

COX AUTOMOTIVE

# DEALER SENTIMENT INDEX

FOURTH QUARTER 2025



## 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 Q4 2025 CADSI is based on 919 U.S. auto dealer respondents, comprising 492 franchised dealers and 427 independents. The survey was conducted from Oct. 22 to Nov. 6, 2025.
- The next quarterly report will be released in March 2026. The CADSI was first published in Q2 2017.

# Key Takeaways: Q4 2025

The Q4 2025 Cox Automotive Dealer Sentiment Index (CADSI) reflects a sharp downturn in dealer confidence as the automotive market slows heading into year-end.

Current market sentiment fell five points from Q3 to 38, marking its lowest level since Q2 2020 during the pandemic. Both franchised and independent dealers reported weaker current-market scores, signaling caution amid persistent economic uncertainty and declining consumer confidence.

Deputy Chief Economist Mark Strand noted, “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.”

## Market Outlook and Traffic Trends

Expectations for the next three months also weakened. The market outlook index dropped,

four points to 42, with franchised dealers—typically more optimistic—falling six points to 49 a rare dip below the 50 threshold.

Customer traffic continued its downward trend, with the overall traffic index at 31. Franchised dealers posted their lowest traffic score in five years (34), while independents saw smaller declines.

## Sales Environment and Profitability

New-vehicle sales sentiment fell sharply to 49—the first sub-50 reading in four years—after dropping from 62 in Q2 and 58 in Q3.

Used-vehicle sales sentiment also declined: franchised dealers fell from 60 to 53, while independents dropped to 39, marking their first decline in eight quarters.

Profit sentiment slipped two points to 36 overall, with franchised dealers at 44 and independents at 33. Rising costs and soft demand pressured margins, though profitability remains slightly higher than Q4 2024.

## Inventory and Pricing Pressure

The new-vehicle inventory index increased slightly to 59, indicating growing inventory, though still down from 73 a year ago. The used-vehicle inventory index remains low at 43.

Price pressure intensified for the second consecutive quarter, with the index rising to 63, as growing inventories put downward pressure on pricing.

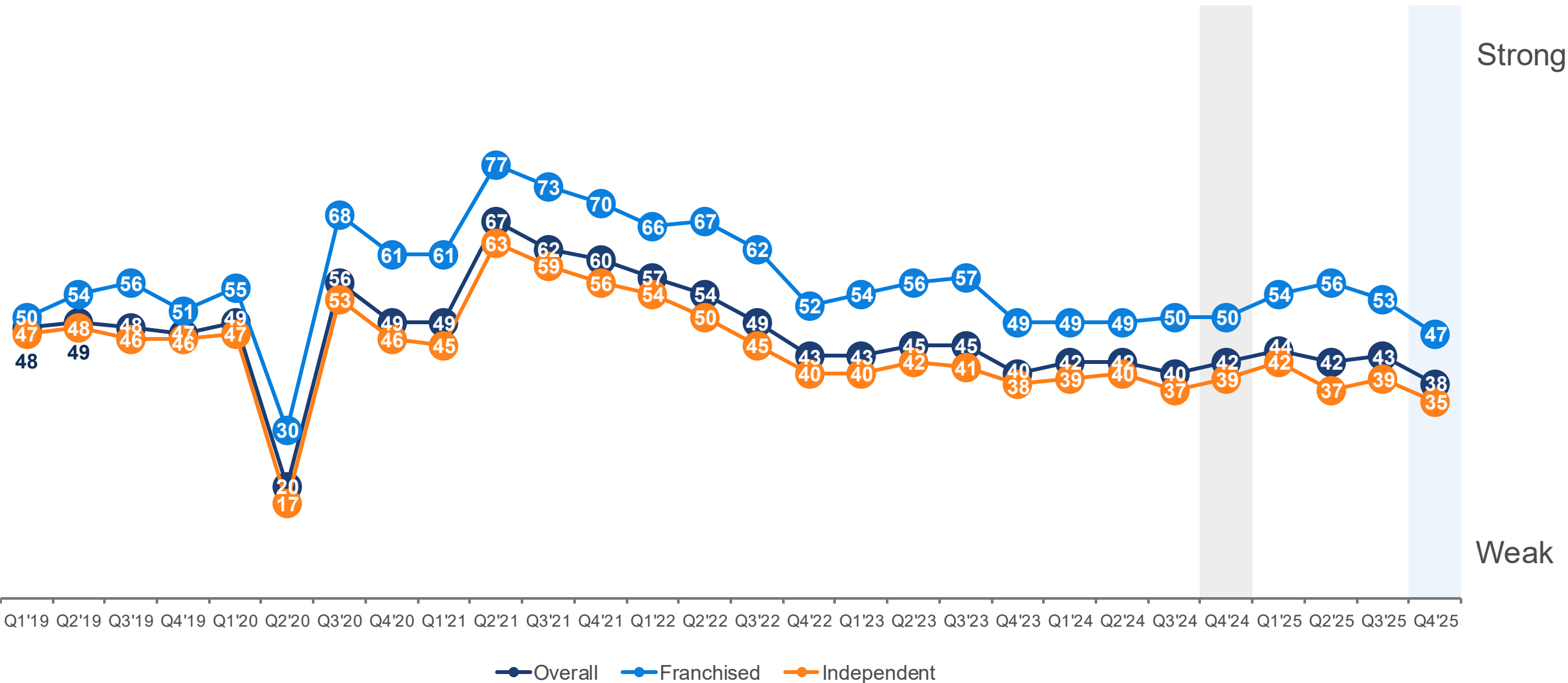
## Electric Vehicle Outlook

Optimism for EV sales and leasing plunged. Franchised dealers’ future EV sales sentiment dropped to 24 (from 33), largely due to expiring tax credits. Independents remain lukewarm on EV prospects.

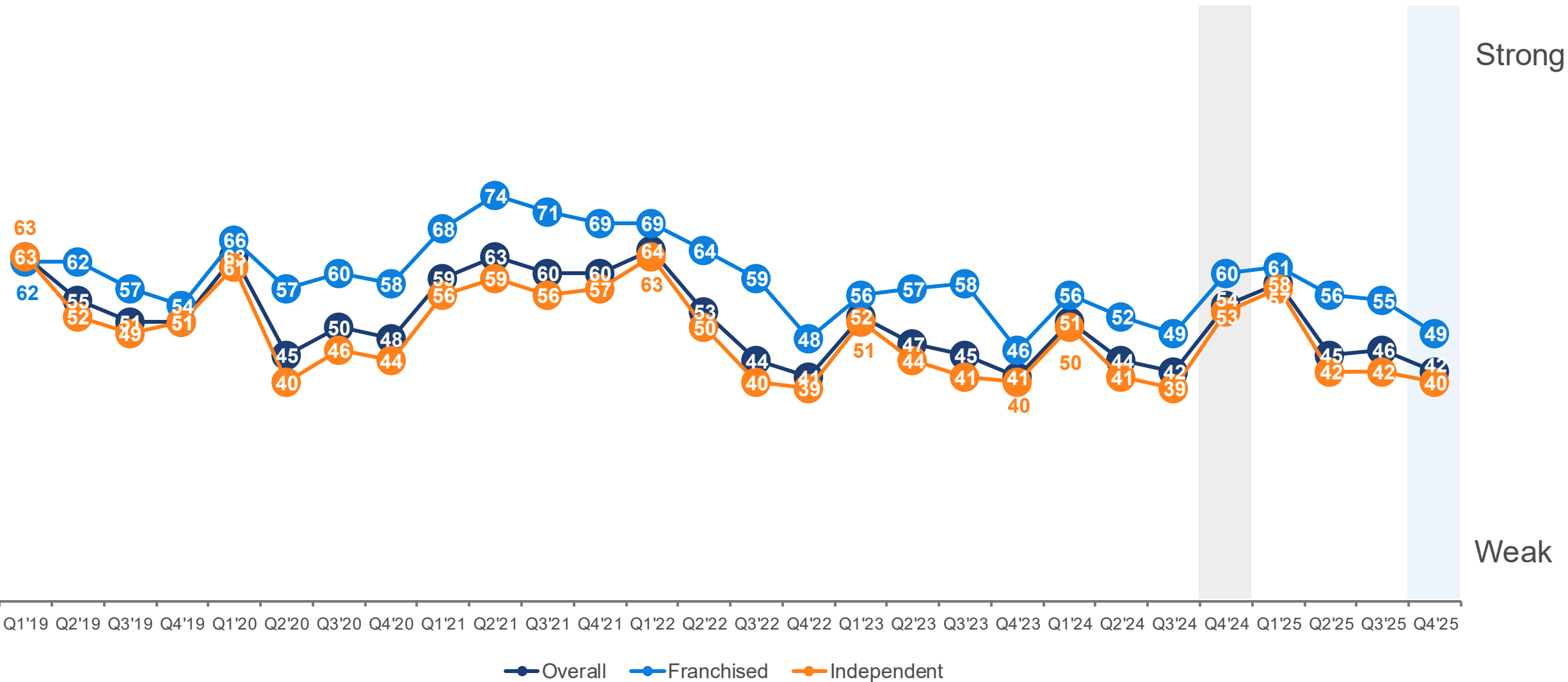
## Factors Holding Back Business

The economy remains the top business challenge, cited by 51% of dealers in Q4 and up significantly from 44% in Q3. Market conditions rose to 41%, and political climate climbed to 34%. Interest rates held steady at 43%, still the second-biggest factor, while consumer confidence (34%) rounds out the top five.

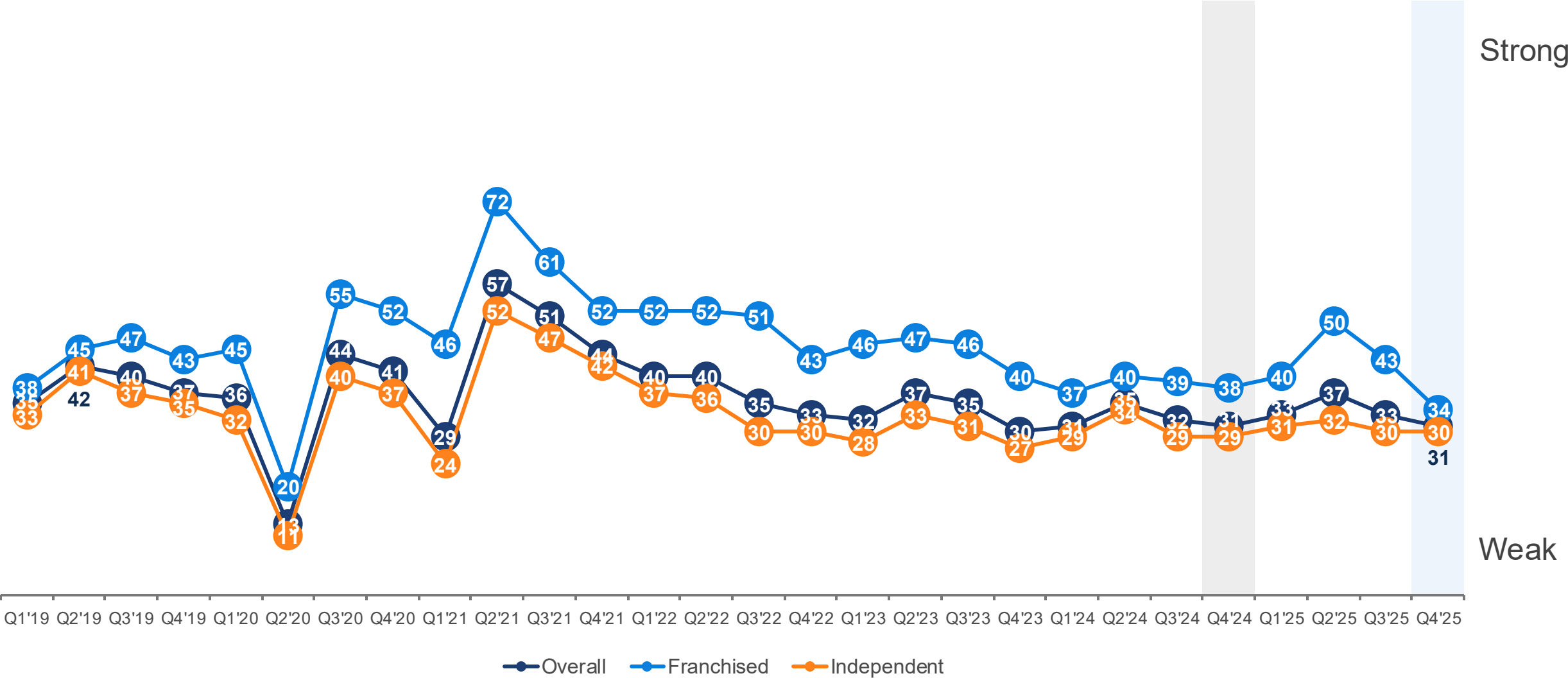
# Q1: How would you describe the current market for vehicles in the areas where you operate?



