

Automotive News

Chrysler Group's lease rate rises; Dodge Double-Up builds traffic

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Chrysler Group's lease penetration rose sharply in June, the company said, as the innovative Dodge Double-Up short-term lease program passed its halfway point.

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Dodge Double-Up is "a cool idea and really unique," said Josh Towbin, co-owner of Towbin Dodge in Henderson, Nev., the nation's biggest-volume Dodge dealership. "The staff really likes it."

From April 17 through August, Dodge is offering a one-year lease on a 2014 Charger or Challenger. In a year, the shopper can move into a three-year lease on a 2015 model of either vehicle for the same monthly payment and no more money down. If a shopper buys the 2015 model instead of leasing it, he or she gets a \$1,000 incentive.

Traffic jam

Chrysler Group spokesman Ralph Kisiel said that for all brands, lease penetration for the Chrysler Group was 17 percent in June, up from 12 percent a year earlier. He said the company doesn't provide lease penetration breakouts by brand.

Towbin said that for his dealership, Dodge Double-Up is better at generating traffic than producing lease deals. But that's OK with him. Tobin said his market isn't big on leasing for domestic brands anyway. He said dealers on the Dodge Dealer Council are saying Dodge leasing is way up overall.

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More leasing

Leases made up 25.6 percent of retail volume in the first quarter, according to Experian Automotive. That was the highest since Experian started publishing its data in 2006, and an increase from 22.9 percent lease penetration a year earlier.

Chrysler Capital provides private-label financing for the Chrysler Group. Santander Consumer USA is the lender behind Chrysler Capital. Santander and the Chrysler Group launched Chrysler Capital in May 2013.

In the first quarter of 2014, Chrysler Group lease originations for Santander Consumer USA were about \$1.2 billion, up from just \$60,000 worth in the first quarter of 2013. Santander Consumer USA had total originations for the quarter of \$6.8 billion. Besides the Chrysler leases, originations included \$3.5 billion in Chrysler Group retail auto loans.

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