# Impacts of Technological Disruption on Airport Parking Lots

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The advent of ride-sharing companies, such as Uber and Lyft, and potential for autonomous vehicles call into question the future viability of airport parking lots. Financing these properties could be a concern for lenders who fear that continued erosion of the industry may impact an operator's ability to service the loan.

Airport parking revenues have dropped nationally as ride-sharing companies increased. These trends have an outsized effect on airports serving metro areas with urban populations that exhibit lower car ownership rates. As car ownership drops, ride sharing increases, more companies enter the market and ease of access increases.

*The Washington Post* recently analyzed average Uber wait times in Washington D.C., where the car ownership rate is less than 63 percent. City center wait times averaged less than five minutes but increased in the suburbs. Uber recently introduced long distance pickup fees where a rider is charged based on the driver's distance from them. These factors reduce the likelihood that suburban populations will use ride-share services to travel to and from an airport.

However, airports like Thurgood Marshall International Airport (BWI), which serves Baltimore (70 percent ownership rate) and suburbs like Columbia, Md., (90 percent), tend to be less affected by ride sharing. While BWI attracts flyers from the Washington D.C. metro, Dulles International Airport is closer to the city. Travelers who use ride-share services tend to fly out of Dulles, so BWI parking lots are less likely to be affected by ride-sharing.

Nationally, the parking industry is projecting growth due to positive ownership outlooks. According to Statista, U.S. car sales have increased nearly every year since 2009 and are projected to top 17.6 million by 2020. Ibisworld's data shows that motor vehicle registrations have increased every year since 2011 and projects 6.2 percent growth by 2022. The parking industry also projects revenue growth of 5.9 percent over the same period, so the industry is not showing near-term loss of value due to ride-sharing.

### What about the impact of self-driving cars?

According to IHS Markit, autonomous car sales will top $33 million by 2040. The first consumer autonomous cars are expected to hit roads in late 2021, but consumer adoption will take time. The industry is not expected to exceed 1 million units sold worldwide until 2025. By 2022, over 288 million cars are projected to be registered in the U.S., so assuming all 1 million self-driving cars are sold in the U.S., they would represent less than 1 percent of total vehicles. In the near to medium term, autonomous vehicles will not take up enough of a share of the road to negatively impact airport parking lots.

As with all real estate, a parking lot's viability is location-specific, and an airport lot serving a dense urban population will be more likely to suffer because of ride-sharing companies. The projected timeline until self-driving cars take up a meaningful share of the road mitigate concerns in the near-term future of parking lots. Therefore, well-operated airport parking lots serving suburban populations do not pose immediate risks to lenders and should be a welcome addition to an institution's portfolio. ■


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