

GATWICK VISION

CONNECTING THE UK NATIONS
AND REGIONS TO GLOBAL GROWTH



LONDON *Gatwick*
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GATWICK'S VISION

GATWICK'S VISION FOR THE FUTURE IS FOR AIRPORTS OUTSIDE LONDON TO THRIVE, GROWING THEIR OWN DIRECT CONNECTIONS TO A WIDER RANGE OF INTERNATIONAL DESTINATIONS, WHILE OFFERING MORE FLIGHTS AND CHEAPER FARES TO THE CAPITAL.

As a result, the economic growth generated from airport expansion will not be confined to a single region but will be shared across the whole of the country.

If Gatwick expands, national and regional airports will have improved access to the capital, with more flights and cheaper fares for passengers because they will avoid the inflated charges that would be needed to fund Heathrow's expansion.

A two-runway Gatwick will deliver the capacity that the South East needs without standing in the way of other UK airports and their potential to increase international flights.

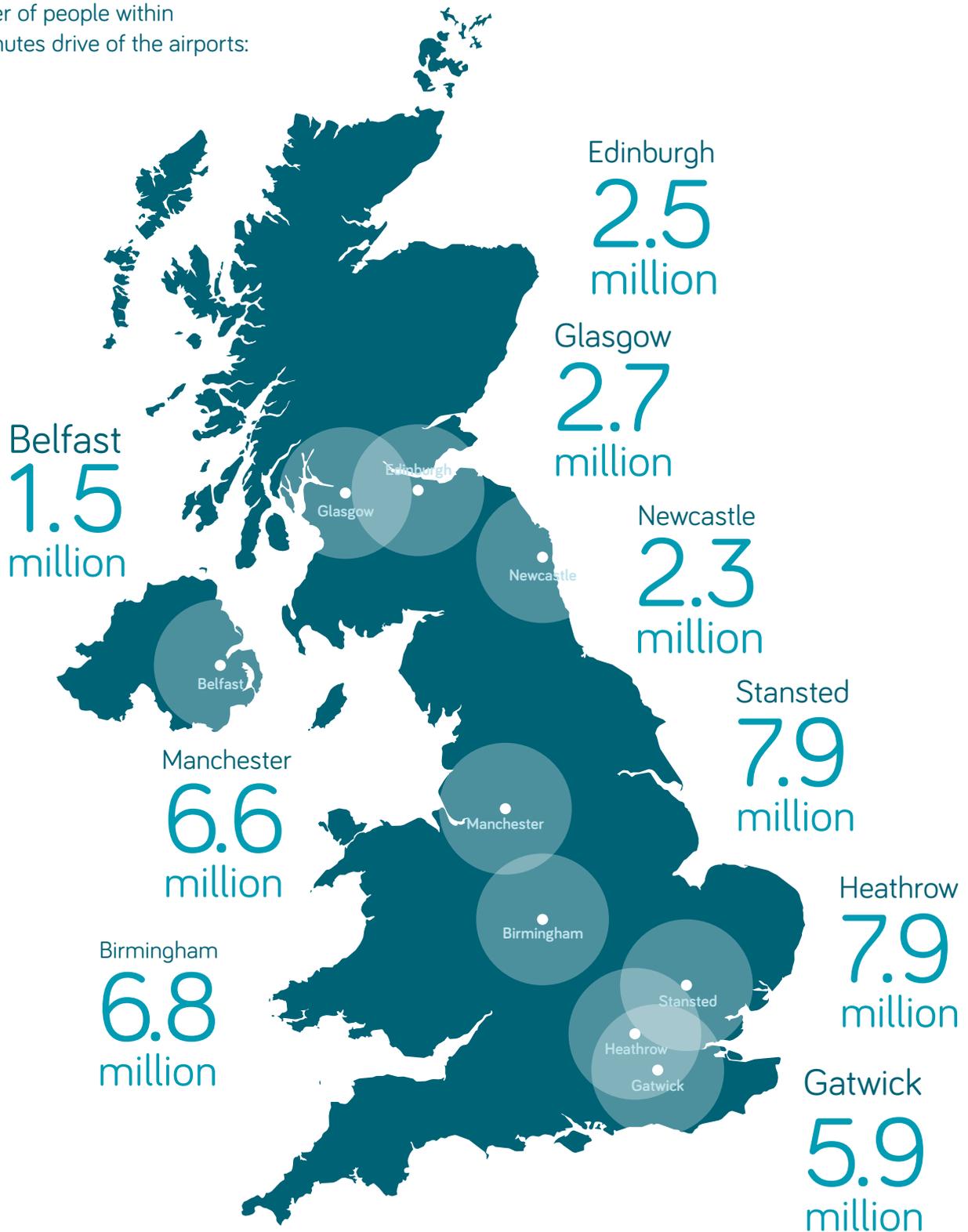
A three-runway Heathrow, however, will stifle the opportunity for regional airports to expand their long-haul traffic, as airlines focus on concentrating their operations in West London.

