Q4 2025 Cox Automotive Dealer Sentiment Index

The Q4 2025 Cox Automotive Dealer Sentiment Index (CADSI) reveals a significant decline in dealer sentiment as the broader automotive market shows signs of slowing in the final months of 2025. Current and future market sentiment both remained well below the positive threshold, with current market sentiment declining 5 points from Q3 to 38, the lowest index score since the second quarter of 2020, when the index fell to 20 at the height of the global pandemic. Both franchised and independent dealers posted lower current-market scores in the latest survey.

“Dealers are signaling caution as 2025 ends,” said Mark Strand, deputy chief economist at Cox Automotive. “Persistent economic uncertainty and fading consumer confidence are weighing on sentiment. Compared to the rest of the year, the current market feels like it’s running out of gas. As we look ahead at 2026, renewed market momentum is entirely possible, especially if we get material interest-rate relief and a rebound in consumer confidence.”

The market outlook index, which asks dealers about their expectations for the auto industry over the next three months, also declined in Q4, dropping 4 points to 42. The market outlook index is down significantly year over year. For franchised dealers, a group typically more optimistic about future months, the market outlook index dropped six points from Q3 to 49. Only four times in the past five years – 20 surveys – has the market outlook index for franchised dealers fallen below 50.

Customer Traffic and Profitable Indexes Decline

In the latest survey, the traffic index dropped to 31, with in-person traffic at 29 and digital at 40. The franchised dealer index score fell for the second consecutive quarter and, at 34, was the lowest score in five years; both in-person and digital traffic reached all-time lows in the most recent survey (the questions were added in Q3 2022). Independent dealers also saw weak scores but with less severe declines.

Importantly, the profit index declined 2 points to 36 overall, with franchised dealers at 44 and independents at 33, as rising costs and soft demand hit the bottom line. The profitability index, however, is one point higher than Q4 2024. The index score, which suggests profits are weak rather than strong, fell more substantially for franchised dealers in Q4, dropping 5 points, while independents fell just 1 point.

> *“We are experiencing lower profits, low customer traffic and fewer sales.”* – Nissan dealer, South

> “*Parts costs are going up, which means recon prices go up, likely due to tariffs and global economic influences. Additionally, we need to buy and sell more cars to net the same profit levels due to smaller margins on a per vehicle sale basis*.” – Independent dealer, Midwest

> *“Increased insurance, cost of vehicles with lower profits, supplies and repairs are through the roof.”* – Independent dealer, Northeast

"Everything costs more, and profits are not growing to meet that demand." – Chevrolet dealer, Midwest

Sales Environment Weakens for Both New and Used Vehicles
New-vehicle sales sentiment declined to 49 in Q4, marking the first time the index has fallen below 50 in four years. The decline was substantial in the latest survey, falling from 62 in Q2 and 58 in Q3, and suggests more dealers now see new-vehicle sales as weak, not strong. The new-vehicle sales index has been below the threshold of 50 only three times in the survey's seven-year history.

The used-vehicle sales index declined as well in the Q4 survey, for both franchised and independent dealers, although franchised dealers continue to view used-vehicle sales as strong, not weak. For franchised dealers, used-vehicle sales sentiment tumbled from 60 to 53 in the Q4 survey, while independent dealers reported even lower used-vehicle sales sentiment at 39. The sentiment decline for independent dealers was the first in eight quarters.

"I do not see things improving over last year. The sales environment has been very poor, and with winter hitting soon, I do not feel we will see an uptick until later winter." – Honda dealer, Midwest

"Consumer confidence is very low; higher prices make customers not spend money." – Independent dealer, West

"Lack of sales in these slower months. This year seems way worse than last year." – Ford dealer, Midwest

"The demand has never changed; it's the supply or inventory that's become a major factor in the way we do business. Our sales are down almost 40 percent due to car prices and finding used cars without issues that seem impossible to diagnose." – Independent dealer, South

Inventory Levels Tick Higher, Remain Tight for Used Vehicles
The new-vehicle inventory index increased slightly to 59 in the latest survey, suggesting that most dealers see their inventory growing, not declining. The new-vehicle inventory index, which increased for the second straight quarter, is down substantially from one year ago (73). Used-vehicle inventory, conversely, remains tight at 43, with the index down two points from year-ago levels but up one point from the previous quarter.

As inventory grows, dealers report more pressure to lower prices. The price pressure index increased for the second straight quarter, moving 2 points higher to 63. Both franchised and independent dealers report greater price pressure in Q4 than in Q3. The price pressure index is now equal to year-ago levels after falling notably in Q2.

