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Nissan's Ultimate Hybrid

The Altima Hybrid may be the best-looking, best-priced hybrid sedan on the market. Too bad it's so hard to find

by [Thane Peterson](#)

UP FRONT

U.S. sales of hybrid vehicles are set to soar by 35% this year, to 345,000 units, according to J.D. Power & Associates. That's largely because of the wildly popular yet small and quirky Toyota Prius, which will account for half of the market.

However, sales of more mainstream hybrids are starting to take off, too. For instance, if you're shopping for a family sedan, going with a hybrid is a no-brainer for many buyers these days.

General Motors ([GM](#)), Toyota ([TM](#)), and Nissan ([NSANY](#)) all now have excellent hybrid-powered, midsize sedans: the [Saturn Aura](#) for those on a budget, the [Toyota Camry](#) if you have a little extra cash to spend, and the 2007 Nissan Altima, which falls somewhere in the middle. (Honda ([HMC](#)) is dropping the weak-selling Accord Hybrid but plans to come out with a new, dedicated hybrid in '09.)

The Aura is different from the others because it's only a "mild" hybrid that isn't quite as fuel-efficient. The Camry and Altima are "full" hybrids that can operate on their electric motors alone at times. I gave both of them our top five-star rating (and the Aura hybrid a 4½-star rating). But when you factor in the Altima's low price and the \$2,350 federal tax credit many consumers will earn for buying one, it's a far better bargain than the Camry Hybrid right now.

There's one very big caveat about the Altima, however. For now, at least, Nissan is only selling its hybrid in eight states with the toughest air-pollution standards: California, New York, New Jersey, Massachusetts, Rhode Island, Connecticut, Maine, and Vermont. Nissan dealers nationwide are prepared to service the hybrid, so you can buy the car in those states and take it home to other states. "We're new to the segment and thought we could do best in those states," a spokesman says. "Whether we expand beyond those states is up in the air."

It's well-worth going to some trouble to get your hands on an Altima Hybrid. Like the hot-selling conventional Altima sedan and coupe, it's a nice-looking car—with a curved roofline, a distinctive grille, tough-looking dual chrome tailpipes, and a stylish optional spoiler on the lip of the rear deck.

In financial terms, it's a real bargain. The Altima Hybrid starts out at \$25,615, or \$23,265 factoring in the federal tax break. Many states, cities, and companies offer incentives for buying a hybrid, too (see [BusinessWeek.com](#), 6/6/06, "[Harnessing Hybrid Tax Credits](#)").

By comparison, a conventionally powered '07 Altima sedan with a four-cylinder engine and a continuously variable automatic transmission starts at \$20,925. Comparably equipped, Nissan's hot new '08 Altima Coupe starts at \$21,615. So, taking into account the tax credit, the price difference between a conventional Altima and a hybrid is less than \$2,500, and maybe a lot less depending on which options you choose.

Not surprisingly, the '07 Altima Hybrid—which is rated at 42 mpg in the city and 36 on the highway—will save you quite a bit of money on gas over the years (more on how much later). I pushed my test Altima Hybrid quite hard and didn't make any attempt to maximize mileage. Yet, in 247 miles of mixed driving I still got 35.7 mpg. A driver doing a lot of in-town

driving and trying to get good mileage would probably get upwards of 40 mpg.

There are several reasons why the Altima Hybrid is so fuel-efficient. Like other hybrids, it has a regenerative braking system that recovers energy usually lost during braking and stores it in an onboard battery. The Altima Hybrid's power plant also combines an electric motor with a highly efficient 2.5-liter, four-cylinder, gasoline-powered engine. Together, they generate a respectable 198-horsepower (11 more than the Camry Hybrid's power plant).

As with the Camry Hybrid, the Altima has a continuously variable transmission that adds to its fuel efficiency. Its coefficient of drag (a measure of the slipperiness of a car's exterior) is a relatively low 0.31. That's not as low as the Camry Hybrid's 0.27, but it's quite good.

Standard equipment on the Altima Hybrid includes 16-in. wheels, a tilting, telescoping steering wheel, an eight-way power driver's seat, and a six-speaker audio system with a CD player. The car also comes with a keyless entry/starter system, a convenience you usually only see on luxury cars. As long as you have the key fob with you, you can open the doors without a key and start the car at the push of a button.

Standard safety gear includes antilock brakes, traction and stability control, and front, side, and side-curtain air bags.

Of course, you can easily push up the Altima Hybrid's price over \$30,000 if you try. A basic Convenience Package costs \$1,300 and includes automatic headlights, a leather-wrapped steering wheel with audio controls, the rear spoiler, and an automatic passenger window. For \$5,250, a Connection Package adds all of the above plus heated front seats, leather upholstery, a moonroof, satellite radio, an upgraded Bose audio system with a six-CD changer, Bluetooth capability, and an auto-dimming mirror.

A \$7,250 Technology Package includes everything in the other two packages, plus a navigation system with an elaborate hybrid energy display and a backup camera that makes parking easier.

Not surprisingly, given the Altima Hybrid's limited distribution and the fact that it only hit the market late last year, sales so far have been relatively slow. In the first six months of the year, only 2,788 were sold, though sales jumped to 1,027 in July.

