

# ***POLICY BRIEF***

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## **It Takes a Lot of Gold to Park in the Golden Triangle**

If you think parking in the Golden Triangle is expensive and often hard to find, you are correct. And not just expensive, but outrageously so compared to a peer group of cities, as the following analysis demonstrates. It is true that residents in most U.S. cities have two main complaints about parking: (1) availability of convenient spaces is low and (2) the rates are too high. But, when it comes to parking, Pittsburgh is in a league of its own.

In a recently completed study, the Allegheny Institute compared the supply of and rates for parking spaces in the central business district of Pittsburgh with the central districts of a peer group of four cities: Baltimore, Cincinnati, Denver, and Indianapolis. The following table summarizes the key data. For study purposes, the “daily” rate is the maximum charge for a full day’s parking and the central business district includes fringe area parking that is used by park-and-riders.

### **Peer Cities: Parking Spaces and Rates\***

City	Garages			Surface Lots		
	Spaces	Avg. Monthly Rate	Avg. Daily Rate	Spaces	Avg. Monthly Rate	Avg. Daily Rate
Pittsburgh	25,046	\$206.62	\$12.28	20,006	\$188.13	\$9.35
Baltimore	35,381	\$139.11	\$10.23	11,038	\$113.12	\$7.06
Cincinnati	20,415	\$110.37	\$1.25 to \$15.00	11,476	\$68.15	\$1.25 to \$15.00
Denver	29,483	\$134.44	\$10.51	17,622	\$99.88	\$5.76
Indianapolis	37,463	\$104.47	\$8.84	40,352	\$61.01	\$4.10

\*All data from 2001 and 2002

Pittsburgh has fewer off-street parking spaces than all cities except Cincinnati. More importantly however, on the basis of spaces per 1,000 downtown employees, Pittsburgh has 50% fewer spaces than the peer group average.

The table also shows that the average monthly and daily rates at either garages or surface lots are higher in Pittsburgh than in the other cities. In fact, the average monthly rate of \$206.62 for a parking garage in Pittsburgh is approximately 48.5% higher than the next highest rate of \$139.11 in Baltimore. For surface parking lots, the same two cities have the highest rates, but Pittsburgh’s

average monthly rate is approximately 66% higher than Baltimore's. Pittsburgh and Denver have the two highest average daily rates for garages, and Pittsburgh and Baltimore have the two highest average daily rates for surface lots.

Pittsburgh and Baltimore are the only two cities in the peer group survey that have a parking tax. The parking tax in the City of Pittsburgh is 31% of the base parking rate. Baltimore has a parking tax which went to effect July 1, 2002. On monthly parking there is flat tax of \$14, while daily and weekly parking is taxed at a rate of 11% of gross revenues.

It comes as no surprise, considering the size of the Pittsburgh parking tax, that the average monthly and daily parking rates are higher in Pittsburgh than in the other cities. It is also important to note that the Pittsburgh parking tax is very high by any standard--with San Francisco at 25% and New York City at just 18.25%.

Let's consider the impact on the average rates in surface parking lots in light of Pittsburgh's parking tax. The average monthly parking rate in a Pittsburgh surface lot is \$188.13 or 88% higher than Denver's \$99.88. The parking tax cost on that monthly charge in Pittsburgh is \$44.52. Thus, absent the parking tax, the rate would be \$143.61. However, this is still 43% higher than the Denver rate. The situation is similar with average daily parking rates in surface lots, with \$2.21 of the \$9.35 rate going to the parking tax. If the tax were removed, the average daily rate charged could fall to \$7.14, which leaves the operator with the same net revenue. Once again, this is the highest rate of all the peer group cities. In other words, Pittsburgh's parking tax is exacerbating an already high base rate.

It can reasonably be inferred from the high parking rates that the supply-demand situation in downtown Pittsburgh is producing prices in the inelastic range of the demand schedule. This in turn points to a lack of real competition and a woefully inadequate supply response. Knowing the supply of spaces is limited relative to demand, the City of Pittsburgh is able to exploit the situation with the extremely high tax rate on parking, thereby producing a hefty revenue stream for the City.

The high cost of parking is likely a deterrent to getting new businesses to locate downtown. They also hurt efforts to attract visitors and shoppers downtown, especially during the workweek--a particularly important point in light of the ongoing deterioration of retail in the Fifth-Forbes corridor.

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