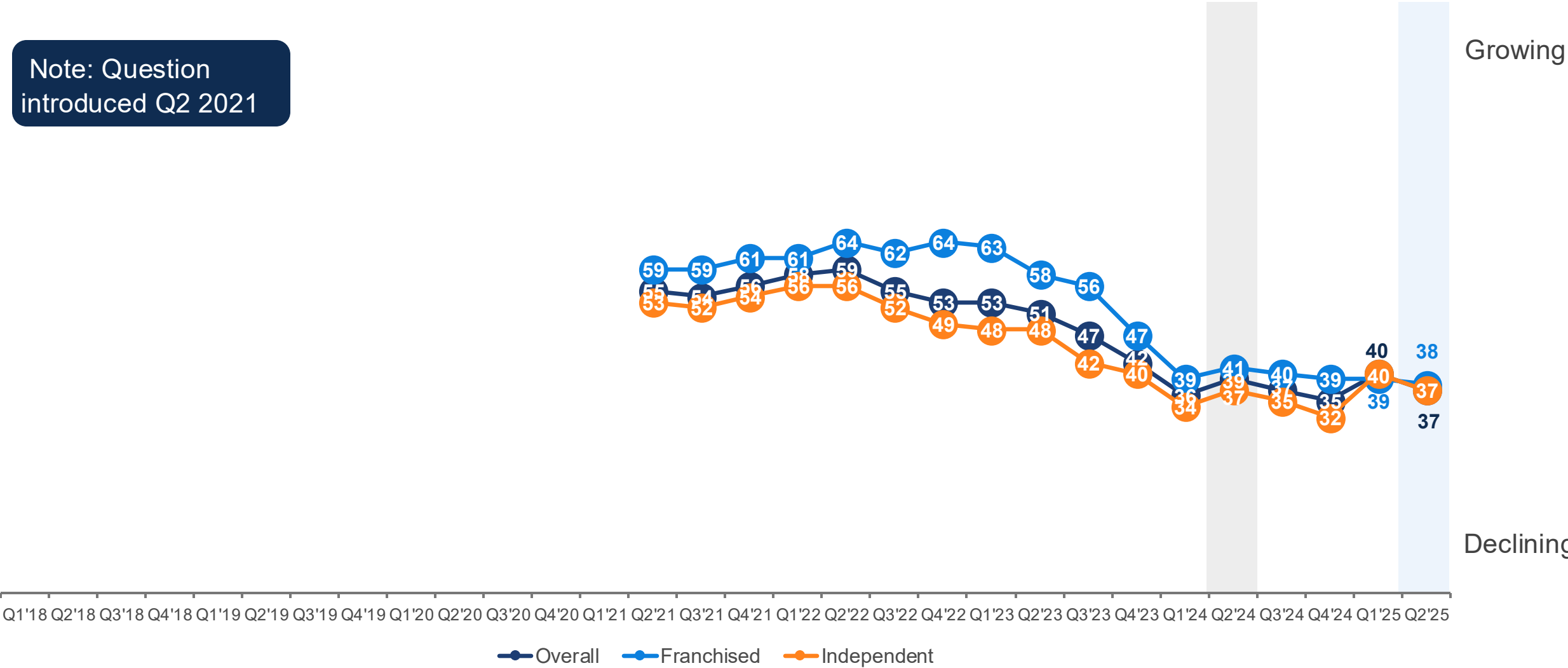


(EV) Electric Vehicle

Note: Scale 1 - 100

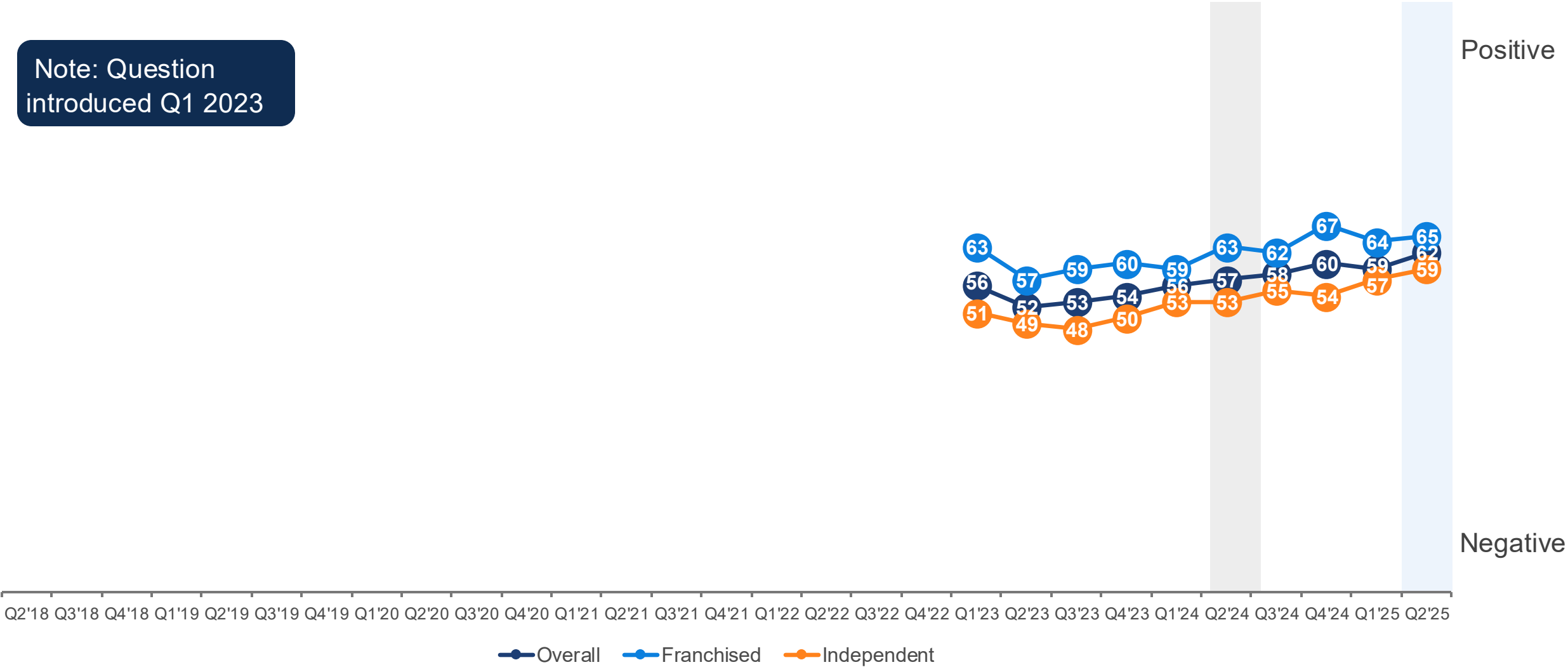
Q20: What do you expect the EV market in your area to look like 3 months from now?

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?

