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DEMAND:
Uber and Lyft Use the Roads Too

The Great Recession was officially from December of 2007 to June of 2009. But signs of an economic slowdown hit Wisconsin earlier, and the recovery was slow.

The number of miles logged each year began to decline in 2006 and bottomed out in 2008. Since that time, vehicle miles traveled (VMT) has grown every year but one as the economy picked up steam.

In 2017, there were 65.3 billion miles driven according to the Wisconsin Department of Transportation, a record-breaking level and a 2% increase over the prior year. WisDOT projects VMT to break 67 billion in 2019.

This overall trend mirrors what is happening on the national level.

While the annual growth rate in VMT has slowed and is expected to be small going forward, the law of big numbers says: a small increase to a very big number is a big number.

Millennials on the Road Again

The Millennials were hit hard by the Great Recession. The decline in driver's licenses and VMT was touted by some as a "game changer," signaling the death of the suburbs and the U.S. personal auto culture.

With the recession in the rearview mirror, some researchers are concluding that much of the decrease in vehicle miles of travel per capita was the result of the recession and not to the idea that Millennials are fundamentally different in their travel behavior.

Researchers at the Georgia Institute of Technology's School of Civil and Environmental Engineering suggest remaining differences may be due to delayed lifecycle milestones and the availability of new transportation alternatives, such as Uber and Lyft.

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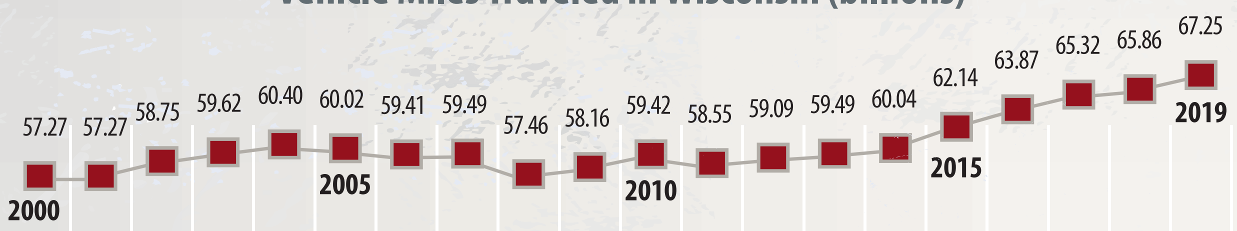
Vehicle Miles Traveled in Wisconsin (billions)



Source: WisDOT Transportation Budget Trends Report 2018-19. VMT for CY 2018- CY 2019 are projected.

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But Millennials appear to be settling into behavior patterns similar to prior generations as they get older and enter the labor force, marry, and have children.

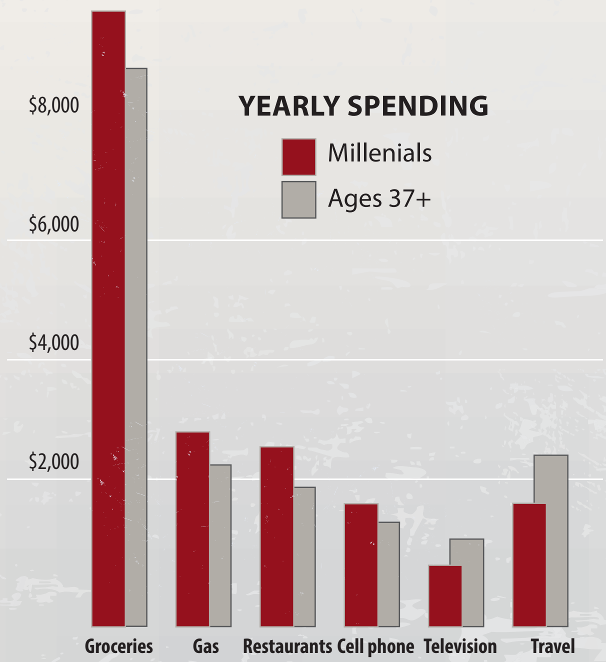
However, it is possible both narratives— 1) it's the economy and 2) Millennials want to be where the action is and are moving to cities—are true.

One analysis of the 2017 National Household Travel Survey found that Americans between the ages of 26 and 33 saw a huge rebound in driving miles from 2009 to 2017 as the economy recovered. However, the same analysis showed higher income Millennials—those in households making over $100,000 a year—are driving significantly less. (Note: the median household income in Wisconsin is around $55,000.)

Affluent urban Millennials driving less doesn't necessarily mean they are not putting miles on the roads.

Millennials Spend More on Gas

2017 Bankrate Survey



According to a national study from the UC Davis Institute of Transportation Studies, the explosion of Lyft and Uber has caused a slight decrease in car ownership, but has also reduced use of public transit, biking, and walking. This likely means an increase in both traffic and the number of miles traveled in a vehicle.