

Cover story

Downtown Minneapolis' land of lost parking

Remember where you parked? If it was in a surface lot, there's a good chance that space has vanished — or soon will.

SUBSCRIBER CONTENT: Apr 10, 2015, 5:00am CDT



Nancy Kuehn | MSPBJ

As surface lots in Minneapolis have disappeared, spaces in parking ramps — like this one near the Hennepin County Government Center — have gotten scarcer and more expensive.



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The sea of surface parking lots in downtown Minneapolis is drying up.

The number of parking stalls has shrunk from about 63,000 in 2000 to about 58,000 in 2014 and is still falling, according to city estimates.

The reason is simple: New development, whether for offices, apartments or stadiums, is crowding out the surface lots that used to ring downtown.

The trend, which doesn't show any signs of changing, could mean a short-term windfall for owners of downtown's remaining ramps who can hike prices. But the erosion of parking options downtown is also sure to make it more inconvenient and expensive to park for everyone else. In

the long run, critics say, it could hurt development if employers decide to avoid parking hassles by moving elsewhere.

Where did the parking go?

In the early 2000s, development near the **Guthrie Theater** replaced abundant, inexpensive surface parking along one side of downtown. Target Field gobbled up cheap spaces on the other.

After about a decade-long pause, a wave of new housing projects took out lots for the development of Nic on Fifth, 4Marq and Latitude45 apartment buildings. The **Xcel Energy Inc.** headquarters on Nicollet Mall required the razing of a 461-stall above-ground parking ramp.

More surface lots are expected to be replaced by developments near the Minneapolis Central Library after **The Opus Group** builds on the Ritz Block and **United Properties** builds The Gateway on the Nicollet Hotel Block.

Development also is replacing parking around the new Minnesota Vikings stadium in Downtown East. **Wells Fargo & Co.** has two office towers under construction, and a park will be built where the *Star Tribune* used to have low-cost surface lots for its employees and the general public.

In all, at least 15 parking lots have closed or been slated to close since 2012, and at least five more are being marketed for sale to developers.

Parking operators benefit

That leaves remaining ramp owners holding a commodity that is growing scarcer. There isn't strong third-party data for the parking market, but, anecdotally, some ramps and lots have increased rates over the past two years.

The city of Minneapolis' parking services, which has about 12,000 spaces, increased profit from its city-owned ramps (not including payments for debt) by 17 percent, to \$11.8 million from 2012 to 2013. Since it hasn't added new spaces, that increase can be largely attributed to higher rates, which the city sets to be competitive with private lot operators.

On April 1, prices increased for the second time in three years at the city-owned Leamington Parking Ramp, for example. The standard daily rate in the 2,020-stall ramp jumped from \$9.50 to \$10.50 and early bird rates went from \$7.25 to \$8 per day in the most recent change.

Private firms are doing well, too.

"We're seeing pricing increase, generally speaking," said [Gena Janetka](#), president of **Allied Parking Inc.**, a parking operator based in Minneapolis that manages 18,000 spaces at about 50 Twin Cities properties.

“There’s no doubt that demand is up,” Janetka said. “Occupancy is trending upward. It has been for the past two years.”

There was about a decade-long lull in demand, but it is picking up again, said [Jon Baker](#), president of a company that owns the two Auto Park ramps in downtown.

“We’re very happy to see development and activity, but there’s not a [parking revenue] windfall by any means,” he said, adding that there’s a lot of parking available and demand varies by location. The north end of downtown has picked up, but demand has stagnated on the south end of the Nicollet Mall.

Impacts of reduction in spaces

The scramble for parking gets personal when the ramp you park at raises its rates, or the lot you’ve been using for years gets fenced off for new development, Janetka said.

At that point, it could force a change in behavior: going to another lot that might cost more or be farther away from work. It also could prompt someone to take the bus or light rail, which is how about 50,000 people per day get to work in Minneapolis.

“Younger people, maybe 35 and under, they’re really open to biking, taking the bus and light rail,” Janetka said. “That correlates also to salaries. The tendency is for people who make more money to drive, because their time is more valuable.”

