

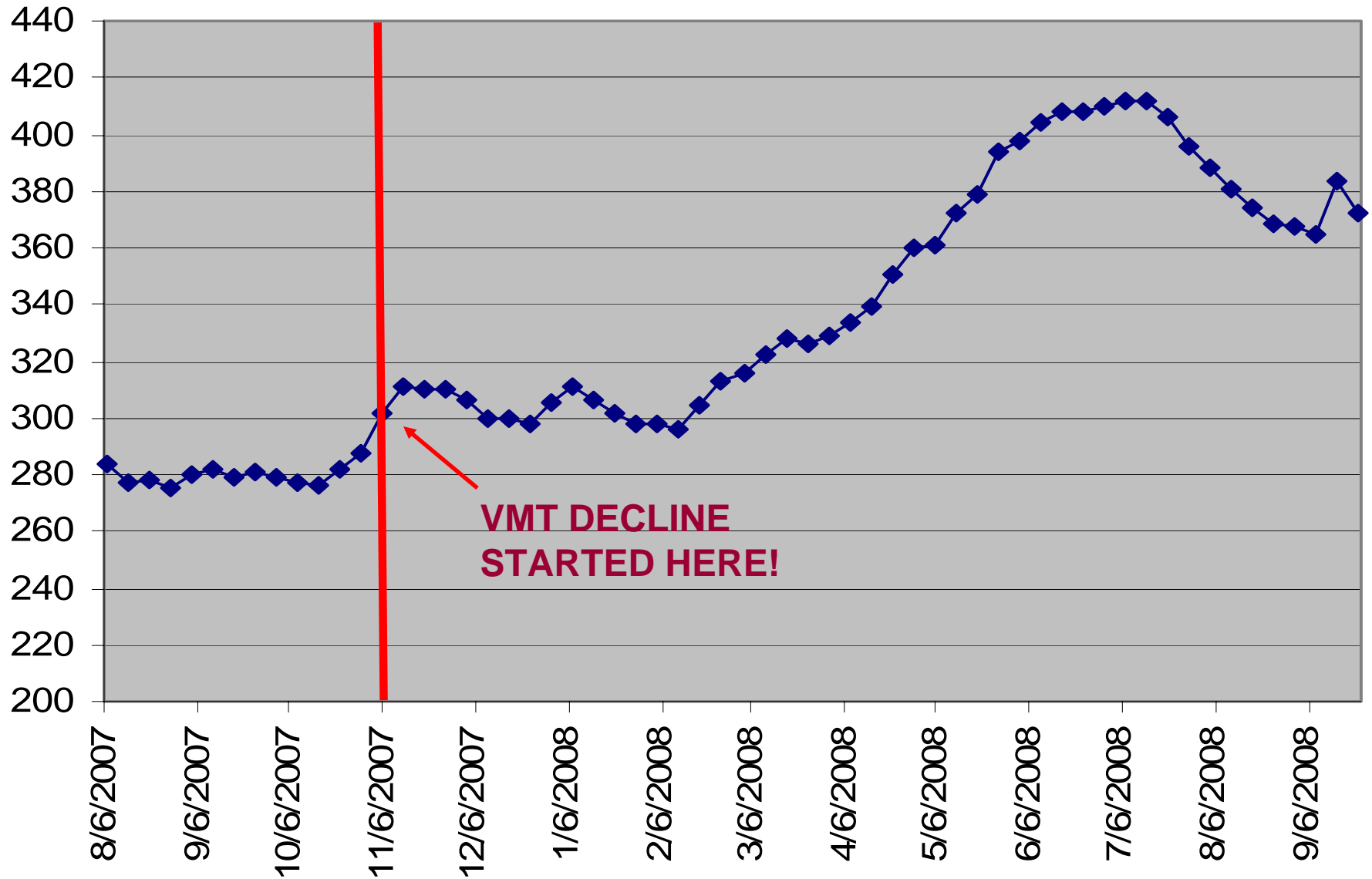
# Impact of Higher Energy Costs on Future Travel Behavior

