REAL ESTATE

Developers Tell Condo Buyers: You Don't Need To Bring Your Car

For luxury homeowners who want to kick the car habit, these condo developers have an alternative.

By Alina Dizik
Dec. 7, 2017 at 10:12 am ET

Gift unlocked article



At San Francisco's Lumina, residents can use an app to rent a car from the building's private fleet of eight Audis, like this one. STEELBLUE

At Lumina, a 42-story condo building in San Francisco, homeowners pay anywhere from $900,000 to $15 million for a luxury residence with a one-car limit per unit. Alternatively, homeowners can ditch the car, get a credit of $10,000 and rent one of the building's eight luxury cars when the need arises.

The developer, Tishman Speyer, partnered with Audi on a pilot program called Audi at Home, in which residents can use an app to rent one of the building's eight luxury vehicles parked near the valet area. Rates run from $12 to $32 per hour, and the fleet gets about 100 rentals per month.

The program encourages occasional drivers to forego ownership and eases some traffic within the garage, says Carl Shannon, senior managing director at Tishman Speyer. "It has made it less imperative [for buyers] to have their own private automobile, says Mr. Shannon of the 696-unit building.



At 50 West, a condo building in New York's financial district, Birgit Gregori uses DropCar, an app-based valet service, for running errands with her husband and two teenage sons. Above, Ms. Gregori relaxes in her apartment with sons Max and Ben. KELLY MARSHALL FOR THE WALL STREET JOURNAL.

Luxury developers are increasingly offering car-rental and car-sharing services, as well as creative parking solutions to their residents. Touted as an amenity to upscale buyers, these services benefit developers, too, since they reduce the size of parking garages and lower building costs.

"For developers, it's a drain on economics" to build parking garages, says Todd Rundle, an Austin-based principal at global design firm Gensler, which specializes in commercial development. "We are in a transitory period to see how much we can reduce parking."



Birgit Gregori picks up her car from DropCar. KELLY MARSHALL FOR THE WALL STREET JOURNAL.

Gensler is also designing some parking structures with level floor slabs that can more easily to convert to office space or residential living spaces once parking ramps are removed, he adds.

Fueling the trend are municipalities—including New York, Miami and Chicago—that have eased minimum parking requirements when developers offer alternative transportation options. The goal is to reduce traffic congestion and free up street parking.

RELATED READING

More Developers Kick Parking Lots to the Curb

The Race to the $1 Million Parking Spot

Garage Turntables Take Your Car for a Spin

Electric Cars Spark Growth in Home Charging Stations

At 1000M, a luxury 74-story tower scheduled to begin construction next year in Chicago, developer JK Equities will provide an average 1.3 parking spots per unit, says Jordan Karlik, principal at the New York-based developer. To encourage car sharing and ease traffic in the garage, the building will provide a luxury SUV and driver to transport homeowners to places within a three-mile radius.

Scheduled for completion in 2021, 1000M will have 323 condo units that range from $537,000 to $8.3 million, based on preliminary pricing.

The SUV service will be available on a first-come, first-served basis. Anticipating that demand for the car service will be strong, the company plans to lease leftover parking spots in the garage to car-sharing services, Mr. Karlik says. Still, the units are more marketable with the in-building parking option, he adds. "People are still attached to their cars."



San Diego's Pacific Gate plans to offer residents a fleet of four luxury vehicles and a boat above. ROSA DESIGN COMPANY

Likewise, Pacific Gate in San Diego still offers two parking spaces to buyers of two- and three-bedroom units, even as it offers a fleet of four luxury vehicles and a boat. The transportation amenity is offered to draw in buyers rather than reduce parking spots, says Remi Jaubal, director at San Francisco-based Bosa Development. Buyers "want their cars, but don't realize they won't use their cars," she says.

When Lisa Haile moves into her three-bedroom condo at Pacific Gate in March, she'll bring her Maserati but sell her luxury SUV. Owning two cars "won't make sense anymore," says Ms. Haile, an attorney who is relocating from a single-family home in San Diego.

Ms. Haile declined to disclose the price of her condo, but similar units in the building are listed for $2.8 million. While use of the shared vehicles is free, roughly $500 of residents' monthly fees will go toward the transportation amenity, according to San Francisco-based Bosa Development.

