



## CCIM Luncheon - Casey Wagner of Walker Parking: The Impact of the Self-Driving Car / Autonomous Vehicle (AV) on Commercial Real Estate

- Risks associated with AV include insurance, regulations by multiple government agencies, affordability, tech limits for cars, infrastructure limitations/cost, competition from transit, and other
- Trust in the feature-by-feature addition to today's cars is slowly increasing, with such features as automatic parallel parking [but as with so many 'high tech' gimmicks, who really needs many of them?]
- "By 2025-2030 most new cars will have fully autonomous features...or maybe by 2040-2060."
- The average car takes eleven years to move through the 'fully serviceable life cycle' so that cars sold today will still be in use in 2028...it will take a long time for new technology to push out current levels of features on autos
- Rental car and taxi company revenues are already being negatively impacted by ride services, which replace individual cars and the need for public parking for them...this is beginning to affect the thinking and planning of CRE developers
- We should be thinking of how to convert surface and structured parking in CBDs to other uses in the future, as need for them shrinks-parking garages as they are now built are notoriously difficult to convert due to ramps and low ceiling heights
- The dream of AV advocates is that there would be a fleet of driverless vehicles circulating like uber and Lyft now do, waiting for a call to take people to work and pick them up, take kids to school, etc., thus reducing the private ownership of cars from 2.1 per family to 1.2 per family, reducing traffic congestion and the need for parking
- Question from the audience: What about those who need car seats or other personal belongings at hand in their cars at all times? Answer from speaker: There are a lot of things to be worked out.

**Conclusion of this writer:** The availability of autonomous features on the cars we buy and drive will increase slowly, depending on rate of acceptance by drivers and insurers, but the concept of a fully autonomous car with no steering wheel or pedals is...at this point at least...largely science fiction.

**Takeaway:** There are five levels of autonomy when it comes to self-driving cars, beginning with partial autonomy such as your lights coming on when it gets dark, and there is a beeping sound when backing up when you are about to hit something. We are still a long, long way from full autonomy with a driverless vehicle taking us places, and the discussions at this point seem to be mostly theoretical. Many obstacles are in the way of fully autonomous vehicles, such as regulatory, insurance issues, consumer acceptance, and so on. To the extent surface and structured parking may be needed less in the future (already ride services and transit are reducing the number of private auto trips), CRE planners should think about lower parking needs for new buildings, and about how to build structured parking now so that it can be converted in the future to other uses.

[One of the obvious questions is: why not just use this effort toward AVs to improve and perfect public transit along existing corridors? Answer: Opposition and political clout of auto dealers and repair shops, tire and battery shops, huge highway contractors, sand, gravel, and aggregate producers, heavy equipment manufacturers, and oil and gas producers, refiners, and marketers. None of these segments wants to see transit replace the private auto...hence their interest in AVs over transit.]

## O'Connor & Associates Hotel Forecast – Randy McCaslin

Managing Director of CBRE Hotels Consulting, Speaker



- 2016 was the bottom, as demand fell and new supply was coming on stream; 2017 transition year, with gradual return to stabilization over next 4-5 years
- 2014 had been a stellar year with occupancies about 10 % over traditional levels
- The new downtown Marriott convention hotel will be a 'game-changer' in Houston's ability to attract future conventions-we now have an attractive number of rooms within 3-4 blocks of the George R. Brown Center
- 5,200 new hotel rooms will have opened in the CBD by the end of 2017
- Katy-Westchase-Energy Corridor, NW, and IAH have been hardest hit by lower levels of O & G industry travel

**Takeaway:** 2014 was a boom year for hotel occupancy in Houston (69%), but in 2015 there was the beginning of the drop in oil prices and the decline in demand (-2.6%). By 2021 occupancies will have climbed slowly back to 66% barring any unforeseen events. The Super Bowl in the first quarter of 2017 was boon PR-wise for our city, but over the year it will have contributed only nominally to hotel occupancy / revenue.

