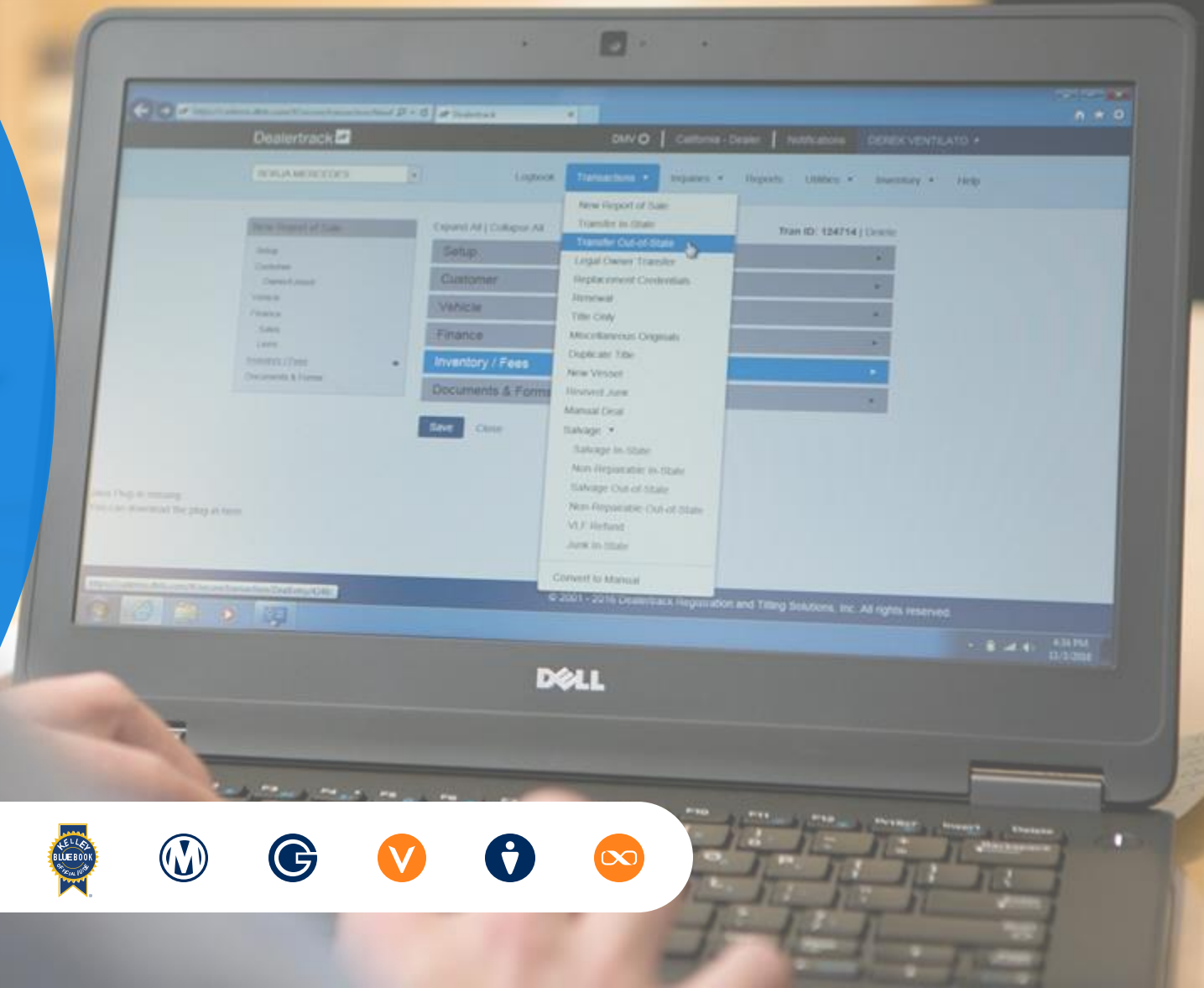


COX AUTOMOTIVE

# DEALER SENTIMENT INDEX

THIRD 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 Q3 2025 CADSI is based on 891 U.S. auto dealer respondents, comprising 477 franchised dealers and 414 independents. The survey was conducted from July 22 to August 4, 2025.
- The next quarterly report will be released in December 2025. The CADSI was first published in Q2 2017.

# Key Takeaways: Q3 2025

U.S. auto dealers maintained a steady outlook in Q3 2025 despite persistent economic uncertainty and waning consumer confidence, according to the latest Cox Automotive Dealer Sentiment Index (CADSI). While profitability dipped and customer traffic slowed from the spring surge, overall sentiment remained stable, signaling cautious optimism across the industry.

“With sales momentum mostly holding, dealers are not throwing in the towel on sentiment,” noted Jonathan Smoke, Chief Economist at Cox Automotive. “New-vehicle sales have come down from the surge in the spring but have remained relatively strong and better than the past few years. While the labor market has softened, unemployment remains historically low, and, for the most part, tariffs have only been a glancing blow to consumer wallets so far. While 2025 has been a roller coaster for many, the market is still generally on track.”

The market outlook index rose slightly to 46, significantly higher than year-ago levels but

down from the Q1 peak of 58. Franchised dealers posted a score of 55, while independent dealers remained flat.

After a surge in Q2, customer traffic declined in Q3. The index dropped from 37 to 33, with franchised dealers falling from 50 to 43, a statistically significant decrease.

The overall profit index fell from 39 to 38. Independent dealers reported weaker profitability (34) compared to franchised dealers (49). The cost index held at 70, the highest in the survey, indicating widespread concern over rising operating expenses.

New-vehicle inventory rose from 50 to 57, reversing declines seen earlier in the year. This coincided with a dip in the new-vehicle sales environment index, which fell from 62 to 58.

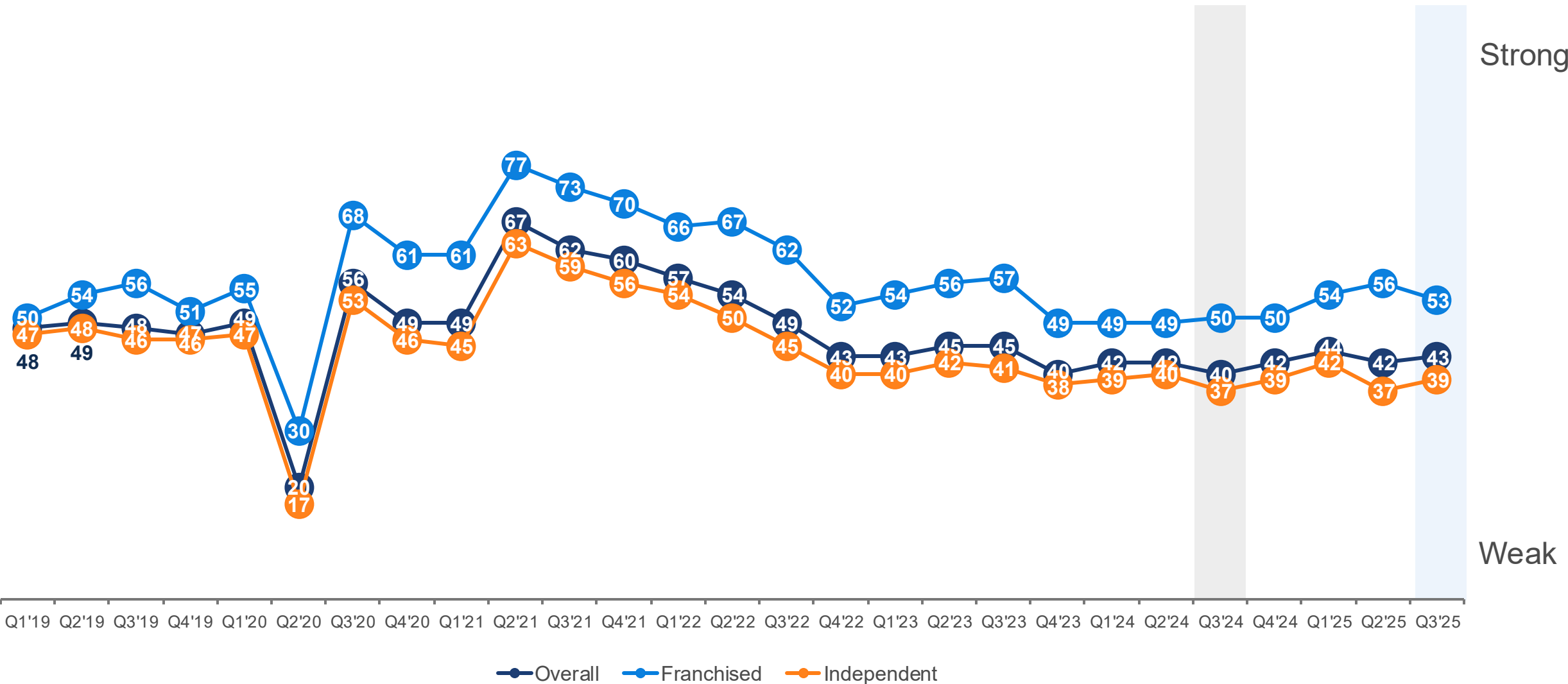
Dealers reported increased pressure to lower prices, with the index climbing from 57 to 61. Independent dealers felt more pressure (61) than franchised dealers (58).

Despite strong EV sales in July, dealer expectations for future EV sales dropped to 30, the lowest score on record. The decline reflects concerns over the expiration of government-backed tax credits.

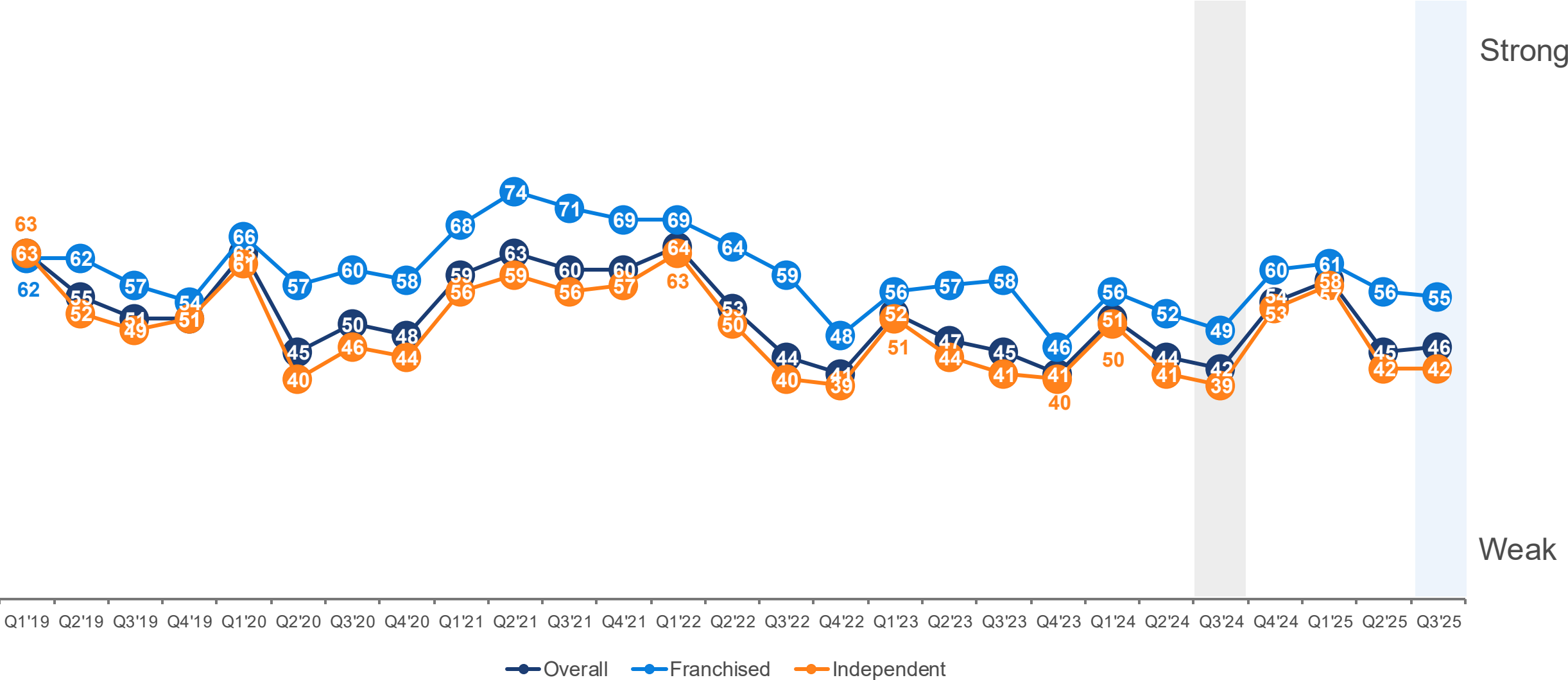
In Q3 2025, the top five factors holding back business were the economy, interest rates, market conditions, political climate, and tariffs. Economic concerns were cited by 44% of dealers, though this marked a notable decline from Q2. Interest rates followed closely at 43%. Market conditions were cited by 36% of dealers, showing a slight decrease, while the political climate dropped to 28%, a sharp fall from 44% a year earlier. Tariff concerns saw the most significant decline, falling to just 20% in Q3.

