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An Even Better Car Deal: You Don't Have to Own One

**Struggling Rental Firms Chase Drivers
Who Want to Avoid Ownership Hassles**

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With earnings of \$650,000 this year, San Diego mortgage banker Roy Zinkil owns a posh condo in an upscale neighborhood and travels frequently.

But he refuses to buy a car.

"The insurance alone would cost me more than what I pay for transportation in an entire year," Mr. Zinkil says. So instead, he rides a trolley to the office, and pays about \$2,400 a year to rent Lincolns and Buicks for the weekend from Enterprise Rent-a-Car Co.

An increasing number of people are doing the math -- and doing without a personal car. Instead, they replace it by renting cars, or by joining one of the growing car-sharing programs like Flexcar, ZipCar and I-Go Car. The programs -- which charge members as little as \$30 a month for part-time use of a car -- offer Honda Civics, Ford Ranger pickups and even Volkswagen Beetles and Mazda Miatas. The companies pick up the tab for maintenance repairs and even gas.

This isn't just a New York and San Francisco phenomenon, but is increasingly spreading to cities where nearly everybody has a car. In the process, traditional rental-car companies are jumping into the fray, hoping to tap into the new revenue stream to help offset the current travel slump. Enterprise, the nation's largest rental-car firm, says a quarter of its customers are people renting cars in their hometown to use in place of a personal car.

The rental industry needs all the help it can get. Three of the major agencies -- Alamo, National and Budget Group -- filed for bankruptcy protection in the past year as their traditional business-travel clients dried up. Industry-wide, companies are chasing new types of customers, ranging from leisure travelers to the people who might otherwise consider car-sharing.

Ford Motor Co.'s Hertz unit this month began offering weekend and weekly rates as low as \$17 and \$125 respectively through the end of March. Enterprise periodically offers discounted weekend rates as low as \$9.99. And Avis Group Holdings, a unit of **Cendant** Corp., has a mini-lease program for people who want to rent a car for periods ranging from 60 days to 11 months.

Of course, sharing or renting has its hassles. For one thing, you have to phone ahead and reserve the vehicle. Cars may be scarce at peak times, precisely when you need them. In addition, in car-sharing programs if you exceed the mileage or time limit in your particular plan, you can quickly rack up big expenses. A driver can pay as much as \$7.50 an hour for going over the time allotment, and 35 cents for each additional mile.

But the economics of owning compared with renting are surprisingly close in some cases. The average cost of owning or leasing a vehicle, including things like gas, insurance, and the car payment itself, totals \$625 a month, according to the American Automobile Association. By contrast, a member in a car-share program is given access to a car for as long as 100 hours a month for \$525 a month. The Avis mini-leases, which permit drivers to drive as much as 3,000 miles a month -- start at roughly \$700 a month. Of course, by renting or joining a car-share program, drivers don't have to worry about oil changes, car washes and tuneups.

Still, rentals usually make the most sense for people who need a car considerably less than that -- say, only on the weekends, or as a "second" car. That's because the programs are structured so they start charging big fees if you drive a lot of miles.

Even in cases where the cost of renting isn't cheaper than owning or leasing, there are some advantages. The Avis program, for instance, carries a much shorter commitment period than the typical car lease.

Overall, fewer than 3% of drivers rent rather than buy, but experts say the number could grow because of the weak economy and the flexibility that comes with renting and car-sharing. "We've moved from buying, to leasing, to renting," says Michael Marsden, a professor at Eastern Kentucky University in Richmond, Ky., whose field includes car culture. People like the notion of renting, he says, "because it gives you that short-term relationship rather than a serial commitment."

Flexcar is the biggest of the car-sharing companies, though its fleet is only a fraction the size of the giant car-rental companies. Car-sharing first popped up in places such as Washington, D.C., and Chicago, chiefly to provide an option for people who didn't want to use public transportation. Since then, the idea has spread to other cities including Portland, Ore., and Los Angeles.

Now, some drivers are finding creative ways to subsidize their car-sharing. Jennie Drimmer of Arlington, Va., considered buying a Honda Civic, until she learned she could share one with about 42 others for roughly \$60 a month by signing up for Flexcar. Now, Ms. Drimmer, a research analyst, rents out her condominium parking-lot space for \$75 a month. "Any question of whether we should get a car or not was gone," she says.

Cars With No Strings Attached

Rental-car giants, struggling to drum up new business, are rolling out deals that compete with car-sharing companies like Flexcar.



	How it works	Locations/Cars	Comment
Enterprise	Offers discounted weekend rates as low as \$9.99 a day	5,000 locations nationwide; fleet ranges from Chevy Cavaliers to Chrysler PT Cruisers.	Good for people who can use public transportation during the week and need a vehicle only on weekends.
Flexcar	Members can reserve cars for \$3.50 an hour plus 90 cents a mile. Also has monthly plans starting at \$35 a month for five hours or 50 miles.	About 150 locations near 15 cities nationwide; plans to expand to 30 markets within five years. Some cars include Honda Civics and Mazda Miatas.	For drivers who want to have a car at their disposal all the time, but don't drive too much.
Avis	Mini-lease program for people wanting to rent cars for 60 days to 11 months; starts at around \$700 per month.	1,700 locations worldwide. Cars in fleet include Chevrolet Monte Carlos and Oldsmobile Aleros.	Good for frequent drivers -- the monthly mileage allowance can be a whopping 3,000 or more. Downside: May actually cost more than owning. Upside: Relieves you of long-term commitment.
Zipcar	This one's tricky. The formulas are complex but you could pay as little as \$30 a month for a few hours' use of a car, up to \$90 a day for a more generous package.	About 200 locations concentrated Denver, Boston, Washington, D.C., and New York/New Jersey.	Best for people who don't drive a lot, because the fees can pile up fast.

Note: Rates for premium and luxury vehicles are higher.

Source: the companies

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