Luxury rental units are offering similar perks. In Manhattan, residents at the Solaire can use ReachNow, a BMW-owned car-sharing service. The service, launched in 2011, has allowed Angeli Giancola-Sandoval to get rid of her car and a nearby parking spot that cost $700 per month. Ms. Giancolasandoval says the car-sharing amenity is just one of the environmentally friendly offerings of the 293-unit building, which already uses solar energy and green cleaning products. "It really played into all of the values of the building," says Ms. Giancolasandoval, a marketing executive who pays about $90 per day for the service.

After moving into 50 West, a condo building in New York's Financial District, Birgit Gregori was hesitant to part with her car, which she wanted to use for weekend trips with her husband and two teenage sons. So she uses DropCar, an app-based valet service that will park residents' cars within ½ miles of their building and deliver it to the front entrance at a scheduled time. The building's developer, Time Equities, contracted with the valet startup to offer the service to residents at a reduced rate. For Ms. Gregori, DropCar is far cheaper than paying $700 a month for her to park her car in a nearby garage. In addition to valet service, DropCar offers a $35 per hour driver-waiting service. Ms. Gregori uses it when she needs a driver wait with her car when she's hopping in and out of her vehicle for errands. "This gives me flexibility," she says.



In Manhattan, residents at the Solaire can use ReachNow, a BMW-owned car-sharing service. REACHNOW

Some developers of buildings that offer transit amenities are already seeing a downturn in parking interest from residents, says Greg West, president of Zoni, an Orlando-based luxury-apartment developer. Currently, 23% of residents opt to rent at the developer's 2,000 or so downtown Miami-based apartments without parking—a number that grows annually, he says. Zoni's parking garages are now at least 30% smaller than those in the developer's previous buildings. Front entrances offer larger driveways to accommodate car sharing, he adds.

At one of its buildings, the developer recently turned part of an underutilized parking garage into a dog run. "We really have to think about our buildings with people arriving more often on their feet or in someone else's car," he says.

Some developers are getting more creative about how parking spots are used. At Centro in Miami, developer Harvey Hernandez worked with the city to allow residents to use about 300 parking spots at a nearby office building that sit empty on weeknights and weekends—exactly when the building's residents need it most. In hurricane-prone Miami, underground garages can be especially costly to construct, he said; by avoiding the expense, he was able to keep sales prices lower for units in the building.

Mr. Hernandez spent six months negotiating with the city to demonstrate that the modification would not be a drain on nearby parking availability. It worked. Because of the competitive pricing, units "basically flew off the shelves," says Mr. Hernandez. Centro's 352 units, which range from $590,000 to $500,000 were all sold pre-construction for nearly 20% less than comparable units in buildings with on-site parking.

Corrections & Amplifications
The luxury tower 1000M in Chicago is expected to have 323 condo units when it is completed, and no rental apartments. An earlier version of this article incorrectly stated that it would have 307 condo units and 199 rentals. (Dec. 7, 2017)

Appeared in the December 8, 2017, print edition as 'Don't Park It Here'.

SHOW CONVERSATION (12)

Most Popular News

New Class of Worship to Be Named After Trump

The Beer That's Illegal in 15 States and Can Eat Through a Cup

Returning Russian POWs Pay Heavy Price for Choosing Surrender Over Death

More Than 50 U.S. Lawmakers Are Retiring Next Year. Why?

A Russian Billionaire Fights Global Infertility—With 100 of His Own Children

Most Popular OPINION

The Heritage Foundation Blows Up

Elise Stefanik Gets the Trump Treatment

Imagine if Americans Had Time to Get to Know Harris and Walz

Trump's Foreign Policy Is Surprisingly Good for the World

By All Means Raise Mitt Romney's Taxes

Recommended Videos

Trump Tore Up Free Trade. Detroit Is Feeling the Shock.

Turning Point USA Chapter Leader Attendees Rally For JD Vance Presidential Bid

Trump Announces Plans for 'Golden Dome' Missile Shield Named After Himself

Watch U.S. Seizes Another Oil Tanker Near Venezuela

Texas Is MAHA's Proving Ground. Here's What It Looks Like.

ADVERTISEMENT

How to Freeze Your Credit and Why It Matters
Charles Schwab

Does your estate plan need to cross state lines?
Northern Trust

The Investor's Guide to Financial Planning [Free Guide]
Fisher Investments

Your Personal Finance Questions, Answered
Charles Schwab

The Guide to ETFs: Your Complete Resource for the ETF landscape
J.P. Morgan Asset Management

Invest your way with $0 commissions on ETFs, US Stock and ETF trades
Fidelity Investments