For franchised dealers, interest rates emerged as the top factor holding back business, cited by 49%. This marked a shift from Q2 when the economy led concerns, now cited by 43% of franchised dealers. Market conditions followed at 35%, while political climate and tariffs rounded out the top five concerns.

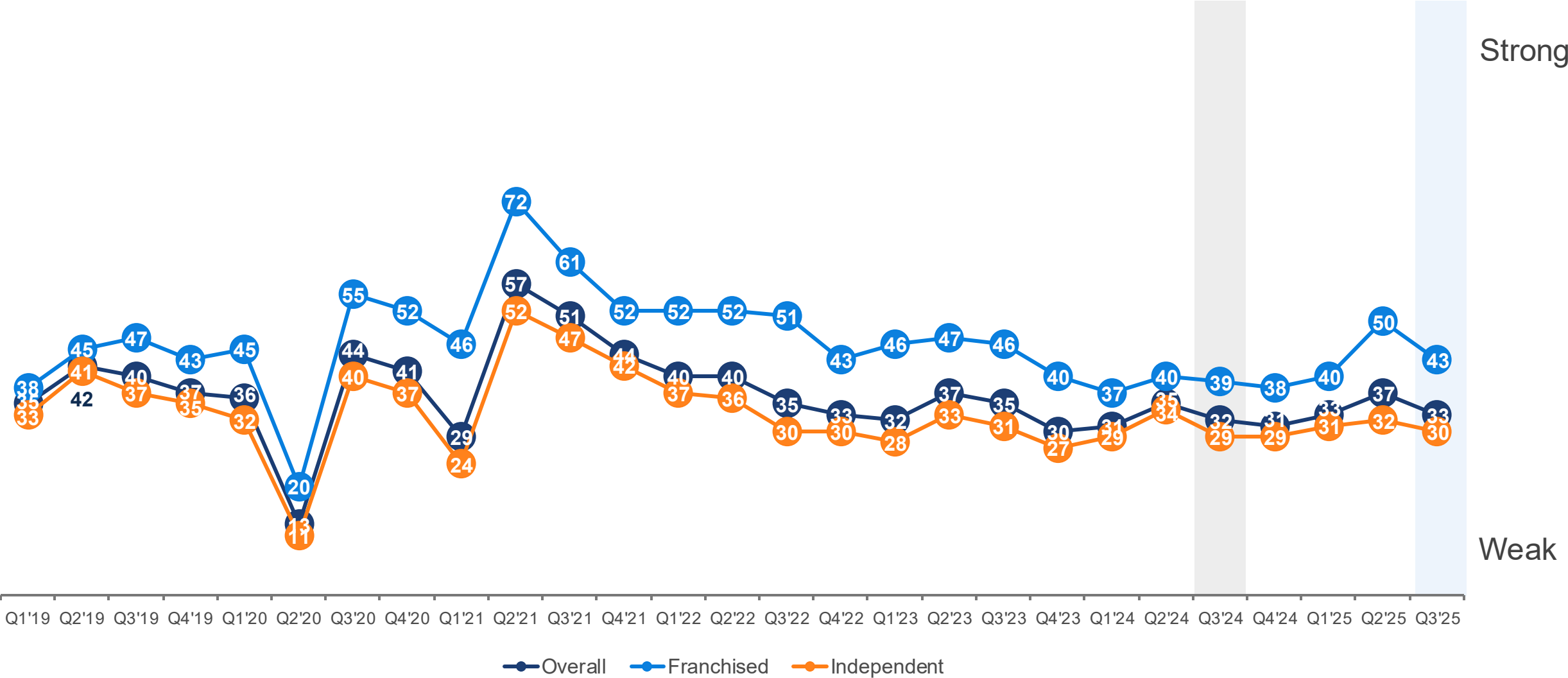
# Q1: How would you describe the current market for vehicles in the areas where you operate?



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

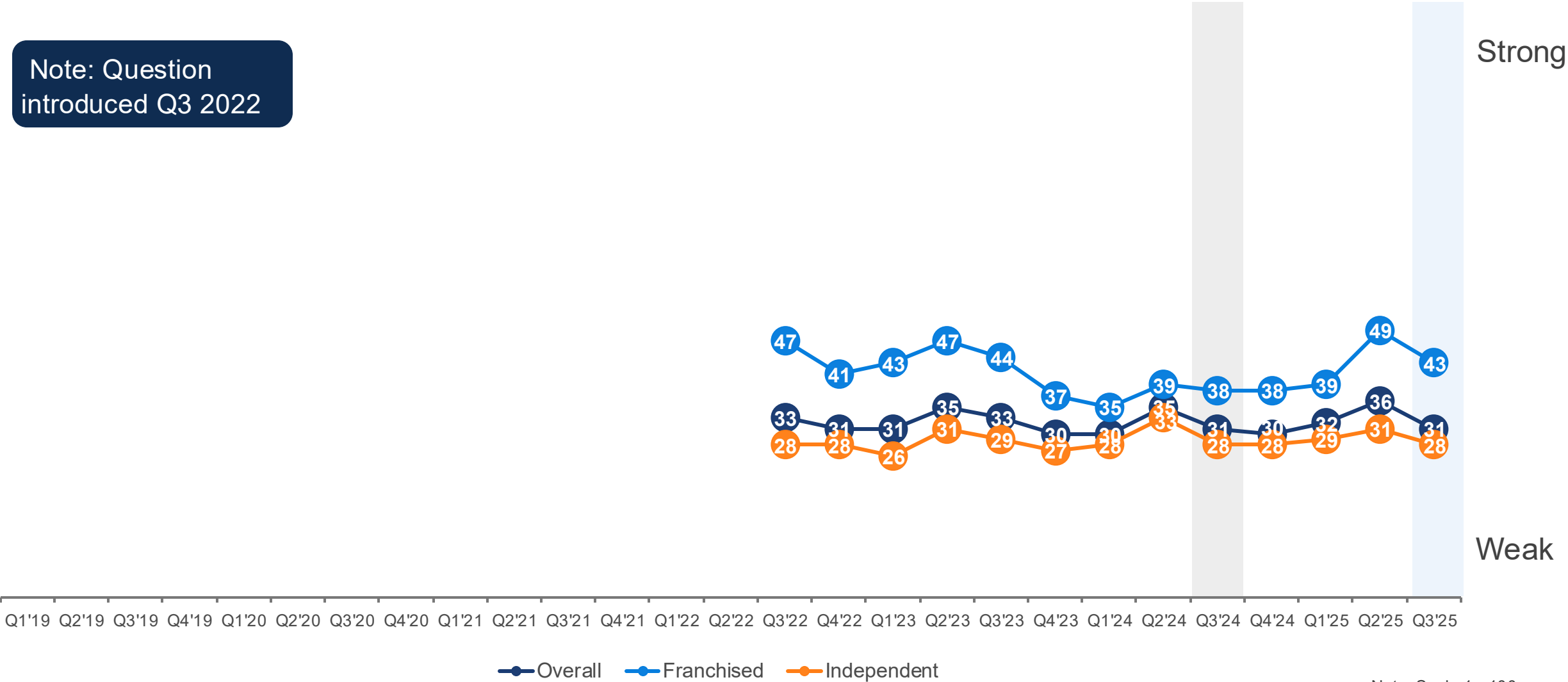


# Q3: How do you rate the customer traffic to your dealership over the past 3 months?



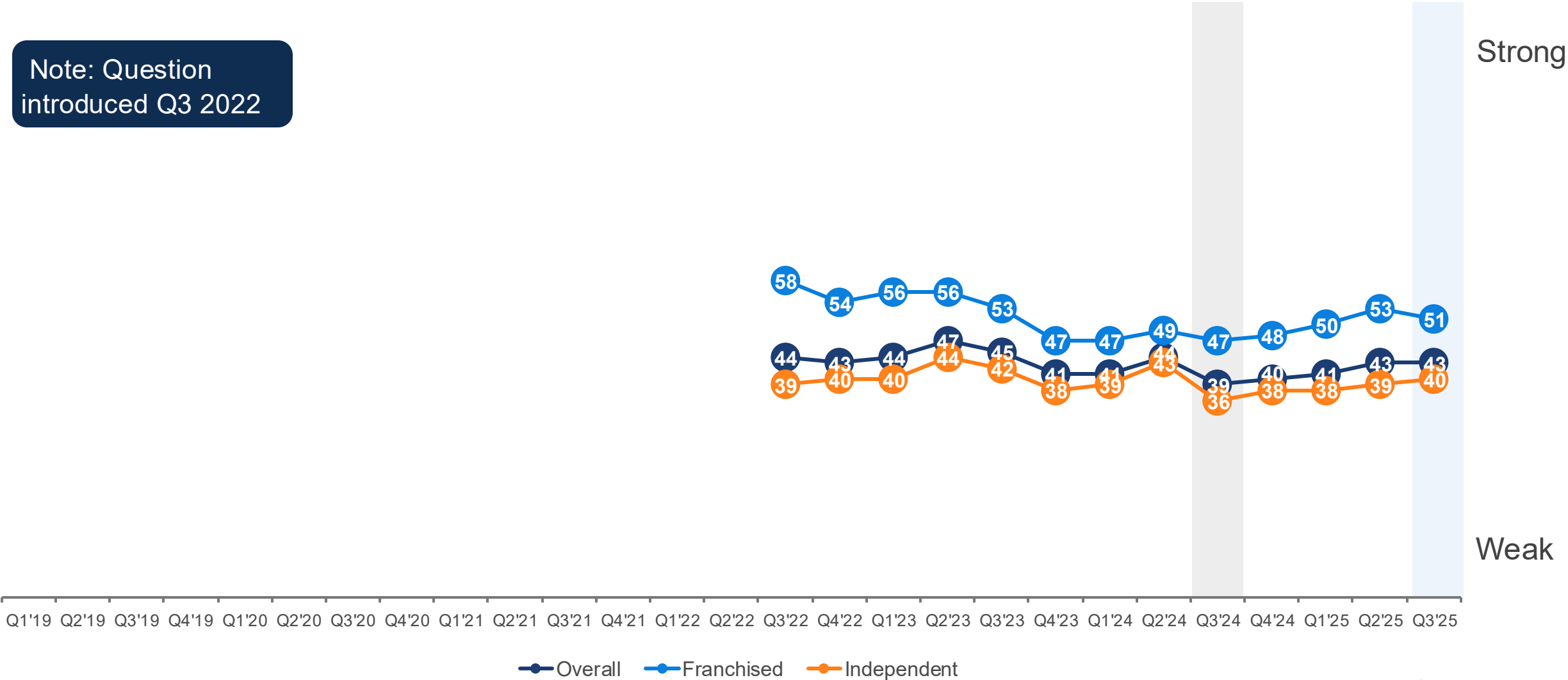
# Q3A: How do you rate the in-person customer traffic to your dealership over the past 3 months?

