Cox Automotive

DEALER SENTIMENT INDEX

THIRD 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 Q3 2026 CADSI is based on 929 U.S. auto dealer respondents, comprising 501 franchised dealers and 428 independents. The survey was conducted from July 22 to August 5, 2026.
- The next quarterly report will be released in December 2026. The CADSI was first published in Q2 2017.

Key Takeaways: Q3 2026

The Q3 2026 Cox Automotive Dealer Sentiment Index (CADSI) shows dealer sentiment weakening modestly as concerns about affordability, inflation, interest rates and broader economic uncertainty continue to weigh on the U.S. automotive market. Results from the quarterly survey, conducted between July 22 and Aug. 5, indicate that both franchised and independent dealers view current market conditions less favorably than they did in the previous quarter, while expectations for the months ahead also softened.

The current market index declined to 41 in Q3 from 43 in Q2, indicating that more dealers view market conditions as weak rather than strong. The index remains below the neutral threshold of 50 and has now been in negative territory for more than four years. Independent dealers continue to be more pessimistic than franchised dealers, with many citing inflation, fuel prices, elevated interest rates and economic uncertainty as factors reducing consumer confidence and limiting purchasing power for used-vehicle buyers.

The market outlook index, which measures expectations for the next three months, declined to 46 in Q3, marking the second consecutive quarterly decline. While franchised dealers continue to hold a slightly positive outlook for the near term, their expectations have moderated considerably from historical norms. Across both dealer groups, a common theme emerged that consumers are experiencing growing financial pressure as inflation and borrowing costs continue to limit affordability, particularly for large purchases such as vehicles.

Customer traffic weakened in the third quarter, with the customer traffic index falling to 34. Dealers reported softer online activity and fewer showroom visits, particularly among franchised dealerships. Despite the decline, many dealers expect traffic to improve during the traditional fall selling season, supported by the arrival of new-model-year vehicles and improving inventory availability.

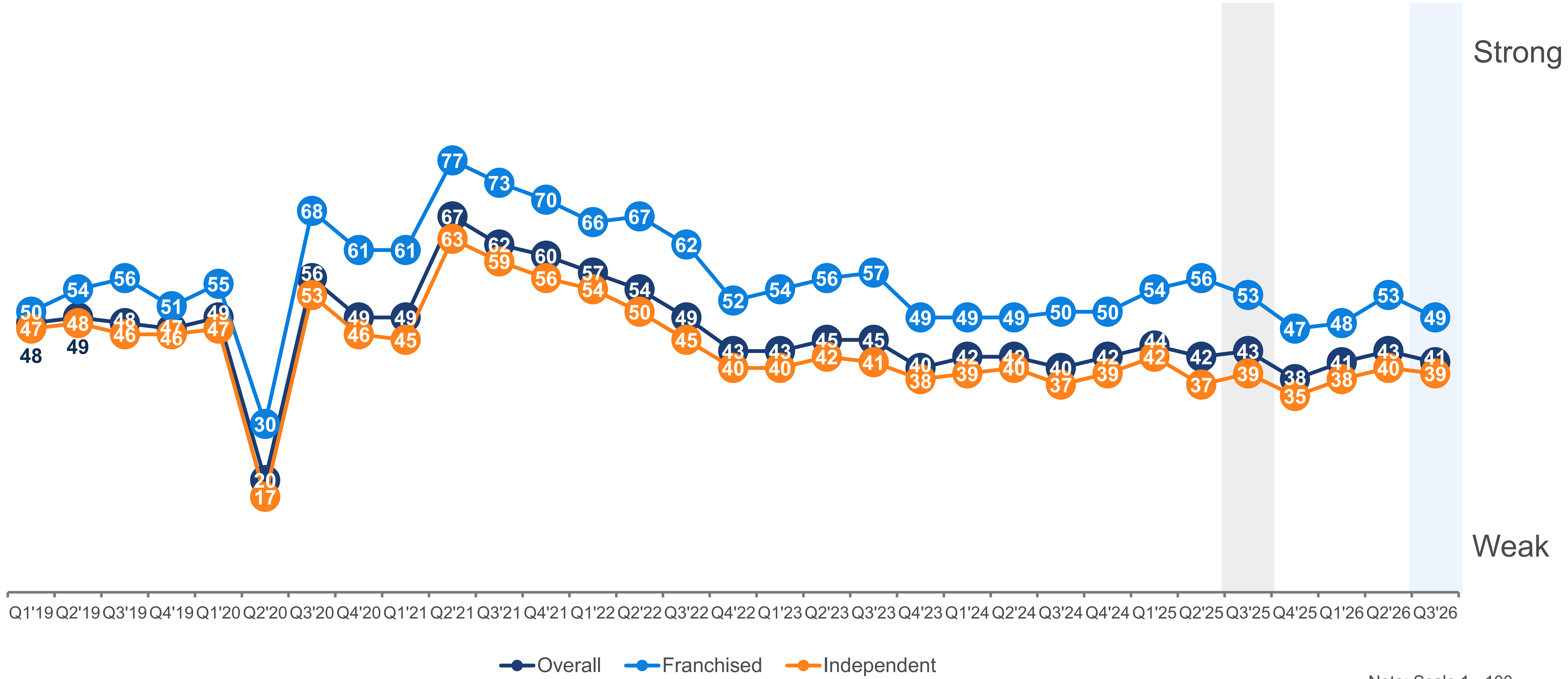
The profit index increased for the second consecutive quarter, rising to 39, driven largely by improving sentiment among independent dealers. However, dealership operating costs remain elevated. The cost index improved slightly but continues to indicate that most dealers are experiencing rising expenses. Dealers frequently cited labor, insurance, transportation and parts costs as ongoing challenges to maintaining profitability.

Vehicle sales remained relatively stable in Q3, although dealer sentiment suggests demand has become more selective. Franchised dealers reported weaker new-vehicle sales compared with both the previous quarter and year-ago levels, while used-vehicle sales changed little. Dealers consistently noted stronger demand for lower-priced vehicles and increased consumer focus on monthly payments and affordability.

Inventory conditions continued to differ between new and used vehicles. New-vehicle inventory growth moderated in Q3, suggesting supply levels are stabilizing, while used-vehicle inventory improved modestly. However, dealers continue to report difficulty sourcing quality vehicles priced below $20,000, highlighting ongoing affordability challenges throughout the market.

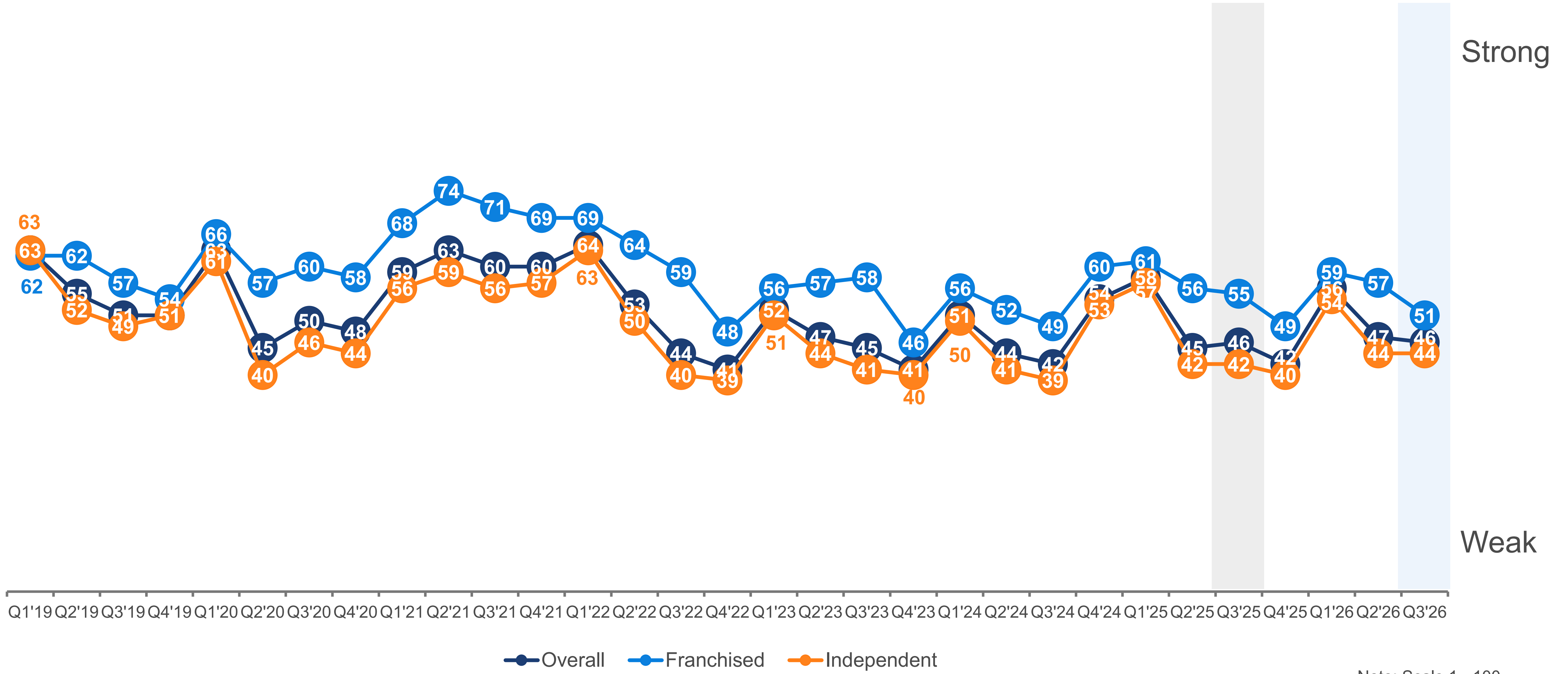
Dealer sentiment toward electric vehicle sales improved for the second consecutive quarter, supported by higher fuel prices and growing interest in used EVs. Looking broadly at the economy, dealer sentiment remained weak but stable, with inflation, fuel prices, interest rates and consumer confidence continuing to dominate concerns. The top factors holding back business in Q3 remained the economy, market conditions, interest rates, expenses and the political climate.

