How Common is Parking Access within Small Apartment Properties?

While a growing number of cities are eliminating parking minimums, in-structure parking remains the norm in large Sun Belt metros. The price of parking access within apartment buildings is reflected in higher unit rents across US metros.

<h3>Prevalence of Parking within Apartment Properties</h3>

Minimum parking requirements impact residential development by firstly, restricting the supply of housing units, and secondly, by internalizing the cost of parking in higher average unit rents[1].

In response, cities across the United States are increasingly doing away with the parking minimum, which still exerts a vice-like grip in the car-oriented Sun Belt metros[2].

As shown below, based on data obtained from the American Housing Survey (AHS) 2015, nationally, nearly 21% of all units in small apartment buildings had access to some form of in-structure parking ranging from car-ports to garages, compared to 25% in large buildings.

<iframe width="600" height="371" seamless frameborder="0" scrolling="no" src="https://docs.google.com/spreadsheets/d/e/2PACX-1vSviMd32rhbzOR3wjYAgtDglk7Ea_39nO19tV9QxpuVD8pK2NI0YuAOn4sqSRofFIHA7ZJS-M086W52/pubchart?oid=1705193172&format=interactive"></iframe>

In the Los Angeles metro area – the car capital of the United States, nearly 73% of all small property units had access to parking in structure, and equally high in the adjoining Riverside-San Bernardino metro area at 71%. In Phoenix and San Francisco, half of all small building units had parking access in structure.

In direct contrast, the older East Coast metros - New York, Boston, Philadelphia and Washington D.C.- had significantly lower share of units with parking access at between 4 and 6%.

<h3>What is the Price Markup on Apartments with Parking?</h3>

At the same time, the impact of in-structure parking on housing costs is evident across US metros, where the average rents for such units in small buildings were 23% higher compared to the overall average for this asset class, and 22% higher in large buildings.

Interestingly, rent premiums for parking access is significantly higher in parking supply-constrained East Coast and Rust Belt metros, compared to those in the Sun Belt.

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[1] http://www.nytimes.com/2006/11/12/realestate/12nati.html

[2] http://www.latimes.com/opinion/livable-city/la-ol-santa-monica-parking-minimum-density-transit-20170924-story.html

Small property investors and developers need to closely follow policy changes on parking minimums for their focus markets, as cities tackle supply-side factors that affect housing affordability.

CHART 1
Apartment Inventory with Parking in Structure: 2015
Share of Total Units within Asset Class
Source: Chandan Economics, American Housing Survey, 2015

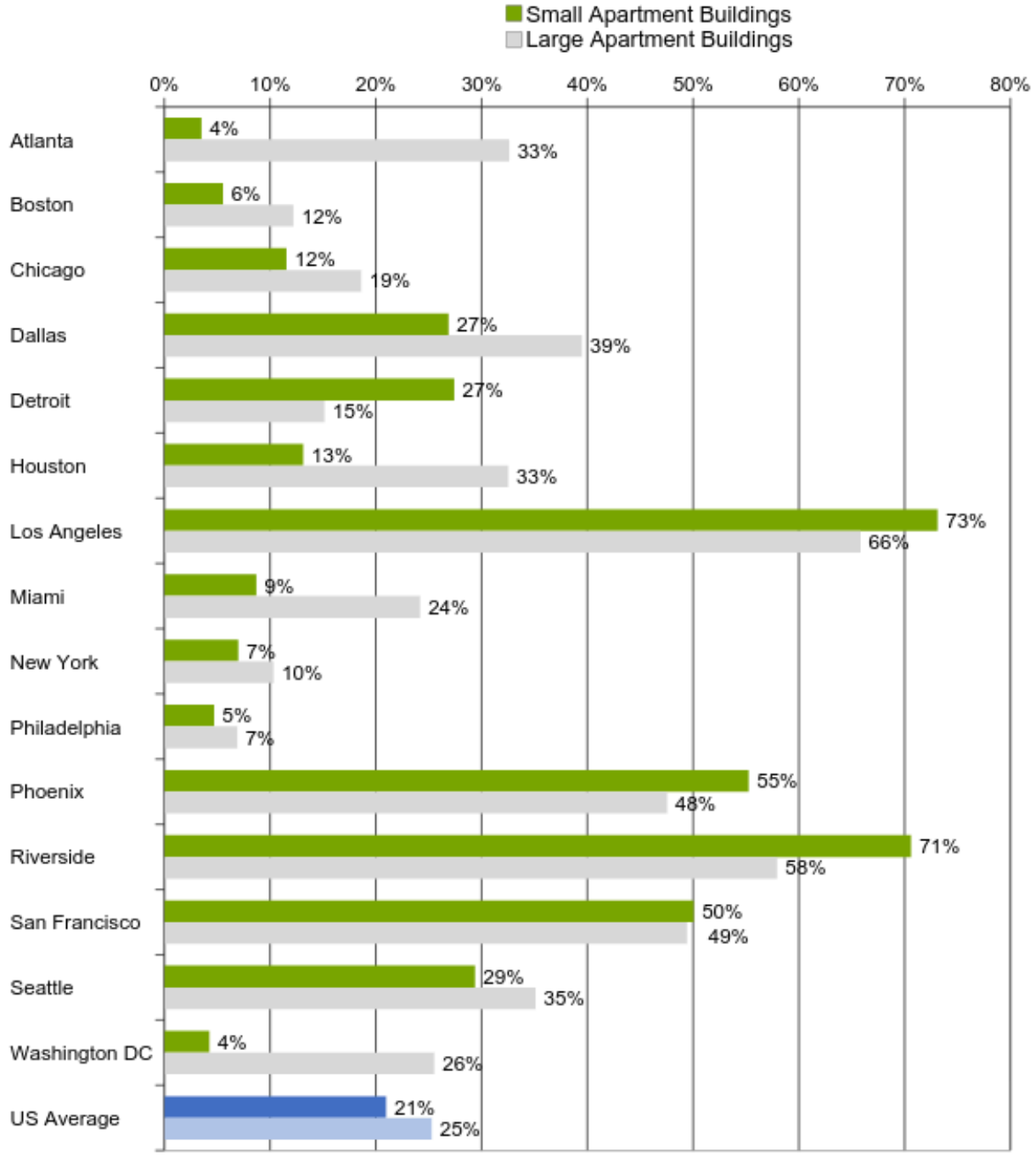


CHART 2
Rent for Apartments with Parking in Building Relative to Area Average: 2015
Monthly Rent Levels Indexed to the Average Rents within Asset Class
Source: Chandan Economics, American Housing Survey, 2015

