

Client-Facing Narrative: What Drives the Price of a Used Car?

Your dealership operates in a competitive market where choosing the right vehicles—and pricing them correctly—directly affects profitability. To support your decisions, we analyzed more than **426,000 used cars** from across the country to understand what truly drives vehicle value and how you can use these insights to improve your inventory strategy.

What We Set Out to Learn

We began with a simple question:

“Why do some used cars sell for more than others?”

Our goal was to uncover the real factors that influence price and build a system that can help your dealership price vehicles more confidently and competitively.

What We Found

Across hundreds of thousands of vehicles, several clear patterns emerged:

1. Age and Mileage Matter the Most

- Newer vehicles are worth substantially more.
- Cars with lower mileage sell for noticeably higher prices.
- High-mileage vehicles see a large drop in value after passing major thresholds (such as 150,000 miles).

2. Brand and Model Strongly Influence Resale Value

Some manufacturers retain their value better than others.

For example:

- Toyota, Honda, Lexus, and certain luxury brands consistently command higher resale prices.
- Older sedans from less in-demand brands tend to sell for much less.

3. Vehicle Type Affects Price

- Trucks and SUVs are priced higher than sedans on average.
- Vehicles with all-wheel drive or four-wheel drive also sell at a premium.

- Features related to fuel efficiency or advanced powertrains (such as hybrids) can increase value.

4. Condition and Features Make a Difference

Vehicles listed in better condition—and equipped with desirable features—tend to attract higher prices from buyers.

How This Helps Your Dealership

Using the insights from this analysis, we built a pricing system that:

- Reviews the main characteristics of any vehicle
- Compares it to real-world data from hundreds of thousands of listings
- Estimates a fair and competitive price based on current market patterns

This means you can:

- ✓ **Price inventory more confidently** – avoid overpricing (which leads to long lot times) and underpricing (which hurts margins).
- ✓ **Make more intelligent purchasing decisions** – quickly estimate whether a trade-in or auction vehicle is a good deal.
- ✓ **Understand which cars create the best return** – brands and models with better resale value can be prioritized in your buying strategy.
- ✓ **Respond quickly to market changes** – as buyer preferences shift, the system can be updated to reflect new trends.

How You Can Use This Going Forward

You have flexibility in how to apply these insights:

- Run pricing estimates for new inventory in batches
- Use the system during customer trade-ins
- Apply it at auctions to avoid overpaying
- Integrate it into your internal tools for ongoing pricing support

No matter how you use it, the goal is the same:

Give your dealership a clearer view of what each vehicle is truly worth.

Conclusion

This project reveals what your customers value most—and gives you a reliable way to price vehicles based on real market behavior, not guesswork. By understanding the factors that truly drive used-car prices, your dealership can make faster decisions, reduce risk, and increase profitability.