



QIC Infrastructure

Driving value in parking assets

Institutional Investing in Infrastructure, recently spoke with **Leisel Moorhead**, partner at **QIC**, about the benefits of investing in parking assets. Following is an excerpt of that conversation.

What was QIC's journey to investing in the niche infrastructure subsector of parking assets?

We started looking at parking as a subset of transport infrastructure well before the acquisition of our first asset. Through our investment research, we found that a very stable subset of parking was tied to demand generators such as hospitals, airports and universities. This narrow focus allowed us to take a very strategic approach when we were considering opportunities. We also ensured we were comfortable that it met the criteria of an infrastructure investment, which includes being an essential service with long-term stable returns.

This journey led us to our first big opportunity back in 2012 – CampusParc at the Ohio State University. It was the first university concession for a parking structure in the United States, so quite an accomplishment. And we, through our clients, were able to successfully win that in a competitive process. Following that, in 2018 we replicated our Ohio State success by investing in MasParc Northeastern University in Boston. After holding these assets for some time and building them into strong resilient companies, we recently exited both parking systems on very favorable terms for our investors.

How has QIC been able to leverage its skill set in managing these assets?

People often underestimate the intricacies of managing parking assets. They can look like simple multilevel structures, however managing them effectively over the long term requires a lot of consideration and effort. Behind the

building façade, we worked with the management teams to continuously make the asset not only attractive for users, but to the university and investors, as well. At QIC we delve deeper and aim to uncover the true value that exists in these assets. We actively managed the assets through the initial transition to operational improvements, optimizing financial processes and lowering risks. And certainly, managing the stakeholder relationships in a diverse university context is critical to success.

What makes parking assets unique to manage?

One of the things that makes parking management so complex is that each parking system is different, so solutions need to be tailored accordingly. For example, the Ohio State facility has approximately 37,000 parking spaces across 16 multistory garages, 196 surface parking lots and 158 metered spaces. In contrast, Northeastern's MasParc operates a parking system that includes approximately 3,100 parking spaces across four garages and 12 surface lots. To make sure we were focused on each system's needs, we built two different management companies from the ground up that were charged with growing value in their respective parking system.

How did QIC tailor its approach and drive value in these assets?

Technology has been our friend in developing bespoke user-friendly systems that also provide efficiencies that can result in better returns. Some of these advances include sensors that only allow access to certain floors or let students and faculty know where there are open spaces, thus improving the parking experience. We use analytics to track traffic flow and pair our staffing with those flows, as well as provide information on open spaces via a real time app and website.

We also looked ahead to future amenities, such as the installation of more EV chargers, and considered ways to use the garage when it was underutilized. We found that managing these assets isn't a static process and that they require continuous strategizing and seeking community input on how to provide better service at each facility.

Can you expand on the concessions and the advantages of a private/public partnership?

Universities, as well as other entities like hospitals and airports, can leverage the private sector to not just manage operations and maintenance, but also to work in terms of partnership and future growth. In the university parking systems, the assets are underpinned by a 50-year concession agreement with strong investor protections and a defined tariff escalation regime designed to boost predictability



CampusParc, Ohio State University



MasParc, Northeastern University

of cash flows. None of these systems stay the same – the universities continue to expand – which is what underpins the investment thesis. We represent funds that are looking for those long-term, steady, stable cash flows and the opportunity to grow.

Are there any risks in managing parking assets?

Parking has been an interesting journey, certainly in the time that we held both of those assets. When thinking of key risks, it all comes back to underlying demand generators, and what the future-state might be. Are you going to still have universities with on-site students in the future? Will driverless cars be a factor 20 years down the track? Could there be another disruption, either technological or societal, that could change the way we utilize parking assets?

What we liked about CampusParc and MasParc was that they both served a combination of healthcare and university assets – so two distinct demand drivers that gave us a bit of diversity and are defensive in nature.

How important is the management team in operating parking assets?

Management is always top priority for us. It's not just counting the cars that enter the structure; it involves instituting efficiencies, as well as working closely with all the stakeholders. At a university, there are multiple stakeholders, so we focus on building strong relationships with each. We made sure we had local board members that had the right relationships with the right people. If a problem arises, there is a basis of trust in working things out.

For example, when COVID shut down the university, we worked with the university and city officials to manage the parking operations to ensure that they could stay open to essential workers and also to strategize how to increase usage during this time. The stakeholders trusted us and took comfort in knowing this particular economic phase was not going to last forever, and we could ride it out. As a very long-term asset, parking garages are uniquely positioned to withstand disruptions – even year-long disruptions.

How can parking assets provide resilience to an infrastructure portfolio?

When you talk to different people, they often say a parking concession is like a mini toll road, but the demand drivers are really quite different. A toll road depends on what's driving the demand on that corridor. Those drivers can often change and are quite diverse. In the case of a parking concession, the drivers are the substantial, long-term entities that require parking in the first place.

If you go back to COVID, the university was shut down, but the hospital was still needed – maybe needed more than ever. On the other hand, when we had the financial crisis in 2008–2009, or you have any slowdown in the economy, often it's the universities that pick up in those periods. What we see and have experienced, is that parking provides very stable returns over the longer term and responds to countercyclical drivers, which enhances its resilience.

In an age of infrastructure megafunds, the middle market seems attractive. Why?

The sale of both CampusParc and MasParc were executed through highly competitive processes, which reinforce that the mid-market is quite attractive to investors. Smaller assets are often more nimble when faced with roadblocks. Plus, the returns can be better because it is easier to add value and increase return by 10 percent when you start at \$50 million than \$5 billion.

We have found our skill set at QIC is quite attuned to this slice of the market, and we expect to continue to invest and succeed in it for the benefit of our partners and investors for quite some time.



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CORPORATE OVERVIEW

QIC Infrastructure is a long-term infrastructure investor with an established international platform, an active-management approach and a proven 18-year track record. With an international team of 87 professionals across five offices, QIC Infrastructure manages A\$38.4 billion (\$23.8 billion) across 21 international direct investments. QIC is a market leader in the Australian energy transition, managing A\$7.6 billion (\$4.7 billion) in Australian and New Zealand energy assets since 2007 across the energy value chain (as of Dec. 31, 2024).

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