

COX AUTOMOTIVE

# DEALER SENTIMENT INDEX

SECOND QUARTER 2026



# 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 Q2 2026 CADSI is based on 958 U.S. auto dealer respondents, comprising 502 franchised dealers and 456 independents. The survey was conducted from April 21 to May 4, 2026.
- The next quarterly report will be released in September 2026. The CADSI was first published in Q2 2017.

## Key Takeaways: Q2 2026

The Q2 2026 Cox Automotive Dealer Sentiment Index (CADSI) posted a modest gain for the second consecutive quarter, driven by improved views of current market conditions following a healthy spring selling season. However, expectations for the months ahead declined sharply, reflecting mounting concern about the economic outlook.

“Seasonal trends played out as expected in Q2, with stronger sales in March and April lifting dealer sentiment,” said Mark Strand, deputy chief economist at Cox Automotive. “But rising inflation, higher fuel costs and geopolitical uncertainty are weighing on confidence, leaving dealers more cautious about the future.”

**Current Market Sentiment:** Current market sentiment rose to 43 in Q2. Despite the gain, the index remains below 50, indicating most dealers view conditions as weak. Franchised dealers reported a current market index of 53, up from 48 in Q1, signaling generally positive conditions, though below year-ago levels. Independent dealers improved as well but remained weaker overall at 40.

**Market Outlook:** Expectations weakened notably in Q2. The future market index fell to 47 from 56 in Q1, dropping below 50 and signaling that more dealers expect conditions to soften.

While some pullback is typical in Q2, the magnitude of the decline reflects rising concern about consumer demand, inflation and broader economic conditions. Franchised dealers remained more optimistic at 57, while independent dealers saw a decline.

**Sales Environment:** While shopping traffic improved in the latest survey, dealer views of the sales environment were mixed. New-vehicle sales sentiment improved to 53 from 48 in Q1 while used-vehicle sales sentiment held at 44, remaining below the threshold for positive conditions. A widening divide persists between dealer types, with franchised dealers reporting strong used-vehicle conditions and independent dealers continuing to report weakness.

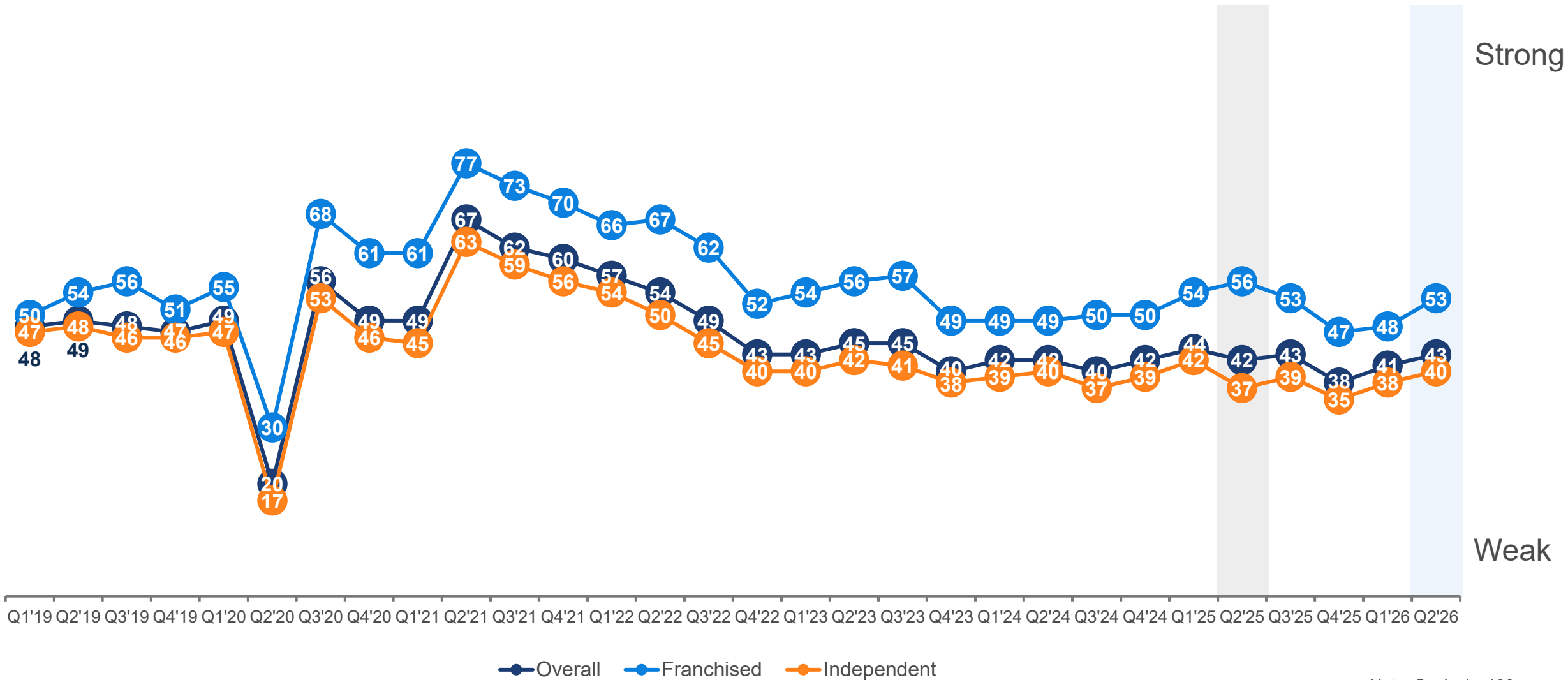
**Inventory and Pricing Pressure:** Inventory conditions were mixed in Q2. New-vehicle inventory for franchised dealers was stable at 57. Used-vehicle inventory remained steady for

franchised dealers but tightened further for independent dealers. Price pressure remained elevated at 63.

**Electric Vehicle Outlook:** Dealer sentiment toward electric vehicles improved in Q2 after falling to record lows in Q1. The EV sales index rose to 40 from 33, though it remains below year-ago levels. Expectations for EV sales also improved, with the future EV index rising to 37. While views remain cautious, the gains suggest EV demand may be stabilizing following a sharp pullback after the expiration of federal incentives.

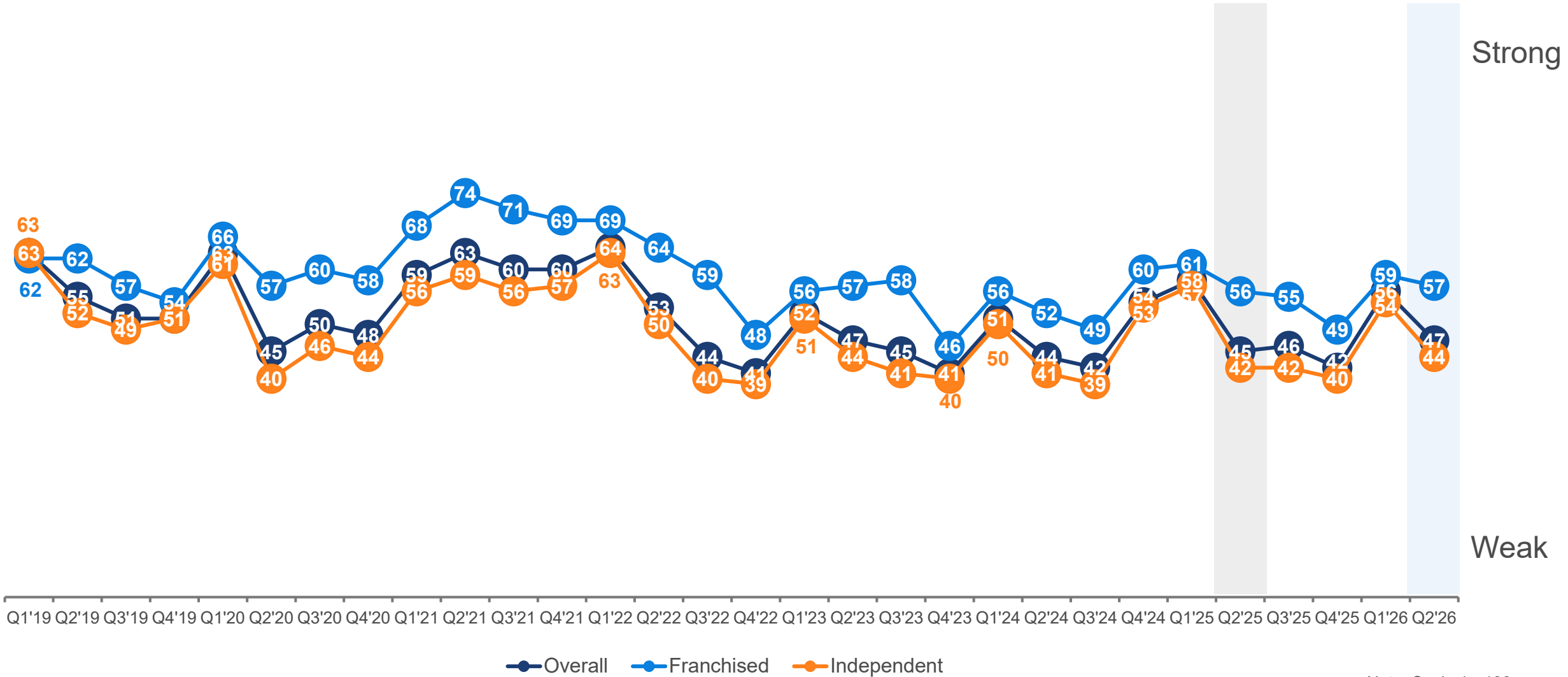
**Factors Holding Back Business:** The economy remained the top factor holding back business, cited by 55% of dealers, up from 52% in Q1. Market conditions and political climate followed, with political concerns rising notably during the quarter. While concern about interest rates and expenses eased slightly, elevated inflation, fuel costs and broader uncertainty continue to weigh on dealer sentiment and expectations.