The bigger impact of the parking space reduction will be a perception that it is harder to find a space and more expensive to park downtown, said [Steve Chirhart](#), principal of **TaTonka Real Estate Advisors** in Minneapolis.

“You’re seeing that more and more. Somebody’s coming to visit you and you can’t even accommodate them in your own building,” Chirhart said.

At some point, office space in the suburbs becomes more attractive if employees have free parking and clients can get in and out more easily, Chirhart said.

TaTonka recently began working with a downtown client who has about 45 employees. About two-thirds of them take public transportation, but for the remaining third who drive, company leaders decided to entertain the idea of going to the suburbs, Chirhart said.

“If you’re in **IDS Center** or Fifth Street Towers you’re paying \$300 a month for a spot,” he said. “I think people are putting parking in their thoughts and into their per-square-foot cost of occupancy.”

Mass transit can offset some of that cost, he said. “But I’ve got people who are looking at the West End in St. Louis Park versus downtown right now, and they’re comparing costs, including parking.”

[Norman Garrick](#), a professor at the **University of Connecticut's** Department of Civil & Environmental Engineering, argues that sort of thinking may be short-lived. He says a decline in abundant downtown parking is generally a good thing for the overall market.

“Having less parking benefits everyone who lives and works in the city, including the car commuters, because of increase in quality, vitality and vibrancy of the downtown,” he said.

When parking is tight, people might have to walk farther to their destination. That puts more feet on the street, which is good for businesses, he said. And if parking becomes too expensive or inconvenient, people will change their behavior and find other ways downtown.

Some cities, such as Portland, Ore.; Seattle; San Francisco; and Washington, D.C., have converted parking lots to other uses for 10 or 15 years, but “most other cities have still not gotten the memo that more parking is a killer of city life,” Garrick said. “Lots of Midwest cities, such as St. Louis, Indianapolis, Detroit and Milwaukee, still have some catching up to do.”

Supply of new spaces is stalled

The supply of parking spaces isn't expected to expand anytime soon.

There's one large ramp under construction next to the Vikings stadium, but that's expected to be used by about 5,000 Wells Fargo employees moving into the new towers next door.

Most of the new residential developments include some parking for tenants and retail tenants.

No private ramps are being built, and unlike many suburbs that have strict parking-spaces-per-square-foot requirements, there's nothing like that in downtown Minneapolis.

Some developments are happening without adding any related parking, such as the 510 Marquette office building redevelopment by developer [Ned Abdul](#) and a new apartment tower proposed by **Village Green Cos.** at the corner of South 10th Street and Second Avenue South.

“That's what zoning code allows, and we think that's a good thing from the city's perspective, especially in the core,” said [Jon Wertjes](#), director of traffic and parking services for Minneapolis. “I don't see parking as a land use. Parking is an auxiliary support mechanism. We want the development first in that regard.”

At Star Tribune, parking yields to a park

Some downtown employers are adapting to the changes in supply by giving incentives to change commuter habits.

For decades, about 600 employees at the Star Tribune had abundant, subsidized surface parking of \$40 per month on part of the five blocks the paper owned around its former headquarters in Downtown East. When the paper decided to sell that land and move into the Capella Tower,

parking was one of the chief concerns employees had about moving, said company spokesman [Steve Yaeger](#).

The paper came up with a three-part program: a Metropass discount of \$40 per month, a parking subsidy of \$40 per month or an expense reimbursement of \$20 per month for people who bike to work.

The company also studied setting up a daily shuttle bus between its printing plant in the North Loop and its new office in the Capella Tower, but didn't have enough interest from employees to start the service.

Employees have until April 30 to be out of the old lots, so utilization figures are unclear while the paper is in transition, but the program has generated a lot of positive feedback so far, Yaeger said.

“If there’s a more generous company-funded parking and transit option offered by a downtown employer, I haven’t heard of it,” he said.

INFOGRAPHIC (click to expand in a new window)
DOWNTOWN'S DWINDLING PARKING SPACES



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