STATISTICS BRIEF

GLOBAL ECONOMIC OUTLOOK 2024

TAKING THE PULSE OF THE PUBLIC TRANSPORT SECTOR

OCTOBER | 2024

INTRODUCTION

The UITP Global Economic Outlook seeks to provide an overview of the urban mobility sector, based on feedback collected from the 2024 budgets of both public transport operators' and regulatory entities[1]. The objective is to paint a picture, using broad brushstrokes, of what the public transport sector expects for the year 2024, taking into account the economic realities and local contexts faced by our sector.

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This Statistics Brief provides a positive outlook of a sector eager to provide accessibility and connectivity to both its users and citizens, as well as ensuring that the means are available to address the mobility needs. The data collected from this survey by the UITP members highlights several tendencies that have been summarised into five main trends. Specifically, trends in mobility demand, fare policy and social fare development, revenues and costs, budgets and subsidies, and finally in investments in infrastructure. While the data collected provided an extremely diverse range of responses, profiles and geographical coverage, the survey should be viewed as indicative rather than representative.

Last, it is important to stress that the impact of the pandemic has not been considered as baseline for this survey. Rather, the comparison reflects (with the exception of one question) the changes observed since 2023. While the impact of the pandemic is still being felt, with ridership not yet fully recovered in most cities, the trends shaping the sector in 2019 and 2024 are no longer viewed as comparable.

1 The terms 'transport authorities', 'municipalities' and 'competent authorities' have been regrouped into a single category and their names will therefore be used interchangeably to refer to the same entities.

KEY TRENDS FROM THE SECTOR FOR 2024

- In general, operators and authorities had a positive outlook for the development of ridership, based on growing demand from 2023. Service levels were also set to increase slightly.
- Some of the key factors identified as drivers in ridership evolution were service quality provision and lifestyle changes. Economic factors, such as purchasing power and fare structure changes, were also vital.
- Public transport budgets, particularly those from transport authorities, were reported as evolving positively and better matching the growing demand.
- On average, fare revenue was expected to increase from 2023 to 2024. The same trend was reported for non-fare revenue. Funding was expected to grow, most notably for digital-based services.
- Political priorities have set fares focusing on their affordability for specific groups, rather than on any overall reduction of fare levels.
- In spite of higher capital costs being reported, investments for new or ongoing projects were mostly in line with plans.

SAMPLE AND METHODOLOGY

The survey was circulated widely within the UITP membership and attracted 111 responses from UITP member companies from over 47 countries worldwide. These included 66 operators and 45 transport authorities or regulatory entities. The assessment of the responses was carried in three approaches; aggregate[2], authorities and operators.

The wide geographical range of responses showed a strong participation from the European region, particularly from Spain, Germany and Italy. Outside Europe, the countries that were most strongly represented were Japan, Brazil, Mexico, United States and Canada. The survey accounts with a high concentration of mass transit modes (tram/light rail, bus, metro), most notably in Europe. From a regulatory perspective, the respondents were equally distributed between tendered and in-house, with a lower response from respondents from cities, showcasing a combination of different frameworks.

Given the wide range of competencies and local contexts, only one survey was disseminated and members were able to respond in line with their capacities. A key element was that not all respondents were able to reply to all questions, so the answer rate per question varies. The responses submitted were based on their FY-2024 budgets, which were mainly approved by March/April 2024. Not all members were able to provide the information requested, as in some cases their accounts were still in the process of being approved by the competent entities.

OVERVIEW OF UITP ECONOMIC OUTLOOK 2024

This Economic Outlook originated from a request by the sector during the COVID-19 pandemic, as a means of setting a benchmark of the impact on the sector. This survey is the fourth edition.

Questions from previous editions have evolved and been consolidated. The 2024 version features 30 questions in five categories:

- Demand forecast, ridership and supply
- Forecasted revenues and cost
- Fare policies and social fares
- Budget and subsidies
- Future investment and strategies.

To allow for comparison between differing cities and operators, this survey explores the proportional changes from one financial year to another.

