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The Basics of Car Leasing

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Car leasing has really gained popularity in the recent years. More and more people are choosing to lease instead of buying a car. This is because car leasing is a more practical option compared to purchasing a car. Car leasing has low monthly fees compared to the monthly fees of a car loan.

If you decide to lease a car then you must understand what it means. Having enough knowledge about car leasing, will help you deal with the shrewd leasing companies. Armed with your knowledge about car leasing, you may be able to negotiate a really great deal from the lease provider.

The first thing that you need to know is how a lease works. Car leasing is when you pay for the cost of the depreciation value of the car while it is under lease. The depreciation value of the car is calculated by subtracting the value of the car when the lease ends from its value when it was brand new. The depreciation value of cars is not the same for all models and brands. Some cars depreciate faster than the other cars. The common rule in car leasing is that the lower the depreciation value of the car the less is its lease cost. This means that if the car you choose does not lower its value significantly at the end of the lease then you will be paying lower lease costs. Based on this rule, it is best to choose a car model or brand that has a lower depreciation than the other cars.

When choosing the car to lease, it is best to stick to the European or Japanese cars because they have been proven to have the lowest depreciation values in the car market. Luxury cars are also known to have low depreciation values so they are also a great option to consider when choosing which car to lease.

The lease term is another aspect of car leasing that you need to familiarize yourself with. The lease term is the duration of the lease or the length of time that you will be leasing the car. The usual lease terms have duration of 24 months, 36 months or 48 months. The lease term is stated on the lease contract together with the lease cost. It is entirely up to you to choose the lease term for the car that you want to lease. The lease cost will vary depending on the lease term you have chosen.

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