**Leasing vs. Buying a New Car**

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| The choice between buying and leasing has often been a tough call. On one hand, buying involves higher monthly costs, but you own something in the end. On the other, a lease has lower monthly payments, but you get into a cycle where you never stop paying for a vehicle. Now, more people are choosing a lease over a car loan than just a few years ago. And it looks like the boom in leasing isn't stopping anytime soon.  A number of converging trends have changed the leasing landscape for the average consumer. For decades now, a large proportion of luxury cars have been leased. But that has changed, with more compact cars, mainstream sedans, and small SUVs entering the new-car lease market, as well. Attractive finance rates have made some leases pretty good deals.  Automakers benefit by leasing a big portion of a car's production. Leases help keep used-car supplies steady, which in turn boosts resale values. A high resale value means a vehicle is slower to depreciate, which translates into cheaper leases for that model. That benefits consumers.  Furthermore, when customers return their car at lease-end, it gets those customers into the dealership in person. This is where the dealer has the chance to move them into a new car, which an off-lease customer needs pronto.  The low interest rates that have prevailed elsewhere for the past few years have carried over into lease contracts, which also helps moderate their cost. Interest rates are a critical part of the economics of leasing, because at the end of the day a lease is just another way to finance a car.  Another tactic for boosting a car's resale value is reflected in the low mileage allowance in some new leases: 10,000 miles per year instead of the customary 12,000 to 15,000 miles. That may be fine for people who don't drive much, but the average driver will exceed that figure each year.  We also see a growing number of leases with terms of less than 36 months, which is a mixed blessing. Sure, it looks good to someone who doesn't want to be locked into a long contract. But a car's first two years usually make up the steepest part of the depreciation curve, making for an expensive lease period.  However, it's becoming common in the car-loan market for people to stretch out the loan for seven or eight years, simply to keep the monthly payment under control. Some of those people may be better off leasing. |

Read the full article at <https://www.consumerreports.org/buying-a-car/leasing-vs-buying-a-new-car/>

**Understanding Questions**

1. What are the advantages of leasing a car? What about buying one?
2. According to the article, which option (leasing or buying) has become more popular now?
3. Which rate is very important when considering leasing a car?

**Vocabulary**

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| leasing | tough call | resale |
| depreciate | interest rate | mixed blessing |
|  | | |
| equity | down payment | throwing money away |

**Discussion topics**

* When is it better to lease (rent) something, and when is it better to buy something?
* What advice do you have for someone who is thinking about renting or buying?

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| Pair Discussion – **A**   1. Have you ever leased or rented anything?      1. Would you rather lease a great car or buy a car that you don’t like? 2. Do you want to live in different places in the future? 3. If you were rich, what kind of car would you drive? |
| Pair Discussion – **B**   1. Do you change cars often? 2. Have you ever bought anything expensive? 3. If you had to move to Yokohama next year, would you rent an apartment or buy a house? 4. What is something that people should never rent? |

**Leasing/Renting versus Buying**

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|  | Good things about renting or leasing | Good things about buying | Your advice |
| Apartments or Houses |  |  |  |
| Cars |  |  |  |
| Computers |  |  |  |
| Bicycles |  |  |  |
| TVs |  |  |  |