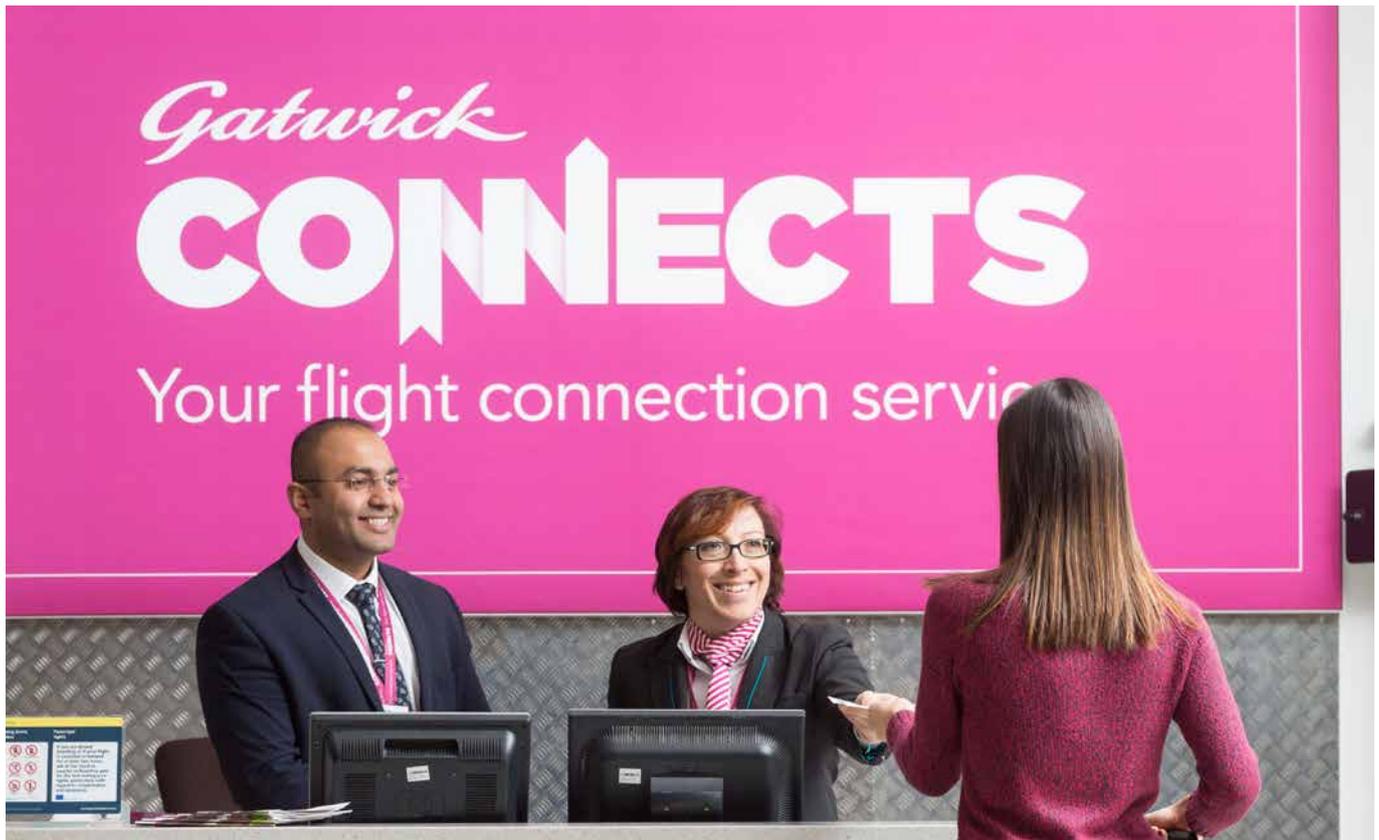


UK CATCHMENT AREAS

The main cities across the UK can serve their own large catchment areas, creating a network of competitive airports and spreading economic benefit across the country.

