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## Will Uber and driverless cars turn the parking biz into roadkill?

By [Ryan Ori](#)

As Chicago braces for the long-term impact of ride-hailing apps and self-driving cars, there's a low-tech concept that could be disrupted the most: the parking lot.

Many real estate, transportation and urban planning experts think services such as **Uber** and Lyft already have begun cutting into the use of paid parking garages in large cities. The major shakeup looms years ahead, when ride sharing gains wider adoption and driverless cars arrive on Chicago's streets and begin affecting all types of real estate, from apartment towers to shopping malls.

A report by Green Street Advisors, a Newport Beach, Calif.-based research firm, estimates that a decline in vehicle ownership could cut U.S. parking needs in half within three decades. That would eliminate 75 billion square feet of parking space, more than the combined area of all apartment, office, shopping mall, retail strip center and warehouse buildings in the country today.

The change will create obsolete parking facilities—"parking lot blight," as Illinois Institute of Technology associate professor of architecture Marshall Brown calls it—or opportunities for new public spaces and commercial uses.

"The rise of ride hailing and the pending arrival of driverless cars will combine to be the biggest change in real estate in some time, maybe since the arrival of the auto itself," says Dave Bragg, managing director at Green Street, which analyzes real estate investment trusts.

Yet many Chicago-area commercial property owners and municipalities haven't even begun to comprehend the coming change. This early, it's difficult to predict where self-driving cars will pick up and drop off passengers, and where they'll park during nonpeak hours.

"It's hard to get ahead of the ball when you don't even know what game you're playing yet," says Brown, who was part of IIT's recently concluded **Driverless City Project** study. "Ride sharing and ride hailing happened almost overnight, over the course of a year or two. Municipal planning happens in much longer cycles. We have to move faster in order to leverage these opportunities. It will require a lot of imagination."

Because companies like Uber are so new, evidence of their impact so far on parking facilities is mostly anecdotal.

John Hammerschlag, president of Hammerschlag & Co., says his firm's parking garages here have actually experienced increased volumes this year over the previous.

"Anecdotally, I think there's some impact," he says. "I know that from my own behavior. Sometimes I take Uber because it's cheaper and more convenient. But our volumes are still very strong, so how can I know what I've missed because of Uber?"

"There's concern because they're disruptors in the marketplace. Do I think people will stop driving? Absolutely not."

### **'PEOPLE JUST AREN'T DRIVING'**

Another Chicago-based parking landlord, Metro Park, says its revenue is down about 5 percent in the past year. The biggest decrease is at a Gold Coast parking garage near Rush Street's thriving restaurant and bar scene.

"People are still eating and drinking on Rush Street, and staying in hotels," Metro Park owner Bryan Schroeder says. "People just aren't driving. We're not getting those cars. We're feeling that more than from the 9-to-5 business guy going into the Loop."

Mark Lawrence, CEO of Chicago-based parking app [SpotHero](#), says even tourists who drive into the city are changing their routines.

These people will still drive and park downtown, Lawrence notes. "But rather than moving and parking again, people might park once and then take an Uber," he says. "When people are going from one garage to another, you front-load the rates. The rate structure needs to become more creative because behavior is definitely changing. Chicago's definitely feeling the impact."

Over the longer term, self-driving cars will require less room to park. A reduced need for parking could slash the value of properties such as self-storage facilities because people will have space in garages where they once parked their personal cars. Also destined for devaluation: billboards, since passengers may be focused on work or entertainment inside self-driving cars, according to the Green Street report.

High-quality malls are among those that could benefit from a reduced parking need, as they could convert parking into more retail space, the report says. Oakbrook Center, for example, could add a whopping 1.5 million square feet of retail space, according to a Green Street case study.

"The hardest time real estate investors are having with this is, there's an inability to wrap their arms around how quickly the change is occurring," Green Street's Bragg says. "Uber hasn't been used by the majority of the population yet, but it's increasing rapidly. What will happen over the next several years and several decades is what's really fascinating."