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Uber Teams Up With Real Estate Developer To Replace Car Ownership

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Photo by Martin Ollman/Getty Images

About 90% of U.S. households own a car--but Uber wants to change that.

On Wednesday, Uber announced what it hopes will be the start of many local real estate partnerships designed to encourage residents to ditch their cars for ride-sharing and public transportation. This first partnership brings Parkmerced, a real estate development in San Francisco with over 3,000 rental apartments, into the fold.

The details: new residents will receive a \$100 monthly transportation subsidy from Parkmerced to use on Uber and public transit (\$30 must be used on Uber, the rest can be put on a Clipper Card). In return, Uber will cap the fares of any UberPool shared ride between Parkmerced and the nearby BART and MUNI stations to a maximum of \$5.

"This is a building block for broader, smarter cities," Uber's Bay Area general manager Wayne Ting told FORBES. "Our hope is that this is the first of many deals with real estate developers." The original Parkmerced residential neighborhood was built in the 1940s, which means it was designed to accommodate families with cars. With young people frequently delaying purchasing a car and new mobility options like Uber and Lyft, many experts predict decreasing need for personal vehicles in urban areas. Uber hopes that by cutting prices and partnering with real estate developers, it can help convince others to jump all-in on ride-sharing.

"Five years ago we didn't know who Uber was and now they rule the world," said Rob Rosania, CEO of Maximus Real Estate, the developer of Parkmerced. "They were the first ones to raise their hands and the most aggressive when coming up with a solution that worked for a long term partnership toward multi-modal transportation."

Parkmerced's owners see the partnership as a way to attract young renters and, in the long run, convince them to move away from car ownership (which means fewer parking spaces). Maximus plans to break ground later this year on a massive redevelopment project that could eventually triple the number of apartments in Parkmerced, as well as move toward a more sustainable community that also includes tens of thousands of square feet of retail and office space.

The partnership has been six months in the making, but more may be coming soon. Parkmerced Labs, a division of the development company, plans to replicate this Uber deal at other locations around San Francisco--including both office buildings and residential communities.

Whether they are orchestrated through that division or Uber sets up its own direct business development outreach on this, local deals with real estate operators as well as municipalities and public transit authorities could be the next step in Uber's quest to disrupt car ownership. \$100 a month for a few thousand people doesn't go very far. But multiply that enough times and might you start to make a big impact on people's expectations for commuting and transportation.

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