*\$4 Gas Is Not the Tipping Point*

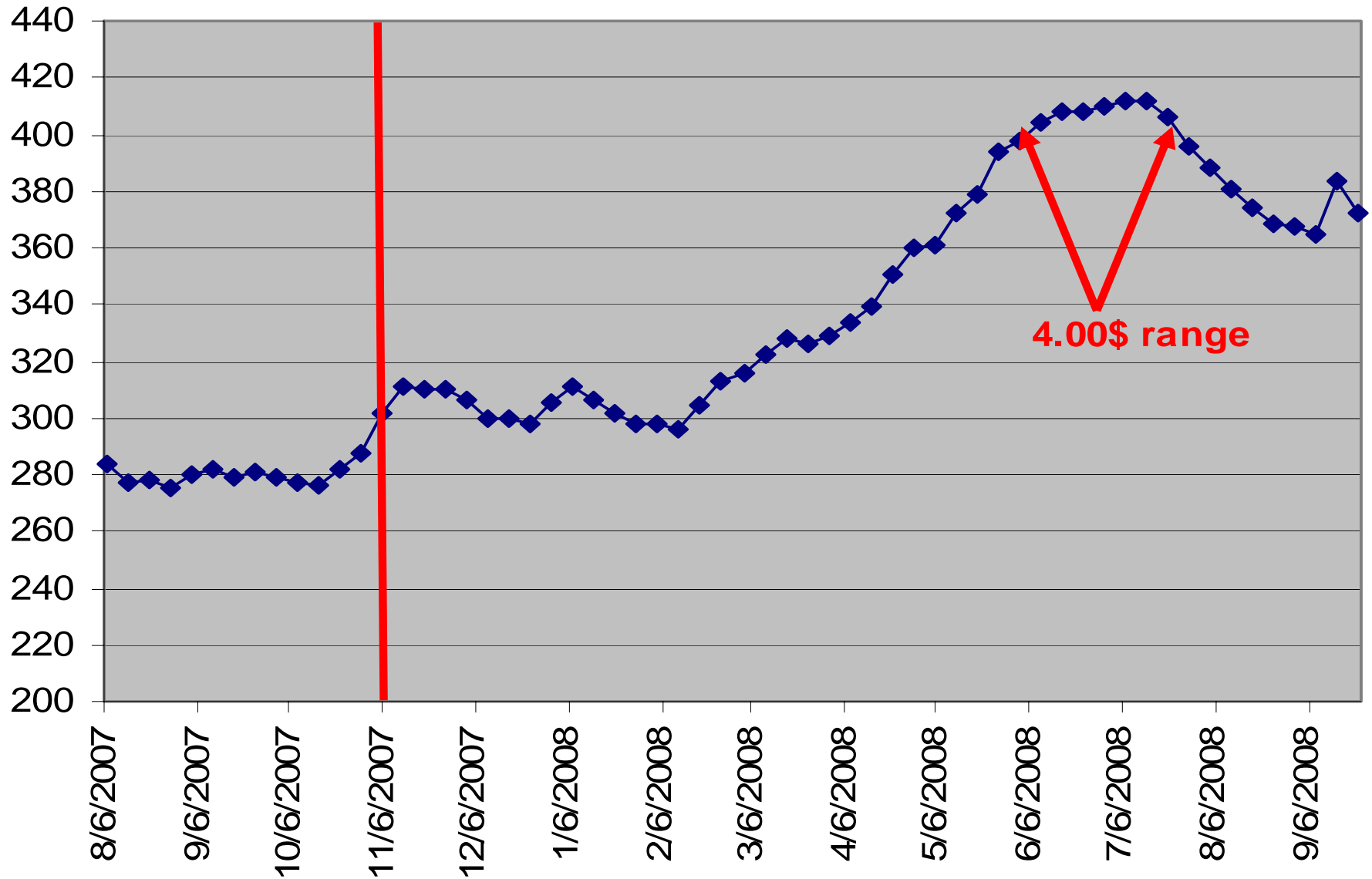
**Alan E. Pisarski**

Transportation Consultant and Author

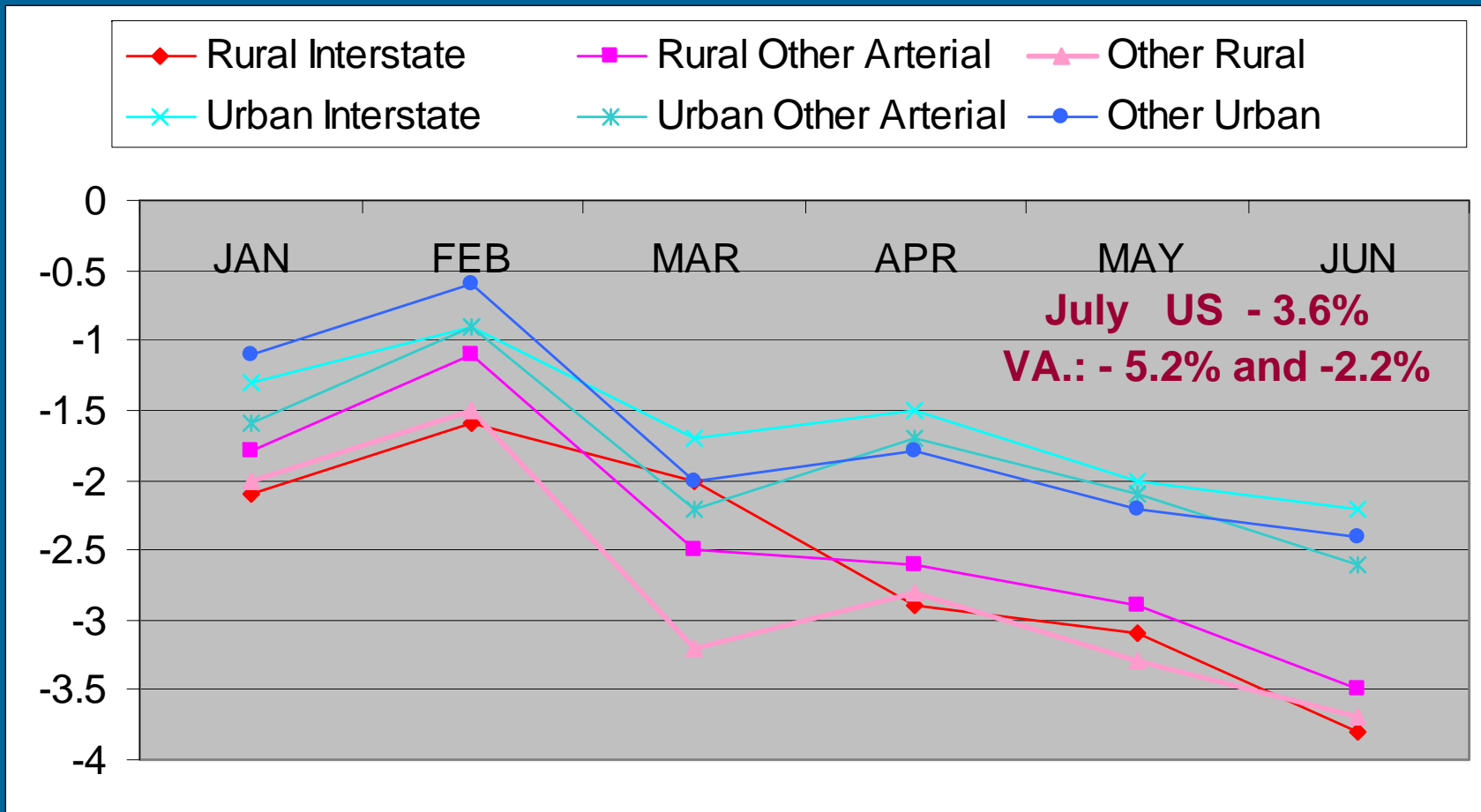
# WEEKLY GAS PRICES 1 YEAR



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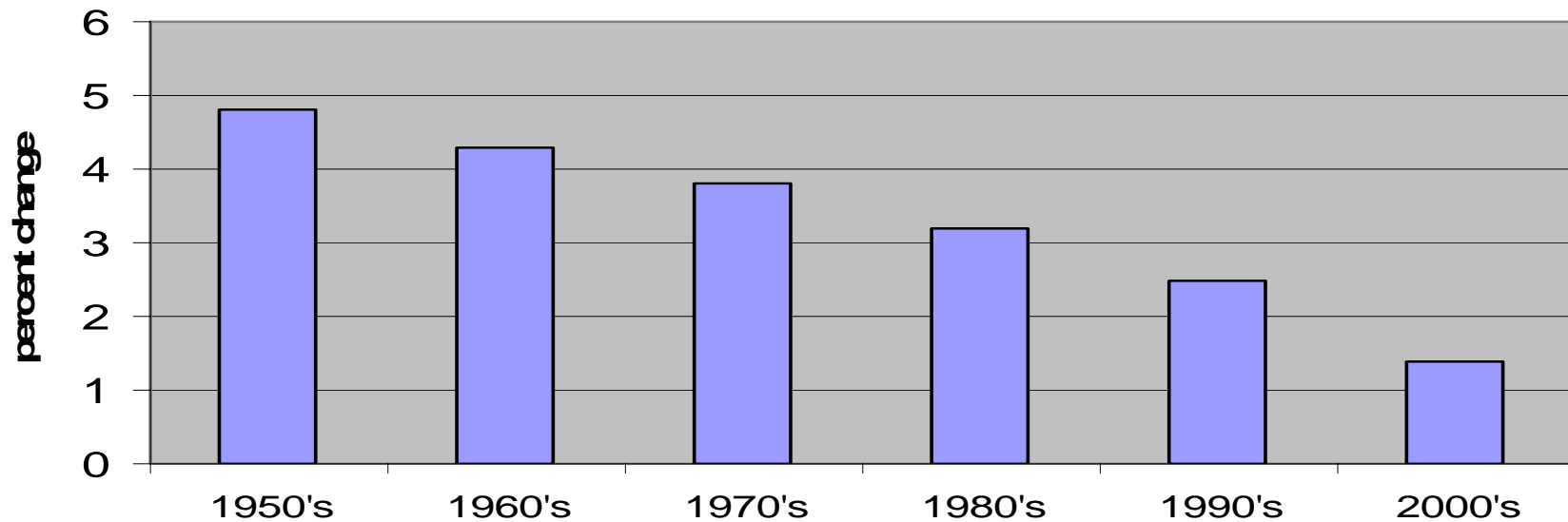