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



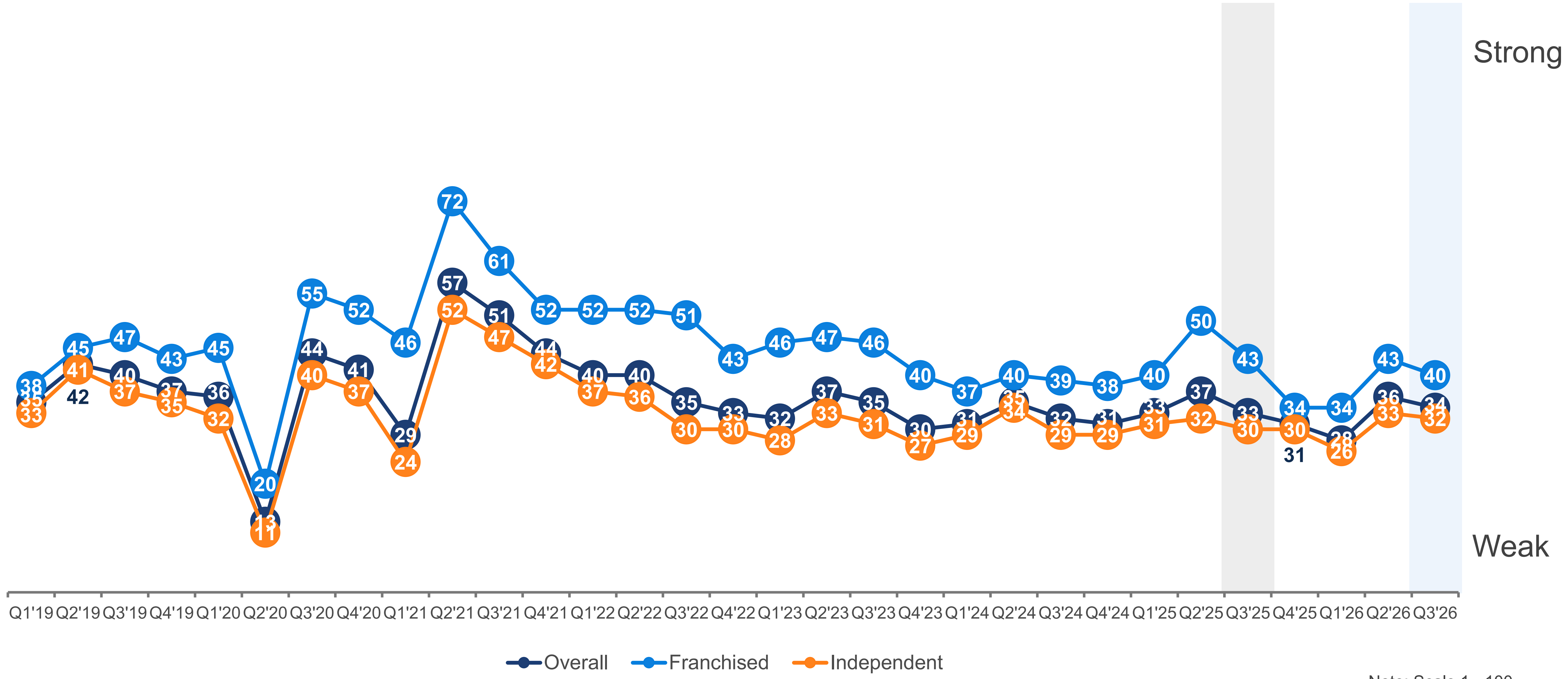
Note: Scale 1 - 100

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



Note: Scale 1 - 100

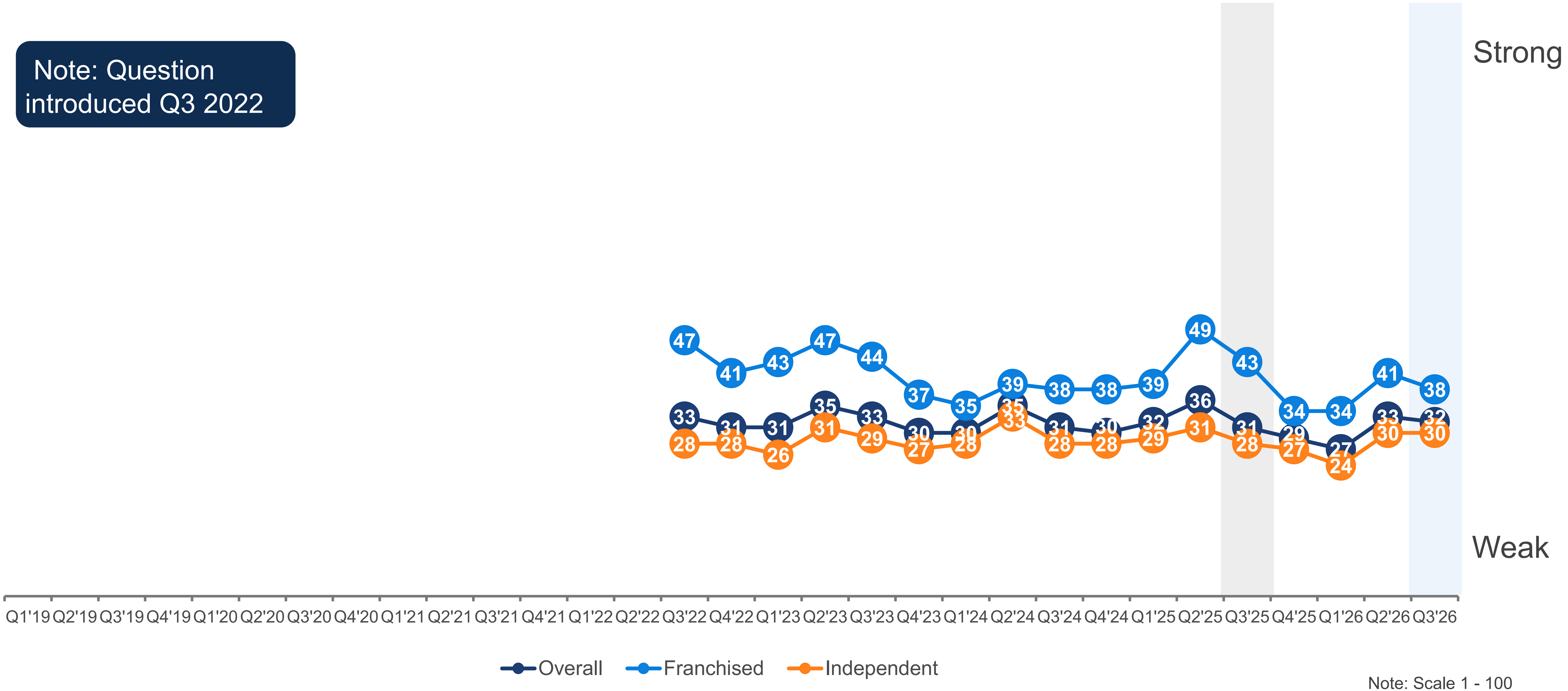
Q3: How do you rate the customer traffic to your dealership over the past 3 months?



