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## **The Race to the \$1 Million Parking Spot**

*As parking in major cities becomes scarce, developers are charging record prices for parking spaces in luxury condominiums*



*Rendering of a Manhattan condo building converted from a garage by New York developer Flank. Because the building was already zoned for parking, developers included two deeded parking spots with each condo.*

Buyers of luxury condos have a new place to park their cash: in their parking spots.

In cities like San Francisco, New York and Boston, parking prices have reached an all-time high. At least two new developments in Manhattan are asking \$1 million for a single parking spot. Condominium developers are touting parking spaces with glossy brochures and promotional videos, marketing the small patches of concrete as luxury amenities.

Price tags are rising as parking options become scarce in major cities. Until recently, the rule of thumb for San Francisco developers in prime, central areas was to build one parking space for every unit, the maximum allowed by the city planning department in some locations, says Alan Mark, the president and CEO of the Mark Company, which handles sales and marketing for condo and apartment buildings. Now, the maximum allowed in many central locations is an average of half a parking space for each unit, after a change in local rules.



Prices now run as high as \$125,000 for a single parking space in a prime San Francisco neighborhood, compared with \$40,000 to \$70,000 per spot several years ago, says Mr. Mark.

For about four times the cost of an average single-family home in the U.S., buyers can purchase a parking space in New York's Soho. At 42 Crosby Street, a 10-unit luxury building under construction in Soho, 10 underground parking spaces are asking \$1 million—more on a price-per-square foot basis than the units upstairs. The building's developers declined to comment.

At 15 Renwick, also in Soho, there are three parking spots priced at \$1 million each. Tim Crowley, director of new development at Core, which handles marketing for 15 Renwick, says parking is priced at a premium because developers hope the spots will be sold with the building's two penthouses, priced between \$7 million and \$11 million.

Jonathan Miller, president of appraisal firm Miller Samuel, says the highest actual sales price he's seen for a single parking space in Manhattan is \$325,000. Million-dollar parking spaces, he says, aren't anything close to market rate, but rather are priced proportionally to the high price tags of units in the building.

A single parking spot typically requires about 300 square feet of space, including aisles and driveways—roughly the size of a small studio apartment, says Jeffrey Tumlin, the director of strategy at Nelson\Nygaard, a transportation consultant. The median construction cost for a parking spot in the U.S. is about \$20,000.

In more car-dependent cities like Miami, vehicle parking is typically included in the cost of a condo or offered for a small additional charge. But while a parking space has traditionally been considered a basic feature, Miami agents and developers say they are increasingly marketing parking as a luxury perk, on par with a high-end fitness center, in an effort to stand out from the competition.

Muse, a new 68-unit development under construction in Sunny Isles Beach, just north of Miami, will allot between two and five spaces per unit, depending on unit size, with parking on 27 floors. A mechanical system will stack the cars, which can be retrieved for residents by a fulltime valet.

Marc Schmulian, President of S2 Development, the co-developer of Muse, says for the first time, the company has featured images of parking in their marketing materials, dedicating part of the promotional video to visuals of the parking lot.

Porsche Design Tower, another new high-rise in Sunny Isles Beach, was designed around parking, with spots inside every condo, reachable by an automated car elevator. Residents can view their cars from their living rooms, behind a glass fire-rated wall. The building is expected to be completed in June 2016; currently six of the 132 units are unsold.

The building also has six "man caves" priced from \$1.5 million to \$2.5 million that hold up to nine cars and have room for a bar and billiard table. Two are still available.

Gil Dezer, the building's developer, says the choice made financial sense. Local rules required that the developer provide 1.5 parking spots for each unit. By putting the required parking inside the units themselves, he was able to develop and sell space he would have otherwise had to allot for parking—which he says has brought in an extra \$240 million in revenue.

Some developers are converting parking garages into condo buildings—a factor that's contributing to the scarcity of parking in some cities. Flank, a New York-based development company, purchased a four-story parking garage in Manhattan's Nolita neighborhood and converted it into an eight-story condo with seven units priced from \$10.75 million to \$28 million. Because the building was already zoned for parking, developers included two deeded parking spots with each condo.

"We have a lot more families moving downtown," says Mick Walsdorf, a developer with Flank. "Where you have families, you will have cars."