# % Decline in VMT by Month 2008-2007



# VMT Effect is Not Just Gas Prices

- Weak Economy
- Housing Losses
- Vacation Season – discretionary trips
- DEMOGRAPHY – a long term trend

**VMT GROWTH RATE PER DECADE**



# TWO REACTIONS

## HURRAY!

- Schadenfreude!
- Those suburbanites had it coming!
- At last we are at “the Tipping Point”
- Now there will be a rush to the center for people and jobs

## BOO !

- Less VMT = trips not taken
- Now is the worst time to be cutting economic activity

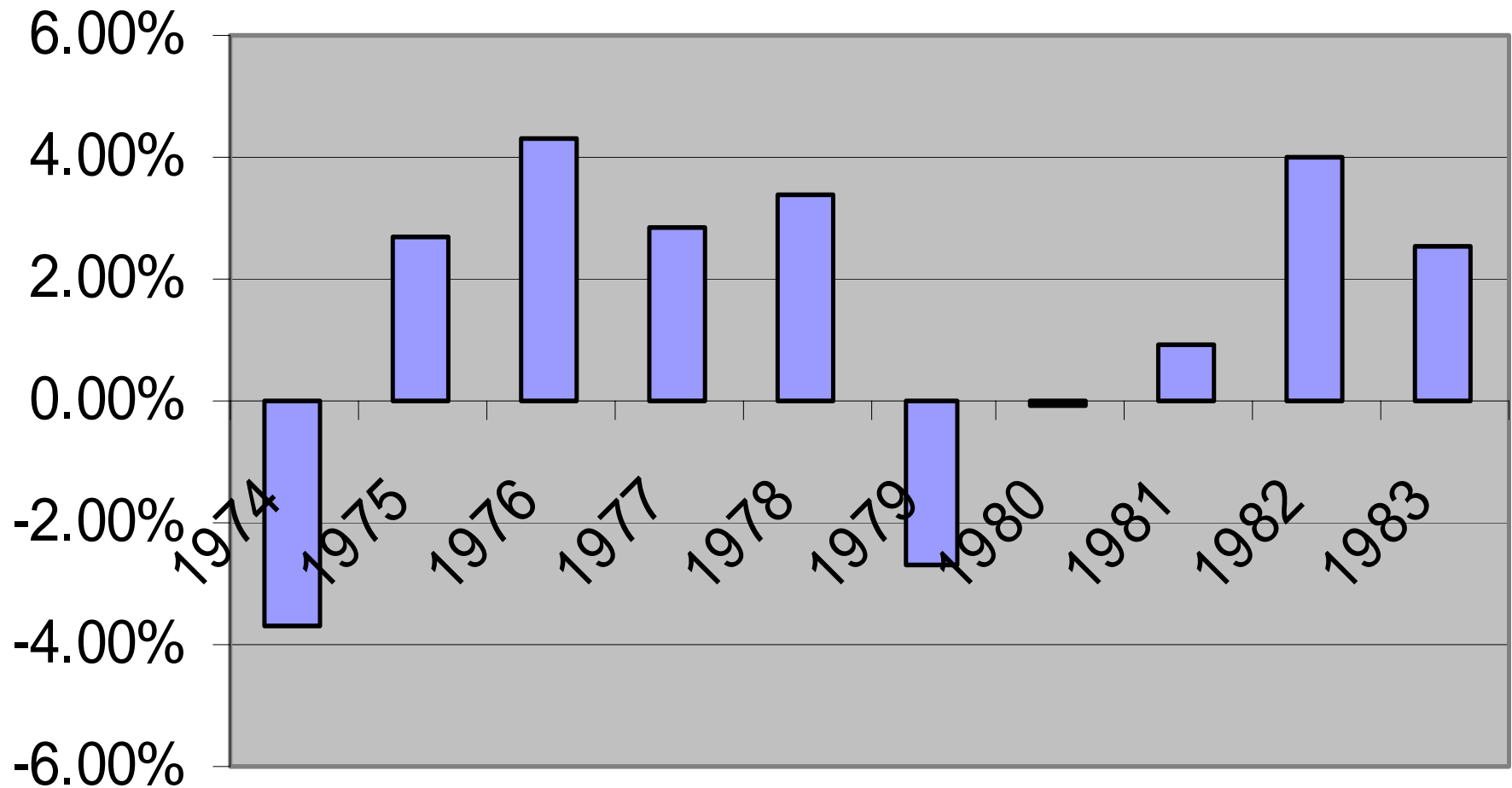
# A little Perspective Here. How much are we really talking about?