Note: Scale 1 - 100

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

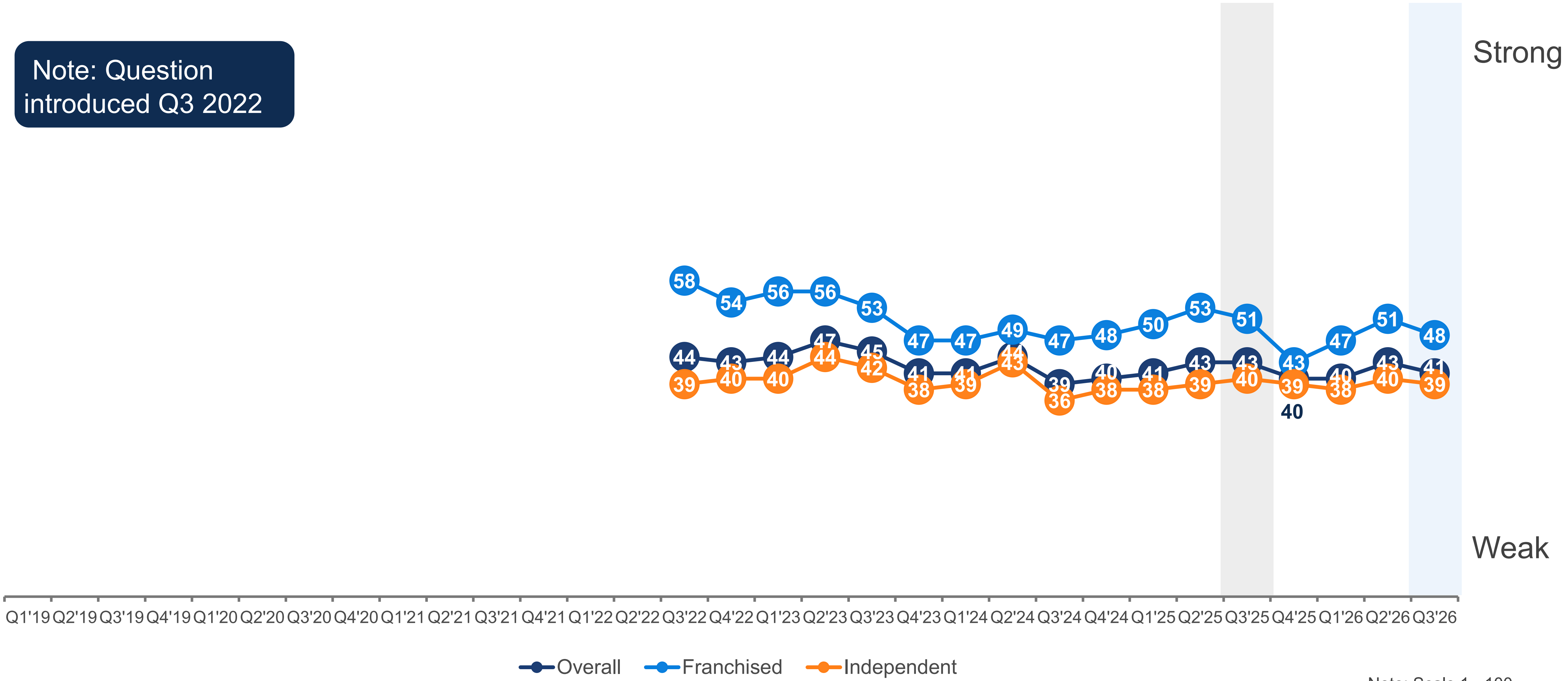
Note: Question introduced Q3 2022



Note: Scale 1 - 100

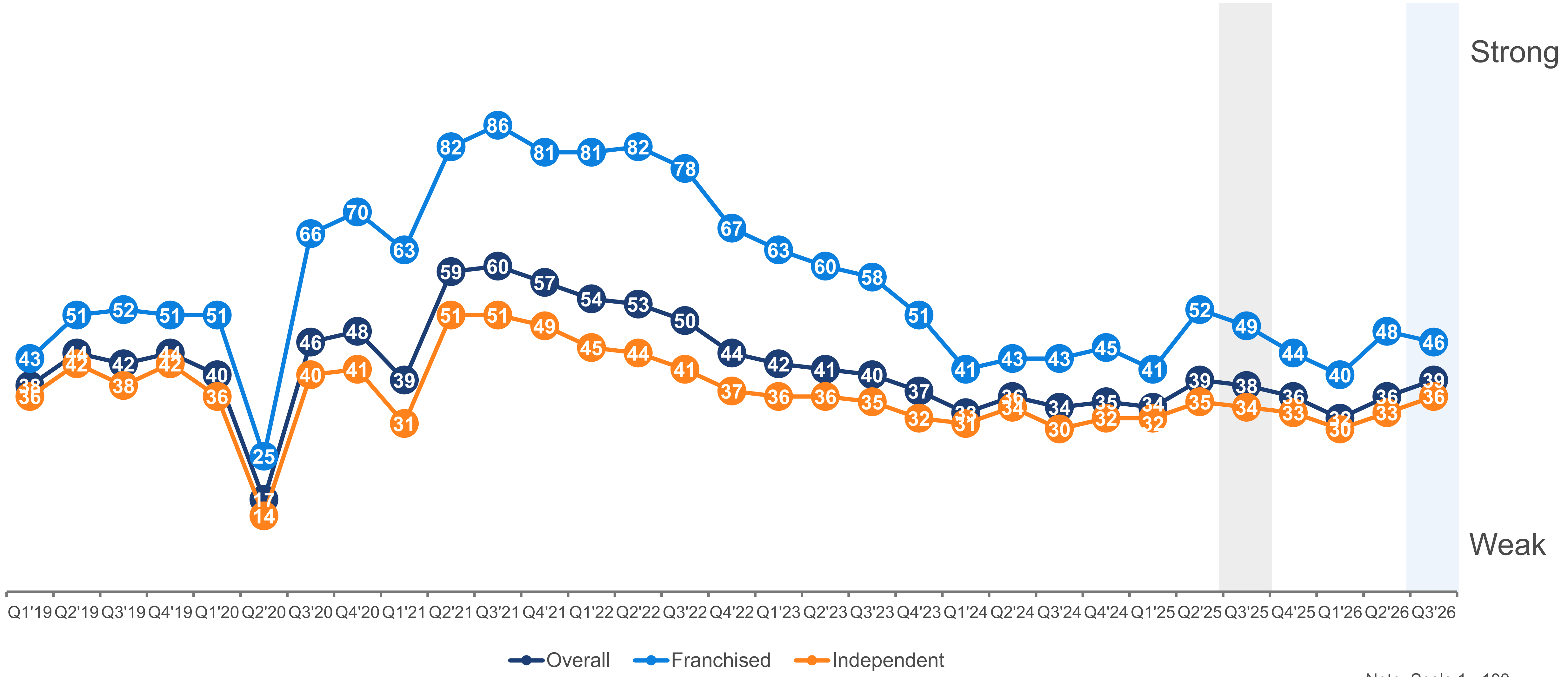
Q3B: How do you rate the digital/online customer traffic to your dealership over the past 3 months?

Note: Question introduced Q3 2022



Note: Scale 1 - 100

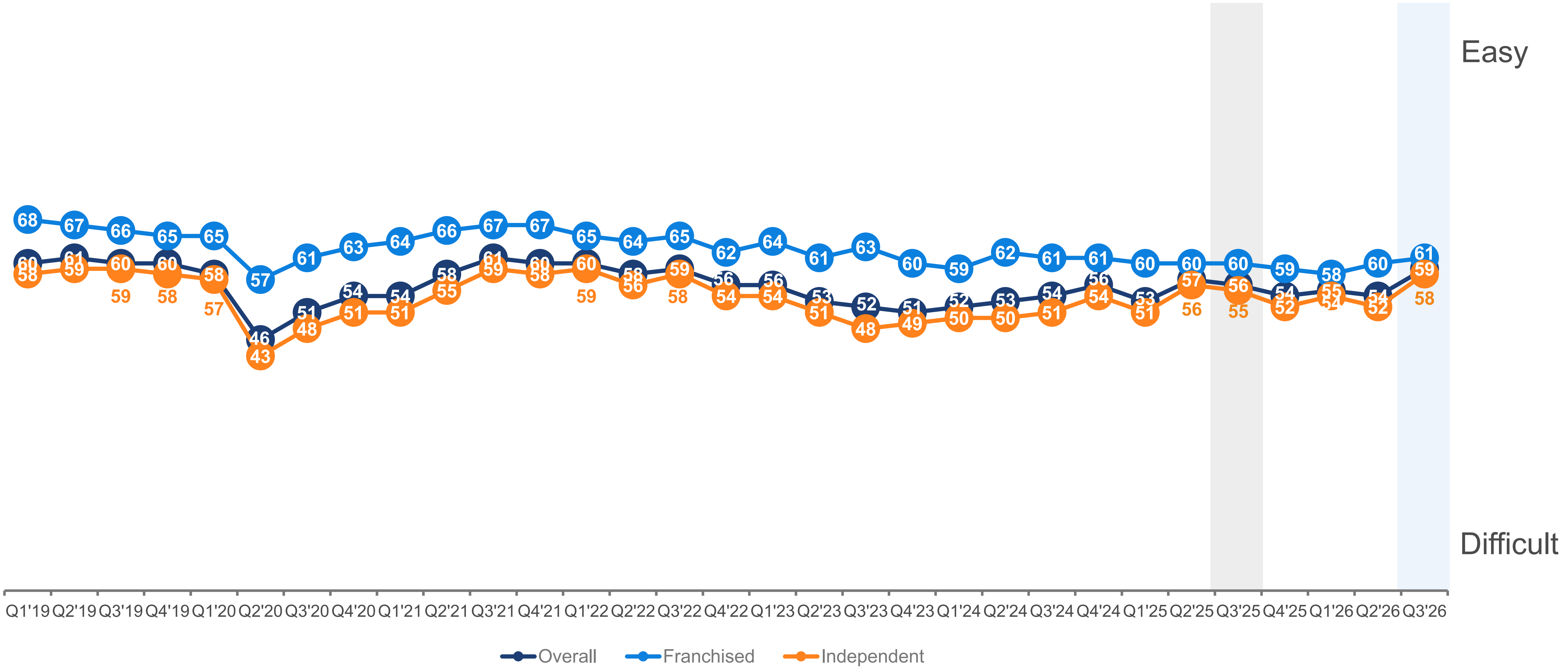
Q4: How would you describe your profits over the past 3 months?



Note: Scale 1 - 100

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

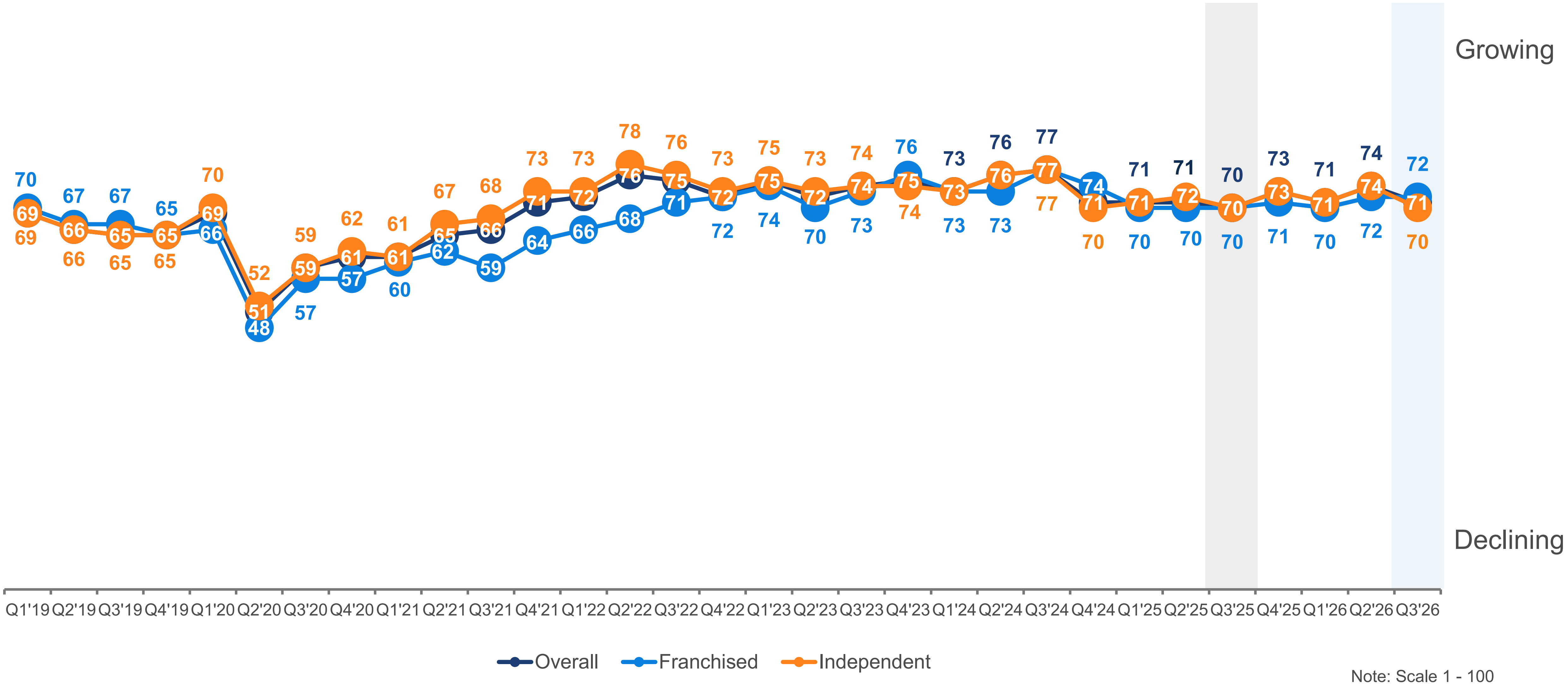
Dealer Sentiment Index
THIRD QUARTER 2026



