In the world of planning, design, finance and development, parking has become a necessary evil. You need parking to satisfy the demands of zoning and finance, and to attract customers to a multifamily project. But it adds huge costs (as much as $30,000 per space for structured parking) and gobbles up land and rentable space needed to create compact, walkable and vibrant communities.

So what does the future look like? Some say driverless cars may eliminate the need for parking, at least in the core. But that seems distant. Meanwhile ride-share services already have reduced demand for parking and revenues for operators. This is a time of transition. The challenge is to design and build communities that compete today, while planning for reduced parking demand in the future.

Apartment Appraisers & Consultants, in conjunction with Apartment Insights, recently analyzed parking ratio trends in apartment communities in metro Denver and presented the results to Urban Land Institute Colorado. At first blush, it appeared that recent parking ratios had decreased significantly compared to ratios before 2016, especially at high-rise and midrise densities.

On a per-unit basis, parking ratios decreased from 1.52 to 1.31 spaces per unit for midrise construction and 1.24 to 1.11 spaces per unit for high-rise construction. However, it appears that the difference resulted, in part, from changing unit mixes – specifically a preference for smaller, more affordable apartments. When analyzed on a per-bedroom basis, the change was much smaller, from 1.03 to 0.99 spaces per bed for midrise construction and 0.98 to 0.88 spaces per bed for high-rise construction. While these numbers indicate a smaller change, they do verify the downward trend in parking ratios.

Ever-increasing construction costs have moved ahead of rent growth, which puts pressure on the feasibility of new development. Developers must...
find ways to reduce costs. Parking, with its expensive price tag, is an easy target. It is likely that more developers will move toward lower parking ratios.

Colorado developers already are getting creative about reducing the amount of parking needed, while still serving their customers, lenders and equity partners. New communities have included designated pick-up areas for ride-sharing services, reserved parking for car-share vehicles, bicycle-sharing stations and subsidized transit passes for tenants in an attempt to mitigate the need for as much parking.

Several apartment developers recently designed communities with little to no on-site parking and entered into contracts with nearby property owners to provide off-site parking, which can be reduced over time as demand decreases. Some new communities near Union Station offer no parking to tenants who rent studios, with no negative effect on absorption to date. Some municipalities have imposed parking maximums. For example, the city of Boulder does not allow more parking maximums. For example, the city of Boulder does not allow more parking maximums, which could help convince their finance partners to be more progressive on parking.

As developers provide fewer parking options, parking can be unbundled and rents for the limited spaces can be increased to tamp down demand. Using price as a tool to control demand, parking can be unbundled, and rents for the limited spaces can be increased to tamp down demand. Using price as a tool to control demand, parking can be unbundled, and rents for the limited spaces can be increased to tamp down demand.

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