

## JLL has launched All change for car parks? A spotlight report highlighting the evolution and potential of the car park sector

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JLL has launched its latest thought leadership, *All change for car parks*, offering an in-depth analysis of the future of the car park sector in an evolving urban mobility landscape. The research draws in opinions from a range of experts including investors, operators, architects, specialists and agents.

According to JLL there are 23,000 car parks nationwide - equating to roughly 54 spaces per 100,000 people. Research also highlighted that total car parking income for UK local authorities in 2019-2020 hit £1.7bn with total running costs for these car parks equates to £854m.

Throughout the 20th century, car parks emerged as prime real estate investments with steady income streams and capital value appreciation. However, a shift towards sustainable growth in cities means that these brownfield sites are now being assessed for potential redevelopment and repurposing - with a particular focus on mixed-use projects that align with sustainable urban planning principles. This is particularly topical following the unveiling of Labour's regeneration plans a few months ago which proposed tackling the UK's housing crisis through the release of greenbelt brownfield sites, such as car parks. Through the new proposal, many disused car parks will likely be identified as greyfield sites, similarly to in the United States.

The report also highlighted that the car park sector is playing a pivotal role in supporting the transition to electric mobility with the provision of charging points.

JLL's research also found that some car parks are being transformed into vibrant cultural centres. Emerging as more than just parking facilities, these car parks instead enhance the area's cultural and social landscape. This shift in use and perception underscores the potential of car parks beyond their traditional role, marking a promising direction for their future.

As the car park sector experiences a dramatic shift driven by social, technological, commercial, and environmental forces, it presents itself as an attractive investment and development opportunity. According to JLL, this shift will trigger the need for innovative redevelopment strategies and investments, ensuring that car parks continue to be profitable assets in the urban landscape. This could lead to more collaborations with local authorities, increased uptake of technology, or adopting new business models focused on sustainability and user experience.

Colin Chan, Head of Car Park Solutions & Investments at JLL said, "We foresee a transformation in the car park sector characterised by innovative new designs, forward-thinking repurposing, initiatives driven by sustainability, and optimisation powered by data. An increasingly vital aspect is the seamless integration with new mobility services alongside mass adoption of electric vehicles. The demand for efficient parking solutions is set to only increase, making the car park sector a promising realm for investment.

Michiel Gerritsen, Director at Orange Investment Managers added, "From a landlord's perspective, if the car park is already in a good location and leased out long term, owners can discuss with operators how to optimise things they can't change for investment reasons. Redevelopment decisions should be influenced by whether it's beneficial to keep the car park in its location with the expansion of pedestrian and non-car zones. However, if the car parks are part of a larger portfolio that serves offices or shopping centres, owners may have different motivations for keeping the car park. Ultimately, it's a calculation and returns game for investors, but if it aligns with the priorities of the city, it can be a win-win situation."

Adam Bidder Managing Director, Q-Park UK, "As an operator, our focus is on maintaining the car park to ensure it functions effectively. Regarding the question on whether to redevelop or repurpose, the approach taken depends on whether the owners have a capital-light or capital-heavy approach. Some owners believe in investing more in their car parks to generate higher returns, while others aim to minimise capital expenditure. Landlords also need to assess the potential of the existing infrastructure. It is important to have a realistic perspective and understand the broader mobility infrastructure of the city. The goal should be to contribute to the overall benefit of the city rather than solely focusing on maximising car capacity."