Note: Question introduced Q3 2022



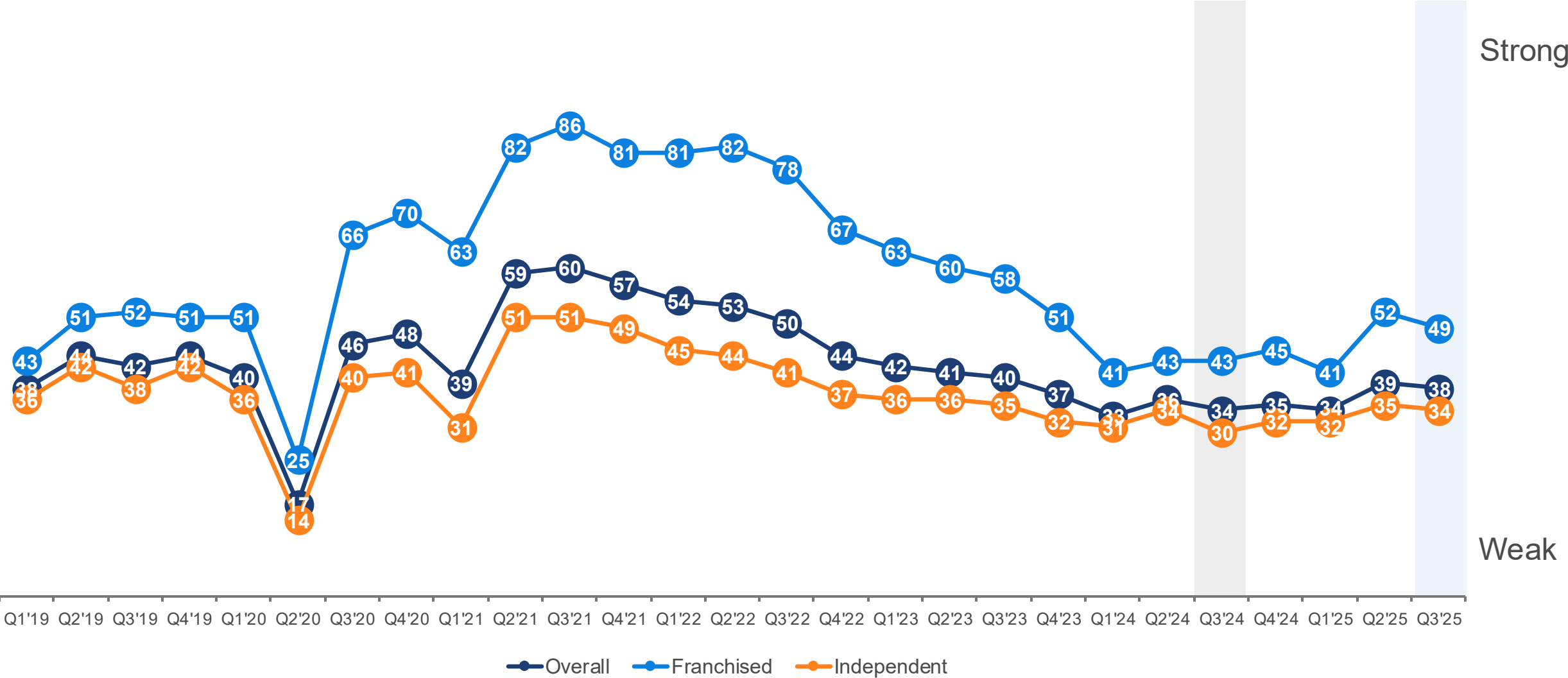
# Q3B: How do you rate the digital/online customer traffic to your dealership over the past 3 months?

Note: Question introduced Q3 2022

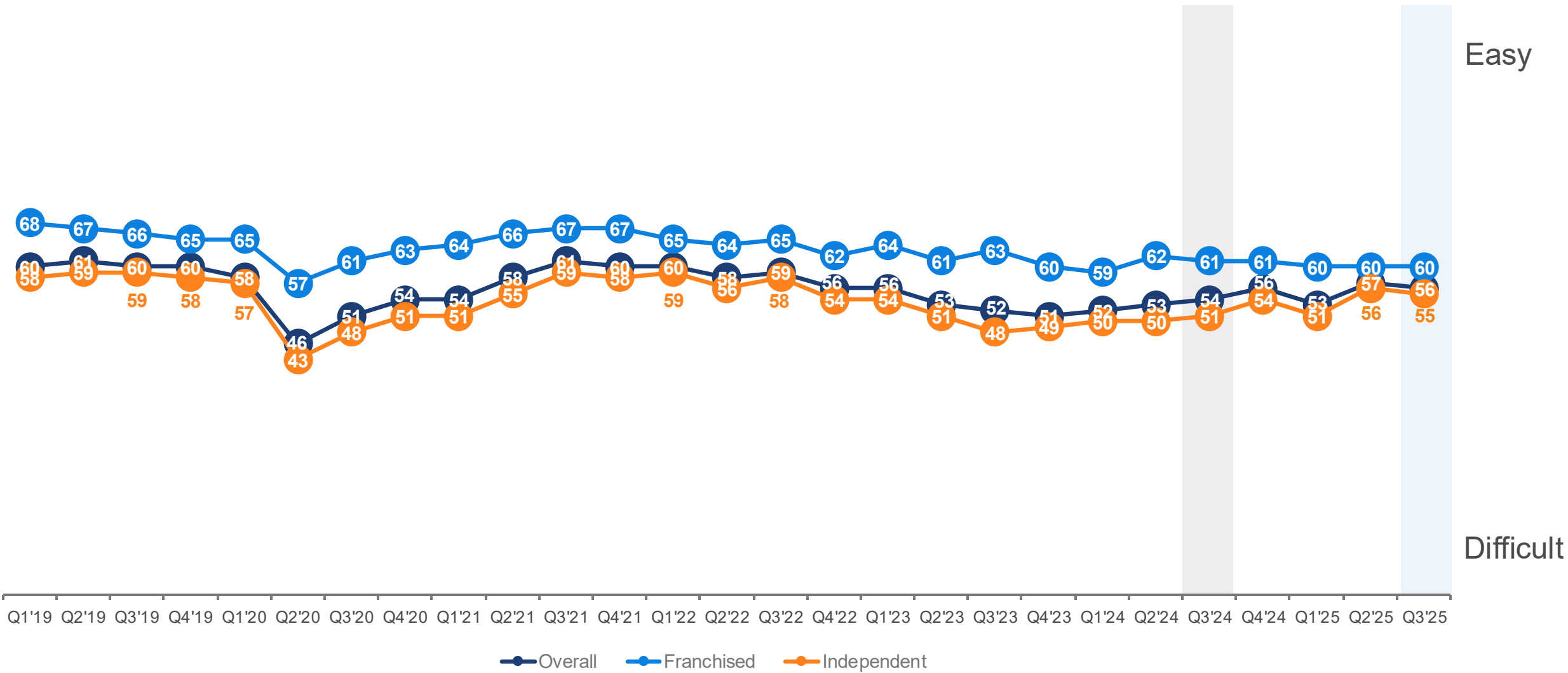




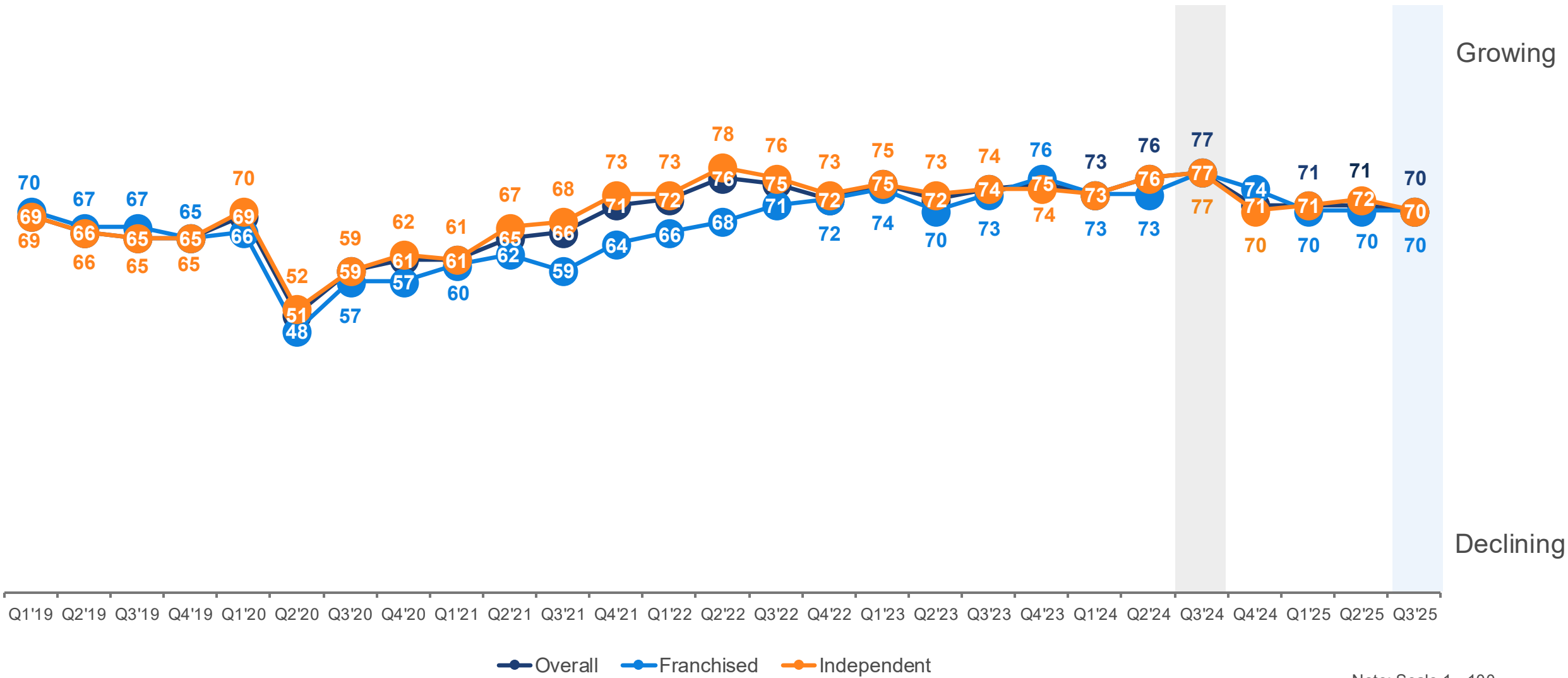
# Q4: How would you describe your profits over the past 3 months?



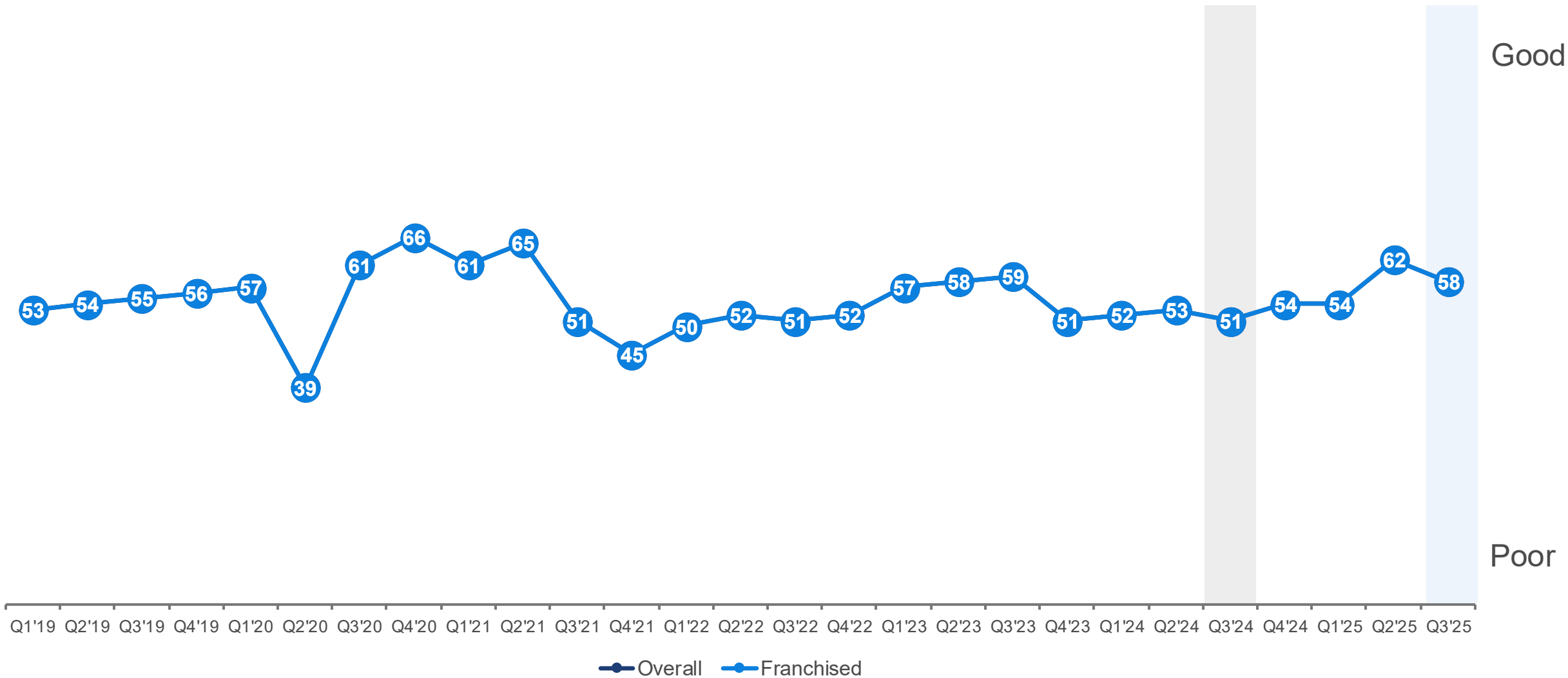
# Q5: How would you describe your ability to get credit to operate your business over the past 3 months?