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



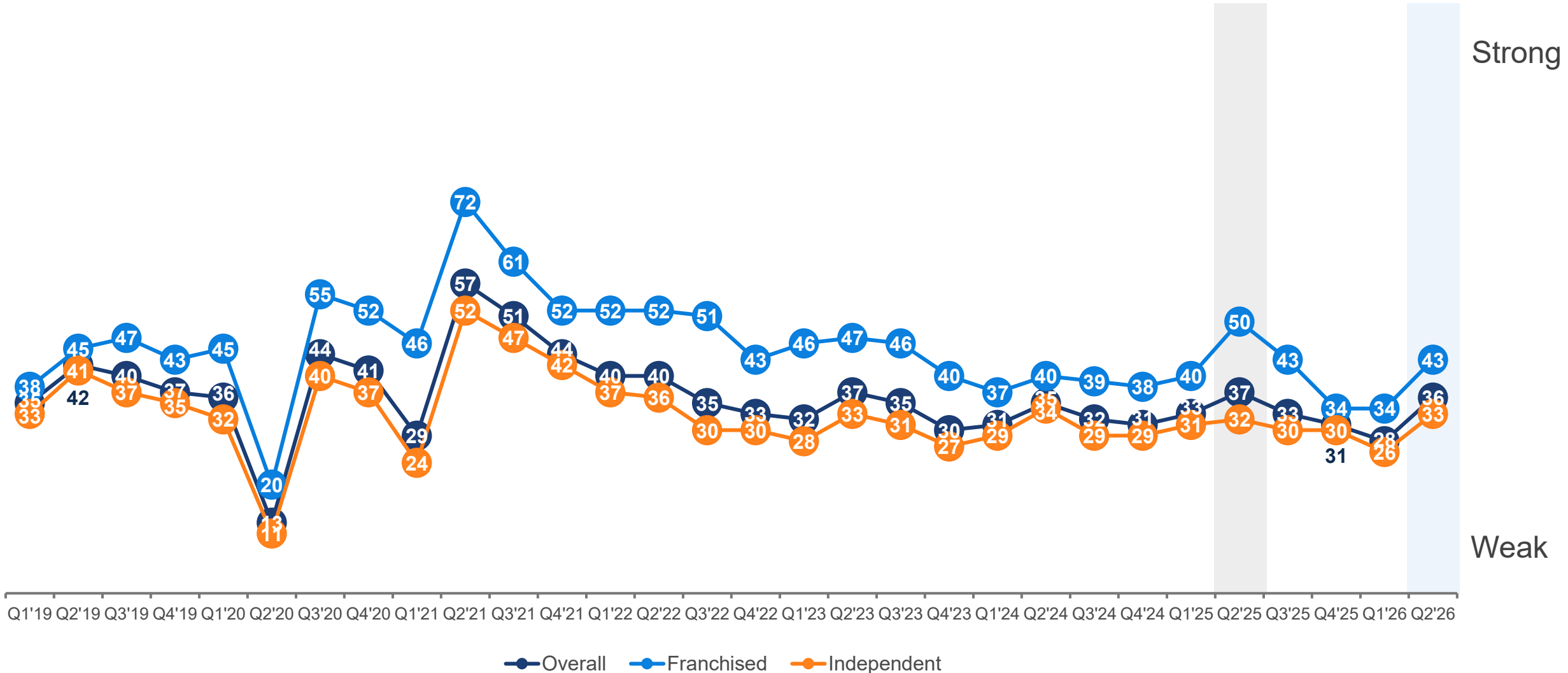
Note: Scale 1 - 100

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



Note: Scale 1 - 100

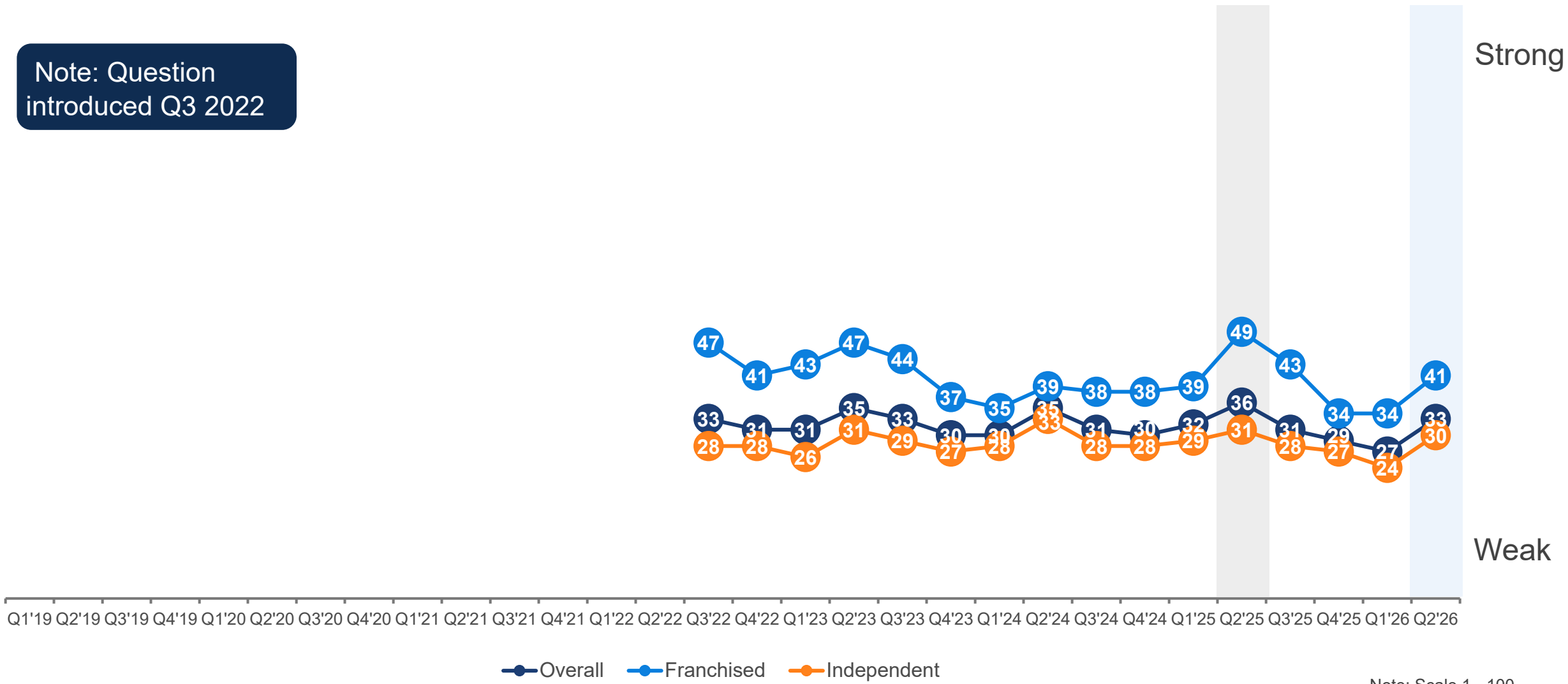
# Q3: How do you rate the customer traffic to your dealership over the past 3 months?