2 Aggregate is defined as including both operators and authorities, city/municipalities.

THE SURVEY DECONSTRUCTED INTO 5 KEY TRENDS

TRENDS IN MOBILITY DEMAND

The Economic Outlook assessed mobility demand, looking at expected ridership for 2024 compared to both 2019 and 2023 levels (Figure 1). Further elements used to compare the changes in appetites for mobility included those factors identified that impact ridership, along with the transport supply, estimated in Vehicle-Kilometres.

In terms of ridership forecasts for 2024, respondents reported that more than half of them (57%) are still below pre-COVID-19 levels, while 11% reported growth of more than 20%. Nevertheless, the vast majority (83%) expected growth in 2024 over 2023. Looking at the distribution within regions, it can be seen that North and Latin America have lower expectations than Europe and Asia-Pacific. An exception observed is Latin America, with 40% of respondents indicating either stable or falling ridership. Given current trends, it appears that the sector may now be overcoming the pandemic shock, considering its new reality of a shrunken market compared to 2019.

These changes in ridership can be explained as the result of multiple factors affecting passengers and citizens, operating companies and cities alike, as seen in Figure 2. They should be seen as a range of changes that may (in some cases) have a cumulative impact. In terms of the primary factors identified by operators for 2024, the most important were public transport service provision (such as frequency, reliability and safety) and new passenger lifestyles affecting mobility patterns, such as working from home. The last, highlighted the cost of transport, either through changes in fares or purchasing power, as a driver for change in ridership levels.