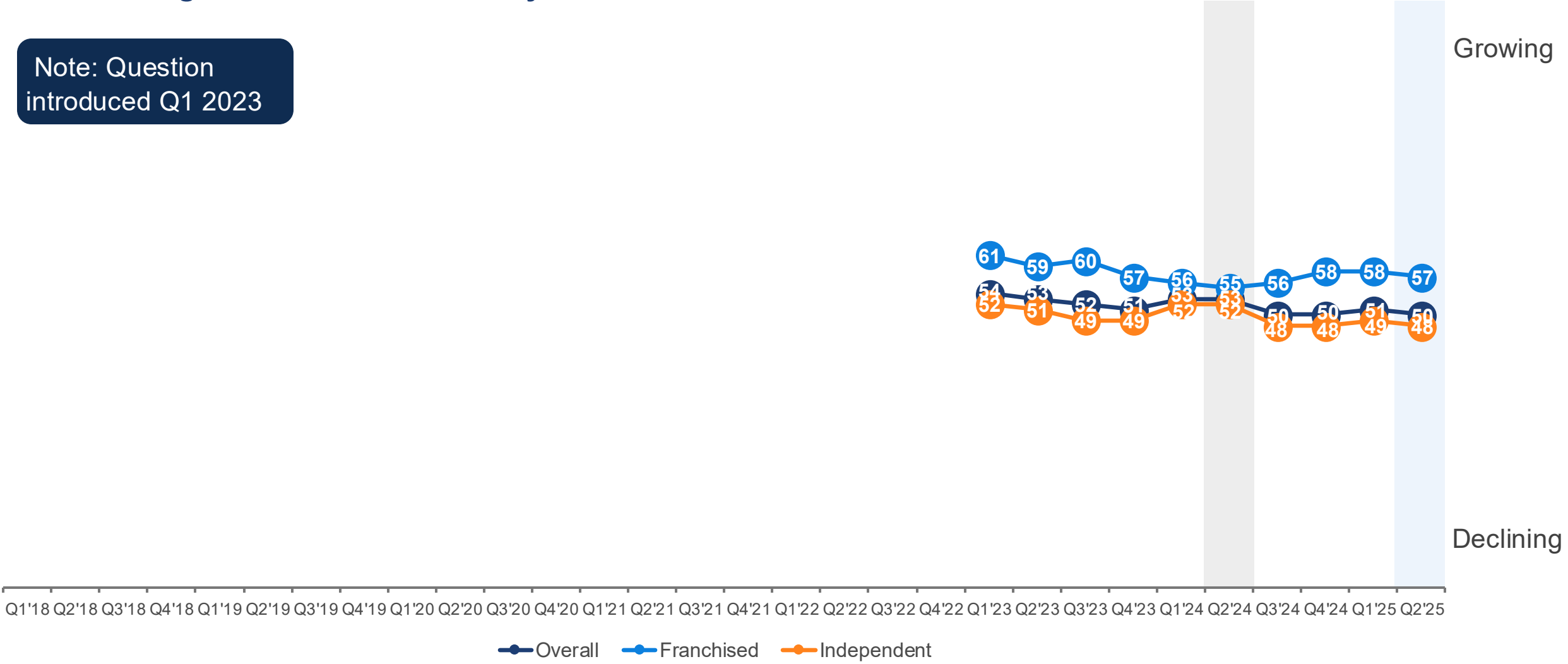
Note: Question introduced Q1 2023



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
SECOND QUARTER 2025



Factors Holding Back Business

OVERALL RANK

		Q2 '25	Q1 '25	Q2 '24	Q2 '23
1	Economy	51% ↑	45%	57%	55%
2	Interest Rates	42% ↓	52%	59%	53%
3	Market Conditions	40%	36%	41%	42%
4	Political Climate	33% ↑	21%	36%	29%
5	Tariffs on Imported Vehicles and Parts	33% ↑	7%	2%	3%
6	Expenses	32%	29%	31%	30%
7	Consumer Confidence	31% ↑	26%	28%	26%
8	Limited Inventory	30% ↑	26%	29%	44%
9	Credit Availability for Consumers	25%	26%	31%	30%
10	Cost of Vehicle Insurance for Consumers	18% ↓	22%	N/A	N/A



Significant decrease vs previous quarter



Significant increase vs previous quarter

Factors Holding Back Business

FRANCHISED DEALERS

		Q2 '25	Q1 '25	Q2 '24	Q2 '23
1	Economy	48%	43%	53%	49%
2	Interest Rates	46% ↓	60%	68%	61%
3	Political Climate	41% ↑	26%	41%	26%
4	Tariffs on Imported Vehicles and Parts	40% ↑	9%	2%	2%
5	Market Conditions	33%	30%	35%	33%
6	Consumer Confidence	30%	27%	31%	24%
7	Expenses	22%	22%	22%	19%
8	Lack of Consumer Incentives from my OEM	21%	24%	29%	24%
9	Limited Inventory	19%	15%	18%	42%
10	Credit Availability for Consumers	13%	17%	21%	19%



Significant decrease vs previous quarter



Significant increase vs previous quarter

Factors Holding Back Business

INDEPENDENTS

		Q2 '25	Q1 '25	Q2 '24	Q2 '23
1	Economy	52% ↑	46%	59%	57%
2	Market Conditions	42%	38%	43%	45%
3	Interest Rates	41% ↓	49%	56%	51%
4	Expenses	35%	31%	34%	33%
5	Limited Inventory	34%	29%	32%	45%
6	Consumer Confidence	31%	26%	27%	26%
7	Political Climate	31% ↑	20%	34%	30%