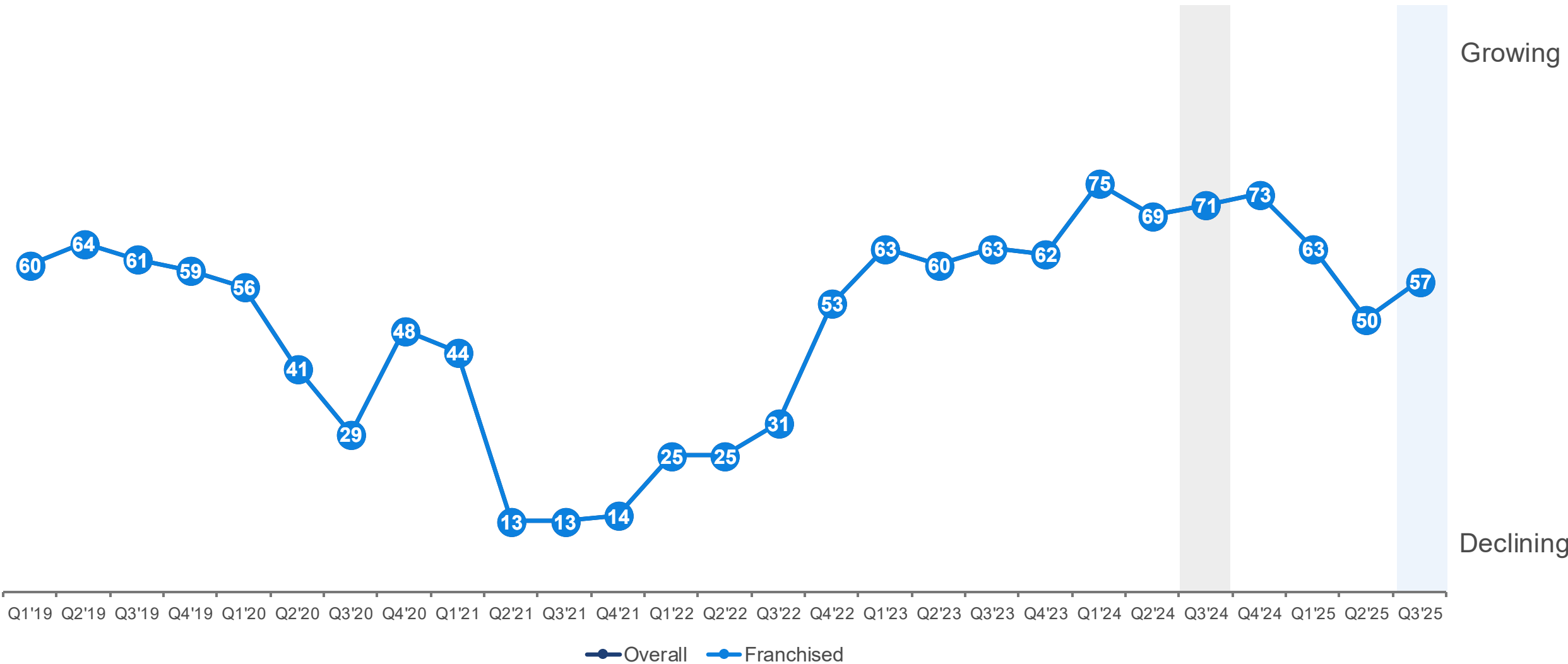
# Q6: How would you describe the cost of running your dealership over the past 3 months?



