

# How Sweet It Is

Finding a good deal on a used vehicle takes effort – but is oh-so-worthwhile

by Paul Sinkewicz



**It is the place of balance and harmony** that ball players strive to find as they are standing at the plate. It is the sweet spot: the point on the bat where the maximum energy during a swing is channelled into the ball. When you've found it, you know, because it feels so right. Find the sweet spot in baseball and you may score a home run. • Car buyers are also seeking the sweet spot. Only, they call it "bang for the buck." The best price on the most reliable vehicle that meets the most needs. Find the sweet spot in your car search, and you've scored a financial home run.

The concept of the sweet spot is no stranger to Saskatoon sportswriter Cory Wolfe. He has calculated that by buying a used car, he will avoid the big depreciation hit new-car buyers absorb. "I think you can buy a vehicle that's a couple of years old, and you're still getting a quality vehicle and you're saving thousands of dollars," Wolfe says. "Initially I was thinking in that three- to five-year-old range, but the thing is, once you get into a vehicle that's five years old, you're looking at something that's got 100,000 kilometres on it already."

Wolfe is considering a 2006 Mazda 6 with just 50,000 km on it that he found on a dealer's lot. He thinks the virtually new car offers him a great deal and some peace of mind. "If you have some factory warranty," he says, "it's a safety net for you if something unforeseen goes wrong."

Ross Crawford, automotive sales manager at CAA Saskatchewan Car Care Plus Sales & Service, says the economics of buying a new car just can't compete with the value found in the used-vehicle market. "I've been in the car business for 40-plus years, and I would never buy new," Crawford says. "This goes whether it be imports or domestic: if you buy a used vehicle that is two years or three years old . . . you will find that a big chunk of the depreciation – anywhere from 25 to 40 per cent – is already off the car. And you can drive the car for another five years before you're going to lose another 25 to 40 per cent off the price that you just paid."

Crawford is choosy about what type of vehicles he brings onto his lots. He, like Wolfe, favours low-kilometre imports with a reputation for quality. That, he says, ensures buyers will get a reliable vehicle that will still hold value when they go to sell it a few years down the road.

For buyers focused on a new car, Crawford sees a few dangers. Many domestic auto-makers are so intent on recapturing market share from their Asian competitors that they are offering a lot of incentives and discounts. That seriously undercuts the resale value of their own brands. Also, low- to zero-interest loans stretched over a longer time frame lure buyers to the new-car lots but could get them in over their heads financially. "A lot of these deals become financial anchors," Crawford says. "People are getting in too deep. Way too deep." He says by the time the loans are finished, most of the vehicles will have very little residual value left and the warranties will be long over.

On the other hand, Crawford says, buyers

of used vehicles can do well if they roll up their sleeves and do the necessary work. Buyers have to not only find the car that suits them, they must also ensure they are paying the right price for the model year and features involved. There can be thousands of dollars of difference between a bare-bones and a loaded version of the same model. "Compare apples to apples," he says.

**Shopping for deals** on used transportation is no longer limited to trolling car lots or hoping something good turns up in

the newspaper. Online vehicle shopping has exploded, and Canadians are at the forefront with one of the highest rates of broadband penetration in the world.

For example, a growing force in used-vehicle sales are free classified websites such as *Trader.ca* and *Kijiji.ca*, owned by eBay. Janet Bannister, general manager of North America classifieds, says Kijiji is the market leader based on number of for-sale-by-owner vehicle ads, with about 150,000 currently listed. And the vehicle category has grown three-fold over the past year. "About 40 per cent of

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## Seconds, Anyone?

**How big is the car market in Saskatchewan?** Saskatchewan Government Insurance says between June 5, 2007, and June 5, 2008, there were 37,080 new non-commercial registrations in the province for new cars. The used-vehicle market is three times as big with 124,640 new registrations recorded during those 12 months. And 6,269 vehicle registrations during that time frame were for non-commercial vehicles coming from out-of-province, including both new and used. □

used cars sold in Canada are sold by individuals," Bannister says. "Those sales are going online at an incredible rate. For Kijiji, in just the auto category in April 2008, 1.7 million different Canadians came to our auto site. That's about one in 12 online Canadians."

