

Our Point of View: Hybrid Cost Analysis

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We often rationalize large-ticket purchases based on price, and even more so when our pocketbooks are pinched. We see a lot of hybrid affordability comparisons these days. Here's mine. So, let's do the comparison.

The manufacturer suggested retail price (MSRP) of \$22,000 for the all new third-generation 2010 mid-size Toyota Prius II is \$1,806 less than the \$23,806 median price of the mid-size sedan segment.

Compared to vehicles in its segment, the compact class Honda Insight LX (base model) is priced \$1,400 higher (2009 compact car median price is \$18,395) and has only a modest fuel-economy advantage.

Let's do the math based on a Prius II (base MSRP of \$22,000) versus an Insight EX (base MSRP of \$21,300). These models are equipped the way most consumers want.

Using industry loan averages (60 month term, 7.45 percent annual percentage rate [APR], \$2,400 down, tax, title and registration), the Prius has a monthly payment of \$435 while the Insight carries a monthly payment of \$420...a difference of \$15. That's just a couple of Starbucks double shot Grande Lattes a month.

Now let's factor in annual fuel costs based on the EPA-estimated fuel economy rating of 50 mpg (city and highway combined) for Prius and 41 mpg (city and highway combined) for Insight and 15,000 miles at \$2.62 a gallon (national average as of 6/8/2009). The Prius will save you about \$172 per year or \$14 a month over the Insight.

Now the overall difference is just a little over a dollar. So for a buck more each month, you get a roomier vehicle that is a full hybrid with better mileage ratings, enhanced performance, vehicle stability control, driver's knee airbag, beltless engine, rear disc brakes....well, you get the drift.

If you compare the Prius I (base MSRP of \$21,000), due out later this year, to the Insight LX (base MSRP of \$19,800), which is still not an apples to apples (size and equipment) comparison, the monthly payment difference including the fuel savings is only about \$12.

So, when considering hybrid affordability, look beyond MSRP. When the bigger picture is seen, Prius definitely provides more value for your money.

	Prius II	Insight EX	Difference
MSRP	\$ 22,000	\$ 21,300	\$ 700

60 months term

7.45% APR

\$2,400 down

tax

title

registration

total loan amount	\$ 21,745	\$ 20,977	\$ 768
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monthly payment	\$ 435.20	\$ 419.83	\$ 15.37
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combine mpg	50	41	9
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annual fuel cost (15k/yr & \$2.62gal)	\$ 786.00	\$ 958.00	\$ 172.00
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annual fuel cost diff in month			\$ 14.33
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diff monthly payment – gas savings

\$15.37-\$14.33	\$ 1.04		
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	Prius I	Insight LX	Difference
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MSRP	\$ 21,000	\$ 19,800	\$ 1,200
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60 months term

7.45% APR

\$2,400 down

tax

title			
registration			
total loan amount	\$ 20,858	\$ 19,529	\$ 1,329
monthly payment	\$ 417.45	\$ 390.85	\$ 26.60
combine mpg	50	41	9
annual fuel cost (15k/yr & \$2.62gal)	\$ 786.00	\$ 958.00	\$ 172.00
annual fuel cost diff in month			\$ 14.33
diff monthly payment – gas savings			
\$26.60-\$14.33	\$ 12.27		