

COX AUTOMOTIVE

DEALER SENTIMENT INDEX

FIRST QUARTER 2026



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 Q1 2026 CADSI is based on 1,031 U.S. auto dealer respondents, comprising 532 franchised dealers and 499 independents. The survey was conducted from Jan. 28 to Feb. 10, 2026.
- The next quarterly report will be released in June 2026. The CADSI was first published in Q2 2017.

Key Takeaways: Q1 2026

The Q1 2026 Cox Automotive Dealer Sentiment Index (CADSI) posted a seasonal lift, fueled by a sharp rebound in expectations for the next three months. Current conditions remain weak by historical standards, but optimism for the spring selling season meaningfully improved the outlook.

“Our dealer sentiment index got its typical ‘spring bounce’ in Q1,” said Mark Strand, deputy chief economist at Cox Automotive. “While current market conditions are still challenging, the sharp improvement in outlook reflects growing hope for a stronger spring selling season. Dealers are looking for relief from interest rates, a good spring selling season, and a pickup in consumer confidence to help turn that optimism into sustained momentum.”

Current Market Sentiment

Current market sentiment rose to 41 in Q1, up from 38 in Q4 2025. Even with the gain, the index remains below 50, signaling most dealers still view current market conditions as weak rather than strong.

Market Outlook

Expectations improved sharply: the future market index jumped to 56 in Q1 from 42 in Q4 2025, indicating a majority of dealers expect market conditions to improve over the next three months.

Franchised dealers reported a current market index of 48, down 6 points from year-ago levels, but posted a notable improvement in future sentiment, rising 10 points to 59.

Traffic and Profitability

Customer traffic weakened further, with the overall traffic index falling to 28 from 31 in Q4 2025, the lowest reading since pandemic-era lows. With traffic under pressure, the profit index declined 4 points to 32, while the cost index remained elevated at 71.

Sales Environment

New-vehicle sales sentiment softened to 48, down from 49 in Q4 2025 and 54 a year ago. Used-vehicle sales sentiment improved modestly to 44, though it also remains below the positive threshold.

Inventory and Pricing Pressure

New-vehicle inventory eased slightly, with the index dipping 3 points to 56, suggesting inventories are still growing but at a slower pace. Used-vehicle inventory stayed tight but stable, ticking up to 45. Price pressure edged higher to 64, reflecting ongoing pressure to lower prices as inventory normalizes.

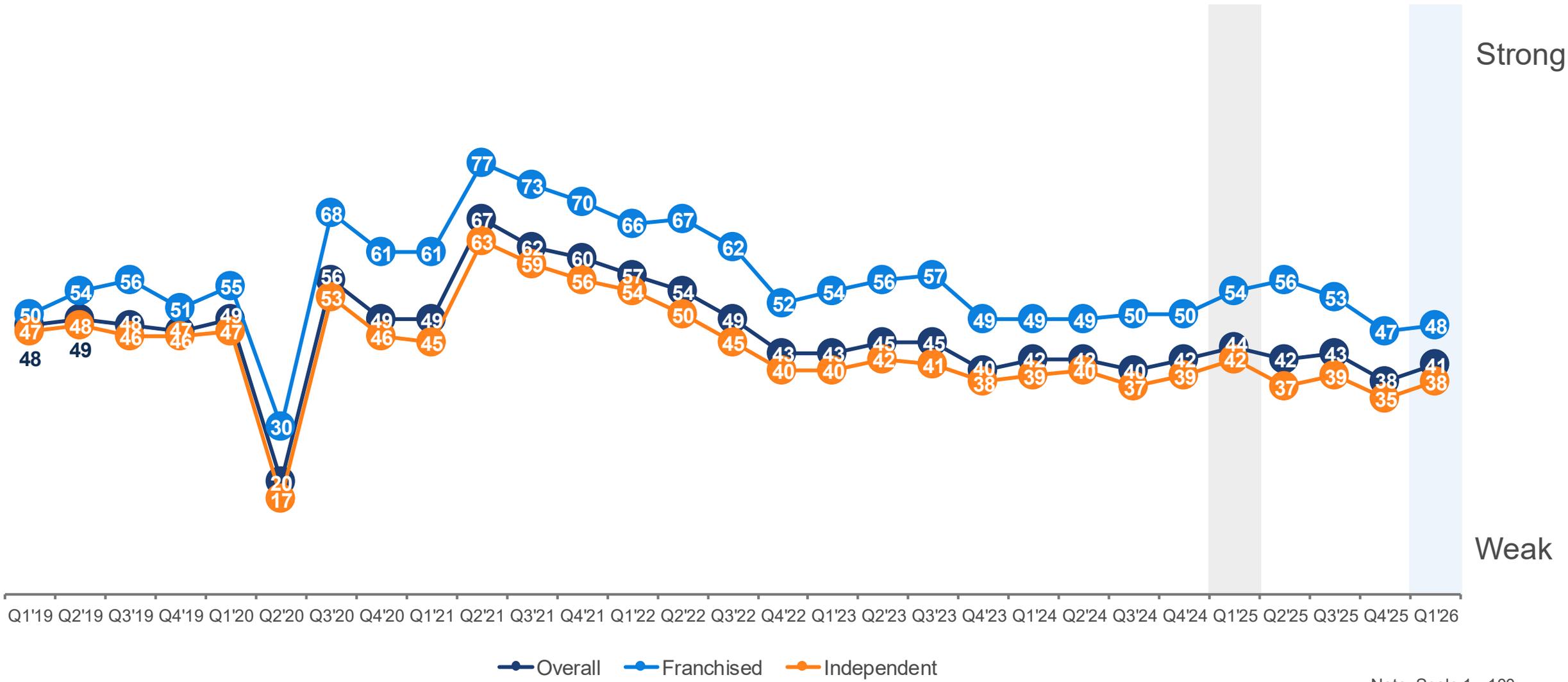
Electric Vehicle Outlook

EV sentiment deteriorated sharply: the EV sales index fell to 33 from 42 in Q4 2025 and 47 a year ago, the lowest reading since the measure was introduced in Q2 2021. The report also notes the decline aligns with weaker new EV sales after government-backed sales incentives were eliminated at the end of Q3 2025.

Factors Holding Back Business

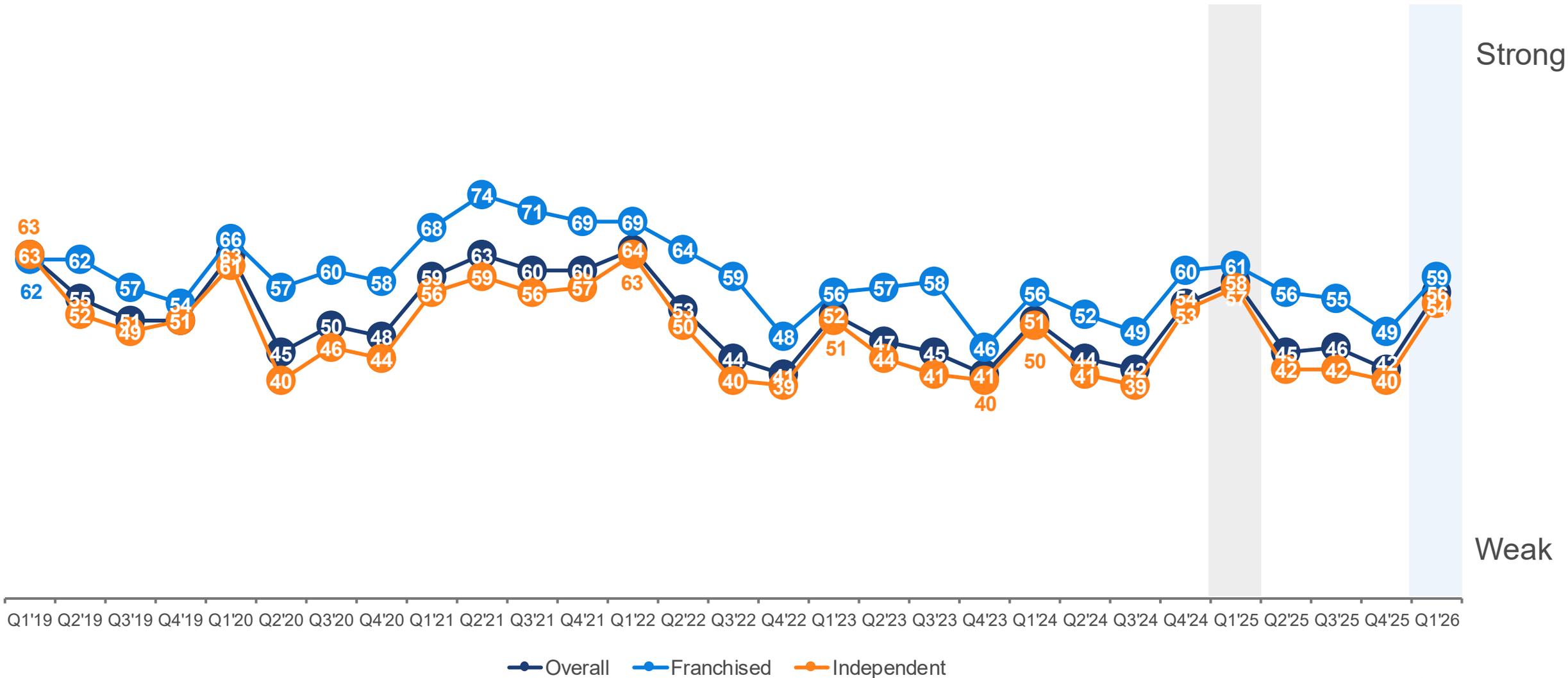
The economy remained the top factor holding back business, cited by 52% of dealers, up from 45% a year ago. Concern about interest rates declined to 34% from 52% a year earlier, while weather rose as a notable headwind, cited by 32% amid widespread winter storms during the survey period.

