



KAZ EHARA FOR NATIONAL POST

Toronto realty broker Brad Lamb used to lease but now prefers to buy his vehicles because he can recoup some of the cost when he sells.

# My car's my calling card

## Leasing a Mercedes or BMW can pay off

BY IAN HARVEY

What's your car done for you lately? "It's everything to me," sighs Heather Holmes, a Toronto real estate agent specializing in the ultra-hot downtown condominium market.

She leases a Mercedes C230 Kompressor and is enthusiastic even after a year behind the wheel. "I love my car. I'm always mobile and it's good to be able to take clients around in a car like this."

Whether you're working your way up the corporate ladder or setting out under your own entrepreneurial sails, the right vehicle can make a huge difference.

"Certainly the car you drive is very important, especially if you're in sales and have to go and meet clients," said Kimberly Law, whose Burnaby, B.C., company Personal Image advises clients on everything from etiquette to grooming and body language. "It is still a status thing. You don't have to drive the most expensive car but it should be well-maintained."

Bob Cameron, an account executive with Jim Peplinski's Leasemaster National in Calgary, says projecting an image via the vehicle you drive is still a big statement in Alberta, and leasing remains the most popular choice in Calgary because it doesn't tie up capital.

"There's a pecking order and you don't want to appear to be too far down," he says, noting Cowtown oilpatch workers don't blink when paying \$1,500 a month to lease a top end pick-up truck — the vehicle of choice around that city — which will be worth only about \$10,000 at the end of the 24-month lease because of the high mileage and wear and tear of rough terrain.

To buy an equivalent vehicle at the same monthly payment over the same term would require a hefty down payment of about \$15,000, which, from a cash-flow perspective, makes leasing look like a steal.

At least in the short-term. In the long run, buying is usually a better deal, according to George Iny, president of the Automobile Protection Association, a nation-

al consumer advocacy organization specializing in vehicles and drive issues.

He says leasing a new car every three years will cost you more money than buying a new car every seven years. Nonetheless, he agrees leasing has its advantages — the main one being besides the lease payment and gas, there are few other costs, since new cars are covered by warranty and some plans even include oil changes.

That peace of mind was a big plus for Ms. Holmes, who says, "[My Mercedes] comes with a mobile mechanic, so if there's a problem they come to me to fix it. I get a lot more car for the money."

However, her boss, Brad

Lamb, owner of Brad. J. Lamb Realty Inc., prefers to buy and is about to take delivery of a Bentley Continental — an awesome six-figure automotive statement of luxury, power and refinement.

"I used to lease, but now I buy," says the well-established and highly visible Mr. Lamb, whose shaven pate adorns billboards across Toronto. "When I leased I would get tired of them and send them back and pay a penalty. When I buy them I can sell them [and recoup a portion of my investment]. It makes more sense."

However, for those whose capital is being stretched by other demands, such as student loans from a newly minted law degree or MBA, housing or business start-ups, leasing offers an instant solution — and one more appealing than showing up at work in a Honda.

And for those who need a vehicle to earn a living, a bit of a tax loophole is even more incentive to lease instead of buy.

Technically, the Canada Revenue Agency treats tax deductions for leasing or purchasing the same, setting a \$34,500 ceiling on both. The difference is

that buyers are allowed a maximum of only \$10 in daily interest costs, while those leasing are allowed up to \$800 a month.

Since \$30,000 cars don't cost \$800 a month to lease, most self-employed people tend to lease luxury vehicles in the \$50,000 to \$75,000 and up range, and declare the cost of their lease up to \$800. By the book that's a no-no, but that doesn't mean it isn't done. And it's big reason why leasing is popular with entrepreneurs who can claim a tax deduction.

The growing demand for leasing has led to an abundance of vehicles coming off lease — and with so much inventory manufacturers have become more aggressive in leasing those pre-owned vehicles, especially in the higher end market.

"There are two main types of customers leasing a pre-owned vehicle," says Mike Brennan, BMW Canada manager of pre-owned vehicles. "Those looking for a specific vehicle they want, and those looking to move up a class for the same amount of money."

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