I suspect that this hybrid would sell far better if Nissan marketed it nationally. The conventionally powered Altima is a blowout success, with sales up 21.7% to 164,717 in the first seven months of this year. In the month of July alone, sales soared 44.2% to 24,464. There's no reason the Altima Hybrid, which has many of the same virtues as its conventionally powered sister models, couldn't be a big seller, too.

BEHIND THE WHEEL

One of the Altima Hybrid's big attractions is how quick it is. I found myself regularly squealing my test car's tires without intending to. In accelerating from zero to 60 mph, I got times of around 7.6 seconds, about a second faster than the Camry Hybrid.

As befits a family sedan, the emphasis in the Altima Hybrid is on comfort rather than handling. Steering isn't especially crisp, and braking is only average. However, when I floored the Altima Hybrid up steep hills and in the passing lane at highway speed, there was always plenty of power at my disposal.

There's little visible difference between an Altima Hybrid and a conventionally powered sedan. There are a few additional gauges on the hybrid's instrument panel, such as a power meter to tell you when the battery is being charged and when it's augmenting the gas engine. And you have to look at the "Ready" light by the starter button to know if the hybrid is running or not; sitting still, it's completely silent.

The Altima Hybrid's instruments are functional and reasonably attractive without being particularly memorable. The velour cloth seats are soft to the touch and clean-looking, but the rear-seat compartment is austere, with only small storage bins

in the doors and magazine folders on the backs of the front seats. Overall, the Camry Hybrid's interior is somewhat plusher.

The Altima Hybrid is two inches narrower than the Camry, but it's still relatively spacious. The front seats have plenty of leg and head space. Legroom is good in the rear seats as well, and there's ample space to tuck your feet under the backs of the front seats. However, the downward-curving roofline limits head space in back. I'm only 5 ft. 10 in. tall, but my head was nearly touching the ceiling when I sat in the back seat.

The main negative about the Altima Hybrid is its lack of luggage capacity. The trunk only has 9 cubic feet of space, instead of the 15.3 cubic feet in a conventional Altima sedan. The positioning of the battery also means the Altima Hybrid's rear seats don't fold down. The back seats in the Aura and Camry hybrids fold down, and there's a big pass-through to the trunk with the seats down.

BUY IT OR BAG IT?

The short answer is that the Altima Hybrid offers excellent value. Factoring in the federal tax credit, the extra money the hybrid costs as opposed to a comparably equipped conventional Altima will probably be offset by savings on gasoline in four years—and maybe a lot less, depending on your driving habits and assumptions about gasoline prices in the future.

The Altima Hybrid is also cheaper and is rated at about the same gas mileage as the Camry Hybrid (though many owners report slightly better fuel efficiency in the Camry). The Altima Hybrid costs a bit more than the Aura hybrid but gets significantly better mileage (I got 31.3 mpg in the Aura, 4.4 mpg less than in the Altima).

The long answer is that the economics of hybrids vary widely. Here are several questions to consider before buying one:

Will you get the federal tax credit?

If you plan to lease rather than buy your new car, you won't qualify (the deduction goes to the leasing company). And if you're being hit by the Alternative Minimum Tax, you probably can't get the hybrid credit either.

For those who do qualify, the \$2,350 federal credit on the Altima Hybrid is a big selling point. The credit is only \$1,300 for the Aura, and \$650 on the Camry (dropping to zero as of Oct. 1, when the federal tax credit on all Toyota hybrids is scheduled to be phased out).

What sort of driving do you do?

The Aura gets better mileage on the highway than in the city. Full hybrids such as the Altima and Camry, on the other hand, are more efficient in stop-and-go driving.

How long do you plan to own the car?

If you only keep cars for a year or two, savings on gasoline probably won't offset the hybrid's higher price. It's also not clear yet whether hybrid versions of the Camry and Altima will have the same high resale values that the conventional models do.

When it comes to price, here are the key numbers to consider:

The average selling price of the Altima Hybrid is \$26,945, according to the Power Information Network (PIN), \$4,133 more than for a conventional Altima. Factor in the tax deduction and the hybrid only costs \$1,783 more than the conventional Altima. (PIN and J.D. Power & Associates, like *BusinessWeek*, are units of The McGraw-Hill Companies [MHP](#).)

The Saturn Aura hybrid has an average selling price of \$22,441, according to PIN, only \$615 more than the conventional Aura. Factor in the tax deduction, and the hybrid actually costs \$685 less than the conventional Aura.

The average selling price of the Toyota Camry Hybrid is \$28,464, \$6,015 more than the conventional Camry. Factor in

the federal tax credit and the hybrid Camry costs \$5,365 more than a conventional Camry.

Even using the federal government's estimates of annual fuel cost for each model, you'll save \$458 annually on gas in an Altima Hybrid vs. a conventional Altima with a six-cylinder engine and automatic transmission. So, it will take about four years to offset the hybrid's extra cost.

Using similar government numbers, you'll save \$531 annually on a Camry Hybrid vs. a conventional Camry with a four-cylinder engine, so the payoff there comes only after 10 years. (The Aura hybrid costs less than the conventional Aura, so the payoff is instant.)

However, the government's estimates are very conservative—they're based on current gasoline prices, for instance. Your real savings in a hybrid will probably be much greater. To make your own calculations, go to the [government Web site](#) and plug in your own assumptions about average mileage, future gasoline prices, and other variables.

No matter how you cut it, Nissan's Altima Hybrid is a bargain right now.

[Click here](#) to see more of the 2007 Nissan Altima Hybrid.

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