

Housing ills stall car sales

by UPI

WASHINGTON -- Some issues behind the U.S. housing collapse are also behind a stockpile of vehicles awaiting shipment to showrooms, a U.S. Treasury Department aide says.

Cheap credit, easy financing, excessive production, consumers overextending themselves -- all contributing to the burst housing bubble -- also undermined the auto industry, which has seen a sharp downturn in sales, The Washington Post reported Friday.

"There was a car bubble," said Steven Rattner, whom U.S. President Barack Obama tapped to head a Treasury Department group charged with finding solutions to the host of problems plaguing the U.S. auto industry. "We had this artificially high sales rate."

One key question the auto task force must answer is determining a sustainable number of annual auto sales, Rattner told the Post. Only then can it determine the best way forward for U.S. automakers.

America's Big Three automakers are on pace to sell fewer than 10 million vehicles this year after selling more than 16 million cars a year in the United States in the early 2000s, the Post said.

The binge vehicle buying crashed -- tracking a path similar to home-sales crash and foreclosures -- eventually leading to an increase in repossession rates for autos, higher car loan delinquency rates and fewer people in car lots, John Townsend, a spokesman for AAA Mid-Atlantic, told the Post.

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