8	Tariffs on Imported Vehicles and Parts	31% ↑	6%	2%	3%
9	Credit Availability for Consumers	29%	28%	34%	34%
10	Cost of Vehicle Insurance for Consumers	20% ↓	25%	N/A	N/A



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	74 ↓	72	75 ↓
2	Interest Rates	68 ↓	70	67 ↓
3	Fixed Operations	61 ↓	60	62 ↓
4	Vehicle Sales	60 ↓	65 B	58 ↓
5	Staffing Levels	49 ↓	51	48

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	58	53	61	48
Market Next 3 Months	Strong/Weak	57	56	59	47
Overall Customer Traffic	Strong/Weak	53 ↑	48	51	50
In-Person Customer Traffic	Strong/Weak	51 ↑	47	50	44
Digital/Online Customer Traffic	Strong/Weak	57	51	54	52
Profits	Strong/Weak	54 ↑	52 ↑	52	49
Costs	Growing/Declining	75	71	66	71
New Vehicle Sales	Good/Poor	62	62	63	61
New Vehicle Inventory	Growing/Declining	50 ↓	42 ↓	57	53
New Vehicle Inventory Mix	Good/Poor	65	63	64	62

↓ 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	50 	55	52	55
Staffing	Growing/Declining	50	48	54	48
OEM incentives	Large/Small	40	35	41	35
Economy	Strong/Weak	46	52	49	47
Current Fixed Operations	Better/Worse	63	62	70	65
Future Fixed Operations	Growing/Declining	70	70	71	67
Current BEV Sales	Better/Worse	44	44	44	54
Future BEV Sales	Growing/Declining	38	33	38	44
Dealer Credit	Easy/Difficult	63	59	62	55
Effect BEV Tax Credits Have on BEV Sales	Positive/Negative	69	62	63	71



Significant decrease vs previous quarter



Significant increase vs previous quarter

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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.



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