

# Rental-Car Rates Jump for the Few Vehicles Available in Houston - Bloomberg

By  
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- Avis listed Chevy Cruze for \$123 a day at airport counter
- Enterprise plans to move 17,000 total vehicles to region



Vehicles at the stand in floodwaters in Spring, Texas, on Aug. 28, 2017.

Photographer: Luke Sharrett/Bloomberg

Drivers in need of wheels are being forced to pay up as a thin offering of rental cars becomes available again in Houston, the vehicle-dependent city still reeling after Hurricane Harvey.

Avis Budget Group Inc.'s Budget website showed on Tuesday afternoon Hyundai Elantra compact cars available starting Thursday for \$55 if paid in advance or \$78 if settled at Hobby Airport, more than double the \$36 drivers would pay at the same counter 30 days later. Avis had a Chevy Cruze on offer for Thursday for \$57 in advance -- or \$123 at the counter -- versus \$43 if rented in advance for October. And Hertz Global Holdings Inc.'s Thrifty advertised on its website Chevrolet Spark subcompact cars for \$60 a day plus fees at George Bush Intercontinental Airport, nearly a quarter more than the following month.

On Wednesday morning, the cars were no longer available.

The hefty retail prices in the Houston area come as drivers there scramble for replacement wheels in the wake of Hurricane Harvey. Early forecasts suggested Houston lost as many as 500,000 vehicles -- more than were destroyed in New York's Hurricane Sandy -- leaving many residents of the water-logged metro area reliant on rental cars to get them to work or out of the region altogether until their homes are repaired.

“Some of the higher prices for Houston rental cars may be more related to seasonal factors than rental companies trying to take advantage of tight supply”, said Neil Abrams, president of Abrams Consulting Group Inc., which tracks rental car rates. “Prices often climb after Labor Day when business travel spikes, with the national average for a weekly car rental climbing to \$330 this week from \$225 before the holiday”, he said.

“There’s a fine line between supply and demand pricing and gouging,” Abrams said. “We’re not at the point where they are gouging.”

## Car Shortage

The spattering of cars showing up on national websites for the Houston area this week follows several days of limited or no availability immediately following the storm. Enterprise Holdings Inc., the nation’s largest car renter, hasn’t had any available cars for retail customers since late last week, spokeswoman Laura Bryant said in an email Wednesday.

Enterprise has been trying to replenish supply by gathering up autos from nearby cities and states and by diverting cars that were about to be sold at used-vehicle auctions. The company has moved about 4,000 vehicles to the area with another 13,000 on the way before the end of the month, Enterprise said in a Tuesday statement.

Hertz also is racing to get more cars into the region, according to spokeswoman Karen Drake. The company is sending 15,000 cars to Houston from other regions, which is the most Hertz has ever moved to a location in response to a natural disaster, she said in a Tuesday email.

Hertz has offered reduced rates of \$4.99 a day to anyone who will rent a car in a major market and take it one-way to Houston, Drake said. Enterprise has waved one-way rental fees altogether for drivers who are returning vehicles to the city.

Avis spokeswoman Alice Pereira didn’t return calls and email messages seeking comment.

## Relief Priority

Much of the rental-car shortage stems from brands reserving vehicles for Federal Emergency Management Agency personnel, insurance staff and other employees needed in the storm's aftermath. The majority of Hertz's locations in southeast Texas are open, but disaster-relief personnel are getting priority, Drake said. Enterprise also is still trying to make sure the needs of emergency and corporate customers are met, Bryant said.

Enterprise lost about 3,000 vehicles due to the storm and had to close more than half of its 185 locations in the Houston area. Most have since reopened, it said in the statement.

Abrams, the consultant who tracks rental car prices, said daily rental rates can shift \$20 on a daily basis even without a major storm complicating matters. Rental companies may be boosting rates in Houston in part because pulling cars out of other markets tightens the supply of vehicles and can raise costs in Houston and beyond.

And not all vehicles are showing up as more expensive now than in a few weeks. Some cars listed Tuesday on Avis' website for pick-up at George Bush starting Friday actually showed cheaper rates this coming weekend than for Columbus Day weekend the following month.