

Want a new car? Ownership costs are way up, so plan to spend about \$900 a month on it

19 August 2022, by Bailey Schulz



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The average cost to own and operate a new car in 2022 has soared about 11% since last year to \$10,728 per year (just under \$900 per month), according to AAA's annual "Your Driving Costs" report.

The report factors in costs such as fuel, depreciation, insurance and maintenance to find total annual operating expenses.

"You're usually focused on the purchase price and that is not the whole story. Not even close," said Greg Brannon, director of automotive engineering for AAA. "I think (\$10,000 is) a number that will surprise a lot of people."

The study, released earlier this month, does not account for used car prices.

Why is owning a car so expensive right now?

High fuel prices have pushed car ownership costs up this year.

While regular gas prices have been dropping since mid-June, they remain elevated compared to previous years. The national average as of Wednesday was \$3.94 per gallon, up more than \$1 per gallon compared with August 2019 and 2020.

"We're all feeling that at the pump," Brannon said. "That is driving a big piece of (the annual price increase), and particularly with Americans' desire to drive things like pickup trucks that don't get good fuel economy."

How much does a new car cost in 2022?

Vehicles are also getting more expensive.

The average price paid for a new vehicle was the highest on record in July at \$48,182, up 12% from the prior-year period, according to Kelley Blue Book. Buyers last month paid on average \$875 above sticker price in the non-luxury segment.

Prices have shot up as manufacturers struggle to keep up with demand due to an ongoing microchip shortage.

"Demand is outstripping supply," Brannon said. "As a result, dealers are able to get over the suggested retail price for the [vehicle](#)."

Electric vehicles vs. gas-powered cars

The 2022 report also notes that [electric vehicles](#) are becoming a more attractive option for cost savings.

AAA found electric vehicles have the second-lowest annual ownership costs, behind only small sedans, with owners spending about 4 cents per mile to charge at home compared with 18.4 cents per mile for their gas-powered counterparts.

Electric vehicles also have lower maintenance, repair and tire costs, but Brannon noted that they do depreciate faster than gas-powered vehicles.

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