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



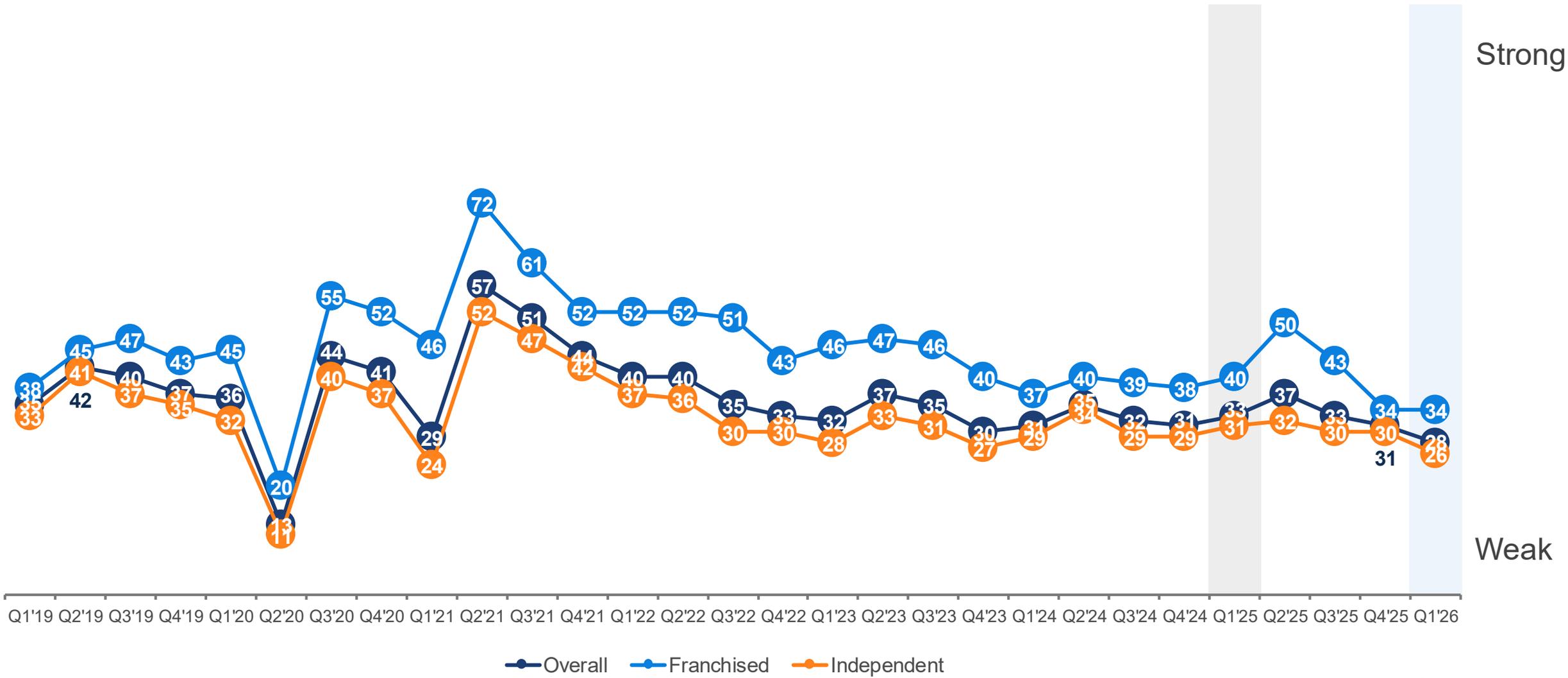
Note: Scale 1 - 100

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



Note: Scale 1 - 100

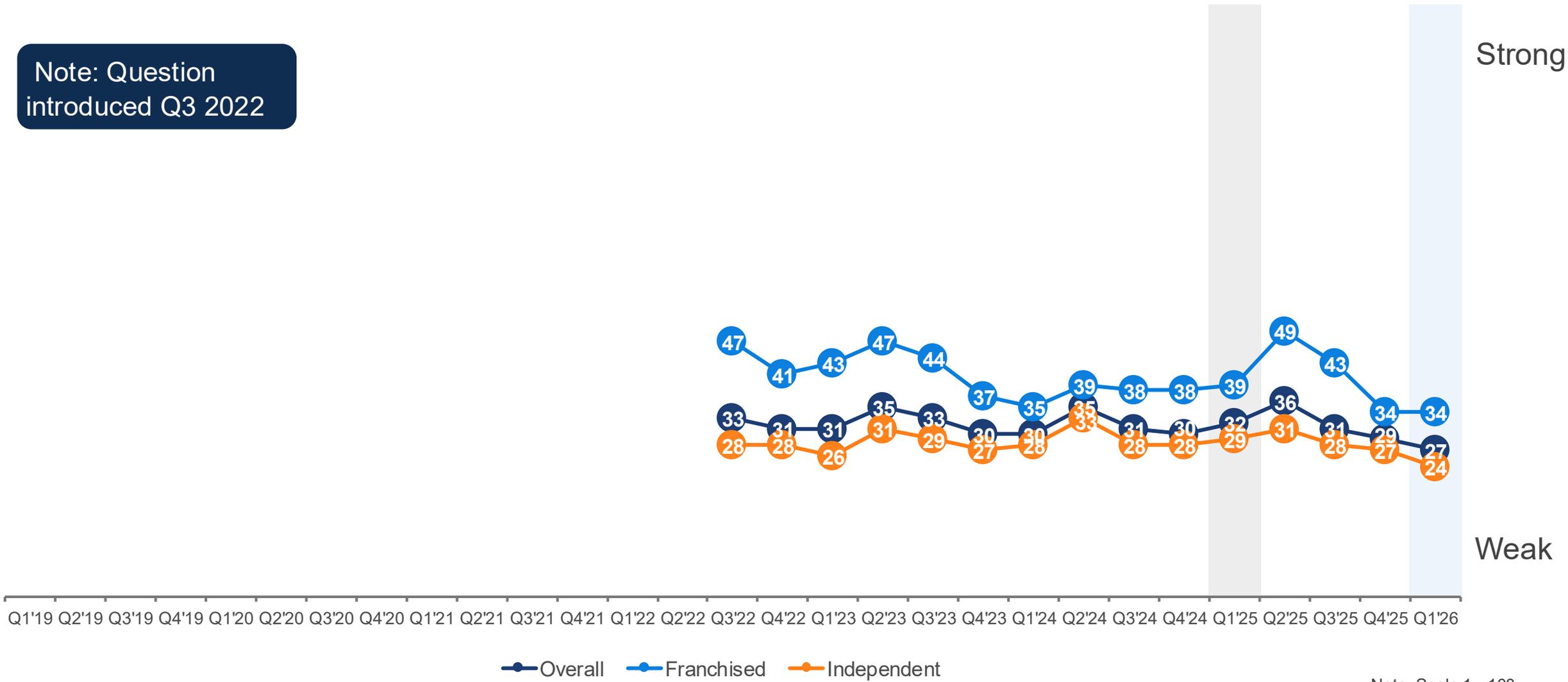
Q3: How do you rate the customer traffic to your dealership over the past 3 months?



Note: Scale 1 - 100

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

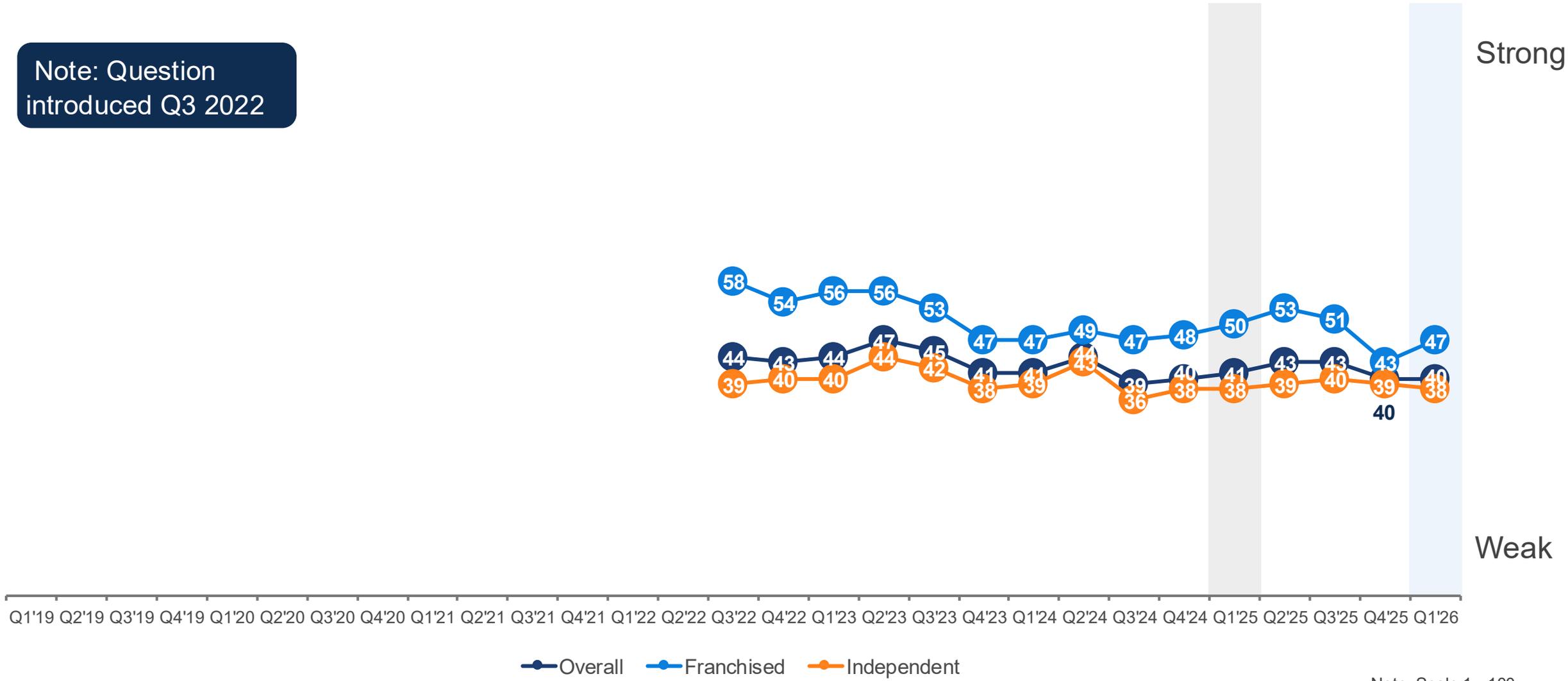
Note: Question introduced Q3 2022



Note: Scale 1 - 100

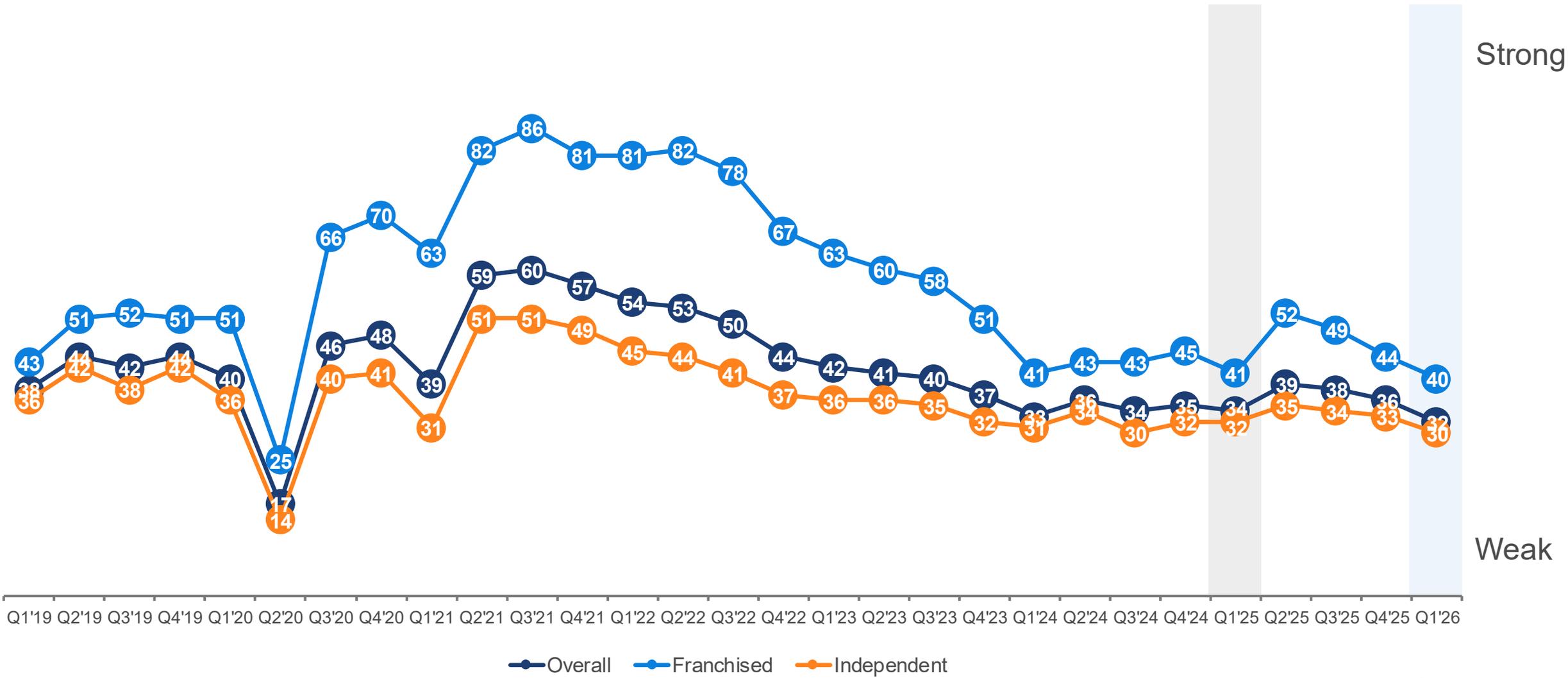
Q3B: How do you rate the digital/online customer traffic to your dealership over the past 3 months?

