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Q1 2026 Cox Automotive Dealer Sentiment Index: Spring Optimism Returns as Dealers Look Ahead Despite Ongoing Market Challenges

- Dealer outlook improved sharply in Q1, reflecting a typical seasonal lift and cautious optimism for the spring selling season.
- Customer traffic declined further, and profitability weakened as rising costs and margin pressure persisted.
- Dealer confidence in EV sales deteriorated further following the expiration of key incentives, with franchised dealers reporting the sharpest pullback.

ATLANTA, March 3, 2026 – The Q1 2026 Cox Automotive Dealer Sentiment Index (CADSI) shows a seasonal rebound in dealer optimism, driven by improved expectations for the spring selling season. While current market conditions remain below historical norms, sentiment for the months ahead improved sharply as dealers anticipate stronger demand, easing interest rates and improving consumer confidence.

“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.”

Key Findings from Q1 2026 CADSI

- **Market Sentiment Improves but Remains Weak:** Current market sentiment improved quarter over quarter to 41 (from 38) but remains below the positive threshold of 50. Franchised dealers reported a current market index of 48, signaling continued caution among the typically more optimistic group.
- **Future Outlook Rebounds Sharply:** Expectations for the next three months rose solidly to 56 from 42 in Q4, reflecting a typical seasonal lift and cautious optimism for the spring selling season.
- **Traffic and Profitability Remain Under Pressure:** Customer traffic and profitability weakened further as rising costs and affordability challenges continued to weigh on dealer performance. Overall traffic fell to 28, the lowest reading since the pandemic-era lows of Q2 2020 (13) and Q1 2021 (28). The profit index fell 4 points in Q1 to 32, remaining well below historical norms.
- **Sales Environment Mixed:** New-vehicle sales sentiment softened to 48, while used-vehicle sales showed modest improvement led by franchised dealers. The new-vehicle sales index has remained below 50 for two consecutive quarters, the first time this has occurred since the survey began in 2017.
- **Inventory Stabilizes; Price Pressure Persists:** New-vehicle inventory growth slowed to 56 and used-vehicle inventory remained tight at 45, keeping pressure on pricing.
- **EV Sentiment Declines Further:** Dealer sentiment toward electric vehicle sales fell to a record low of 33 following the expiration of key incentives, the lowest reading since the index was introduced in Q2 2021. Franchised dealers saw the steepest decline, falling to 25, down



from 51 a year ago. Looking ahead, overall expectations for EV sales remain subdued at 28, with franchised dealers only slightly higher at 30.

Despite ongoing headwinds, dealers are entering the spring selling season with cautious optimism. Improved outlook scores suggest many expect conditions to stabilize and improve in the months ahead, even as economic uncertainty and affordability challenges persist.

Cox Automotive Dealer Sentiment Index Methodology

The Cox Automotive Dealer Sentiment Index (CADSI) is derived from a quarterly survey of a representative sample of franchised and independent auto dealers across the United States. The Q1 2026 CADSI is based on responses from 1,031 dealers, including 532 franchised and 499 independent dealers.

The survey was conducted from Jan. 28 to Feb. 10, 2026. Responses are weighted by dealership type and sales volume. Index scores assign values of 100 for strong/increasing, 50 for average/stable, and 0 for weak/decreasing. The margin of error is $\pm 3.05\%$.

Read the [full commentary](#) and download the [results](#).

About Cox Automotive

Cox Automotive is the world's largest automotive services and technology provider. Fueled by the largest breadth of first-party data fed by 2.3 billion online interactions a year, Cox Automotive tailors leading solutions for car shoppers, auto manufacturers, dealers, lenders and fleets. The company has 29,000+ employees on five continents and a portfolio of industry-leading brands that include Autotrader[®], Kelley Blue Book[®], Manheim[®], vAuto[®], Dealertrack[®], NextGear Capital[™], CentralDispatch[®] and Cox Fleet[®]. Cox Automotive is a subsidiary of Cox Enterprises Inc., a privately owned, Atlanta-based company with \$23 billion in annual revenue. Cox Automotive has been included on Glassdoor's [Best Companies in Tech & AI 2026](#) and [Best Place to Work in 2026](#) lists. Visit coxautoinc.com or connect via [@CoxAutomotive](#) on X, [CoxAutoInc](#) on Facebook or [Cox-Automotive-Inc](#) on LinkedIn.

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