Note: Scale 1 - 100

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

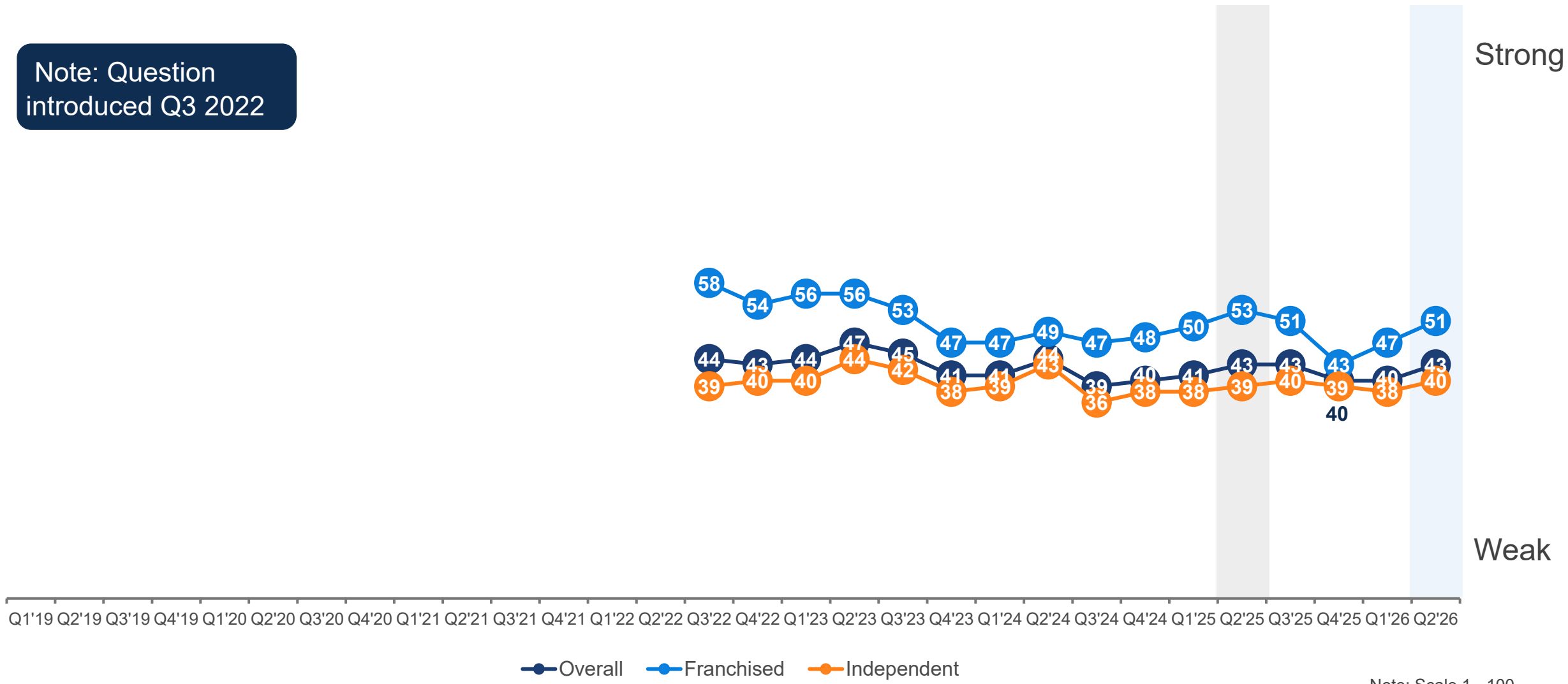
Note: Question introduced Q3 2022



Note: Scale 1 - 100

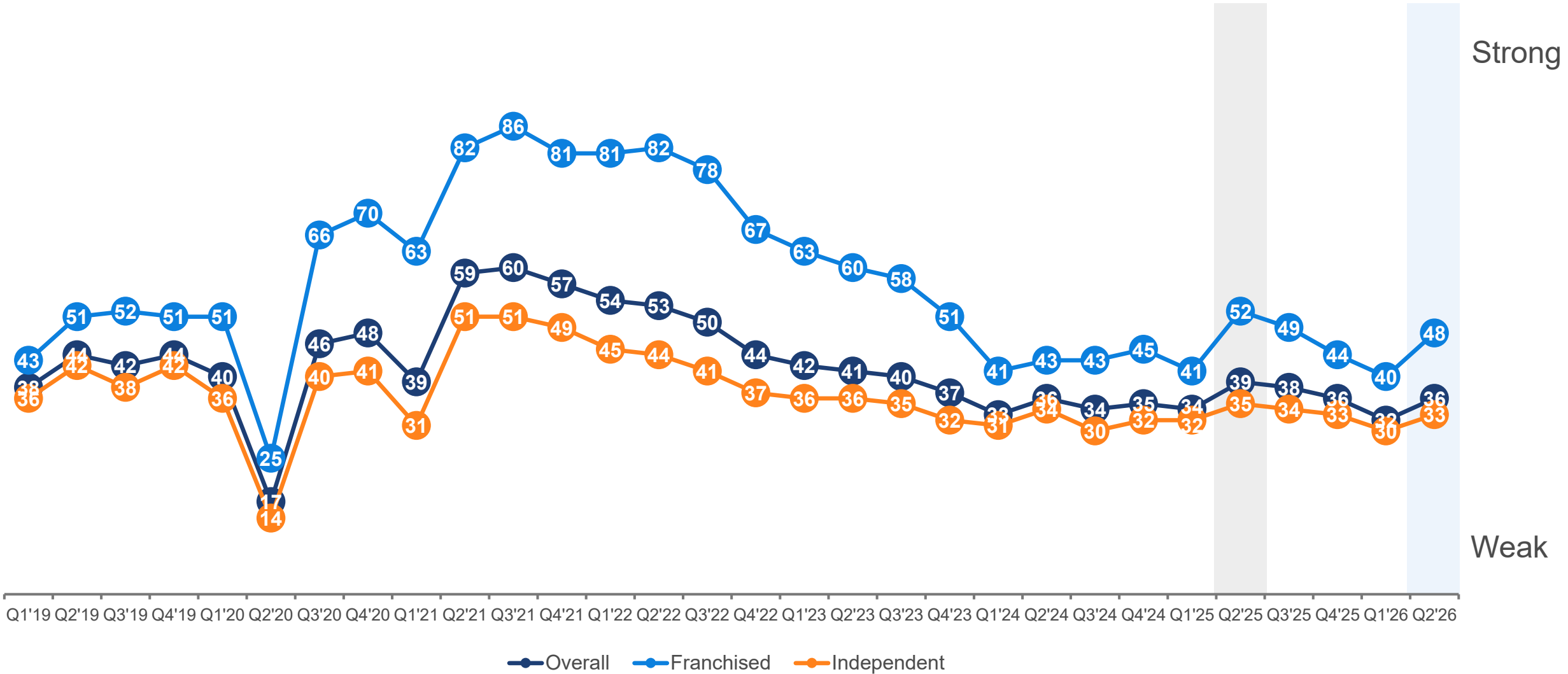
# Q3B: How do you rate the digital/online customer traffic to your dealership over the past 3 months?