Note: Question introduced Q3 2022



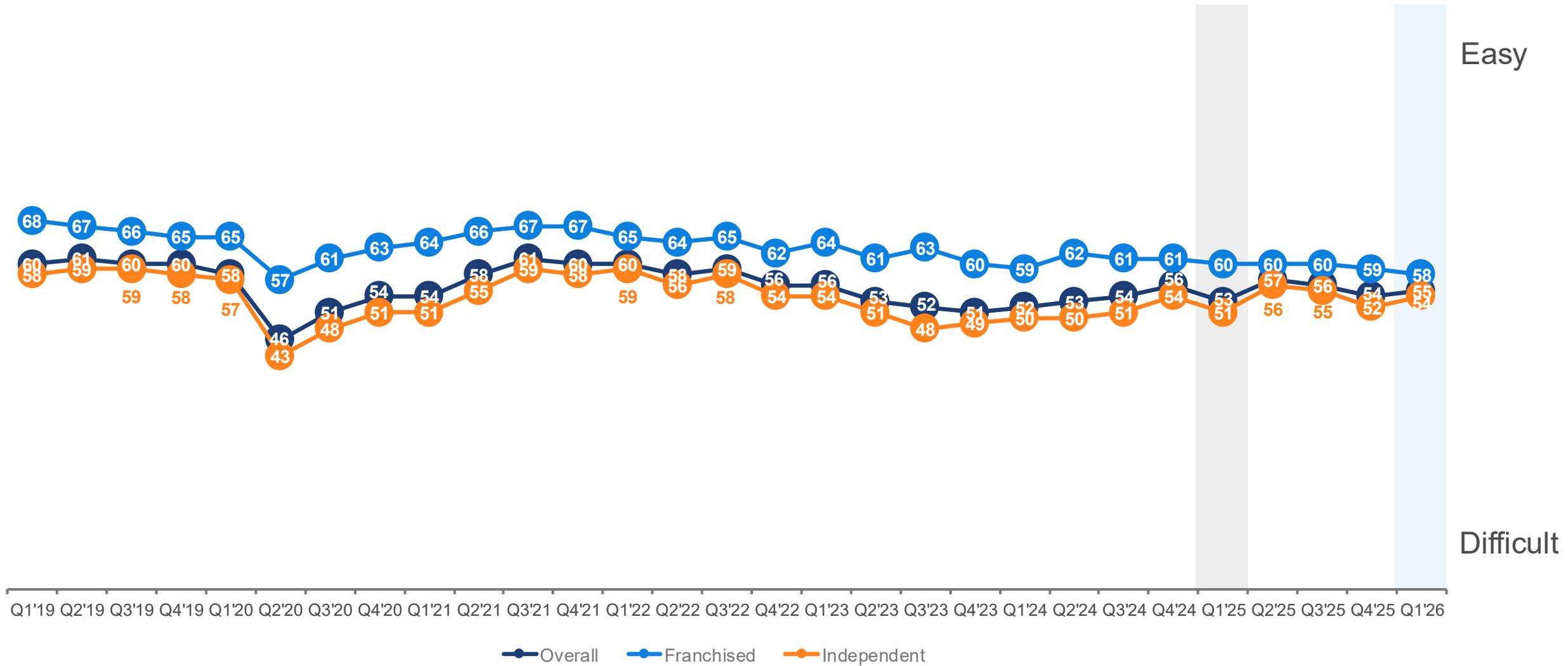
Note: Scale 1 - 100

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



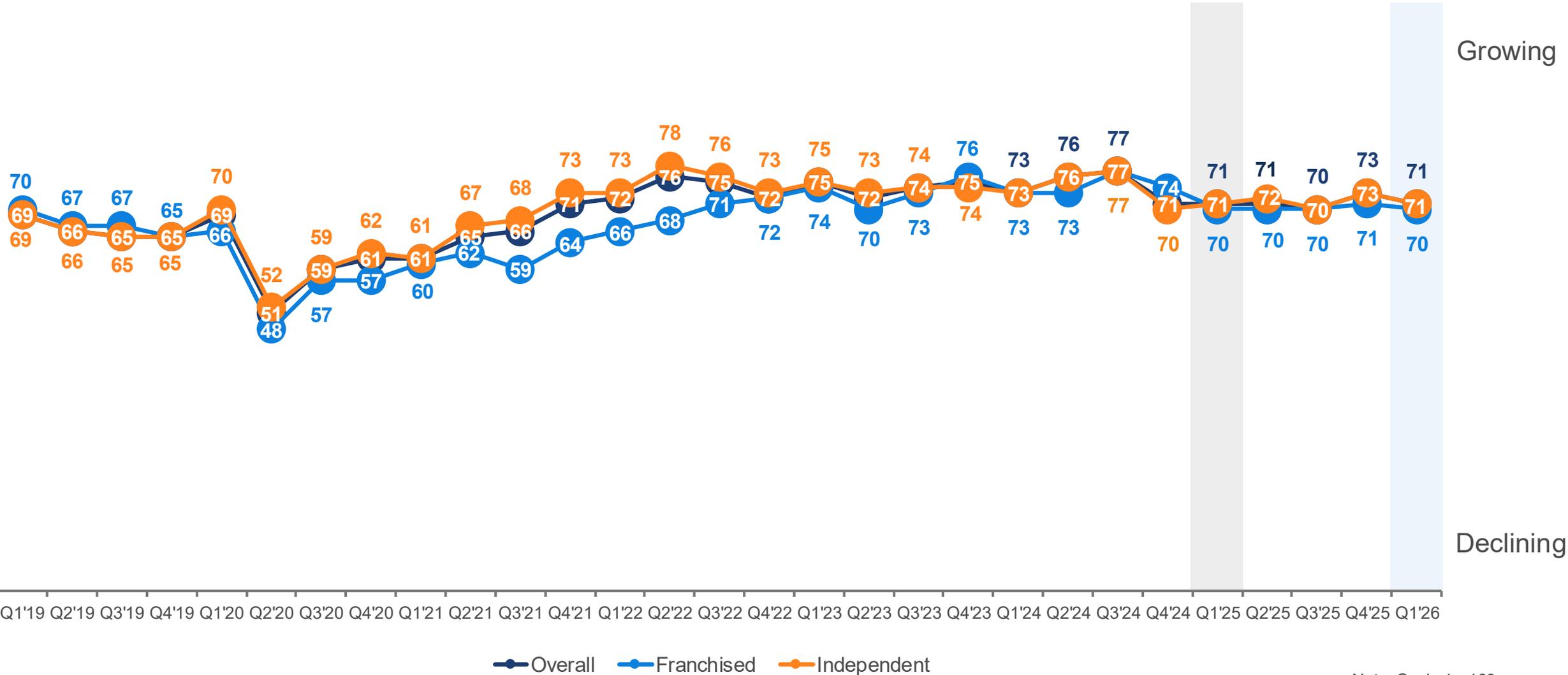
Note: Scale 1 - 100

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



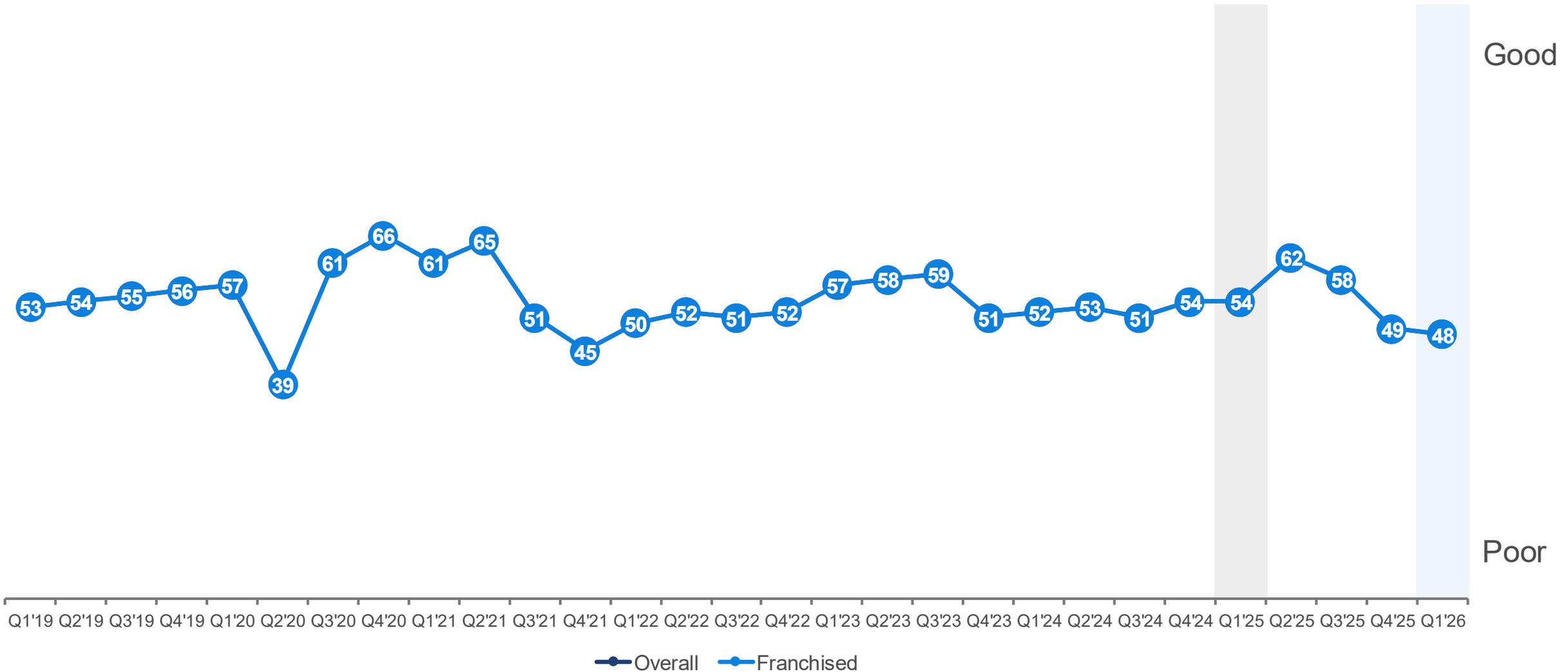
Note: Scale 1 - 100

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



