Mobility Impacts on Real Estate

Mark Joseph, CEO

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Mobility Impacts to Real Estate

Chicago 1909

Randolph & Dearborn St.
The Mobility disruption is transforming how and where we Mobility Impacts to Real Estate.

AVs FOR PEOPLE & GOODS
MOBILITY-AS-A SERVICE
MICROMOBILITY
RE-INVENTED PARKING
THE NEW COMMUTE
VTOL
LAST MILE/ LAST BLOCK
DISTRIBUTION

There will be winners and losers in both cities and suburbs. Those who do not adapt to the new will fall behind.
What Disruption Looks Like

Mobility Impacts to Real Estate
Short-Distance Aerial Mobility
Short-Distance Aerial Mobility Today

Gondola connected to metro, Medellin
What’s driving this change: Generational Difference

<table>
<thead>
<tr>
<th>Generational Difference</th>
<th>Mobility Impacts to Real Estate</th>
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<tbody>
<tr>
<td>Large house in suburbs</td>
<td>Transient, apartments in the city</td>
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<td>BMW vs. Mercedes</td>
<td>Less brand loyalty</td>
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<td>Drive to Elton John concert</td>
<td>Ubers to Martin Garrix concert</td>
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<td>Living the American Dream</td>
<td>Priced out of the American Dream</td>
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<td>Physical retail</td>
<td>Digital retail</td>
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<td>Values material properties and assets</td>
<td>Values travel and Instagrammable experiences</td>
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No matter what generation, humans are social animals and like to congregate (safety in numbers)
What’s driving this change: Technology Acceleration

**FAST ADOPTION**

- driven by enabling smartphone technology & shared economy

**RADICAL COST REDUCTION**

1. Cost of Vehicle Services
   - Increase in the short term, decrease significantly in long term

2. Opportunity Cost of Travel

3. Friction: stress, hassle, uncertainty, security
   - Where is the friction in the future, & what are the opportunities that will be created because of this friction?

- **$/mile of vehicle services**
  - Average US Taxi: $3.50
  - Uber San Francisco: $2.86
  - Personal Car: $0.70
  - Autonomous Taxi 2030: $0.35

Source: Uber’s S-1 form

Source: ARK Investment Management LLC
What’s driving this change: Vehicle as the New Real Estate

Mobility services will make long distance transportation more productive by turning the vehicle into moving hotels, gyms, restaurants, workspaces, stores.

Passenger choose their experiences rather than vehicle types.
What’s driving this change: the Amazon of transportation

Mobility-as-a-Service converges modes of transportation to provide seamless multi-modal mobility in a single subscription package
Residential Real Estate

While real estate demand in cities will still be high, AVs & new in-vehicle experiences stimulate Suburb 2.0 by reducing the opportunity cost of commuting.

**NOW**
- Live in cities
- Move to suburbs after kids
- Car-based suburb

**FUTURE**
- Live in satellite villages with a city center
- Super-commuting to downtown via AVs
- Community shared AVs & micromobility

Suburbs 2.0: affordable, green, walkable
AVs will first deploy in corridors & geofenced communities. Winners will develop real estate where AVs enable a seamless urban-to-suburban, home-to-work commute.
Education & School Transportation

Two bets on the future of school transportation:

- Families still live in the city & kids attend school in the suburbs
- With Suburb 2.0, families move further out to the suburbs with good schools
Education & School Transportation

New modes of school transportation improve access to education and allow students to continue learning during the home-to-school transition.

PREDICTION

City or suburban communities with convenient, accessible, & innovative transportation to schools –where Millennials' kids attend –will win.
Parking

With decreasing car ownership, garages and lots will be redeveloped into greenspace and revenue generating spaces.

Parking lanes will transform into “flex zones”
Parking

Those who reposition parking spaces as new Mobility Hubs that connect people and businesses will win.
Retail & Logistics

Vessel “cloud” kitchens serve only delivery customers

Order
Cook
Collect & Deliver
Enjoy
Retail & Logistics

Autonomous delivery robots & drones will connect us to the “physical cloud” of goods & services

Small urban real estate pieces turn into Hyperlocal Logistics Centers -- warehouse management, order management, delivery
How many new free hours will the self driving car era create every year?

600 Billion hours

*Morgan Stanley 2016
Retail & Logistics

What can passengers do with the free time?

- 20% of UK consumers' online shopping already occurs during commute
- Yearly total spent by UK commuters: $13B
- Average Monthly commute commerce spend per user in Canada: $411

Centre for Economics and Business Research
Retail & Logistics

“Better, Faster, Free”

Retailers who transform their stores into experience centers, monetize the AV commute, and repurpose shelf space into distribution & click & collect centers will win.
The Real Estate Industry Must Be Prepared For...

Over the long term, transportation costs will enjoy Moore’s Law

AVs will stimulate migration to and from the suburbs, resulting in development in villages

Retail spaces transforming into social experience centers & distribution/logistics hubs

Experience driven buses, VTOL, AVs will change where we live, work, play – some real estate may become more desirable

City kids will have new access to attend better performing schools in various location

Parking lots/garages gradually repurposed to revenue generating spaces
But we don’t have to wait and see…

Efficient, clean, and convenient mobility is already thriving in cities like Copenhagen.
Thank You

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