Figure 2 - Main factors expected to impact ridership in 2024

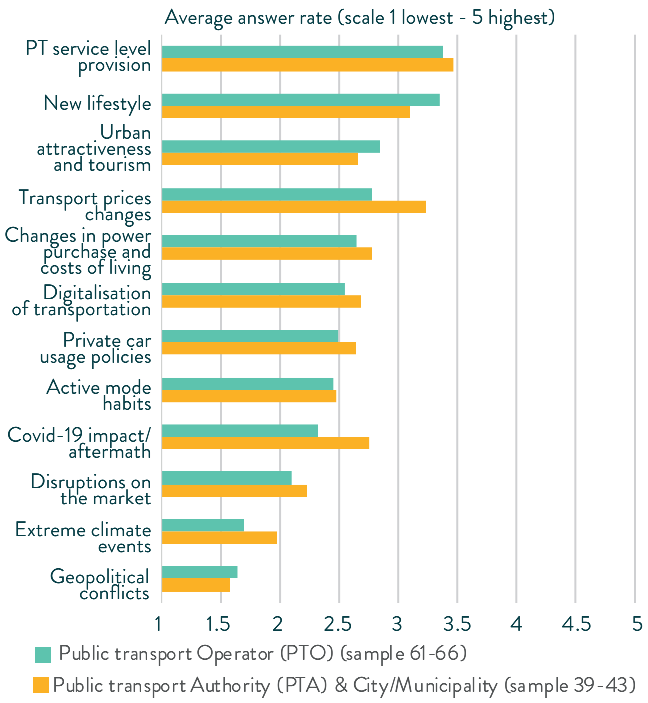
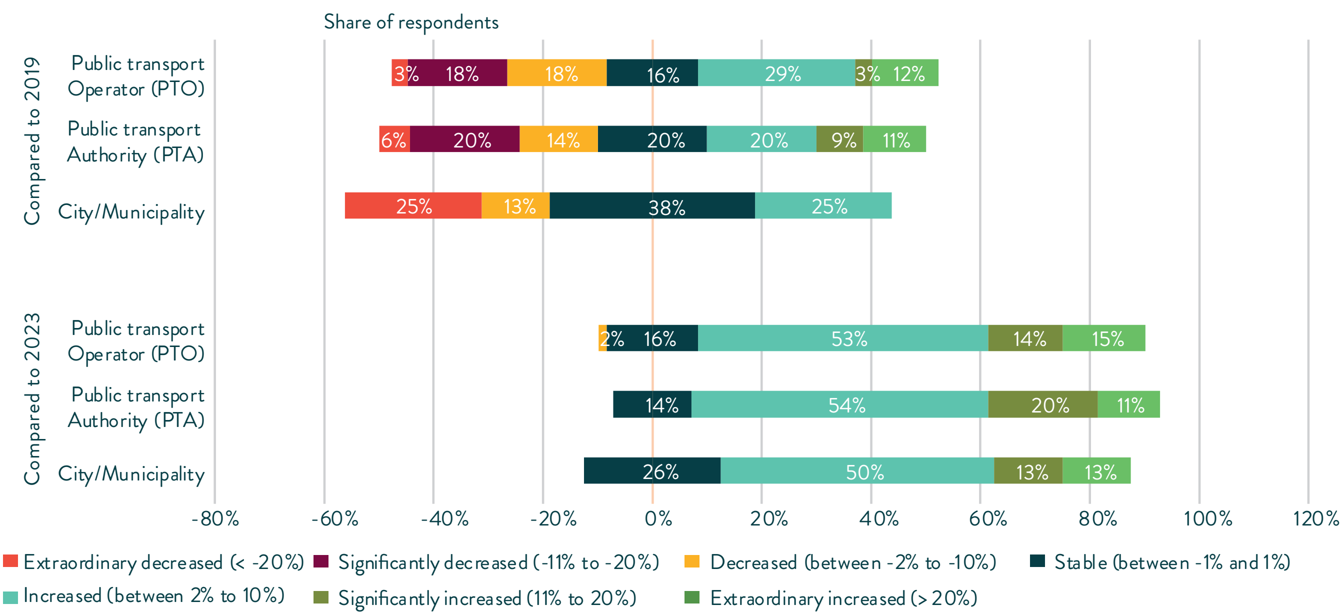
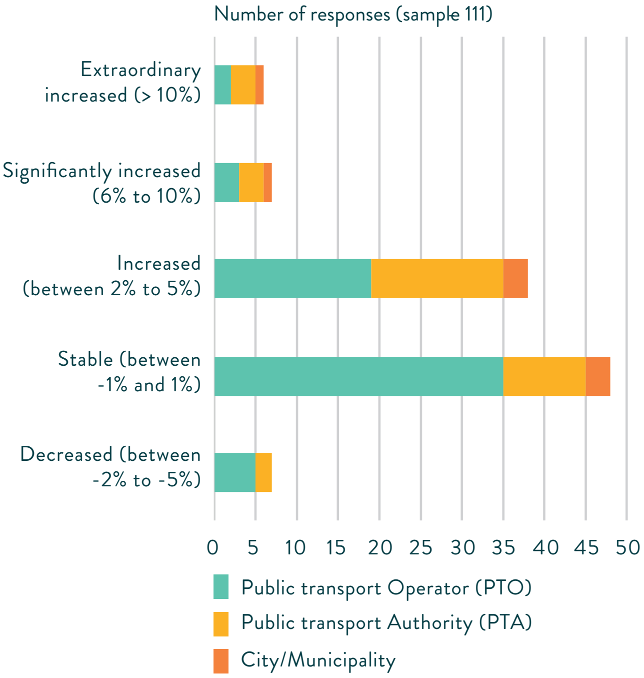


Figure 1 - Demand forecast based on ridership levels expected for 2024 compared to 2019 and 2023 (sample: 66 PTOs, 35 PTAs and 8 Cities/Municipalities)



From the supply side, the evolution of Vehicle-Kilometres compared to 2023 showed a stable or slight increase in supply across the majority of respondents for both authorities and operators (Figure 3). This is despite the economic circumstances or other external factors impacting ridership trends.

