

June 6th 2008**Car dealers feel the pinch as consumers cash in**

Following the release of May VFACTS data, GE Money Motor Division claims Australian car dealers are doing it tough with car sales flat, and negative figures reported in Queensland, the ACT, WA and NSW.

The March quarter economic results released today showed a surprisingly robust economy, however the price of cars is going against a general economic trend towards higher prices.

For those in the market for a car the news is good, with dealers set to sharpen their pencils even further during June, as pressure to sell new vehicles is at an all time high.

Managing Director of GE Motor Division, Mr. Greg O'Callaghan, said the combination of an oversupply of car stock and a general reduction in consumer spending on motor vehicles is putting enormous pressure on car dealers to sell during June.

"Nerves are shaky after Opes Prime, interest rate rises and the US economic slump, and this is having a flow-on effect in the motor trade," said O'Callaghan.

"It's certainly tough out there for car dealers," he said, "and for many smaller dealers, this is a make or break situation.

"When your local dealer tells you there's not much margin for him to play with, you'd better believe it," he said.

The trend towards buying smaller and less expensive vehicles is also having an impact on dealers as this end of the market is extremely competitive and operating the slimmest of margins. The sector hardest hit so far this year is medium and large vehicles.

Dealers are now desperate to reduce stock before the end of the financial year, so this is a great time to buy a car.

"Dealers are offering many options and extras that would not have existed a year ago," said Mr. O'Callaghan.

"There has also been an unprecedented level of marketing from the car manufacturers - advertising spend is at an all time high and the deals going around are better than ever," he said.

"We are also finding customers doing lots of shopping around and they are very well educated before they come into the dealership. They know what they want and how much they want to spend," he said.

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