

FACT SHEET

COST OF RIDE-HAILING IN URBAN AREAS



Automotive
Engineering



Background

Ride-hailing services, although a relatively new mode of transportation, have disrupted the taxi industry in many urban areas. While many Americans use these services to augment their transportation needs, some question whether these services are a viable alternative to vehicle ownership, particularly given high parking costs in some cities.

To understand this issue, AAA conducted secondary research to determine the costs associated with using ride-hailing services as compared to owning and operating a personal vehicle.

Key Findings

- According to the AAA Foundation for Traffic Safety, those that self-identify as living in a city drive an average of 10,841 miles annually.
- For the 20 cities examined, the cost to replace a personal vehicle with ride-hailing services supplemented with a rental car for longer trips is:
 - \$20,118/year or \$1.86/mile for 10,841 miles annually.
 - Average driver takes 2.1 road trips per year, totaling 11 days, traveling 1,476 miles.
- In urban areas, parking costs are more prevalent and a key factor to consider when calculating the cost to own a vehicle. The average cost to own a medium sedan, factoring the expense of fuel, insurance, parking and the vehicle itself, driven 10,841 miles annually averages:
 - \$7,321/year or \$0.68/mile, not inclusive of parking charges.
 - \$10,049/year or \$0.93/mile, inclusive of parking charges (which equal an additional \$2,728). Flat-rate parking varies across cities, ranging from \$706 (Phoenix) to \$8,088 (New York) with an average cost of \$2,728.

To understand the costs of using ride-hailing services as a primary mode of transportation, AAA pursued three lines of inquiry:

1. What is the average number of miles driven annually by those living in an urban area?
2. What is the cost for the average city-dweller to use ride-hailing services as their primary mode of transportation?
3. What is the cost to own, operate and park a vehicle for the average urban driver?



Ride-Hailing Costs by City

Annual ride-hailing costs* based on an average of 10,841 miles traveled annually.

Atlanta	\$17,741	Nashville	\$26,397
Austin	\$19,821	New York	\$21,279
Baltimore	\$19,917	Philadelphia	\$23,201
Boston	\$27,545	Phoenix	\$17,436
Chicago	\$22,020	Pittsburgh	\$18,940
Cleveland	\$20,091	Salt Lake City	\$18,866
Dallas	\$16,944	San Diego	\$17,316
Denver	\$20,434	San Francisco	\$21,972
Los Angeles	\$17,951	Seattle	\$23,951
Miami	\$17,339	Washington, D.C.	\$21,093

*Includes the cost of a rental car for longer trips

Methodology

To determine average miles traveled for those living in cities, parking costs and road trip behaviors, data was leveraged from the following sources:

- The AAA Foundation for Traffic Safety *American Driving Survey*, 2015 – 2016 for average annual miles driven by urban dwellers.
- AAA's 2017 *Your Driving Costs* study for average driving costs for a medium sedan.
- City Observatory, ParkMe and Parkopedia for parking cost data for the 20 selected cities.
- A third-party aggregator for ride-hailing costs, miles traveled, number of trips and cost per trip.
- The 2016 *Portrait of American Travelers*® study by MMGY Global for the average number of days for medium to long road travel per year.
- The *National Household Travel Survey* for average road trip distances.
- Hertz for car rental costs for a medium sedan for eleven days during off-season with unlimited mileage and full insurance coverage.

A medium sedan was chosen since it is most representative of the vehicle type used for economy-level ride-hailing services. Parking costs are based on monthly rates for a guaranteed, but not reserved, parking space. Ride-hailing data included 243,838 economy-level trips in 20 major urban areas between June 1, 2016 through May 30, 2017, matching the timeframe of AAA's 2017 *Your Driving Costs* study. This research assumes 11 days per year of medium to long trip travel by car and rental rates are for off-peak times (no holidays).

AAA Recommendations:

Vehicle owners looking to minimize their operating costs should consider the following:

- **Buy (gently) used** – Depreciation is the [single largest expense](#) for vehicle owners. By driving a pre-owned vehicle in good condition, ownership costs are significantly lower. A safe, reliable vehicle can be found at almost any price point.
- **Fuel responsibly** – Avoid [wasting money](#) on premium gasoline unless your vehicle specifically requires it and, if you're one of the 20 percent of Americans considering an electric car, these vehicles offer [lower fuel and maintenance costs](#).
- **Show your car some love** – It sounds counterintuitive, but spending money on routine maintenance can actually [save you money](#) in the long run. To keep engines running smoothly, consider switching to [synthetic oil](#) and upgrading to [TOP TIER™ gasoline](#).
- **Slow down** – When gas prices are high, [small changes](#) in the way you drive can make a big difference.