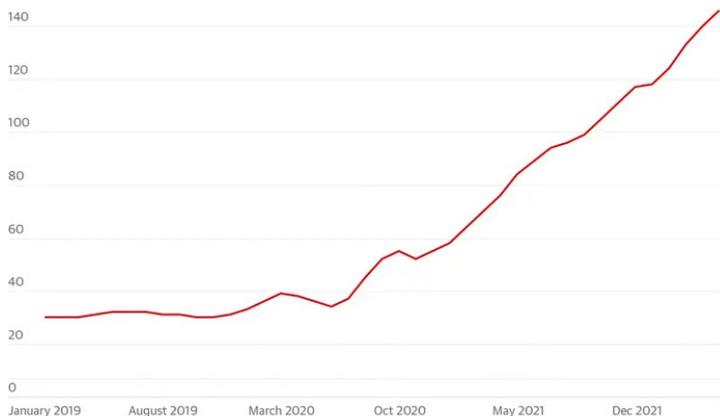




Car flipping is the new thing...

Reported in *The Guardian* only last week, the average wait time in Australia for a new car is 146 days.

The average wait time for a new car in Australia is 146 days



*Guardian graphic | Source: Price my car. *Based on a 3-month moving average*

And according to PriceMyCar, Western Australian buyers have the longest waiting queues averaging 239 days.

Car 'flipping' is the new thing

We've all watched the reality shows where you purchase a house, renovate and then flip for a profit. Well it's now happening here in the Australian car market.

Damien Meredith, COO of Kia Australia, reported he has heard stories of people buying a car on the east coast, driving it across to Western Australia and then selling it for \$8-10k more than they paid for it.

I do wonder though, how much the petrol and flight cost? However, I'm sure there was a healthy profit and a nice trip across Australia for them.

Reportedly, if you purchased a second hand car in the last 12-18 months, you are now likely to get more than you paid for it. So if you are working from home and don't need your second car, now might be a good time to sell.

Below are some points to consider to help YOU DECIDE what's more important in the changeover process.

Whatever you decide, remember that it's a sellers' market, so don't be too quick to drop your price regardless of trading in or selling privately. Do your online research first before putting a price on your second hand car, and hey – expect a few calls from car dealerships!

Selling your car in an unprecedented environment.

When selling your existing vehicle to make way for a new one, there were previously two generally accepted options.



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You would either:

1. trade in your vehicle when you purchased a new one,
OR
2. sell it privately.

With the high demand for second hand vehicles, a third option has come into play.

3. Go to a dealer directly for an outright sale because many dealers are looking for new stock and have buyers ready and waiting.

Trade in

When you trade your car while purchasing a new one at the same dealer, you have made the decision to accept a wholesale value for your car (and a long wait time for your new one if you haven't ordered it yet).

Remember, the dealer or a third party is in the business of buying and selling cars with the intention of making a profit.

Also, if you negotiate too hard on your trade in, you might lose the negotiating power on your new purchase.

So how can you maximise the value when trading your car?

For late model cars it is generally best to trade (or sell) with a dealer that sells the same brand of car. This is because they are more likely to retain the car for sale at their dealership rather than on sell it to a wholesaler who in turn on sells to another dealer or yard, adding another margin (and subsequently a lower price to you).

A dealer specialising in your model will more likely assess the true value of the car rather than discount it. If it is a popular model, they are also likely to have a waiting list of potential buyers and are happy to purchase quickly.

While you may be accepting the lower wholesale price, there are some benefits.

The main one is... you will not have to lift a finger to sell the car.

Essentially, you are selling the car on the spot – it's instantaneous versus selling your car privately. This could take weeks.

Selling privately

Maximising the market value of your car comes at a cost. These costs are the time and effort in responding to and negotiating offers, being available for test drives and inspections and potentially subjecting yourself to security risks of dealing with unknown people.

Where should you focus your time and effort?

Research the market value of your car having regard to the make and model, age, condition and milage. Prices can vary widely for the same model of car depending on its individual attributes, manual versus automatic, diesel versus petrol and low versus high kilometres. These individual attributes could in some instances equate to many thousands of dollars. You could be disadvantaged if you are not aware of these details.

Presentation is key. Always present the car in the best possible light. If selling privately, complete all minor repairs before you list the vehicle for sale where feasible. Any defects or damage to the car will be opportunities for potential purchasers to negotiate a discount. If trading in or selling to a dealer, you might be better off having an appraisal from them as they will be able to do repairs much cheaper than you.

Ensure you have all the records for the car handy. Logbooks, service history and receipts for repairs assist in demonstrating the car has been looked after and more likely to be reliable. Some states may require a road worthy certificate to sell your car privately. Great photos and exposure through the various online platforms will be key to reaching potential buyers.

Reply to potential buyers in a timely manner to organise inspections. Inspections should be organised in a place of convenience and if possible away from where the car is stored. You should always go with potential buyers on test drives and only after you have obtained a copy of their Driver Licence.



Car flipping is the new thing...

Be prepared to negotiate and know when you are prepared to walk away from the sale.

In most circumstances, the value realised from the sale of your old vehicle is unlikely to cover the cost of your new one, so you will need to consider how you are going to fund the shortfall. If spare cash or savings is not an option, then we can talk to you about your finance options.

If you require finance for your next purchase, before you start shopping it is best to understand your borrowing capacity to ensure you are in a good financial position to upgrade.

Start by calling the office for a car finance pre-approval to see how we can help.

If you are not sure of the range of finance options, read our article on 'Your Vehicle Funding Options'.

And if you are buying?

Buy from someone who has cared for the vehicle. If there are signs that the seller has neglected or abused the high-mileage vehicle they're offloading, walk away. Giveaways can be found in the state of the interior, under the bonnet and in the boot. If they're grubby or dirty, ask questions.

Good luck and happy car hunting!

Bargains are still out there – you just need to be a bit more creative about how to dig them out.

As always, reach out if you need any help.

Contact us to find out about your '**Vehicle Funding Options**'

