



## Buying a Car in 2022

Consumer demand for new cars has rebounded from recent economic uncertainty. However, automakers are finding it difficult to meet that demand because of semiconductor chip shortages and supply chain issues. So, what should you expect while shopping for a car in 2022? Unfortunately, much of the same. Competition for new vehicles will be intense as inventory shortages continue.

Car shoppers are contending with a limited selection, dealership markups, few discounts, and a greater sense of urgency to act quickly on a good deal. With all this in mind, here are some ways that car buying has changed, along with tips on how to manage it.

**Vehicle shortages means higher prices.** Experts are predicting the chip shortage to last well into 2022 and possibly into 2023. Vehicles that make it to the dealership are likely to be marked-up in price, including more expensive trim packages, or numerous dealer-installed accessories. And, in a textbook case of supply and demand, dealerships are less likely to come down on price, since they know there aren't many other options available. These days, paying sticker-price might actually be considered a "good deal."

**Tip:** The good news is that not every dealership is marking up their vehicles. If you're in need of a car, try casting a wider net, as this will increase your options. If you see a vehicle you like, be prepared to act quickly, because it may not be there very long.

**Consider ordering your next car.** One way to avoid price mark-ups and dealer add-ons is to order a vehicle. This ensures you get the exact color and options you want, provided you're willing to wait roughly six to eight weeks. Ordering a vehicle also saves the dealership money in lot fees and insurance, so those savings may be passed on to you. Unfortunately, the "savings" nowadays might mean paying sticker price or not being charged for dealer add-ons.

**Tip:** Order directly through the auto manufacturer's website to build the vehicle configuration you want, and then send the information to your preferred dealership.

**Leasing will be less appealing.** Since the in-stock vehicles tend to be more loaded with options and dealer add-ons, they're less likely to be targeted by auto manufacturers' leasing programs. This is due to higher depreciation rates than the mid-tier and lower-trim counterparts.

**Tip:** If your current lease is ending soon, plan ahead by researching affordable options before your agreement ends. You may also consider buying-out your lease. It will likely be a relatively good deal, since the sales price was calculated years before the market took a turn.

**Used vehicles may not offer relief.** Used cars have also been affected indirectly by the chip shortage. Many vehicle shoppers are turning to the used car market for a better selection and a break from new car prices. But, this has caused its own shortage and record-high used car prices.

**Tip:** The good news is that used vehicle trade-in values are very strong. Dealers need used cars for their sales lots, too, and they are willing to offer more money for them. This will give you an advantage when negotiating the deal of your next vehicle, and can help offset some of the higher pricing that's out there.

**Bonus Tip:** Whether you're looking for a new or a used vehicle, **get pre-approval before you start shopping**. Getting pre-approved gives you realistic expectations of how much you can afford to spend, and you'll have advanced knowledge of your interest rate and loan terms. This will help you focus on the vehicles that fall within your price range, and it gives you more negotiation power with the dealer. It's like your ticket to ride!

**Ready to apply?** Contact a Loan Officer at **216-581-5581** or submit an [online application](#) today!