



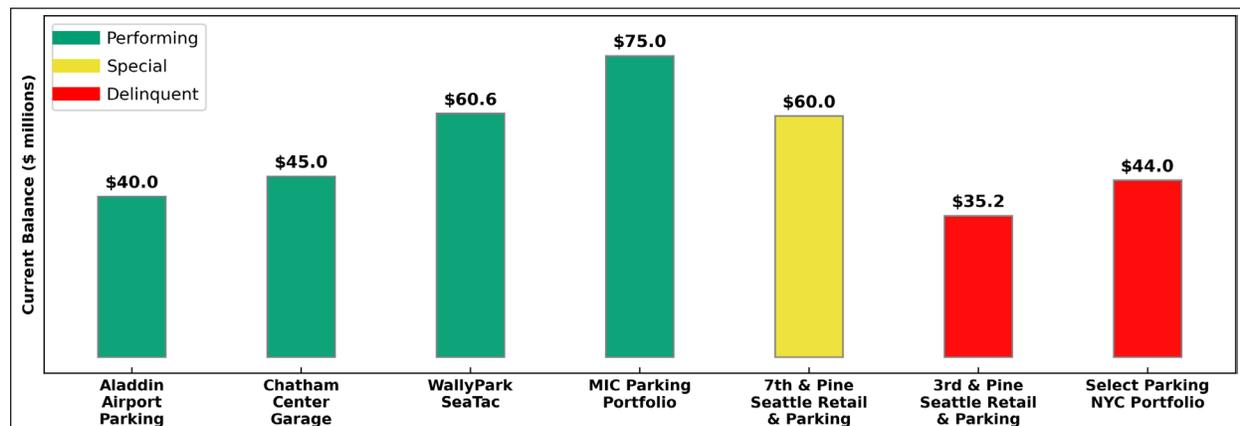
Parking Facilities See Positive Momentum as Some Loans Struggle

The troubles of a few parking garage exposures contrast with the sector’s relative strength. Two loans backed by properties in downtown Seattle underscore the distress. 7th & Pine Seattle Retail & Parking (\$60 million, CFCRE 2016-C6) moved to special servicing this month, after years of poor performance. The loan matures in November 2026. 7th & Pine joins the delinquent 3rd & Pine Seattle Retail & Parking (\$35.2 million, CGCMT 2018-B2), that has been with the special since last year. Handful of other parking loans, including Select Parking NYC Portfolio (\$44 million, BMARK 2023-V3 and BMO 2023-5C1), are also in trouble (Figure 1).

Stav Gaon
+1 (646) 768-9173
sgaon@academysecurities.com

Headquarters Address:
Academy Securities, Inc.
622 Third Avenue, 12th Fl
New York, NY 10017

Figure 1. Parking Garage Loan Performance



Source: Morningstar Credit and Academy Securities

The broader parking garage sector is seeing positive momentum, bucking the CMBS loan performance. Technological advances, including dynamic pricing, license plate recognition, and checkout-free payment systems, support revenue growth and space utilization at garages. Private equity firms increasingly have been acquiring parking operators. Notable transactions include KKR buying The Parking Spot, and the artificial intelligence company Metropolis Technologies taking over SP Plus Corporation, the largest US parking operator (and the manager of the 7th & Pine facility). Interestingly, parking operators envision garages hosting autonomous vehicles. Garages could turn into urban “mobility hubs” and EV charging centers, generating new revenue streams. In the meantime, parking has also emerged as one of the strongest revenue sources for hotels in recent years. Parking revenues have increased by 23.1% from 2019 to 2023, more than four times greater than the growth rate for total hotel revenues during that period, based on CBRE data.

