Dealertrack Credit Availability Index

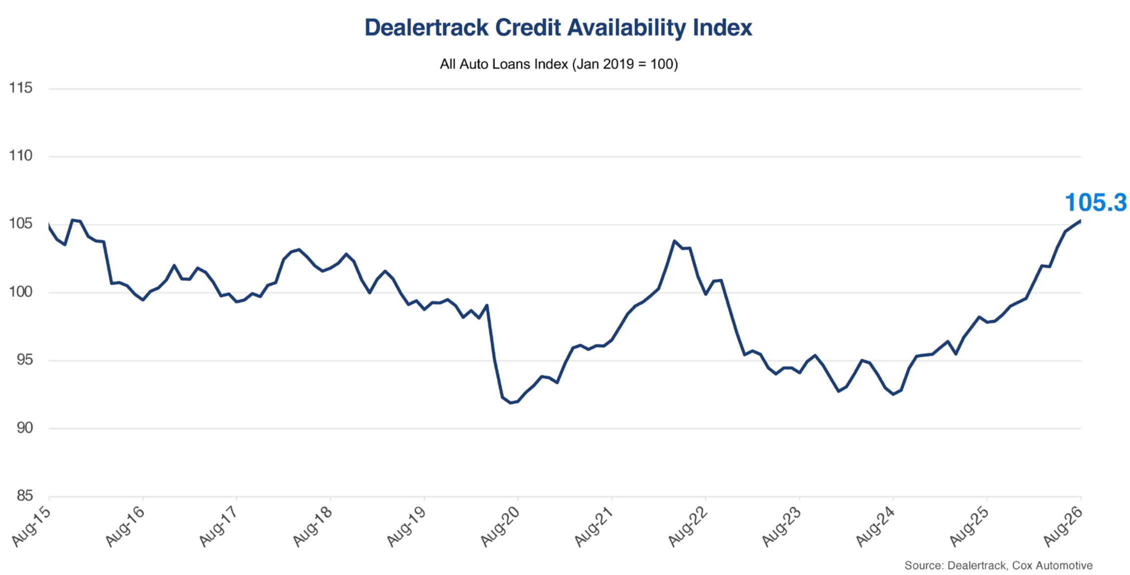
(Month ending August 2026)

The Dealertrack Credit Availability Index tracks six factors that affect auto credit access: loan approval rates, subprime share, yield spreads, loan term length, negative equity and down payments. Reported monthly, the index indicates whether access to auto credit is improving or declining. This typically means that it is cheaper and easier for consumers to obtain a loan or more expensive and harder. The index is published around the tenth of each month.

STATUS:

Auto Credit Access Reaches Highest Level Since 2015, but Borrowing Costs Rise

Auto credit access improved for a fourth consecutive month in August, reaching its highest level since November 2015, according to the Dealertrack Credit Availability Index. The All-Loans Index increased to 105.3, an increase of 0.4% from 104.9 in July and was 7.7% higher than in August 2025.



The monthly gain reflected continued loosening in loan structures, including increases in negative equity and the share of long-term loans. A higher subprime share also contributed, although it did not signal broader credit expansion. A modest widening in the yield spread was the only offset, absorbing about a quarter of those gains.