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

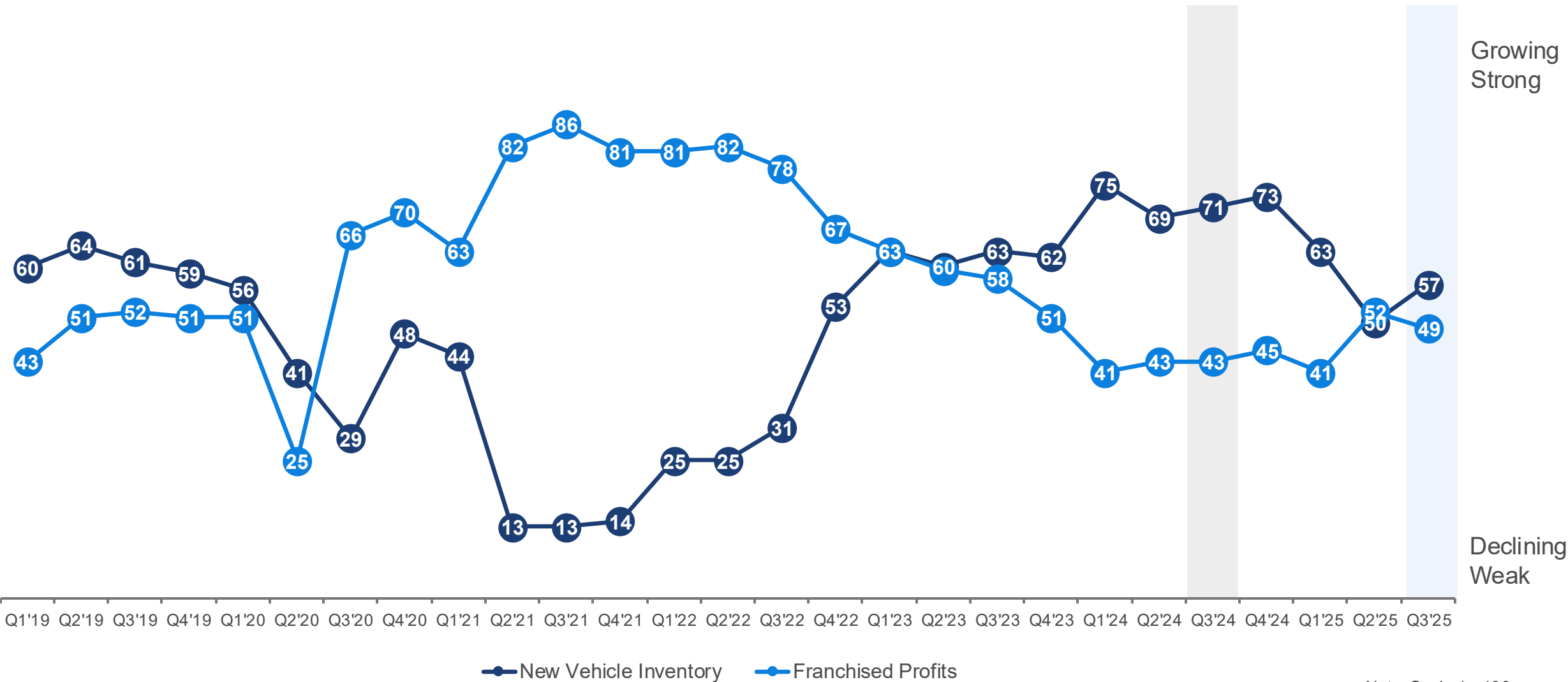


# Q8: How would you describe the current new-vehicle inventory levels?



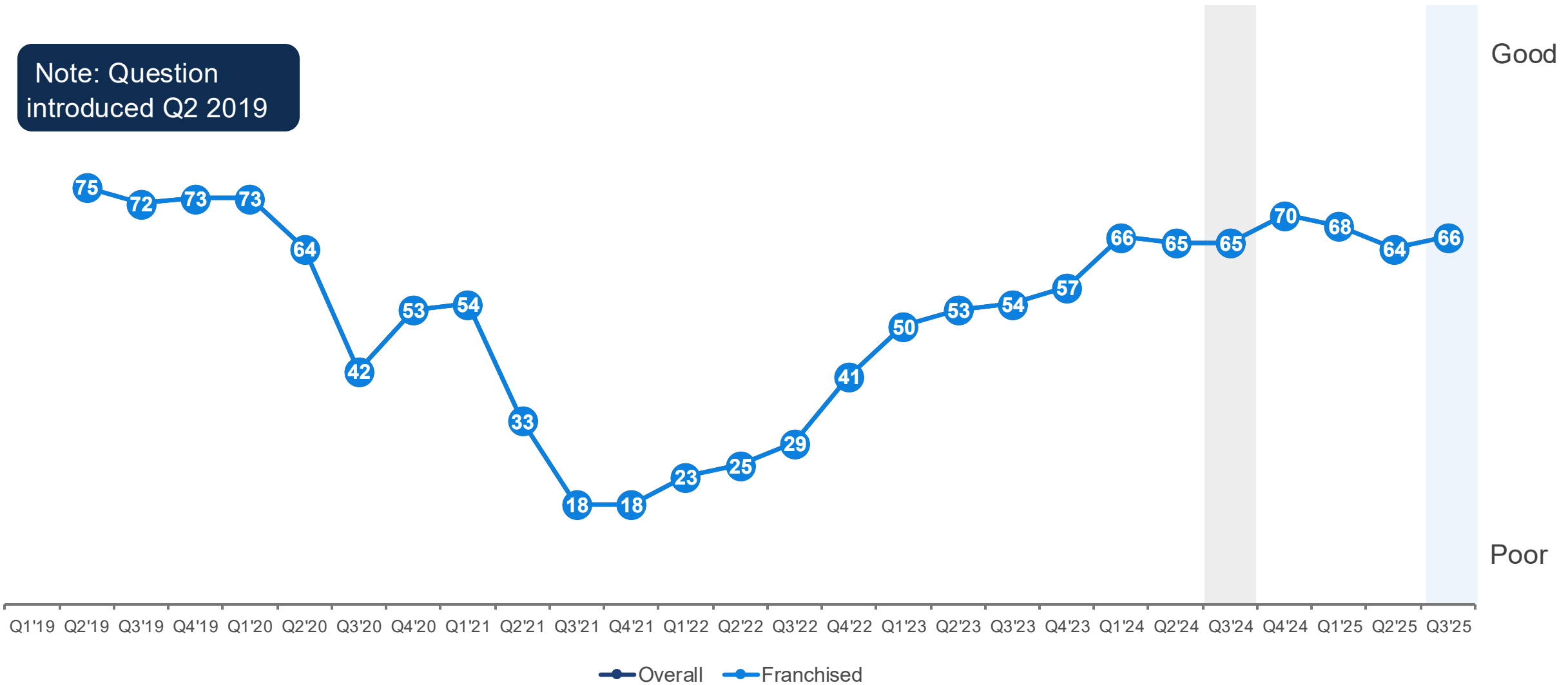
# Inventory/Profits

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



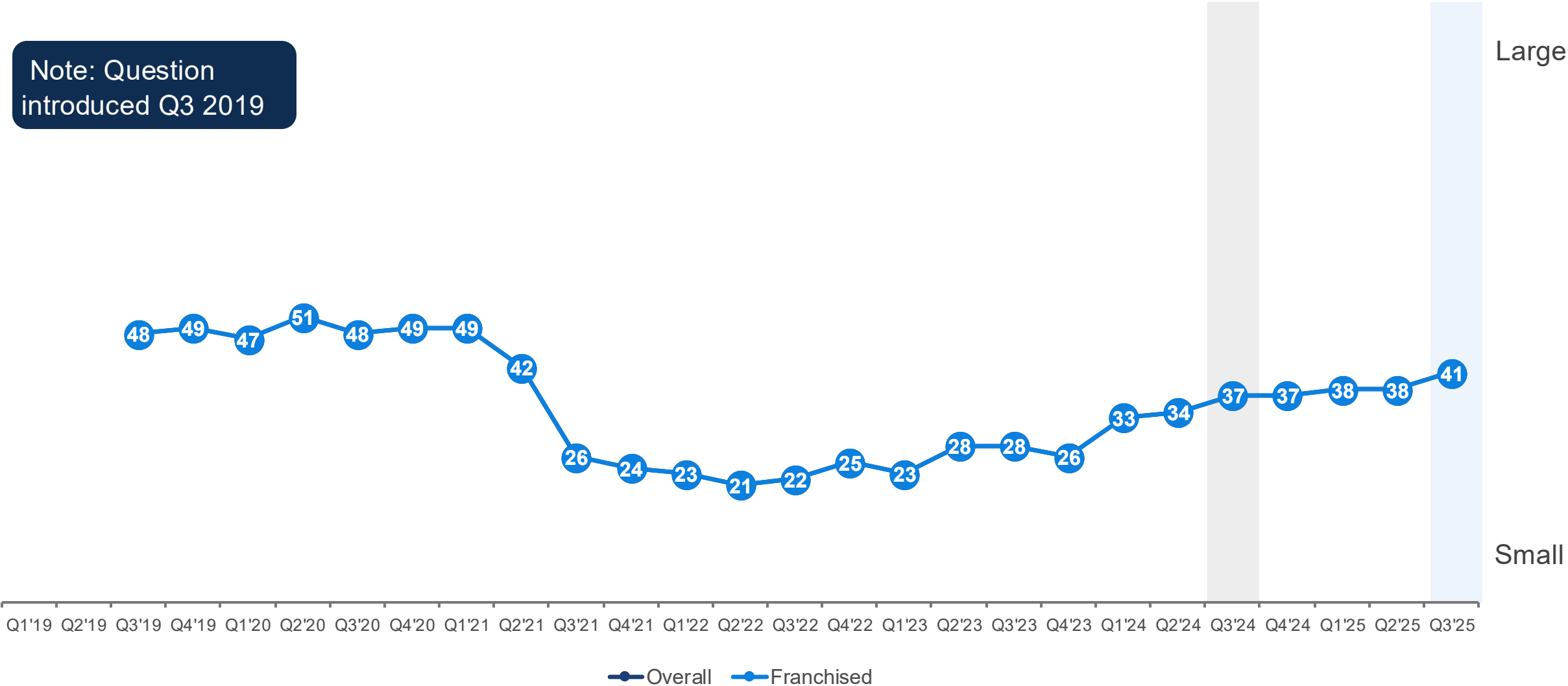
# Q9: How would you describe the current new-vehicle inventory mix?

Note: Question introduced Q2 2019



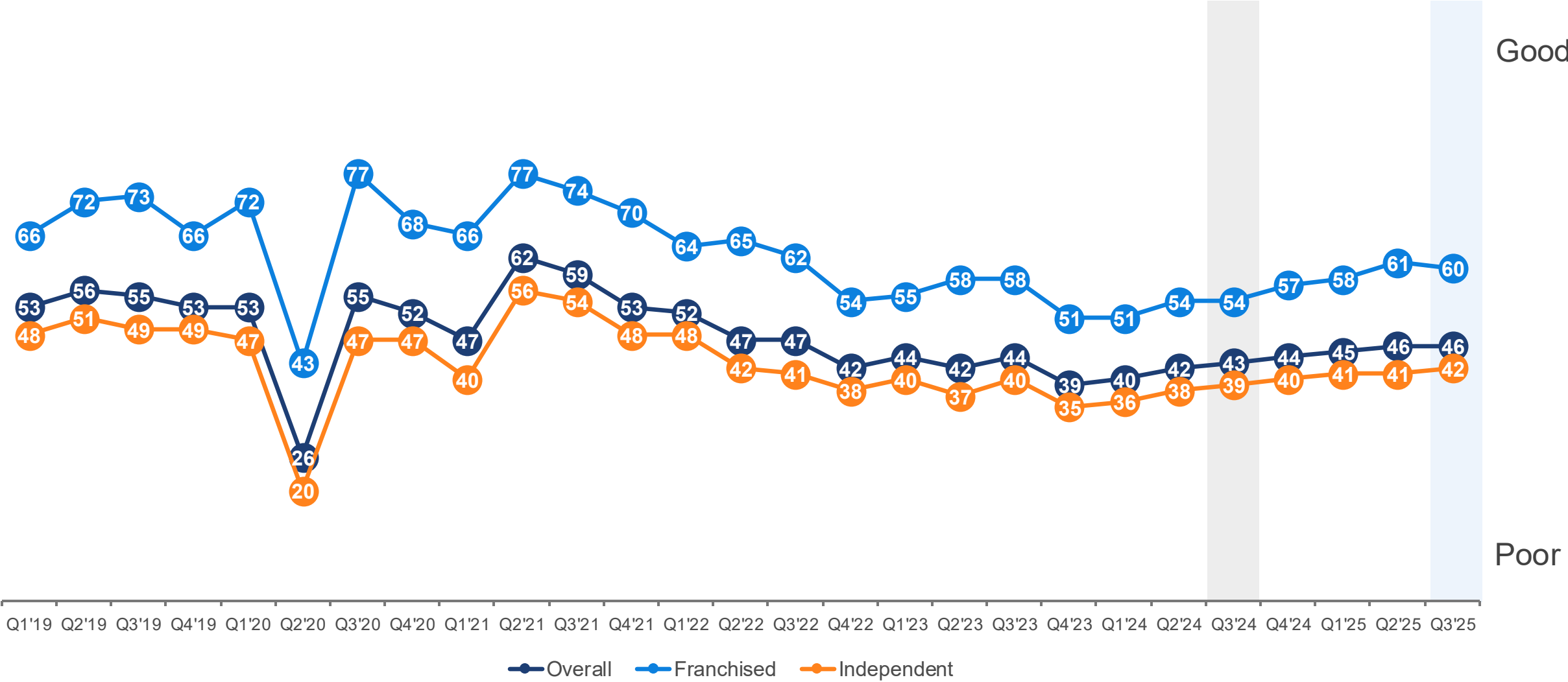
# Q10: How would you describe the current level of OEM new-vehicle incentives?

Note: Question introduced Q3 2019



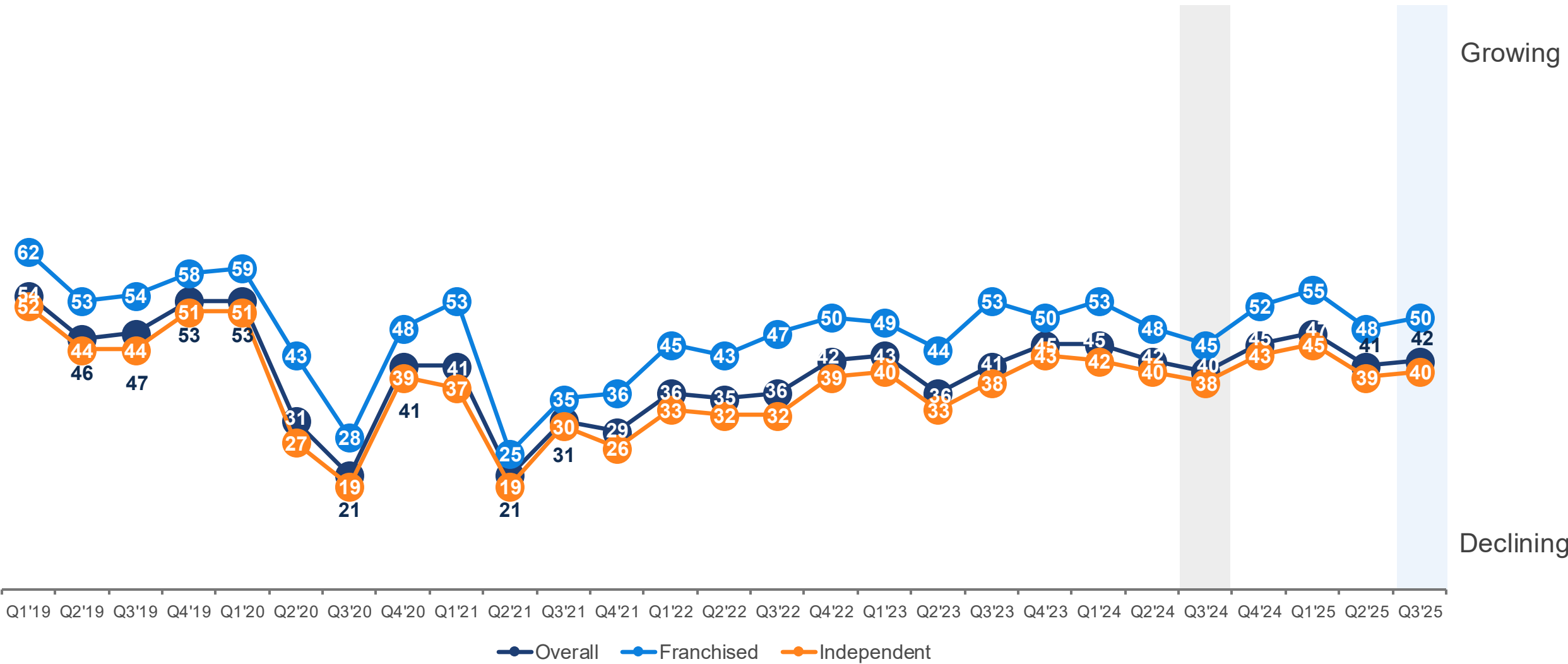


# Q11: How would you describe the current used-vehicle sales environment?



Note: Scale 1 - 100

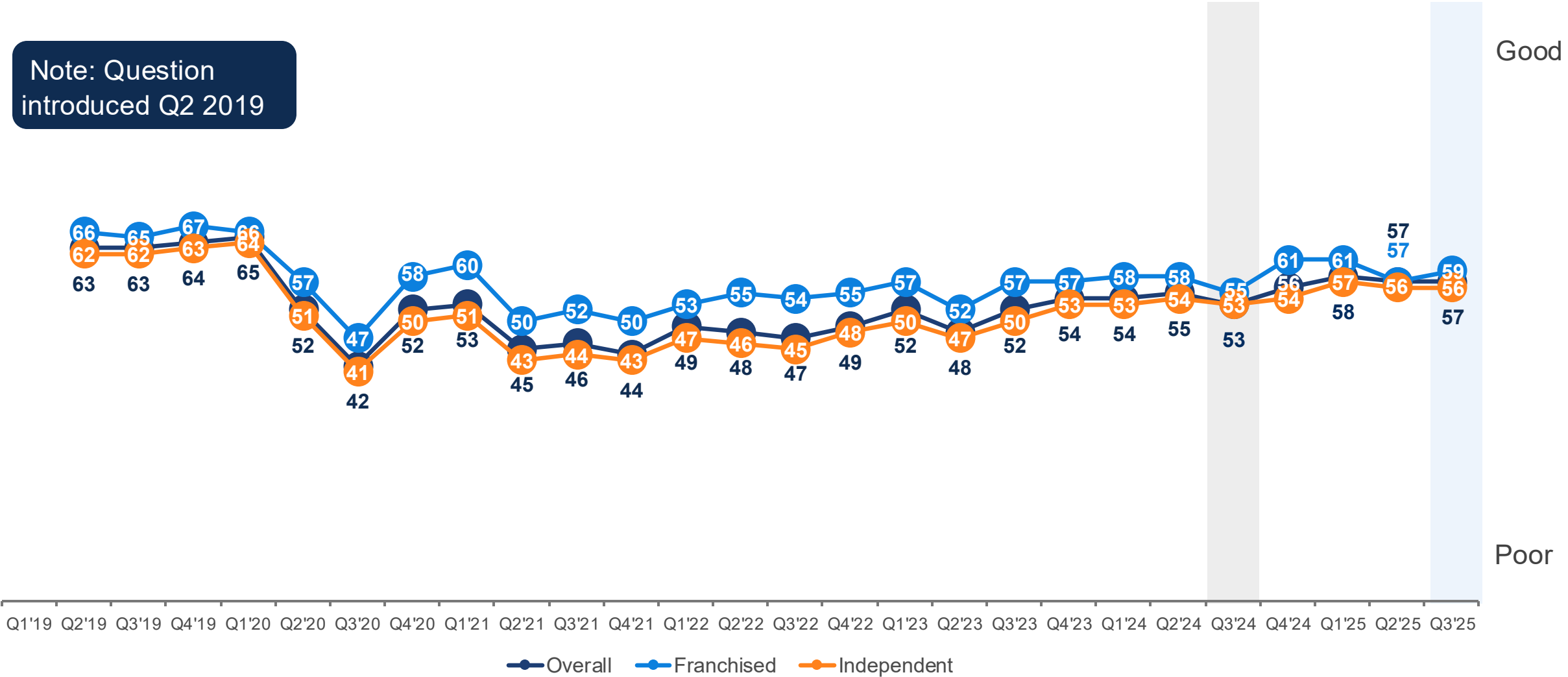
# Q12: How would you describe the current used-vehicle inventory levels?