3.0% drop for year =

- Last year I drove 300 miles a week [15,000 miles/yr]
- This year I drove 290 miles a week

= 1 five mile trip lost per week

# Historical Passenger Car VMT Change Rates 1974-1984



# FUEL CHEAP NOW?

- 1980 Oil Price at today's prices:
  - CPI adjusted = \$94
  - PPI adjusted = \$118
- Fuel was:
  - 8% of disposable income in 1980
  - 6% of disposable income in 2008
  - Have to be \$145/bbl to equal 1980

# FUEL CHEAP NOW?

	<i>Cost/ gal</i>	<i>Fuel Efficiency</i>	<i>Cost/ mile</i>
1981 2007\$	3.09	16.4	18.8 cents
2007	2.85	22.4	12.7 cents
2008 approx.	4.00	23.7*	16.8 cents

\*fleet gain 4%

**PLUS WE ARE 20% RICHER THAN THEN!**

# NON-VMT RESPONSES

- Maximize “fleet” economy
  - About 60% of households have two or more vehicles.
  - PARK THE GAS GUZZLER!
- Driving slower
  - Each 5 mph you drive over 60 mph is like paying an additional \$0.30 per gallon for gas.

# Where Did the VMT Go?

- TRIP CHAINING
  - Big payoffs
- CARPOOLING
  - Work – some gains
  - Non-work – more
- CUT IN TRIP LENGTH
- CUTS IN TRIPS MADE
- SHIFTS TO TRANSIT?
  - Maybe 2%
- FREIGHT
  - Local Distribution opportunities
  - Load changes
  - Big Fleet gains

