



Now's the time to buy a car

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Buyer's market? Housing, sure. But consumers looking to purchase new or used automobiles are also in the driver's seat.

Manufacturer rebates and incentives, creative financing programs and low interest rates are fueling the automobile industry even as economic alarms continue to wail through the country.

Talk to Keith Donnelly. "Sales are outstanding right now," said Donnelly, general manager of [Westbury Jeep Chrysler Dodge](#). "We are well over 30 percent, sales over sales, as compared with this time last year."

Mark Schienberg, president of the [Greater New York Automobile Dealers Association](#), agreed. Vehicle sales totaled 9.5 million nationwide in 2010; in the first half of 2011 they're already at 11.5 million "We are much stronger than we were when the economy fell apart in 2008," Schienberg added. "But, we're taking it week by week."

While the industry experienced a profitable rebound during the first half of this year, it remains to be seen what effect [Standard & Poor's](#) lowering the U.S. credit rating and a bungee-jumping stock market will have on the automobile industry. The industry is very much in a wait-and-see mode, believing time will tell whether consumer confidence will continue to dip and begin taking a bite out of the local automobile market.

But for now, dealerships across Long Island have reported fairly steady sales during the past 60 days, with the exception of Japanese import dealers, said Frank Rinaudo, senior vice president of [GrooveCar](#), the Hauppauge-based credit union financing company. Since production was slowed by the earthquake and tsunami this spring, Honda and Toyota have each reported low inventory and large declines, with sales falling 28 percent and 23 percent, respectively.

The lack of inventory among certain manufacturers has led to a dramatic increase in used car sales over the past few months, Schienberg said.

Dealers anticipate replenishing their stock later this month or by mid-September, Rinaudo said. In the meantime, incentives on Japanese vehicles were 24.5 percent higher last month than in June, according to [Edmunds.com](#), an online car buying guide.

Donnelly said rebates and manufacturer incentives currently available on about 16 different models at Westbury Jeep enable his dealership to slash prices, putting more money back into the consumer's pocket. And the rates aren't hurting either.



Many credit unions, which traditionally excelled in offering competitive rates for used car loans, have recently dropped the rates on new car loans as well, in an attempt to attract and increase volume in a market usually cornered by manufacturers, Rinaudo said. Both [Teachers Federal Credit Union](#) and [People's Alliance Federal Credit Union](#) are currently offering a rate of 1.99 percent for a 60-month loan on a new car.

Additionally, many buyers are opting for a popular balloon payment loan, such as Buy Rite

Plus, a product offered through GrooveCar, and available exclusively to credit union members.

Interest in BRP loans, which "are cheaper than conventional financing, skyrocketed in 2009," following the credit crisis of 2008, according to David Jacobson, GrooveCar's chief executive.

GrooveCar is responsible for about 350 to 500 BRP loans a month on Long Island, strictly through Jeep Chrysler Dodge dealerships, Rinaudo said. "The volume of that product is up 20 percent in the second quarter of 2011," he added. On BRP loans, buyers hold the title and benefit from lower monthly payments with one lump sum payout at the end of the loan's term.

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Donnelly recently signed a loan with a couple who were able to purchase a car by choosing a BRP loan to lower their monthly payments.

"If they did straight financing at zero down, their payments were going to be too high," Donnelly said. By opting for the five-year note on the BRP, with an \$8,800 final payment after 60 months, they were able to swing it.

"In five years, the car will be worth more than that," Donnelly said, noting the \$1,000 to \$2,000 incentive manufacturers are offering to consumers who choose that financing option helps drop the price of the car even further.

Still, leasing is a more sensible option for most consumers, Schienberg said. Currently, 60 percent to 65 percent of all sales are lease deals, he said, noting they don't require consumers to pay sales tax on the full value of the vehicle or any money down.

Despite uncertainty with the economy, banks are still loaning money, Schienberg said.

Like most people in business, auto dealers are taking it day by day. Reached via phone on Aug. 5, the day after the [Dow Jones](#) industrial average experienced one of its greatest falls since 2008, Neil King of [King O'Rourke Auto Mall](#) in Port Jefferson said he had an unpredictably profitable day.

"If I could put 31 of these days together, I'd have a good month," he said.

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