

## Hard-fought market for commuter and regional rail transport

[24.05.2012] The market for commuter and regional rail transport is dominated by the large European state railways, which are expanding their sphere of action by acquiring international subsidiaries – Germany is considered one of the most attractive markets in Europe.

The study “[Markets for Commuter and Regional Rail Transport– European Developments](#)” by SCI Verkehr GmbH provides an analysis of the market for local rail transport in Europe. The study investigates and analyses the structures, including financing, operator landscape, development trends in each market and the strategies of the main operators. The analysis is rounded off by the current prospects and development scenarios for the European markets.

The study shows that the process of opening up the commuter and regional rail transport markets initiated by the European Union is forging ahead. In addition to the deregulated markets in Sweden, the UK, Germany, Denmark and the Netherlands, other countries are opening up to competition. For example, France is planning to open up non-profit long-distance and regional trains to competition “on a trial basis” from 2014.

### Competition between state railways

In commuter and regional rail transport, purely private operators are becoming less important; European commuter and regional rail transport is shaped increasingly by competition between the European state railways. An excellent example of this is the takeover of private transport company Arriva by Deutsche Bahn AG in 2010. The (former) state railways are striving to cross their national boundaries by acquiring international subsidiaries. Other state railways active outside their domestic markets, in addition to Deutsche Bahn with Arriva, include the French railway SNCF with its subsidiary Keolis, Italian operator Trenitalia with Netinera, the Dutch NS Group with Abellio and the Danish state railway DSB. Spanish state railway RENFE also has its sights set on other markets, including the UK.

### Germany – one of the most attractive and exciting markets in Europe

With a market volume of EUR 9.2 billion, Germany is not only Europe’s largest market for commuter and regional rail transport; it is also one of the most attractive for operators. The margins achieved in German local rail transport reach a relatively acceptable level, compared to other European markets. In the UK, for example, although operators enjoy higher margins, these have dropped severely in recent years. The search for more profitability here has come at the expense of quality. The German market, however, shows that quality and profitability are not (yet) mutually exclusive. The transport authorities have developed alternative financing models (e.g. vehicle pools, guarantees for further use) aiming to simplify vehicle financing, which has become much more difficult in the last few years. A total of 68 million train-kilometres were contracted in competitive tendering procedures in Germany in 2011. A contracting wave has been rolling towards the German local rail transport market since 2010; this will reach its peak between 2014 and 2016.

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