

Article

CRE Opinion: Autonomous Vehicles and DFW Real Estate

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If you do not believe an autonomous vehicle revolution is coming, just ask the heads of the world's largest technology and automobile companies. They are investing billions to plan for a fundamental transformation in the way people use personal transportation. For example, Google's Waymo subsidiary will offer commercial autonomous taxi service in Phoenix later this year, and General Motors will follow in selected markets in 2019.

The DFW area is already a leader in autonomous vehicle projects. In Arlington, driverless shuttles move fans to and from parking lots at Globe Life Park and AT&T Stadium. In Frisco, a driverless van takes employees and tenants between the Hall Park complex and the Cowboys' Star facility. Additionally, this year drive.ai and Arlington will make driverless vans available to the public on city streets in Arlington's entertainment district. It is no stretch to predict that within five years many readers of this article will have paid to travel in an autonomous vehicle.

Two business models will likely figure prominently in the future of personal autonomous transportation: autonomous taxis and transportation by subscription. Autonomous taxis will allow Uber, Lyft and their competitors to offer more affordable on-demand rides by reducing the expense and liability associated with human drivers and their mistakes. Transportation by subscription will allow consumers to subscribe to, rather than own, cars. By paying a periodic subscription fee, similar to a subscription for a mobile phone or television service, a consumer will receive the right to use a certain number of passenger miles in a vehicle type of the consumer's choosing (for example, subcompact, SUV or luxury sedan).

DFW real estate professionals are understandably interested in how these changes in the way individuals get from place to place will affect real estate. After all, real estate developments are often capital-intensive, long-term projects that must anticipate shifting habits and needs of employees and tenants. In a world in which consumers predominantly summon cars rather than own, drive and park them, the transportation-related requirements for commercial and residential real estate projects will change dramatically.

Here are some predictions of those changes:

Parking requirements will plummet

On the commercial real estate side, if fewer employees and tenants drive, they will eventually require fewer parking spaces. While it could be five or ten years before a reduction in demand for parking becomes significant, real estate investments are long-term propositions. Some commercial developers are already designing flexibility into their buildings' garages, making them more easily convertible to future, alternative uses. As an example, new high rise designs may include higher garage ceilings, to increase flexibility for conversion to residential or retail use. In the longer run, as autonomous transportation really takes hold, developers will almost certainly design buildings with far smaller garages.

On the residential side, within a decade the typical family may own one car, rather than two, filling the transportation gap with a subscription service for commuting. The family-owned car may be kept for quick,

convenience trips, like a hop to the grocery store or soccer practice. For residential developers, this means the three-car garage may quickly become a thing of the past. In fact, home garages could eventually disappear completely from new construction. Either way, builders will be able to offer less expensive homes on smaller lots or larger living areas on the same-sized lots.

Pickup and drop-off areas will become larger and more technologically sophisticated

As the need for parking space declines, the need for pickup and drop-off space will increase. Developers of retail, office and apartment buildings will design larger, covered areas for pickup and drop-off. On-site traffic control may also become a necessity. In fact, the buildings themselves may need to communicate electronically with autonomous vehicles regarding pickup and drop-off wait times and locations.

Parking, fueling and maintenance needs will create a new industry

Fleets of roving, driverless vehicles will still need to park, refuel and receive maintenance, but no longer in expensive locations during peak business hours. The need for building-specific parking, prime-corner gas stations and neighborhood maintenance and repair shops will decrease, replaced by a new demand for fleet-scale parking, fueling and maintenance in cheaper locations. Auto dealerships and bus maintenance facilities may find a completely new business model, taking advantage of their existing maintenance and fueling capabilities as well as large holding lots.

These are just a few predictions, and they may prove right or wrong. Undoubtedly, however, autonomous vehicles will bring dramatic change to DFW real estate. The successful developers will be the ones who anticipate and plan for those changes.

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The article can be viewed [here](#).

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