New vs Used vs Lease

Which one actually saves you money?

A monthly cost comparison guide by NeverPaySticker.co

Most car content gives you opinions. This guide gives you the numbers. Every figure is sourced from Kelley Blue Book, Experian, Bankrate, and iSeeCars — updated for 2026. No dealer bias. No sponsored content. Just the data.

Sources: *Kelley Blue Book/Cox Automotive (vehicle prices & depreciation) · Experian State of Automotive Finance Q4 2025 (loan rates) · Bankrate May 2026 (interest rates) · iSeeCars 2026 (5-year depreciation) · AAA 2025 (fuel cost per mile)*

What we used to build these numbers

All three scenarios use a mid-range vehicle — not the cheapest or most expensive. We used the actual 2026 market averages, not round numbers that make the math look cleaner.

Assumption	Value	Source
Average new car transaction price	$49,275	KBB / Cox Automotive, March 2026
Average used car price (3-yr-old vehicle)	$26,000	Edmunds Q4 2025 estimate
Lease vehicle MSRP	$49,275	Same as new
New car loan rate	7.04%	Bankrate, May 2026
Used car loan rate	11.26%	Experian Q4 2025
New car loan term	69 months	Experian Q3 2025 average
Used car loan term	48 months	Industry standard
Lease term	36 months	Industry standard
Annual mileage	15,000 miles/year	U.S. average
Fuel cost per mile	$0.13/mile	AAA 2025
New car depreciation yr 1	~20% of MSRP = $9,855/yr	KBB depreciation data
New car depreciation yrs 2-5	~10%/yr avg = $4,928/yr	KBB depreciation data
Used car depreciation	~8%/yr = $2,080/yr	iSeeCars 2026 (41.8% over 5 yrs)
Lease depreciation to you	$0	You return the car

Scenario 1: Income $40,000 - $55,000/year

At this income level, monthly cash flow is everything. We used a 10% down payment on all financed options. Here's the true monthly cost — payment, insurance, fuel, and depreciation combined:

Monthly cost breakdown	Buy New	Buy Used	Lease
Monthly payment (est.)	$742	$607	**$459**
Est. insurance/month	$175	$135	**$175**
Fuel (1,250 mi/mo x $0.13)	$163	$163	**$163**
Depreciation cost/month	$821 (yr1) / $411 (yr2+)	$173	**$0**
TRUE COST/MO (avg yr 2+)	**$1,491**	**$1,078**	**$797**
You own it at end?	Yes	Yes	**No**
Mileage limit?	None	None	**Yes — typically 10-12k/yr**

Winner at this income: Buy Used. At $1,078/month true cost vs $1,491 for new, buying used saves $413/month — $4,956/year — and you own the car at the end. Leasing has the lowest monthly number but you're paying $797/month forever with nothing to show for it.

Important: The lease mileage limit of 10-12k/yr is a trap at this income level. The U.S. average is 15,000 miles/year. Overage fees of $0.15-0.25/mile can add $450-$750/year.

Scenario 2: Income $55,000 - $85,000/year

At this income level you have more flexibility. The monthly payment is manageable across all three options — so the real question becomes total cost over 5 years:

5-year comparison	Buy New	Buy Used	Lease
Monthly payment (est.)	$742	$607	**$459**
Est. insurance/month	$175	$135	**$175**
Fuel/month	$163	$163	**$163**
Avg depreciation/month	$411	$173	**$0**
TRUE COST/MO (avg)	$1,491	$1,078	**$797**
5-year total payments	$89,460	$64,680	**$47,820***
Asset value at end	~$22,000	~$14,000	**$0**
NET 5-YEAR COST	**$67,460**	**$50,680**	**$47,820***

* Lease 5-year cost assumes two consecutive 36-month leases plus one 12-month extension or new lease. After 5 years of leasing you have no asset. The gap between leasing and buying used narrows to just $2,860 — but the used buyer owns a $14,000 car. That's the hidden cost of leasing that dealers never show you.

Winner at this income: Buy Used on net cost. Lease appears close on paper but only if you stay under the mileage cap. Drive average U.S. miles (15k/yr) and lease overage fees close that gap entirely.

Scenario 3: Income $85,000+/year

At this income level the decision shifts from pure cost to strategy. Two factors change the math: business use tax deductions and the value of always being in warranty with the latest safety tech.

Strategic comparison	Buy New	Buy Used	Lease
True monthly cost (avg)	$1,511	$1,098	$817
Business loan interest deduction?	Yes — up to $10k/yr*	Yes — up to $10k/yr*	Yes — lease payments
Always under warranty?	Yes (3-5 yrs)	Maybe	Yes — entire term
Latest safety tech?	Yes at purchase	Older tech	Every 3 years
Upside-down risk?	High (yr 1-3)	Low	None
Best for high mileage?	Yes	Yes	No — fees apply
NET BEST CHOICE	**Avoid**	**Best value**	**Best for business use**

* The One Big Beautiful Bill Act (signed July 2025) allows deduction of up to $10,000/year in auto loan interest on qualifying new, U.S.-assembled vehicles — even if you take the standard deduction. This changes the math for business owners and high earners. Consult a tax advisor for your situation.

Winner at this income: Lease if you use the car for business and value always being in warranty. Buy Used if you drive high mileage or want the best long-term net cost. Buying new is still the worst value — highest depreciation hit, highest total cost.

Quick decision guide

If you...	Choose...
Drive more than 12,000 miles/year	**Buy Used or New — never lease**
Want the lowest monthly payment	**Lease (only if under mileage limit)**
Want to own something at the end	**Buy Used — best long-term value**
Use the car for business	**Lease or New (tax deduction applies)**
Have excellent credit (720+)	**Lease — best money factor available**
Have average credit (620-719)	**Buy Used — lease rates punish lower scores**
Want latest safety tech always	**Lease — refresh every 3 years**
Plan to keep the car 8+ years	**Buy Used — best value by far over time**
Worried about being upside-down	**Buy Used or Lease — avoid buying new yr 1-3**

The number they never show you

The average dealer gross profit on a new car sale was $3,284 in Q2 2025, according to the Haig Report. On a lease, dealers also earn from the money factor — the lease equivalent of an interest rate — which is rarely disclosed upfront. On used cars, they earn from the spread between auction cost and sticker price.

New cars depreciate 20% in year one. On a $49,275 vehicle that's $9,855 in lost value in 12 months — before you've paid a cent of interest. That's the real cost of buying new that the monthly payment doesn't show you.

The question isn't just new vs used vs lease. It's how much of that gap you can keep in your own pocket. This guide is step one. Follow NeverPaySticker for the data they don't put on the window sticker.

Disclaimer: *All figures are averages based on publicly available market data as of 2026. Your actual costs will vary based on your credit score, location, specific vehicle, insurance provider, driving habits, and negotiation. This guide is for educational purposes only and does not constitute financial or legal advice. Always compare multiple lenders before financing. Tax deduction information is general — consult a qualified tax advisor for your situation.*