

Road to recovery index for parking

Prepared for the National Parking
Association

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The EY logo consists of the letters 'EY' in a bold, white, sans-serif font. A yellow triangle is positioned above the 'Y', pointing to the right.

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1 Executive summary

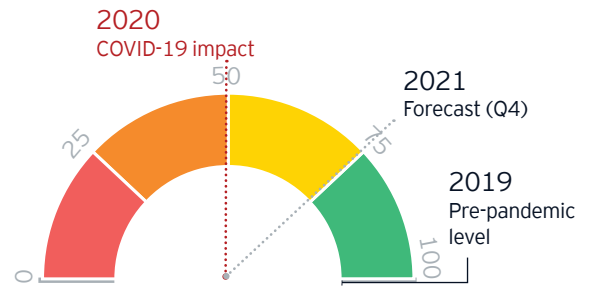
This report summarizes findings from a survey of the parking industry in December of 2021. Parking owners and operators were asked about their revenue performance in 2021 and industry outlook in 2022. This report is the second in a series of reports that is tracking the parking industry's recovery during the COVID-19 pandemic.

Parking operators experienced a 50% decline in parking revenue in 2020 due to movement restrictions at the beginning of the COVID-19 pandemic. Based on the most recent industry survey, parking revenue is estimated to have recovered to 75% of the industry's pre-pandemic revenue level by the end of calendar year 2021. In the last six months of 2021, parking operators reported a 47% increase in parking revenue over the first half of the year.

Airport and Event parking experienced the strongest revenue recovery in 2021 with parking Event revenue increasing by 150% in 2021 from 2020 and Airport parking revenue increasing 94% during that same time period. Metropolitan markets with the largest revenue gains in 2021 include the Miami and Chicago metro areas with annual revenue increases of 61% and 44% respectively. Both of these metro areas experienced revenue decreases of nearly 50% in 2020 compared to their pre-pandemic baseline.

Major parking operators report, on average, that they are confident that the performance of the US economy will positively affect their business in the next six months. Parking owners and operators reported "labor availability to work at parking locations" as the most important issue for their company's recovery surpassing "return to in-person work," which was the most important issue in the prior survey. Increased travel and tourism and relaxing of movement restrictions and governmental

Figure 1. Parking industry's revenue recovery (Compared to 2019 baseline)



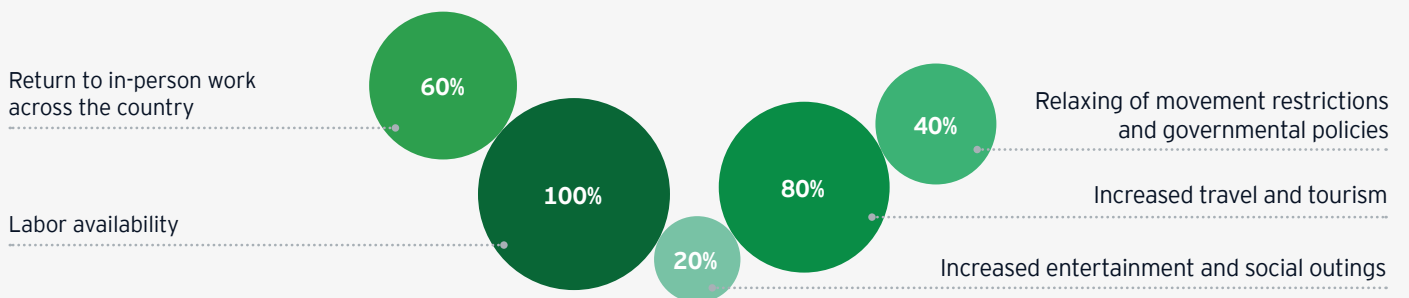
75% industry's 2021 revenue compared to pre-pandemic baseline
+47% increase in parking revenue in last six months of 2021

Source: EY analysis of parking operator survey.

policies were also identified by multiple parking operators as being among the top issues for the industry's recovery (see Figure 2).

