

Taking the Temperature of the Parking Industry

• By Jeff Pinyot and Todd Tucker

Few industries suffered like the Parking Industry during the Covid Pandemic. Occupancy rates, and thus, revenue, dropped from record highs to as low as 5 percent in airports, universities, public, and private garages nationwide. Parking operators across the nation were forced to reduce staff by large numbers, and universities and the like dipped into well-funded reserves, emptying them over the worst of Covid times.

Today, young consumers who have never driven are flocking to driving schools and car dealers to purchase vehicles to take control of their mobility.

The industry went from printing money to printing pink slips virtually overnight. For that matter, even before Covid, the relatives of the Parking Industry had already been summoned to come visit the Parking Industry, already in hospice, one final time, to say goodbye and to witness the blessing of the Last Rites. Even before Covid struck, it seemed new headlines consistently emerged announcing the decline of our industry – many, quite happily. Seems that the Death of Parking was imminent.

Parking tradeshow were becoming Doomsday shows, seminar after seminar on how to prepare for the end of parking demand frequented many a general session as well as the various education tracks carefully planned for us. Why the foretelling of an industry so near death?

One thing that was never truly considered was the accuracy of the data. Was the data conjecture or fact? Was the death of parking just a hope of politicians, mass transit and climate change enthusiasts or hyperbole: “The demand for parking is dead, the garages will soon be empty.”

Before you overreact and put your concrete up for sale, the facts just aren’t there to support the overstated claims. In fact, you might even want to look at investing in some more parking structures. It just might be a prudent idea, forget Bitcoin and GameStop. The temperature of the parking industry has been taken again, and it’s not just normal, it’s perfect, along with perfect blood pressure and low cholesterol. The parking industry is healthy and poised to enjoy a long life and prosperity.

Parking is a Healthy Industry

Dale Denda, Research Director of the Parking Market Research Company, in his recent white paper on analyzing the return to a Normalized Parking Market, is clear to point out that there is a “Disconnect between opinion and data.” Dale goes on to say that there is a “Disconnect between those opposed to parking construction and the presence of vehicles in the local market.” He continues, yes, certainly there is a desire for “Pedestrian-dominant zones, BUT... with Peripheral Parking.”

Finally, he says the argument against the parking demand is “Problematic, in that it is often tied into opposing vehicle

use based on Climate Change Paradigms.” In plain English, that I understand, the argument in favor of the diminishing parking demand, in essence, is simply wishful thinking of some advocates who don’t like parking.

Some months ago on CNBC, AutoNation Executive Chairman Mike Jackson was interviewed, and the news is good, very good for the parking industry. At the time of the interview, AutoNation had just completed the best quarter in the history of the company. If the demand for parking was going away, one might ask, how is this possible? Mike Jackson and AutoNation looked to three specific indicators.

1. Driver patterns were projecting to the industry that **Drivers will lean towards having control of their mobility** and rely less on public transportation. Drivers want their own personal defined space. Pre-COVID this was true and within and beyond COVID, it is unquestionably true.
2. **Drivers want to do business digitally.** AutoNation upgraded its methods of business to do business digitally and is reaping the rewards. Our industry has seriously embraced digital reservations from partners like Arrive. Digital business follows social distancing guidelines well and reduces face to face interaction. Digital business reduces costs that result in sustainable cost reductions.
3. **Drivers want safe environments.** The automobile provides consumers with safety and security. Vehicles keep us out of public transportation environments. The recent unfortunate event of an unimpeded rape on a SEPTA mass transit line does nothing to convince drivers to switch from a personally owned vehicle to mass transit.

People Love Their Cars

Dale Denda, in his report, calls car ownership “A peculiarly American Thing.” He goes on to say that car ownership among the U.S. population is expected to increase from 279 million to 284 million. Jay Leno, comedian, and former late night talk show host, is a good example of this peculiar American thing called car ownership. He only owns 150 vehicles. When asked about driving his car to dinner, Leno says, “When my wife and I go out to eat, if there’s not a parking space in front of the restaurant that I can’t see from my table, we are not eating there – thank you very much, okay?”

In this statement, he says a mouthful. He’s driving himself to dinner and he wants a place to park.

Denda also comments on the low demand for Public Transportation that remains fixed at 13 percent of the population (nationwide average with nominal regional differences). Despite efforts like the new Red Line Electric Bus Line in Indianapolis that continues to disappoint due to overstated battery life that requires a through passenger to sit for 10 minutes at a charging point. Denda informs us that the USG’s National Transportation Study projects a Double-Digit increase (19 to 29 percent) in parking demand by the year 2045. Just prior to Covid, 2019 saw the highest level of private car use ever. None of this sounds like parking on life support.

Today, young consumers who have never driven are flocking to driving schools and car dealers to purchase vehicles to take control of their mobility. Mike Jackson said that AutoNation bought up as many new and used vehicles as it could in anticipation of the new increasing demand for personal mobility. Have you even tried to secure a rental car recently? The prices have gone through the sun-roof.