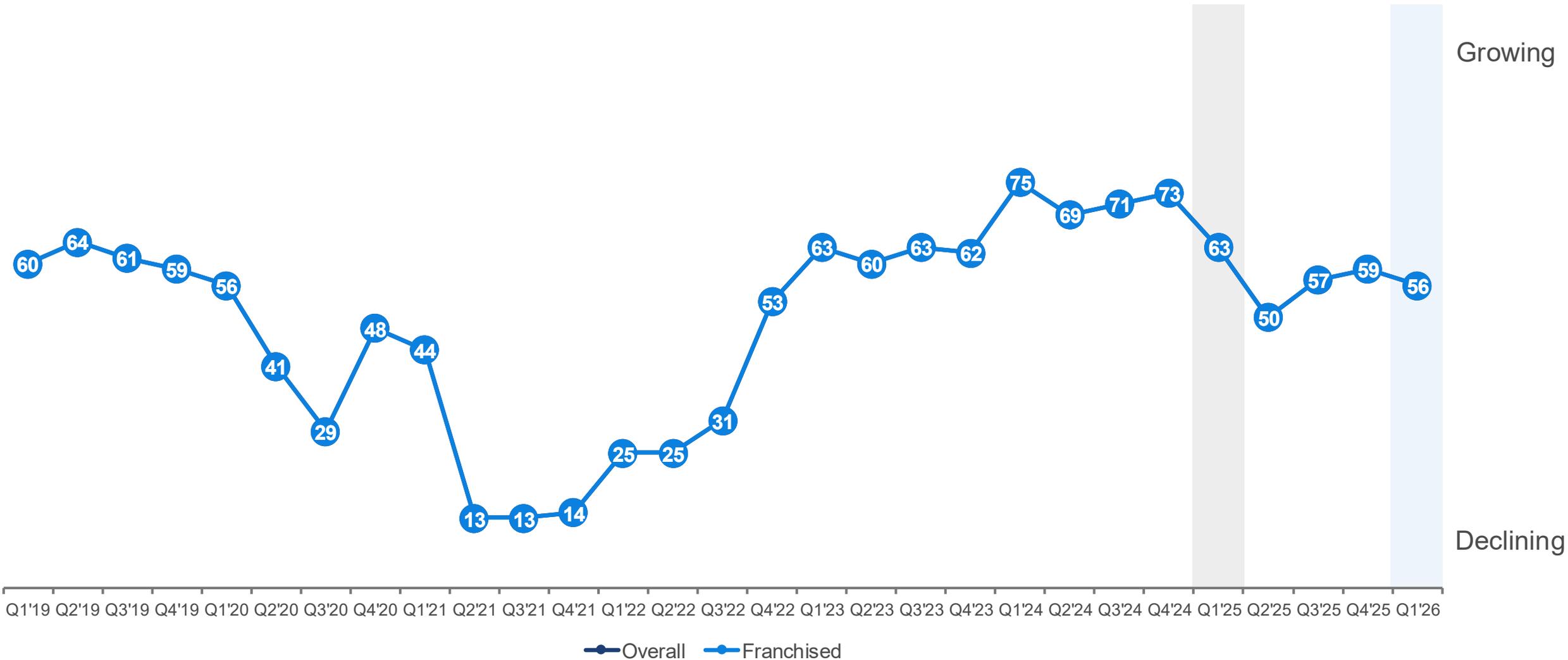
Note: Scale 1 - 100

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



Note: Scale 1 - 100

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

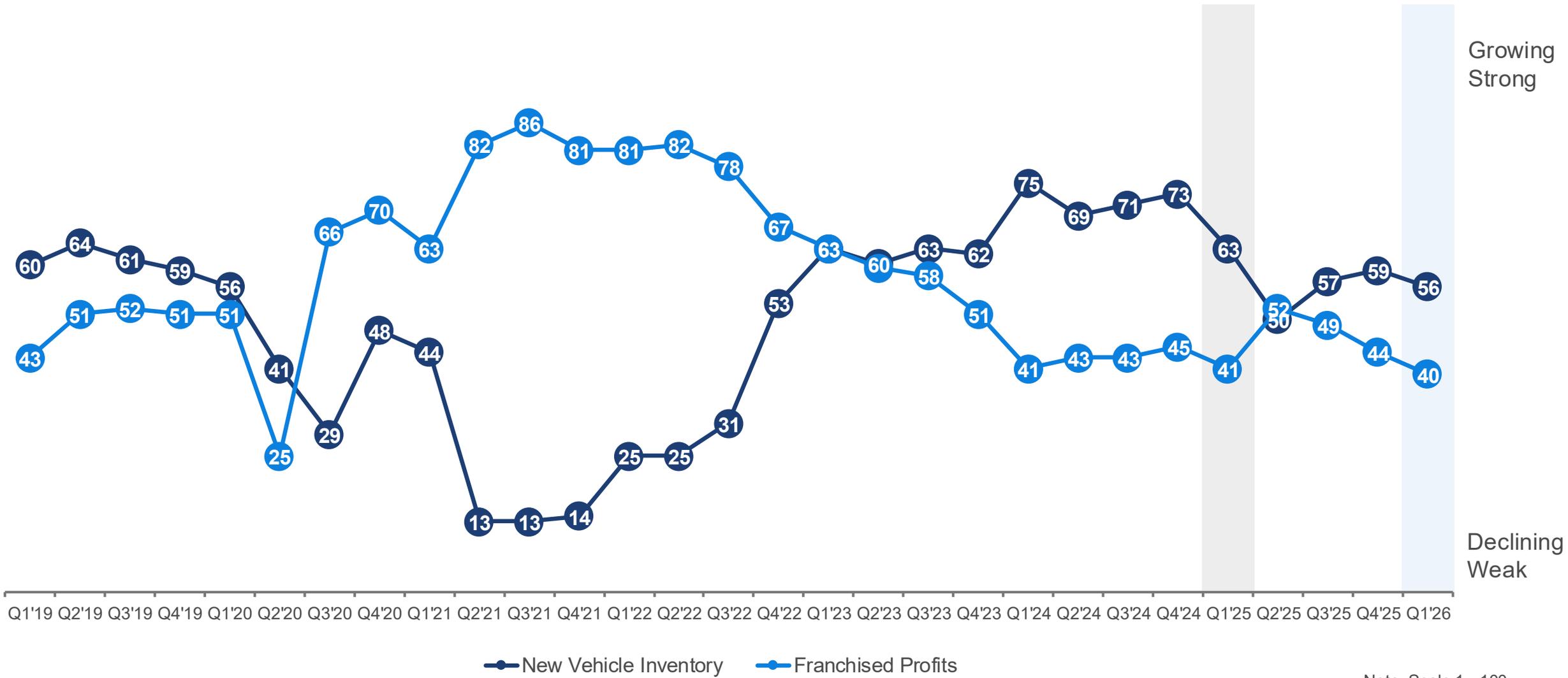


Note: Scale 1 - 100

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?

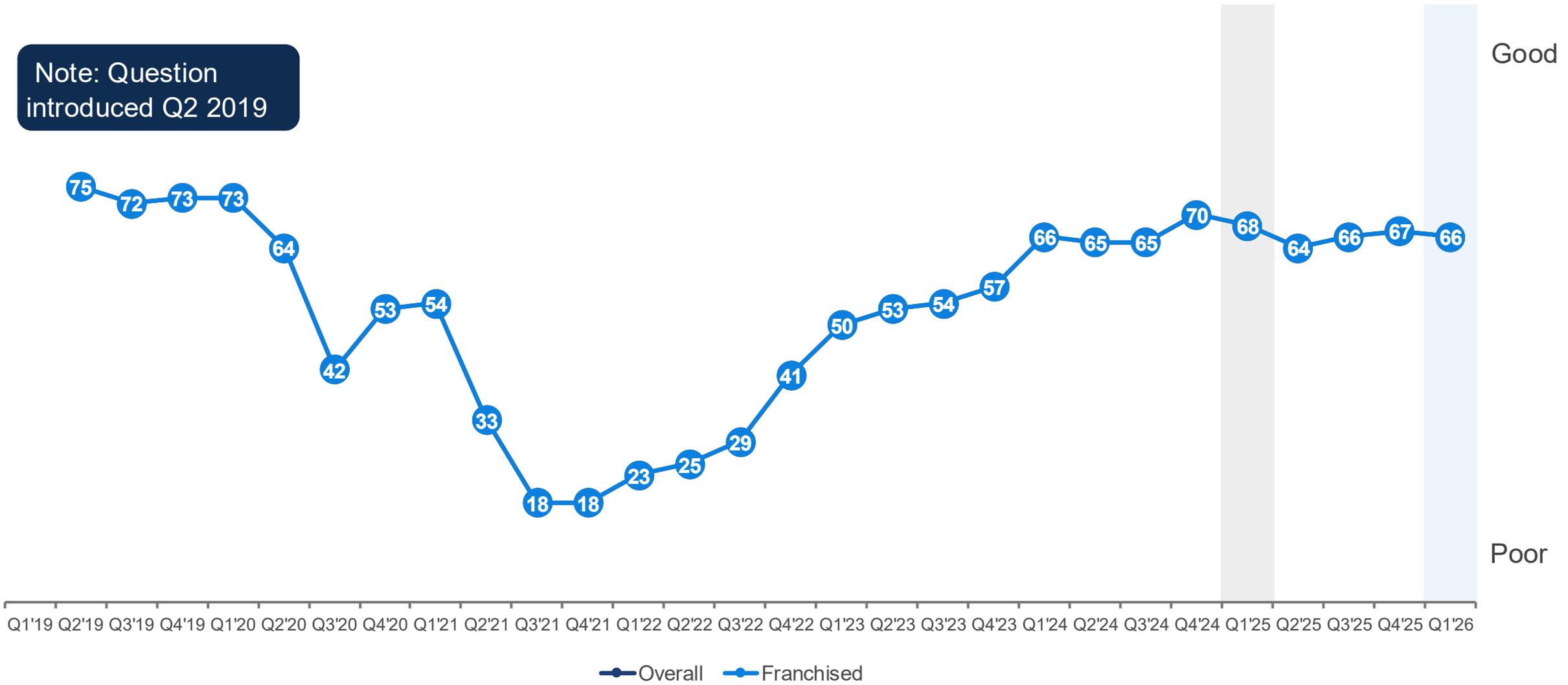
Dealer Sentiment Index FIRST QUARTER 2026



