

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

Presentation to Rail Stations & Property conference,
21st Feb 2018

Dr Nigel G Harris

© RCL, 2018



Rail Demand Trends

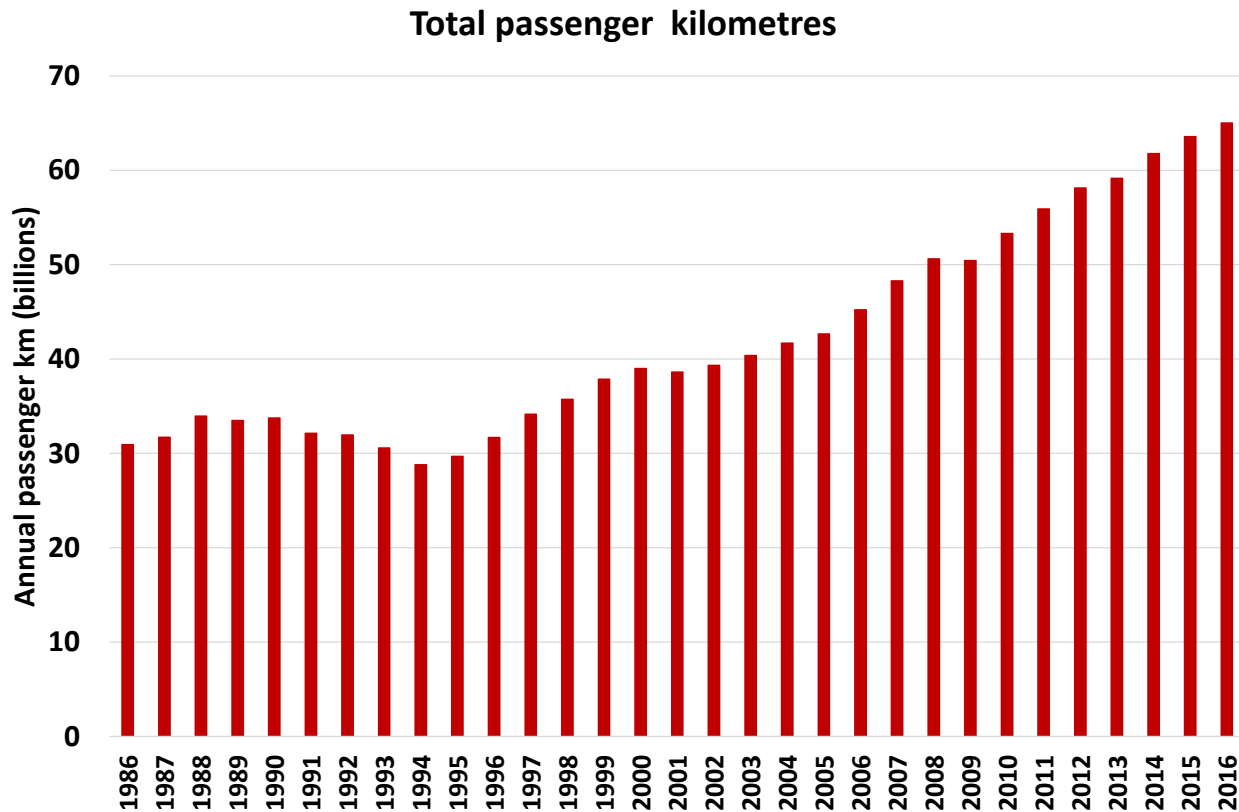
Recent Trends

- “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)

Next trains 23:20:29

Station	Time	Direction	Time
1 Highbury & Islington	4 mins	1 Clapham Junction	2 mins
2 Dalston Junction	5 mins	2 Crystal Palace	5 mins
3 Dalston Junction	8 mins	3 New Cross	10 mins

- Improvements in accessibility
- Note also changes in methodology
 - Earlier data poor e.g. some PTE area tickets not included properly



The Recent Panic

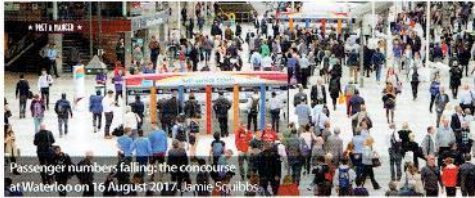
Modern Railways:

Passenger Transport:

News Front

INSIDE TRACK MARKET MONITOR

PASSENGER JOURNEYS TUMBLE



THE NUMBER of rail passenger journeys in Great Britain fell by 2.7% to 416 million in the first quarter of 2017-18, the lowest amount for two years.

change in behaviour with people moving towards a more flexible ticket. The regulator says this is further evidenced by a 4.5% increase in revenue per journey as passengers

PASSENGER JOURNEYS BY OPERATOR

Operator	Journeys Q1 2017 (million)	% change on Q1 2016
Arriva Trains Wales	8.0	1.3
c2c	11.6	2.7
Caledonian Sleeper	0.1	
Chiltern Railways	6.8	4.8
CrossCountry	9.7	3.2
East Midlands Trains	6.6	0
Govia Thameslink Railway	77.9	-5.3
Great Western Railway	25.9	-0.8
Greater Anglia	19.9	-2.0

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

- During 2017, demand growth appears to have tailed off
- This caused alarm bells to ring
 - Are current investments in capacity enhancement still worthwhile?



The Railway Consultancy Ltd
Specialists in Planning Economics and Management

The Official Picture



Passenger Rail Usage 2017-18 Q2 Statistical Release

Publication date: 14 December 2017
Next Publication date: 08 March 2018

Background

This release contains statistics on passenger rail usage in Great Britain with the latest quarterly data referring to July, August and September (2017-18 Q2).