Note: Scale 1 - 100

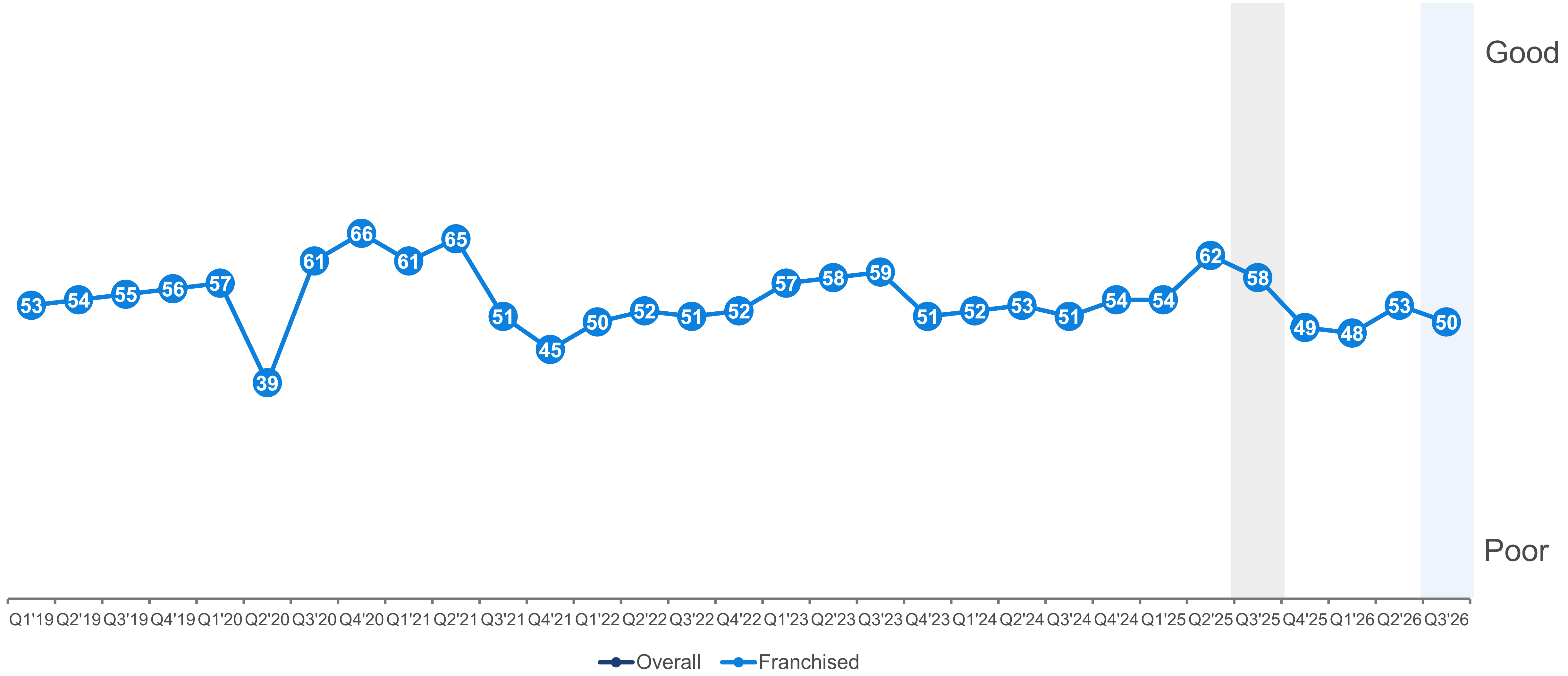
Q6: How would you describe the cost of running your dealership over the past 3 months?

Dealer Sentiment Index
THIRD QUARTER 2026



Note: Scale 1 - 100

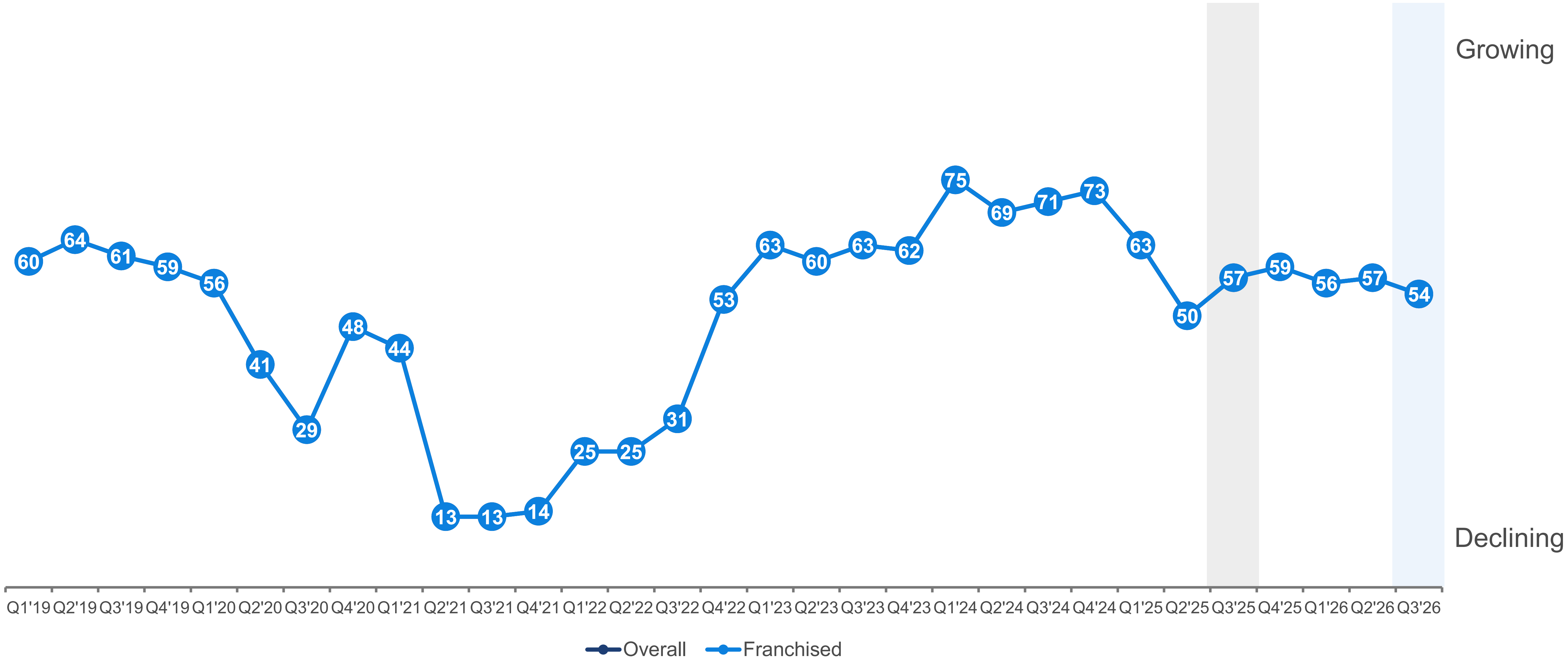
Q7: How would you describe the current new-vehicle sales environment?



Note: Scale 1 - 100

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

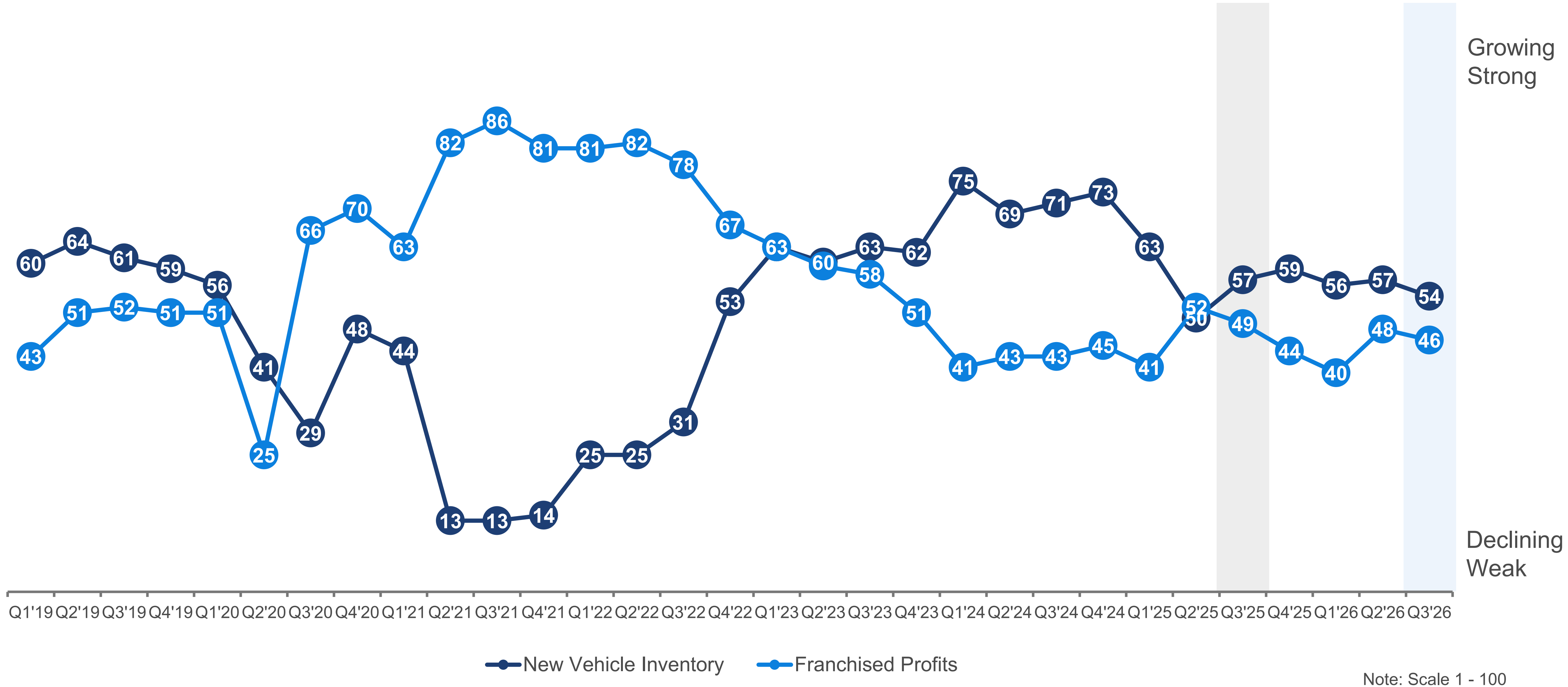
Dealer Sentiment Index
THIRD QUARTER 2026



