



DriveTime used-car chain coming to Birmingham and Pelham

Published: Friday, August 20, 2010, 7:15 AM



By **Roy L. Williams -- The Birmingham News**



A Phoenix-based used-car chain that provides on-site financing for buyers with less-than-perfect credit is expanding into metro Birmingham.

DriveTime, which has 83 dealerships across the country, plans on opening locations in Pelham and Birmingham by October, said Chris Braddock, managing director of sales. By year's end, DriveTime will open a half-dozen other dealerships in the Southeast, including sites in Mobile, Memphis, Nashville and Knoxville, he said.

Next year, the company aims to expand into 15 to 18 more cities, including Cincinnati and Philadelphia.

"We are in a growth mode as a company and are positioning ourselves to expand in areas where we see demand," Braddock said this week during a job fair at the Embassy Suites Hotel on Alabama 150 in Hoover.

Next Tuesday and Wednesday, DriveTime will hold another job fair as it seeks managers and sales associates willing to work at its dealerships planned for metro Birmingham, Mobile or the three Tennessee cities, said recruiter Carmen Deleon. The company is hiring as many as 150 people to work at the dealerships.

Braddock said the company has grown during the recession by focusing on a niche market and financing folks turned away by other dealers and car lenders. DriveTime will be entering a crowded market, with scores of used car dealerships spread out across metro Birmingham, some specializing in drivers with poor credit histories.

Braddock said DriveTime researched the Birmingham market and believes their Pelham and Birmingham dealerships will be a good fit. He said both dealerships will carry an inventory of about 75 used vehicles of various types, models no more than four years old.

A car dealer specializing in selling cars to folks with bad credit may do well in metro Birmingham and other cities given the tough economic times many families are experiencing today, according to Stephanie Rauterkus, an assistant professor of finance at UAB.

She said a recent FICO study found that the average credit score has fallen from above 700 to the 670-680

range.

"If you define bad credit as below 600, 25 percent of people now have a credit score below that mark, and the number is growing significantly," Rauterkus said. "A car dealership that gives people who've had financial problems in the past a fresh start should do well."

DriveTime was founded in 1992 as a company call Ugly Duckling, with two dealerships in Tucson, Ariz. It became known as Ugly Duckling Rent-A-Car before ceasing its car rental franchise in 1994.

The company went public in 1996 with seven dealerships, raising \$160 million in capital before becoming private again in 2002, when it was rebranded as DriveTime.

In addition to its 83 dealerships in 13 states and markets such as Atlanta, Charlotte, Dallas, Los Angeles and Orlando, DriveTime operates 13 car inspection and reconditioning centers.

The company employs more than 2,000 people and has sold more than 300,000 cars, according to its website.

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