



AIRPORT PARKING IN THE AGE OF UBER

An overview created by Walker Consultants



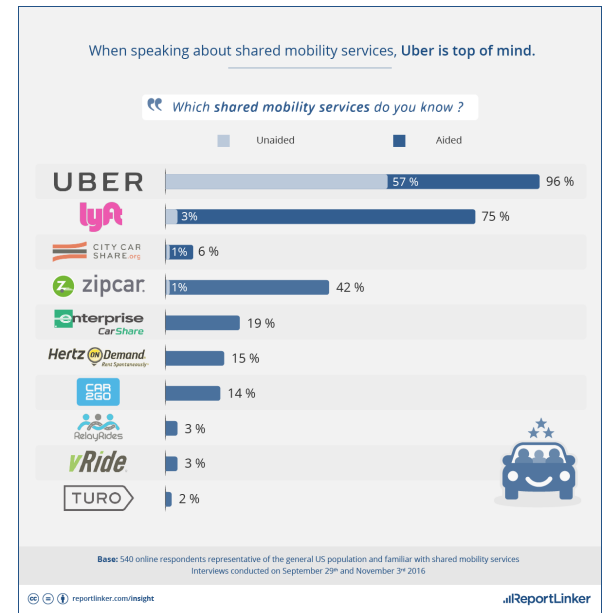
Image Source: <http://oxyabusekills.com/wp-content/uploads/2017/02/premium-airport-parking.jpg>

SUMMARY

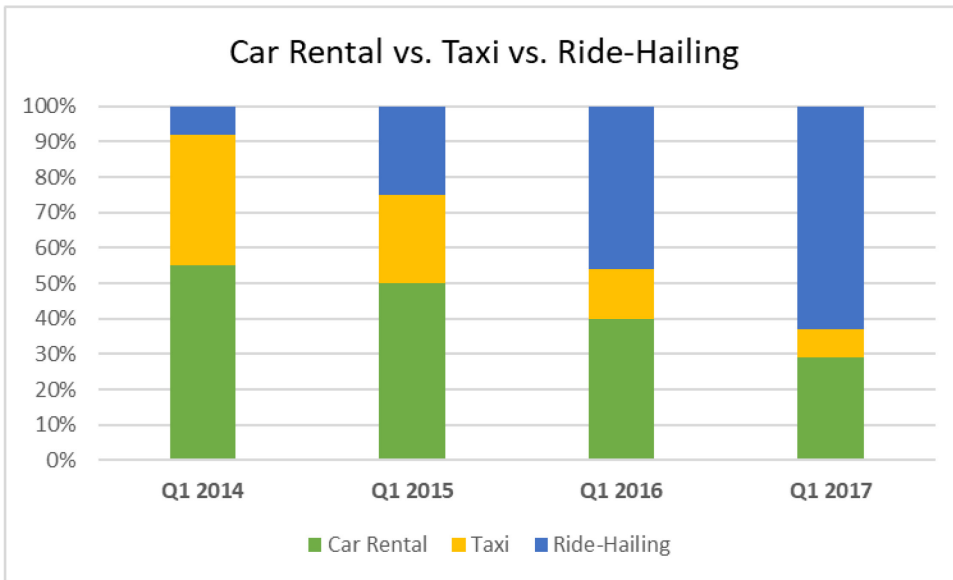
Ridership of transportation network companies (TNCs), like Uber and Lyft, is increasing. As patrons choose TNCs to travel to and from airports, demand for parking and other ground transportation options are falling, resulting in lower airport revenue. The impacts on parking are not uniform across parking options, and range widely between different airports. However, modeling parking finances can help airports find the right fee to charge for TNC trips to help recover lost revenue.

BACKGROUND

In recent years, transportation network companies (TNCs), like Uber and Lyft, have experienced growth and are impacting parking demand and revenues. In the future, airport parking demand could further decrease as a result of continued growth in ride-sharing services. This is a particularly important issue for communities and their aviation authority boards and airport staff since parking revenues often represent a significant, pledged revenue stream that airports depend on for continued financial sustainability.



Source: MITech News: <https://mitechnews.com/autonomous-vehicles/report-uber-named-top-shared-mobility-service-millennials/>



Source: TNOOZ, <https://www.tnooz.com/article/certify-uber-lyft-q1-2016/> & <https://www.certify.com/Certify-SpendSmart-Report-Story-Infographic-Q2-2017.aspx>

DEMAND AND REVENUE IMPACTS

The potential effects of TNCs on airport parking are likely more complicated than simply a uniform decrease in parking demand across the airport parking system. Each airport could experience different changes and thus require specific solutions. For example, Walker was engaged by a non-hub airport to estimate the effects of TNCs on parking demand. By Walker’s estimate, 3-5% of total parking demand in 2015, compared to 2014, was displaced by TNC trips. This displacement was predominantly affecting longer-term parking of three to four or more days in duration.