Figure 3 - Public transport offer evolution in Veh-Km in 2024

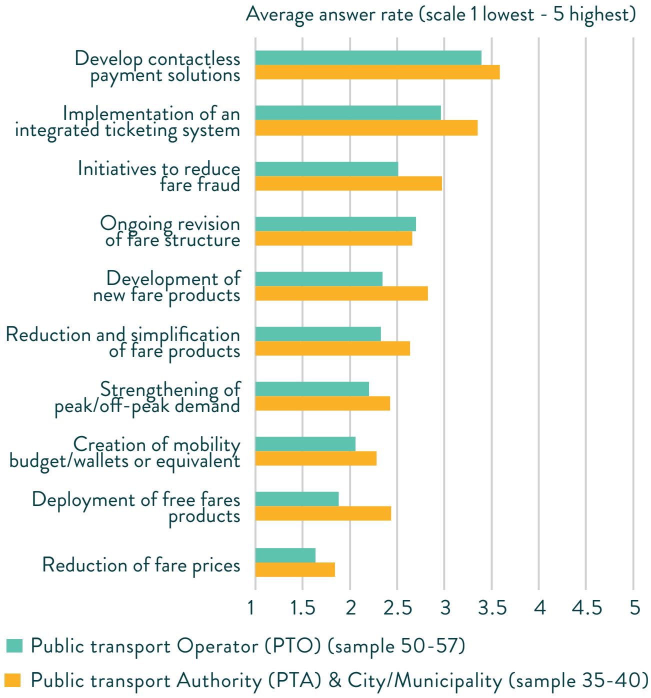


FARE POLICY AND SOCIAL FARES DEVELOPMENT

Fare policy and social fare development were key topics for this survey. The purpose of social fares is usually understood to address social inclusion and equity objectives. These are generally provided by the operator, with compensation from the relevant public authorities at all levels (state, region, district) for fare reductions schemes granted to certain passenger categories or segments (such as children, students, large families, military personnel, jobseekers, pensioners and seniors).

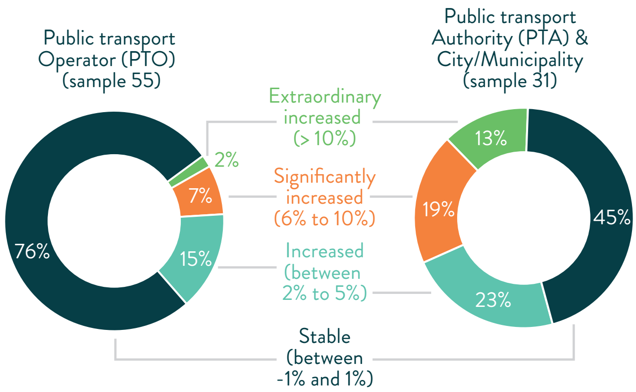
Understanding how much budget households generally spend on transport was a key question in the survey. Most responses on total household income spent on transportation were between 9-14%. However, it was unclear whether the costs were for public transport alone or for total mobility costs. While the limit of mobility expenditure for household was set at *'30% or above'* of disposable income, 10% of respondents did report such levels of costs. A standout finding is the need for the sector's key stakeholders to be aware and understand the local socioeconomic realities faced by both citizens and passengers.

Figure 4 - Plans expected to affect the current fare policy in 2024



Another interesting finding is that fully integrated fare policies have become a clear objective for both operators and authorities. These include both fully realised integration or are working towards such a goal. These may be shown via the integration of fare products and inter-modality within a network, as well as deploying contactless payment solutions and/or integrated ticketing systems (Figure 4).

Figure 5 - Budget evolution for social or concessionary fares in 2024



For 2024, most respondents[3] expected to see stable or increasing budgets for social fares, as seen in Figure 5, although they also viewed fare reductions from the transport authorities' perspective as the lowest priority. This may indicate a preference for a more-targeted and/or

3 In most cases, the transport authorities are the one that have the fare competences or take on the revenues risks set through the fare policies.

differentiated approach to fare levels, focused on making them more affordable for low-income groups. Different fares and ticketing measures are influencing the trends for fare policy changes, with contactless payment and integrated fare systems the most frequently mentioned.

OVERVIEW OF REVENUES AND COSTS

An understanding of the economic health of the sector is drawn from the aggregation both of revenues (fares, non-fares and funding sources) as well as an overview on the costs.