All major parking operator respondents report plans to increase their workforce, ranging from a 20% increase to more than 50% increase in workforce. Additionally, all major parking operator respondents report plans to make parking-related capital expenditures in 2022 and increase their total number of parking spaces in 2022.

Figure 2. Most important issues to parking operators for the recovery of the parking industry in 2022



Source: EY analysis of parking operator survey.

2 Parking industry's performance in 2021

The parking industry continued to recover during the second half of 2021 with parking operators reporting that revenues increased, on average, by 47% during the second half of 2021 compared to the first half of 2021. Parking operators reported parking activity (measured by number of ticket pulls) at levels in the second quarter (Q2) of 2021 that were 4 to 6 times greater than the beginning of the pandemic in Q2 of 2020.

Economic drivers

Recovery of parking revenues is occurring as consumer activities return to pre-pandemic levels. Figure 3 shows important indicators for the parking industry in the fourth quarter of 2021.

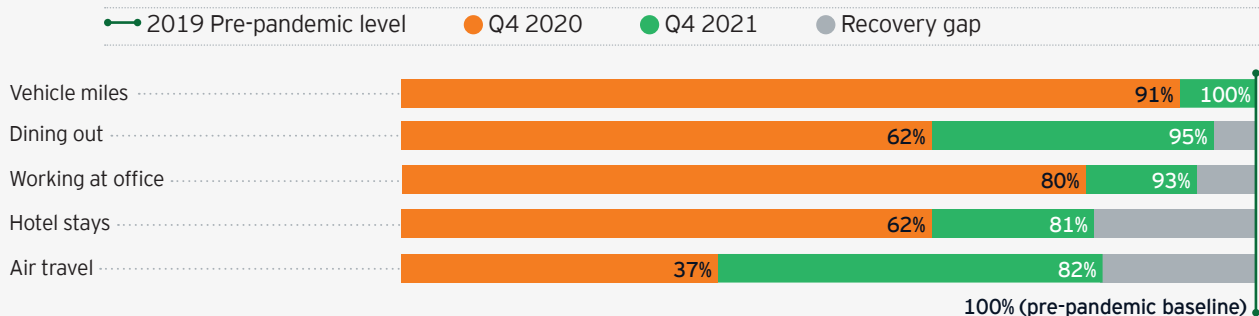
Major parking operators report that the US economy will positively affect their business in the next six months. Most notably, driving in the fourth quarter of 2021 recovered to its pre-pandemic level.

Other consumer activities such as dining out, which suffered heavily in the first few months of the pandemic's onset, have also nearly recovered to pre-pandemic levels. Air travel and hotel stays are recovering but are still below pre-pandemic levels. More Americans have also returned, at least in part, to the workplace with the number of remote workers declining in recent months. COVID-19 variants posed a challenge to the pace of recovery at the end of 2021.

Economic activity relevant for the parking industry includes:

- ▶ **Air travel:** According to Transportation and Security Administration (TSA) checkpoint data, airport travel averaged less than 900,000 travelers per month in 2020 and recovered in 2021 to an average of 1.6 million travelers per month, representing an 80% increase. The monthly airport travel rate increased to 1.9 million travelers per month during the final quarter of 2021 (October 2021 - December 2021). As of December 2021, air travel volume recovered to 82% of its pre-pandemic level and represents a boost in revenue from parking at airports and adjacent parking lots predominantly serving airports.
- ▶ **Number of people driving:** Vehicle miles traveled recovered from its 35% decline during the onset of the COVID-19 pandemic and is back to pre-pandemic levels as of December 2021.
- ▶ **Dining out:** Despite a downward trend in December 2021, parking while dining out or for other entertainment steadily recovered in 2021. In January 2021, reservations were at 62% of their 2019 baseline level and ended the year at 95% of pre-pandemic levels.
- ▶ **Hotel stays:** Hotel occupancy has been recovering from its 50% drop at the start of the pandemic. However, hotel occupancy is not forecasted to return to pre-pandemic levels until 2023 and ended 2021 at 81% of pre-pandemic levels.