Conversely, during a different airport engagement, Walker found TNC trips increased by 600% (on a per enplanement basis) from 2014 to 2016. Meanwhile, the total parking transactions per enplanement decreased by 11% from 2014 to 2016. In this second case, long-term and remote parking grew, while short-term parking clearly declined. One potential reason for this difference is that patrons could be using TNCs (which never park) rather than being picked-up or dropped-off with a personal vehicle (which occupy short-term parking). The drastically different findings from these two engagements demonstrate the complicated nature of TNC’s influence on parking demand within airports.

TNCs are also impacting airport car-rental revenues and for airports which charge a taxi fee, these revenues are also declining as many passengers forgo a taxi ride for a TNC ride. For example, Las Vegas’ McCarran International Airport experienced a doubling of TNC pick-ups and drop-offs from a year ago, but saw taxi pickups decline by 13 percent. Los Angeles International Airport began charging for TNC rides in 2016, which added nearly \$9 million in revenue, while rental car revenue on a per enplanement basis fell by nearly 12 percent in the same year.

TNCs are causing revenue losses through declines in parking and other ground transportation demand, which left unaddressed, may continue to decline as TNC ridership grows.

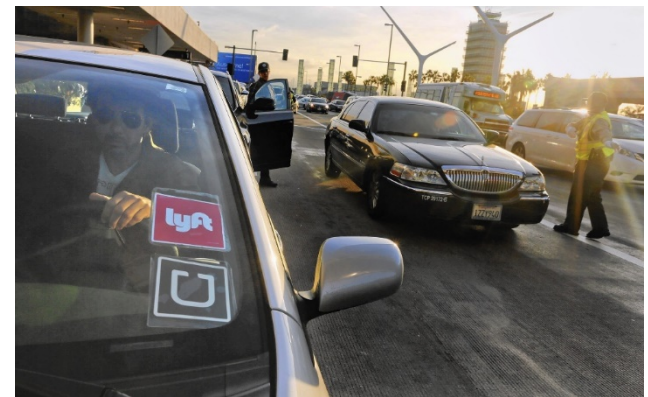


Image Source: driver for Lyft and Uber at Los Angeles International Airport last month. (Mark Boster / Los Angeles Times)

TNC FEES AND FINANCIAL ANALYSIS

Despite the increased use of TNCs, not all airports have experienced parking revenue loss. The stability of total parking revenue may be attributed to increased parking fees; many airports increased parking fees to offset a decline in demand. However, this approach could reach a threshold where the cost of a TNC trip is low enough relative to the cost of parking that patrons choose to use TNCs at even higher volumes, assuming today's TNC trip prices.

	City	Fee	
ATL	Atlanta	\$3.85	Pickups
BOS	Boston	\$3.25	Pickups
CLT	Charlotte	\$1.00	Each Way
DEN	Denver	\$2.15	Each Way
DFW	Dallas	\$2.00	Each Way
DTW	Detroit	\$5.00	Each Way
IND	Indianapolis	\$2.50	Pickups
LAS	Las Vegas	\$2.45	Each Way
LAX	Los Angeles	\$4.00	Each Way
MCO	Orlando	\$5.80	Pickups
MDW	Chicago	\$5.50	Each Way
MIA	Miami	\$2.00	Each Way
MPS	Minneapolis	\$3.00	Each Way
ORD	Chicago	\$5.50	Each Way
SFO	San Francisco	\$3.85	Each Way

Source: Walker Consultants, 2017

In light of these issues, virtually all major airports have begun charging a fee to TNC rides, similar to fees charged to taxi rides, either to or from the airport, or for both directions, using geo-fencing technology. Additionally, airports frequently charge a one-time or annual fee to the TNCs, similar to that of airlines, car rental, and taxi company fees. However, revenues generated from per-trip fees to riders tend to dwarf these one-time fees, which are currently relatively low. Current TNC fees at many major airports in the US are presented in the above table. Each airport's needs for TNC fees will likely be different and depend on the nature and volume of the population surrounding the airport. The volume of TNC rides to and from the airport, current parking demand and fees, and other ground transportation operations revenue all affect TNC fees. Additionally, these issues may change over time, as TNC ridership grows.

CONCLUSION

Implementing parking planning which accommodates current transportation trends and is able to adapt to foreseeable changes in the transportation industry is of increasing importance to airports. Airports will need to proactively plan for changes in response to the evolution of TNCs.

ABOUT THE AUTHOR

Walker Consultants is the global leader in providing parking consulting and parking design services. Founded in 1965, we pioneered the field of parking consulting. Today the firm has over 300 employees delivering a wide range of parking planning, design, engineering, and restoration services.

The firm is based in the U.S. with 17 domestic offices and 1 in the United Arab Emirates, is ranked #240 in Engineering News Record's Top 500 Design Firms and #13 in Building Design + Construction's Giants 300 Engineering/Architecture Firms.

We serve a broad spectrum of markets including healthcare, education, government, aviation, residential, retail and commercial development, entertainment, hospitality and athletic venues. This diversity allows our staff the luxury of collaborating with a large cross section of client types and developing best practices for their specific development needs, helping them unlock the potential of their projects.