Note: Question introduced Q3 2022



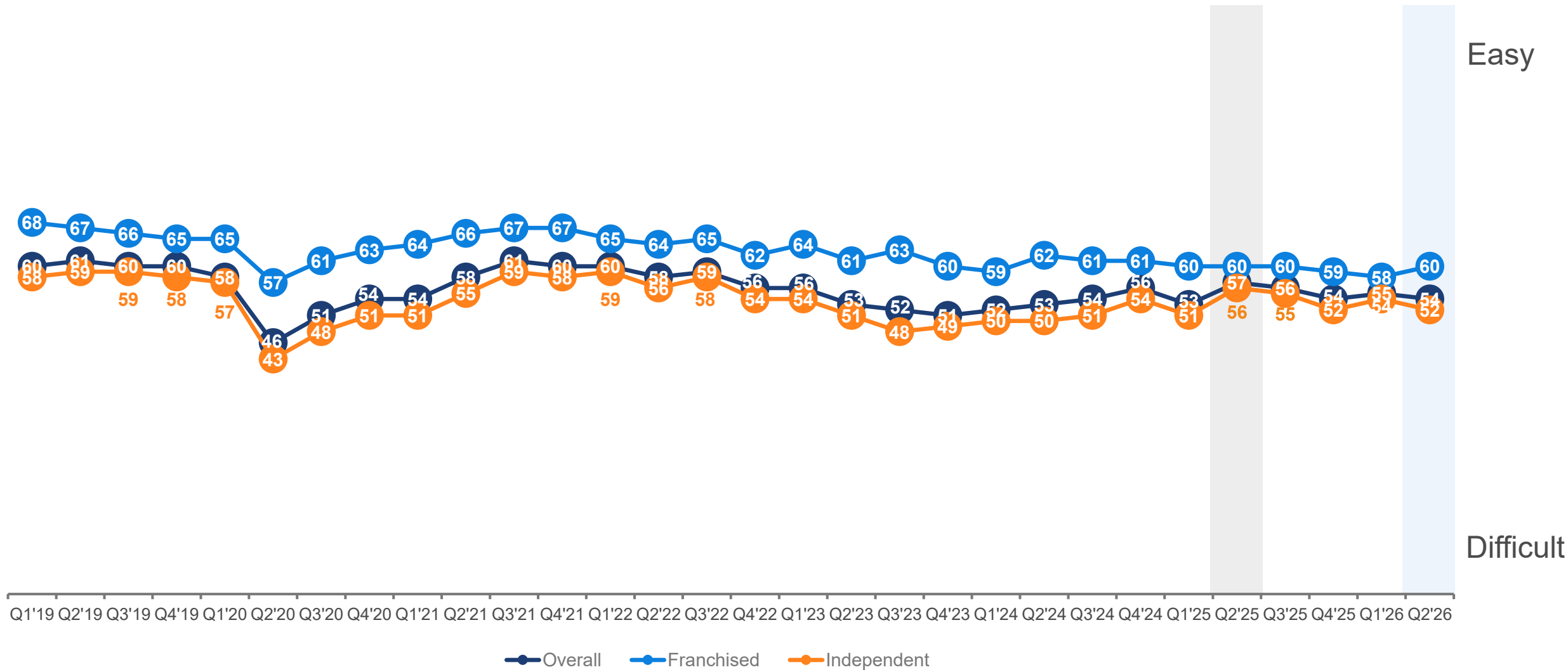
Note: Scale 1 - 100

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



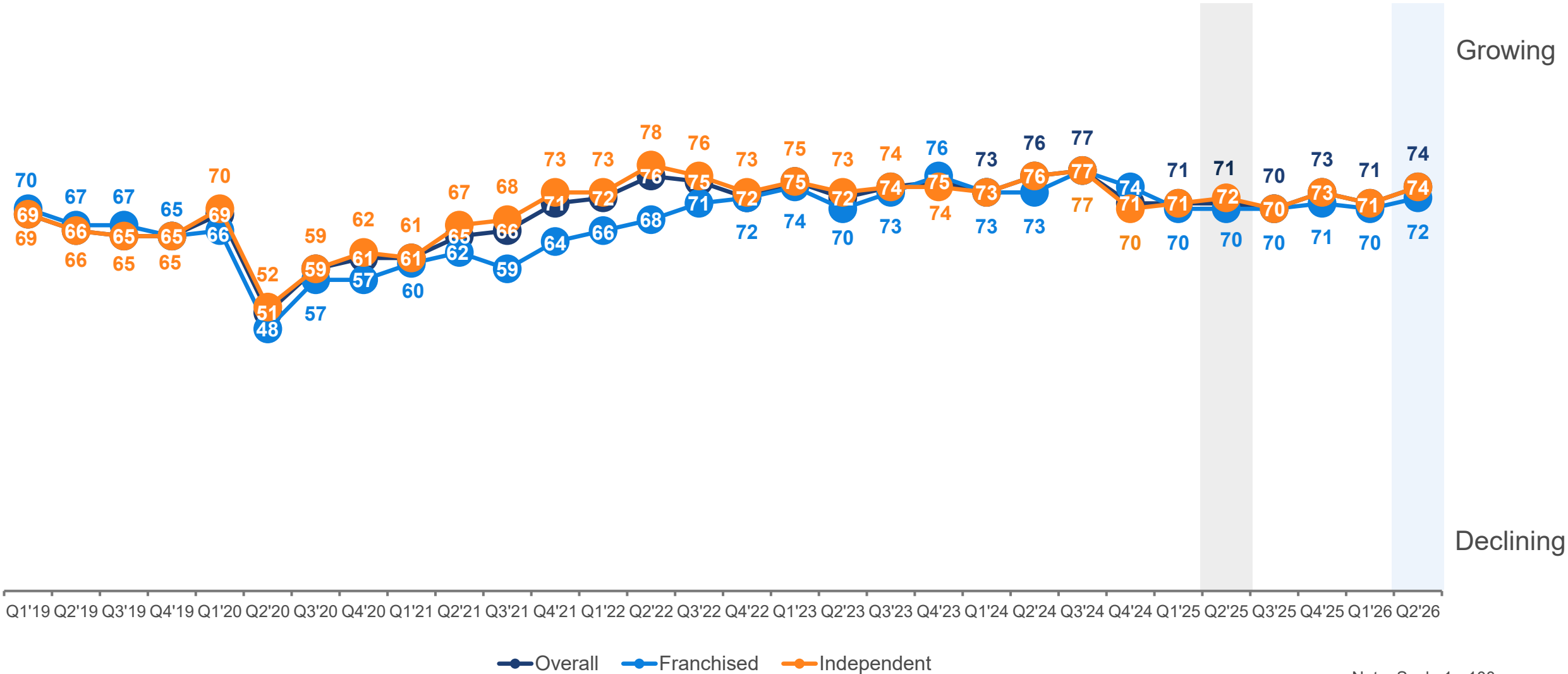
Note: Scale 1 - 100

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



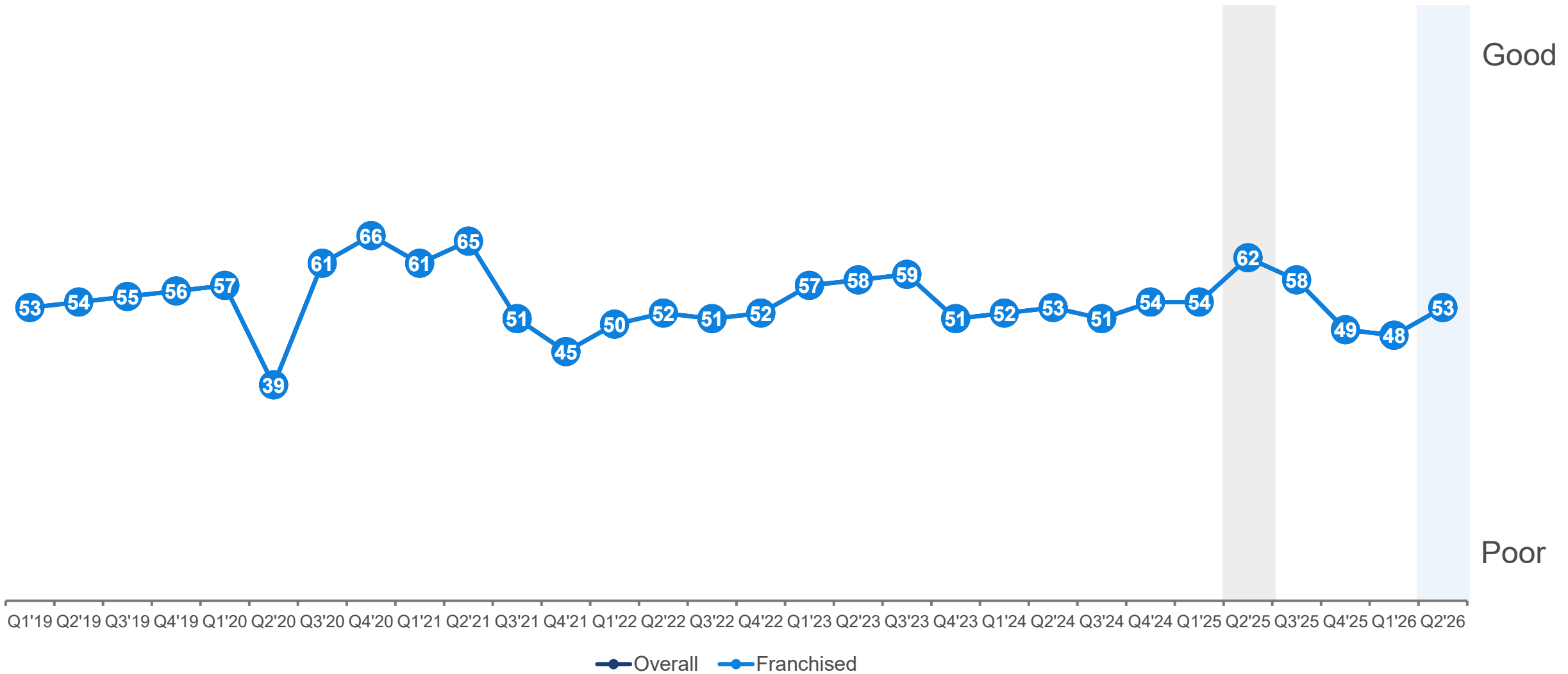
Note: Scale 1 - 100

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



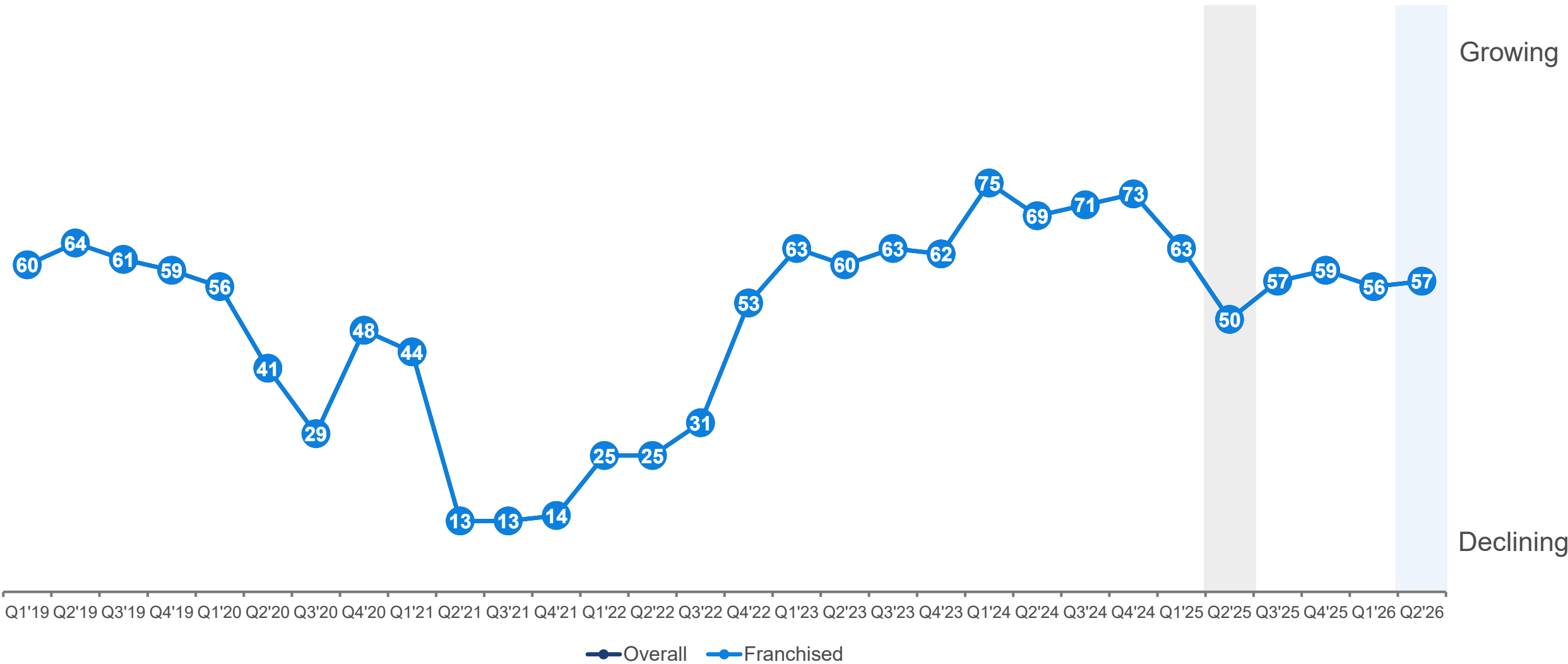
Note: Scale 1 - 100

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



Note: Scale 1 - 100

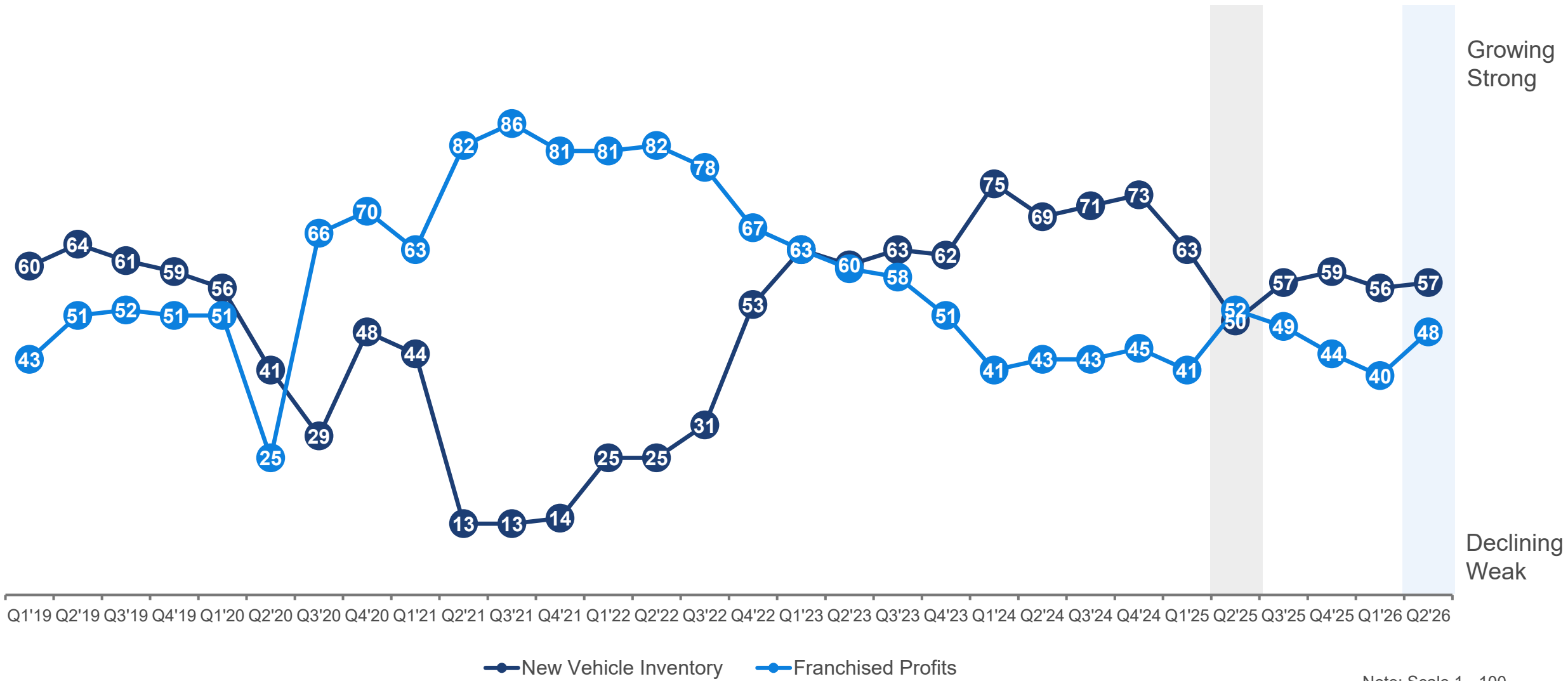
# Q8: How would you describe the current new-vehicle inventory levels?