Speaking of rental cars, just announced was the purchase of 100,000 Tesla electric vehicles from Hertz Global Holdings Inc. Hertz is just four months out of bankruptcy. The purchase pushed Tesla to a valuation of over \$1 Trillion dollars. Imagine the hilarity of this entire sentence if cars were truly going away and people no longer desired them for their mobility. Knighthead Capital Management and Certares Management, investment owners of Hertz, sure did emphasize their belief in the future of the Parking Industry by making this business decision.

Today, parking consultants across the nation, when questioned about their projects cite strong backlogs with no indication of a slowing demand for parking. Denda's own Parking Marketing Report that tracks active parking projects shows a healthy climate of active projects as strong as ever.

Parking is Changing, Not Dying

Perhaps the doomsayers are misrepresenting the fact that "parking is changing" to "parking is going away." No question parking is changing and amen to that. Who likes parking from yesterday's unimaginative concrete world? Forward thinking owners are working with consultants to design garages that are called "Adaptive Reuse" structures.

These structures are designed for heavier loading requirements of an office or multi-use facility rather than lower load requirements of parking so that a parking structure could be modified to be housing or office space in the future. If asked, 9 out of 10 individuals would believe that a parking structure could take more load than an office space. Not true. According to William Kavanaugh from the Harman Group in an article for the International Parking and Mobility Institute, March 2013, a parking structure is designed for a static load of 40 PSF (pounds of weight per square foot). A non-parking structure could see loads of 100 PSF, rendering a typical parking structure unsafe for alternate uses. These wise owners are preparing themselves for alternative uses for their parking structures should they see a demand change on their campuses.

Another trend in *Parking Today* is the Mobility HUB. Parking structures of yesterday were unsightly behemoths. Today's elegant structures are focal points of communities and becoming community HUBs and social gathering spots. Today's well-crafted designs include focus on the "last mile" bike storage and sharing, as well as scooters. They have TNC (Uber/Lyft) drop-off and pick up designated areas to keep the traffic flow on the streets undisrupted. They are energy centers to charge electric vehicles and are community power plants with top deck Photovoltaic Panels (PV – solar).

With the advent of camera-based Parking Guidance Systems (PGS), garages can even include dynamically changing parking zones based on actual client demand. For instance, instead of signs protecting spaces for residents that are full at night, but vacant in the daytime, PGS systems can reserve sections by color, thus allowing a space to be double used, resulting in a potentially smaller garage size, a "Right Sized" garage. From an environmental impact, PGS systems speed up the parking process resulting in significant reduction in green house gasses from vehicles trolling to find open parking spaces. Also, smaller

Dale Denda's Six Factors in Parking Planning

- 1- Private vehicle use.** Robust demand continues to exist and to be forecasted
- 2- Public policy and funding.** Funding is strong and public policy is encouraging growth
- 3- Disconnect between opinion and data.** The objective facts, research and industry experts all reject notions of current or pending parking demand reductions
- 4- Commercial viability and parking.** Parking is required for commercial viability of the marketplace.
- 5- Pedestrian-dominant zones.** Doesn't remove parking, just moves it to the peripheral.
- 6- Problematic arguments.** Opposition is directly linked to special interest groups, not facts.

garages working like larger garages are less expensive, and use fewer raw materials, and take up less space.

The Village of Arlington Heights in the Chicago suburbs, during the height of Covid, used their PGS system to reserve consumer food pick-up to a newly created Yellow Zone inside the parking structure. Local restaurants and their patrons knew to park in the Vail Avenue Garage in the Yellow Zone for their food to be delivered, not street side, resulting in less congestion and a community without double parking and blocked streets.

The creativity and responsibility of the parking community to recreate and rebrand parking as positive, good, attractive, SAFE, and beneficial to the community is also helping to keep the demand alive in communities.

No-one wants an ugly piece of concrete in their community, but they do want a safe place to park that provides value to their community and keeps their local businesses and economy thriving.

Architects across the nation are changing the look of parking. Many new developments are putting parking underground, and more are putting parking in the center of occupied structures, hiding them from view. This is a very cost-effective way to build a garage because you can use the walls of the structure as part of the garage design.

Today's statement garages are changing skylines forever. Look at the new Las Olas garage in Ft Lauderdale, the stunning exterior LED light show welcomes locals and visitors to the legendary A1A beachfront road with a safe and convenient place to park fully equipped with the latest in parking technology.

Here's to a strong and robust parking demand for generations to come and to the wonderful faithful partners of this vital industry. We'll see you in one year for your next checkup. See the clerk on the way out. Don't forget the co-pay.

JEFF PINYOT, President ECO Parking Technologies, can be reached at jspinyot@ecoparkingtech.com 317.501.2892

TODD TUCKER, SVP & General Counsel Flash/Arrive, can be reached at ttucker@arrive.com 248.320.3709