

TECHNOLOGY AND THE URBAN PARKING DILEMMA

Greetings!

Parking in urban areas is increasingly becoming more difficult to find, more expensive to use and difficult to build. Density of construction continues as more apartments are being built with the surge of both residents and workers who are flocking toward "urbanism". With this resurgence of the inner city, the lack of public infrastructure (roads, public transit and parking) make getting around more difficult and painful in urban areas where its inhabitants are used to driving rather than using public transit as their primary mode of travel.



The Trends

- Corporate America is increasing the density of its work force. In the 1980's, 300 sf per employee was standard with tenants inhabiting (say)

3,000 sqft with 10 employees. Today, it is not unusual to see 150 sf per employee or 20 employees occupying the same 3,000 sqft as open workstations and touchdown benches become more universally accepted. However, this high density creates challenges for older buildings. The vast majority of employees expect their own parking pass and with user-densities increasing, so is the demand on parking lots. A need of 6 spaces per 1,000 sf is the new norm while office buildings in urban area are built with ratios of 1-3 spaces for every 1,000 sf leased as per city code.

- City Planners are seeking to resolve traffic issues by "planning" for more public transit to alleviate traffic and make commutes tolerable. They restrict additional parking close to subway systems to encourage ridership.
- Corporations are re-engineering their productivity processes and migrating to "collaborative" working environments (think "Shark-Tank"). This allows employees to work at home and solo, but engage with other colleagues in an office setting with no cubicles and larger conference rooms. The need to consume parking in a regimented 9-5:00 scenario is becoming outdated in this environment.

We have a dilemma. Either increase parking availability or speed up better public transit options. This is a battle in every major city throughout the world.

The Game Changer and Reason for Pause

Each day we read about technology advancements for driverless cars. What was thought to be a fiction of the future is quickly becoming a reality with Google announcing that they will start marketing driverless cars in 2020. The vision is that, instead of owning a car that spends 90% of its time in a garage being unused, that you can have your car deliver you to work and it can return home, or be available for others to use. How will this impact the future?

- Parking Decks become obsolete - you will not need to pay your \$150/space per month in your office building if your car can drop you off and go home. Parking decks will need to be repurposed.
- Public Transit - if an automated car is easier to use or can be used by multiple people, why is there need for more subways, buses or additional roadways. The need for cars should go down dramatically.
- Uber/Lyft - today, shared services has allowed the cost of transportation to be scaled so efficiently that many urban dwellers find that using these services is cheaper than owning a car. Consider the cost of a 20+ year old as an example - insurance costs, car payments, fuel, upkeep, parking costs. Some have done the math and see the light.

There should be pause by developers as well as city governments to review the future impact of Artificial Intelligence on public transportation which is quickly approaching. What is the need for parking decks if the traditional mode of transportation will be streamlined and more efficient due to technology?. The challenge will be in programming of morals and ethics into the software of these future cars: Example - when faced with a sudden need to swerve with results is it will kill the rider or the pedestrian in the street, which will the car choose?

Please Review TriStar's Investment Profile of the Month:

Investment Profile of the Month:

Puritan Mills Office Complex

Joseph Lowery Blvd, Atlanta, GA



WHAT WE LIKED:

- Quality Loft Warehouse development w quality tenants
- Upcoming area as a "tech center"
- Good Parking Ratio

WHAT CHALLENGED US:

- It's on the far West side of all the activity...off the beaten path
- Debt that had to be assumed.
- Pressure to keep existing partners in the deal
- Record price for this type of product - sign of the future or cautionary tale

If you like this type of investment or want to explore other investments we are pursuing, call us for advice as to what returns we are seeing.

Tristar is actively pursuing new investment and new investors. Call us today to learn more 404-698-3535 or dgibbs@tristarinvest.com

Sincerely,

TriStar Real Estate Investments

TriStar Real Estate Investment
1175 Peachtree Road, Suite 760 | Atlanta, GA 30361 | (404) 698-3535

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