Note: Scale 1 - 100

# Inventory/Profits

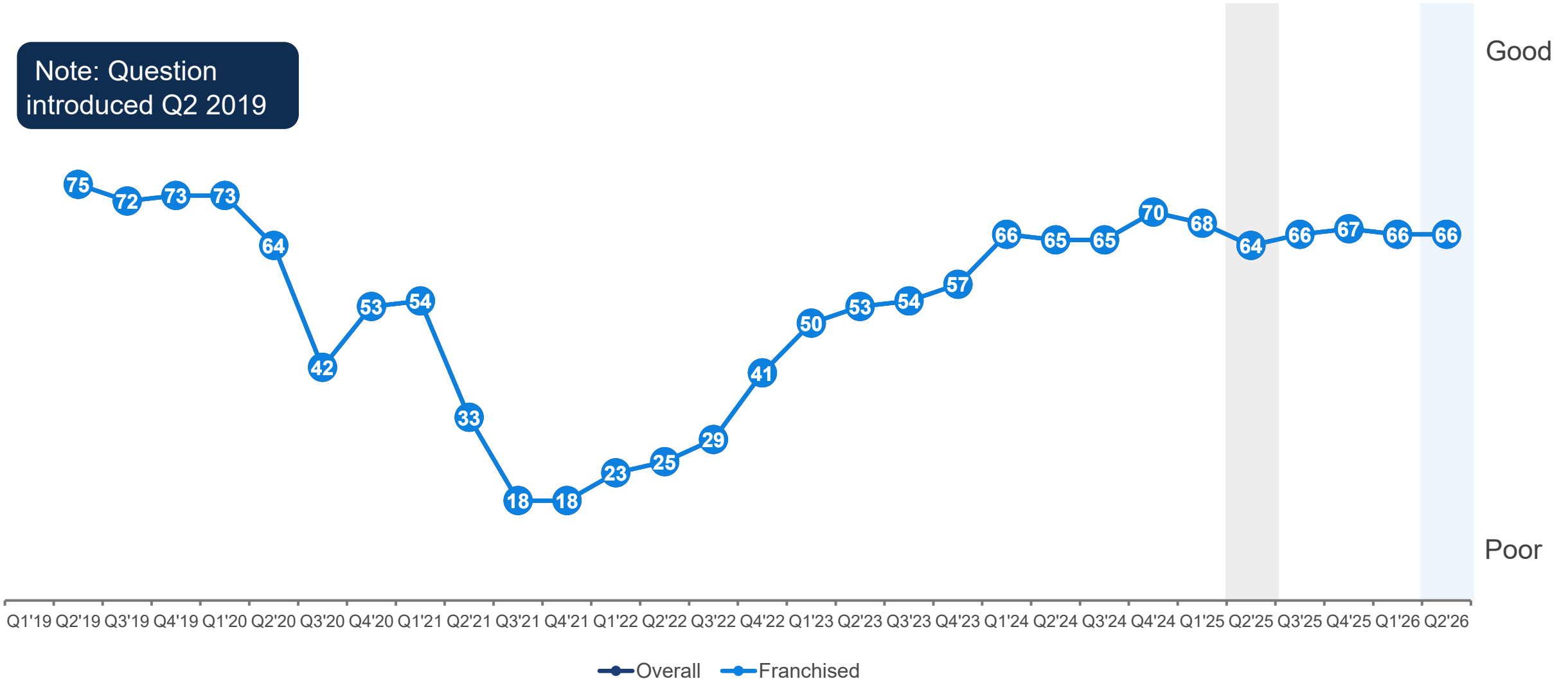
Q4: How would you describe your profits over the past 3 months?  
 Q8: How would you describe the current new-vehicle inventory levels?



Note: Scale 1 - 100

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

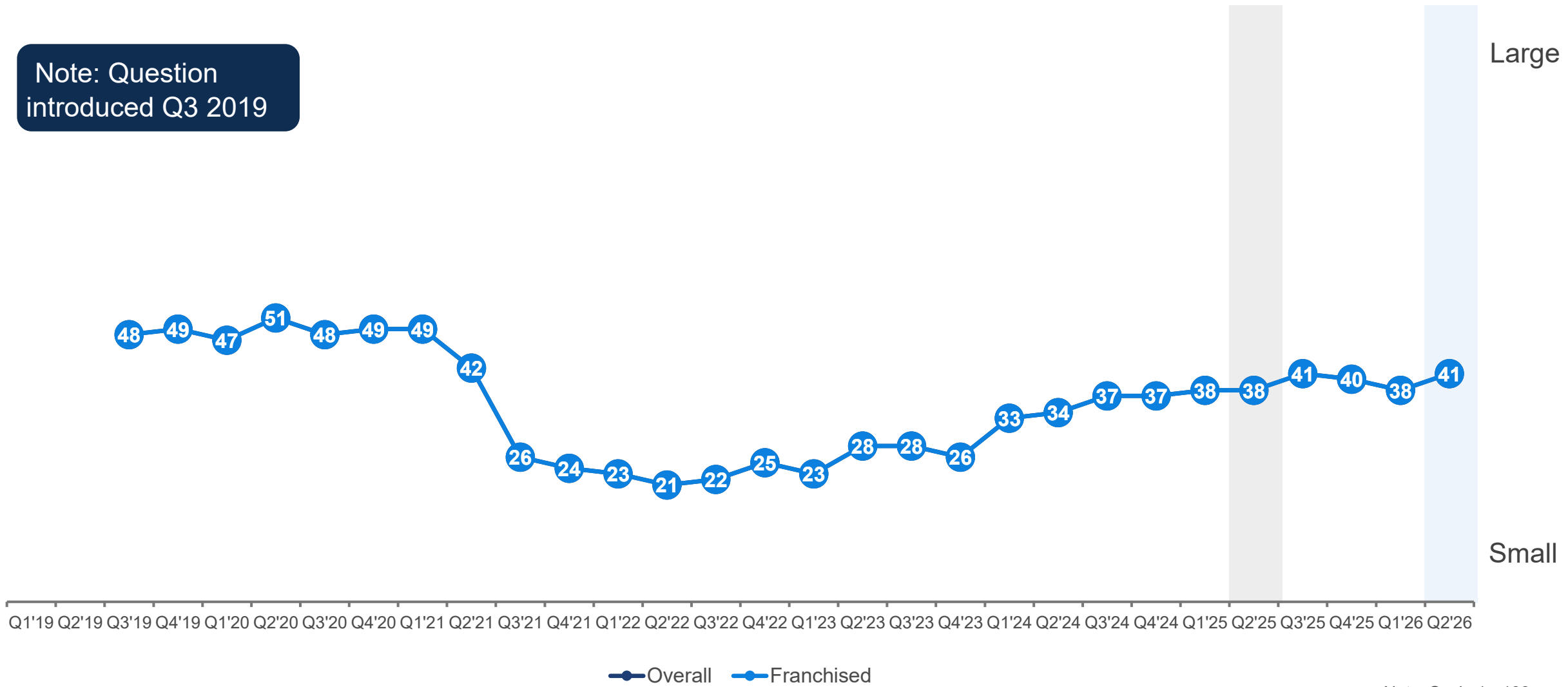
Note: Question introduced Q2 2019



Note: Scale 1 - 100

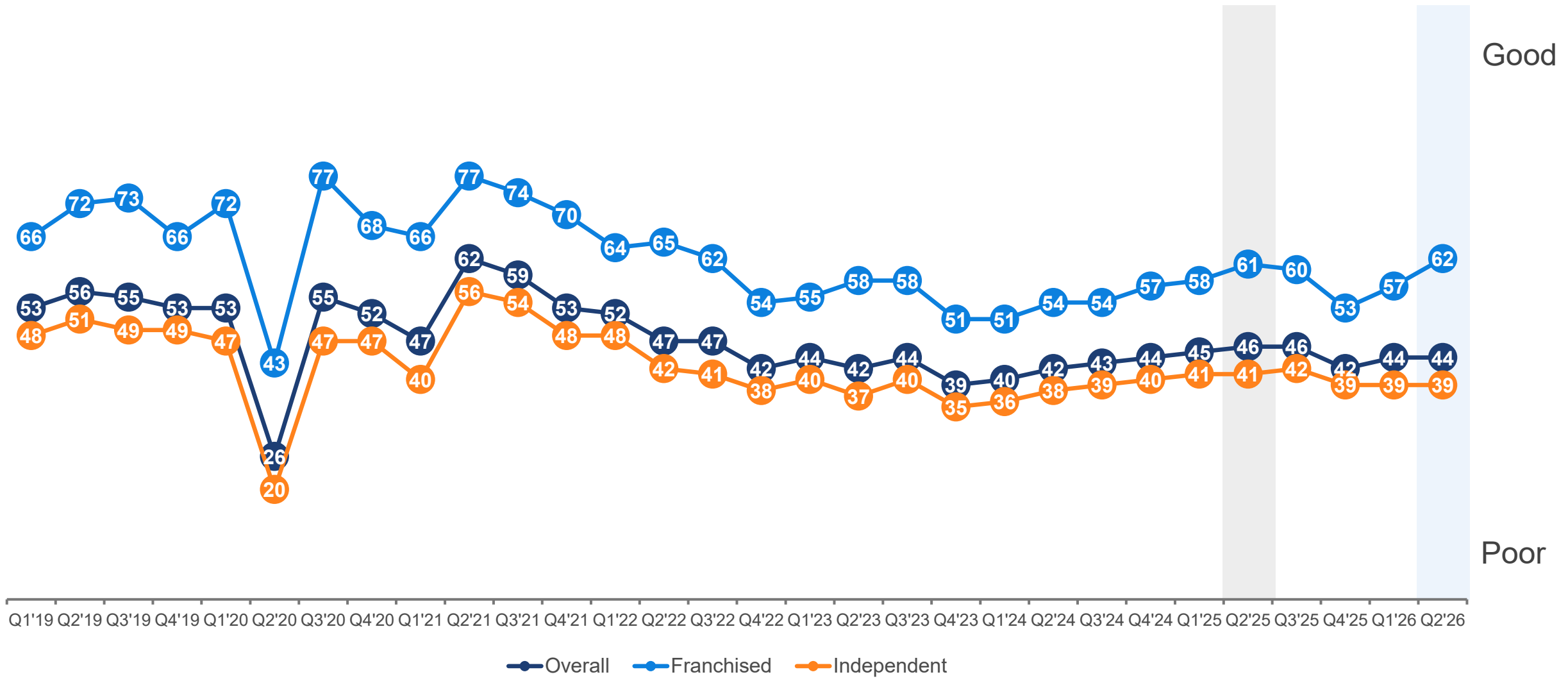
# Q10: How would you describe the current level of OEM new-vehicle incentives?

