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Cox Automotive Report: Dealer Sentiment Weakens as New-Vehicle Sales Outlook Slips

- Dealers cite affordability pressures, inflation, interest rates and economic uncertainty as key concerns.
- New-vehicle sales sentiment falls to 50, down 3 points from the second quarter and 8 points year over year.
- Profit sentiment improves for a second straight quarter, while dealership operating costs remain elevated.

ATLANTA, Sept. 8, 2026 – Dealer sentiment weakened modestly in the third quarter as persistent affordability challenges, inflation, elevated interest rates and broader economic uncertainty continued to weigh on the U.S. automotive market, according to the latest Cox Automotive Dealer Sentiment Index. The clearest deterioration was in new-vehicle sales sentiment, which fell to the neutral threshold of 50, down from 53 in the second quarter and 58 one year ago.

The Q3 2026 survey, conducted July 22-Aug. 5, included 929 U.S. automobile dealers, comprising 501 franchised dealers and 428 independent dealers. An index score above 50 indicates that more dealers view conditions as strong or positive rather than weak or negative.

"Dealers are seeing a market that remains resilient but increasingly difficult for consumers to navigate," said Mark Strand, deputy chief economist at Cox Automotive. "Affordability continues to shape demand, with high interest rates and sustained inflation pressures on households keeping shoppers focused on monthly payments and lower-priced vehicles. That pressure is in both the new- and used-vehicle markets, where overall dealer sentiment declined both from last quarter and a year ago."

Key Findings from Q3 2026 CADSI

- **Current Market Sentiment Weakens:** The current market index declined to 41 from 43 in the second quarter, with both franchised and independent dealers reporting less favorable conditions. The index has remained below 50 since mid-2022. Franchised dealer sentiment fell 4 points to 49 and was down from 53 one year ago. Independent dealers remained more pessimistic than franchised dealers.
- **Future Outlook Softens:** The future market index declined 1 point to 46, its second consecutive quarterly decrease. Franchised dealer expectations fell 6 points to 51, remaining slightly positive but below historical norms, while independent dealer expectations held steady at 44. Dealers cited reduced consumer financial flexibility as inflation and borrowing costs continued to constrain large purchases.
- **Traffic Declines but Remains Near Historical Norms:** Customer traffic declined 2 points to 34 but was 1 point higher than a year ago and near its long-term average of 36. Dealers reported softer online activity, while in-person traffic declined among franchised dealers and held steady among independents. Many dealers expect traffic to improve during the traditional fall selling season as new-model-year vehicles arrive and inventory availability improves.
- **Profitability Improves as Costs Remain Elevated:** The profit index rose to 39, marking a second consecutive quarterly improvement. The score, however, remains well below long-term averages, suggesting dealers see profits as historically weak. The Q3 gain was driven largely by independent

dealers, whose profit index increased 3 points to 36 and was 2 points higher than a year ago. The cost index declined (an improvement) by 3 points to 71, but remained within the elevated range seen during the past two years.

- **Sales Environment Weakens:** New-vehicle sales sentiment fell to 50, down 3 points from the second quarter and 8 points year over year. The overall used-vehicle sales index slipped 1 point to 43 and was 3 points below its year-ago level. Dealers said customers have become more selective and increasingly focused on monthly payments and lower-priced vehicles.
- **Inventory Stabilizes, but Affordable Supply Remains Challenged:** New-vehicle inventory growth moderated, suggesting supply levels are stabilizing, while used-vehicle inventory improved. Dealers continued to report difficulty sourcing quality, affordable used vehicles, particularly those priced below $20,000.
- **EV Sentiment Continues Gradual Recovery:** The current electric vehicle sales index increased 1 point to 41, its second consecutive quarterly gain. Dealers reporting stronger EV sales frequently linked elevated fuel prices and increased interest in used EVs. The future EV sales index declined 1 point to 36.

Key Factors Holding Back Business, Led by the Economy and Market Conditions

Dealer views of the U.S. economy remained weak but relatively stable, with inflation, fuel prices, interest rates and consumer confidence continuing to shape sentiment. The economy was again the most frequently cited factor holding back dealership business, selected by 54% of dealers, followed by market conditions at 42%. Interest rates moved to No. 3, cited by 34% of dealers, up from 32% in the second quarter. Expenses ranked fourth at 33%, unchanged from the previous quarter. The political climate rounded out the top five factors holding back business, down from No. 3 in the previous survey, which was conducted shortly after the start of the war in the Middle East.

Factors Holding Back Business in Q3

		Q3 2026	Q2 2026	Q3 2025
1	Economy	54%	55%	44%
2	Market Conditions	42%	40%	36%
3	Interest Rates	34%	32%	43%
4	Expenses	33%	33%	33%
5	Political Climate	32%	36%	28%

Cox Automotive Dealer Sentiment Index Methodology

The Cox Automotive Dealer Sentiment Index is derived from a quarterly survey of a representative sample of franchised and independent auto dealers across the United States. The Q3 2026 CADSI is based on responses from approximately 929 dealers, including 501 franchised dealers and 428 independent dealers. The survey was conducted from July 22 to Aug. 5, 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 ±3.2%.

See the Cox Automotive Insights article "Affordability Pressures Continue to Weigh on Dealer Confidence."

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 four 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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