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

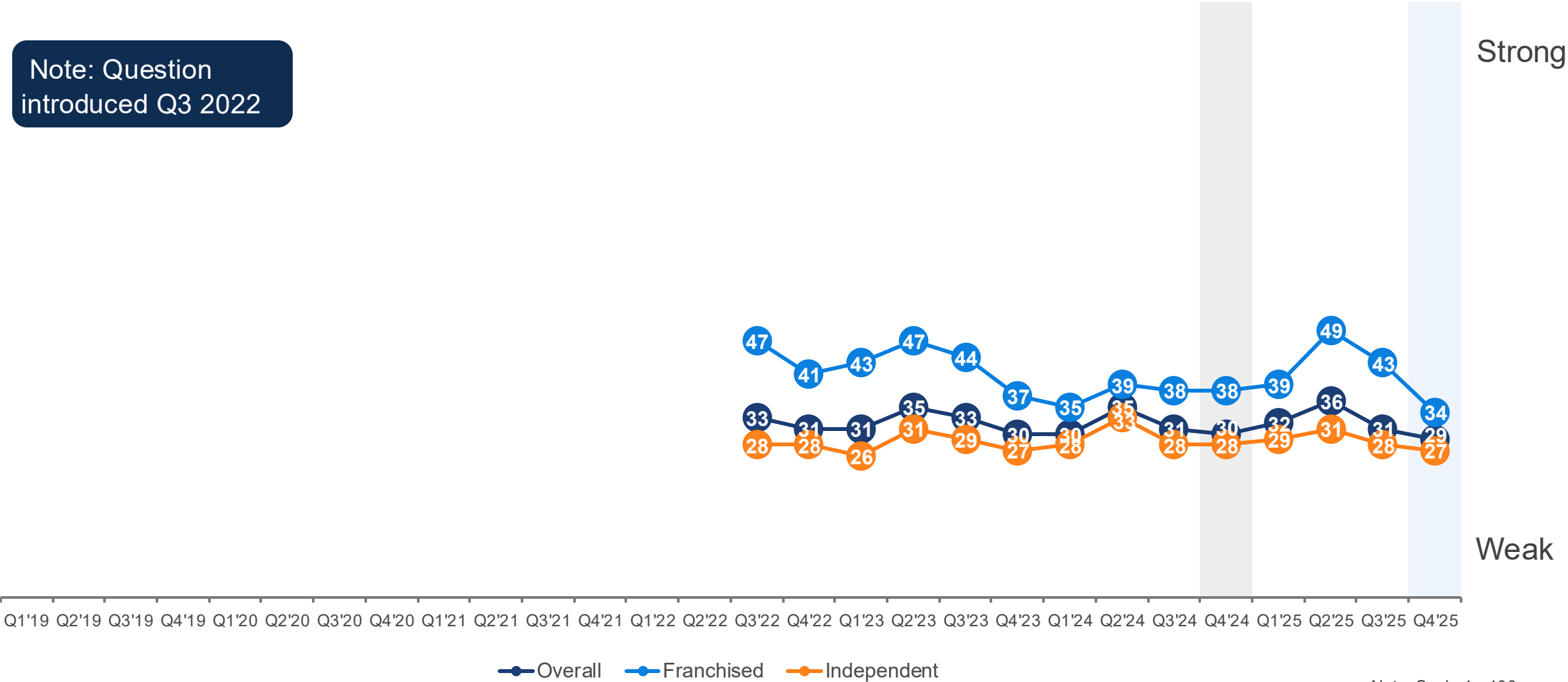


# Q3: How do you rate the customer traffic to your dealership over the past 3 months?



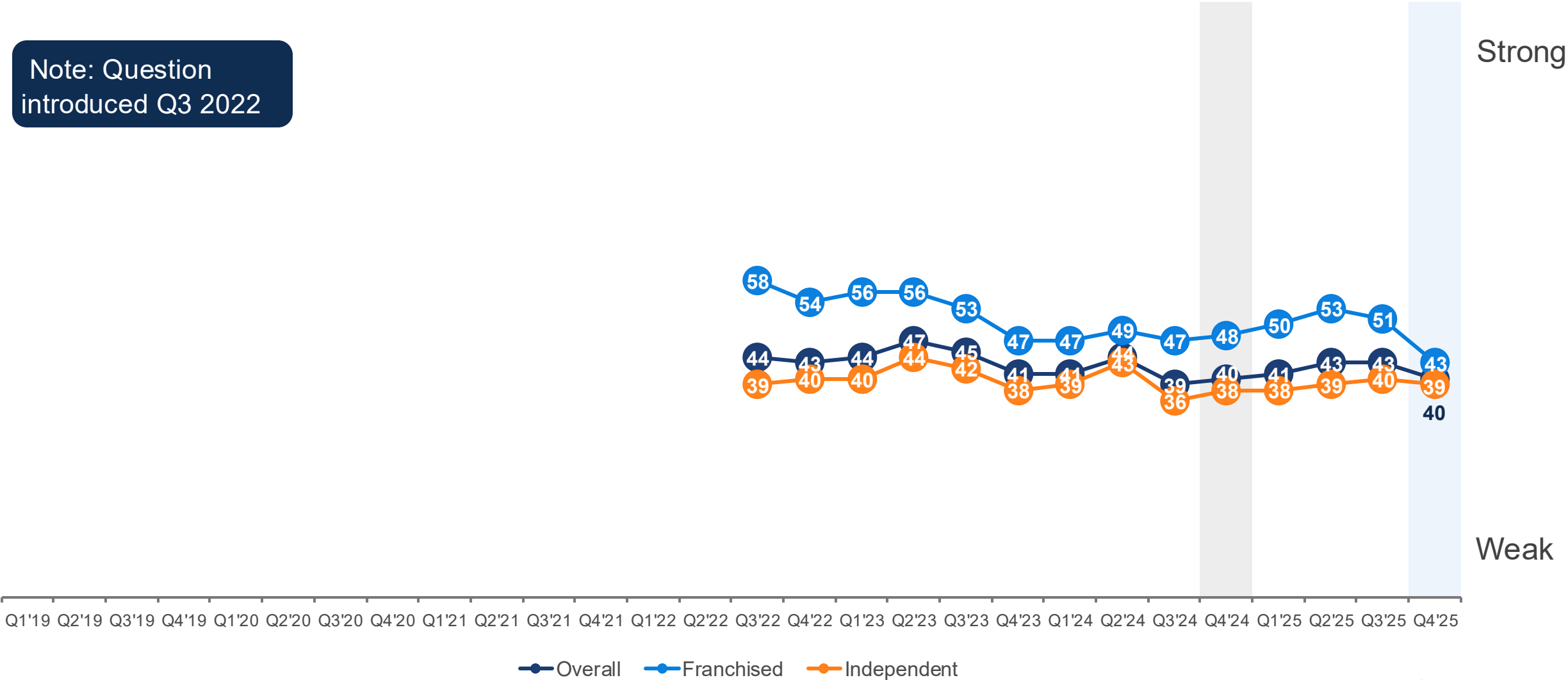
# Q3A: How do you rate the in-person customer traffic to your dealership over the past 3 months?

Note: Question introduced Q3 2022



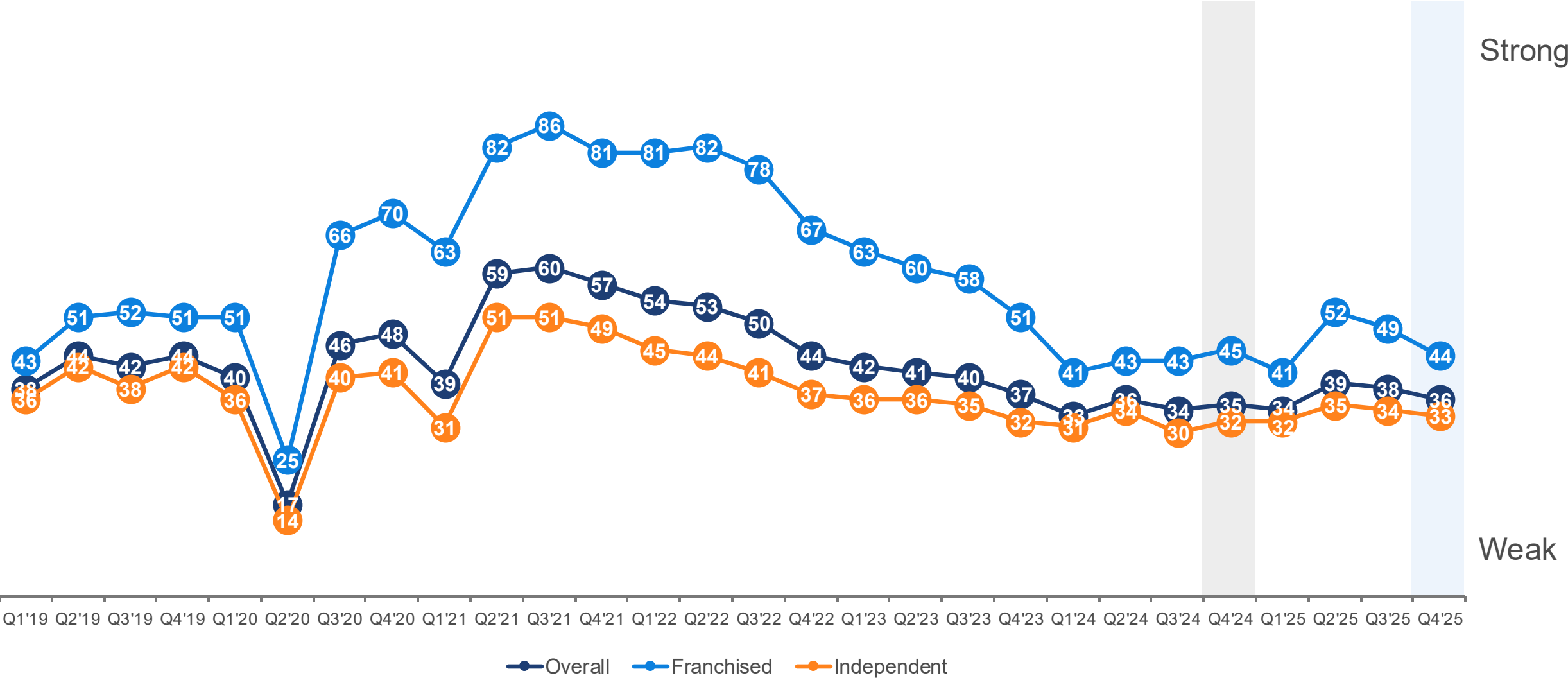
# Q3B: How do you rate the digital/online customer traffic to your dealership over the past 3 months?

