

E-Scooters and the Micromobility Trend



Transportation in the U.S. has never witnessed a change as rapid as the onset of what is now known as micromobility. It's a trend that began with bike-share programs, accelerated with dockless bike services and has now exploded with the proliferation of electric scooters.

This budding transportation revolution has produced a number of benefits but also a fair share of challenges, leaving the commercial real estate industry to consider whether this is a welcome change for the better or a potential problem to avoid.

Background

According to the National Association of City Transportation Officials (NACTO), the annual number of trips attributed to shared micromobility more than doubled in 2018. If this fact alone doesn't impress, the raw numbers are enormous: 84 million of these trips were taken in 2018. This paper focuses primarily on the electric scooter (e-scooter) phenomenon, but it is applicable to docked and dockless bike-share programs and all other fleets for shared-use transportation.

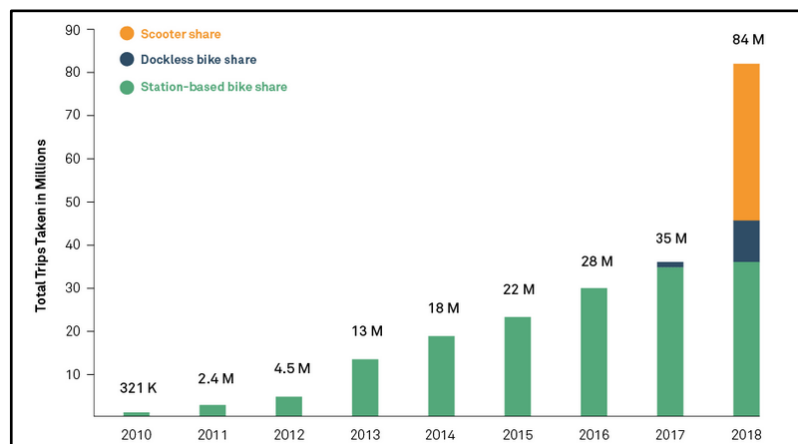
Scooter sharing programs emerged relatively out-of-nowhere in 2017, following the lead of popular trends such as bike sharing and car sharing. The movement was based in part on an effort by the company Scoot, which several years earlier created a shareable, electric, Vespa-like transportation alternative in San Francisco. A few companies rapidly gained traction, led by Bird and Lime, which have become household names in many parts of the

country and achieved valuations exceeding \$1 billion. The e-scooters became popular for investors as city dwellers were immediately drawn to them. The new versions of e-scooters offer an affordable, accessible and enjoyable alternative for getting around the city. The companies quickly mobilized, and according to NACTO, there are now an estimated 85,000 e-scooters on American streets, having spread to approximately 100 cities.

The e-scooter services are extremely easy to use thanks to technological advances. Using an app, riders locate any available scooter in their city based on a GPS map. They enter payment information, scan a QR code located on the scooter and head off to ride. When the destination has been reached, riders are to leave the e-scooter in any appropriate location. Lastly, the ride is ended by tapping a button in the app, which also causes the e-scooter to lock itself.



84 million
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National Association of City Transportation Officials

During the rapid growth of the scooter companies, there have been growing pains for many communities. Throughout history, disruptive transportation technologies often generate some level of concern or even fear, but in this case, it often has been exacerbated by the scooter companies themselves. Employing an “ask for forgiveness later” strategy, they blanketed some cities with scooters—literally leaving them on street corners in the dark of night—prior to holding any discussions with local governments or other

stakeholders. For example, weeks after several companies descended upon San Francisco, the city attorney decided it was necessary to issue cease-and-desist letters for operating “an unpermitted motorized scooter rental program ... creating a public nuisance on the city’s streets and sidewalks and endangering public health and safety.” Too many scooters were released with too little regard for how an unregulated product met by an uninformed public could result in extreme confusion.

The Pros

CONVENIENT

The ease of these devices is unmatched by any other form of transportation within cities, with no parking restrictions, no requirement for strenuous physical activity and the ability to travel up to 15 miles per hour. As a means to get people where they’re going for short trips—including where they work, shop and play—e-scooters are an extremely appealing option.

AFFORDABLE

The common business model is to charge \$1 at the start of a ride and add approximately fifteen cents for every minute of use. The low price adds to the attraction—as an example, a two-mile ride takes about 10 minutes and likely costs less than \$3.

ENVIRONMENTAL

E-scooters also act as a relatively guilt-free alternative to carbon-emitting vehicles. In addition to replacing short trips by car, they can augment public transit, filling the “last mile” gap that presents challenges to daily commutes and other travel.

EQUITABLE

Commuting distance has been identified as the single strongest factor in the odds of escaping poverty. The cost and convenience of e-scooters allows for the expansion of inexpensive transportation to low-income neighborhoods. Additionally, local jobs are created due to the demand for individuals to charge, reposition and maintain the scooter fleet.

FUN

While it’s difficult to place a value on the scooters’ “fun factor,” a transportation solution that adds convenience, saves money and was originally designed for fun is clearly adding up to be a winning combination. Furthermore, the e-scooters have proven to be relatively popular community-wide; according to one recent survey judging public perception, 70% of respondents on average had a positive view of their city’s e-scooters, and all 10 markets surveyed had a majority positive response.