Note: Scale 1 - 100

Inventory/Profits

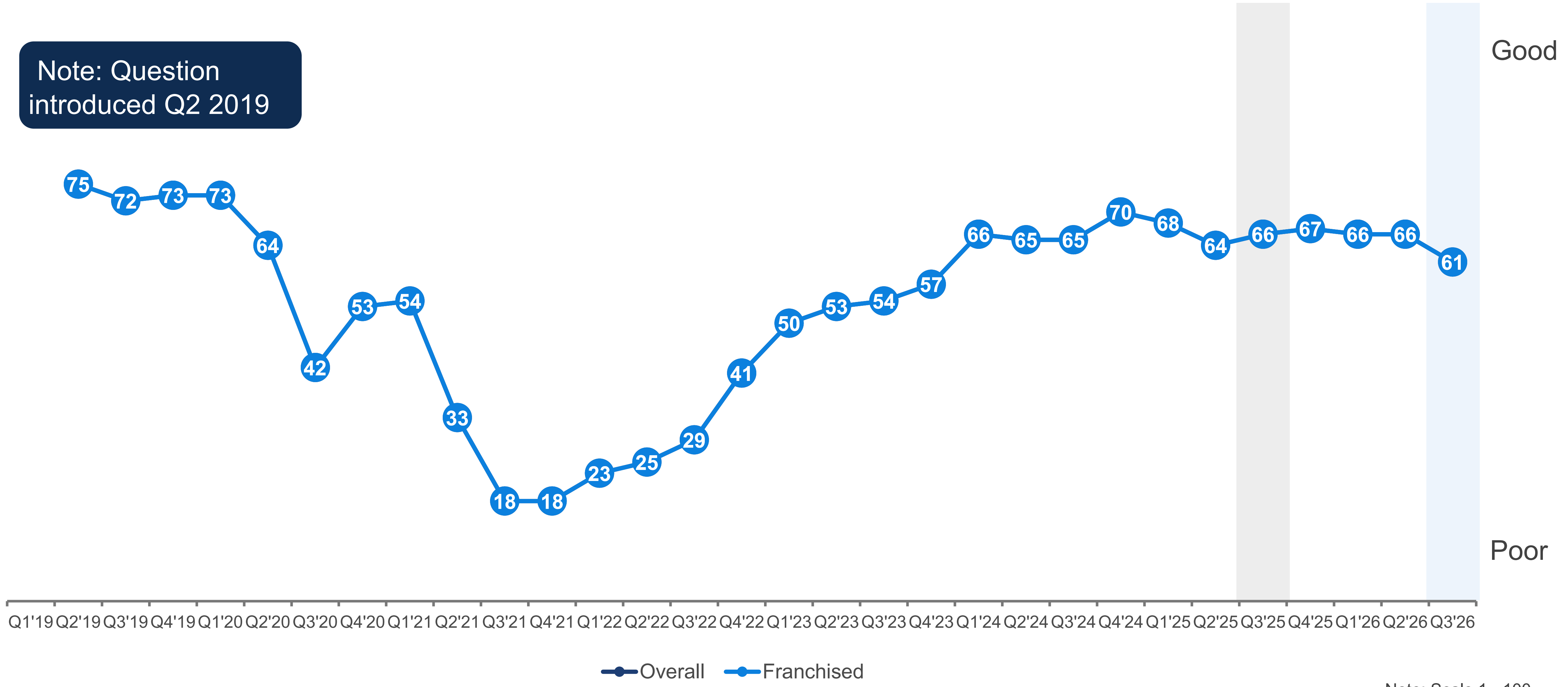
Q4: How would you describe your profits over the past 3 months?
Q8: How would you describe the current new-vehicle inventory levels?



Note: Scale 1 - 100

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

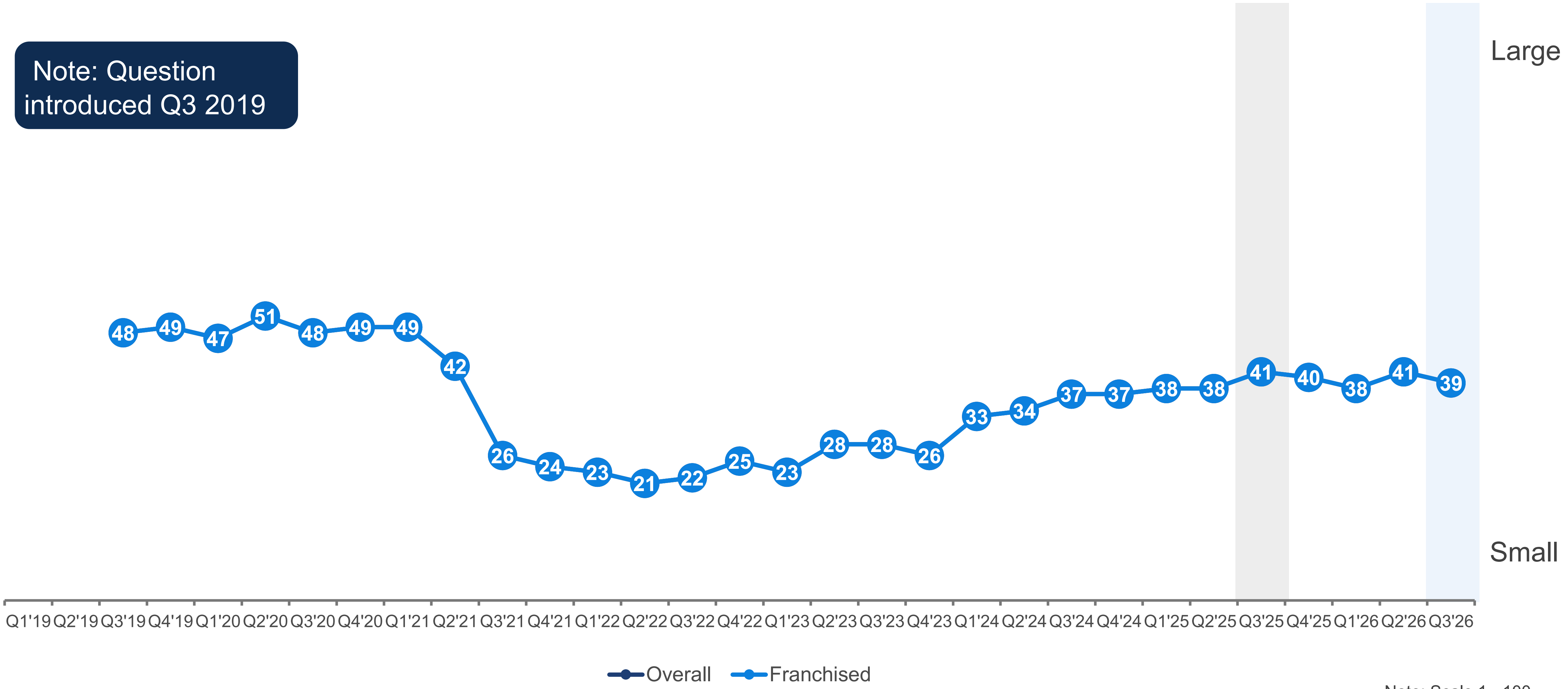
Dealer Sentiment Index
THIRD QUARTER 2026



Note: Scale 1 - 100

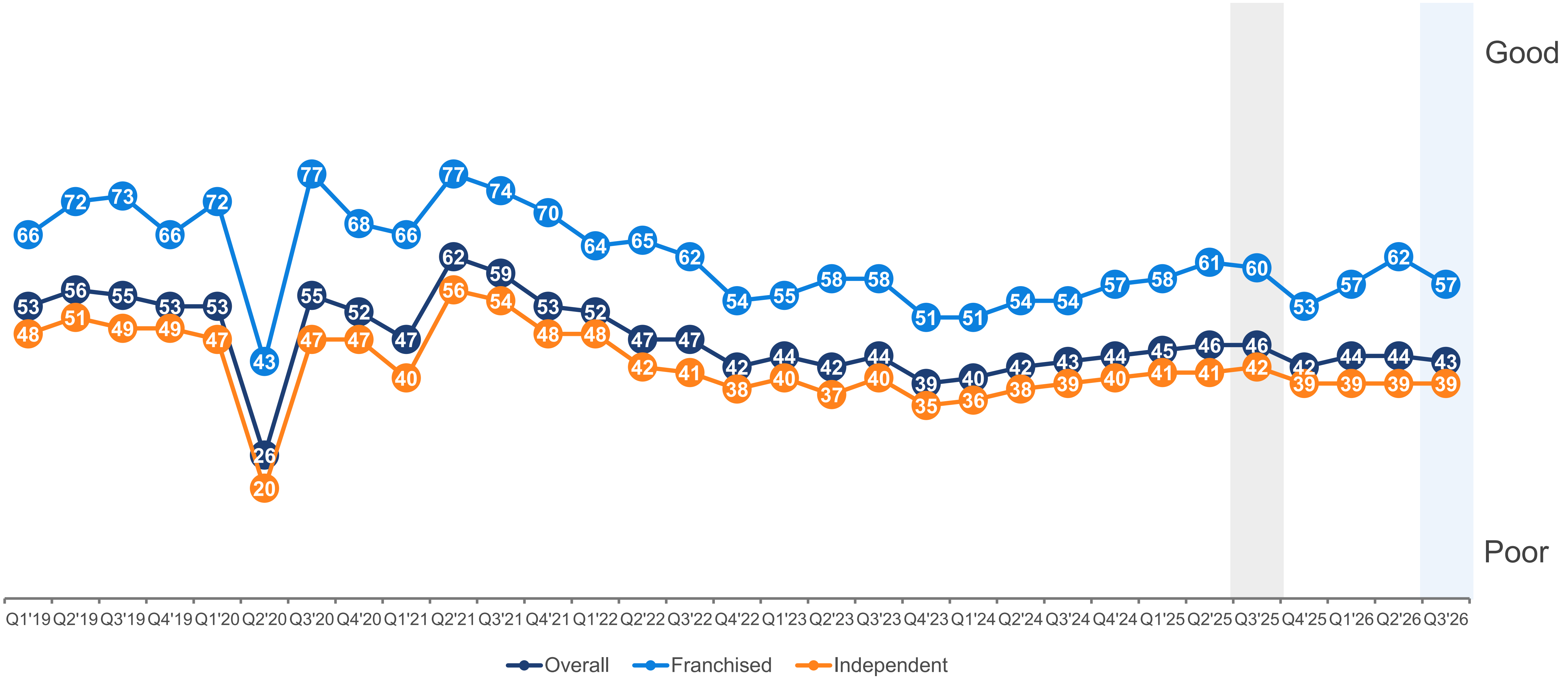
Q10: How would you describe the current level of OEM new-vehicle incentives?

Note: Question introduced Q3 2019



Note: Scale 1 - 100

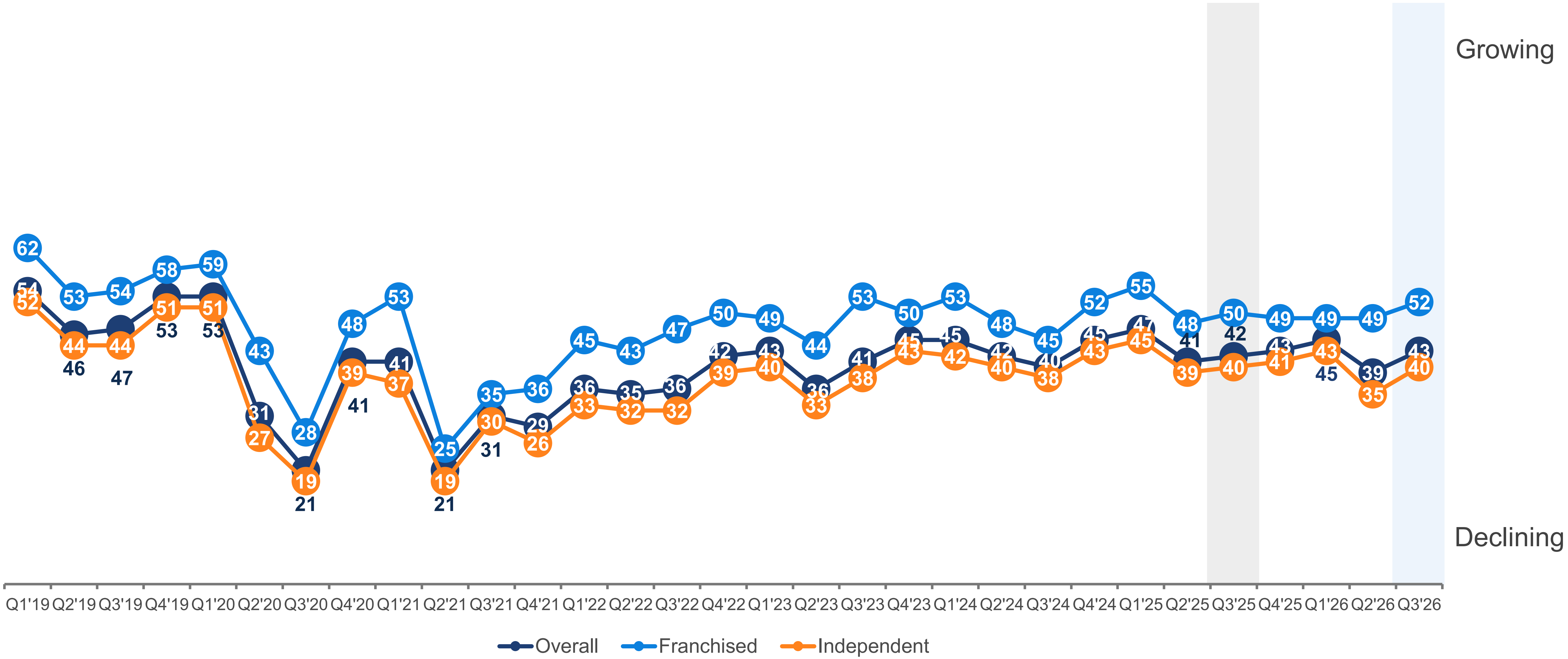
Q11: How would you describe the current used-vehicle sales environment?