# WHY NO TIPPING POINT?

Fuel inflated costs – fuel efficiencies aside

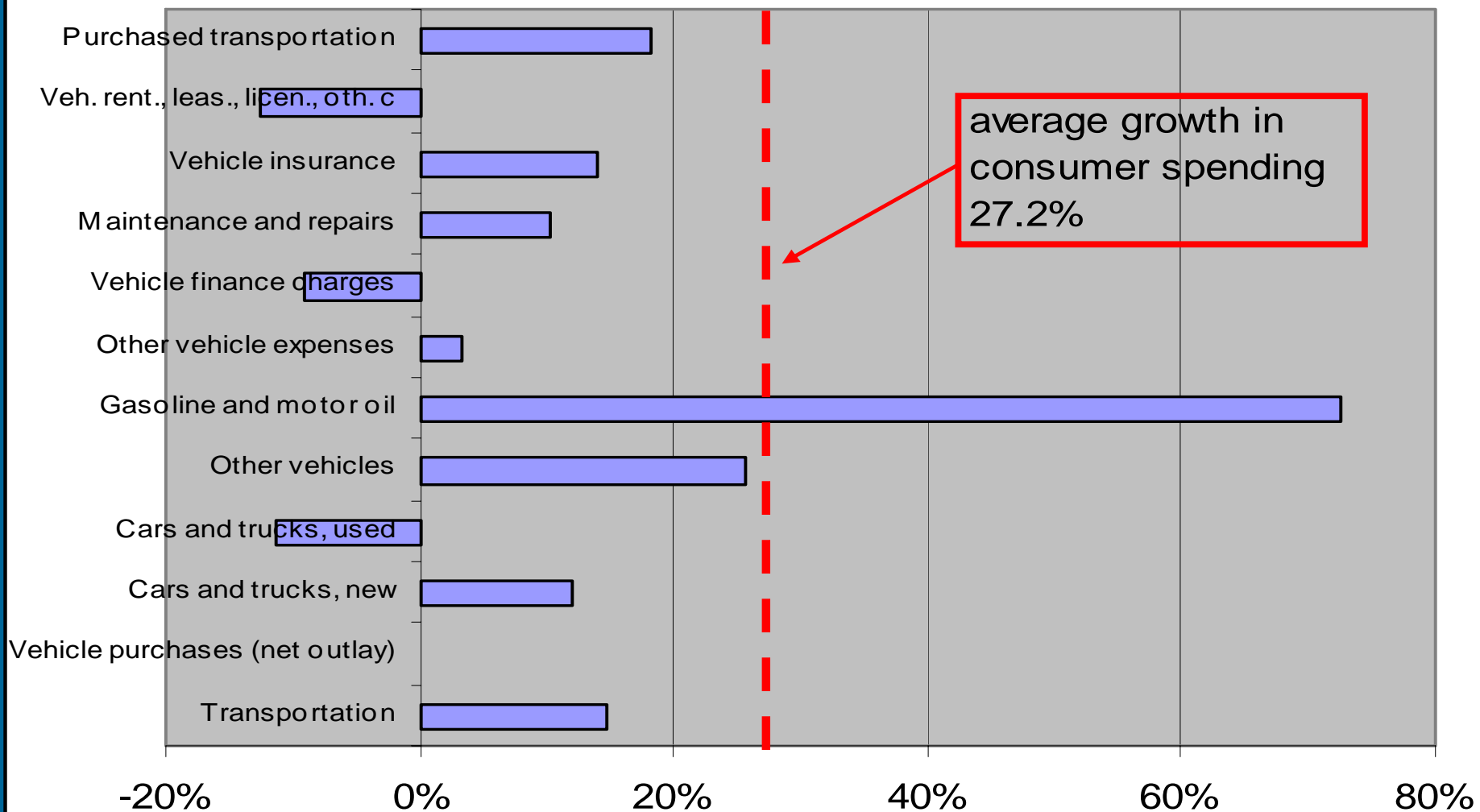
- Jobs are no longer in center
- Employers go where the skilled workers are
- It's easier to replace offices than houses
- Budget Calculation = total Commute +  
Housing cost

Higher transportation cost just modifies the calculation; just as increasing congestion does.

# Would \$5 or \$6 Gas Change America?

- LIFE STYLE PREFERENCES WILL DETERMINE GOALS; AND TECHNOLOGY WILL RESPOND
- The consumer benefit of automobility is colossal – think of toll costs = \$4/gal
- Europe at \$9/gal; still has traffic jams
- slower access to automobility of minorities and lower income pops
- Rural stress
- Access to broader worker pool
- FLEET TURNOVER RATE WILL BE KEY

# Percent Change in Transportation Consumer Spending 2000-2006



# New Volks

- Has an average diesel fuel consumption of just 0.99 litres per 100 kilometres
- Ughhhhh multiply by 3/18 add 47 carry the one =



## New Volks

- Has an average diesel fuel consumption of just 0.99 litres per 100 kilometres
- Ughhhhh multiply by 3/18 add 47 carry the one =
- 285 mpg **NOT BAD !**



I have been quoted as saying:  
“This will be the energy decade!”

The decade was 1980

THANK YOU !  
[alanpisarski@alanpisarski.com](mailto:alanpisarski@alanpisarski.com)