Number of people within
60 minutes drive of the airports:





Aviation is changing

The historical aviation model treated the UK's airports outside of London as spokes to Heathrow's hub, requiring a flight into London to connect with an international flight. This London-centric bias was the same for international travellers looking to reach the UK's cities - all connections were via London.

The market has changed, however, and will only continue to evolve. Greater competition between airports and the growth of low cost airlines over the past 20 years have led to more traffic and passengers dispersed around airports across the UK.

Until 2009, Heathrow owned what have become its major competitors and prioritised long-haul traffic at Heathrow. The breakup of the BAA monopoly allowed other UK airports the space to compete on a level playing field - competing for new airlines and routes and growing their own networks. While this was initially more pronounced in the short-haul market, it is increasingly happening in the long-haul market too.

New long-range but smaller and more fuel efficient aircraft have made previously marginal long-haul routes more financially viable for airlines and reduced the need for transfer passengers to supplement flights. This trend will only develop further in the future as improvements in technology and more fuel efficient engines are adopted.

And perhaps most importantly, consumer choice is changing the market with the internet putting power in the hands of the consumer. New websites such as Skyscanner.com aggregate the flights on offer and allow passengers to compare a vast range of options and decide on the airport, route and price that best suits them, wherever they are based in the UK.

Affordable and regular London flights

The UK's Nations and Regions will thrive with affordable and regular access to London, a priority in particular for business travellers.

Airlines, rather than airports, make decisions on the viability of the routes they serve and therefore the number of flights that are operated between regional airports and London. However, the key to this issue for airlines is keeping costs low.

Heathrow currently has the highest airport charges of any airport in the world. Those prices would double to more than £40 per passenger to fund its £15.6 billion expansion project. In contrast, Gatwick currently charges around £9 per passenger and has guaranteed that charges will not rise above £15 to fund its £7.8 billion second runway project.

Securing more capacity in the South East is vital to ensuring affordable access to the capital from across the UK. Gatwick is the best and only deliverable option for improving this much-needed connectivity. It already serves more domestic destinations than Heathrow, where domestic services have been progressively cut back. Gatwick predicts that the UK would serve 440 destinations by 2050 with its second runway and deliver more additional flights per week than expansion at Heathrow. Expansion at Gatwick will enable 95 million passengers to fly in and out of Gatwick every year by 2050.

The Airports Commission predicted that, even with an extra runway, Heathrow's domestic network will fall to three UK cities by 2030. The OECD also reported that "the higher expected airport charges [at Heathrow] will discourage high frequency, low capacity feeder flights into Heathrow".

Direct international flights

While flights into the capital will always be important, direct long-haul routes from airports outside the South East are also vital. The UK does not need one mega-hub, drawing all international flights through one single airport in West London. Maintaining a healthy UK-wide network of competing airports is better for balanced growth across the country and for passengers.

The five largest airports outside of London - Manchester, Edinburgh, Glasgow, Newcastle and Birmingham - served 12 millions passengers to destinations outside the EU in 2015, according to the CAA. Destinations include Delhi, Doha, New York and Beijing.

While London can be served by a network of airports around the capital, the Nations and Regions can be served by their own airports. For example, Birmingham Airport can serve the 'West Midlands Engine', with plenty of existing capacity and a significant catchment area to secure direct flights throughout Europe and the rest of the world. With better east-west rail connections, Manchester can do the same for the 'Northern

Powerhouse' - it already has two runways and serves 24 million passengers. Edinburgh and Glasgow can do the same for Scotland.

By securing more direct flights to international destinations, these airports can also secure direct economic growth for their cities and regions and help secure greater decentralisation of the UK economy.

Expanding Gatwick, therefore, will deliver the capacity that is urgently needed in the South East, while not undermining the potential of other UK airports to grow.