Note: Scale 1 - 100

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

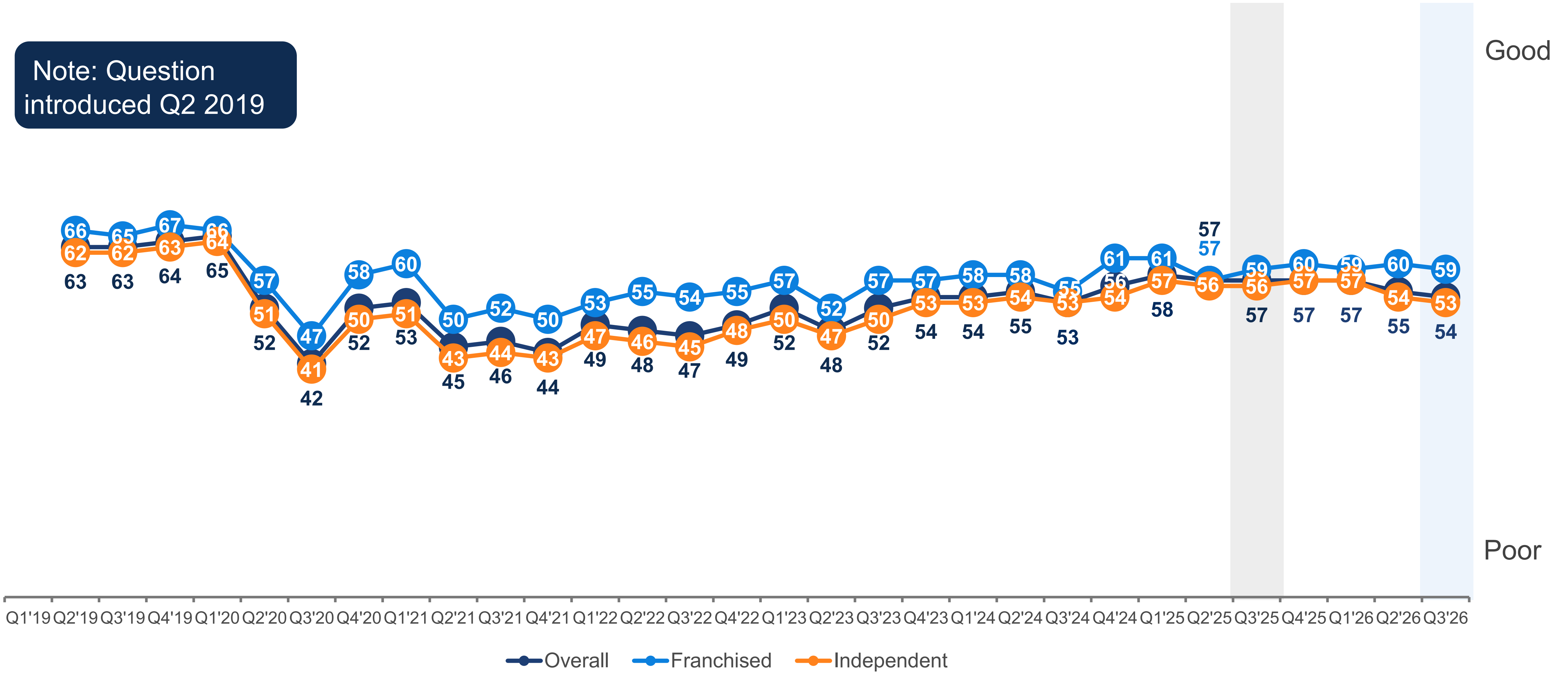
Dealer Sentiment Index
THIRD QUARTER 2026



Note: Scale 1 - 100

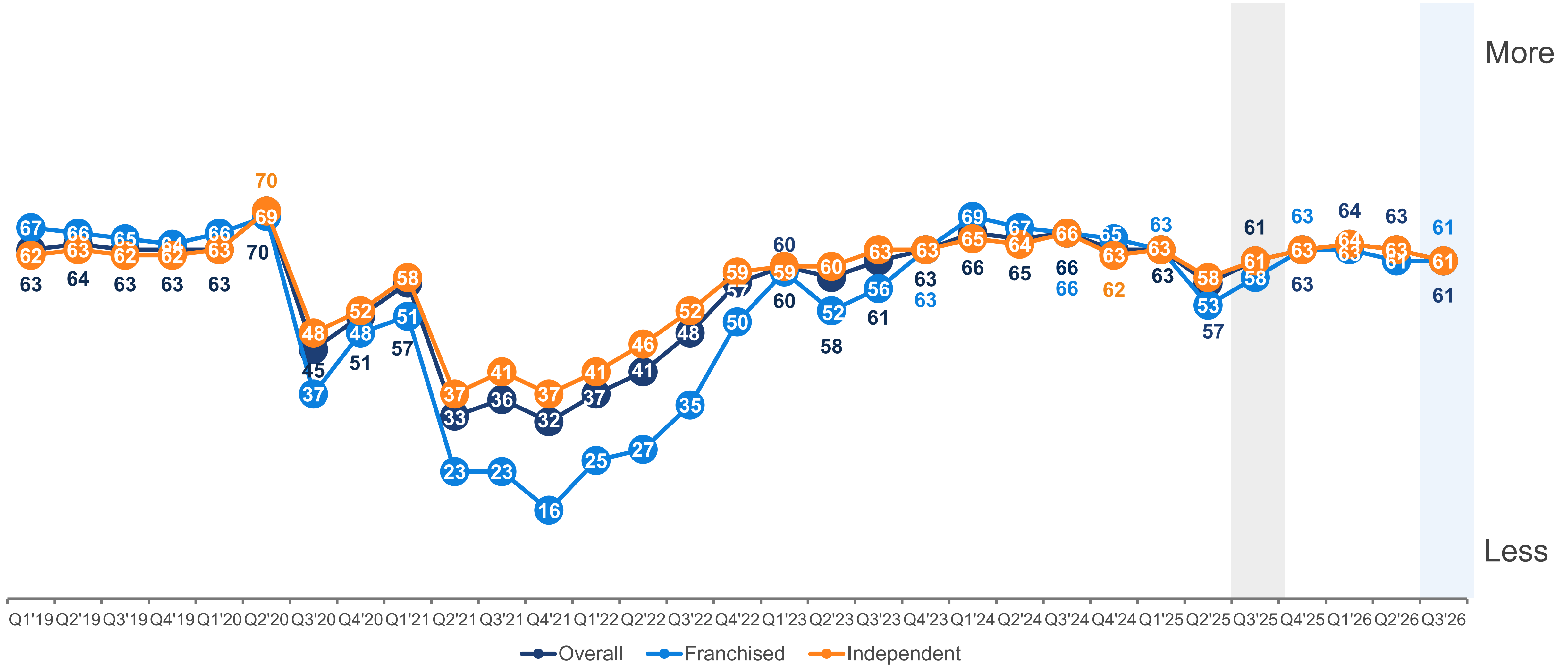
Q13: How would you describe the current used-vehicle inventory mix?

Note: Question introduced Q2 2019



Note: Scale 1 - 100

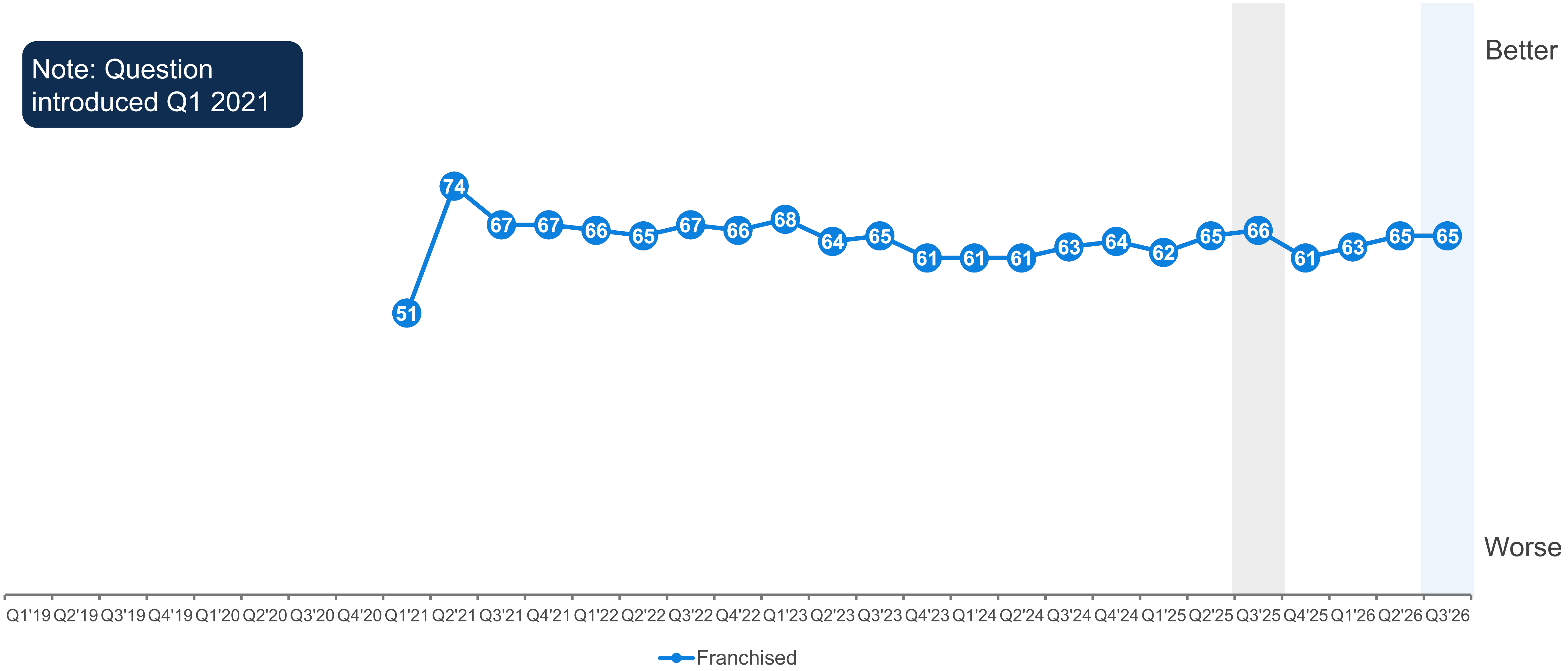
Q14: How much pressure do you feel to lower your prices?