Note: Scale 1 - 100

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

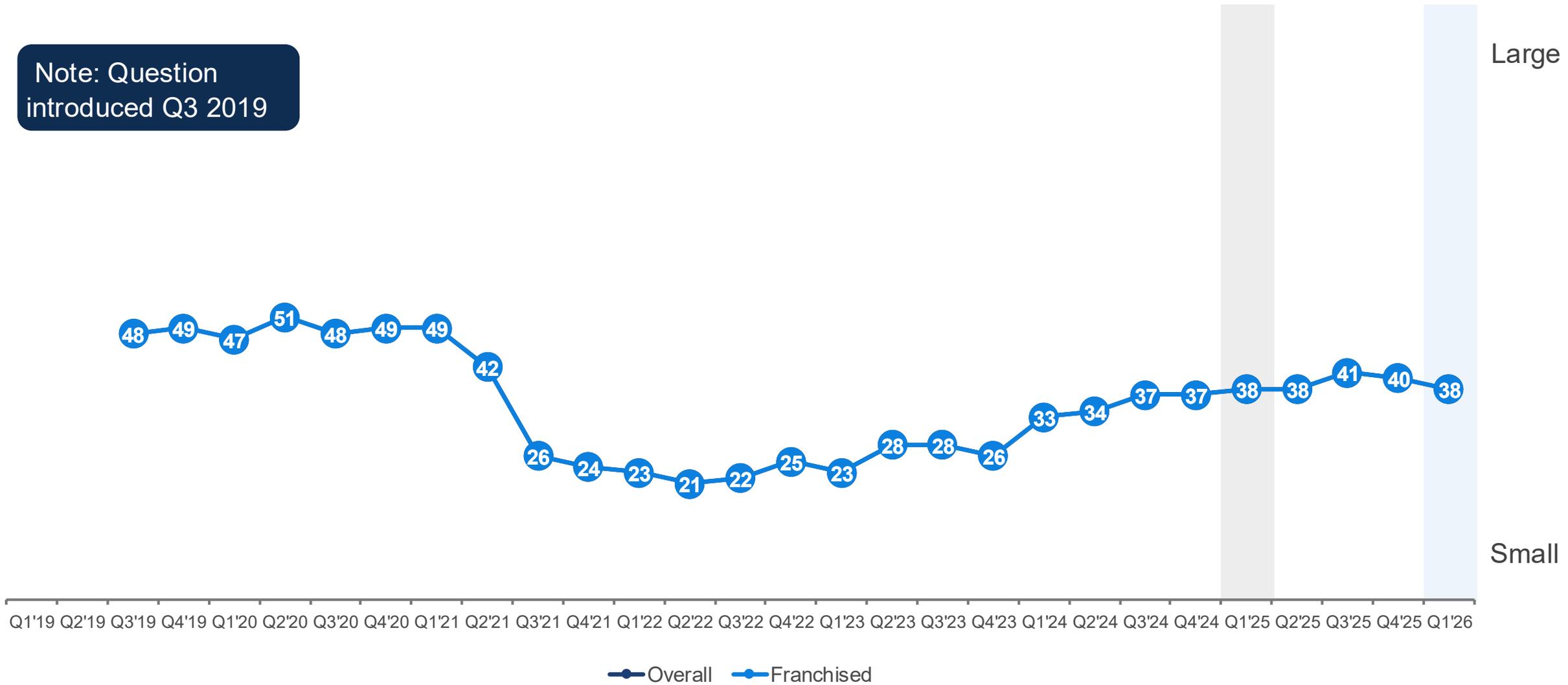
Note: Question introduced Q2 2019



Note: Scale 1 - 100

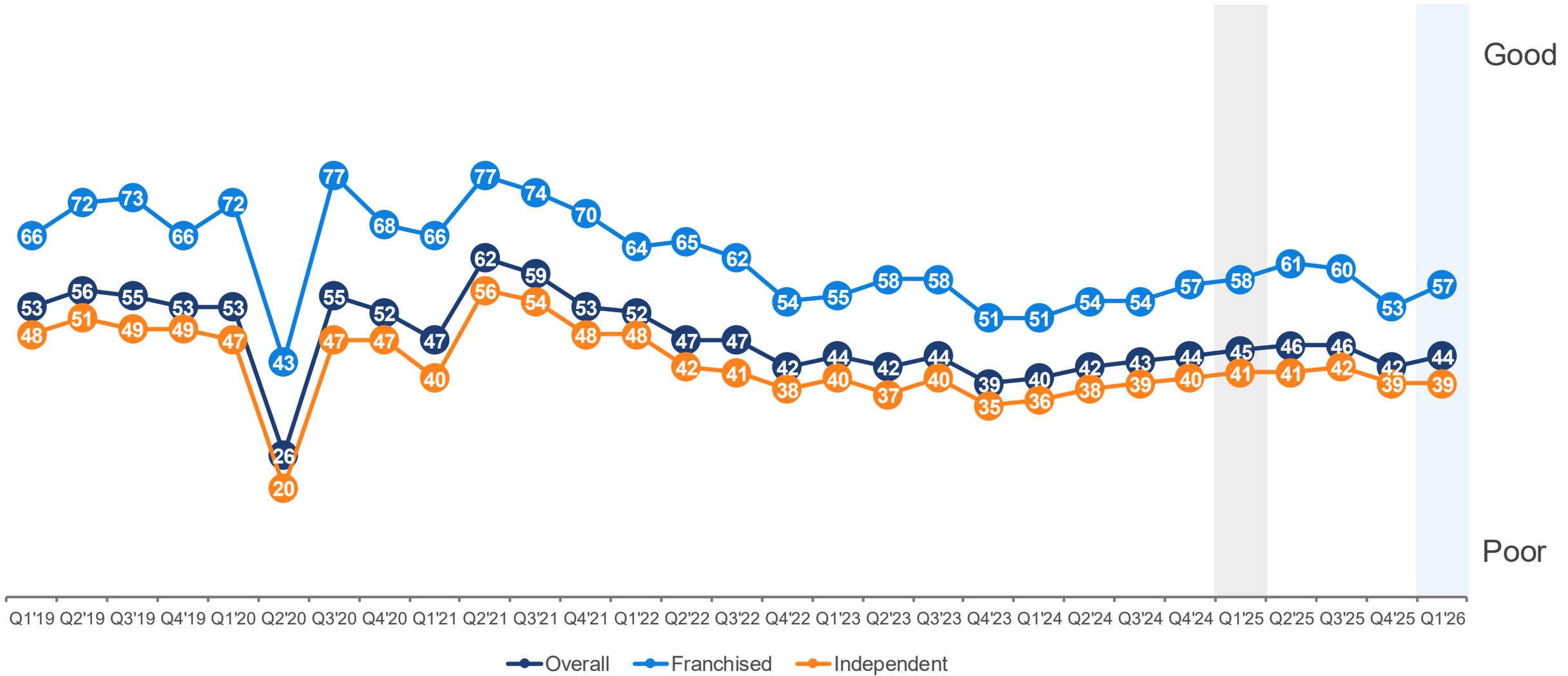
Q10: How would you describe the current level of OEM new-vehicle incentives?