Figure 3. Consumer activities recovery in 2021
Indexed to pre-pandemic levels (100%)



Source: EY analysis of data from Apple Mobility, OpenTable, TSA, Bureau of Labor Statistics data, and STR hospitality data.

Notes: Generally, "pre-pandemic level" is defined as the 2019 annual average; "early pandemic" is defined as April-May 2020; "current level" is defined as the September-December 2021 or Q4 2021. The definitions may not be consistent across all indicators due to the availability of data. Data is not seasonally adjusted.

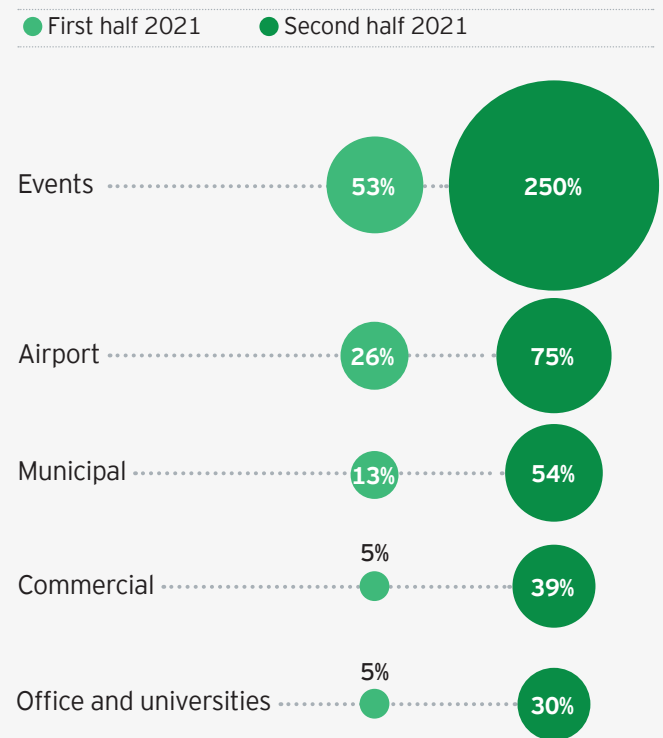


Parking performance by segment in 2021

Parking revenue had strong growth in the second half of 2021. As shown in Figure 4, Event parking had the strongest growth in July to December with revenue increasing 250% compared to the first six months of 2021. Event parking was followed by Airport parking revenue that increased 75% according to the survey of parking operators.

When looking at the entire year, the parking industry had strong revenue growth in 2021. The Events segment experienced the strongest growth with a 150% total revenue increase in 2021 compared to 2020 as in-person events resumed. Airport parking revenue increased by 94% during this same time period, while the Municipal parking segment experienced a 31% recovery. The Commercial and Offices and Universities segments each experienced at least a 34% revenue recovery throughout 2021.

Figure 4. Parking space revenue increases compared to the prior 6 months in 2021



Source: EY analysis of parking operator survey.

