

Motor Vehicle Depreciation

With Sandra Kelly



Dictionary meaning- fall in value, price

Depreciation is not a good word, but is a fact of life when it comes to cars. I suppose when you think about it, most things depreciate in some way or another (a bit like aging really). And no one likes to lose money, but get used to it when you change your car, it's going to happen. I am not referring to tax deduction depreciation here (if you are in business you need to talk to your accountant about this), but rather actual market value depreciation. The two are often worlds apart.

There are definitely some vehicles that depreciate more than others, such as prestigious vehicles. If you can afford to buy a Mercedes or a BMW, be prepared for huge depreciation losses when you want to resell. Also if you wish to sell privately be prepared to be patient as you probably will not get a quick sale, in fact your enquiries will be few and far between, as most prestige buyers will frequent the prestige dealerships (see FREE tips to sell guide at www.sunauto.com.au)

Another range of vehicles high in the loss department is European cars. It is a similar situation as above, plus beware of the repair and service costs associated with these vehicles.

The vehicles with the minimum amount of depreciation at the moment are the good quality 4cyl from the big 5, Toyota, Holden, Mazda, Ford and Mitsubishi. Stay away from the cheaper makes (note the word cheap), and I also hazard a guess to say the Chinese cars that will come into the market in the next couple of years won't hold their value for long. Yes, they are cheap & economical, but in the long run you will lose dollars in depreciation.

There are many variables in condition, age and mileage but basically any vehicle over 200,000 kilometres is not worth very much at all. When you consider the average life of a petrol engine is around 9 years and if you're lucky 300,000 - 350,000 klms and around 400,000 – 500,000 klms for a diesel.

On the subject of ageing vehicles, just because you have a \$1000 stereo, \$800 new tyres, \$2000 alloy wheels, \$600 rego, leather seats, \$400 tow bar, \$350 roof racks and \$500 sheepskin seat covers DOESN'T mean your car is worth \$6000. If your odometer is over 200,000 kilometres be prepared for some serious depreciation.

The best thing you can do to maintain the value in your car is look after it, get it serviced regularly, keep the interior clean (no food and drinks inside) and please make sure you keep the records of all the services and maintenance. Also use the log book. If that goes missing or does not get filled out, you will lose a lot of money on the trade-in value. We have seen instances of vehicles being worth \$3000-\$5000 less because there was no service history. How's that for depreciation!!

For further help, guidance and options contact
SunCoast Auto Brokers on 1300 365352
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