Note: Scale 1 - 100

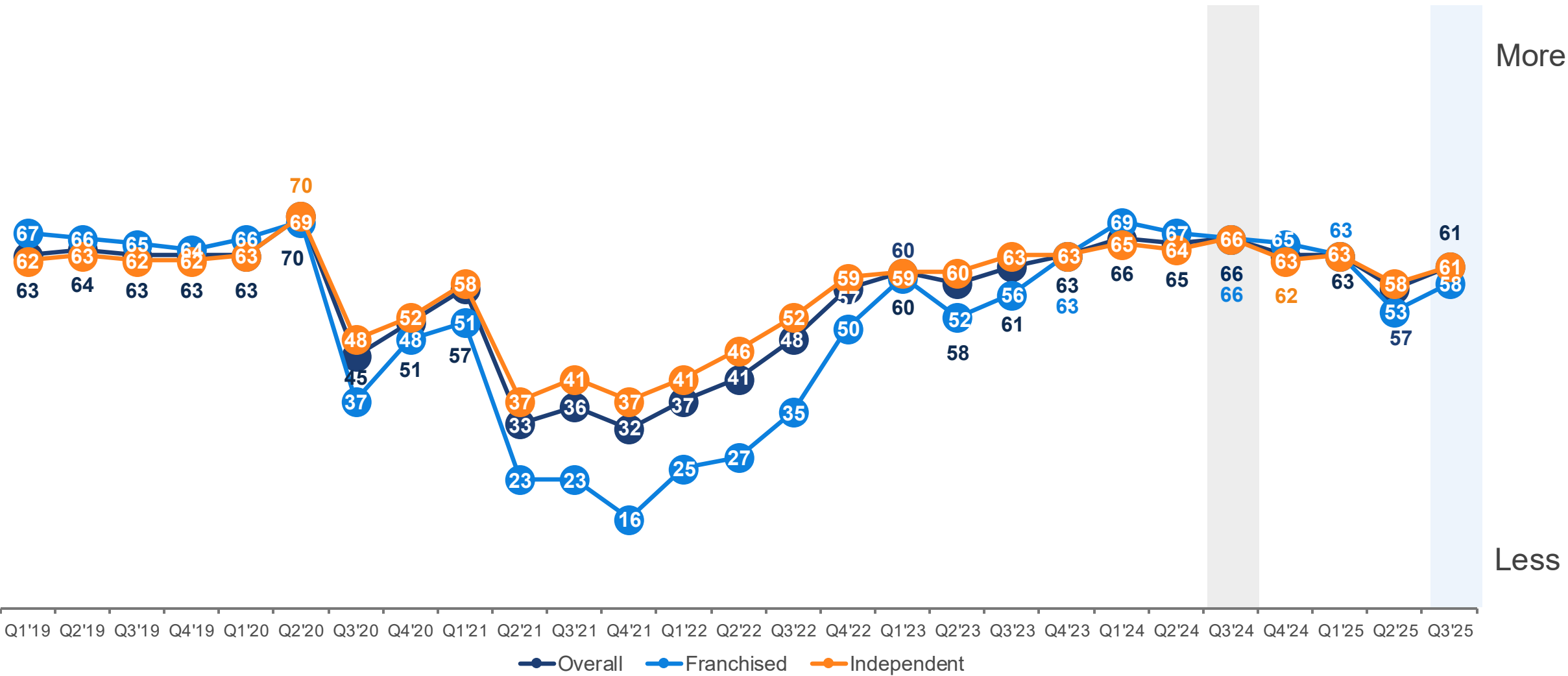
# Q13: How would you describe the current used-vehicle inventory mix?

