

What To Know Before Leasing a Car for Business

Many business owners prefer leasing a company car for their business. According to [research](#), the car leasing market is expected to grow exponentially.

[Car leasing](#) allows your business to afford an appropriate and reliable car at a much lower cost. It also allows you to change cars frequently, making it easier for your business to keep up with the changing demands, technology, and safety features.

With car leasing, you can effortlessly find the right vehicle for your business [without blowing your budget](#) or going through the hassle of car ownership. However, before leasing a car, you should first check whether a car lease is what works for you. Therefore, there are numerous factors you should consider before reaching your decision.

So, are you considering leasing a company car for your business? Here are things you should know before leasing a car for your business.

Decide on the Right Car Model

When leasing a car, you'll have a wide range of options to choose from. This makes [vehicle selection](#) a necessary process. You should analyze your needs and narrow them down to the type and brand of car that can resolve your issues. You should also consider your budget. Given how difficult it is to [settle on the right vehicle to lease](#), you should let a [reliable fleet manager](#) help you. They can help you by managing your desired car's specs and recommending the makes and models to suit your business needs. [Fleet managers](#) also ensure that you choose what meets the requirements of your business.

The Type of Lease Offered

When leasing vehicles, you can choose either an open-end lease or a closed-end lease contract. In an open-end lease, you'll pay for the difference between the residual value

and the actual resale value after your lease expires. On the other hand, you'll only pay for the extra mileage and excess damages.

The Lease Term Length

Before renting a fleet for your business, you should know how long the lease will last. Generally, you'll pay more if you choose a short-term lease over a long-term one. This is because the residual value of a vehicle depreciates much faster in the first 24 months. Therefore, you should consider going for a **more extended lease period** whenever factors/business needs allow, lowering monthly fees..

The Vehicle Residual Value

A vehicle's residual value is the car's value at the end of the lease. This can also refer to the amount of money you would pay if you chose to buy when your lease expires. The residual value depends on the car's depreciation rate, which varies based on the type. The longer the lease period, the lower the residual value of the vehicle due to depreciation over time.

Typically, you'll pay a lower monthly payment when a leased car has a higher residual value because its depreciation costs will be much lower. You should, therefore, have an estimate of the car's residual value before leasing it to ensure that you have the **right car for your business**.

The Vehicle Cost

When you lease a car, you'll make monthly payments as agreed in your lease contract for the given period. Hence, you should know how much money your business will spend on your leased car. When you choose a cheap car, you'll pay lower monthly payments than expensive ones. You should choose a car with an affordable monthly payment that matches your budget. This will help you avoid late payment fees that could cost your business more than expected.

Consider Any Extra Charges

It would be best to keep in mind that some companies require a down payment, while others don't when you sign the lease. A higher upfront fee will lower your monthly payments. However, you should know how much you're willing to pay before renting. You should also look at the extra fees, registration costs, and taxes. When it comes to matters of finance, as a rule of thumb, you should strike a deal that saves you more money.

In addition to that, you should also consider the cost of depreciation. Depreciation refers to the difference between the car's value and its residual value. In your lease contract, you'll be required to pay the depreciation charges. Therefore, you should choose cars that can retain their value.

NOW is the time. **D&M Leasing** provides a free, no obligation fleet analysis to show where savings can be accomplished relative to your business' needs. D&M acquires vehicles using their extensive, nationwide fleet network saving you time while getting the best pricing, and lowest lease rates available. Call Bryan Bassman @ 310-614-1464 today to see how full service commercial leasing can help your business