



Rodney's Take

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Do You Drive It or Live in It?

According to Edmunds, in 2023, 17.5% of new car loans had monthly payments of \$1,000 or more. Experian reported that last year the average new car loan went out the door with a 68-month, \$40,184 loan at an interest rate of just over 7%. That's not the full price tag, since that includes downpayment, trade-in, etc. To be sure, most people didn't buy a new car last year. With more than 240 million adults in the U.S. and new car sales at 16 million in 2023, just 6.5% of the adult population is sporting a new set of wheels. But those wheels aren't cheap.

Since January 2021, the cost of a new car has soared by 26%.

It's not because the prices of parts and labor jumped. It's because we're willing to pay it. While auto manufacturers do have to pay more for materials and employers, they simply passed the costs, and then some, to consumers. Ford and General Motors posted fat profits for 2023 even as their electric vehicle (EV) divisions lost billions of dollars.

Now that the EV space is cooling off, the carmakers are making plans for how to move forward. They might introduce EV models on a longer timeline, giving themselves more time to clear their inventory, or they might offer bigger price concessions on EVs to make them more attractive. But it's likely they won't cut the prices on traditional internal combustion vehicles, because that's where the money is. We've already proven we will pay, and how else

can they earn oodles of cash to support both executive bonuses and money-sucking EV divisions?

With new vehicle prices up so much in recent years as to require four-digit payments, it led me to ask, “Do you drive it or live in it?” Maybe it’s both. Be sure to get a big one with lots of amenities. That way, if you have to use it as temporary living quarters, at least you’ll be comfortable.

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Got a question or comment? You can contact us at info@hsdent.com.