The past is not necessarily a guide to the future: a look in depth at demand figures & trends

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Rail Demand Trends
Recent Trends

• “In a world characterised by uncertainty, it is almost certain that traffic forecasts will be wrong” (Robert Bain, 2009)
Recent Trends

- Passenger rail demand in Britain has grown strongly over the last 20 years, for three groups of factors.
Why has demand grown so much?

- Exogenous factors
  - Economic growth
  - Population growth
  - Renaissance of city centres
  - Change in employment type (more professional, office-based jobs)
  - House prices (more longer-distance commuting)
  - Road congestion and costs of driving
  - Less interest in cars/driving
Why has demand grown so much?

- **Endogenous factors**
  - More rail services e.g. London Overground
  - Some new stations
  - Rail “offer” better targeted at different customer segments
    - e.g. Midland Main Line hourly to Sheffield & Nottingham now half-hourly, with faster & slower services
  - Better rail services – quality, information (internet)

- Improvements in accessibility

- **Note also changes in methodology**
  - Earlier data poor e.g. some PTE area tickets not included properly
The Recent Panic

Modern Railways:

During 2017, demand growth appears to have tailed off

This caused alarm bells to ring

– Are current investments in capacity enhancement still worthwhile?

Demand for rail travel springs into reverse

Commuting falls in London and the South East drive national total down again, with 12 million fewer journeys overall in the three months to June 30

### PASSENGER JOURNEYS BY OPERATOR

<table>
<thead>
<tr>
<th>Operator</th>
<th>Journeys Q1 2017 (million)</th>
<th>% change on Q1 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arriva Trains Wales</td>
<td>8.0</td>
<td>1.3</td>
</tr>
<tr>
<td>c2c</td>
<td>11.6</td>
<td>2.7</td>
</tr>
<tr>
<td>Caledonian Sleeper</td>
<td>0.1</td>
<td></td>
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<tr>
<td>Chiltern Railways</td>
<td>6.8</td>
<td>-4.8</td>
</tr>
<tr>
<td>CrossCountry</td>
<td>9.7</td>
<td>3.2</td>
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<tr>
<td>East Midlands Trains</td>
<td>6.6</td>
<td>0</td>
</tr>
<tr>
<td>GTR Thameslink Railway</td>
<td>77.9</td>
<td>-5.3</td>
</tr>
<tr>
<td>Great Western Railway</td>
<td>25.3</td>
<td>-0.8</td>
</tr>
<tr>
<td>Greater Anglia</td>
<td>19.9</td>
<td>-2.0</td>
</tr>
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The Official Picture

Passenger Rail Usage
2017-18 Q2 Statistical Release
Publication date: 14 December 2017
Next publication date: 08 March 2018

Rail passenger journeys in Great Britain fell by 0.4% in 2017-18 Q2 with passenger journeys totalling 424m.

Passenger journeys by ticket type, percentage change (2017-18 Q2 to 2016-17 Q2)

The number of journeys made using season tickets fell to its lowest since 2010-11 Q2, with 15m fewer journeys made compared to this time last year.

In contrast, journeys made on non-season tickets continued to grow with journeys made on anytime/peak tickets reaching a record high in 2017-18 Q2.

Contents
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- Passenger kilometres – p4
- Passenger revenue – p7
- Passenger train kilometres – p10
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What is Actually Going on?

- Economic growth not significantly slower
  - Business uncertainty about Brexit
  - But to what extent is it affecting travel? – employment is at a high

- Petrol prices lower
What is Actually Going on?

• Someone moved Easter!
  – 2 weeks with only half the number of passengers
    = 2% apparent loss

• Terrorist incidents

• Strikes (you may have noticed!)
  – Southern staff on strike for >30 days
  – Loss of half the passengers on 20% of the network for 10% of the year = -1%

• Engineering works (ditto!) -1%

• Ends of franchises
What is Actually Going on?

- Where there have been rail service improvements (e.g. Chiltern to Oxford), strong growth is still apparent
- Property developments around stations are continuing
What is Actually Going on?

• Need to understand on what basis the data is derived
• Ticket sales
  – Journeys without tickets don’t get included
  – There have been some statistically-significant changes in the proportion of revenue at risk in some TOCs recently
• Methodological changes
  – e.g. PAYG records actual number of journeys made, whereas journeys were estimated with paper season tickets
What next?

• Brexit ?!

• Autonomous cars may reduce rail’s competitive advantage about the use of time whilst travelling but

• A number of major projects have been/are about to be completed
  – Thameslink
  – Crossrail
  – Ordsall chord, Manchester

• This reduces the effects of engineering work and provides new journey opportunities
  – e.g. Cambridge – Gatwick & Brighton; Bradford – Manchester Airport
What next?

- Other new service improvements associated with franchise change
  - e.g. Northern Connect, TransPennine
- A wide range of new trains are being introduced
  - Over 5000 vehicles on order
  - Amenity benefit (end of the Pacers)
  - Capacity/crowding impact
Conclusions

• Rail demand has indeed grown strongly over the last 20 years
  – for a variety of reasons, many of which are still valid
• Demand can’t keep on growing indefinitely but…
• “reports of its demise are ill-founded” as…
• key new projects and trains are being brought into service
  ➢ Location-specific forecasts will be important to those developing schemes at particular stations