What experts and news reports say about traffic forecasts

Click the underlined links in each line to open source reports and studies.

- In a 2014 analysis in the journal *Transportation*, researchers found "With rare exception, actual toll road traffic in many countries has failed to reproduce forecast traffic levels."

- According to a 2006 report from The Denver Post, "there is no incentive for the [tolling] estimates to be accurate. Even when wrong, the bonds are simply refinanced and the consultants are paid again for their work on new studies to support the new bonds."

- The Denver Post also found, "Even with adjustments for the break-in period in the opening years, 86 percent of new toll roads in eight states failed to meet expectations in their first full year. By year three, 75 percent - 15 of the 20 that have been open that long - remained poor performers."

- According to a 2010 literature review, academics at the University of Texas concluded "tolled projects tend to suffer from substantial optimism bias in forecasts, with predicted traffic volumes exceeding actual volumes by 30% or more about half of the time."

- The National Cooperative Highway Research Program (NCHRP) has stated there is "no standardization in the toll road demand and revenue modeling and forecasting processes."

- An analysis of data by the NHCRP concerning 26 tolls roads also found "most of the results demonstrate an underperformance," and, "Even with the availability of updated forecasts, only a small number of projections are within 10% of the actual revenues."

- In addition, the NHCRP reported that "the transportation community who are making investment decisions regarding tolled facilities do not always know which questions to ask of their modeling and forecasting efforts." They added there is "no standardization in the toll road demand and revenue modeling and forecasting processes."

- A 2013 research paper, *Decision-Making Process and Factors Affecting Truck Routing,* presented to the Transportation Research Board, found that studying toll road development was risky and easily susceptible to over-forecasting.

- In a 2005 study examining traffic estimates of over 200 projects in 14 countries, researchers found: "Very high statistical significance that forecasters generally do a poor job of estimating the demand for transportation infrastructure projects…For half of all road projects, the difference between actual and forecasted traffic is more than ±20%. The result is substantial financial risks, which are typically ignored or downplayed by planners and decision makers to the detriment of social and economic welfare."

- According to a Reston Citizens Association study analyzing tolling proposals in Virginia, "Optimism bias," the overestimating of toll road traffic and revenue in forecasts, is endemic in the industry. One industry expert estimated the mean forecast error at 25%-30% above actual traffic based on data from 104 toll roads worldwide.

- In 2013, a feature story on toll roads in the Wall Street Journal found, "Many investors paid too much, based on the notion that tolls provided a reliable income stream and that toll revenue would only increase as Americans drove more miles." Tony Kennon, the Mayor of Orange Beach, Ala., whose town invested in a tolling project in 2013, said "Nothing was real," regarding traffic predictions. The Journal also quoted a toll road investor saying, "With traffic forecasts, you check them and you hope you're halfway right."

- According to a 2009 report from Standard & Poor's analyst Robert Bain cited in *Project Finance International*, "… a number of high profile investor financed toll roads around the world are currently failing to meet expectations. This has less to do with the present economic climate and more to do with a market readiness to be seduced by hopelessly optimistic traffic and revenue projections."

- The Denver Post also quoted Bain: "Big (forecast) numbers win big prizes," and that, "Quite often, people shop around until they find the people who provide the numbers." In short, the [tolling] procurement process in general – and bid evaluation criteria specifically – reward high traffic and revenue forecasts, not accurate ones.

- Some states promised contracts to research firms that conducted the initial tolling studies: In South Carolina, a company hired to prepare projections for Greenville's Southern Connector also was promised a pair of contracts worth millions of dollars if the bonds sold. In Florida, the state's tolling officials hired their traffic consultant to do additional work for three of the roads funded by its studies.

- A 2005 Expert Forum on Road Pricing and Travel Demand Modeling, which was sponsored by the Office of Transportation Policy U.S. Department of Transportation, found, "Financiers appear to have confidence in the revenue forecasts of only a few consultants, who use proprietary techniques not subject to the scrutiny of peer review and publication."

- In a 2012 Pacific Research Institute study of toll roads in Orange County, Calif., concluded, "The original financial plans for the 241 and 73 toll roads were based on overly optimistic growth assumptions and did not leave a financial cushion for TCA to operate under reduced utilization or economic downturns."