

# Depreciation in Australia



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You lose 45–50% in the first three years

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**T**HE AVERAGE NEW CAR in Australia loses about 15–17% per year for the first three years. Then the depreciation eases off to a more manageable level of about 10% per annum, assuming you drive around 15,000 kilometres per year.

That's why the smart car buyer will choose a car that's already a year or two old: that way, the depreciation monster will have already taken its biggest bite, but there will still be some new-car guarantee left.

However, whichever way you look at it, depreciation is a depressing business: after three years, the average car may be worth just half of its original value.

That is, your \$100,000 new car is now worth \$50,000. Ouch.



And don't fall for the salesman's line that desirable vehicles hold their value.

At best, your 'desirable' vehicle will lose its value a little slower than average, that's all.

Go back after a week and ask the salesman to buy the car back for the same price you paid for it and he'll laugh in your face.



## 2015 VW Golf GTi

Suppose, in 2015, you had paid \$42,000 for a new Volkswagen Golf GTi. Three years later, in 2018, this same Golf would have been worth about \$20,000, or less than half of what you paid for it.

Over three years, you would have lost \$141 a week in depreciation, not including insurance, registration or servicing. Ouch again.



## 2015 Toyota Corolla ZR

Imagine you'd instead bought a new 2015 Toyota Corolla ZR Auto for \$30,990. You'd still suffer from steep depreciation.

So, by 2018, your \$30,990 Toyota would also be worth about half of what you paid for it.





But there's a big difference: at three years old, a Volkswagen Golf is at the end of its warranty, and its youth. Worse, it will be you who pays the repair bills from then on.

Your Toyota is also at the end of its warranty. However, a Corolla should give reliable transport for a decade or more. That's the sort of durability European car owners can generally only dream of.





But it's not just European cars that suffer nosedive depreciation: in 2017, *Glass's Guide* estimated that a Great Wall V240 4x2 ute, worth \$22,990 when new, was worth just \$6667 (29%) three years later.

Ouch, Ouch, Ouch.

