

## Selling Your Car - 22 Factors That Impact Its Resale Value



Source: Myusedcarblog.com

Most cars are depreciating assets, this means that the value of your car is likely to decrease the longer you own it, and the more you drive it. However, there are ways to prevent its value from decreasing to rock bottom levels.

Before looking at the factors more closely, it is important to understand some of the most common terminology used by the motor industry:

- **Retail price:** This is the recommended sale price, not inclusive of the extras on the vehicle nor the consumer demand. Naturally, a dealer needs to factor some profit into vehicle prices, so retail values are normally at the higher end of the scale. This is the price you can expect to pay when acquiring a new vehicle.

Any additional aftermarket extras can void the warranty of the vehicle. Therefore, it is advisable to rather purchase additional accessories directly from the dealer to avoid this.

- **Trade/market price:** Is always lower than the retail value, it is the recommend trade price for a vehicle in good condition – these values may also vary in line with vehicle demands. This is the value that should be considered when trading in or selling your vehicle.
- **Depreciation:** The reduction in the value of an asset over time, due to factors such as mileage and wear & tear.

When it comes to the resale value of a car, people tend to focus on only two factors—the age of the vehicle and its mileage. However, there are many, many things that can impact the value of a used car. The overall condition of the vehicle, for sure, will impact the price. But there are plenty of things that people likely are not aware of that can also impact a car's resale value. Many of these things are subtle, but they can raise or lower the price on a car. The factors listed here affect a car's value and will help to ensure that you get top dollar for the vehicle that you plan to sell. Taking some time to address these factors can dramatically increase your car's sales value which translates into extra money in your pocket.

## **1. Brand**

The brand of your vehicle could have significant impact on your used car resale value, regardless of the quality or condition of the car.

The popularity and reputation of a car brand is the biggest determining factor when selling your car. Toyotas and Volkswagens are extremely popular in the second-hand market because they offer value for money and have a reputation as being reliable.

Popularity also means that parts are more readily available and consequently cheaper to source, which is important to a second-hand car buyer.

If you have a popular brand vehicle it will be easier to sell as well as the sales price should be higher than an unpopular brand.

## **2. Mileage**

The average driver racks up about 20,000km per year — the distance manufacturers will use to determine standard warranty coverage. “If you own a five-year-old car with less than 100,000km on the clock, you will probably be able to ask for more than book retail price, depending on the condition. Low mileage is always better than higher mileage.

## **3. Condition**

The overall condition of your car is one of the biggest determining factors when selling your car. A car in poor condition will always fetch a lower book retail price compared to a well looked after and properly maintained car. Proper maintenance throughout your ownership is critically important.

## **4. Age**

Typically, the older the car the lower the book retail price. The simple reason for that is the older the car the higher the maintenance and the bigger the chance of expensive major components needing repair and or replacement.

## **5. Time of Year**

Consider the time of year when selling your vehicle. It should come as no surprise that convertibles sell better, and for more money, in the summer, and SUVs sell better and at higher prices in the winter. They say timing is everything, and this extends to when you choose to put a car up for sale. If you want to create demand for your car and ensure plenty of interest from potential buyers, then wait until the time is right before putting it on the market. Holding off in July and waiting until October to sell a convertible can make a big difference. The summer will also enable people to test drive a convertible

with the top down and ensure they get the most enjoyment from the experience, and that they are prepared to pay good money to own the vehicle themselves.

## **6. Style Changes**

If you have an older model SUV and the manufacturer comes out with a new version of the same vehicle, complete with a new body style, it could impact the demand for your older model. Naturally, people will want to get their hands on the new version of the SUV. In comparison with the new version, your SUV will look old and outdated and people will be willing to pay less to own it. Do yourself a favour and pay attention to reports by automotive manufacturers of their plans to revamp particular brands and models. If you hear that next year's model of your vehicle will look completely different and have a new style, then you may want to list your car, bakkie or SUV for sale before the new version of the same model hits dealer showrooms. Staying ahead of the curve in this way can help ensure that you get a fair price when selling a vehicle.