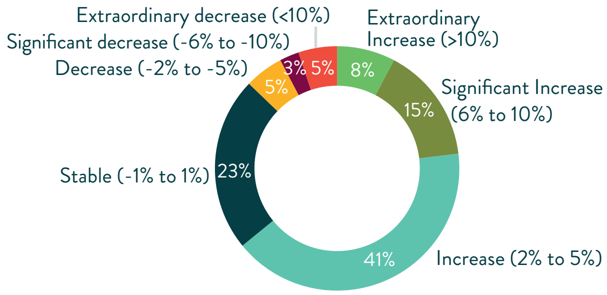
The first consideration is to assess the evolution of the farebox coverage[4] (Figure 6). From the operators' perspective, the most common ranges showed an average of 31-40% or 41-50%. From the transport authorities, the highest levels were reported from European, MENA and Latin American respondents. However, it is worth pointing out that there are different definitions of farebox coverage[5] and different funding structures underpinning it. For example, in certain cities there are levies for employers (based on payroll) as a funding source earmarked for public transport while simultaneously, employees are entitled to rebated passes. This results in large variations in the levels reported. Last, there was a high percentage of respondents who either did not know, or were still assessing, their coverage rate.

Overview of revenues

The fares revenues were reported either as fully aggregated or separated into single ticket, monthly passes or concessionary fares.[6]

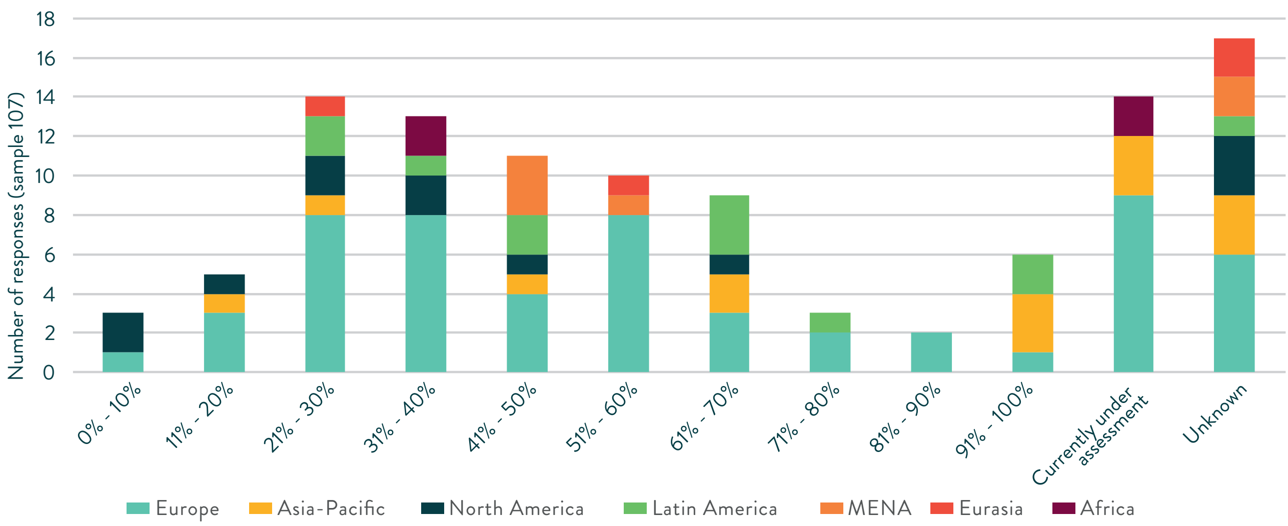
The predominant trend was one of stability in fare revenues in 2024 compared with 2023. From the operators' perspective, those that did report showed moderate increases, particularly from single tickets and overall fare revenues. From the authorities side (Figure 7), the expected levels were mainly stable to increasing (1-5%), with some respondents providing diverse answers that ranged from anticipating significant or extraordinary increases (6-10%) or decreases (-2-5%). Respondents from Latin American region were more pessimistic than average in their outlook, while African respondents were more optimistic.

