

Economy Hitches Ride As Pickup Sales Take Off

Dan Strumpf, AP Auto Writer

NEW YORK (AP) — If you want a hint about the economic recovery, follow that truck.

Pickups are a kind of rugged indicator of the nation's financial health. When times are good, contractors buy more of them to carry tools around for landscaping and lumber to build homes. Weekend haulers also gravitate to them even though cars get better mileage.

And lately sales have started shifting into a higher gear. Americans bought 151,000 pickups last month, 19 percent more than a year ago. Sales of full-size pickups, especially popular among contractors and builders, grew even faster.

In Lexington, Ky., John Blevins, who runs a heating and air company with eight employees, bought a new Ford F-150 XL pickup earlier this month. He needs it to haul furnaces and water heaters to jobs.

It was the first addition to his fleet of vehicles in four years. Even as his trucks and vans aged during the recession, Blevins let them go unreplaced. Now business is picking up, partly because of tax credits for energy-efficient heating and cooling.

"In the last two to three years, we downsized quite a bit," he said. "We were holding off on buying anything new because we didn't know what was going to happen."

It's not just small businesses. Layton Construction of Salt Lake City, a commercial firm with 550 employees, added about 65 pickup trucks in the past few months. Existing trucks were getting old, and beefing up the fleet reflects a bet that better times are on the way.

"We had some trucks that had 140,000, 150,000 miles on them," spokesman Alan Rindlisbacher said.

Pickup sales peaked at 2.5 million in 2004, when the housing boom was in full swing and homebuilders couldn't get enough of them. Neither could families, who took advantage of cheap gas and easy credit by buying fully appointed trucks with leather interiors and spacious cabs.

Four years later, the economy was teetering, and gas topped \$4 a gallon. Pickup sales plunged. They fell further when the financial crisis stuck, credit markets froze and construction work dried up. In 2009, automakers sold 1.1 million trucks, the lowest level in 18 years.

This year, pickup sales have been gaining momentum. Through May, Americans bought 11 percent more than they did in the first five months of last year and the sales pace has been accelerating.

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Ford's new Super Duty pickup, a workhorse geared toward construction companies and other heavy-duty businesses, hit the market in May, accounting for a third of Ford's truck sales. Those sales will probably come down once excitement for the new model wears off.

Sales gains at General Motors and Chrysler, the No. 2 and 3 sellers of pickups in the United States, have been growing, too, although more modestly than at Ford.

Economists also caution that the outlook for the housing industry is far from clear, which means the future for pickup truck sales — not to mention the economic recovery — is far from certain.

But for now, sales are strong at places like Kentucky's Jack Kain Ford, which sold Blevins his F-150. General manager Bob Kain said pickup trucks have been outselling cars by a two-to-one margin the last two months at his store.

The buyers are mostly companies in the service sector — plumbers or air-conditioning companies, for example, that have finally decided to replace some of their aging fleets.

"They think that things are getting better," Kain said. "As a result, they're more willing and free to spend some money now."

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