## **7. Rebates and Incentives**

Rebates and incentives do not only impact new car sales. They can also influence automotive resales. For example, if there is a significant rebate on a 2017 model bakkie, then the 2015 model might not sell as well and that will lower its value. For this reason, it is important to pay attention to information concerning rebates and other financial incentives. This is the best way to learn if a newer model vehicle that had rebates and incentives attached to it, is more of a deal than an older model.

## **8. Mechanical Condition**

While accessories and upgrades tend to have little bearing on a vehicle's resale value, the engine under the hood does. Studies show that one of the things motorists care most about when buying a second-hand vehicle is the engine. This is because the engine impacts the functionality and reliability of a vehicle. If the engine does not work well, it will mean costly repairs for the person who buys the vehicle. If the engine dies, it will mean that buying a second-hand vehicle was a bad investment. When people talk about a car being a "lemon," they are usually referring to the engine being bad.

Also, when it comes to certain types of vehicles such as a 4x4, owners like to have a powerful engine and will pay more for larger engine capacity. This means that you should pay attention to what is under the bonnet of your car. If you have a larger or more sought-after engine in your car, it means you can sell it for a higher price. The same rationale applies to vehicles from a manufacturer that has a reputation for reliable engines.

A full-service history throughout the lifetime of the vehicle is critically important to maintain the value of your car. If you have kept a record of regular and routine maintenance/repairs, prospective buyers can see that it has been properly cared for, which could increase the value of your used car.

## **9. Cleanliness**

Another psychological factor is the cleanliness of a vehicle that you are selling. Having a clean car, especially a clean interior, can impact how much money someone is willing to pay for it. The cleaner the car, the more money people will pay. This is not just because people like the inside of a car to be clean. It is because a clean interior signals that a car has been well maintained and is in good shape, and this makes potential buyers feel that the car you are selling is likely to be more reliable.

Again, it is psychology at work here. A filthy car telegraphs to people that a vehicle was not properly maintained and is not in good shape. And people naturally assume this means the car you are selling is less reliable and more likely to breakdown on them. People can reap big financial rewards by taking time to professionally clean a car before listing it for sale.

## **10. Accidents**

Avoiding an accident at all costs is not only important from a safety perspective. It is also important to protect the value of your car. Any accident involving your vehicle, no matter how small, gives people an excuse to drive down the price. Accidents follow a vehicle around like a criminal record. And it does not matter if the accident was a minor fender bender or a total wreck and repair. Anyone considering purchasing a vehicle you own will have a reason to discount the price if they find out it has been in an accident. It is like telling people your car has a life-threatening illness.

## **11. Supply and Demand**

Ultimately it is supply and demand that will determine the value of a car you are reselling. How popular and common is a particular make and model of the vehicle you own? If you own a limited edition bakkie, you will likely be able to charge more money for it than, say, a vehicle that can be spotted on every street corner in the country. This means that it is important to know the market where you live and to do a bit of research before buying a car. As always, a little knowledge can go a long way towards the resale value of any type of vehicle.

## **12. Bumper Stickers**

Experts disagree on whether bumper stickers actually hurt your car's value, but why take the chance? If you leave the stickers in place, they reinforce to potential buyers that the car is used, and they can make it hard for buyers to see the car as a blank slate. So, try taking any stickers off — carefully. But be forewarned: even if they come off in one piece without any scrapes or nicks to the car, the paint beneath them may have faded.

## **13. Damaged Lights**

If your car's lights have cracked lenses or burned-out bulbs, it's worth the effort and expense to replace them. New bulbs and lenses are inexpensive and easy to get, and you can usually swap them out with just a couple of screws. (This may not be the case if your car has high-end LED or HID lighting, though you should still consider replacing any that are broken.)

Non-functioning headlights and brake lights can make a car dangerous to drive. It is the kind of problem that can impact safety or get you pulled over. No one wants to buy a used car and immediately head to the auto repair shop for repairs.