Note: Question introduced Q3 2019



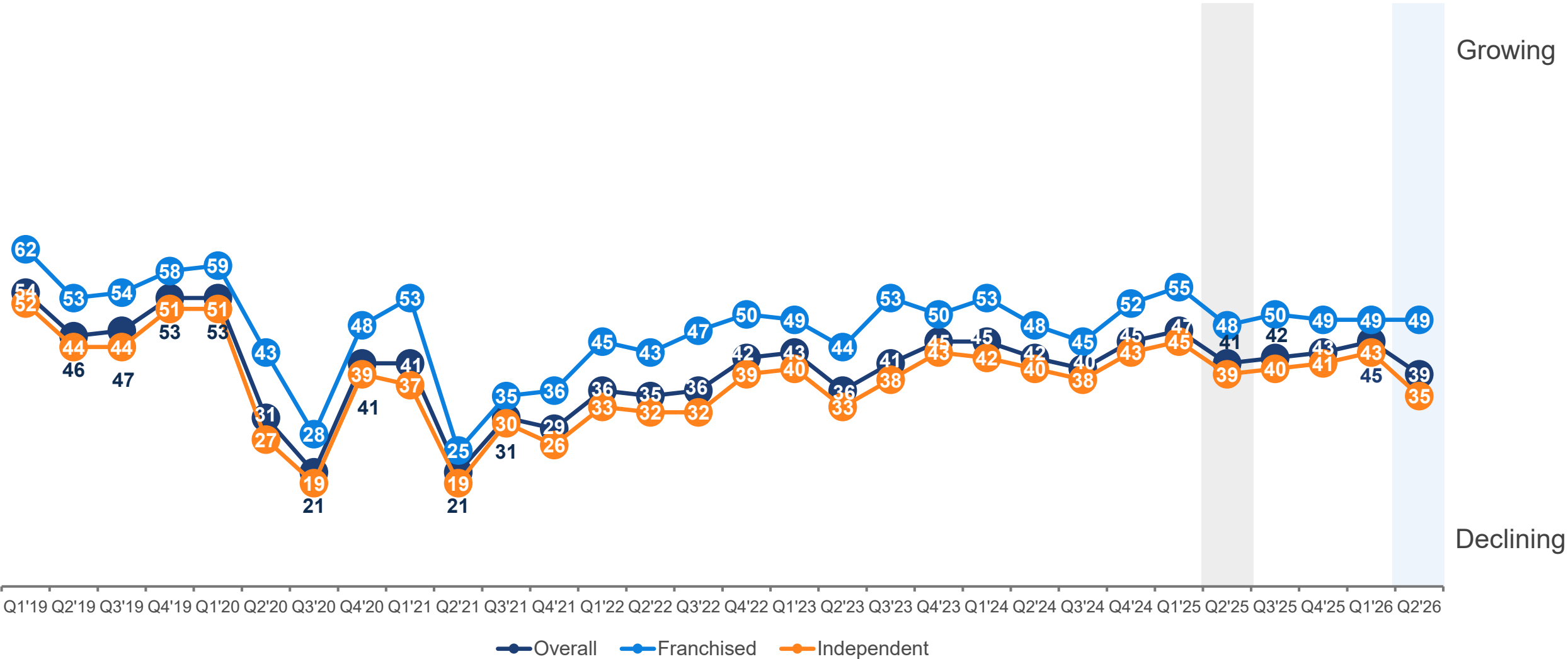
Note: Scale 1 - 100

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



Note: Scale 1 - 100

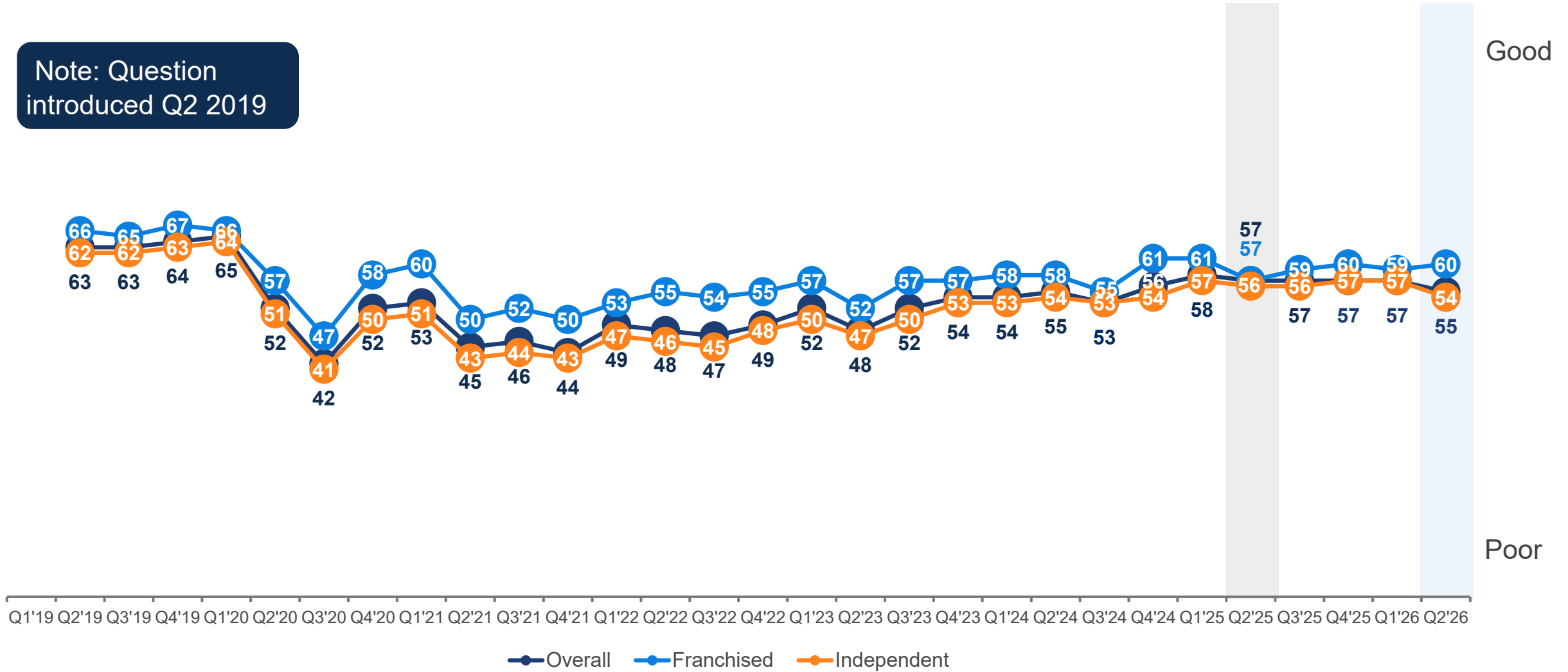
# Q12: How would you describe the current used-vehicle inventory levels?



Note: Scale 1 - 100

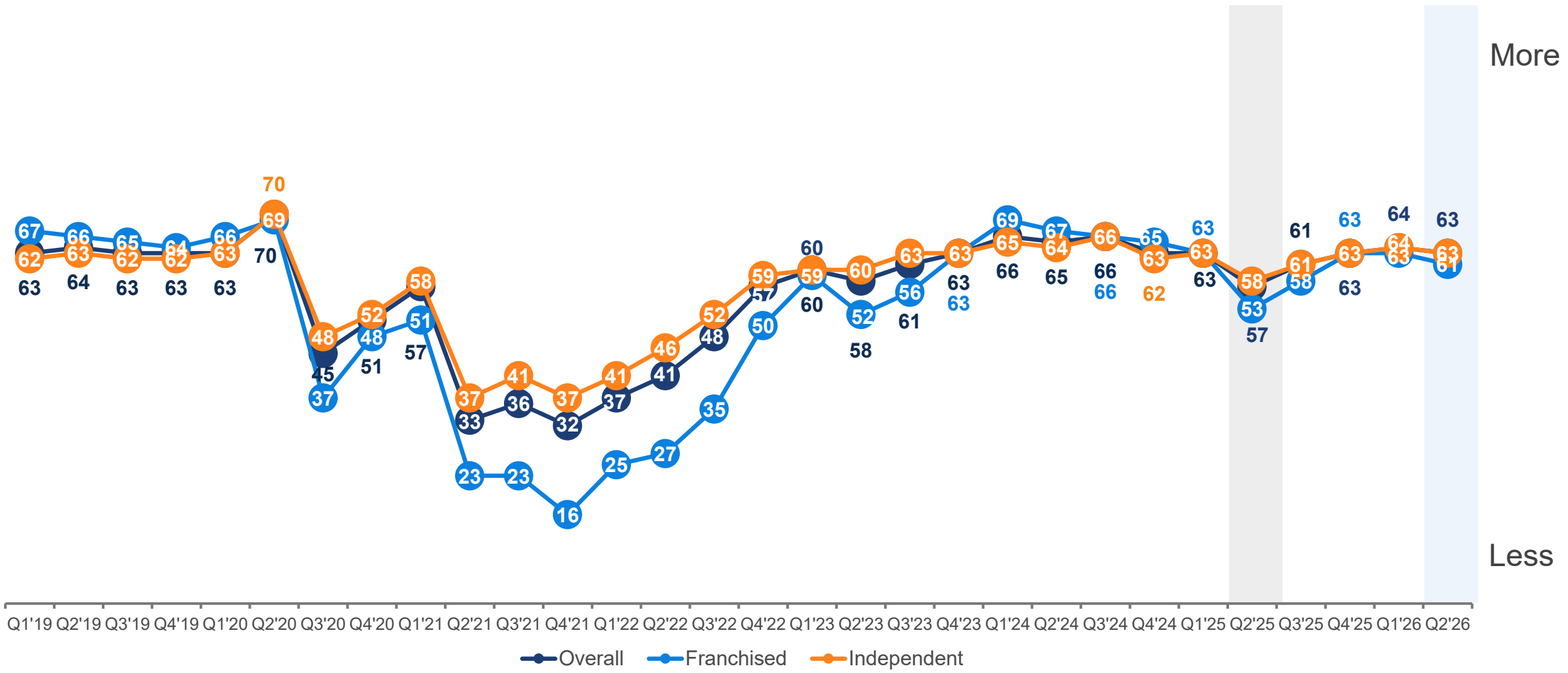
# Q13: How would you describe the current used-vehicle inventory mix?