Key Metrics

- **Approval Rates**: The overall loan approval rate rose to 73.9% in August, an increase of 20 basis points from July, marking its fifth consecutive monthly increase and the highest level in 12 months. Even so, the rate remained 50 basis points below the 74.4% recorded a year ago, and the monthly gains continued to narrow. The rate increased 150 basis points in May and 220 in June before the monthly gains slowed to 10 basis points in July and 20 in August.
- **Subprime Share**: The share of loans to subprime borrowers rose to 16.6% in August, an increase of 20 basis points from July. It was the first increase in five months and ended the four-month pullback that followed March's surge to 19.5%. Year over year, the subprime share was up 300 basis points from 13.6%. The rebound was the single largest contributor to August's index gain.
- **Yield Spread**: The yield spread widened 4 basis points (from 6.57% to 6.61%), giving back part of July's 20-basis-point narrowing. The average contract rate rose to 10.99%, an increase of 9 basis points, while the 5-year Treasury yield rose to 4.38%, an increase of 5 basis points and its highest reading since January 2025. Year over year, the spread remained 26 basis points below the 6.87% recorded in August 2025 and about 54 basis points below the 7.1% average since the start of 2023. The widening was the only drag on the August index.
- **Loan Term Length**: The share of loans with terms longer than 72 months rose to 31.3% in August, up 20 basis points and a record high in the dataset. It was the third consecutive month at or above 31%. Year over year, the share was up 580 basis points from 25.5% in August 2025.
- **Negative Equity Share**: The share of loans with negative equity rose to 57.4%, an increase of 60 basis points and the first increase in five months. It was the highest reading since April's 58.5%. Negative equity remained up 390 basis points above the 53.5% recorded a year ago and above every monthly reading recorded from 2015 through 2019. The increase was the second-largest contributor to the August index gain.
- **Down Payment Percentage**: Down payments held at 13% in August, unchanged from July and matching October 2022 as the lowest level in nearly four years. The share was 60 basis points below the 13.6% recorded in August 2025.

Channel and Lender Trends

- **Channels:** Credit access improved unevenly by channel in August. Certified pre-owned posted the largest monthly gain, up 1.2% to its best reading since November 2022, followed by All New, up 0.5%. Independent Used and Franchised Used each rose 0.2%, and All Used rose 0.1%, with all three setting series highs. Non-Captive New declined 0.1%, the only channel to lose ground.
- **Lender Types**: Three of the four lender types posted gains in August. Captives rose 1%, the largest monthly gain and a new series high, followed by Banks, up 0.8%, and Finance Companies, up 0.5%, also a new series high. Credit Unions were the exception, declining 0.1%.

Year-Over-Year Comparison

- **Channels**: All New posted the largest year-over-year gain, up 8.9%, followed by Independent Used, up 8%. All Used improved 7.1%, and Franchised Used rose 7%, and Non-Captive New increased 6.5%. Certified pre-owned posted the smallest gain, up 4.7%.
- **Lender Types**: Captives led the year-over-year improvement, up 14.9%, followed by Banks, up 13.4%. Credit Unions improved 8.1%, and Finance Companies increased 8%. All four lender types remained well above year-ago levels.

Implications for Consumers and Lenders

- **Consumers**: The latest report suggests consumers relied more on longer terms and negative equity to complete purchases in August, with a record 31.3% of loans exceeding 72 months. Down payments remained at their lowest share since October 2022, and the share of loans with negative equity increased 60 basis points to 57.4%. These structures can reduce the immediate payment burden but increase total borrowing costs, extend the time borrowers remain underwater and limit their flexibility if circumstances change.
- **Lenders**: It is important to note that the index reached its highest level since November 2015 because credit loosened through loan structure rather than lower rates. Longer terms and negative equity rose broadly across lenders, and the subprime share increased even though fewer subprime loans were originated than in July because overall lending declined at a faster rate. Lenders are taking on more risk, but they are being compensated for that risk as the contract rate rose faster than the underlying Treasury yield, widening the spread by 4 basis points.

Bottom Line: The August 2026 Dealertrack Credit Availability Index rose for a fourth consecutive month to 105.3, its highest level since November 2015. A record share of loans longer than 72 months, a rise in negative equity to 57.4% and a higher subprime share supported credit availability. A modest widening in the yield spread was the only offset.

View historical Dealertrack Credit Availability Index reports (https://www.coxautoinc.com/insights-hub/?insight_series=credit-availability-index).

The Dealertrack Credit Availability Index tracks six factors that affect auto credit access: loan approval rates, subprime share, yield spreads, loan term length, negative equity and down payments. Reported monthly, the index indicates whether access to auto credit is improving or declining. This typically means that it is cheaper and easier for consumers to obtain a loan or more expensive and harder. The index is published around the 22nd of each month.