Bannister says Kijiji's auto business by far outstrips that of eBay, which is more suited to hard-to-find and collector vehicles. Kijiji also offers the local experience that most buyers want. "What's interesting is Canadians



spend a lot of time online, they like to research online, but they tend to purchase things in person," Bannister says. "That is, I think, one of the reasons why Kijiji has been so successful – because the transactions happen in person."

**Good deals** are in the details, and liens or written-off vehicles are not small details. Doing the due diligence to make sure a vehicle is fit to buy is easier than ever, says CAA's Crawford. "Today, with all the searches that are available with SGI [Saskatchewan Government Insurance] or with CarProof, a Canadian company," says Crawford, "they will tell you

**Protection down the road: Most dealers, such as CAA Car Care Plus Sales & Service in Saskatoon, can sell clients an extended warranty. Less expensive to purchase when the vehicle still has factory warranty coverage, it's like life insurance for your vehicle – the younger the vehicle, the less costly the extended warranty.**

if a car has been in any accidents and what provinces they have been located in, and from there you can figure out whether the value of the car you are paying for is worth it. If it is, you've got a good car for a lot less money."

Crawford also advises buyers to get a second opinion about any purchase. "If you have a reputable garage, pay the \$100 to

Ross Crawford

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\$150 and have the car fully inspected," he says, adding buyers should take their time and not feel pressured to buy on the spot. "Remember, private sales are final sales."

Avalon Auto Service owner Glen Forstey has been doing pre-purchase inspections for 30 years. He says a bumper-to-bumper inspection is worth the small investment because it can turn up telltale signs to a

trained technician that a layperson may not see. "You've got to watch for the smoke and mirrors with the fresh paint jobs and the cleaning and detailing," Forstey says. "Just because an engine is all clean and detailed and they put that oil on the hoses and it looks brand new, that means nothing."

Forstey says a seller that has kept careful maintenance records is probably someone you can trust. The ones you can't trust can cost you a lot of money. "We just did a buyer's check the other day for a young girl, and three of the technicians took it for a drive and

the transmission was gone. [The seller] was trying to blame it on a worn tire. We found the noise by road testing. She didn't know."

**Wolfe is doing** the smartest thing a car buyer can do. He's taking his time. He has revisited car lots several times and has kept his eye on the prices he finds on the Internet. He knows the right car is out there, somewhere, and when he finds it, he'll swing at the pitch and be right where he wants to be: in the sweet spot. ▣

[www.caask.ca/auto\\_sales.html](http://www.caask.ca/auto_sales.html)

## Tax 'n' Checks

■ **Buying a second-hand vehicle** in Saskatchewan got a little easier in November 2007 when the seven-year-old provincial sales tax on used vehicles was removed for light-duty cars, vans and trucks. The only exceptions are vehicles that have not yet been subjected to the full PST once, such as former leases, those imported from other jurisdictions and those purchased from status Indians or the federal government. Also still eligible to pay the five per cent PST are heavy vehicles, buses, trailers, motorhomes, motorcycles, mopeds, ATVs, snowmobiles and boats.

■ **A pre-purchase inspection** costs about \$100 to \$150 and should include a trip up on the hoist to look for leaks – they could be the harbinger of more serious trouble down the road – and uncommon wear on the wheels and suspension system, as well as for a peek at the brakes and exhaust system. A good mechanic will also road-test the vehicle to check engine and transmission performance.

■ **Saskatchewan Government Insurance (SGI)** offers a free online damage claims history search using the vehicle identification number (VIN). The service tells the vehicle's registration status in Saskatchewan, whether PST is payable and its damage claim history in the province since January 1, 1998. For \$10, SGI will widen the search cross-Canada to check whether the vehicle has been registered in another jurisdiction and if it can be registered in Saskatchewan, but will still include only its Saskatchewan damage claims history. Car-Proof offers a cross-Canada vehicle history check for less than \$50 that includes a lien check and damage claims made in other provinces. The service is also linked to a massive U.S. database. □ -P.S.

[www.sgi.sk.ca](http://www.sgi.sk.ca); [www.carproof.com](http://www.carproof.com)

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