Community and Economic Development in North Carolina and Beyond Blog: Self-Driving Cars and the Changing Real Estate Market

By CED Program Interns & Students

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In a world where technology seems to be advancing exponentially, very few advancements will manage to have the effect on real estate that the evolving transportation industry will. We have already seen how a shift towards walkability and the introduction of ride hailing services, such as Lyft and Uber, have impacted parking requirements, and introduced new programmatic elements to multifamily buildings across the country. But what happens when the cars can drive themselves?

As conversation in the automotive industry orbits around the premises of electric, self-driving cars, we are often fed stories about the amazing ways the technology will change our lives. For example, consider the claims of decreases in vehicular accidents and traffic, increases in vehicle travel speeds (the result of cars “talking” to one another), and gains in productive time. However, very few examine the effects these changes will have on physical real estate.

At current, parking accounts for over 30% of all occupiable square footage in the U.S. cities. Additionally, 80% of owner-occupied housing units are coupled with a garage or carport. It is also estimated that there are around 150,000 fuel stations in the U.S., typically located on prime real estate. Clearly here in America, we love our cars. But now, with those statistics in mind, imagine a world where vehicles no longer need dedicated fueling stations (all you need is a wall outlet) and automated ridesharing services decrease vehicle idle time (parked) from the abysmal 96% at current, and essentially phase out the need for vehicle ownership. How much prime real estate just opened up? A lot.

The implications of advancements in transportation on real estate are clearly huge. Parking lots would become a thing of the past, freeing up 150 billion SF to new development. Excluding actual acreage, eliminating gas stations would open up over 400 million SF of convenience store space (based on convenience store average size of 2,776 SF). Owner occupied garages and carports could be repurposed to storage, eating into some of the 3 billion SF of self-storage supply.

With the path the automotive industry is on, its not a matter of if this will happen, but when? And when it does, how will real estate react? Will land prices fall? Will the trend towards walkability hold true, or will the population once again become content with suburban living due to an increase in accessibility? Only time will tell.

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