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S&P U.S. Transportation Infrastructure Sector Update And Medians: U.S. Parking Sector View Is Now Stable

Key Takeaways

- We are revising our U.S. parking sector view to stable from negative based on improving health and economic conditions, which we believe will continue to drive a recovery in parking demand over the next 12 months. Overall, we expect demand recovery coupled with prudent management actions–including parking rate increases or expense reductions, if necessary–will provide credit stability.
- Parking ratings remained relatively stable through the pandemic, with only five downgrades as of May 4, 2022, across a small universe of 20 issuers. Four of the five parking systems downgraded were rated in the 'BBB' category or lower, with two being speculative grade going into the pandemic. Several parking bonds, specifically those tied to airport or mass transit systems, were redeemed, refunded, or defeased by another government entity during the pandemic as parking volumes significantly declined.
- Our analysis of 2020 and 2021 parking medians revealed positive management actions and extraordinary support provided to limit the financial implications of the precipitous drop in utilization, with median debt service coverage (S&P Global Ratings-calculated) declining to a vulnerable (but still sufficient) near 1.0x in 2020 and 2021 from a strong 1.33x in 2019.
- Over the longer term, ongoing challenges and exposures to future health-and-safety-related mobility restrictions, behavioral changes of users (such as a shift to more remote work), evolving urban centers, and technological innovations (such as video conferencing, online shopping, and charging stations for electric vehicles) will likely influence future parking demand.

Continue reading.

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