



GM is basically giving away Chevy Volts

The automaker is offering as much as 4 times the average incentives.

By [Jonathan Berr](#) - 9/24/2012

General Motors (GM -0.25%) recently [bragged that the Chevrolet Volt](#), its well-hyped plug-in hybrid electric vehicle, posted its best-ever monthly sales in August of 2,831 units. What North America's largest automaker didn't mention is that it is practically giving the vehicles away as rival **Toyota** (TM +0.82%) rules the alternative-fuel car market.

According to [The Associated Press](#), GM's per-vehicle discount may be more than three or four times the industry average, depending on which data source is used. [Patrick Michaels](#) of the Libertarian Cato Institute pointed out that two-thirds of Volt sales were actually leases and that government purchases are distorting the figures.

Volts are leasing at rates of \$299 a month, \$30 higher [than a comparable Toyota Prius](#), and GM is matching the payments offered on the Buick Enclave, a midsize SUV.

The Volt, an [upscale midsize car](#), has a [sticker price starting at](#) \$31,645 (including a \$7,500 tax credit), which tops that of the [hybrid Prius](#), which starts at \$24,000, though its plug-in hybrid models are more expensive. The [Enclave](#) starts at \$36,786. Given those choices, it's hard to imagine many consumers would pick the Volt.

The problem with the Volt and other alternative-fuel vehicles is that they are still more expensive to own than their conventional counterparts because gasoline prices in the U.S. continue to be relatively low compared with those in the rest of the world. In fact, [gas prices](#) recently declined for the first time since July. As the Prius has illustrated, consumers will buy vehicles that don't run exclusively on gasoline if the price is right.

As noble an experiment as the Volt may have been, GM can't continue to produce it at a loss, which Reuters recently pegged [at \\$49,000 per vehicle](#). Though the automaker denies that figure is accurate, it does admit that the Volt is not profitable. The plant that makes the Volt is currently idle because of [lackluster demand](#). More incentives to move Volts may be in the works.

For now, the Volt appeals to consumers who are motivated to do right by the environment, regardless of the cost. That is a small market indeed.

Jonathan Berr does not own shares of the listed stocks. Follow him on Twitter @jdberr.