The price to park: Assessing the determinants of Garage prices and their interaction with curbside regulation

Abstract

Curbside parking regulation has been widely implemented in cities around the world and increasingly they are adopting market-oriented perspectives. However, policy-makers face a complex task when they seek to foster efficiency in this market due to its intrinsic distortions (most notably, cruising in search of a parking space and garage market power). Theoretical studies stress that the right price differential between curbside and garage parking fees is critical in addressing this task; yet, the interactions between the two have received little attention to date in the literature. By drawing on a new self-constructed database for all the garages in the city of Barcelona, we empirically explore the determinants of garage prices. Our results indicate that prices are mainly influenced by fixed and variable cost drivers, the dominance position of the garage in its surrounding market and the garage’s interaction with curbside parking. In this regard, we find that prices react to the scarcity of parking spaces in the street and to the curbside price fixed by the public authority. In short, this paper stresses the importance of the interactions between the curb and off-street garages when considering policy alternatives that might establish the optimal price differential.

Keywords: Garage parking; Curbside parking; Price; Parking regulation

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