Note: Question introduced Q3 2022

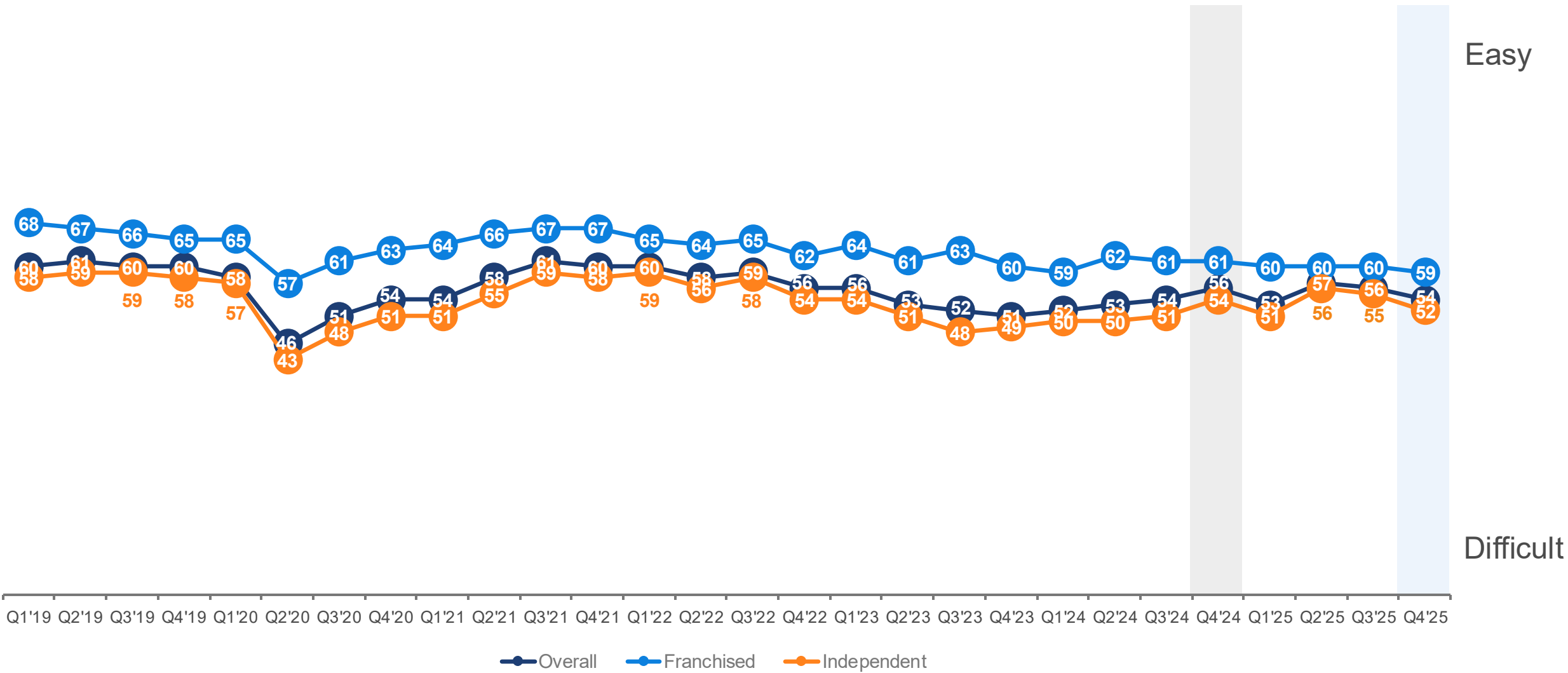




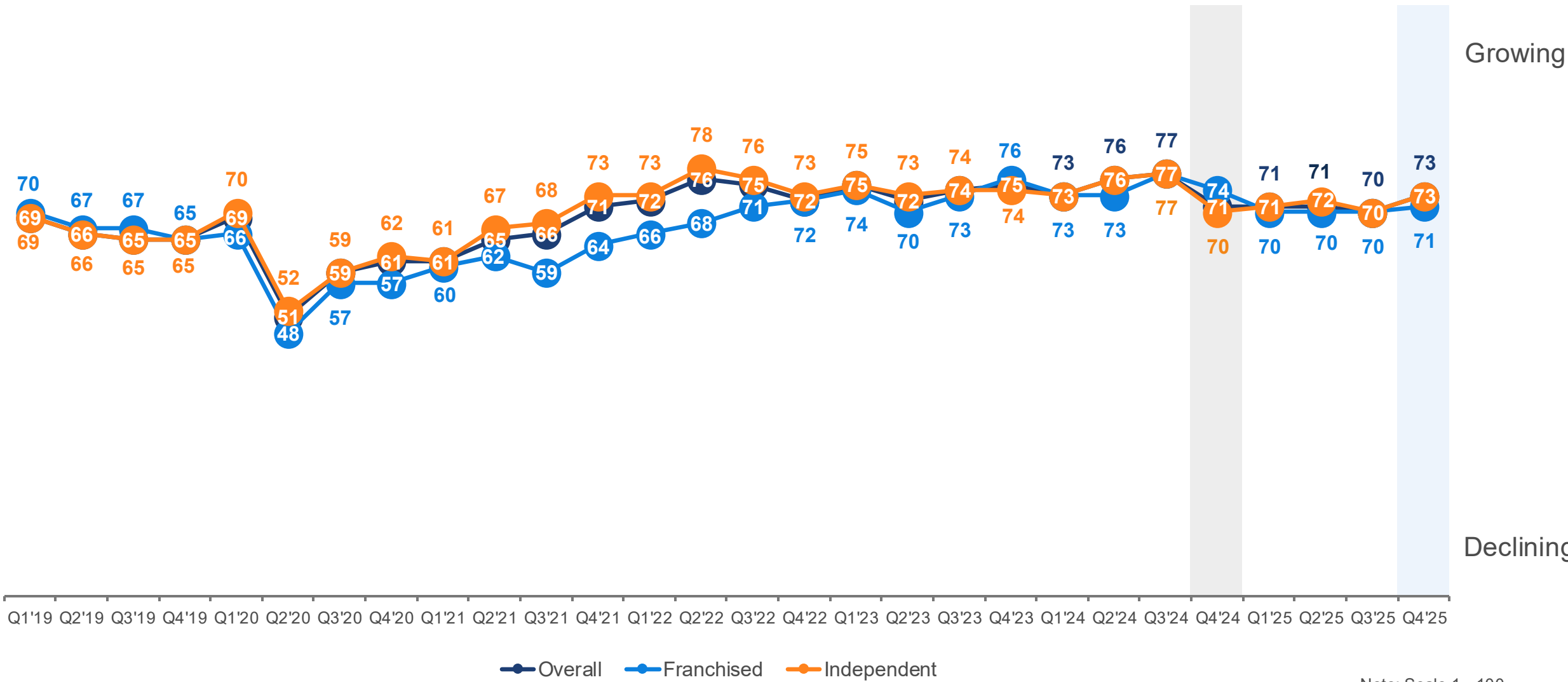
# Q4: How would you describe your profits over the past 3 months?



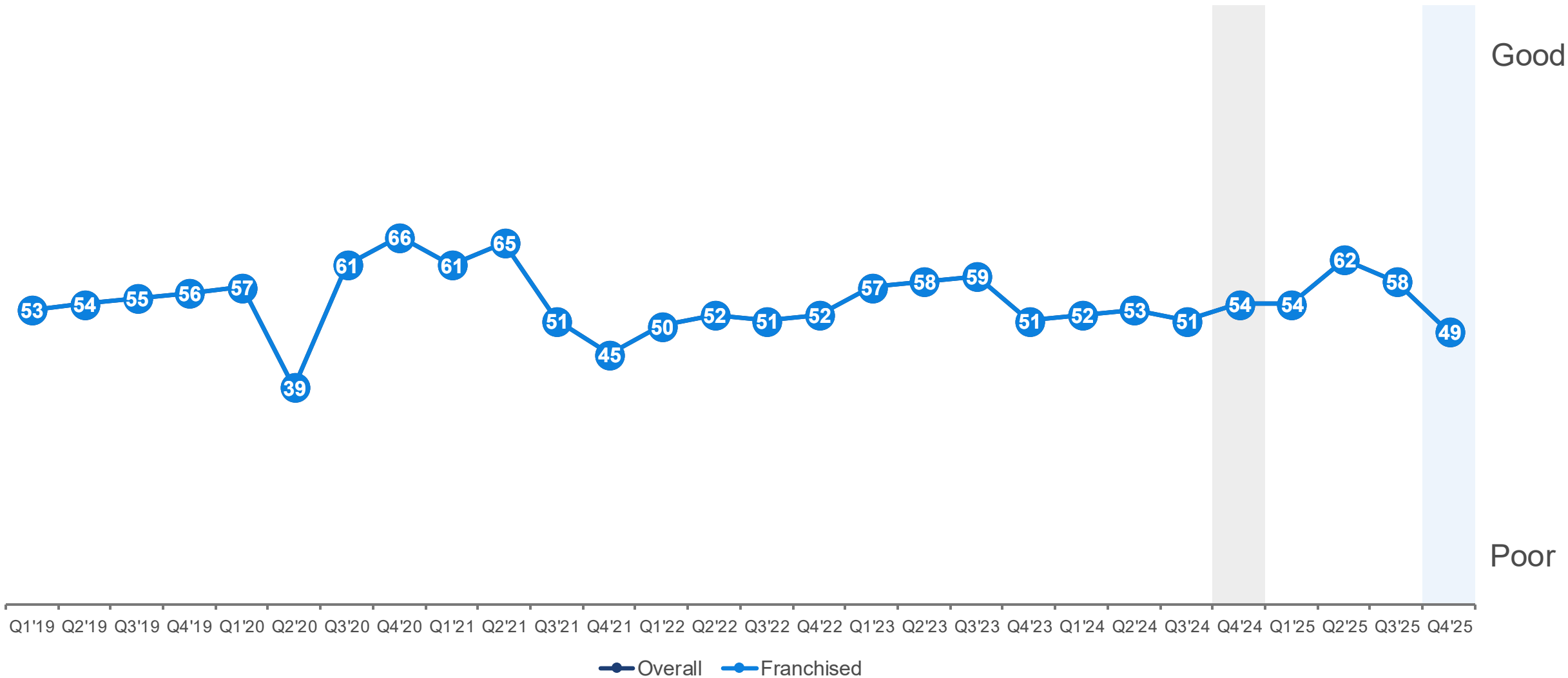
# Q5: How would you describe your ability to get credit to operate your business over the past 3 months?



