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Fitch: Airport Car Rental Bonds Holding Firm Amid COVID-19

Fitch Ratings-New York-08 March 2021: Passenger traffic remains very weak for U.S. airports due to the coronavirus pandemic, though a [new Fitch Ratings report](#) says the outlook for consolidated rental car facilities (CONRACs) is not as severe as initially projected.

COVID-19 has disrupted the U.S. aviation sector for nearly a year with most on-airport car rental facilities utilized at half or less their usual performance prior to the pandemic. However, monthly shifts in rental car transaction days are performing slightly better than enplanements thus far. "The increased priority in preserving one's health amid the pandemic is leading to customers opting for rental cars in place of transportation network companies, cabs, or public transit," said Senior Director Seth Lehman.

Available reserves and targeted refinancings have also contained the degree of credit risk for airport rental car facilities. Since the pandemic's start, Fitch has not downgraded any of its CONRAC ratings and five of the projects retain Stable Rating Outlooks.

Passenger traffic at airports will remain low through at least the first half of 2021. Fitch believes even a modest recovery in rental car transactions should enable nearly all CONRAC projects to benefit from a marked improvement to their respective coverage ratios and further boost liquidity reserves. A recovery to 80% of pre-pandemic levels would raise cashflow coverage levels on many of these recent financings.

The wildcard is the timing and trajectory of recovery. Risks will increase for airport rental car facilities adverse conditions linger. "Some rental car projects will need to draw on reserves if airport recovery continues to stall," said Lehman.

'Airport Car Rental COVID-19 Performance' is available at 'www.fitchratings.com'.

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