## **14. A Cracked Windshield**

You can get a windshield replaced pretty inexpensively, and most insurers have special low-excess amounts for windshield replacements without affecting your no-claim bonus status. Some shoppers might assume replacing a cracked or chipped windshield is out of their budget, so if yours needs to be replaced, get it done before you list your car for sale.

A caveat: If your car is newer-year model, replacing the windshield might cost more. That is because many new car windshields include fancy features like sensors for rain-sensing wipers and embedded antennas, which will drive up the price.

## **15. Where You Live**

You decide where to live for a ton of reasons, and your car probably is not one of them. But where you live can significantly influence its resale value. If you live in the Free State or Gauteng, rust will be a lot more unusual than living at the coast. Selling your car out of province might be a great way to increase the sales price.

## **16. Second-hand Smoke**

Nobody wants to buy a car that smells like an ashtray. So if you've been smoking inside your car, prepare to pay for it. While there's no exact formula for how much less your car will be worth compared to a similar vehicle that hasn't been smoked in, there is no disputing the diminished value of a smoker's car. Some studies have shown that cars that have been smoked in are so contaminated, driving and riding in them will expose you to third hand residual tobacco smoke.

## **17. Mismatched & Worn-down Tires**

Whether you're selling your car or trading it in, you'll have an advantage if your tires are in good condition and, more importantly, if they all match. A mishmash of tire brands or tires of different ages could suggest to some buyers that you cared for the car haphazardly. If you are serious about getting top dollar for your car, consider buying four new tires when they are on sale. If you are trading your car in rather than selling it outright, the dealership may just deduct the cost of four new tires from your estimated trade-in value.

## **18. The market**

The car market fluctuates constantly but one of the biggest factors affecting depreciation and demand is the petrol and diesel price.

If petrol is cheap, it might be time to get rid of your massive petrol-guzzling 4x4 or SUV before prices spike again. If your vehicle's value is strongly affected by fuel prices but you are eager to sell, you are going to just have to deal with what the market dictates. If you have a little leeway with timing, pay attention to news reports, watch for spikes, or drops in oil prices, and try to time your sale when it is most favourable to you. There is nothing you can do about oil prices, but if your schedule is flexible, you can try to take advantage of certain market conditions.

## **19. The Car's Reputation**

You cannot control what a vehicle manufacturer does, but their decisions may impact the future value of your car. Consider the Volkswagen Dieselgate scandal, which damaged VW's reputation and impacted the value of all diesel vehicles. Another notorious example is the Ford Kuga spontaneous combustion disaster. In short, whether the vehicle manufacturer does something unscrupulous, or it turns out there is a big problem with the car itself, your car's value may unfortunately suffer the consequences.

## 20. Exterior Condition

It is a no-brainer - any damage to the exterior of a used vehicle, however slight, has a negative impact on the value of a used car. If you're thinking about selling a used car, it's a good idea to get the car professionally washed, repair any dings and dents, or get a detail/paint correction job in order to increase the value of your used vehicle.

## 21. Interior Condition

It should be obvious, but it is worth mentioning. If the interior of your car is clean and well-kept, people will be more likely to buy. But if your car has an unpleasant odour or it looks like you eat/sleep/drink/live in it, you are going to have a hard time getting the value you want for your car. Use a professional service to clean the interior and invest in a set of new rubber floor mats to sweeten the sale.

## 22. The Sales Venue

One of the largest determinants of value is the sales venue. The highest prices are almost always achieved through private sales, but the downside of selling your car this way is that it involves a longer wait and much more work advertising and meeting buyers. Other methods such as selling to a dealership or through auction are quicker, but the valuation will be lower.

### **Buying A New Car**

The resale value of your car is one of the most important factors anyone should take into consideration **before** buying a car.

Most people base their choice on what suits their pocket or taste without thinking about selling it. Unfortunately, there are various upfront factors that should be taken into consideration before you buy a car. All these upfront factors will have an impact on the future resale value of your car. Check out our downloadable list: [“Buying A Car - 8 Factors That Impact Your Car’s Future Resale Value”](#) on the CRA website, for details.

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