

Barely used EVs are being flipped for profit

Article

The trend: Prices for used hybrids and [EVs](#) are surging in a trend that won't fizzle anytime soon.

- Average YOY used car prices in March spiked **40.5%** for hybrids, **36.3%** for EVs, and **29.6%** for vehicles with other fuels types, [per](#) Torque News. The **Hyundai Sonata Hybrid**—one of the few cars with [rooftop solar](#) sold in the US—topped the charts, making a **63.9%** leap.
- The [Nissan Leaf](#), once the vehicle with the highest depreciation in the US, increased by nearly **50%** in value YOY, according to Torque.

- There are reports of used EVs appreciating in value: A **Tesla Model 3** bought for **\$39,000** in 2021 has gained between **\$10,000 and \$16,000** in value, according to a [report](#) from Recurrent [cited by](#) Wired. Teslas make up **66%** of the 2021 used EV inventory.

More on this: While the used EV market's popularity might be a surprise, it's an extension of what's happening in the used car market overall, with walls closing in on all sides from [chip scarcity](#), [supply chain snarls](#), **battery mineral shortages**, **inflation**, and **wallet-busting gas prices**.

- Overall, new car prices ticked down slightly by **0.3%** from February to March, per Wired. Yet new EV prices increased by **1.8%** in that time frame, with hybrids rising by **8.6%**.
- This underscores the effect of shortages of battery minerals like [nickel](#) and cobalt, restraining production and driving up prices just as consumers flock to electric to avoid the gas pump.
- Shocked by new EV sticker prices and often facing [wait lists](#), buyers look to the used market only to find enormous price hikes that are likely to endure due to a [backlog](#) in new deliveries.

What's next? The future holds more pain for those looking to buy EVs, while owners can flip their vehicles for a profit. Owners can also bask in the long-term value outlook as a new study showed that most (newer) EVs retain about **90% of their charging capacity after 100,000 miles**, [per](#) Inside EVs.

- Buyers can anticipate leaving dealerships empty-handed as people seek out electric in preparation for gas-free summer vacations.
- For automakers, the competitive angle will be who can bring EVs to market fastest, with **Honda** promising a "[supercharged production process](#)."

One solution: As batteries are the most expensive component of EVs, developing [solid-state battery](#) alternatives that don't contain expensive nickel or cobalt, which are in short supply, could drive down prices and speed up production.

Primary Focus Areas for Investment in the Next 1-2 Years According to US Auto Dealers, April 2021

% of respondents

Manufacturer-driven enhancements (including in service bays) to prepare for surge in EVs and hybrids

30%

IT/digital infrastructure, including areas like inventory management, sourcing, etc.

29%

Advertising and marketing expenses

27%

Expanding into omnichannel for new and used vehicle sales

14%

Source: J.P. Morgan, "Auto Annual Dealership Survey," April 6, 2021

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