



Cars and trucks

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Cars on roads getting older

By DEE-ANN DURBIN
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DETROIT — People are keeping their cars and trucks longer as quality improves and the uncertain economy makes new purchases less appealing, according to a study released this week by automotive consulting firm R.L. Polk & Co.

Polk said the median age of cars on U.S. roads was 9.2 years in 2007. That ties the previous year's record high. In 2007, 41.3 percent of all cars were 11 years or older, compared with 40.9 percent the year before.

The median age for trucks and sport utility vehicles rose 4 percent to 7.1 years. Dave Goebel, a consultant for Polk's aftermarket team, said those numbers are starting to reflect a surge in truck and SUV purchases in the mid- to late 1990s.

Goebel said he expects the average age of trucks and SUVs will rise and eventually be on par with cars once the segment stops its tremendous growth and settles into a more stable pattern.

Purchases of new cars fell 3 percent in the U.S. in 2007 as a combination of factors, including high gas prices and the housing crisis, weighed on consumers and led many to put off buying new cars.

But Goebel said increasing durability, not the economy, is the main driver of rising vehicle age. There are more vehicles per household than in the past, he said, indicating that people buy cars and then hang on to them because they last longer.

"Each new model year the technology continues to get better and there are fewer components that fail, so we expect to see these trends continue," Goebel said.

The Service Contract Industry Council, a trade group for providers of extended warranties, said it also sees evidence that people are keeping their vehicles longer. Despite the 3 percent drop in sales last year, there was a 3 percent to 7 percent increase in the number of auto service contracts sold as buyers sought more coverage than the traditional three-year manufacturers' warranty, according to Tim Meenan, the executive director of the council.

The group expects 5 million people to purchase auto service contracts this year. The contracts often cover components that manufacturers' warranties don't, such as electronics, air conditioning or a rental car during repairs, and may cover vehicles for up to seven years.

Meenan predicts continuing growth in the market for service contracts since an increasing number of buyers are purchasing vehicles with loans of seven years or even longer. While the vast majority of auto loans — 78.7 percent — now cover a five- to six-year period, 4 percent are for seven years and 0.1 percent are for eight years or longer, according to the auto information firm J.D. Power and Associates.

"A lot of consumers can't get out of a car even if they want to, when you consider the value and depreciation versus what you still owe," Meenan said. "We think that portends the need for these service contracts."

The Polk report was based on a survey of 240.9 million cars and light trucks.

R.L. Polk, <http://www.polk.com>

Service Contract Industry Council, <http://www.go-scic.com>

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