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Optimism on the Rise Among Auto Dealers Following Decisive Election Results, Says Cox Automotive Q4 2024 Dealer Sentiment Index

ATLANTA, Dec. 11, 2024 – The Q4 2024 Cox Automotive Dealer Sentiment Index (CADSI) reveals renewed optimism among U.S. automobile dealers. The latest survey, conducted immediately following the national election in early November, indicates that, while current market conditions are still viewed as weak, dealers are increasingly optimistic about the future.

“The recent resolution of political uncertainty following the presidential election has cleared the path for a more optimistic outlook on future auto market conditions,” said [Jonathan Smoke](#), chief economist at Cox Automotive. “Coupled with the potential for supportive measures such as tax rebates and the possibility of lower interest rates, dealers are feeling more hopeful about the road ahead as we move into 2025.”

The market outlook index, which measures dealers’ expectations for the auto retail market in the coming quarter, jumped to 54 in Q4 from 42 in Q3. This significant increase suggests that more dealers believe the auto market will be stronger in the next three months. One year ago, the index stood at just 41, one of the lowest readings in its history.

“We saw a surge in the outlook, technically the largest surge we have had quarterly in the history of the data, and it gets us back to Q2 2022 levels,” noted Smoke. “It is the best fourth quarter since 2021, which was the most profitable quarter in dealer history.”

Despite the positive outlook, the current market index score of 42 indicates that a majority of dealers still view the current retail auto market as weak. This score is slightly better than one year ago but remains well below pre-pandemic norms and long-term averages.

Franchised dealers, who sell both new and used automobiles, are more optimistic than used-only independent dealers, with an index score of 50. This score signals an equal number of dealers see the current market as strong as see it as weak. A majority of independent dealers indicate that the current market is weak, with a score of 39. However, this represents an improvement compared to last quarter and last year.

Profits and Costs Increase but Continue to Challenge Dealers

In Q4, the important profit index increased slightly, moving from 34 to 35. Both franchised and independent dealers noted higher profitability compared to Q3, but the index score remains well below levels seen in 2021 and 2022. The cost index also improved, falling from 77 to 71, suggesting some pressure may be easing.

Views of the U.S. economy were mostly flat in Q4 at 41, equal to the score in Q3 and two points higher than in Q4 2023. U.S. automobile dealers still see the economy as weak, a sentiment that has been consistent for the past two years due to elevated inflation and high auto loan rates.

Sales Environment Improves, but Customer Traffic Remains Weak

The new-vehicle sales index improved in Q4 from 51 to 54, suggesting a better sales environment. The new-vehicle inventory index remains high at 73, indicating growing inventory, and the score of 73 is just two points below the all-time high reached in Q1 of this year.

The used-vehicle sales environment also saw a slight improvement, moving from 43 to 44. Used-vehicle inventory levels increased as well, jumping from 40 to 45 in Q4.

Customer traffic in Q4 continues to be seen as weak. The Customer Traffic Index slipped from 32 to 31, driven by declining in-person visits, though digital traffic gained marginally, with the index score increasing from 39 to 40.

Incentives Remain Stable, While Price Pressure Declines Slightly

As inventory improves, particularly on the new-vehicle side, most dealers still consider the current level of automaker-backed incentives small. The incentive index score of 37 is unchanged from Q3 and remains at the highest level since Q2 2021. Price pressure fell slightly in Q4, from 66 to 63, but a majority of dealers continue to feel more pressure to lower prices.

Electric Vehicle Sentiment Declines as Policy Uncertainty Looms

Dealer optimism toward electric vehicle (EV) sales in Q4 was mostly unchanged from Q3 at 43 overall. The index scores suggest most dealers feel EV sales are worse now compared to one year ago. The outlook for EV sales fell further in Q4, with a majority of dealers suggesting the EV market would decline in the coming month, with a score of 35, down from 37 last quarter.

With an overall score of 60, dealers continue to suggest that national tax credits and incentives are having a positive effect on their EV sales. The tax credit index score in Q4 was 67 for franchised dealers, the highest score recorded since the question was added in Q1 2023.

“We are getting clear feedback that the tax credits are working in both the new and the used markets,” said Smoke. “The numbers have been moving higher and higher for franchises and are up substantially year over year. They have been pretty stable for independents all year but up year over year. This is something that could change fairly rapidly next year, so I think the diminishing outlook is directly tied to the at-risk status of the EV tax credits.”

Interest Rates and Political Climate Drop Significantly as Factors Holding Back Business

The top factor holding back business is the Economy, with 56% of dealers citing it as a significant concern. Despite a significant quarter-over-quarter drop, Interest Rates remain a close second at 52%. Market Conditions was cited by 37% of dealers.

Top Factors	Overall Rank	Q4 2024 Percentage	Q4 2023 Percentage
Economy	1	56%	62%
Interest Rates	2	52%	49%
Market Conditions	3	37%	46%
Political Climate	4	35%	33%
Expenses	5	33%	29%
Consumer Confidence	6	30%	33%
Limited Inventory	7	29%	47%
Credit Availability for Consumers	8	28%	24%
Competition	9	18%	12%
Regulations	10	8%	7%

After the recent election, 35% of dealers surveyed in Q4 reported that the Political Climate in the U.S. is affecting their business. This is a significant decrease from the 44% of all dealers and 49% of franchised dealers recorded in the previous quarter. The Q4 percentage is slightly higher than one year ago when it stood at 33%. Completing the top five, 33% of dealers identified Expenses as a barrier holding back business.

Cox Automotive Dealer Sentiment Index Methodology

Derived from a quarterly survey that Cox Automotive issues to a representative sample of franchise and independent auto dealers from around the country, the Dealer Sentiment Index measures dealer perceptions of current retail auto sales and sales expectations for the next three months as “strong,” “average,” or “weak.” The survey also asks dealers to rate new-car sales and used-car sales separately, along with various key drivers, including consumer traffic. Responses are used to calculate an index by which any number over 50 indicates that more dealers view conditions as strong rather than weak. The Q4 2024 CADSI is based on 933 U.S. auto dealer respondents, comprising 493 franchise dealers and 440 independents. The survey was conducted from Nov. 6 to Nov. 18, 2024.

Dealer responses were weighted by dealership type and sales volume to represent the national dealer population. For each aspect of the market surveyed, respondents are given an option related to strong/increasing, average/stable, or weak/decreasing, along with a “don’t know” opt-out. Indices are calculated by creating a mean score in which:

- Strong/increasing answers are assigned a value of 100.
- Average/stable answers are assigned a value of 50.
- Weak/declining selections are assigned a value of 0.

Respondents who select “don’t know” at a particular question are removed from the related index calculation. The total metrics reported have a +/- 3.21% margin of error.

[Download the full results](#) of the Q4 2024 Cox Automotive Dealer Sentiment Index.

About Cox Automotive

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Media Contacts:

Mark Schirmer
734 883 6346
mark.schirmer@coxautoinc.com

Dara Hailes
470 658 0656
dara.hailes@coxautoinc.com