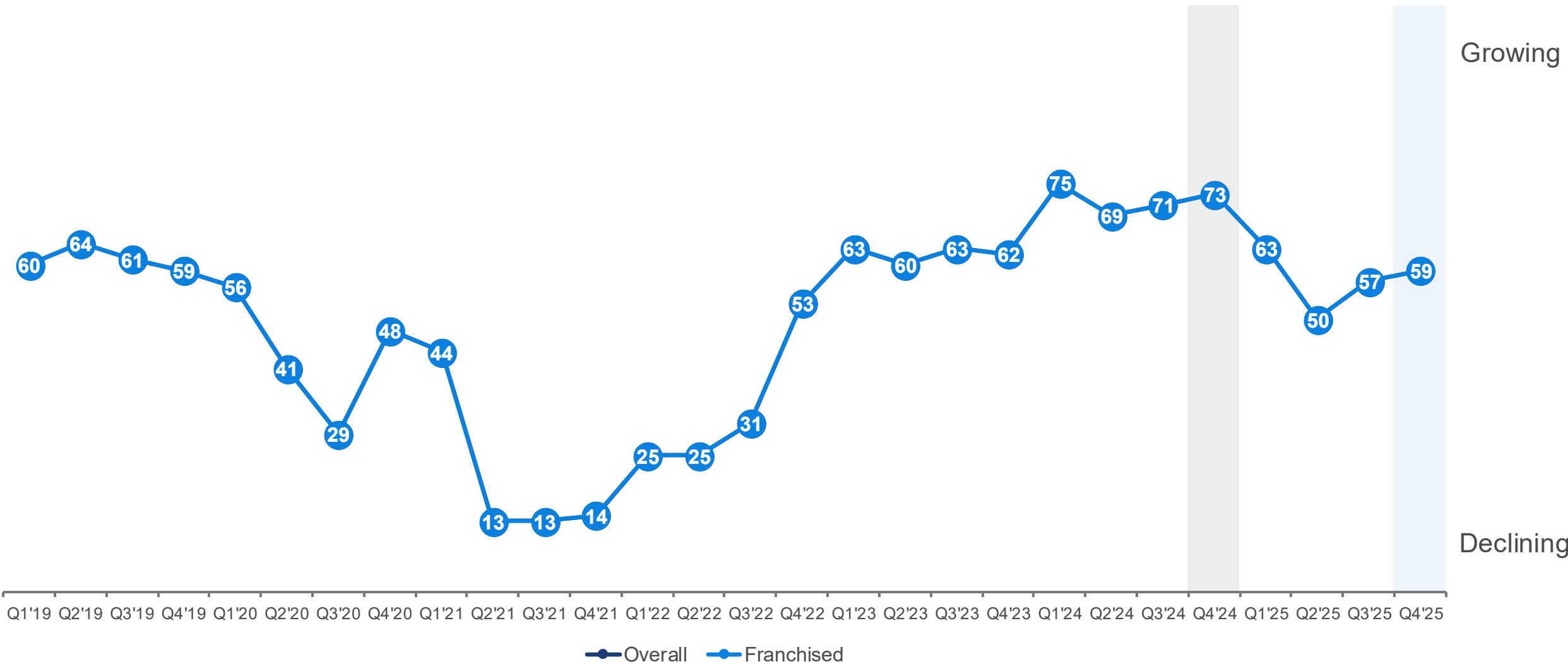
# Q6: How would you describe the cost of running your dealership over the past 3 months?