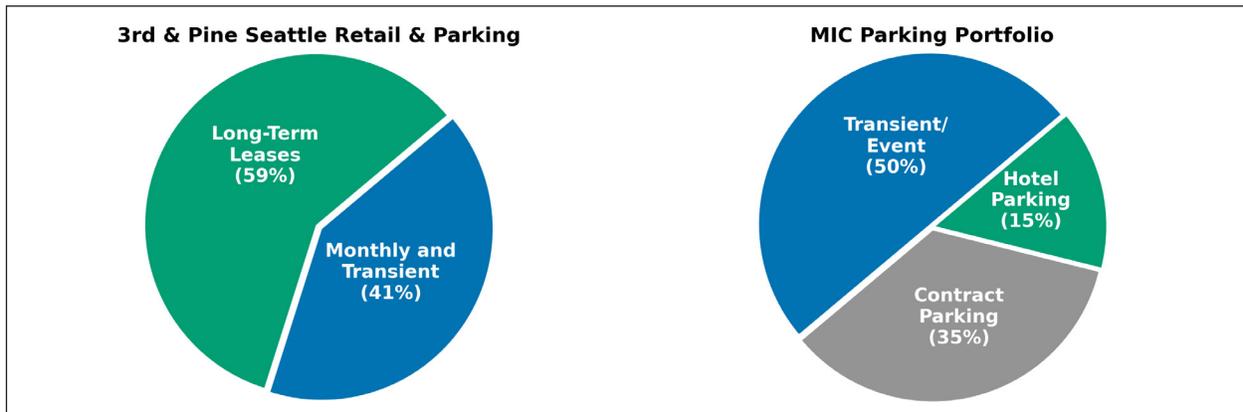
Parking Garages: Seattle Distress Spotlights Niche Property Sector

Parking Facility Types Feature Distinct Performance Drivers

The apparent divergence in the garage loan performance and the sector underscores some of the nuances in the space. Various types of parking facilities see different demand drivers. Garages in downtown areas, such as 7th & Pine and 3rd & Pine, can be very sensitive to transient demand from office workers. The facilities saw sharp revenue drop during the pandemic. Some have yet to recover. Seattle is recording one of the highest office vacancies across large markets, at 20.8% as of Q4 2025.

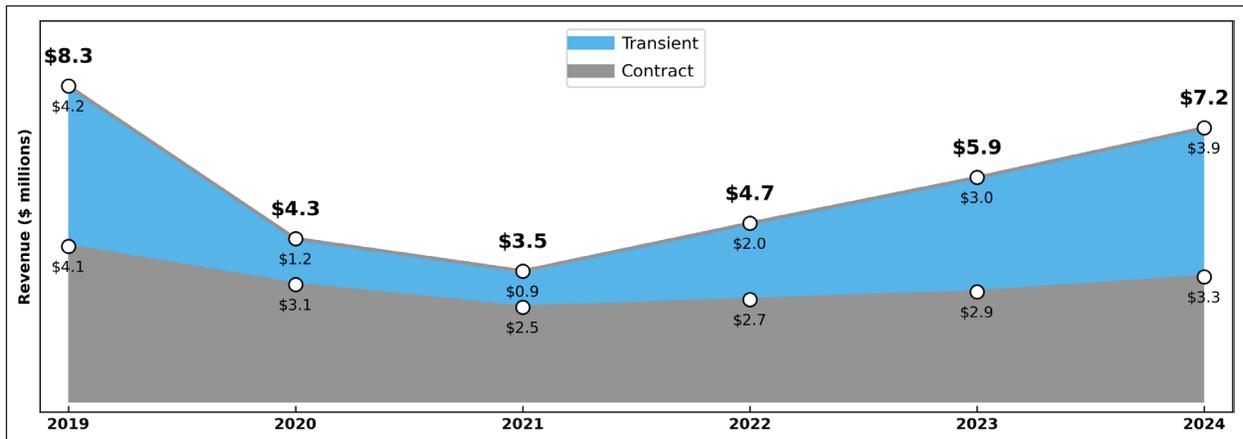
On the flip side, garages may have a large percentage of long-term leases. This makes the facility less dependent on daily users. For example, at 3rd & Pine, nearly 60% of the overall 844 parking spaces were on long-term leases at issuance (Figure 2). Still, the long-term/transient breakdown at the facility may have changed since issuance. At MIC Parking Portfolio (\$75 million, BBCMS 2025-C32 and MSBAM 2025-C35), recent revenue segmentation showed 50% transient/event, 35% contract parking, and 15% hotel parking, according to deal documents. In turn, Chatham Center Garage (\$45 million, BMARK 2025-B41) in downtown Pittsburgh, PA, clearly demonstrates transient parking volatility. Revenue from the 51% transient component at the 2,284-space property sharply dropped during the pandemic (Figure 3). The contractual component remained more stable.

