

## WHO WANTS TO BE A MILLIONAIRE?

# A Parking Guidance System Can Make That Happen

• By Jeff Pinyot

**R**ight Sizing doesn't mean you actually wear a size 44L instead of a 46R suit jacket. Although, you would look better in the right size jacket. It also does not mean building your 5-bedroom dream home after the kids leave home. That just makes no sense at all. What "Right Sizing" does mean in parking is: Building the most cost effective and accurate size parking structure for your planned use.

## Today's parking guidance systems, and especially, the camera based PGS systems, can make Right Sizing a reality.

Years ago, in a presentation I was giving with Jerry Marcus of the Parking Advisory Group, he introduced the attendees to the concept of Right Sizing. I was taken back by it because it was an excellent way to describe what I had been touting for years without knowing its name.

WGI graces the parking community with a thorough and thought-provoking annual update of parking costs throughout the country. According to their research, the average construction cost per parking space in a new parking structure in the U.S. in 2020, was \$22,200 per space. That means that a 1,000-space garage would cost \$22.3M to construct. That also means that if you could get away with meeting the needs of the client with a 900-space garage by taking advantage of today's proven parking technologies, you could save that client 100 spaces x \$22,300 = \$2.23M in construction costs. If the added cost to do this was only \$500 per parking space.... 900 x \$500 = \$450,000, you would still be \$1.78M ahead! It's what people call a No Brainer!

I got to thinking. I wonder at what capacity parking operators determine that the garage they manage is

considered full, and when do they put out the "Full" sign. After polling several parking operators, I concluded that the number is 90 percent. So, in Chicago, where a single turn can yield \$24 to \$42 dollars (use \$33 for an average), 100 empty spaces prevent an owner from making  $100 \times \$33 = \$3,300$  additional revenue per day. (note: That is for a single turn. In Chicago, you might average at least two turns per day). Let's just keep on the 1,000-space garage and the lost revenue of a single turn. That same garage, assuming only 350 days of parking per year due to weather issues and holidays, would stand to potentially lose  $350 \times \$3,300 = \$1.15$  Million in ANNUAL revenue. If a technology existed to help you sell 100 percent of the spaces while giving your clients the best customer service and as mentioned above, it only costs \$500 per parking space or in this case, an already built garage of 1,000 spaces, the payback would be  $\$500,000/\$1.15M = 5.23$  months. Over 10 years, after paying for the technology, the in-pocket cash value of the investment without considering inflation is exactly \$11M!

If you were the owner of this property and you recently experienced this huge gain in parking revenue and decided to put this property on open market, figuring 6 x EBITDA on the increase alone, you would make  $\$1.15 \times 6 = \$6.9M$  more on the sale of your property on a \$500,000 investment. That is a 1,380% return on your money, a better bet than GameStop!

I recently asked a major university about their parking decisions when selling parking passes. This university indicated exactly as the operators indicated. They only sell 90 percent of capacity, so parkers are not too frustrated when looking for a spot. They also said that they needed to build a new structure. I asked how many spaces they felt they needed to add, and the number was the exact number of unsold spaces that the university already owned, but were not selling. I think you get where I am going on this. This university indicated that they needed 900 more

spaces, so they need to plan for a 1,000-space garage. A 1,000-space garage would cost this university, \$22.3M to build. Instead, the university could choose to install a system to help fill vacant spots at far less money than a new garage would cost, and parking spaces delivered in weeks, not 18 months from now.

Today, many mixed-use developments include a parking structure that serves Residents (those who mostly park overnight),

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Hotel guests, Office Workers, Retail workers and shoppers, Transit passengers, Restaurant workers and consumers, etc. Most owners reserve parking spaces for these various "Attributes." I'm certain that you've seen spaces reserved for "Monthlies" (that are empty), spaces reserved for "Residents," and various other reserved spaces. In the decision to build the garage and choose the number of spaces required, those reserved spaces are only singularly used and not permitted to be occupied by others seeking an open space.

What if you instead required Residents to park from the top level down and reserved those spaces with a purple indicator light in the center of the drive aisle? Then, on a workday morning as 250 of those vehicles leave for the day, the purple reserved section retracts by 250 spots and instead is marked by a Green light indicating Public Parking. On average, at least 20 percent of reserved parking spaces are always unoccupied in a garage, rendering the opportunity to build an 800-space garage instead of a 1,000-space garage if operated properly. A developer in Indianapolis recently told me that had he known this, he would have removed a full level of parking from his garage and added a full level of additional apartments. Today, his garage is 20 percent empty with all the residential leased out. That was not a Right Sized garage.

Today's parking guidance systems and especially, the camera based PGS systems, can make this Right Sizing a reality. With stand-alone camera based PGS solutions often understood to be \$500 to \$650 per space (depending on the manufacturer) and Integrated Parking Guidance Systems

(IPGS) that include lighting, lighting controls, security, AND PGS in one at similar costs (on the low side of that pricing scale), installing a PGS can make you a millionaire many times over. The math proves that a PGS system is worth the investment.

Today's camera-based parking guidance systems are able to assist in finding lost cars, add additional security to the garage's ONVIF security system, help generate additional revenue by identifying premium parking spaces, and with the integrated version within the LED light fixtures, provide wireless lighting controls that meet Title 24 and can be a strategic part of your campus power decisions by taking global commands to reduce lighting from the Building Management System or the Utility provider.

Major PGS companies like ECO Parking Technologies, Park-Assist (now TKH Security), and Indect, all provide competitive and immense value to owners today. All have extensive Dashboard Solutions that allow the owner to harvest incredible parking data and history to assist in parking decisions.

A garage with a PGS system provides a Disney-like magical parking experience, but with an extraordinary payback value. Now, the happiest place on earth is a parking structure with a PGS system.

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