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

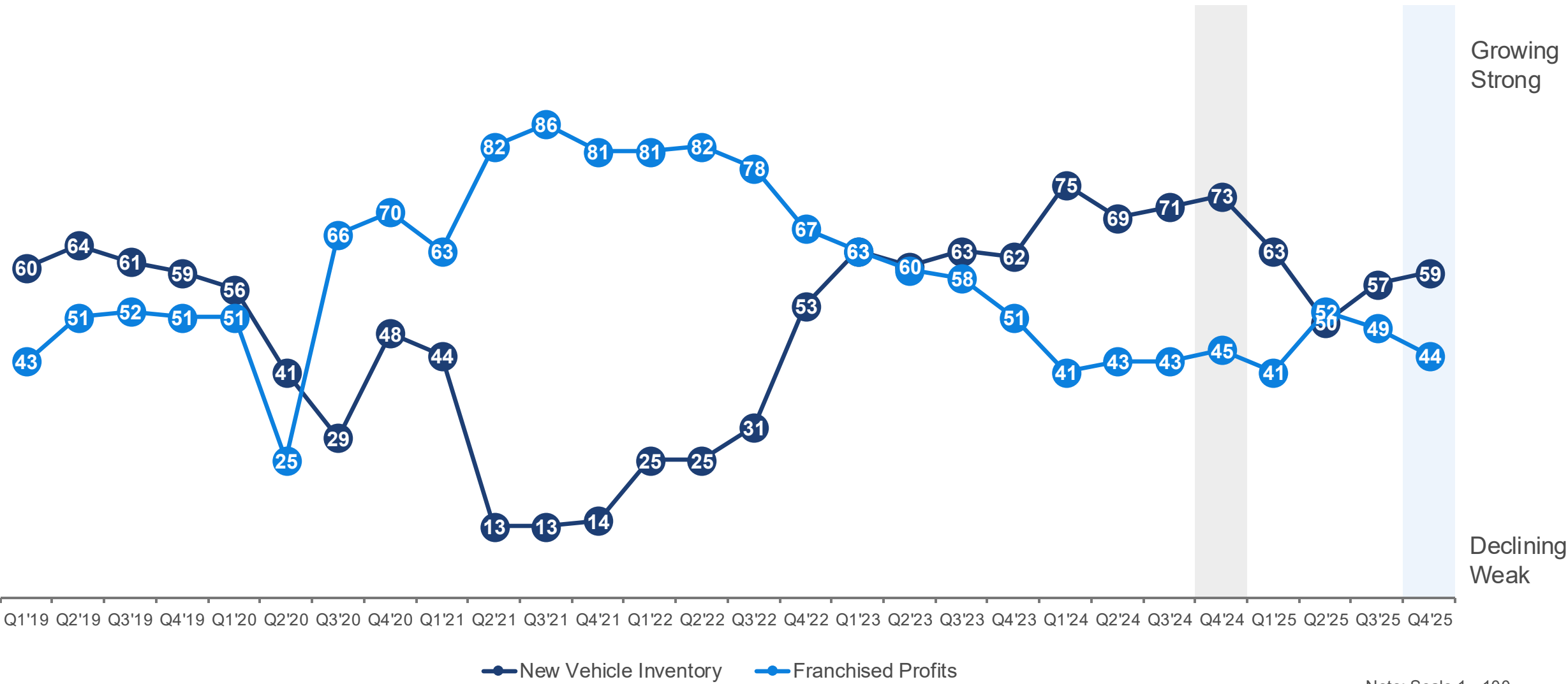


# Q8: How would you describe the current new-vehicle inventory levels?



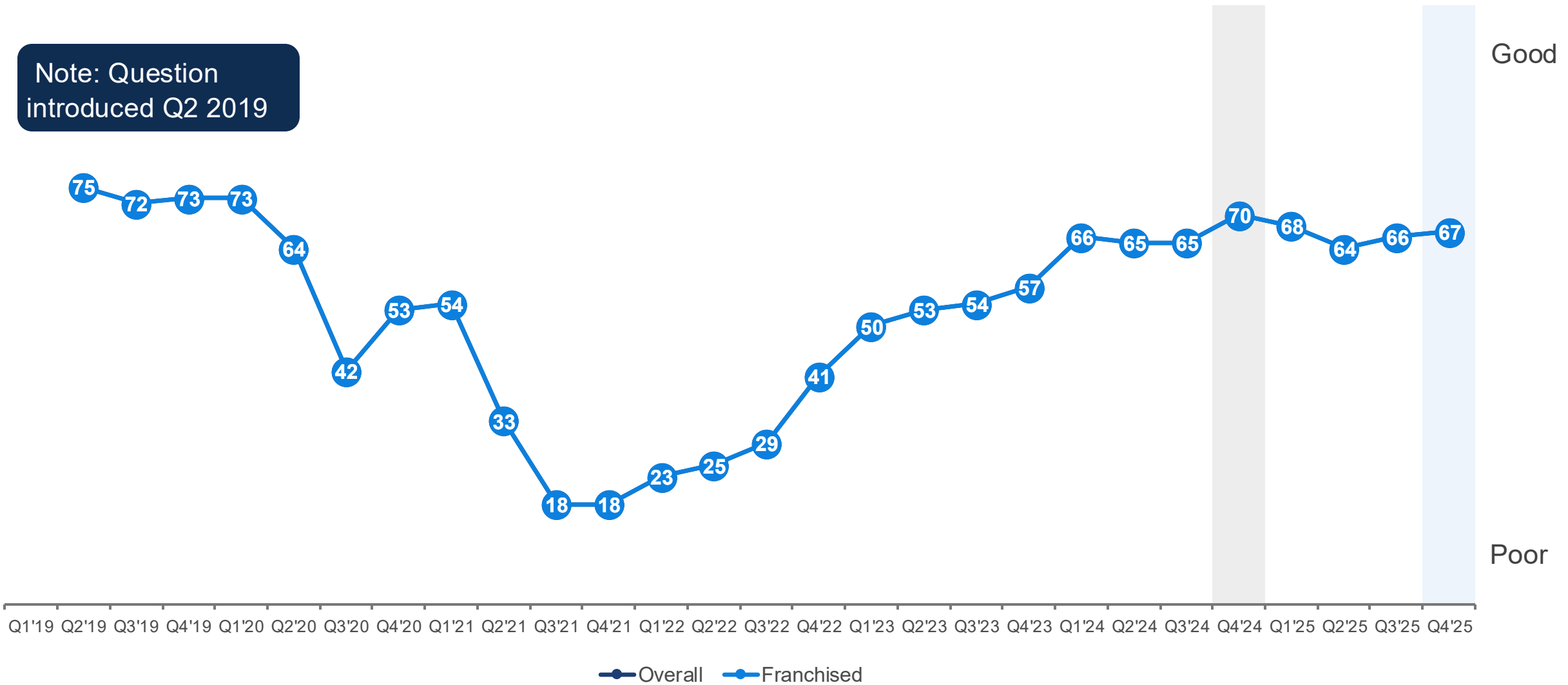
# Inventory/Profits

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



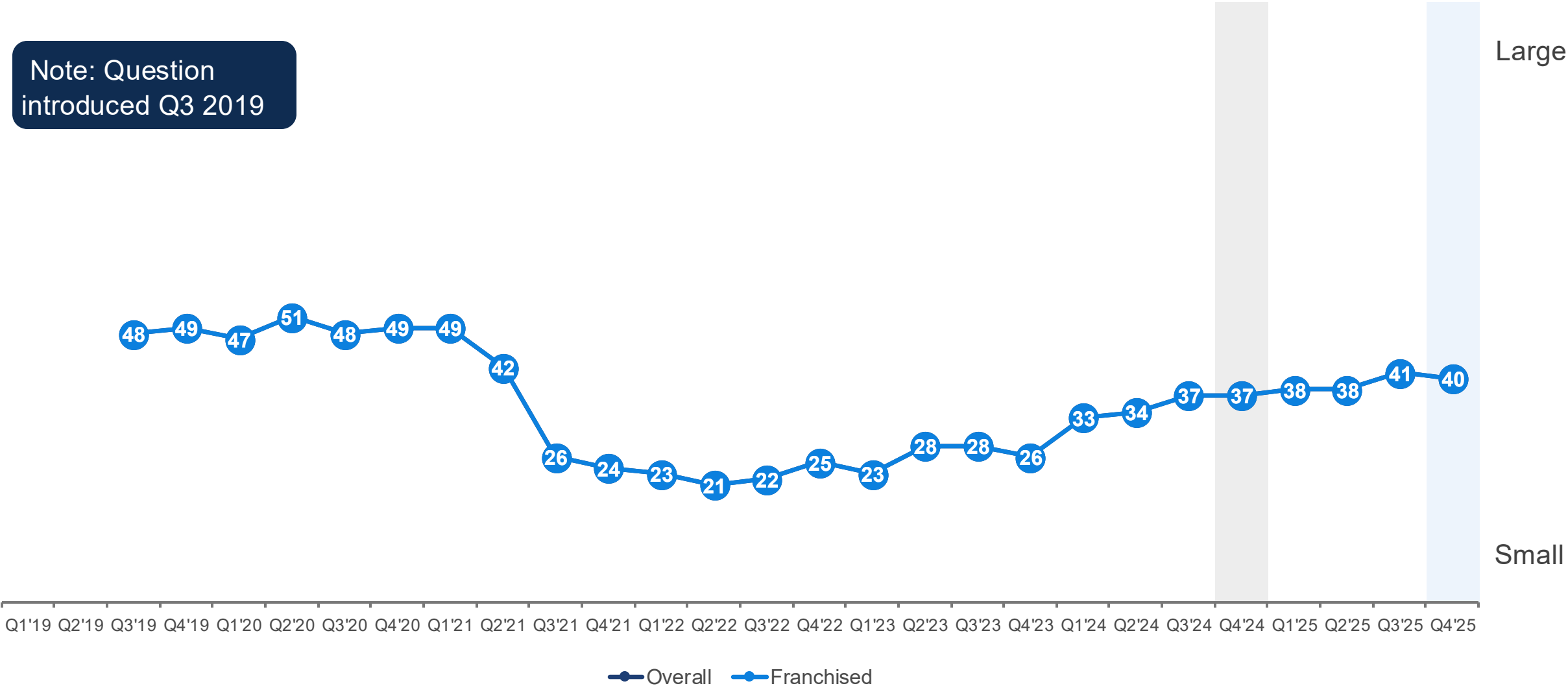
# Q9: How would you describe the current new-vehicle inventory mix?

Note: Question introduced Q2 2019



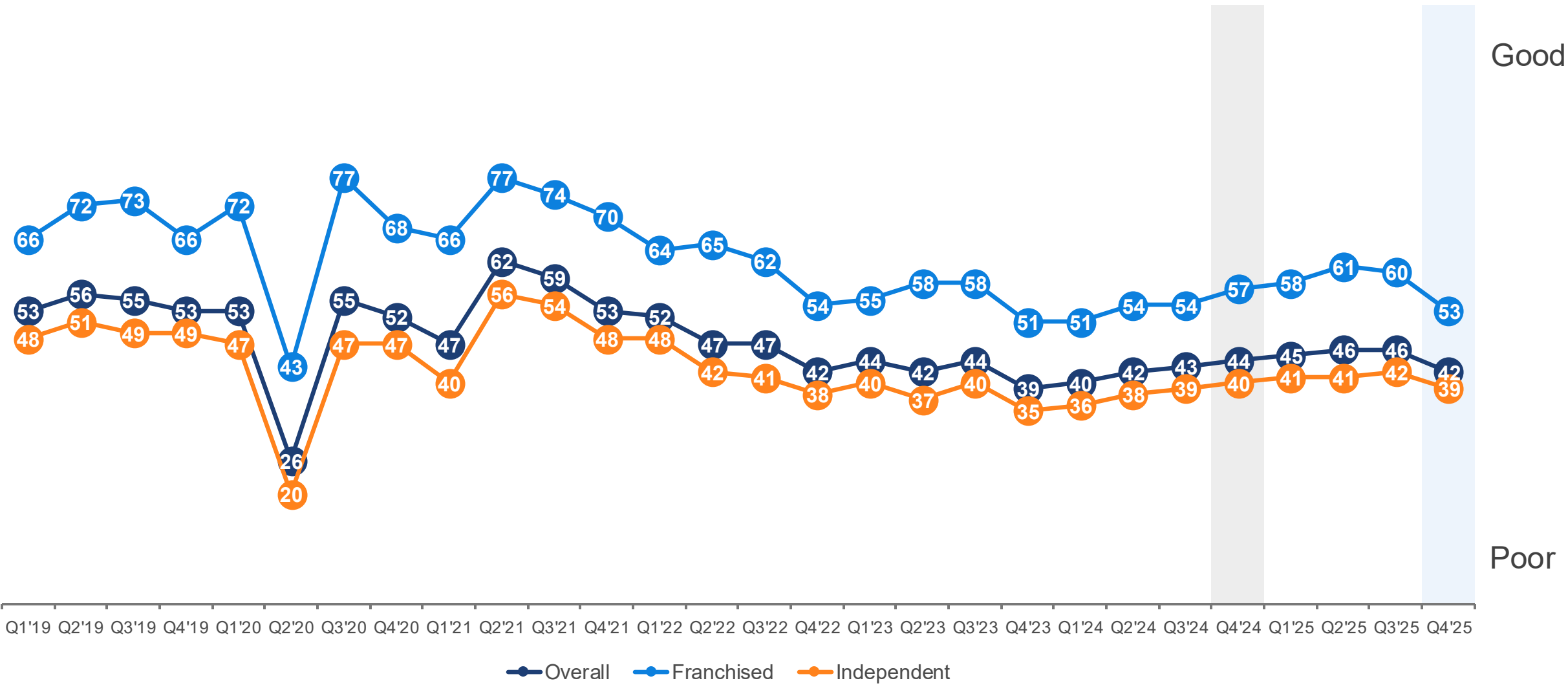
# Q10: How would you describe the current level of OEM new-vehicle incentives?