Figure 7 - Fare revenues evolution in 2024, Public transport Authority (PTA) & City/Municipality (sample 44)



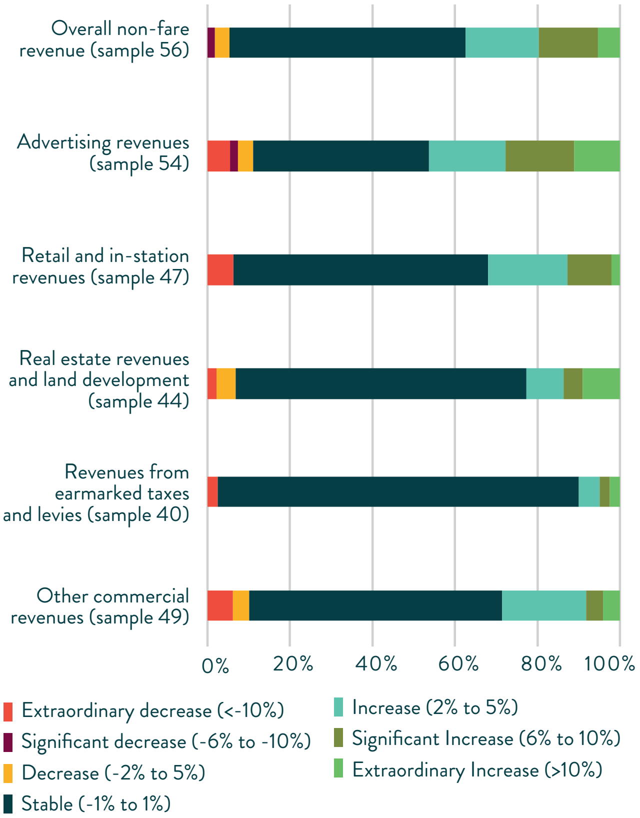
REGION	MEDIAN
Africa	+2% to +10%
Asia-Pacific	+2% to +5%
Eurasia	+2% to +5%
Europe	+2% to +5%
Latin America	-1% to +5%
MENA	+2% to +5%
North America	+2% to +5%

Figure 6 - Overview of expected farebox coverage rate in 2024



4 Also known as coverage rate, which is defined as the output of revenues over cost.
5 UITP (2015) A common metric for public transport coverage rate?, Report.
6 Also known as social fares.

Figure 8 - Non-fare revenues expected evolution for 2024, Public transport Operators (PTO)



Non-fare revenues arise from ancillary or commercial revenues produced within networks. They are closely related to the public transport activities, and include special transport services for companies or events, advertisement revenues or retail. In terms of development over 2023, the highest average levels, show both authorities and operators to report new digital-based services as a key priority for development or strengthening from its revenue streams. From the authorities' perspectives, most respondents foresaw some growth in current activities without any significant new developments. From the operators' side, stability remained a common thread in non-fare revenues; however, advertising and retail/in-station revenues were areas expected to grow significantly (Figure 8).

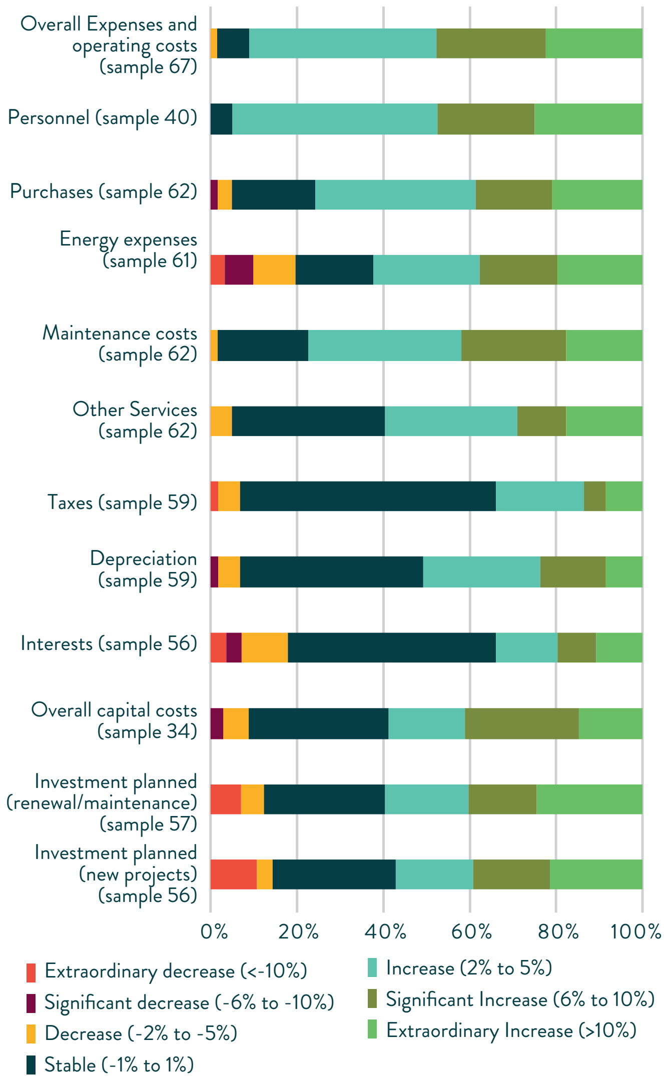
A focus on identifying new market opportunities, increasing fare revenues and developing new funding sources remained a key priority for 2024. These include levies from car use, freight and deliveries or properties, to name a few. Most cities were considering deploying new/additional funding sources; however, they remain a low priority with the exception of developing new, digital-based services for 2024.

