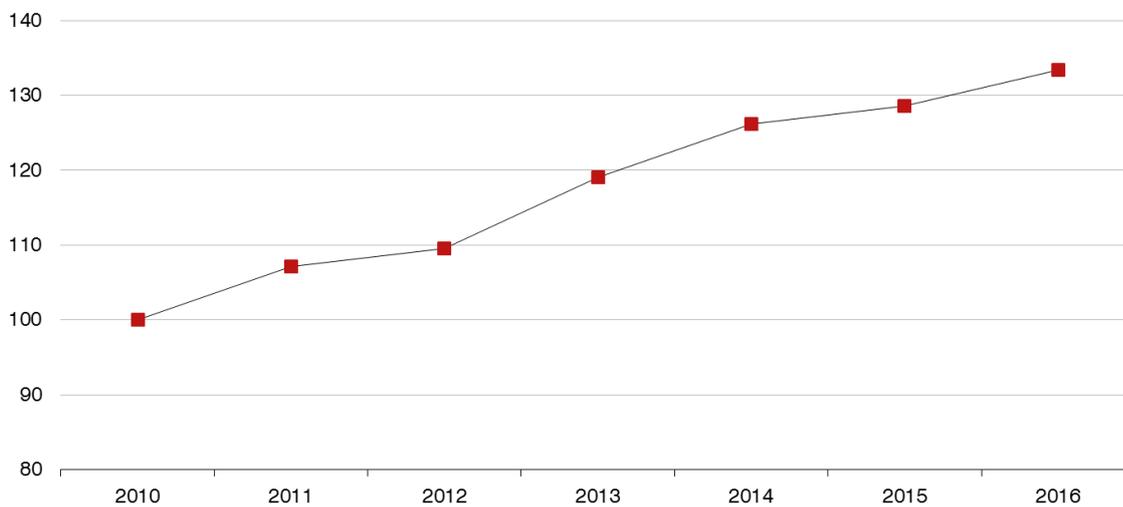


## The market for light rail vehicles: Steady growth of about 4% per year with significant price increases

[3<sup>rd</sup> August 2017] Larger cities require an efficient public transport system in order to retain an attractive character. A light rail transit (LRT) system, which, in most cases, runs above ground, offers less transport capacities than a metro system. However, that is perfectly sufficient in many cases. At the same time, LRT systems cause substantially less investment as well as operational costs. Since the turn of the century, there has been a revival of LRT. In the course of the new market study “Light Rail Vehicles – Global Market Trends”, SCI Verkehr has analyzed this field of the railway industry in detail. One major result of this study: The dynamic growth of 4% in the market for light rail vehicles will continue during the next five years, unlike other segments that show a weaker growth. A core driver for this fact is the increasing number of cities that decide to construct a new LRT system or to extend their existing infrastructure. North America and Asia are the main contributing regions in terms of this growth. In addition to that, there will be several procurements as replacements for older vehicles in Western Europe during the next years. SCI Verkehr is noticing a large increase of prices for new light rail vehicles in the market, as the technological equipment for the improvement of the passenger comfort as well as individual requests of operators are pushing this development.

Price index for 30 m LRV [Western Europe; 2000=100]



Source: SCI Verkehr GmbH

The greatest potential for growth in the light rail market can be seen in countries with a stable economy, where there is not LRT system installed yet. Examples for this are USA and China. In the new study, SCI Verkehr is presenting three possible scenarios regarding the development of the new LRT systems in the future. In the base scenario, SCI Verkehr is expecting that operations will be started on the additional 2,300 track-km by 2026.

The most recent market volume for new vehicles worldwide is about EUR 2.6 billion per year. This is complemented by around EUR 3 billion per year for maintenance and after sales services. In the majority of cases, this business segment is still in the responsibility of the transport companies. However, manufacturers are making great efforts to advance in this field. Bombardier and Alstom are still leading the market for new vehicles, but have lost market shares to medium-sized, local companies during the last years.

The development of the price for light rail vehicles is clearly above the inflation rate and the growth of the price per unit. SCI Verkehr has identified the reasons to be the increasing quality and equipment of the vehicles. Nowadays, high low-floor shares as well as air-conditioning systems are obvious standards. Other features in this context are passenger information and entertainment systems as well as a more increased attention to the needs of passengers with reduced mobility. Individual needs of operators as well as special features in the cities' infrastructures cause high development costs per order, which manufacturers are required to pass on to the operators because of the singularity of their respective system.

In the market study "Light Rail Vehicles – Global Market Trends", SCI Verkehr is analyzing the global market for the procurement as well as the after sales market of light rail vehicles. The analysis of recent fleets in terms of operating mode, age structures and procurement projects are the basis of the results. Urban operators are also factors of the analysis as well as new development and modernization projects for the infrastructure. Furthermore, the study includes forecasts concerning market volumes of new vehicles, after sales transactions and the development of LRT networks. It presents information regarding market shares of the most significant manufacturers and their products.

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