Note: Question introduced Q3 2019



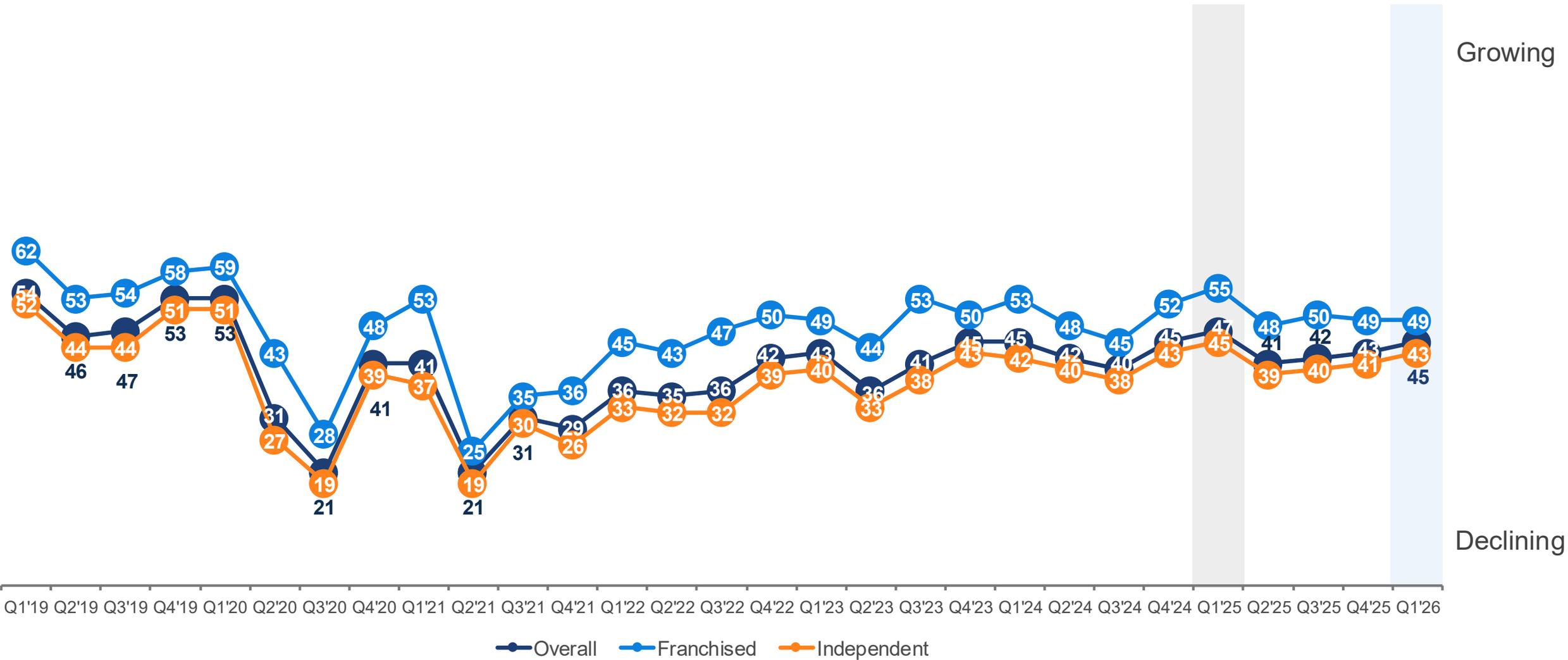
Note: Scale 1 - 100

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



Note: Scale 1 - 100

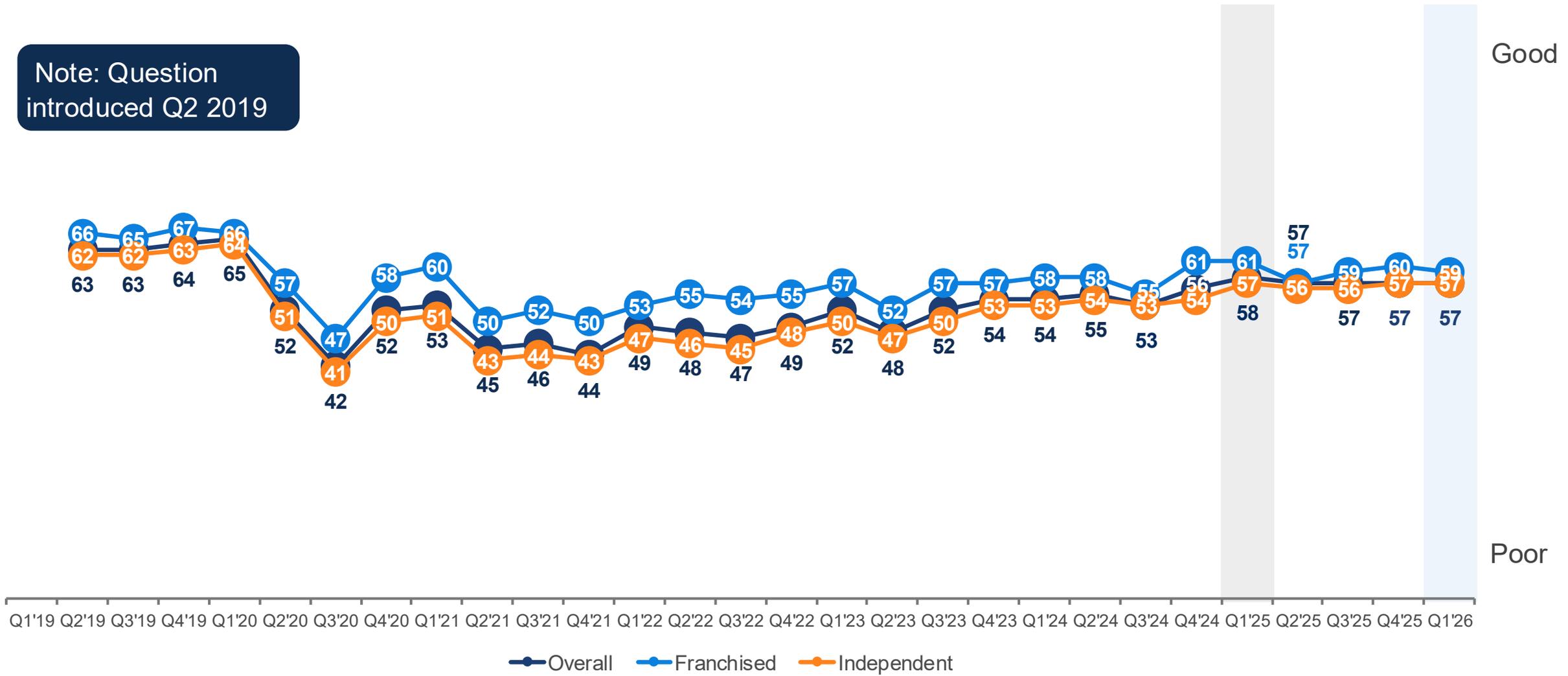
Q12: How would you describe the current used-vehicle inventory levels?



Note: Scale 1 - 100

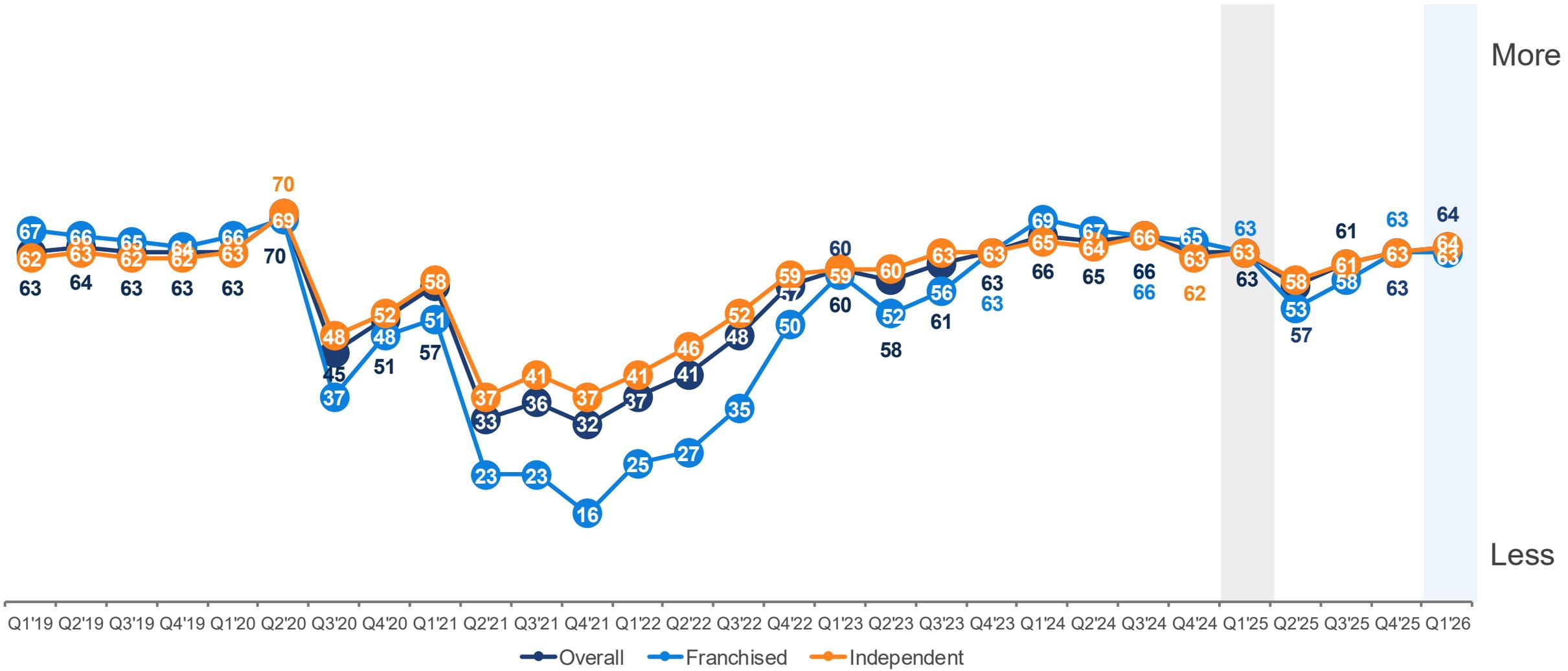
Q13: How would you describe the current used-vehicle inventory mix?

Note: Question introduced Q2 2019



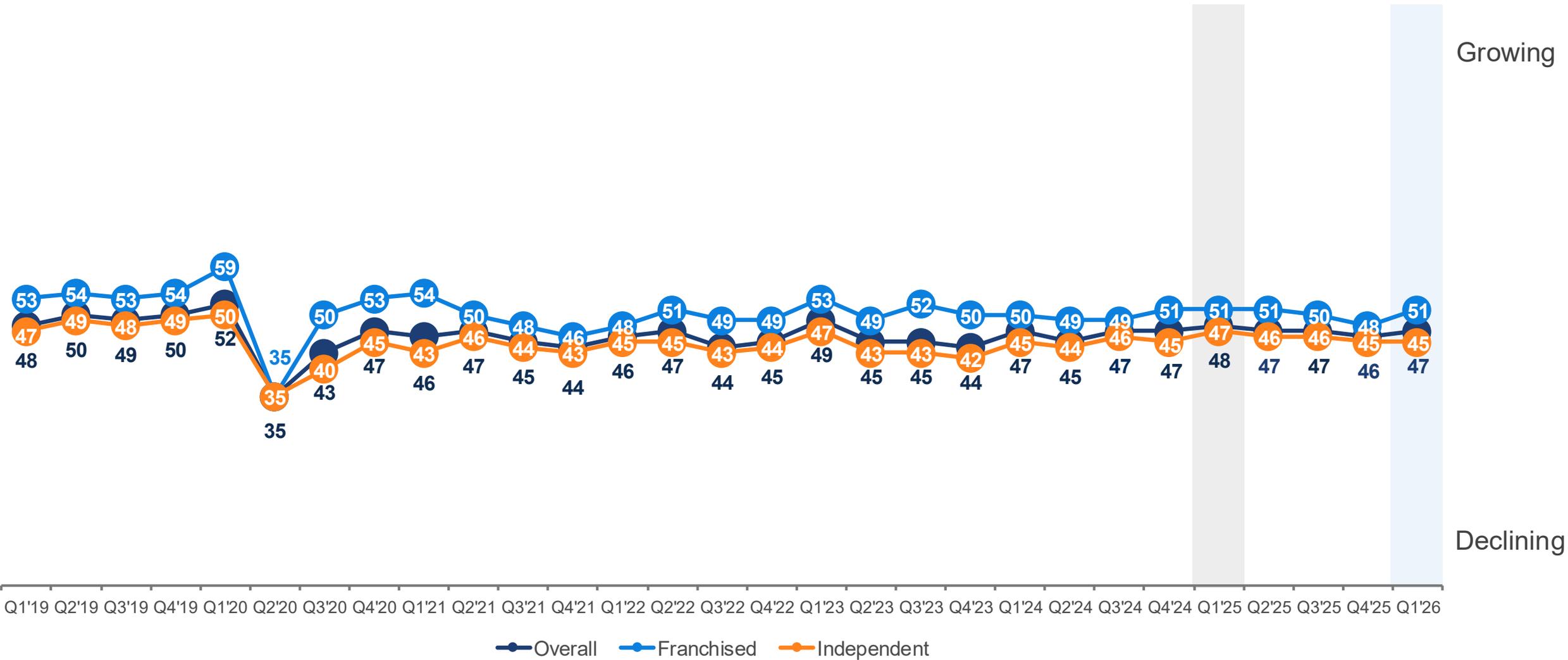
Note: Scale 1 - 100

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



Note: Scale 1 - 100

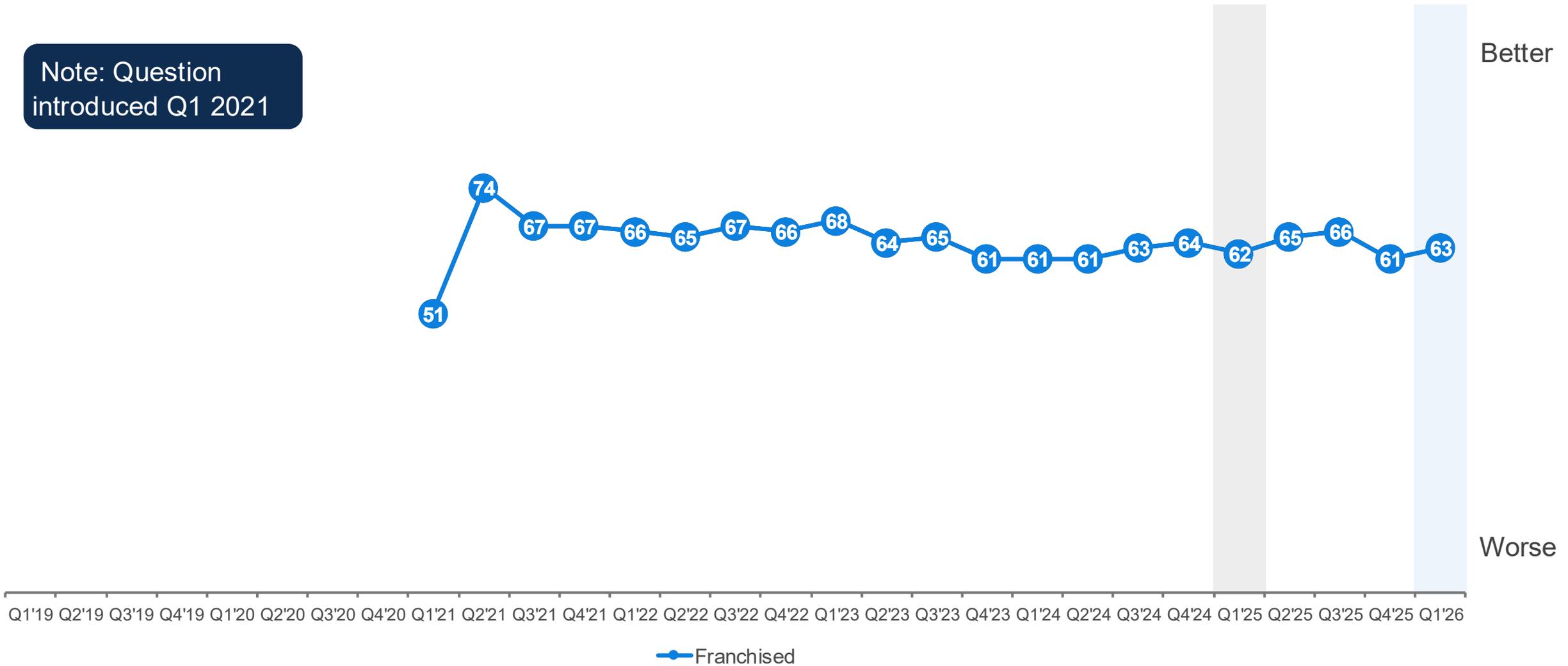
Q15: How would you describe your dealership's current staffing levels?