Note: Scale 1 - 100

Q15: How would you describe the current level of business in your fixed operation?

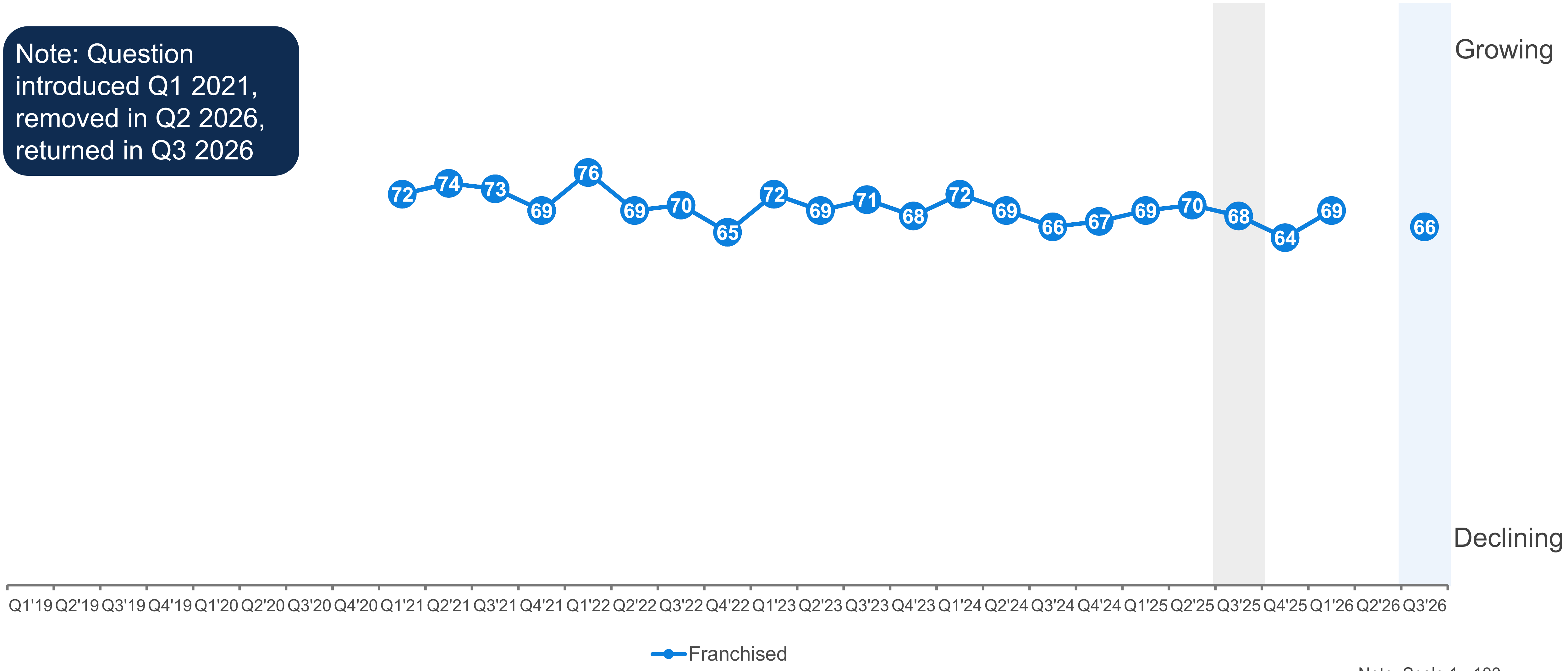
Note: Question introduced Q1 2021



Note: Scale 1 - 100

Q16: How would you describe the future opportunity with your fixed operations business?

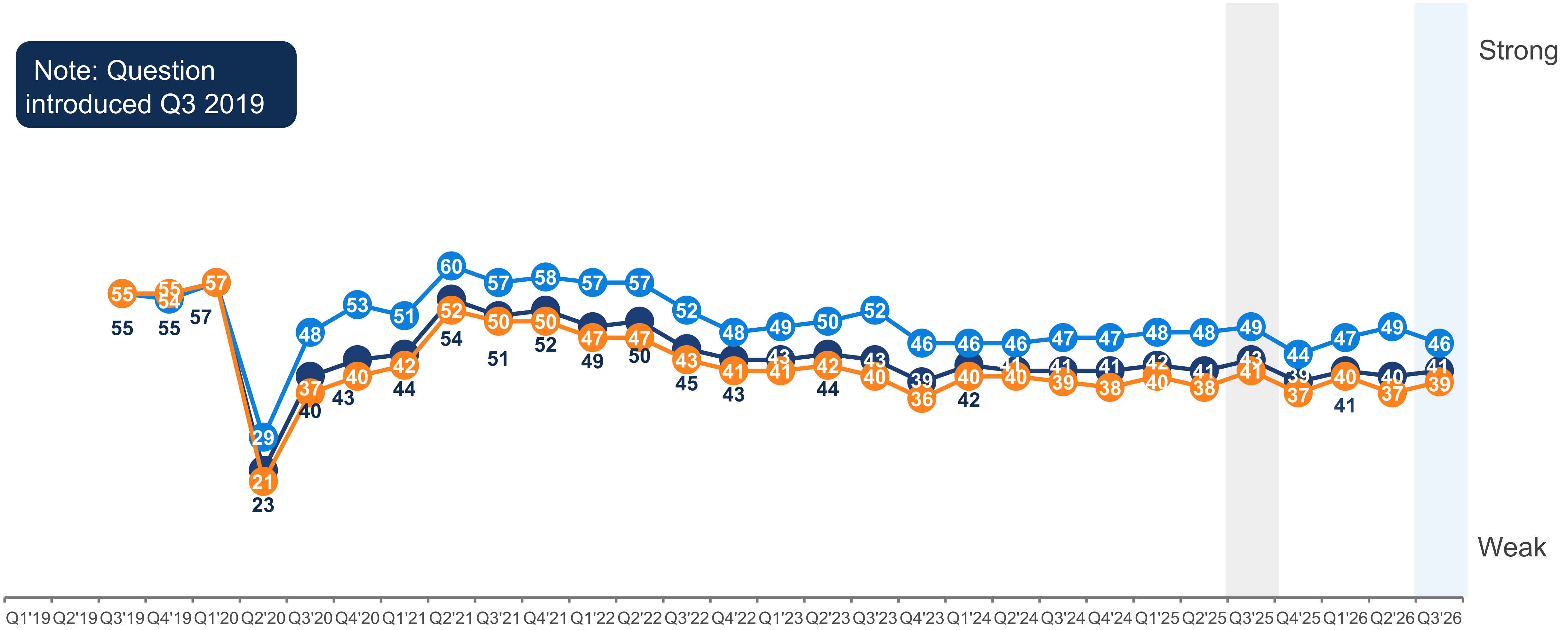
Note: Question introduced Q1 2021, removed in Q2 2026, returned in Q3 2026



Note: Scale 1 - 100

Q17: How would you describe the current U.S. economy?

Note: Question introduced Q3 2019



Note: Scale 1 - 100

Q18: Compared to last year, how would you describe your EV sales?

Dealer Sentiment Index
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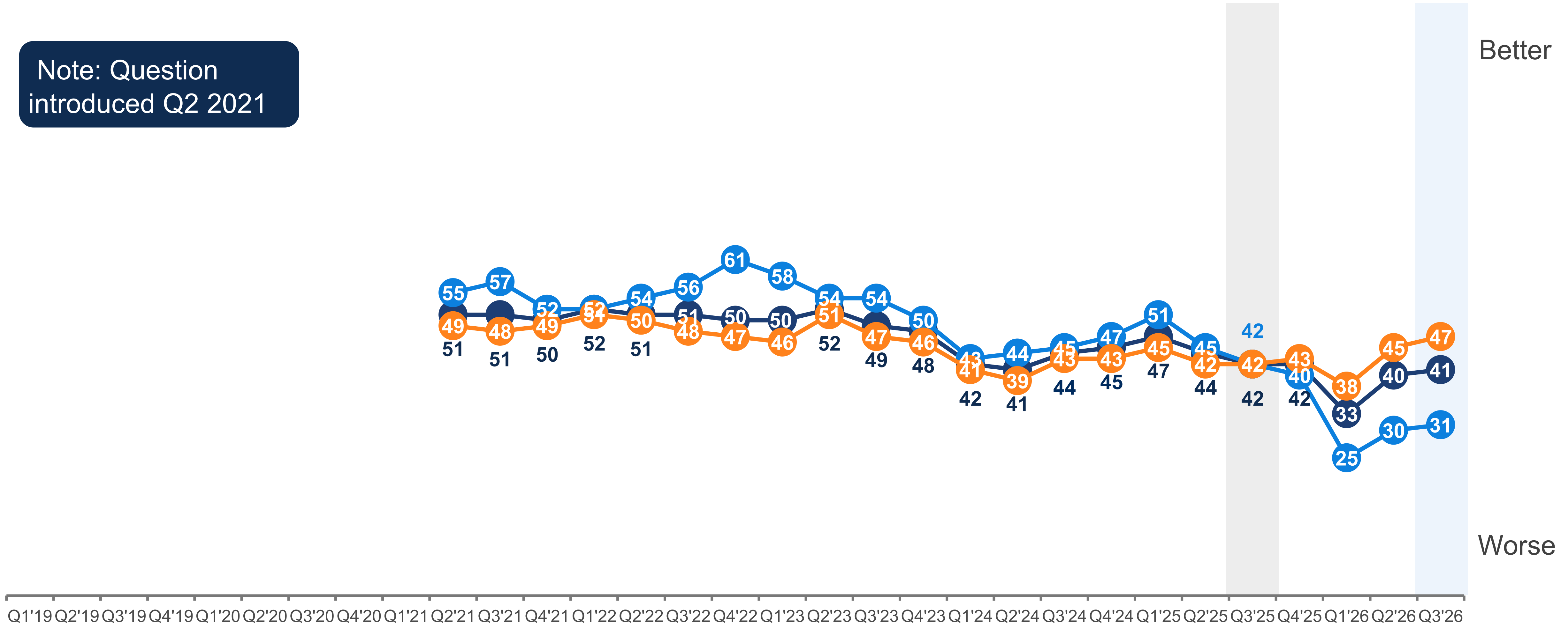
Note: Question introduced Q2 2021