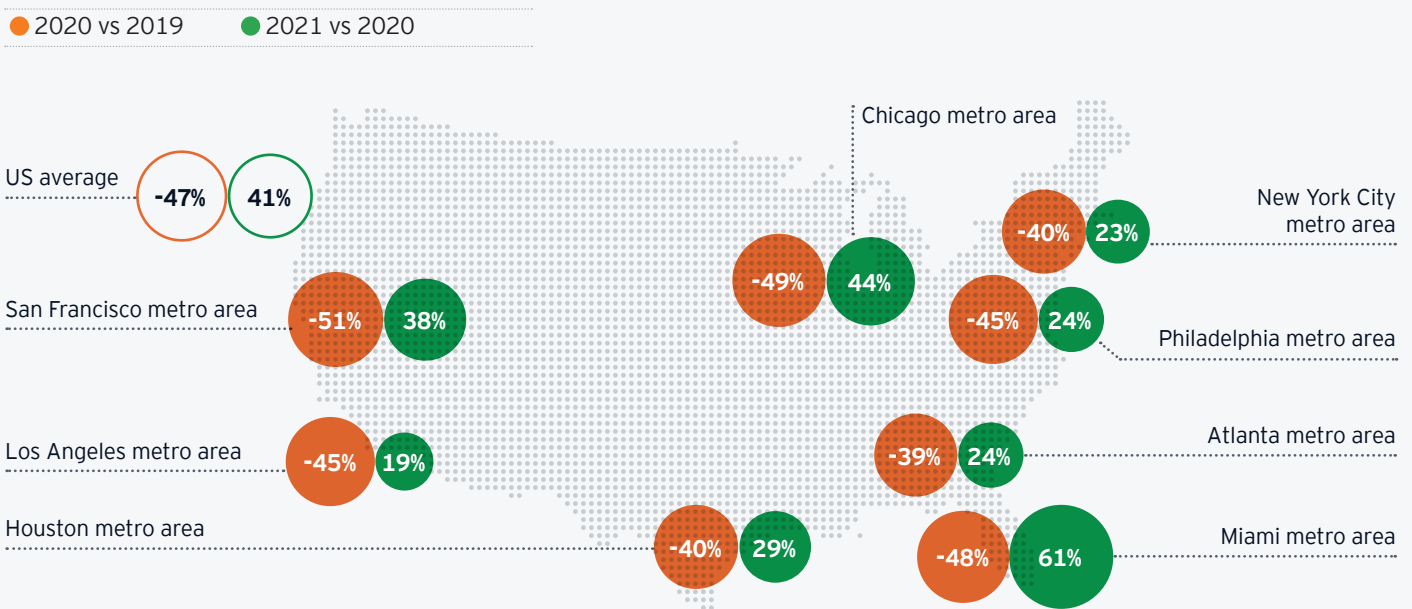


Parking performance in Metro Areas

Parking operators reported declines in metro area parking revenues in 2020 from the prior year due to the pandemic that ranged from approximately 40% to 50%. The map below shows the revenue decline by metro area in 2020 compared to in 2019 (orange bubble) and the revenue recovery in 2021 compared to 2020 (green bubble).

All metro areas experienced significant parking revenue growth in 2021. According to the parking industry survey respondents, metro areas lagging in parking revenue recovery include Los Angeles and New York City. The Miami, Chicago, and San Francisco metro areas had the largest gains in parking revenue.

Figure 5. Parking revenue by metro area
Revenue decline in 2020 (from 2019) and revenue growth in 2021



Source: EY analysis of parking operator survey and economic data by metro area.

3 Parking outlook for 2022



Major parking operators reported, on average, that they are confident that the performance of the US economy will positively affect their business in the next six months. All operators reported "Labor availability to work at parking locations" as one of the most important issues for their company's recovery. All major parking operator respondents report plans to increase their workforce, ranging from a 20% increase in workforce to more than a 50% increase. Additionally, all major parking operator respondents report plans to increase their total number of parking spaces in 2022 and to make parking-related capital expenditures in 2022.

Top priorities

100% of parking owners and operators responding to our survey said that in 2022 they plan to do the following:



Address workforce issues

All parking owners/operators identified labor availability as the most important issue for recovery



Grow their workforce

All parking owners/operators reported increasing their workforce by 20-50%



Add parking spaces they own or operate



Make capital investments in parking

Conclusion

The parking industry experienced a 50% decline in parking revenue in 2020 due to the COVID-19 pandemic. In 2021 all parking segments experienced recovery with Event and Airport parking recovering the most. Parking activity (measured by ticket pulls) rebounded in 2021 with parking

activity 2 to 3 times higher than the prior year. All major metro areas have experienced parking revenue recovery with parking operators reporting the largest gains in Miami, Chicago, and San Francisco.

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