Note: Question introduced Q2 2019



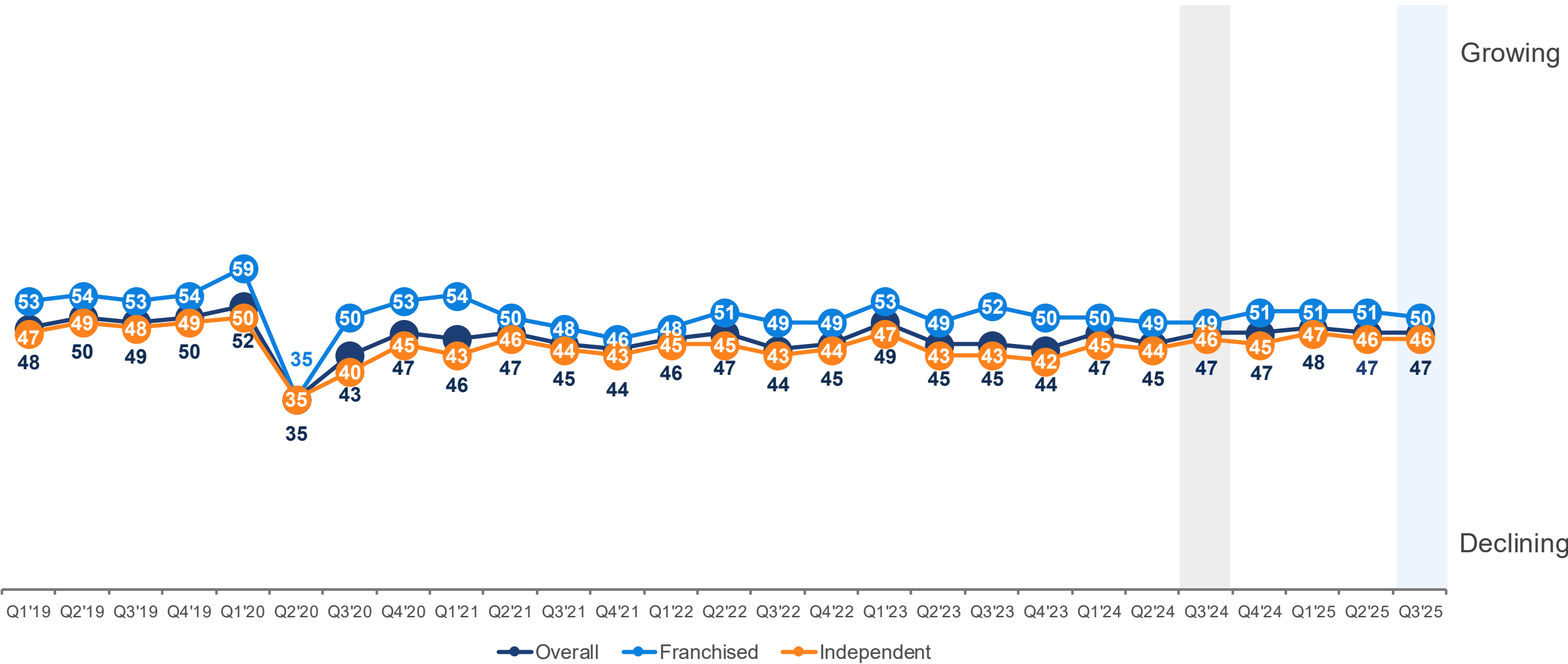
Note: Scale 1 - 100

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



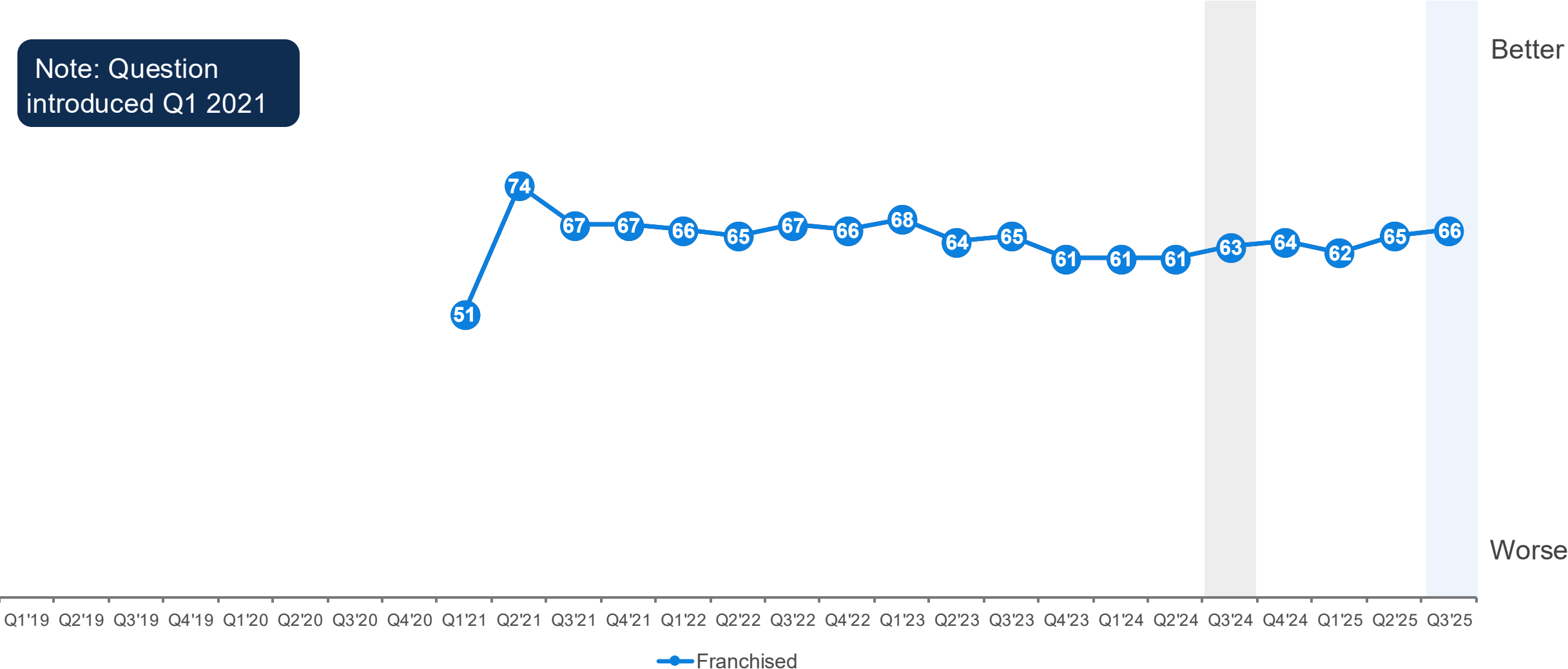
Note: Scale 1 - 100

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



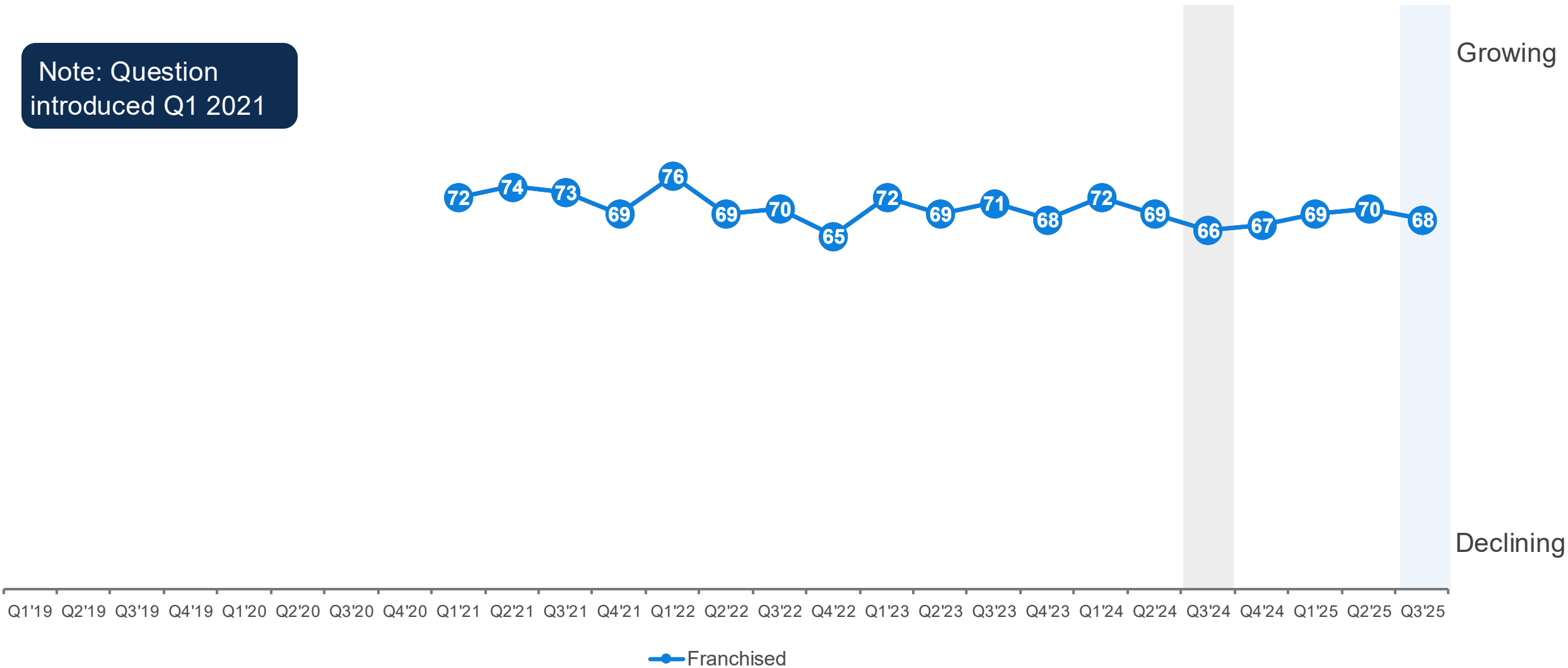
# Q16: How would you describe the current level of business in your fixed operation?

Note: Question introduced Q1 2021



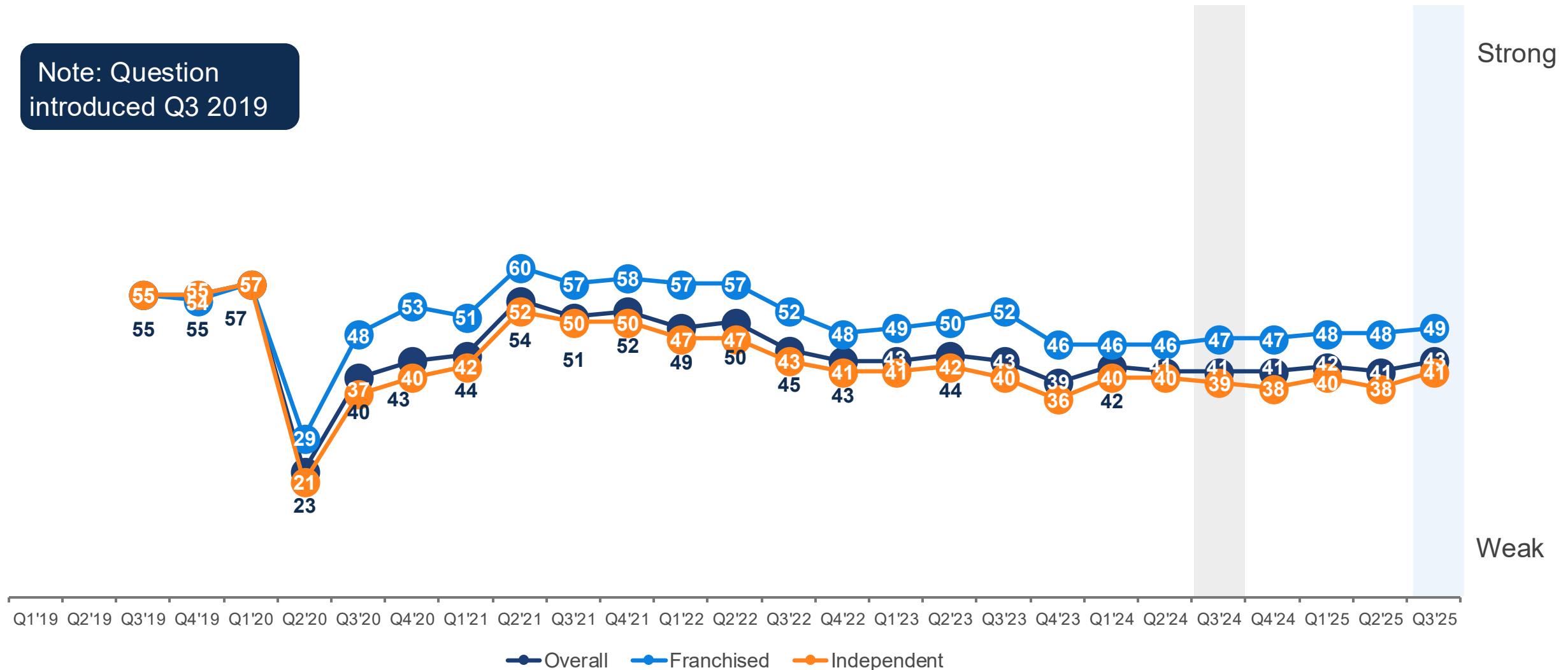
# Q17: How would you describe the future opportunity with your fixed operations business?