Note: Scale 1 - 100

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

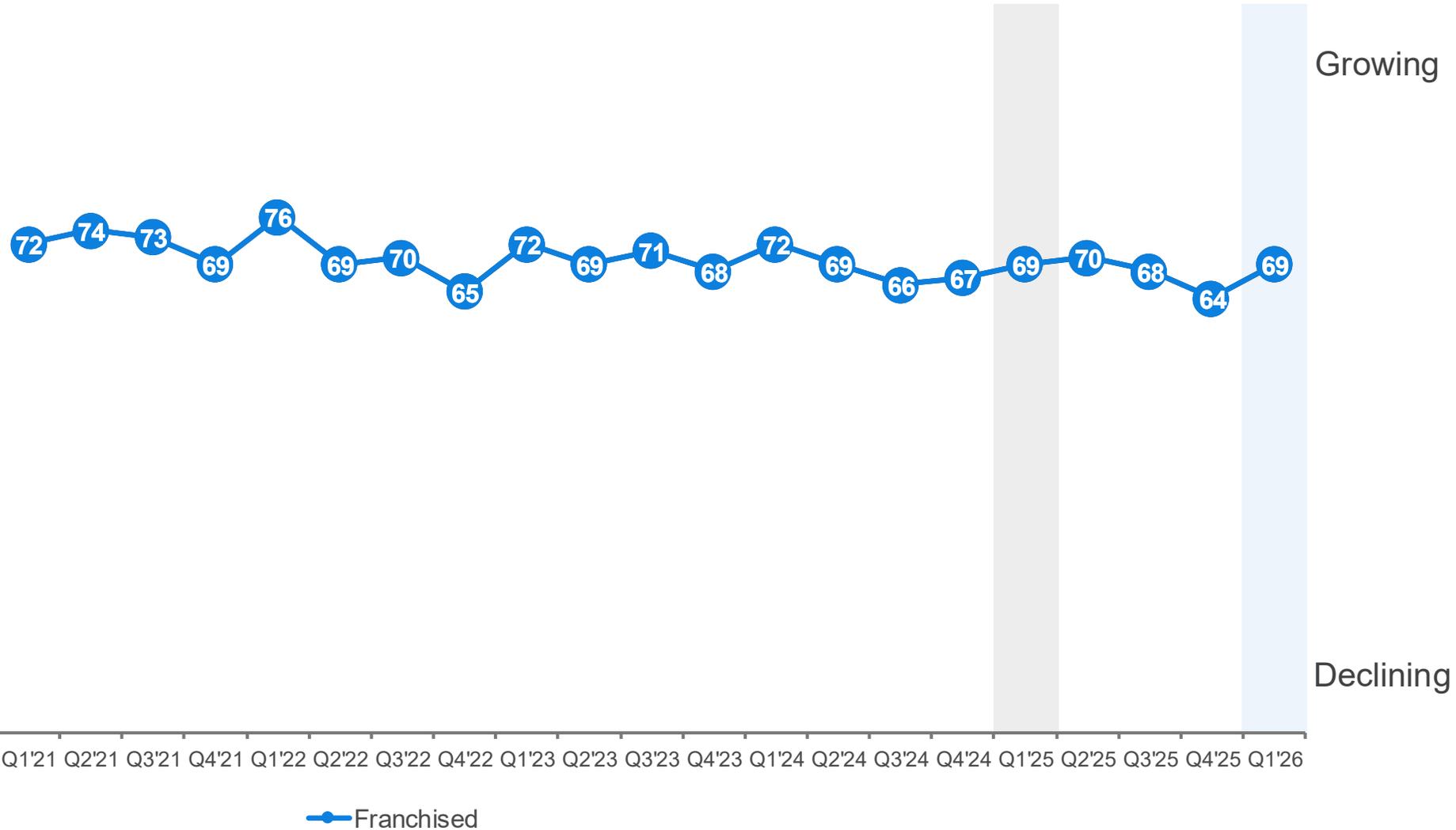
Note: Question introduced Q1 2021



Note: Scale 1 - 100

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

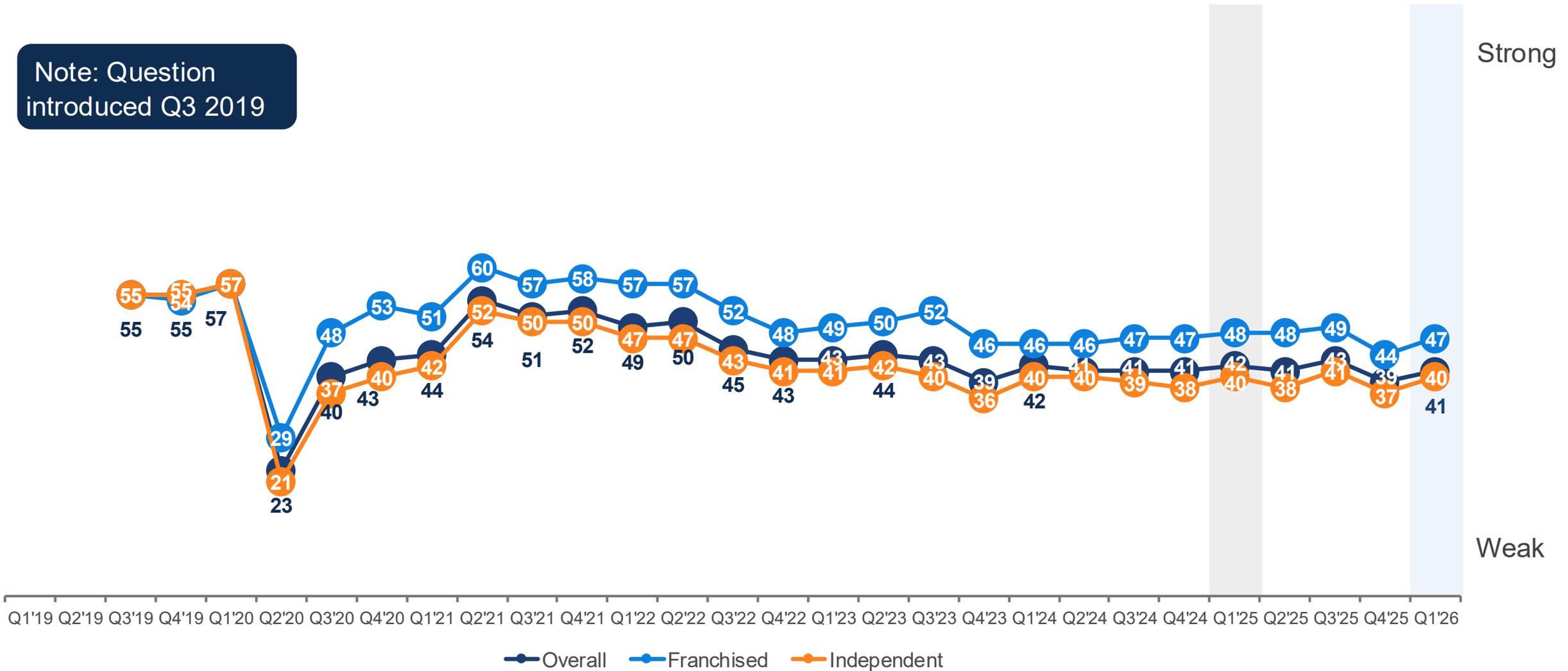
Note: Question introduced Q1 2021



Note: Scale 1 - 100

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

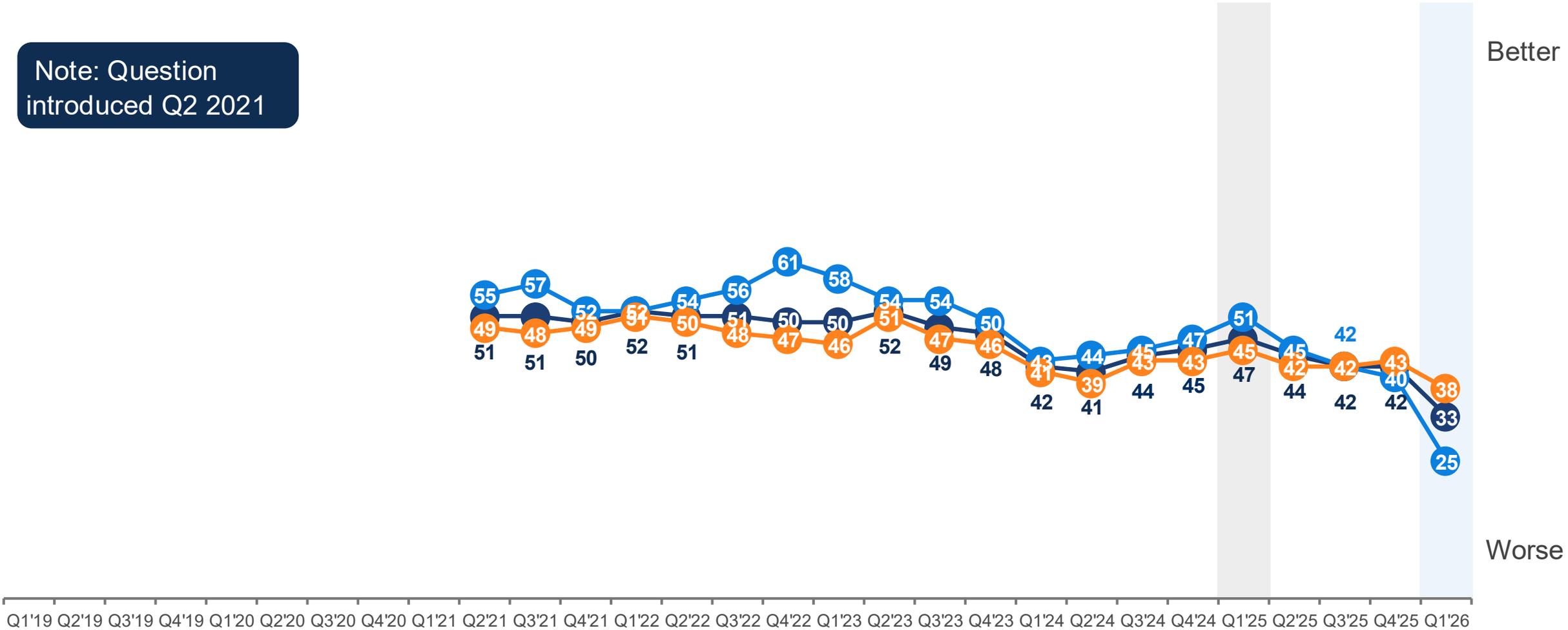
Note: Question introduced Q3 2019



Note: Scale 1 - 100

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

Note: Question introduced Q2 2021



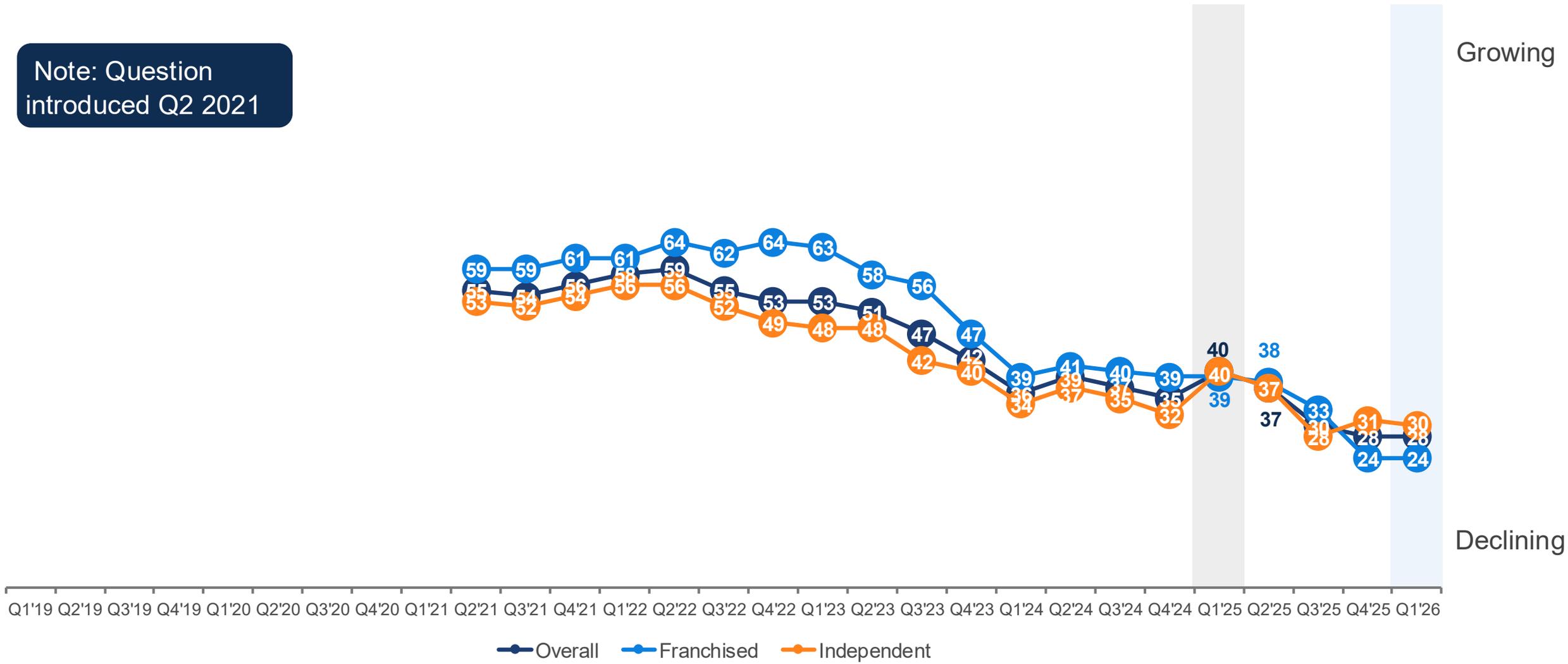
(EV) Electric Vehicle

● 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

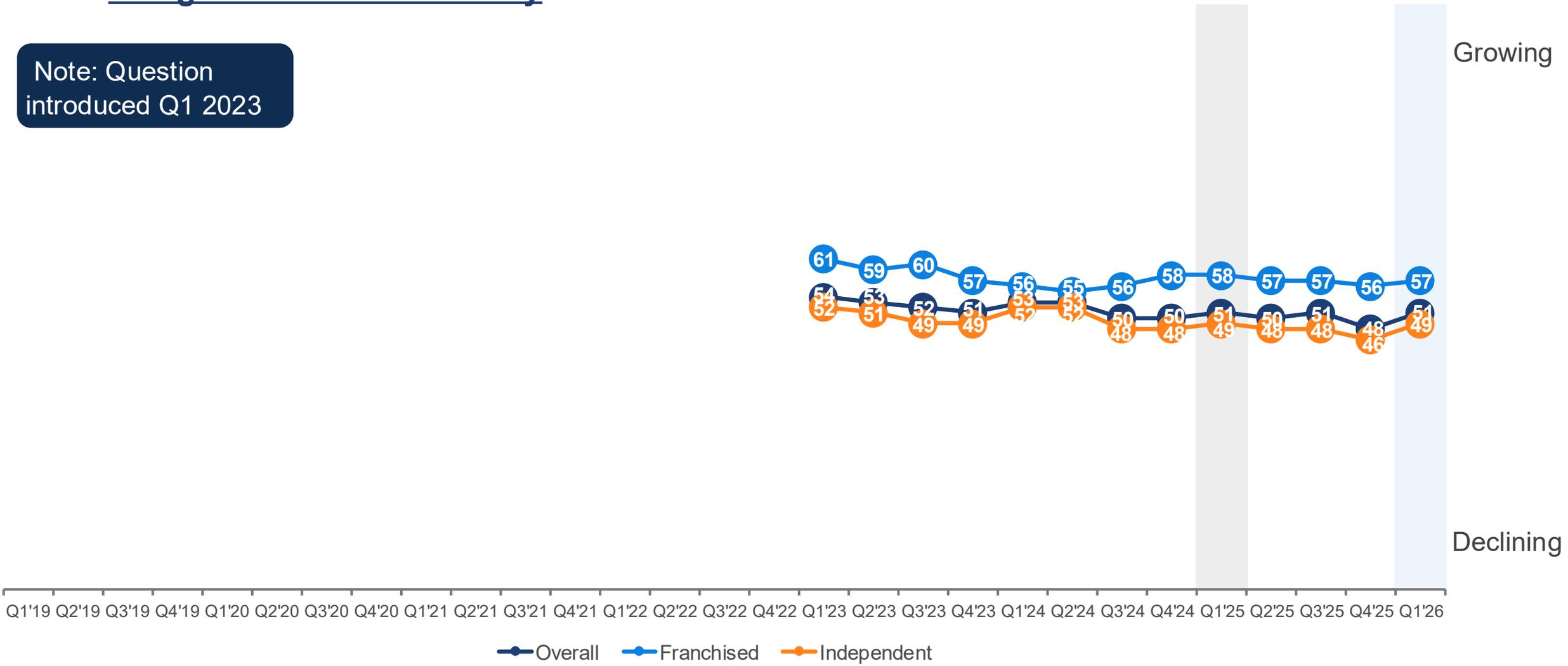


Note: Scale 1 - 100

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?

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Note: Question introduced Q1 2023



Note: Scale 1 - 100

Factors Holding Back Business

OVERALL RANK

		Q1 '26	Q4 '25	Q1 '25	Q1 '24
1	Economy	52%	51%	45%	55%
2	Market Conditions	37%	41%	36%	40%
3	Interest Rates	34% ↓	43%	52%	62%
4	Expenses	34%	30%	29%	32%
5	Weather	32% ↑	7%	18%	14%
6	Political Climate	31%	34%	21%	33%
7	Consumer Confidence	30%	34%	26%	31%
8	Credit Availability for Consumers	24%	26%	26%	31%
9	Limited Inventory	23%	26%	26%	31%
10	Cost of Vehicle Insurance for Consumers	21%	20%	22%	N/A



Significant decrease vs previous quarter



Significant increase vs previous quarter

Factors Holding Back Business

FRANCHISED DEALERS

		Q1 '26	Q4 '25	Q1 '25	Q1 '24
1	Economy	49%	53%	43%	51%
2	Interest Rates	40%	48%	60%	70%
3	Political Climate	36%	40%	26%	34%
4	Market Conditions	34%	41%	30%	38%
5	Weather	34% ↑	7%	20%	20%
6	Consumer Confidence	31%	35%	27%	32%
7	Lack of Consumer Incentives From My OEM	26%	21%	24%	30%
8	Expenses	23%	26%	22%	23%
9	Tariffs on Imported Vehicles and Parts	21% ↓	31%	9%	1%