Overview of costs

Overall expenses and operating costs costs were expected to grow (2% to 10%) over 2023. Energy, personnel, purchases and other services were expected to contribute most to these increases (Figure 9). Overall, capital costs mainly were expected to increase (2–10%), with investment as the main cost driver. Planned investments (new projects) were also expected to become much more expensive. New projects and maintenance were areas of significant cost increases. Cost evolution were reported to be targeted with stabilisation measures, these increases of cost on average seemed higher outside Europe.

Overall, the main insight collected from the sector was that there was a drive to identify new market opportunities, carried either through increase fare revenues and development of non-fare revenues. In parallel, the sector was also aware that stabilising costs remain a critical priority to ensure a sustainable costs management strategy.

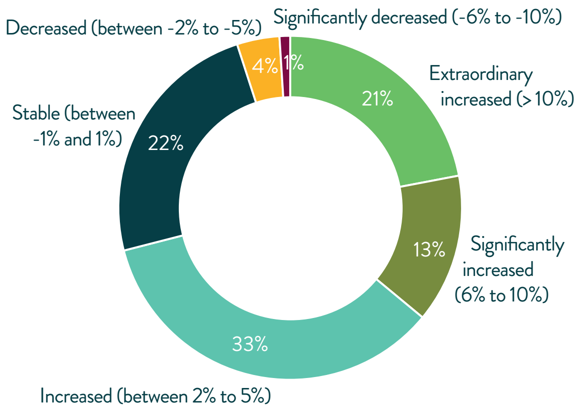
Figure 9 - Costs generated, expected evolution for 2024, Public transport Operators (PTO)



SETTING BUDGETS AND SUBSIDIES

The budget evolution is expected to grow, reflecting the additional need for funding for both operators and transport authorities over 2023 (Figure 10). The majority of respondents highlighted either an increase or stability in this year's FY-2024 budget, with a few reports of notable extraordinary increases. From the perspective of transport authorities, a large majority expected an increase (2–10%), while operators reported likely increases that ranged from 1-5% of their annual budget. Few respondents from either side reported shrinking budgets.

Figure 10 - Budget expected evolution in 2024 (excl. inflation, sample 100)

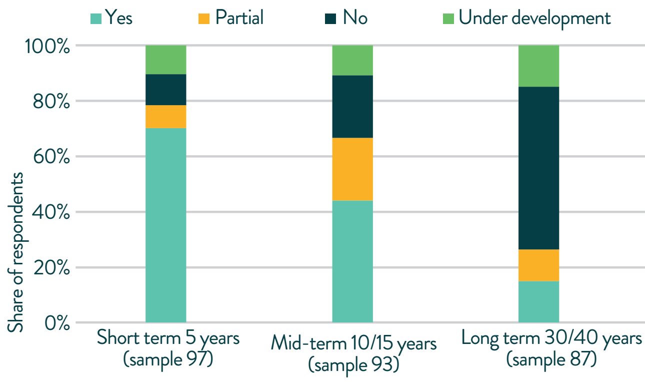


The provision of funding support from competent entities is shown to trickle down from the national state all the way down to transport authorities. All governments do report a degree of contribution to the funding of local public transport. While we observed significant variations in the source and level of contribution, municipalities stood out as key contributors compared to regional or national levels for both authorities and operators.