Note: Question introduced Q3 2019

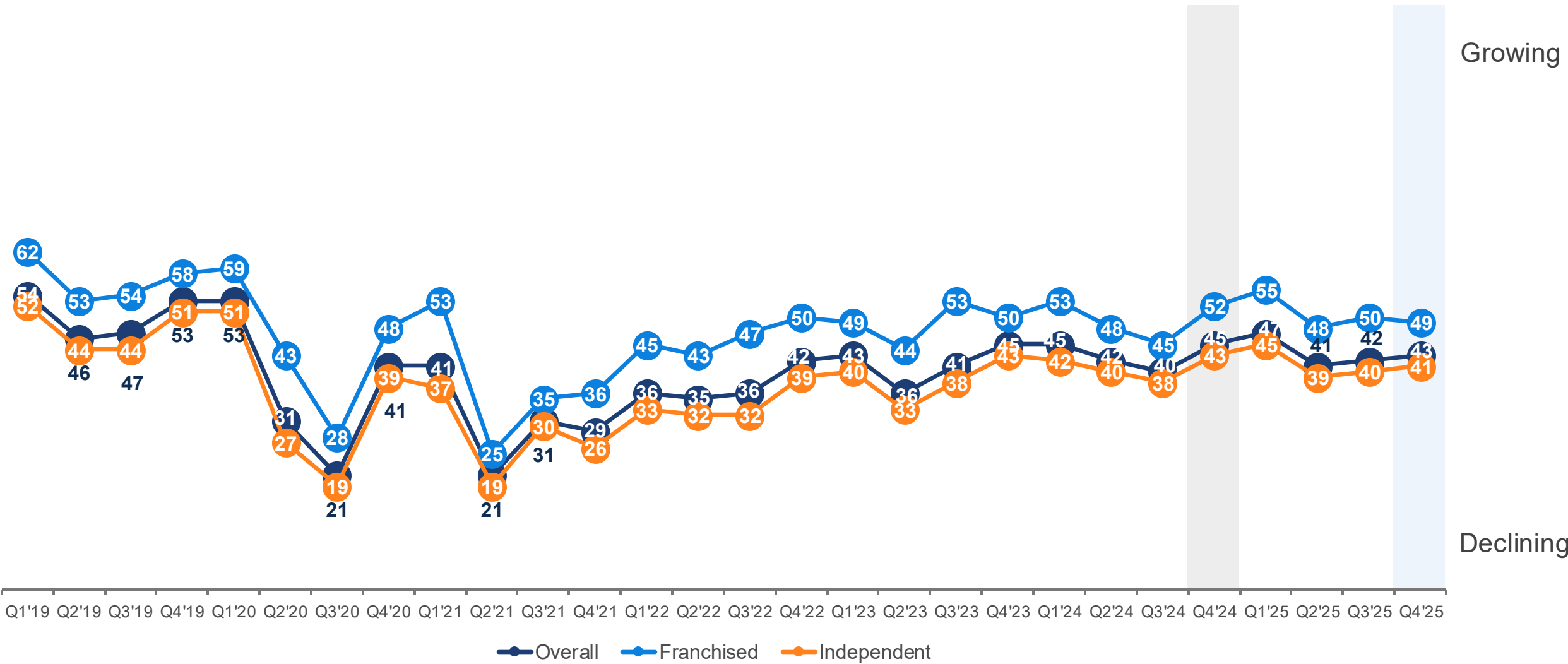




# Q11: How would you describe the current used-vehicle sales environment?

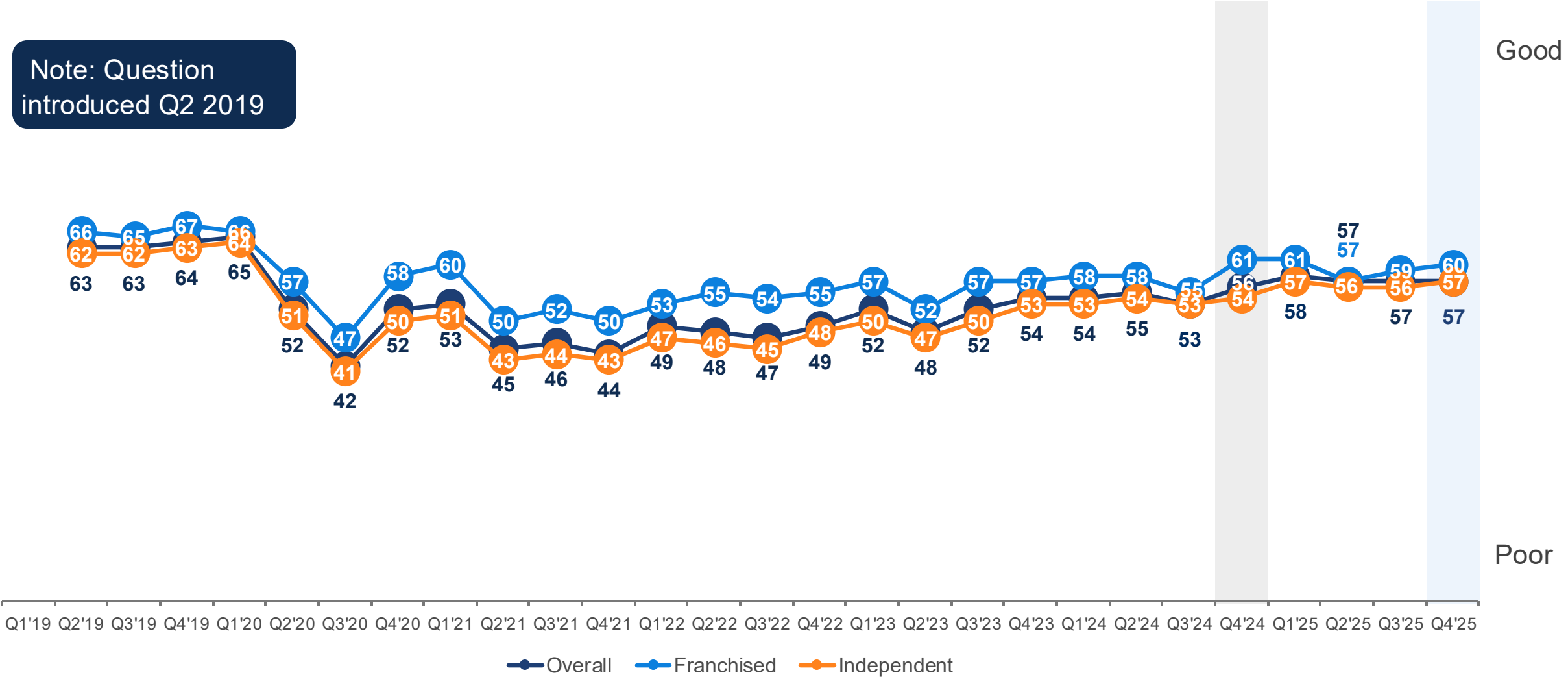


# Q12: How would you describe the current used-vehicle inventory levels?



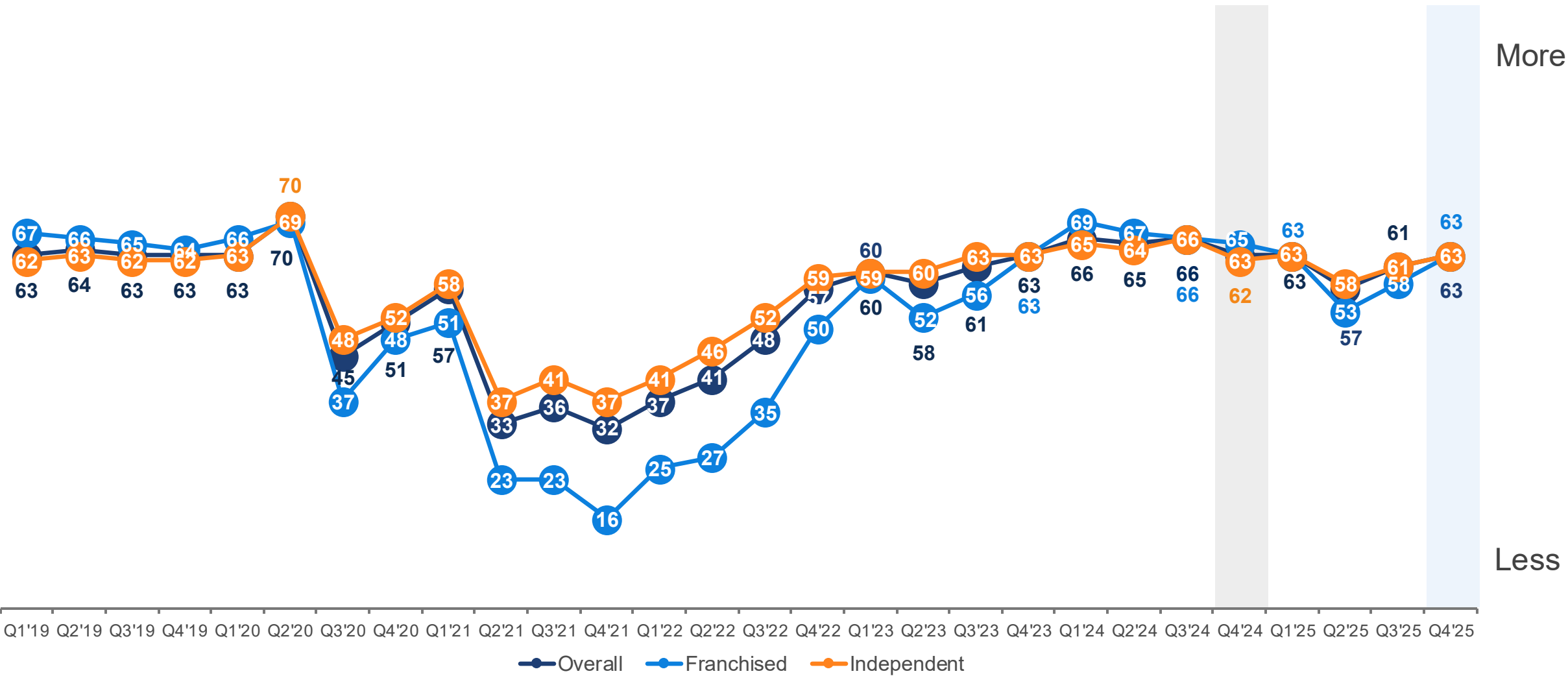
# Q13: How would you describe the current used-vehicle inventory mix?