Passenger journeys, kilometres and revenue are sourced from the rail industry's ticketing and revenue database (LENNON) and train operating companies (TOCs). These measures are published by TOC, sector and ticket type.

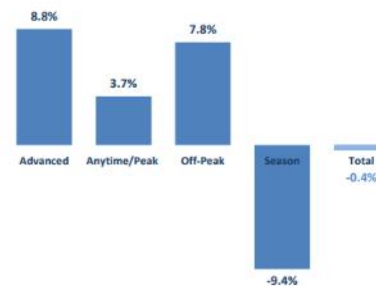
Passenger train kilometres are sourced from Network Rail's Track Access Billing System (TABS) and published for each TOC. This has replaced timetabled train kilometres in this statistical release.

Contents

Passenger journeys – p2
Passenger kilometres – p4
Passenger revenue – p7
Passenger train kilometres – p10
Annexes – p11

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.

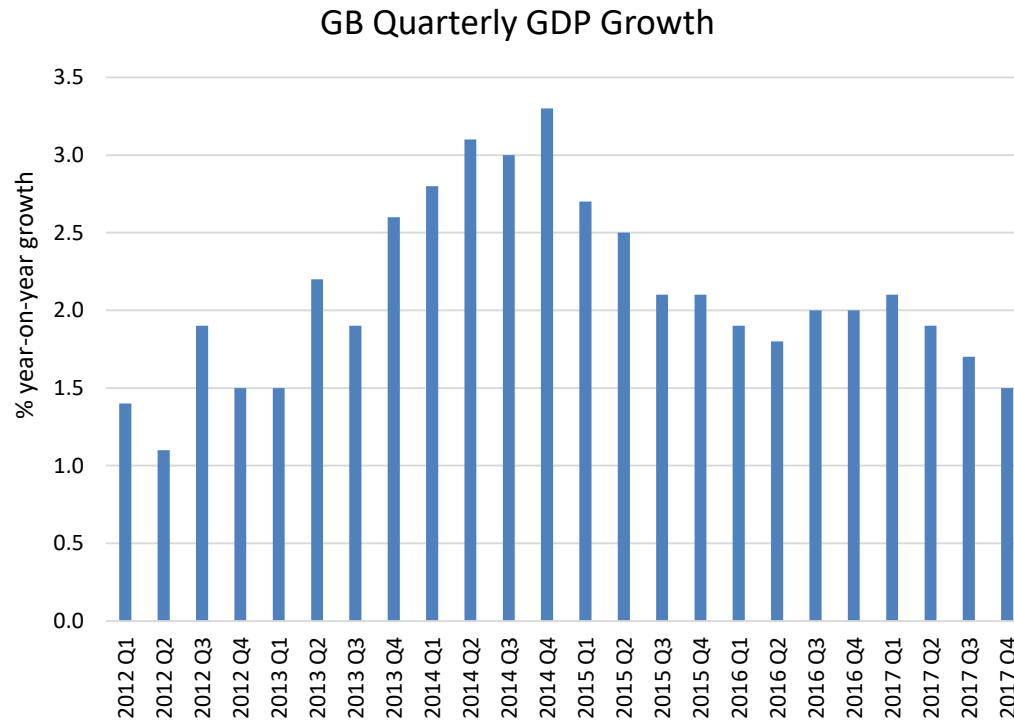
In contrast, journeys made on non-season tickets continued to grow with journeys made on anytime/peak tickets reaching a record 101m in 2017-18 Q2.



The Railway Consultancy Ltd
Specialists in Planning Economics and Management

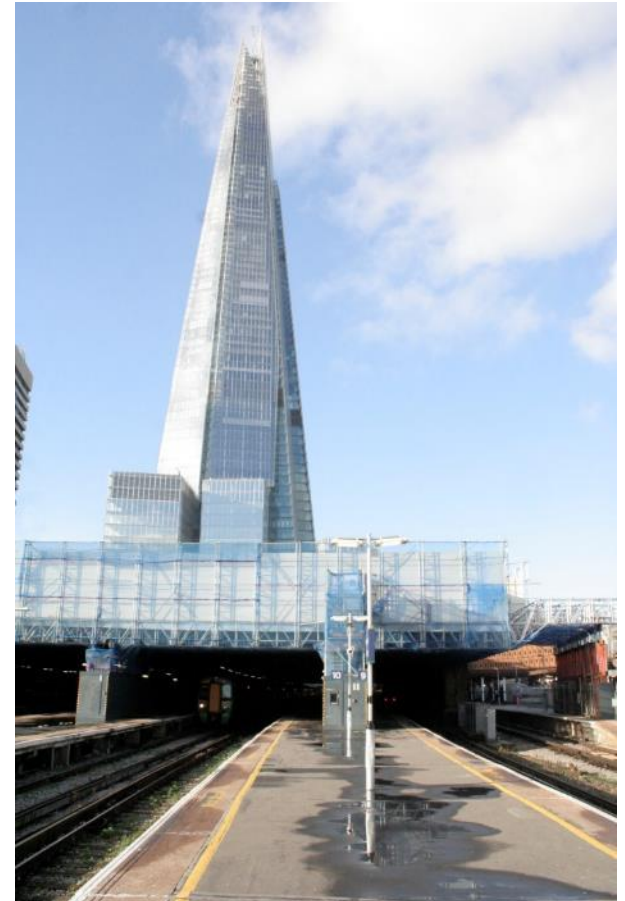
What is Actually Going on?

- 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