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YOUR MONEY

Ditch the Gas Guzzler? Well, Maybe Not Yet

By [RON LIEBER](#) and TARA SIEGEL BERNARD

Your neighbors may turn up their noses, but keeping your gas-guzzling sport utility vehicle, or buying one coming off a lease, may be a smart move.

The fact is that not many people want your big vehicle right now, if Friday's new auto sales data are any indication. Total S.U.V. sales were down 43.3 percent this July from a year ago, according to Autodata, an automotive information services company in Woodcliff Lake, N.J.

As for used vehicles, while they almost always fall in value over time, Jack Nerad, executive editorial director and executive market analyst at Kelley Blue Book, says that the rate of depreciation on large S.U.V.'s over the last six to eight months has been about twice what is normal.

Given the plummeting demand for big vehicles and the rise in gas prices that is responsible for the market turmoil, it is probably tempting to ditch your own large vehicle and trade down to something smaller.

But many experts suggest sitting tight, for a variety of reasons.

Here are some questions to consider if you are tempted to get rid of your gas guzzler, and some tips for figuring out whether it may be more financially sensible to hang onto it for a little longer.

WHAT IS THE TRUE COST OF A TRADE-IN? If fuel prices are behind your urge to drive a smaller vehicle, here is what you need to consider if you own a bigger one that you want to get rid of.

First, how much does fuel cost you now, and how much would it cost with a new car? Then, how much could you get for your old vehicle — and how much more money would you need to come up with to acquire a new one?

Philip Reed, senior consumer advice editor at Edmunds.com, was on the tennis court a month ago when a friend asked him what he ought to do about his [Ford Escape](#) S.U.V. "I said, 'You probably don't want to hear this, but your best thing is to keep driving it,' " he said.

Mr. Reed and his colleagues huddled to come up with a way to help consumers do the math, and the result is the new "[Gas Guzzler for Gas Sipper](#)" trade-in calculator at edmunds.com/calculators/gas-guzzler.html.

You select the vehicles in question, your location, the local price for gas and the number of miles you drive a month, and the calculator tells you how many months it will take for the fuel savings to equal the money you would need to acquire the new vehicle.

The calculator may actually underestimate how often it makes sense to hang onto a gas guzzler, since it does not account for sales taxes or the immense hassle of having to deal with all of the registration paperwork.

IS A [SMALL CAR](#) PRACTICAL? You will be tempted to play with the Edmunds.com calculator by swapping your hulking Chevy Suburban for a tiny [Honda Fit](#) or an itty-bitty hybrid of some sort. But let's get back to reality for a moment. It is nice to fantasize about tripling your fuel economy, but you might have a trailer to tow or perhaps you are larger than average and are not comfortable in small cars.

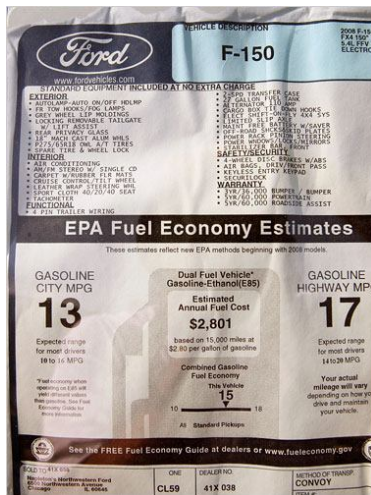
Say you need to haul three rows of people but still want to save on gas costs. So you trade in your 2005 [Ford Expedition](#) for a 2008 [Toyota Highlander](#) hybrid with a third row. It will take more than 15 years to break even on that deal, driving 1,500 miles a month, according to the Edmunds.com calculator. The numbers may work better if you get a used car instead.

Tex Pitfield, whose company, the Saraguay Petroleum Corporation, delivers fuel to gas stations, airports and elsewhere, has done the math himself on his 2003 [Lincoln Navigator](#). "I can't justify trading it in," he said. "It's going to cost me more to trade it in than it will to keep driving it."

WHAT IS YOUR LARGE VEHICLE WORTH? The answer is, probably much less than you think. About 36 million S.U.V.'s were sold in the United States in the last decade, according to Autodata. Plenty of people are blindly putting them up for sale or trading them in right now.

Used S.U.V. prices were down 12 percent for the months of May and June, compared with the same period a year earlier, according to J. D. Power and Associates data. But certain models had even sharper declines. For instance, the price of the [Ford Excursion](#) was down 27 percent, Hummers fell 25 percent, while Suburbans dropped 24 percent.

Take a standard 2005 [Ford Explorer](#) in good condition with 50,000 miles on it, for instance. According to Kelley Blue Book, a dealer might give you a stunningly low \$6,740 when trading it in now. Selling it to a private party might net you \$10,000, if you are lucky. In theory, a dealer would spiff it up and try to sell it for \$14,315. But a bargain hunter might be able to find a sales lot full of Explorers coming off a lease and pay many thousands less.



By that same token, if your lease is up on that Explorer, you may be able to negotiate a rock-bottom price if you want to buy it.

The only good news on the falling value of your S.U.V.? "It seems to correlate with the rise in fuel prices," said Mr. Nerad at Kelley Blue Book. "So it's probably mitigating somewhat even as we speak."

If you still owe money on the loan on your vehicle, there is also the ugly possibility that you may owe more on the loan than the vehicle

is actually worth. You will want to check the residual value of it on sites like Kelley Blue Book to see.

WHO ELSE WANTS A SMALL CAR? Lots of people. Sales of vehicles with four-cylinder engines represented 47.2 percent of all new vehicle sales during June, up from 38.4 percent of all new sales compared with the year-earlier period. "They would be even higher if they were available," said Charlie Vogelheim, vice president of automotive development at J. D. Power and Associates.

Take the [Honda Civic](#): On average, there was a 16-day supply of these vehicles at the end of June, versus a 32-day supply a year ago (meaning it would take 16 days to sell existing inventory off a dealer's lot), according to Autodata. There was a nine-day supply for the [Toyota Prius](#), down from a 17-day supply last year. There was a 41-day supply for all new cars in June, down from 49 days last year.

"The consumer can expect to pay a higher price today for a compact or subcompact than they would have a few months ago," said Ron Pinelli, president of Autodata. "There is more demand. The dealers aren't discounting as much, if at all."

EMOTIONAL OR RATIONAL DECISION? "If you're selling an S.U.V. or trading it in, you're selling an asset at the low ebb in its value and trying to buy an asset that's been bid up in value," says Mr. Nerad of Kelley Blue Book. "In stock market terms, this wouldn't be a propitious time to make that kind of trade."

As for fuel costs, the way Mr. Nerad sees it, people tend to view the cost of a fill-up as their cost of owning the car. So if filling the tank has gone up to \$75 from \$50, it seems as if the cost of owning the vehicle is up 50 percent.

Do not fall into this trap. Your insurance bill has probably stayed the same. So has your car payment. Maintenance costs do not change when fuel prices do, either. Take a deep breath and consider staying put, no matter what your neighbors may think.

Vikas Bajaj contributed reporting.