

Appraiser Blog

# Rising Repair Costs: A Growing Challenge for Car Owners



By Tony Rached

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As car prices climb higher and higher, car owners in the U.S. are facing an unwelcome side effect – rising vehicle repair costs. The 2023 CarMD Vehicle Health Index recently reported on these expenses, including a notable leap in EV and hybrid battery fixes. In this article, we take a closer look at the data from the study, explore its contributing factors, and consider what this means for motorists.



## **What are the main auto news we are going to talk about in this post?**

- Cost Surge despite Lower Labor and Parts Expenses
- Implications for the Used Car Market and Vehicle Value
- Emergence of Battery Repair as a Growing Concern
- The Impact of Electrification on Repair Costs

## **Cost Surge despite Lower Labor and Parts Expenses**

Despite expectations, the study reveals an increase of 2.8% in vehicle repair costs in 2022, averaging \$403. Labor costs, however, experienced a 0.5% decline due to intense competition among repair shops and an increase in DIY maintenance. Inflation and the higher likelihood of expensive parts failing as the average age of vehicles on U.S. roads prompted a 4.7% rise in parts costs.

## **Implications for the Used Car Market and Vehicle Value:**

The mounting expenses associated with maintenance can be attributed to the diminishing affordability of new cars, having a drastic impact on the need for and value of used vehicles. It's clear that as the value of a car increases, so will its maintenance costs. Notably, in 2022 catalytic converter replacement was the most frequent service item with four of the top 10 being emissions-related services. Stock oxygen sensors also need periodic servicing, which may suffer damage if stolen.

## **Emergence of Battery Repair as a Growing Concern:**

The study uncovered a startling rise in demand for high-voltage battery replacements for hybrid and electric vehicles. In just three years, these repairs skyrocketed from scarcely seen to the 348th most frequent job by 2021, followed by an even more dramatic jump to 170th place in 2022. EV battery services also experienced a huge surge in requests. This is expected to stay as older hybrids become more common and EVs take up a larger part of the automotive market; however, this pushes up worries about potential pressures on the already imperiled battery supply chain.

## **Conclusion:**

Car owners are in for a rude awakening in 2022 with rising repair costs impacting both recent and older vehicles. The survey flags the soaring cost of EV and hybrid battery maintenance as a particularly pressing worry. It is essential that motorists plan ahead, setting aside funds to cover the upkeep of their car as the automotive sector shifts to focus more on electrification. Being prepared allows drivers to ensure their vehicle's lasting performance and dependability amid advancing technology.

Looking ahead to 2023, car owners can expect the landscape of car repair to continue evolving. With advancements in automotive technology, repairing vehicles will require specialized knowledge and expertise. Repair shops and technicians will need to stay updated on the latest diagnostic tools and techniques to effectively address issues in modern vehicles. As electric vehicles become more prevalent, the demand for EV-specific repairs and maintenance will increase, necessitating specialized training and equipment. Additionally, the ongoing shortage of semiconductor chips may impact the availability of certain parts, potentially leading to delays in repairs and potentially higher costs. Car owners should anticipate these changes and seek out reputable repair facilities that are equipped to handle the evolving complexities of automotive repair in 2023 and beyond. By staying informed and proactive, car

owners can navigate the changing repair landscape and ensure their vehicles are well-maintained for years to come.

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