

The McGraw-Hill Companies

[Home](#) | [About Us](#) | [PIN Products](#) | [Enroll in PIN](#) | [News & Events](#) | [Contact Us](#)



J.D. POWER
AND ASSOCIATES®
Power Information Network®

Power Information Network
POWER TO DRIVE YOUR BUSINESS

CLIENT LOGIN


[News & Events](#) > [Article](#)
PIN INFORMATION

- ▶ Getting Started
- ▶ Data Security
- ▶ PIN Measures
- ▶ PIN Markets
- ▶ Testimonials

PIN PRODUCTS

- ▶ Dealer Solutions
- ▶ Industry Solutions
- ▶ OEM Solutions

Number of "Upside-Down" Vehicle Buyers Increasing

3/25/2004

WESTLAKE VILLAGE, Calif.—The number of new-vehicle buyers who owe more on their trade than it is worth—the classic "upside-down" scenario—has increased substantially over the past three years, according to retail transaction data from the Power Information Network (PIN), LLC, an affiliate of J.D. Power and Associates.

While only 25 percent of trades were an upside-down situation in 2001, today, 38 percent of trades are in this category, according to PIN.

This trend toward more upside-down trades is one of the consequences of the intense competition in the U.S. new-vehicle market. To maintain share, manufacturers are keeping monthly payments of new or refreshed models the same by lengthening the terms of finance loans.

The average length of a new-vehicle loan is now 58 months—an increase of almost 10 percent from three years ago when loans averaged 53 months. Thus, retail consumers today who opt for the longer-length loans take significantly longer to build equity in their vehicle.

"If this trend continues, eventually the factory will have to provide a heck of a lot of assistance, which is not good news for the automakers," said Tom Libby, director of industry analysis at PIN. "Right now automakers are legitimately trying to sustain demand and market share through aggressive manipulation of finance instruments, but the long-term ramifications of these efforts are questionable."

J.D. POWER
AND ASSOCIATES®

[Legal Notices](#) | [Privacy Policy](#) | [Careers](#) | [About Us](#) | [PIN Products](#) | [News & Events](#) | [Contact Us](#)
v1.0 ©2005 Power Information Network, a division of J.D. Power and Associates, The McGraw-Hill Companies.
All Rights Reserved.