Note: Question introduced Q2 2019



Note: Scale 1 - 100

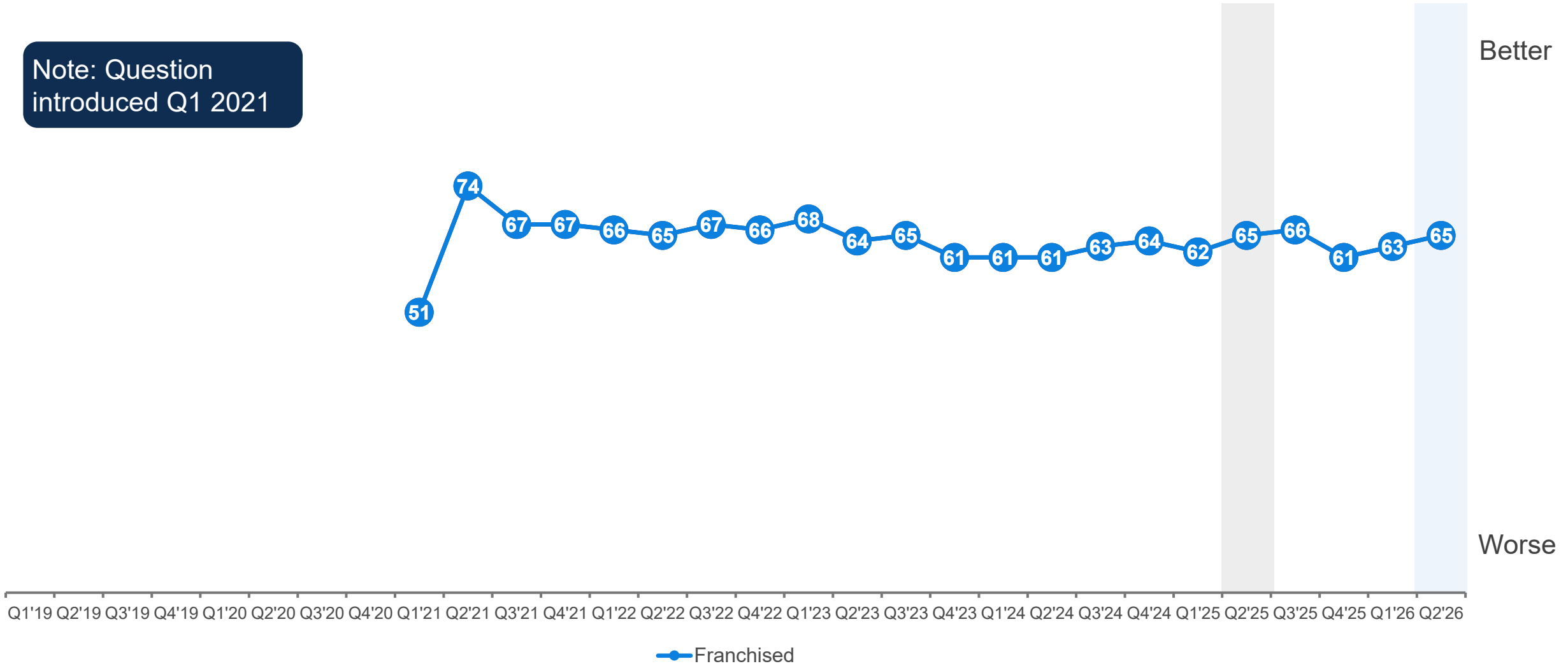
# Q14: How much pressure do you feel to lower your prices?