Figure 2. Parking Garage Revenue Segmentation



Source: Deal Documents and Academy Securities

Figure 3. Transient vs Contract Parking Revenue Fluctuations (Chatham Center Garage)



Source: Deal Documents and Academy Securities

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All told, at 3rd & Pine and 7th & Pine it appears that a combination of both Seattle-specific and office-dependency issues are driving the struggles. Garages in other cities can have different sensitivity. For example, downtown Chicago should not see any new parking-only structures. The city has seldom approved standalone garages in the past 20 years. This could support existing properties, including the one in MIC Parking Portfolio.

Airport/Educational/Sports Parking Appears More Resilient

Airport parking facilities can feature large “daily” component. For example, in WallyPark SeaTac (\$60.6 million, BBCMS 2025-5C34) daily parking comprises 94% of the underwritten base rent, according to deal documents. The performance of the 1,553-space property, near the SeaTac International Airport south of Seattle, should be closely tied to airport-specific dynamics, and competing airport parking facilities. In similar vein, the underwriting of Aladdin Airport Parking (\$40 million, BBCMS 2025-5C34) in San Diego revolves around both the airport expansion-driven increased demand and the new parking supply in the area.

Educational and medical facility parking sub-segments can have different dynamics compared to the urban and airport categories. For example, the private equity buyer of CampusParc noted the resiliency of the parking facilities at Ohio State University campus. The 38K parking spaces serve both the campus and hospitals within the complex. The facility performed well even during the pandemic. In CMBS, loans such as Chatham Center have large revenue component associated with educational and medical facilities. Sports parking is yet another parking sub-category. One example is the small balance St. Louis Cardinals Lot in CGCMT 2017-C4. An accelerating momentum around sports facility projects may bring more sports-related parking exposure to securitization [pools](#).¹

Sleuthing for Parking Garage Exposures

The notable distress across several parking loans merits attention. The sector exposure across the CMBS universes is not large. But several mid-size loans could be impactful for their respective deals. There is also a smattering of parking loans in recent vintages. If the sector continues to attract interest from CRE market players, investors may see pickup in parking facilities loan volume. Interestingly, rating agencies typically note the limited buyer base of parking garages as credit negative. Broader involvement of traditional CRE players should make parking properties more marketable.

Precisely identifying parking garage exposures is not straightforward. The “property sub-type” field is the main identifier of parking exposures. The properties are categorized as “parking facilities” or a combination of another property type and parking, such as “retail/parking facility”. The main “property type” field on these loans typically would be “other” or “mixed-use”. But the parking component could significantly vary across the loans. In 3rd & Pine parking accounted for ~80% of the underwritten income. In 7th & Pine the parking tenant contributed 73.6% of the underwritten base rent. Occasionally, we also found that the parking revenue comprises negligible chunk of the total property revenue, essentially making the exposure non-parking. Notable example is the \$435 million Starbucks Center (COMM 2025-SBX), which is categorized as “retail/parking facility” in some cashflow systems.

¹ “Stadium Finance: Shift to Private Funding Sets the Stage for Securitization,” Securitized Products Special Topics, Academy Securities, June 26, 2025

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