Note: Question introduced Q1 2021



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

Note: Question introduced Q3 2019

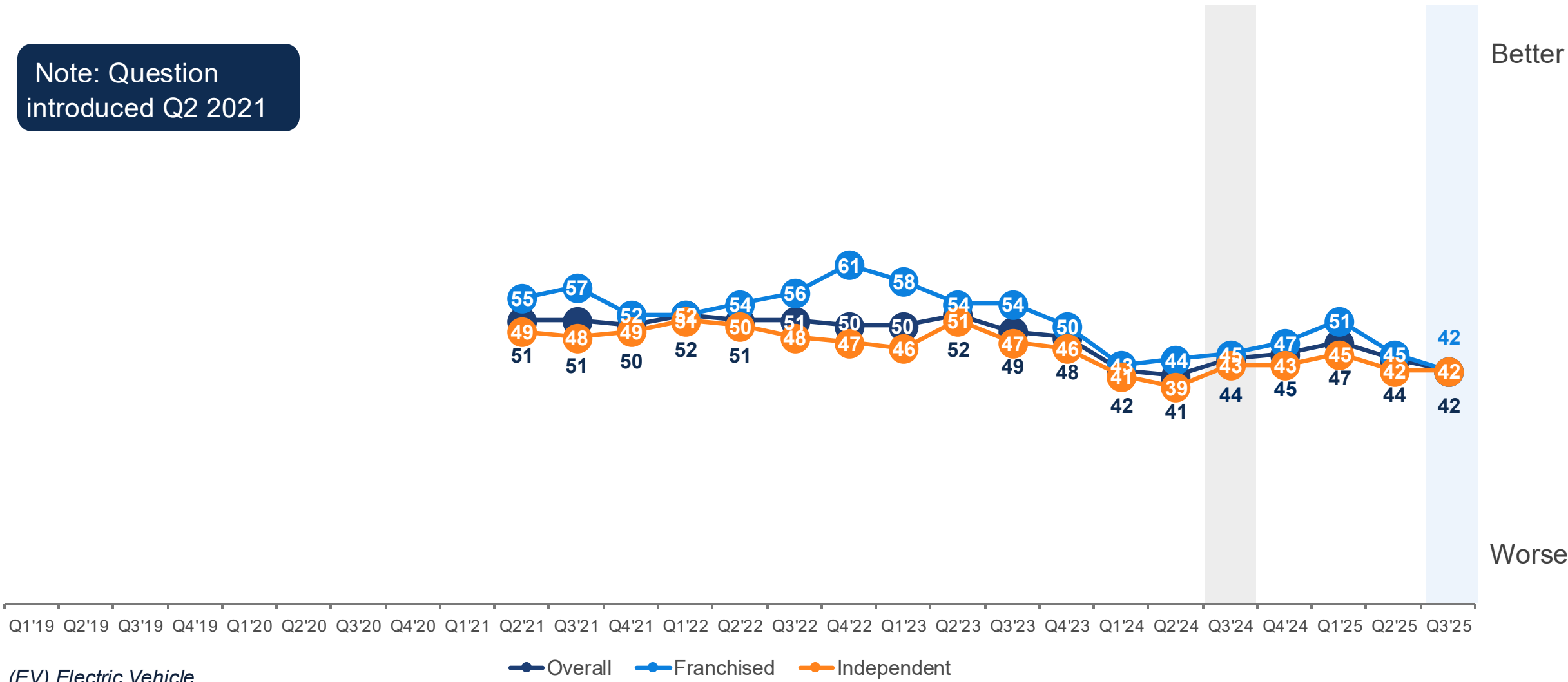


Note: Scale 1 - 100



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

Note: Question introduced Q2 2021

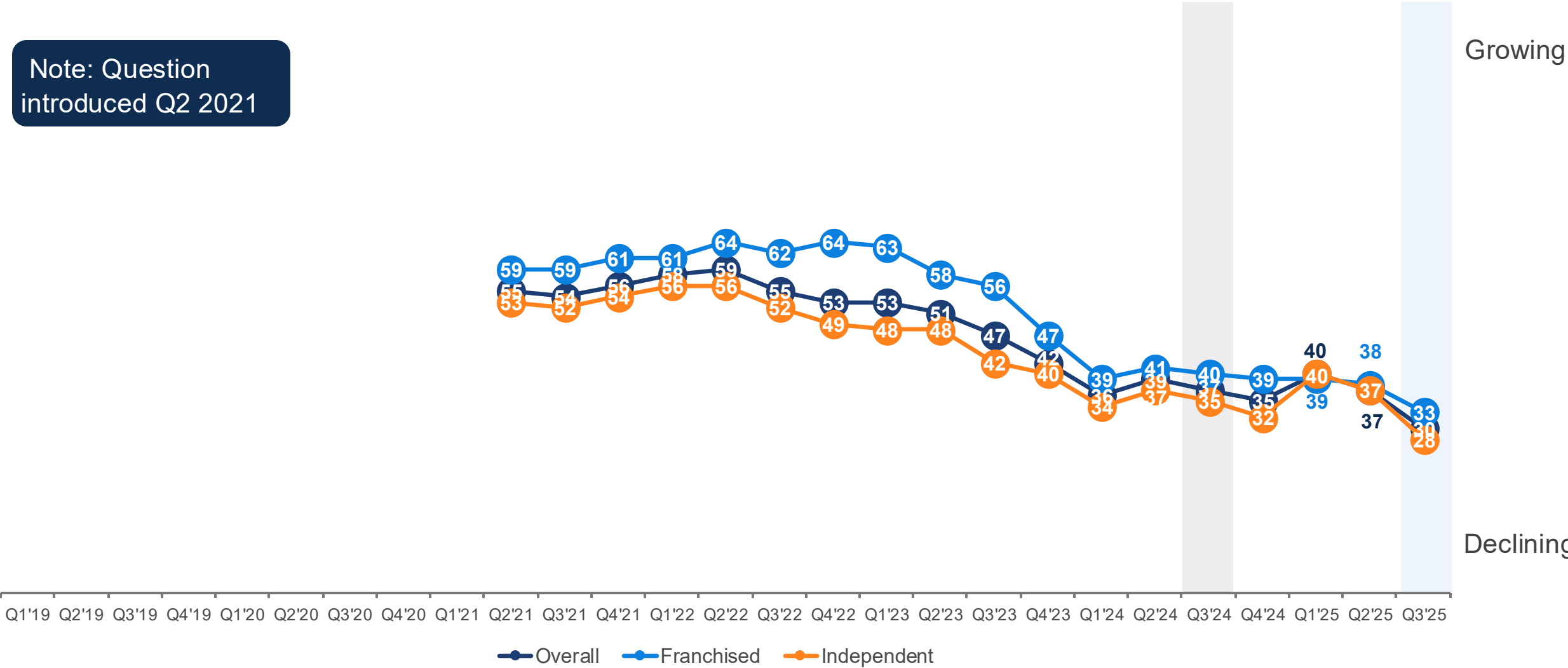


(EV) Electric Vehicle

Note: Scale 1 - 100

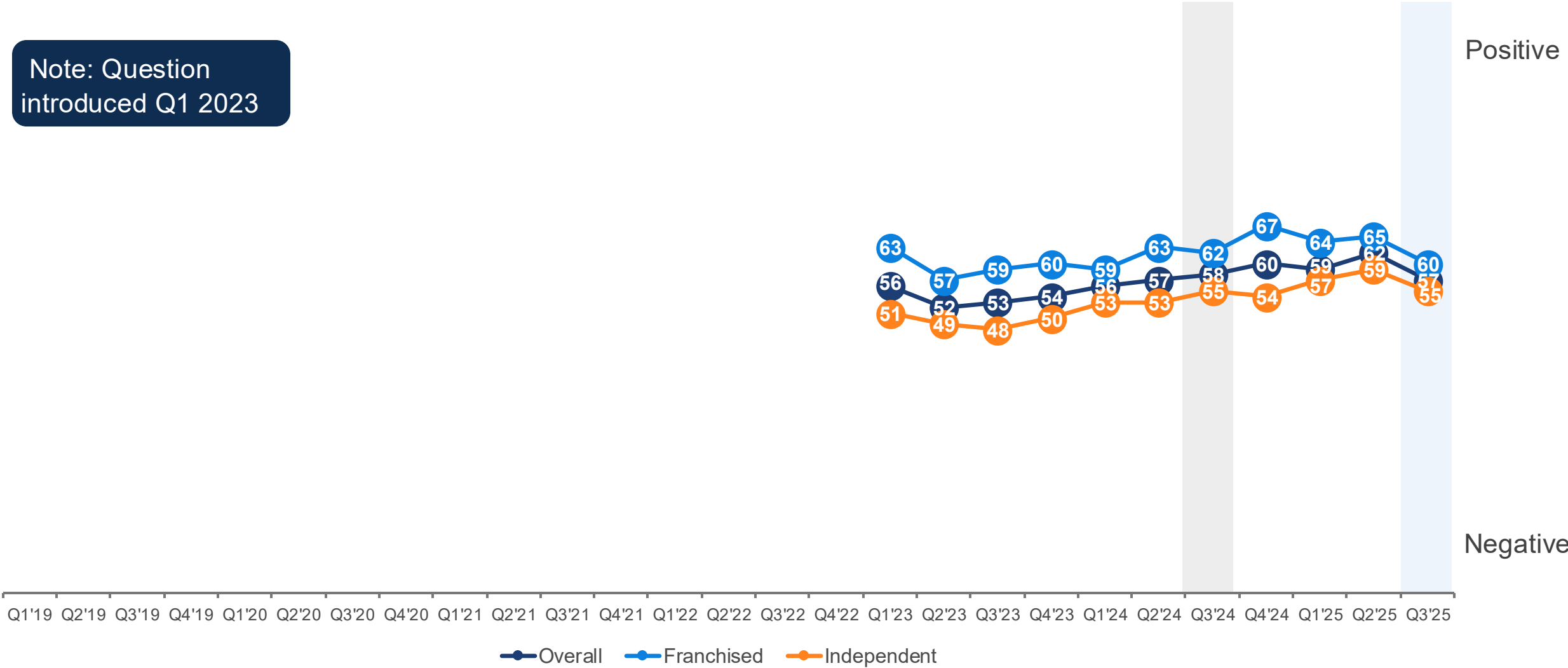
# Q20: What do you expect the EV market in your area to look like 3 months from now?

Note: Question introduced Q2 2021



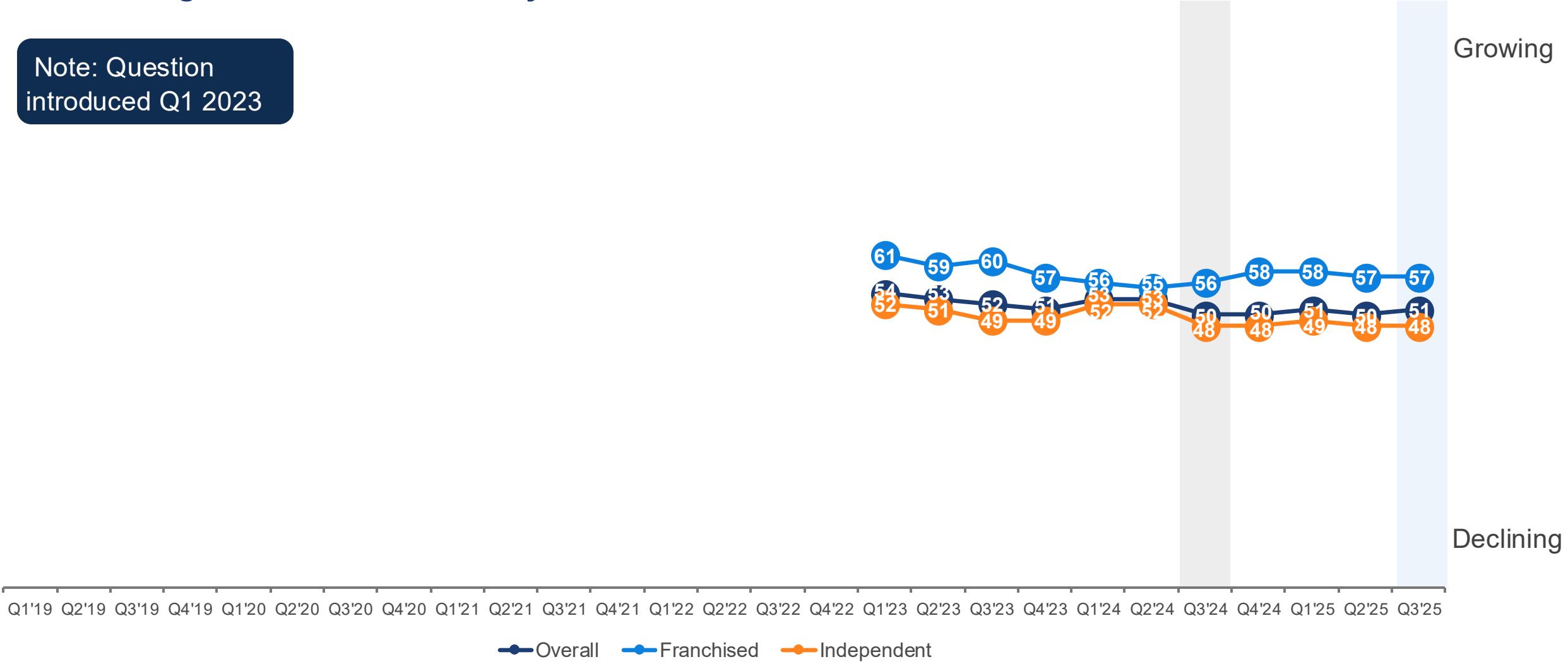
# Q23: How would you describe the effect of battery electric vehicle (BEV) tax credits are having on your dealership's BEV sales?

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



# Factors Holding Back Business

OVERALL RANK

		Q3 '25	Q2 '25	Q3 '24	Q3 '23
1	Economy	44% ↓	51%	61%	54%
2	Interest Rates	43%	42%	59%	61%
3	Market Conditions	36%	40%	41%	41%
4	Expenses	33%	32%	33%	30%
5	Consumer Confidence	31%	31%	30%	25%
6	Limited Inventory	28%	30%	30%	37%
7	Political Climate	28% ↓	33%	44%	27%
8	Credit Availability for Consumers	25%	25%	31%	33%
9	Tariffs on Imported Vehicles and Parts	20% ↓	33%	1%	3%
10	Cost of Vehicle Insurance for Consumers	19%	18%	N/A	N/A



Significant decrease vs previous quarter



Significant increase vs previous quarter

# Factors Holding Back Business

FRANCHISED DEALERS

		Q3 '25	Q2 '25	Q3 '24	Q3 '23
1	Interest Rates	49%	46%	67%	65%
2	Economy	43%	48%	53%	43%
3	Market Conditions	35%	33%	39%	33%
4	Political Climate	33%	41%	49%	26%
5	Tariffs on Imported Vehicles and Parts	32%	40%	3%	3%
6	Consumer Confidence	27%	30%	32%	22%
7	Lack of Consumer Incentives from my OEM	22%	21%	24%	26%
8	Expenses	21%	22%	23%	16%
9	Limited Inventory	18%	19%	16%	33%
10	Competition	15%	11%	14%	10%



Significant decrease vs previous quarter



Significant increase vs previous quarter

# Factors Holding Back Business

INDEPENDENTS

		Q3 '25	Q2 '25	Q3 '24	Q3 '23
1	Economy	44% ↓	52%	63%	58%
2	Interest Rates	41%	41%	57%	60%
3	Expenses	37%	35%	36%	34%
4	Market Conditions	36% ↓	42%	42%	44%
5	Consumer Confidence	32%	31%	30%	26%
6	Limited Inventory	32%	34%	34%	38%
7	Credit Availability for Consumers	29%	29%	35%	37%
8	Political Climate	26%	31%	42%	28%
9	Cost of Vehicle Insurance for Consumers	22%	20%	N/A	N/A
10	Tariffs on Imported Vehicles and Parts	16% ↓	31%	1%	3%



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	72	71	73
2	Interest Rates	67	70	67
3	Fixed Operations	60	58	60
4	Vehicle Sales	58	61	57
5	Staffing Levels	48	50	47

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	51	52	56	52
Market Next 3 Months	Strong/Weak	51	54	62	51
Overall Customer Traffic	Strong/Weak	38 	42	50	36
In-Person Customer Traffic	Strong/Weak	41	41	49	34
Digital/Online Customer Traffic	Strong/Weak	51	50	53	47
Profits	Strong/Weak	54	46	52	42
Costs	Growing/Declining	70	71	69	73
New Vehicle Sales	Good/Poor	56	55	63	55
New Vehicle Inventory	Growing/Declining	57	46	62	68 
New Vehicle Inventory Mix	Good/Poor	69	60	69	67




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	64 	57	57	56
Staffing	Growing/Declining	50	50	54	45
OEM incentives	Large/Small	42	34	46	41
Economy	Strong/Weak	46	50	51	43
Current Fixed Operations	Better/Worse	63	62	73	61
Future Fixed Operations	Growing/Declining	67	64	73	67
Current BEV Sales	Better/Worse	45	42	40	43
Future BEV Sales	Growing/Declining	35	28	32	38
Dealer Credit	Easy/Difficult	61	61	62	53
Effect BEV Tax Credits Have on BEV Sales	Positive/Negative	59	59	59	64



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/](http://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](http://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](http://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](mailto:dara.hailes@coxautoinc.com)

### **Mark Schirmer**

Director

Cox Automotive Corporate Communications

[mark.schirmer@coxautoinc.com](mailto:mark.schirmer@coxautoinc.com)