The Cons

CONFUSION

The hurried growth has caused rapid changes to public spaces and often without the guiderails of carefully-considered public policy. Rider habits have forced difficult conversations about who is entitled to use sidewalks, streets and curbs. Due to the lack of parking requirements, scooters can be left practically anywhere, whether it be on a sidewalk, in a parking lot or even in the street. In some cities, scooter opponents have added to the chaos by throwing scooters into dumpsters, clipping the brake cables or destroying them in other ways.

SAFETY

Injuries have been prevalent and, tragically, at times fatal. According to Consumer Reports, there have been more than 1,500 scooter-related accidents in the U.S. since 2017, and eight fatalities have occurred from Washington, D.C., to Texas to California. The safety-related concerns are numerous and significant:

- Some riders don't know how to properly operate the scooters—these machines don't come with a manual and the learning curve on how to properly operate them can be worrisome;
- Many riders don't know the relevant traffic laws, which can lead to extremely unsafe situations for both riders and others;
- There have been plenty of sightings of dangerous behavior by some users such as two people riding tandem on a single e-scooter;
- When riders leave scooters in inappropriate locations, such as in the middle of sidewalks, it creates hazards for pedestrians and particularly for individuals with vision or mobility challenges;
- The scooters are known to pose occasional problems even when operated properly—electric motors can accelerate surprisingly quickly; small tires can get trapped by uneven surfaces; and there have been consistent reports of broken brakes, sticky accelerators, sudden motor failure, locking wheels and even battery fires;
- The scooters wear out quickly—Lime and Bird have both publicly stated that their scooters require replacement every one or two months due to the wear and tear;
- Maintenance issues may not be reported promptly—the reporting system relies primarily on the consumer to identify problems; and
- Even when breakdowns are properly tracked, the independent maintenance contractors sometimes have little to no prior training or experience.

LIABILITY

When it comes to liability, shareable e-scooters are uncharted territory. The body of precedent is small, and the responsibilities of the various parties are not at all clear. The user agreement, beyond the expected release waiver, includes a waiver of class action rights that asks users to give up their rights to take cases to court and instead agree to arbitration proceedings. Ultimately, it is the responsibility of the rider to wear a helmet and operate the scooter safely, and it is the responsibility of the contractors to report any damages to the scooters and properly fix them. None of these measures address what liability a private property owner faces when scooters are used and/or left on their property.

Action Steps

❖ **Support sensible state and local regulations**

Whether you love or hate them, e-scooters are generally unregulated contraptions that have no designated operating and parking areas, no safety requirements and no turn signals. State or local legislation is necessary to ensure that all people are safe while these machines are in use. State and local governments are scrambling to catch up to this early, “wild west” phase of the industry. Progress is taking place, and according to economic journalist Knight Kiplinger, the “unregulated electric scooter honeymoon is nearing an end” as more than 30 states and the District of Columbia introduced e-scooter bills in 2019.

The policy options are numerous, beginning with the most-basic requirements: Some cities require a permit and proof of insurance from the scooter rental companies before they are legally allowed to operate. Beyond that, a potpourri of regulations has been introduced across the country and deserve careful consideration, among these are public road bans, speed limits, helmet requirements and mandatory taillights. Additional ideas range from implementing requirements on mechanics to requiring identifying numbers on the scooters. Regardless of the details, these are discussions that absolutely need to be held on a community-by-community basis.

❖ **Determine whether your property needs to have an e-scooter policy**

Consider the following: Do you want to encourage e-scooters as a means to get people to your building or do you want to discourage them as a potential liability? How do your tenants feel about e-scooters? Do you want to identify an area for parking? What messaging do you want to share with tenants and occupants? With all the above factors in mind, assemble stakeholders to explore if it makes sense to implement a policy at an individual property.

❖ **Solicit feedback from the broader commercial real estate industry**

The scooter phenomenon will adapt and evolve as quickly as it came into existence, and the commercial real estate industry needs to be an active participant on this issue. Use your BOMA local association or state coalition as a forum to find out what others are experiencing—the good and the bad. Potential options include a survey of fellow BOMA members and/or a meeting dedicated to the topic.

❖ **Engage with the scooter companies**

While the strategy of carpeting cities with scooters and later asking for forgiveness created ill-will in some cities, the scooter companies now have an interest in building relationships and finding solutions that can lead to long-term success. For instance, many are actively attempting to address safety concerns by implementing increased safety features, such as decreasing the maximum speed the machines can accelerate to, upgrading to larger wheels, or adding rear brakes. In some locations these efforts have gone as far as donating money to create protected bike (and e-scooter) lanes and donating thousands of free bike helmets.

It's now in the scooter companies' best interest to interact with the commercial estate real industry, which has a crucial role in making it easier or harder to use these devices. Under the right circumstances, e-scooters could become a welcome addition to your property and your community. Have your BOMA local association start a dialogue as a means to share ideas and avoid problems down the road.