INFRASTRUCTURE IN SUSTAINABLE URBAN MOBILITY

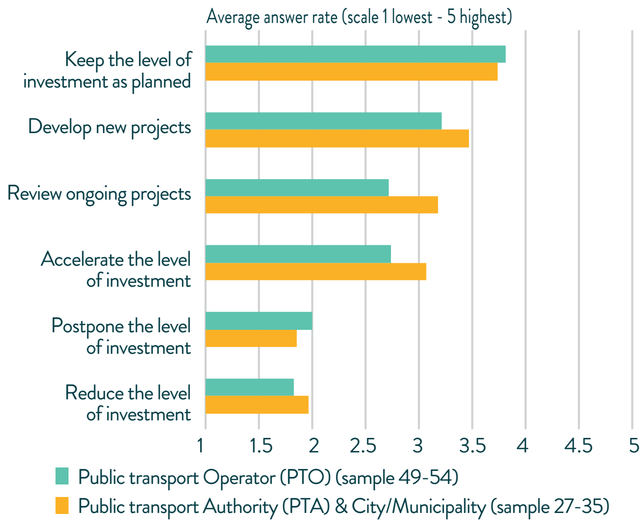
The level of infrastructure investment is key for ensuring the growth of public transport and for making it more attractive. To explore these challenges, the survey enquired on the strategies and planning for capital projects, as well as the approach to likely financing mechanisms. Key findings for capital programmes for mobility infrastructure needs showed a clear emphasis on short-term programmes for both operators and authorities. While authorities reported mid-term programmes and only a minority have long-term, operators showed a decrease in mid-term and long-term plans (Figure 11).

Figure 11 - Capital programme for mobility infrastructure



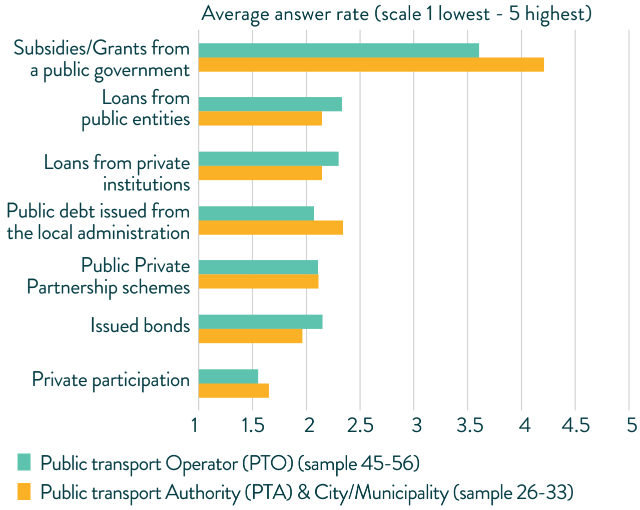
On the topic of investment of infrastructure projects, transport authorities reported positive trends for 2024 over 2023 (Figure 12). Most transport authorities are not prioritising any reduction or postponement of investment for public transport infrastructure projects. The reviews of ongoing projects, as reported by the survey, are mainly assigned as medium importance. At the same time, new and planned projects were assigned medium to high priority by both operators and authorities.

Figure 12 - Expected development of infrastructure projects in 2024



On approaches to financing instruments for infrastructure project, the survey reports a heavy reliance on public financing (subsidies and grants) for 2024 and less on private participation; other than that, there is a diversified financing strategy (Figure 13). From the authorities perspective, grants and subsidies were seen as a key lever for financing infrastructure, while private participation and issuing bonds were a low priority for respondents. Loans from either private or public entities - as well as public debt and Public Private Partnerships (PPP) - were viewed as medium to low priority.

Figure 13 - Mix of financing instruments utilised for the financing of infrastructure projects in 2024



This is an official Statistics Brief of UITP, the International Association of Public Transport. UITP represents the interests of key players in the public transport sector. Its membership includes transport authorities, operators, both private and public, in all modes of collective passenger transport, and the industry. UITP addresses the economic, technical, organisation and management aspects of passenger transport, as well as the development of policy for mobility and public transport worldwide.

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