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Fitch: Post-Pandemic New Normal Uneven for U.S. Toll Roads

Fitch Ratings-New York/San Francisco-02 June 2021: With daily lives dramatically altered as a result of the global pandemic, a Fitch Ratings special report points to an uneven recovery for U.S. toll roads as people adjust to new ways of working, playing, shopping and living.

“The pandemic is a test like no other that crippled or dislocated economies, commuting behavior and social patterns,” said Senior Director Scott Monroe. “The sector’s recovery reinforces the importance of the road network, especially the highway network, to the functioning of society.”

Telecommuting is waning as the crisis begins to ebb, although it will stabilize at a higher baseline, which will act as a long-term drag on traffic levels. Less ridesharing is pushing traffic and revenues down for urban toll roads while less carpooling may benefit some networks if two or more individuals who previously carpooled are now driving solo. “It will be interesting to see how toll roads serving affluent commuter regions like Northern Virginia and Silicon Valley fare over time, as they were amongst the hardest hit by traffic declines once the pandemic took hold,” said Monroe.

The same uneven outlook applies to toll roads as they pertain to schooling with some districts returning to full in-person learning, others using full distance learning and many districts falling in between. “Toll roads in areas where schools are returning to full in-class learning are likely to benefit from a faster traffic recovery,” said Monroe.

As for travel, the shift away from long-distance destinations via airplane toward outdoor leisure destinations accessible via car will continue to be a plus for toll roads. The prevalence of e-commerce was already in place before the pandemic rapidly accelerated the move away from shopping in brick-and-mortar locations. That said, it is more difficult to know what the net impact will be on overall traffic. “Roads near distribution centers stand to benefit while those near malls may experience declining traffic,” said Monroe.

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