

## Extra Feature Story

### High Gas Prices Changing Habits, Consumer Choices

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**With gasoline costing a national average of more than \$4 a gallon -- over a dollar more than the same time last year -- people all across the United States are changing the way they shop, vacation and even go to school.**

The high oil prices affect more than just transportation costs, because companies have to pay more to transport goods and provide services.

That means consumers are feeling the pinch everywhere, but the gas pump is especially painful.

#### Changing car trends

The impact of high fuel prices can be seen most drastically in the auto industry.

Sport utility vehicles, or SUVs, were the most popular vehicles on the market for some two decades, but rising fuel costs have curbed their production. Sales of trucks and SUVs are at their lowest mark since 1995, causing Nissan, General Motors, Ford and Toyota to all announce they are scaling back production.

So many motorists want to trade-in their SUVs for more fuel efficient cars that some dealerships have stopped accepting them.

MotorTrend Magazine reported that more fuel-efficient Honda Civics were sold in one month than Hummer is on target to sell all year. The shift is the most drastic change the car industry has seen in decades.

"Certainly five to 10 years from now you're going to look back and say the spring of '08 was the turning point," Jesse Toprak, chief industry analyst for Edmunds told CNNMoney. "Even if gas prices go down for a month or two, consumers are not going to rush back out and buy SUVs. This appears to be a permanent shift."

#### Cutting mileage

Many people are trying to reduce the distances they travel. Gasoline demand fell more than 3 percent in early July compared to last year, reported the Wall Street Journal.

More and more people are opting for public transportation if it's available, in some cases overwhelming bus and train systems.

Transit agencies in Denver and Atlanta have had to add parking lots to accommodate all the new transit users, in some cases renting space from movie theaters and churches.

Telecommuting is also receiving renewed attention, and a growing number of students are choosing to take online courses instead of driving to university campuses.

Villanova University's engineering school has seen an unexpected 40 percent increase in online enrollment this summer. College administrators attribute the jump to high price of gas.

When telecommuting is not an option, students are looking for schools closer to home. Some private and magnet high schools are reporting lower enrollment as students and parents choose local schools due to prohibitive commuting costs.

#### **Local governments struggling with costs**

The cost of fuel is affecting city budgets as well, forcing some towns to cut back. Police officers are doing less car patrolling and more walking or bike riding.

School districts looking to save money on transportation costs are cutting back bus services, making more students walk to school and canceling activity buses.

Rural school districts have been hit especially hard by the gas prices. One school district in rural Minnesota is saving \$65,000 in busing costs by switching to a four day week with slightly longer hours on those days. At least 86 school districts are on four-day weeks, according to the National School Boards Association.

#### **Rethinking location**

Mark Zandi, chief economist for [Moody's Economy.com](http://www.moody.com), told the Boston Globe the price of gas is starting to impact where people want to live.

"When gas was cheap, it was financially possible to live out in the...outer reaches of the suburban ring and commute in," Zandi said. "That's where we'll see the largest impact from the surge of commuting costs."

While mass migrations into cities have not started just yet, there are signs that more Americans are seeing the advantage of living in an urban location.

In a June survey of Coldwell Banker real estate agents, 96 percent said that rising gas prices were a concern to their clients, and 78 percent said higher fuel costs are increasing clients' desires for city living.

**-- Compiled by Talea Miller for NewsHour Extra**

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