10	Competition	17%	14%	16%	13%



Significant decrease vs previous quarter



Significant increase vs previous quarter

Factors Holding Back Business

INDEPENDENTS

		Q1 '26	Q4 '25	Q1 '25	Q1 '24
1	Economy	53%	50%	46%	56%
2	Market Conditions	38%	41%	38%	41%
3	Expenses	38% ↑	31%	31%	35%
4	Interest Rates	32% ↓	41%	49%	60%
5	Weather	31% ↑	7%	17%	12%
6	Consumer Confidence	30%	34%	26%	30%
7	Political Climate	30%	32%	20%	33%
8	Credit Availability for Consumers	28%	30%	28%	34%
9	Limited Inventory	25% ↓	30%	29%	34%
10	Cost of Vehicle Insurance for Consumers	24%	22%	25%	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	73	69	74 A
2	Interest Rates	65	65	65 ↑
3	Fixed Operations	60	60	61
4	Vehicle Sales	59	63	58
5	Staffing Levels	50	53	50

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	45	45	52	51
Market Next 3 Months	Strong/Weak	55	61 ↑	59	61 ↑
Overall Customer Traffic	Strong/Weak	29	32	39	35
In-Person Customer Traffic	Strong/Weak	28	34	37	37
Digital/Online Customer Traffic	Strong/Weak	43	48	50	44
Profits	Strong/Weak	35	43	43	37
Costs	Growing/Declining	67	72	68	75
New Vehicle Sales	Good/Poor	42	46	53	51
New Vehicle Inventory	Growing/Declining	55	50	60	61
New Vehicle Inventory Mix	Good/Poor	69	60	65	72

↓ 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	66	61	63
Staffing	Growing/Declining	48	53	51	51
OEM incentives	Large/Small	37	35	42	36
Economy	Strong/Weak	44	45	50	48
Current Fixed Operations	Better/Worse	58	64	66	63
Future Fixed Operations	Growing/Declining	65	71	68	71
Current BEV Sales	Better/Worse	23 ↓	25 ↓	26	29
Future BEV Sales	Growing/Declining	24	23	22	29
Dealer Credit	Easy/Difficult	57	58	59	60
BEV Leasing Last 3 Months	Growing/Declining	24	20	21	26

↓ Significant decrease vs previous quarter

↑ Significant increase vs previous quarter

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