Note: Scale 1 - 100

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

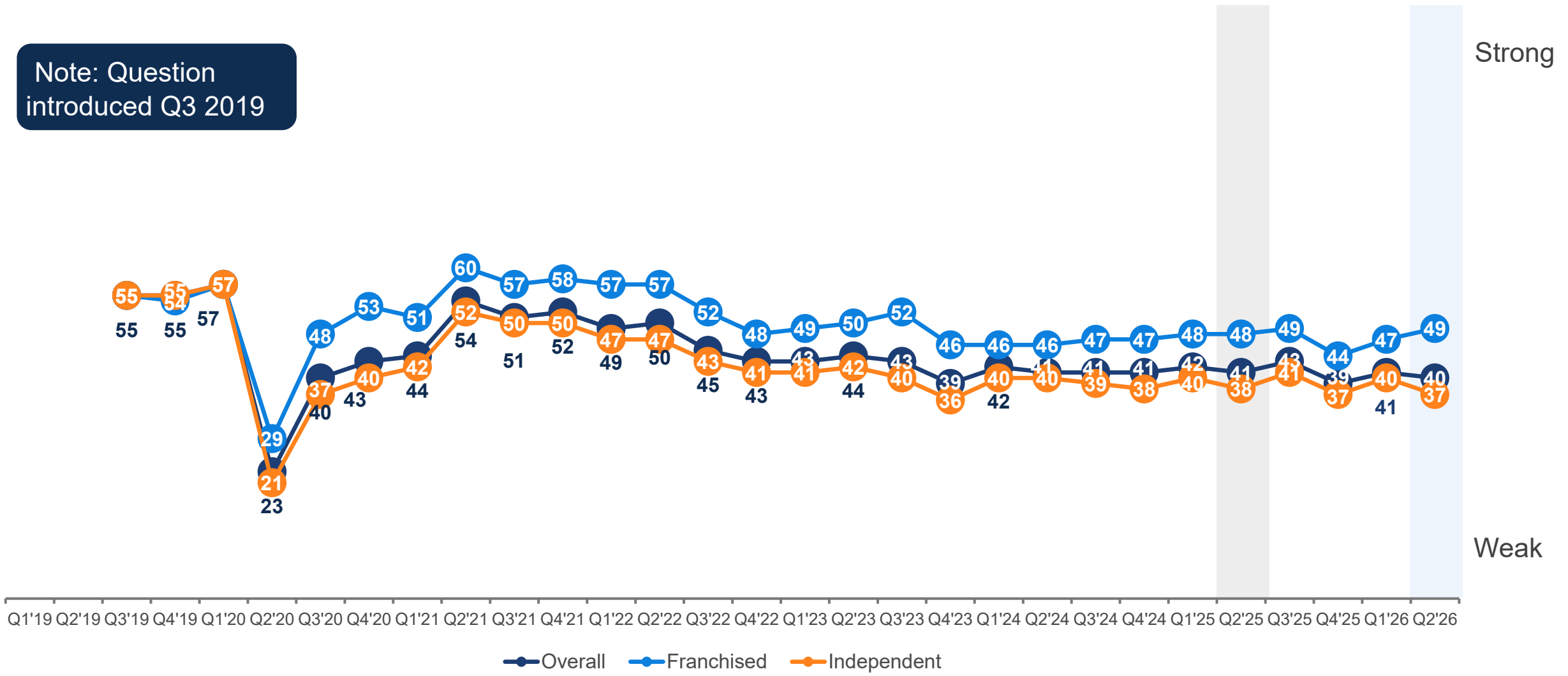
Note: Question introduced Q1 2021



Note: Scale 1 - 100

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

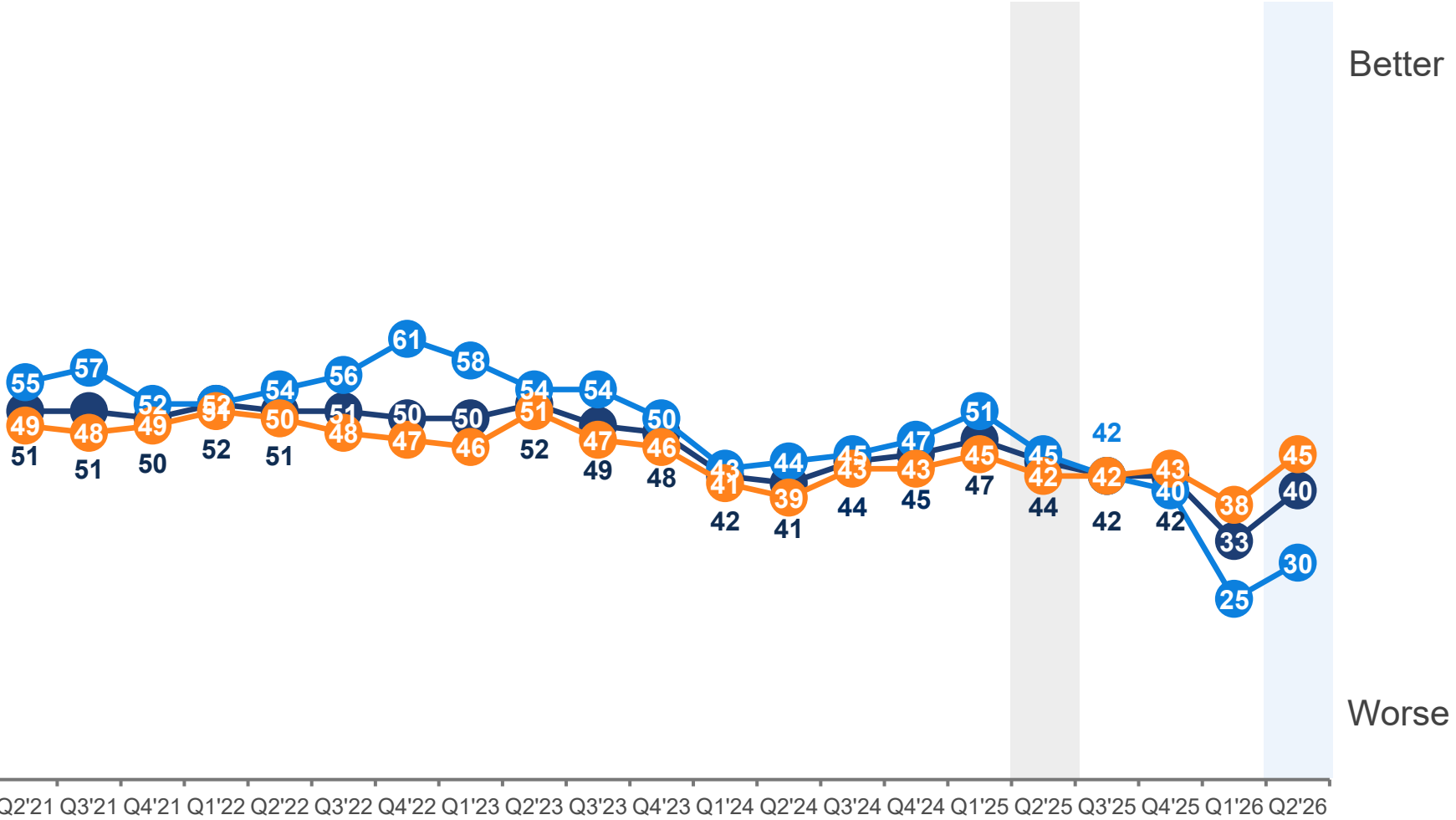
Note: Question introduced Q3 2019



Note: Scale 1 - 100

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

Note: Question introduced Q2 2021



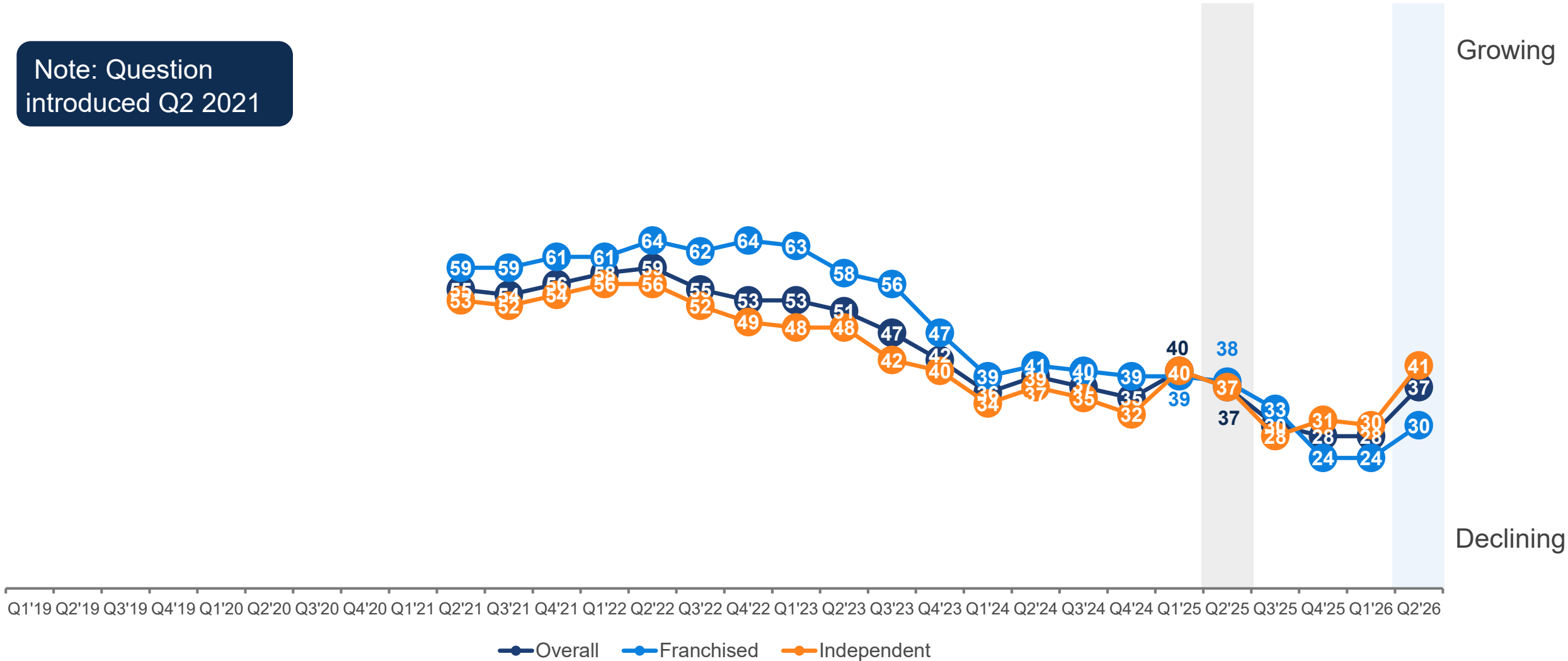
(EV) Electric Vehicle

● 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

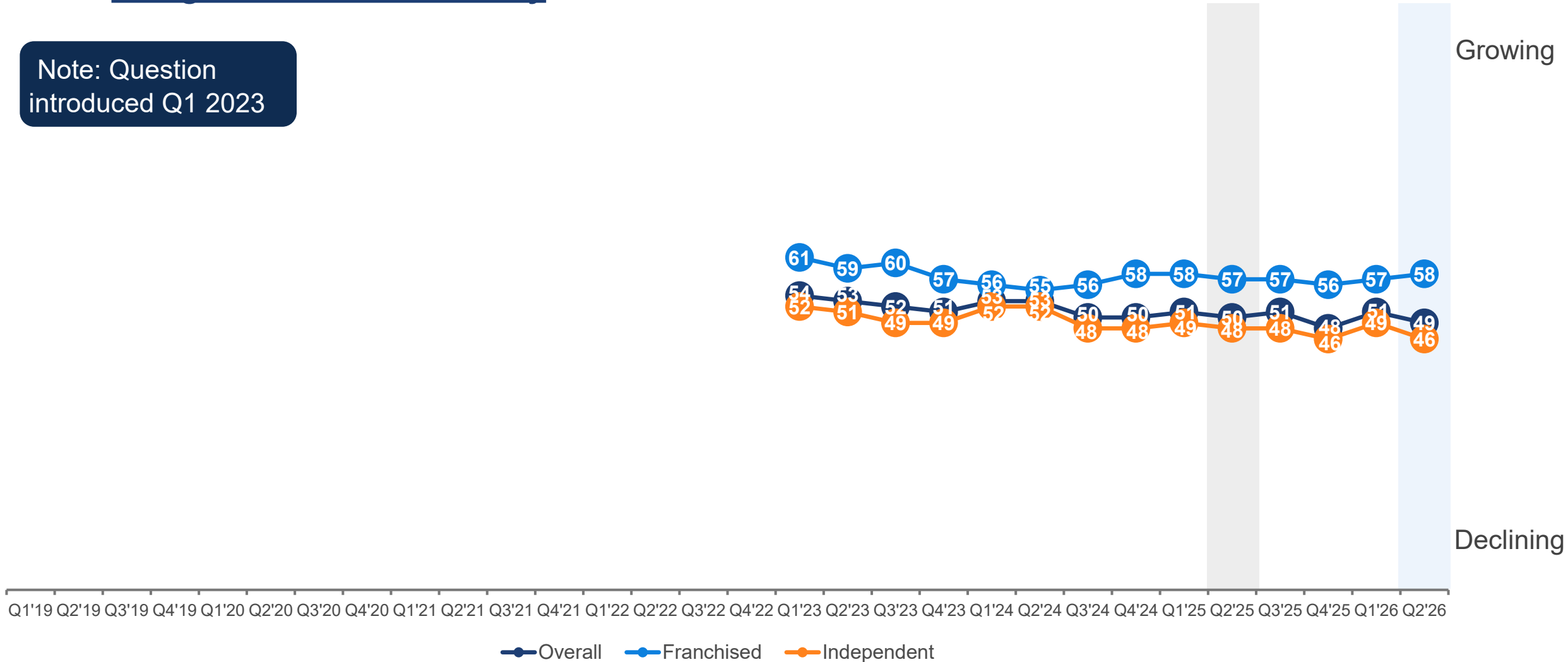


Note: Scale 1 - 100

# 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?

## Dealer Sentiment Index SECOND QUARTER 2026

Note: Question introduced Q1 2023



Note: Scale 1 - 100

## Factors Holding Back Business

OVERALL RANK

		Q2 '26	Q1 '26	Q2 '25	Q2 '24
1	Economy	55%	52%	51%	57%
2	Market Conditions	40%	37%	40%	41%
3	Political Climate	36% ↑	31%	33%	36%
4	Expenses	33%	34%	32%	31%
5	Interest Rates	32%	34%	42%	59%
6	Consumer Confidence	31%	30%	31%	28%
7	Limited Inventory	26%	23%	30%	29%
8	Credit Availability for Consumers	23%	24%	25%	31%
9	Cost of Vehicle Insurance for Consumers	20%	21%	18%	N/A
10	Competition	18%	20%	16%	15%



Significant decrease vs previous quarter



Significant increase vs previous quarter

## Factors Holding Back Business

FRANCHISED DEALERS

		Q2 '26	Q1 '26	Q2 '25	Q2 '24
1	Economy	54%	49%	48%	53%
2	Political Climate	43%	36%	41%	41%
3	Interest Rates	36%	40%	46%	68%
4	Market Conditions	36%	34%	33%	35%
5	Consumer Confidence	31%	31%	30%	31%
6	Expenses	23%	23%	22%	22%
7	Tariffs on Imported Vehicles and Parts	21%	21%	40%	2%
8	Lack of Consumer Incentives from my OEM	18% ↓	26%	21%	29%
9	Limited Inventory	17%	16%	19%	18%
10	Cost of Vehicle Insurance for Consumers	16%	14%	12%	N/A



Significant decrease vs previous quarter



Significant increase vs previous quarter

## Factors Holding Back Business

INDEPENDENTS

		Q2 '26	Q1 '26	Q2 '25	Q2 '24
1	Economy	56%	53%	52%	59%
2	Market Conditions	41%	38%	42%	43%
3	Expenses	36%	38%	35%	34%
4	Political Climate	34%	30%	31%	34%
5	Consumer Confidence	32%	30%	31%	27%
6	Interest Rates	31%	32%	41%	56%
7	Limited Inventory	29%	25%	34%	32%
8	Credit Availability for Consumers	27%	28%	29%	34%
9	Cost of Vehicle Insurance for Consumers	21%	24%	20%	N/A
10	Competition	19%	22%	17%	16%



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	72	72
2	Interest Rates	63	66	62
3	Fixed Operations	61	62	60
4	Vehicle Sales	58	<b>64 B</b>	56
5	Staffing Levels	50	53	49

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	54	53	54	50
Market Next 3 Months	Strong/Weak	56	60	55	54
Overall Customer Traffic	Strong/Weak	42	46 ↑	44	40
In-Person Customer Traffic	Strong/Weak	41	45	39	39
Digital/Online Customer Traffic	Strong/Weak	53	54	51	43
Profits	Strong/Weak	47	51	50	43
Costs	Growing/Declining	78	73	68	74
New Vehicle Sales	Good/Poor	54	53	55	51
New Vehicle Inventory	Growing/Declining	56	56	57	60
Current Mix of New Vehicle Inventory	Good/Poor	69	63	67	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	66	58	61	60
Marketing Spend Change	Increased/Decreased	56	56	58	44
Current Contribution of OEM Incentives	Large/Small	47	41	43	34
Economy	Strong/Weak	49	50	51	43
Impact of Acquiring Used EVs	Positive/Negative	51	50	52	60
Current Fixed Operations	Better/Worse	68	68	62	61
Current BEV Sales	Better/Worse	26	30	30	37
Future BEV Sales	Growing/Declining	24	29	31	38
Dealer Credit	Easy/Difficult	56	62	61	58



Significant decrease vs previous quarter



Significant increase vs previous quarter

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# COX AUTOMOTIVE

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