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Dear Tenant: Your Uber Is Here

Ride-sharing starts to change the way cities, urban landlords think about real estate

By **ESTHER FUNG**

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Landlords battling high land costs are turning to a new partner: ride-hailing giant Uber Technologies Inc.

As urban real estate becomes ever-more expensive, some property developers are shrinking or killing their parking spaces and offering Uber subsidies and other incentives instead.

Developers of shopping malls, stadiums and theme parks, meanwhile, are reimagining their exterior footprints to account for more Uber traffic, playing with new ideas such as widening curbside drop-off areas resembling those found at airports—some with concierges offering beverages—and shrinking parking lot space.

The moves show how ride-sharing is starting to change the way cities and urban landlords think about real estate.

They mark another milestone in the sharing economy's encroachment into the property sector. Airbnb already has taken a bite out of the hotel industry by offering home dwellers an easy platform to rent out properties to vacationers and business travelers.

Ride services such as Uber and Lyft, along with the promise of driverless cars, represent the "single biggest game-changer for real estate" over the next several decades, said Dave Bragg, an analyst at real-estate research firm Green Street Advisors.

New residents at the Eleanor Apartments in Los Angeles receive $100 in Uber concessions monthly. *PHOTO: TRION PROPERTIES*

In all, Green Street estimates parking needs will be cut in half over the next 30 years amid an anticipated decline in vehicle ownership, eliminating the need for 75 billion square feet of parking space.

Near downtown Los Angeles, new residents at the 41-unit Eleanor Apartments now receive $100 in Uber concessions every month instead of on-site parking spaces.

The owner, real-estate investor and developer Trion Properties, had been struggling to come up with parking solutions for its residents in a notoriously car-centric city.

Ride services such as Uber and Lyft, along with the promise of driverless cars, represent the "single biggest game-changer for real estate" over the next several decades, says analyst Dave Bragg. *PHOTO: AL SEIB/LOS ANGELES TIMES/GETTY IMAGES*

A few years ago, it tried to put a Zipcar vehicle in front of the building that would enable residents to rent and return the car to the same spot. But there was already a Zipcar a mile away and neither the city nor Zipcar wanted two so close together.

Next Trion leased 10 parking spaces in a nearby medical office building for tenants who are car-owners and offered residents three bicycles with GPS tracking devices. The medical office building later discontinued the lease of parking spaces, said Trion's co-founder Max Sharkansky.

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Its latest fix is simpler: offering cash for Uber or Lyft rides.

With the $100 concession, the lack of parking spaces "wasn't a deal breaker for me," said 33-year-old Taylor Fisher, who moved into Eleanor Apartments in March.

Mall landlords are embracing car services as well. At the Grove in Los Angeles, the high-end mall offers bottled water, hot chocolate and hot apple cider during colder weather to customers at its Uber drop-off point. Caruso Affliated, a Los Angeles-based property developer, also offers its customers free Uber rides to and from the property during holiday season.

“We’ve done a lot with Uber on accommodating the ease of drop-offs,” said Jackie Levy, Caruso’s executive vice president of operations, adding that new projects would factor in more Uber-friendly space.

Such partnerships with real-estate operators help riders save time that would have been otherwise spent searching for parking, said an Uber representative.

Some landlords planning new buildings are taking parking out of the equation entirely. Architecture and development company Jonathan Segal FAIA in August rolled out plans to build an eight-story, 35-unit apartment complex with no parking spaces.

The move helped keep costs low for home dwellers, the company said. It will also offer bicycle storage on each floor and a bike rack on the ground floor, and tenants can rent a parking space in a garage nearby for $150 to $250 a month.

Over the longer term, driverless cars could make it even easier for landlords to cut parking spaces.

Green Street expects mass adoption to begin around 2030 and to be completed 15 years later. Uber already has suggested its entire fleet would be driverless by 2030.

“Two-vehicle households and owners residing in urban areas should be the most likely to find driverless ride-hailing to make much more economic sense than ownership,” said Green Street.

Some big investors aren’t entirely sold, however.

“When I was in high school in the ’50s, the projection by the ’90s was that we would all commute to work in our private helicopters,” said real-estate investor Sam Zell at a conference in September. “I believe that the focus on driverless cars and all these other things eventually will to some extent occur. But I think anybody making bets on kinetic technological change in private assets will be disappointed.”

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