Note: Question introduced Q2 2019



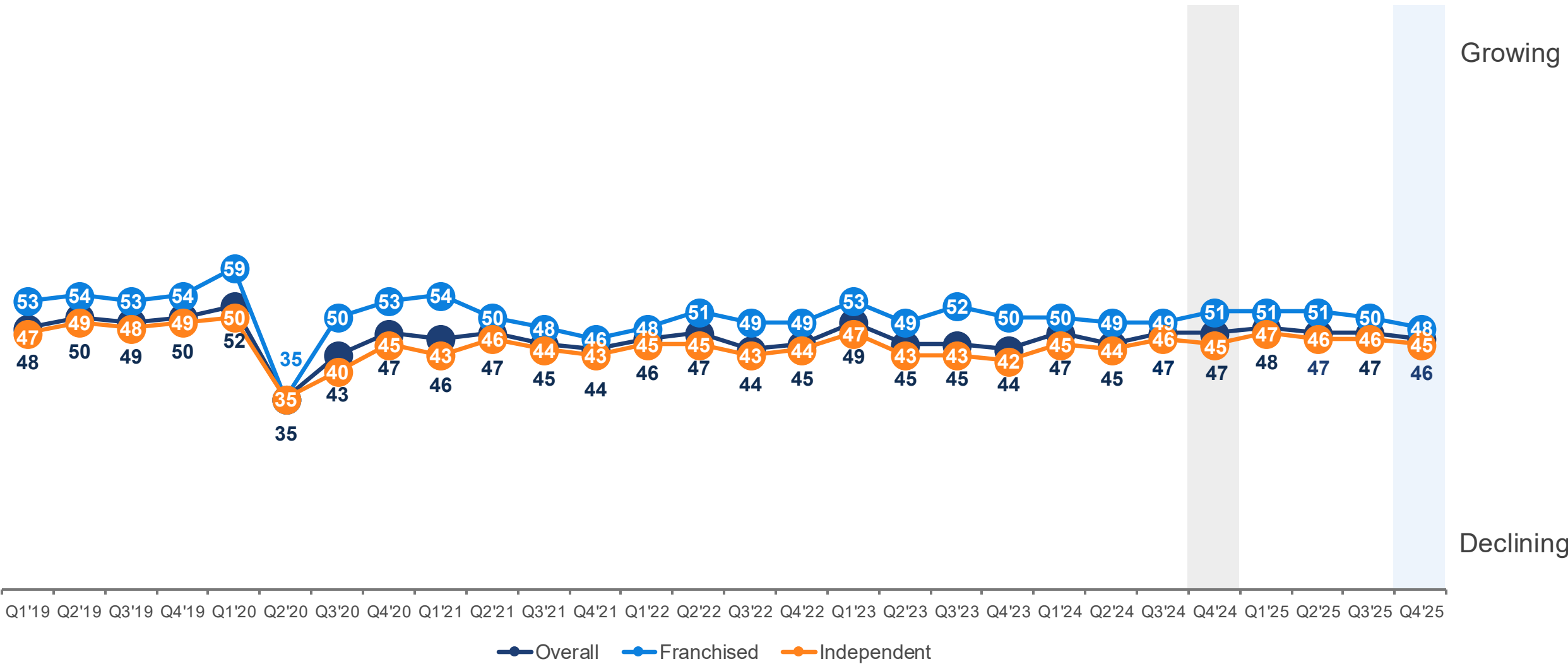
Note: Scale 1 - 100

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



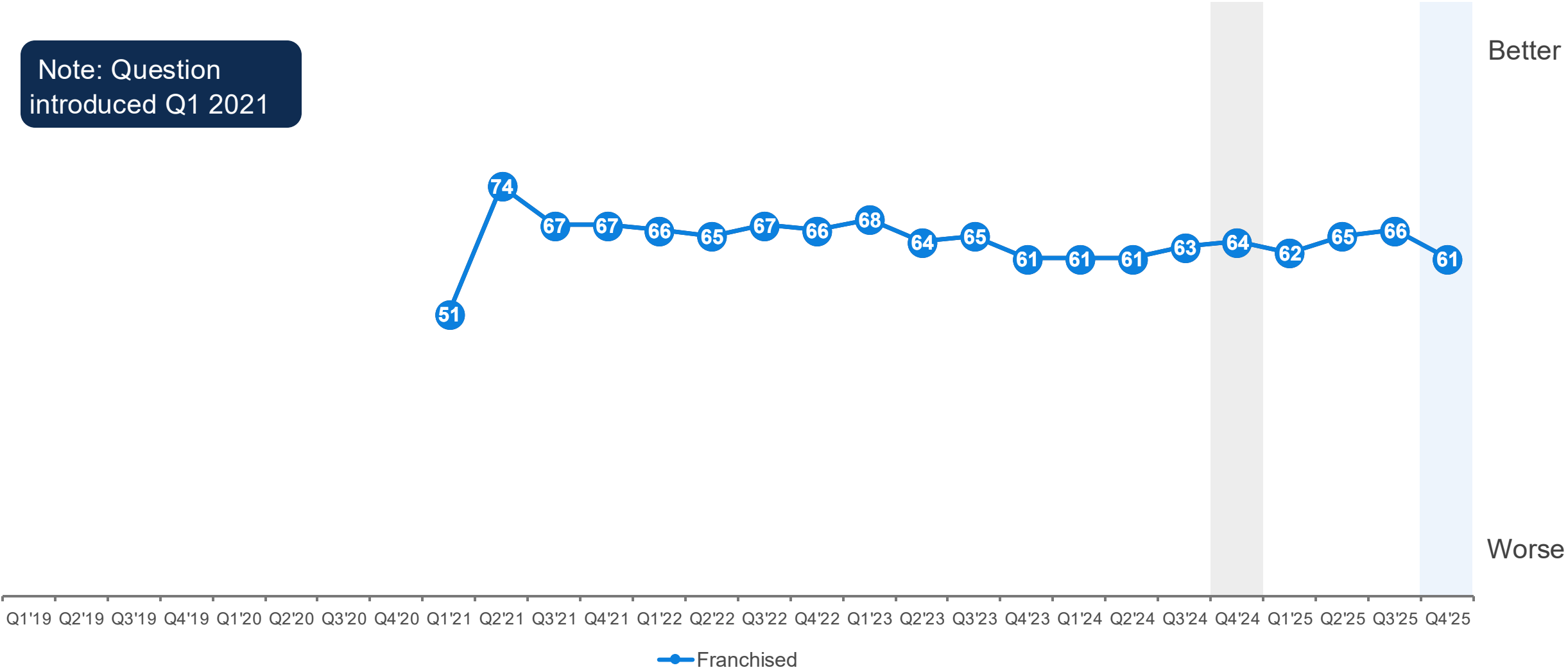
Note: Scale 1 - 100

# 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?

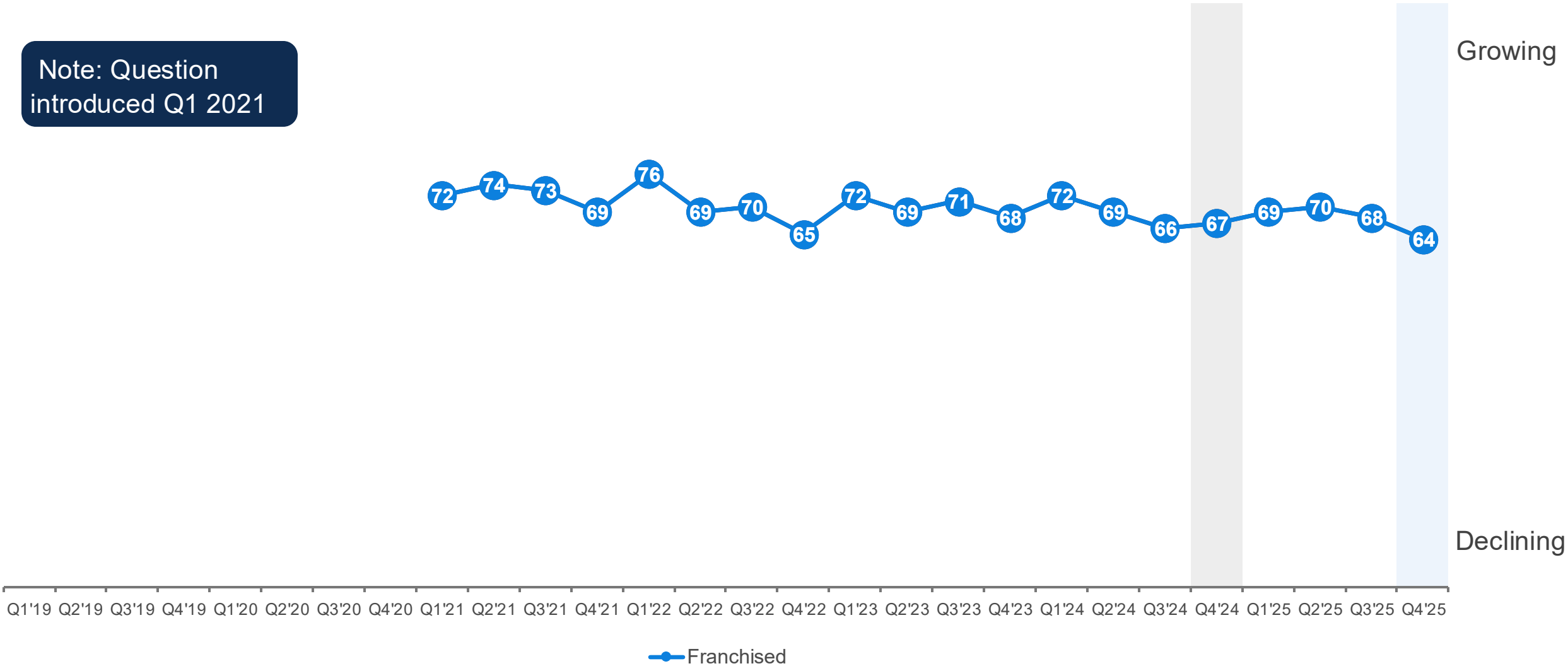
Note: Question introduced Q1 2021



Note: Scale 1 - 100

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

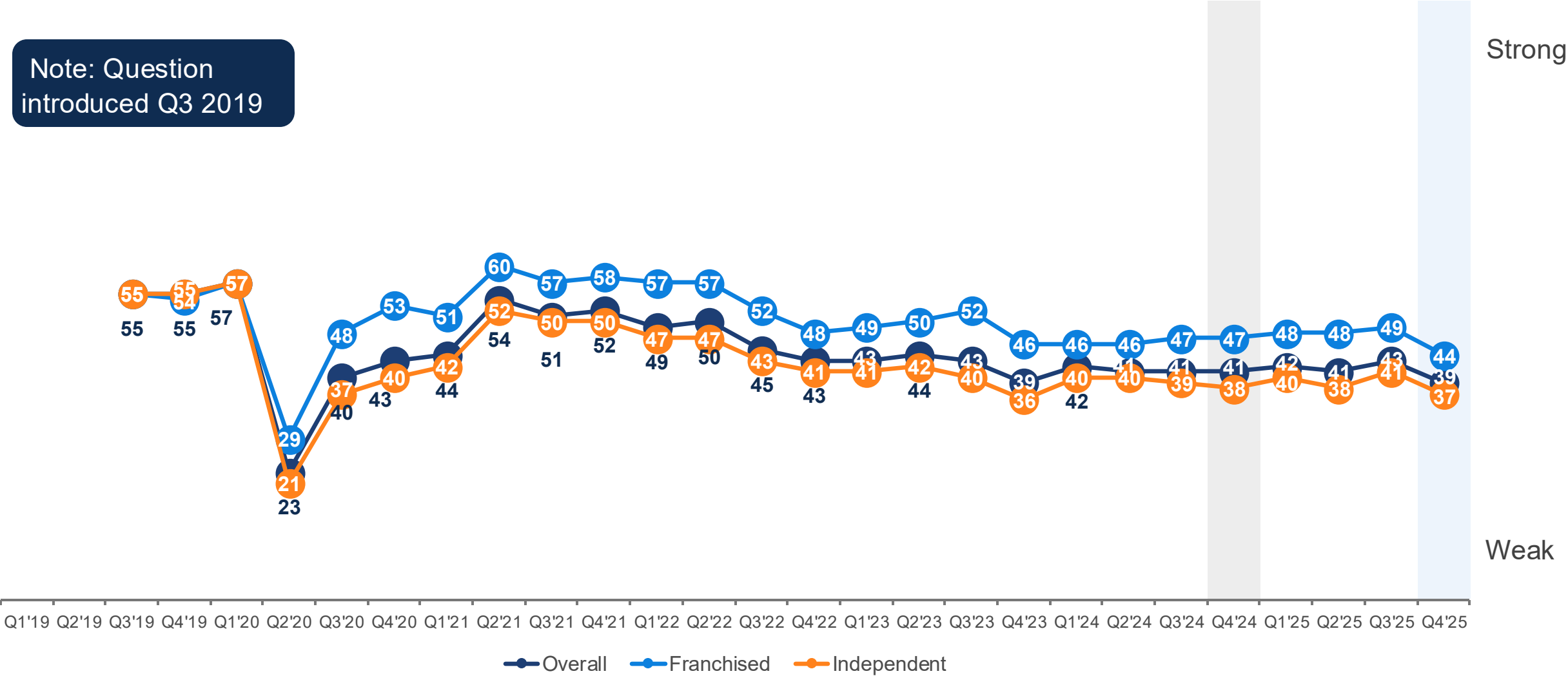
Note: Question introduced Q1 2021



Note: Scale 1 - 100

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

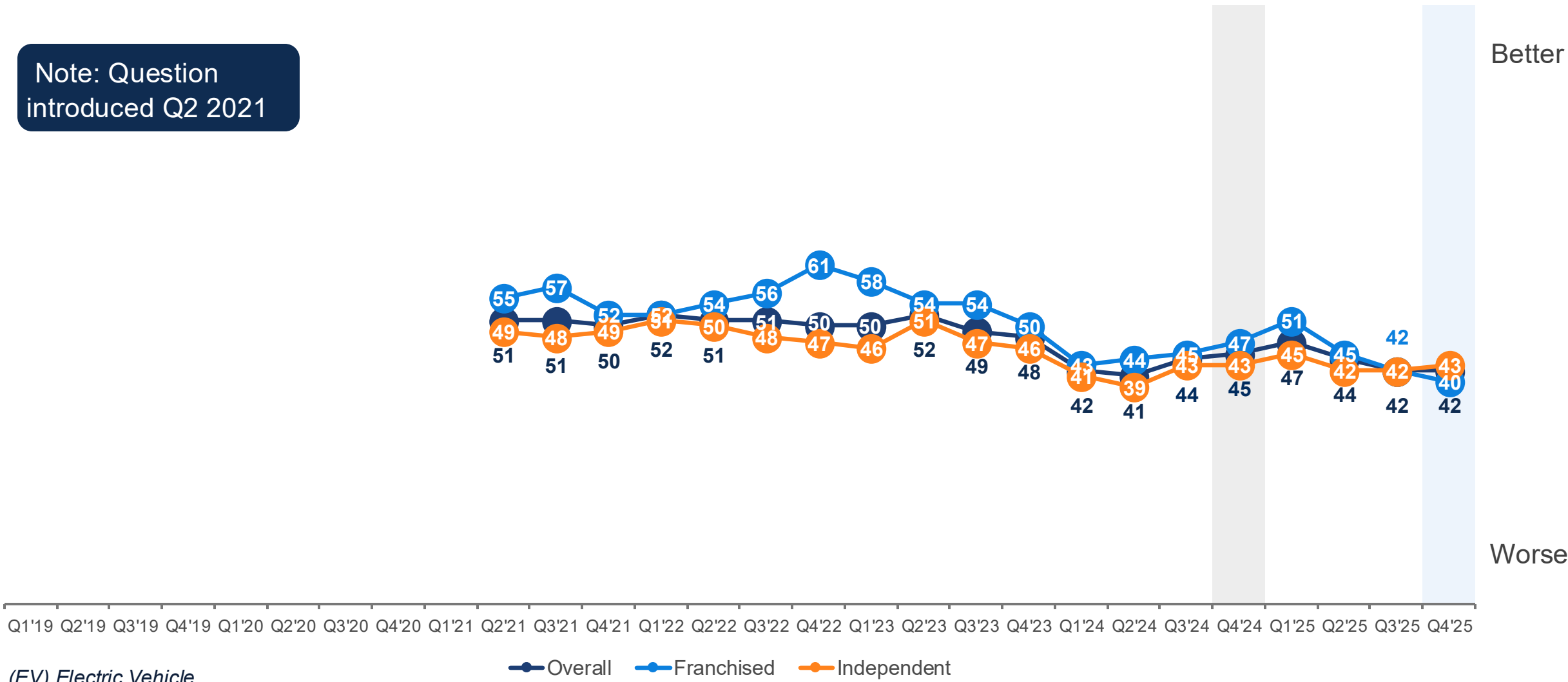
Note: Question introduced Q3 2019





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

Note: Question introduced Q2 2021

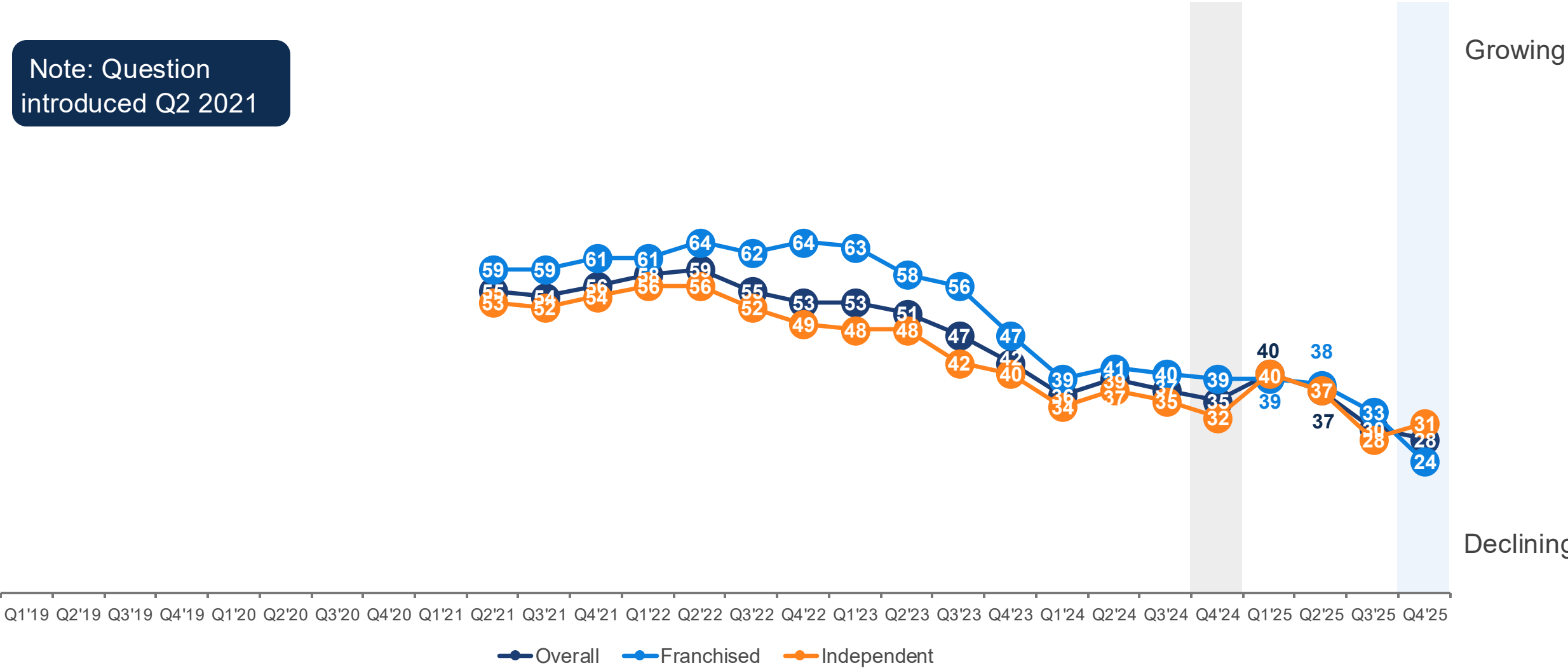


(EV) Electric Vehicle

Note: Scale 1 - 100

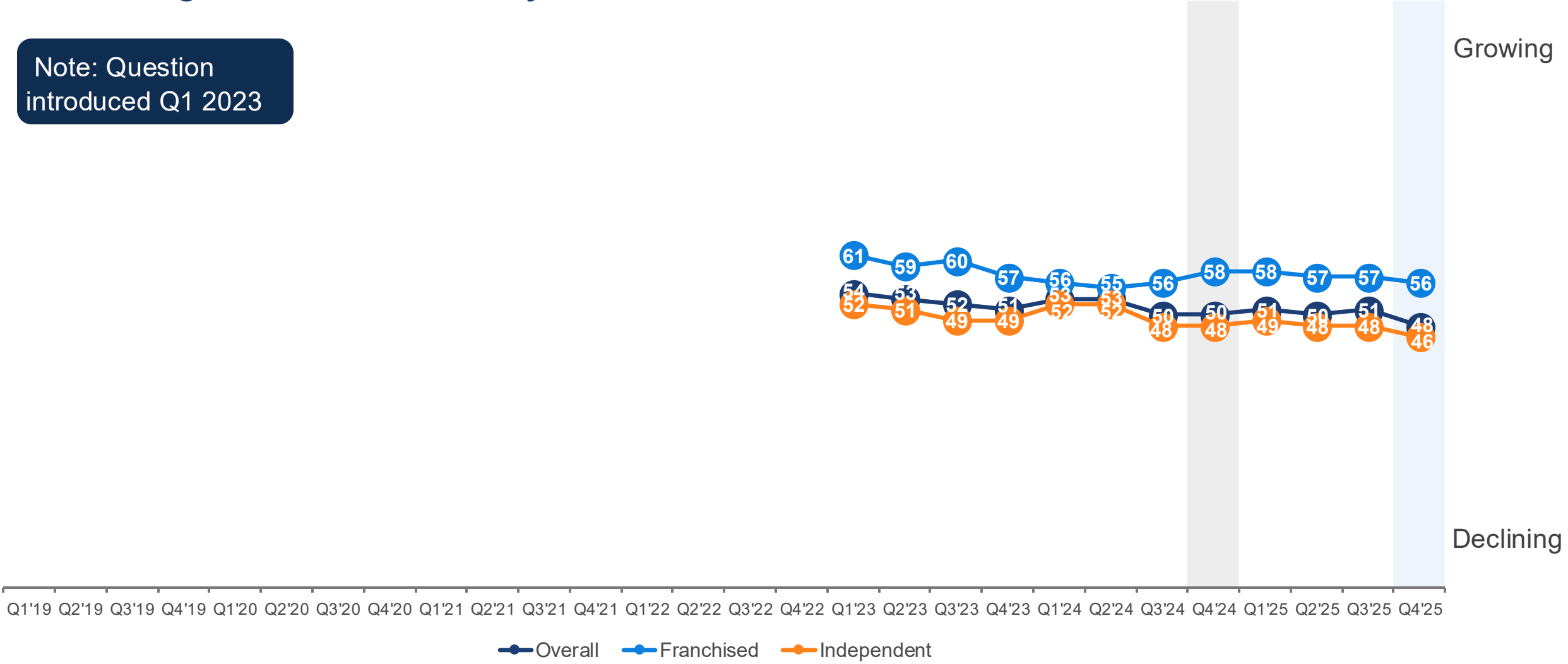
# Q20: What do you expect the EV market in your area to look like 3 months from now?

Note: Question introduced Q2 2021



# 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

		Q4 '25	Q3 '25	Q4 '24	Q4 '23
1	Economy	51% ↑	44%	56%	61%
2	Interest Rates	43%	43%	52%	65%
3	Market Conditions	41% ↑	36%	37%	48%
4	Consumer Confidence	34%	31%	30%	29%
5	Political Climate	34% ↑	28%	35%	32%
6	Expenses	30%	33%	33%	31%
7	Limited Inventory	26%	28%	29%	33%
8	Credit Availability for Consumers	26%	25%	28%	34%
9	Tariffs on Imported Vehicles and Parts	22%	20%	2%	2%
10	Cost of Vehicle Insurance for Consumers	20%	19%	N/A	N/A



Significant decrease vs previous quarter



Significant increase vs previous quarter

# Factors Holding Back Business

FRANCHISED DEALERS

		Q4 '25	Q3 '25	Q4 '24	Q4 '23
1	Economy	53% ↑	43%	51%	56%
2	Interest Rates	48%	49%	55%	73%
3	Market Conditions	41%	35%	35%	46%
4	Political Climate	40%	33%	37%	35%
5	Consumer Confidence	35%	27%	27%	31%
6	Tariffs on Imported Vehicles and Parts	31%	32%	4%	2%
7	Expenses	26%	21%	26%	20%
8	Lack of Consumer Incentives From My OEM	21%	22%	24%	34%