“Truckloads of six-plus daily, even over the weekends, of various colors for customers to choose with similar options, which is what customers want to see.” – Chevrolet dealer, South

“We have a good mix of new vehicles, especially those that are selling well right now. EVs have significantly slowed down, and we are stocked at the right level for those.” – Subaru dealer, West

“With the exception of a couple models, we have a variety of trim levels available, and it is pretty easy to meet the needs of the shoppers.” – Ford dealer, West

“Quality of vehicles that I can sell for under $15K is poor. People seem to be keeping their cars until they are worn out.” – Independent dealer, Northeast

Electric Vehicle (EV) Outlook Slumps

Dealer sentiment regarding the future of electric vehicle sales and leasing declined sharply in Q4, reflecting growing uncertainty and diminished optimism for the segment. Among franchised dealers, future EV sales sentiment dropped significantly to 24 (from 33 in Q3), and EV leasing sentiment fell to 27 (from 36), highlighting a pronounced decline in optimism for EV sales and the negative impact of expiring tax credits. Independent dealers continue to report lower enthusiasm for the EV segment as well, with sentiment remaining subdued and little changed from previous quarters.

“Expiration of the tax rebates put a huge demand leading up to October, and now they are practically unsellable. Still better than last year, but maybe by the end of the year it'll look the same or worse.” – Ram dealer, West

“Stellantis tried to go full electric, so we had a big, manufacturer-driven push for EVs, we sold them all, and we are going back to ICE products.” – Jeep dealer, West

“Having a hard time selling any BEV at our store. Living in a rural area, it’s difficult to sway a customer on switching to a BEV” – Ford dealer, Midwest

“Two factors have changed the EV scene. Less production from the manufacturer, and the impact of the subsidies being stopped. That makes these unique vehicles very expensive, and they tend to sit much longer than they used to.” – Subaru dealer, West

Economic Sentiment Declines

The economy index fell to 39 in Q4, down from 43 in the previous quarter, reinforcing concerns about macroeconomic headwinds. Both franchised (44) and independent dealers (37) saw economic sentiment decline, but independents expressed greater concern about the health of the U.S. economy. While down from year-ago levels, the negative sentiment scores have remained mostly consistent for more than two years now. The last time the economy index was above 50, suggesting more dealers see the economy as strong, was 2021.

> *“Manufacturers continue to dump fully loaded, overpriced vehicles that our market cannot support.”* – GMC dealer, South
>
> *“Economic instability, inflation and higher vehicle prices are major factors affecting the used car market.”* – Independent dealer, South
>
> *“Consumer confidence is very low; higher prices make customers not spend money.”* – Independent dealer, West

Economy and Market Conditions Are Growing Concerns for U.S. Dealers
According to the latest Cox Automotive Dealer Sentiment Index, the economy remains the top factor holding back business, increasing significantly in Q4, with 51% of dealers citing it, up from 44% in Q3. Market conditions and political climate also increased considerably in the latest survey, rising to 41% and 34%, respectively.

Interest Rates (43%) was again in the number two spot on the list. However, the percentage of dealers naming interest rates as a factor holding back business was unchanged from Q3, suggesting interest rates remain a significant but not increasing factor, unlike the economy and market conditions. Consumer confidence, at 34%, rounds out the top-five factors holding back the business.

> “*Nothing on the horizon makes me think there will be a significant change before year-end. Interest rates may decrease a bit further, but that generally does not affect additional sales. Without some major event changing the overall economy, I don’t see any swings coming.*” – Subaru dealer, West

Cox Automotive Dealer Sentiment Index Methodology
The Cox Automotive Dealer Sentiment Index (CADSI) is derived from a quarterly survey issued to a representative sample of franchised and independent auto dealers across the United States. The Q4 2025 CADSI is based on responses from 919 dealers, including 492 franchised and 427 independent dealers.

The survey, conducted from Oct. 22 to Nov. 6, 2025, measures dealer perceptions of current retail auto sales and sales expectations for the next three months as “strong,” “average,” or “weak.” Responses are weighted by dealership type and sales volume to represent the national dealer population. Indices are calculated by assigning values to responses: 100 for strong/increasing, 50 for average/stable, and 0 for weak/decreasing. Respondents who select “don’t know” are excluded from the index calculation. The reported metrics have a margin of error of +/- 3.23 %.