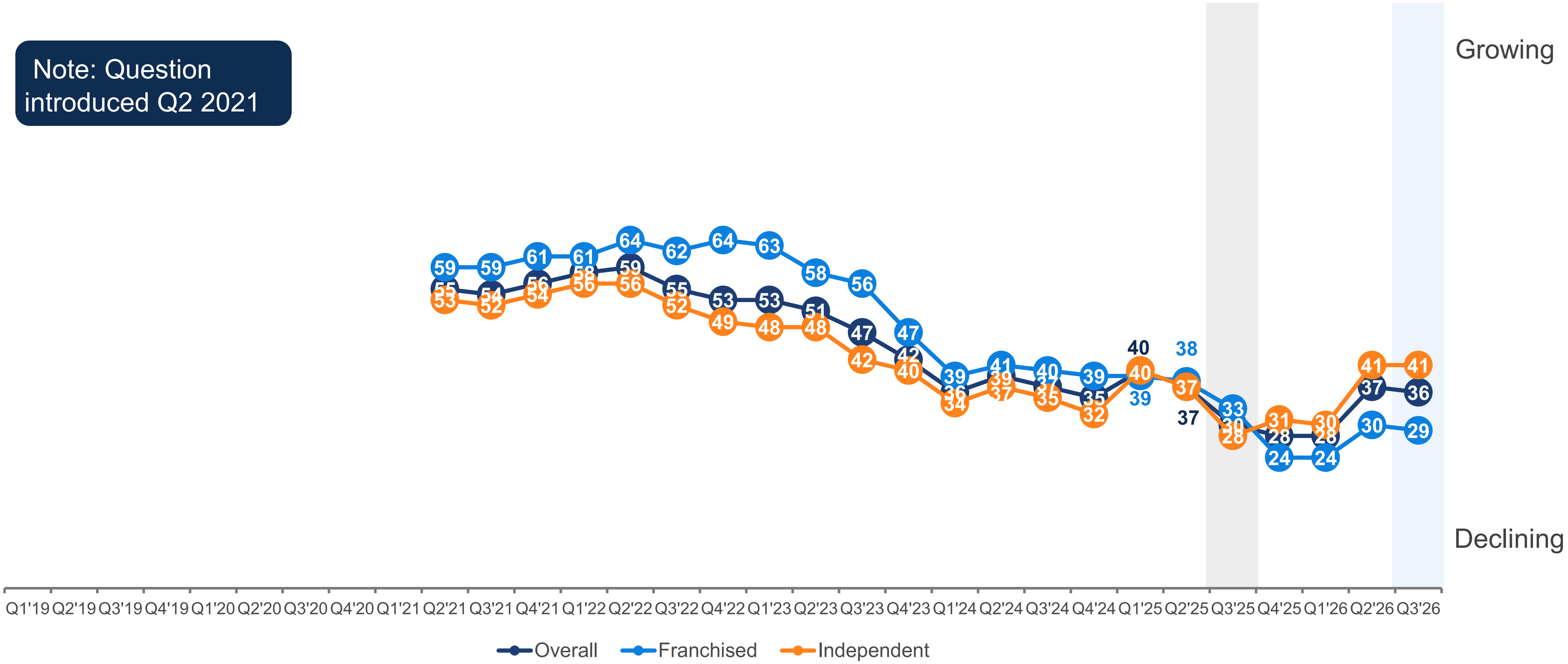


(EV) Electric Vehicle

Note: Scale 1 - 100

Q19: What do you expect the EV market in your area to look like 3 months from now?

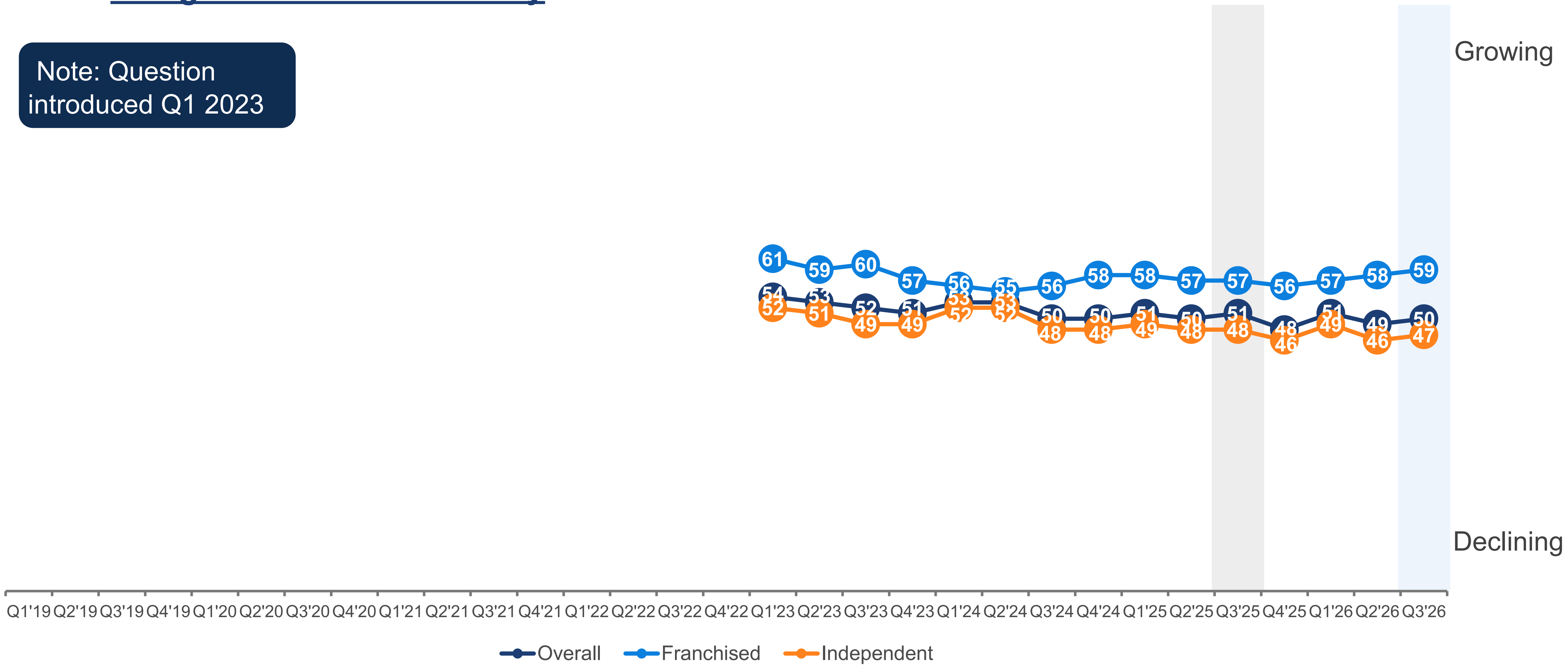
Note: Question introduced Q2 2021



Note: Scale 1 - 100

Q20: 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



Note: Scale 1 - 100

Factors Holding Back Business

OVERALL RANK

		Q3 '26	Q2 '26	Q3 '25	Q3 '24
1	Economy	54%	55%	44%	61%
2	Market Conditions	42%	40%	36%	41%
3	Interest Rates	34%	32%	43%	59%
4	Expenses	33%	33%	33%	33%
5	Political Climate	32%	36%	28%	44%
6	Consumer Confidence	31%	31%	31%	30%
7	Limited Inventory	28%	26%	28%	30%
8	Credit Availability for Consumers	26%	23%	25%	31%
9	Cost of Vehicle Insurance for Consumers	18%	20%	19%	N/A
10	Competition	16%	18%	15%	15%

Significant decrease vs previous quarter

Significant increase vs previous quarter

Factors Holding Back Business

FRANCHISED DEALERS

		Q3 '26	Q2 '26	Q3 '25	Q3 '24
1	Economy	54%	54%	43%	53%
2	Interest Rates	39%	36%	49%	67%
3	Market Conditions	38%	36%	35%	39%
4	Political Climate	35%	43%	33%	49%
5	Consumer Confidence	31%	31%	27%	32%
6	Expenses	28%	23%	21%	23%
7	Limited Inventory	21%	17%	18%	16%
8	Lack of Consumer Incentives from my OEM	20%	18%	22%	24%
9	Tariffs on Imported Vehicles and Parts	17%	21%	32%	3%
10	Competition	16%	13%	15%	14%

Significant decrease vs previous quarter

Significant increase vs previous quarter

Factors Holding Back Business

INDEPENDENTS

		Q3 '26	Q2 '26	Q3 '25	Q3 '24
1	Economy	54%	56%	44%	63%
2	Market Conditions	43%	41%	36%	42%
3	Expenses	35%	36%	37%	36%
4	Interest Rates	32%	31%	41%	57%
5	Political Climate	31%	34%	26%	42%
6	Consumer Confidence	31%	32%	32%	30%
7	Credit Availability for Consumers	30%	27%	29%	35%
8	Limited Inventory	30%	29%	32%	34%
9	Cost of Vehicle Insurance for Consumers	20%	21%	22%	N/A
10	Competition	16%	19%	15%	15%

⬇ 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	74	74	74
2	Interest Rates	66 ⬆	68	65
3	Vehicle Sales	64 ⬆	66	63 ⬆
4	Fixed Operations	62	63	61
5	Staffing Levels	49	**53 B**	47

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	47	47	51	48
Market Next 3 Months	Strong/Weak	48	51	52	52
Overall Customer Traffic	Strong/Weak	39	40	42	37
In-Person Customer Traffic	Strong/Weak	39	36	41	34
Digital/Online Customer Traffic	Strong/Weak	50	45	50	49
Profits	Strong/Weak	44	46	50	40
Costs	Growing/Declining	75	73	68	75
New Vehicle Sales	Good/Poor	48	49	54	47
New Vehicle Inventory	Growing/Declining	51	49	61	54
Current Mix of New Vehicle Inventory	Good/Poor	62	51 ↓	68	66

↓ 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	67	54	64
Marketing Spend Change	Increased/Decreased	61	55	58	50
Current Contribution of OEM Incentives	Large/Small	42	33	42	38
Economy	Strong/Weak	45	47	48	43
Impact of Acquiring Used EVs	Positive/Negative	42	49	50	61
Current Fixed Operations	Better/Worse	65	65	66	61
Current BEV Sales	Better/Worse	24	29	31	41
Future BEV Sales	Growing/Declining	28	22	32	35
Dealer Credit	Easy/Difficult	63	61	60	58

Significant decrease vs previous quarter

Significant increase vs previous quarter

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