9	Staff Turnover	16%	14%	14%	13%
10	Limited Inventory	16%	18%	15%	31%



Significant decrease vs previous quarter



Significant increase vs previous quarter

# Factors Holding Back Business

INDEPENDENTS

		Q4 '25	Q3 '25	Q4 '24	Q4 '23
1	Economy	50% ↑	44%	58%	62%
2	Interest Rates	41%	41%	51%	63%
3	Market Conditions	41%	36%	38%	48%
4	Consumer Confidence	34%	32%	31%	28%
5	Political Climate	32% ↑	26%	34%	32%
6	Expenses	31% ↓	37%	36%	35%
7	Limited Inventory	30%	32%	34%	34%
8	Credit Availability for Consumers	30%	29%	31%	37%
9	Cost of Vehicle Insurance for Consumers	22%	22%	N/A	N/A
10	Tariffs on Imported Vehicles and Parts	19%	16%	2%	1%



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	73	72
2	Interest Rates	62 ↓	66	61 ↓
3	Fixed Operations	59	62	59
4	Vehicle Sales	58	<b>62 B</b>	56
5	Staffing Levels	49	52	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	43	48	48	48
Market Next 3 Months	Strong/Weak	48	49	52	46
Overall Customer Traffic	Strong/Weak	31	36	37 ↓	33
In-Person Customer Traffic	Strong/Weak	28 ↓	36	36 ↓	34
Digital/Online Customer Traffic	Strong/Weak	42	43	42 ↓	47
Profits	Strong/Weak	44	42	46	41
Costs	Growing/Declining	70	76	68	71
New Vehicle Sales	Good/Poor	47	51	50 ↓	49
New Vehicle Inventory	Growing/Declining	62	53	59	66
New Vehicle Inventory Mix	Good/Poor	70	62	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	63	64	62	63
Staffing	Growing/Declining	46	50	51	43
OEM incentives	Large/Small	38	41	43	38
Economy	Strong/Weak	42	46	44	41
Current Fixed Operations	Better/Worse	57	62	64	57
Future Fixed Operations	Growing/Declining	61	65	66	62
Current BEV Sales	Better/Worse	40	42	35	45
Future BEV Sales	Growing/Declining	24	22	25	27
Dealer Credit	Easy/Difficult	57	59	63	55
BEV Leasing Last 3 Months	Growing/Declining	23 ↓	29	26	33



Significant decrease vs previous quarter



Significant increase vs previous quarter

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# COX AUTOMOTIVE

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