

PURCHASING EQUIPMENT: SHOULD YOU BUY NEW OR USED?

When it's time to buy a tractor, excavator or loader, the first question you might ask is: "Do I buy new or used?"



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There can be advantages to both, and while your answer largely depends on your own specific circumstances, there are some loose guidelines that can help you decide.

“Everybody’s different,” said Jimmy Nichols, a equipment salesman in North Carolina. “Some people buy new because they can and they want the latest upgrades. Others buy used because it’s more economical and they know they can find reliable machinery at a good price.”

Here are Nichols’ tips for buying new vs. used:

BUYING NEW:

Warranties

Buying new equipment allows you to take advantage of the manufacturers’ warranty. This might be good for heavy users who know they will put a lot of hours on their equipment in a short period of time. A buyer at Mt. Airy Equipment, for example, could get a new Kubota tractor with a two-year bumper-to-bumper warranty and a six-year power train warranty. That gives buyers peace of mind that the equipment will be taken care of even if something goes wrong.

Discounts and incentives

Many manufacturers also offer discounts and incentives for buying a new piece of equipment. Look for special offers that can work with your financing to reduce your overall cost. That same Kubota with the warranty can be had for zero percent financing, for example:

BENEFIT	NEW	USED
Warranty	✓	
Discounts	✓	
Latest technology	✓	
Less costly		✓
Financing options	✓	✓
High-quality equipment available	✓	✓



Latest technology

If having the latest technology is important to you, consider whether a new piece of equipment can fit into your budget. Does the added cost of the technology add benefits, such as making your operations more efficient?



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BUYING USED

Less costly

The biggest advantage of buying used equipment is getting a lower price. New equipment depreciates quickly so if you're looking to save, used equipment could be a good way to keep your monthly payment low.

Financing options

You can also take advantage of financing programs like Farm Credit **EXPRESS**, which doesn't require any money down, allows you to finance for up to seven years and gives you an instant decision in the dealership. Financing a new piece of equipment usually requires up to 20 percent down and will result in a higher monthly payment.

High-quality equipment available

Many pieces of used equipment are still high in quality, but it's important to know what to look for. Consider:

- **Appearance**
You can often tell how a piece of equipment has been treated based on its appearance. It will look newer if it has been stored properly when not in use.
- **How it runs**
You'll also want to test how it runs. You can often spot potential problems by checking out the motor and working the controls.
- **Hours used**
Look for a low number of hours used. Equipment that's newer, but has a high hour count has probably been used heavily and may not be as durable.



Whether you decide to buy new or used, make sure you choose a high-quality financing option like Farm Credit **EXPRESS**. Farm Credit knows the special financing needs of farmers and rural homeowners and has been helping agriculture thrive for generations. Find a participating dealer near you, estimate your payment or speak to an expert ag lender at farmcreditexpress.com.