

The Emergence of Exclusive Used EV Stores

Why Franchised Dealers Should Be Paying Attention

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For years, the electric vehicle market was driven almost entirely by new vehicle sales.

Today, that is no longer the case.

An interesting shift is taking place in the automotive marketplace. While new electric vehicle sales have slowed significantly, the market for used EVs continues to expand. The result is the emergence of a new type of competitor—independent dealerships specializing almost exclusively in pre-owned electric vehicles.

Franchised dealers should be paying attention.

Two Markets Moving in Opposite Directions

Recent industry data reveal a remarkable divergence.

New EV sales have declined sharply following the expiration of the federal tax credit, while used EV sales continue to post double-digit growth.

For many consumers, buying a new EV no longer makes economic sense, but buying a three-year-old EV often does.

Used electric vehicles are now selling at prices very close to comparable gasoline-powered vehicles, eliminating one of the largest barriers to EV ownership.

Consumers are discovering they can purchase a relatively new Tesla, Hyundai IONIQ 5, Ford Mustang Mach-E, or Chevrolet Bolt for little more than the price of a comparable gasoline-powered vehicle.

I believe that changes the buying equation.

The Supply Pipeline Is Just Beginning

Another factor is quietly reshaping the market.

Thousands of electric vehicles leased during the rapid growth period between 2023 and 2025 are now returning to dealerships.

Industry analysts expect EV lease returns to continue increasing through at least 2028, providing an expanding supply of late-model used electric vehicles.

Unlike many used vehicles, these lease returns typically have relatively low mileage, modern technology, and remaining factory warranty coverage.

That combination creates an attractive product for value-conscious buyers.

There Is A New Kind of Competitor

Where opportunity exists, entrepreneurs follow.

Across the country, independent retailers are beginning to specialize almost exclusively in used electric vehicles.

California and Texas already have dealerships devoted exclusively to used EVs and similar dealerships are popping up across the U.S.

These businesses are not attempting to compete across every vehicle segment.

Instead, they focus on becoming experts in USED electric vehicles.

Their inventory, marketing, websites, and sales processes are designed around a single objective: attracting used EV buyers.

That represents a competitive challenge many franchised dealers have not yet recognized.

The Competitive Landscape Has Changed

Traditionally, franchised dealers competed against:

- Other franchised dealers
- Traditional independent used-car dealers
- CarMax
- Carvana

Today another competitor has entered the marketplace: **Dedicated used EV specialists.**

Every desirable used Tesla, Rivian, Lucid, Polestar, Mustang Mach-E, or Hyundai IONIQ 5 acquired by one of these retailers is inventory no longer available to the franchised dealer.

Competition for quality used inventory is expanding.

Why This Matters

This is not simply an electric vehicle story. It is a used vehicle story.

Many dealers remain focused on the slowdown in new EV sales. Meanwhile, a different market is quietly gaining momentum.

Consumers are responding to lower purchase prices, increasing gasoline costs, and an expanding supply of attractive late-model used EVs.

Specialized retailers have noticed. - Some franchised dealers have not.

Looking Ahead

The automobile business has always rewarded those who recognize change before it becomes obvious.

- Certified Pre-Owned programs changed the used vehicle business.
- Internet retailing changed the sales process.
- Digital retailing changed customer expectations.

Dedicated used EV retailers may represent the next evolution in used vehicle competition.

Whether they remain a niche business or become a major force is still uncertain.

What is certain is that dedicated used EV dealers already exist—and they are competing for customers and inventory.

Successful dealers have never ignored new competitors. They have studied them, understood them, and adapted.

The emergence of used EV specialists deserves the same attention.

How Franchised Dealers Can Compete

The emergence of used EV specialists does not mean franchised dealers are at a competitive disadvantage.

In many respects, they possess advantages that independent retailers cannot easily duplicate.

Service Expertise

- Consumers purchasing a late-model used electric vehicle often have questions about battery performance, software updates, factory recalls, charging systems, and long-term maintenance.
- Franchised dealers have factory-trained technicians, specialized diagnostic equipment, and direct access to manufacturer service information. Those resources provide a level of confidence many independent dealers cannot match.

Long-Term Customer Relationships

- Many customers have done business with the same dealership for years.
- They purchased their last vehicle there.
- They service their current vehicle there.
- They know the people, the facilities, and the reputation of the dealership.
- That trust has real value.

Certified Programs and Warranty Protection

- Many manufacturers offer Certified Pre-Owned programs that include comprehensive inspections, extended warranty coverage, roadside assistance, and other benefits unavailable through most independent retailers.
- For many consumers, those protections can outweigh a modest difference in purchase price.

Complete Ownership Experience

- Franchised dealers are uniquely positioned to support customers throughout the ownership cycle.
- Sales...Financing...Service...Parts...Warranty repairs...Trade-ins...
- That complete ownership experience is difficult for most specialty retailers to duplicate.

Knowledge Still Matters

- Perhaps the greatest opportunity lies in product knowledge.
- Consumers considering their first electric vehicle have questions.
- The dealership that provides knowledgeable answers—not simply the lowest price—is more likely to earn both the sale and a long-term customer.

The Real Opportunity

Dedicated used EV retailers are growing because they recognized an opportunity.

Franchised dealers have an opportunity as well.

Most already possess the facilities, personnel, technical expertise, and customer relationships needed to compete successfully.

The challenge is recognizing that the marketplace has changed and responding before others define it.

The dealers who adapt early have traditionally been the ones who benefit most from industry change.

This market will prove to be no different.

About the Author

John J. Pico, J.D. is the founder of **Advising Automobile Dealers, LLC**. Since 1972, he has advised automobile dealers throughout the United States on dealership operations, profitability, acquisitions, strategic planning, and emerging industry trends.