In contrast, a three runway Heathrow will absorb regional airports' potential to grow long-haul traffic, as airlines are attracted by the higher prices for passengers flying out of a dominant Heathrow.

Indeed, the OECD International Transport Forum concludes that if Heathrow expands, "the probability of new long-haul direct flights from UK regional airports will also diminish".

Long Haul route development at UK regional airports

	2012	2013	2014	2015	2016	New Routes
Birmingham	10	10	10	12	13	New: Air India to DEL from 2013 AA to JFK from 2015 Qatar new 2016 Hainan charters (only 2015)
Edinburgh	2	2	5	6	7	New: United to Chicago from 2014 Qatar to Doha from 2014 Etihad to Abu Dhabi from 2015 Delta to JFK from 2015 Air Canada to Toronto from 2013
Glasgow	12	8	7	11	13	New: Westjet to Halifax from 2015 Air Canada to Toronto from 2016
Manchester	41	39	44	46	46	New: Delta to JFK from 2015 Saudi to Jeddah from 2014 Cathay to Hong Kong from 2014 Air Canada to Toronto from 2014
Newcastle	3	3	3	4	4	New: United to Newark from 2015
Total	68	62	69	79	83	

2016 Gatwick has announced 20 new long haul routes to cities on four continents, taking the total number of long-haul connections to 50 and moving Gatwick into the premier league of European airports.



Transfers through London

Clearly some routes are unlikely to ever have enough local demand to support a direct flight from a regional airport – in which case, passengers will need to transfer through another airport.

In an increasingly competitive market, passengers need the option to choose the journey that suits them best, based on cost, timings and efficiency.

Regional airports are increasingly securing flights to Middle Eastern hubs, such as Dubai, Doha and Istanbul, providing convenient and affordable routes to the emerging markets of the East.

Many passengers will still choose to fly through a major airport in the South East, but they should be free to make the choice that suits them best, with airports competing for their custom.

An expanded Gatwick will provide a low cost alternative for transfers and support this model. This year, Gatwick announced 20 new long haul routes to cities on four continents, taking the total number of long-haul connections to 50 and moving Gatwick into the premier league of European airports.

CEO of European airline Norwegian, Bjorn Kjos, recently announced that, if Gatwick expands, the airline would base 50 new Boeing 787 Dreamliner aircraft at the airport to serve long haul markets. This global network would be supported by an additional 150 short haul aircraft, many of which would serve the UK's domestic market.

With that network, Norwegian can also offer transfer traffic from the Nations and Regions to long haul destinations around the world at a much lower price than currently available via Heathrow.

The trend of travel booking websites and search tools putting the power in the hands of passengers is set to continue. This will only further undermine the importance of the traditional 'hub' airport, by enabling passengers to transfer anywhere that suits them. Gatwick is pioneering self-transfer through the airport with its Gatwick Connects scheme, which enables passengers to pick two legs of a journey with different airlines and receive a similar level of service.



Economic benefits of expansion in the South East

The economic benefits of a new runway in the South East to the UK are determined by the traffic forecasts.

The Airports Commission's own projections show that whichever airport expands, the UK as a whole will achieve similar connectivity:

	With Gatwick Expansion (2050)	With Heathrow Expansion (2050)
Total Passengers	413 million	412 million
Long Haul Destinations	131	133
Total Destinations	405	405
Business Passengers	71 million	71 million

Carbon Traded Assessment of Need Traffic Scenario, Airports Commission Final Report, July 2015

If Gatwick expands, however, this connectivity and the resulting economic benefit will be better spread around the Nations and Regions of the UK. If Heathrow expands, its market dominant position concentrates the connections in West London.

The Airports Commission prediction of economic value of expansion to the UK, using HM Treasury's tried and tested method, shows the benefit of expanding Gatwick and Heathrow are similar:

	Net Present Value	International to International Passenger Benefits	Restated Net Present Value
Gatwick Expansion	£10.8 bn	£1.7 bn	£9.1 bn
Heathrow Expansion	£11.8 bn	£6.5 bn	£5.3 bn

Includes benefits, dis-benefits, and costs of schemes. Airports Commission Final Report, July 2015

Delivering for the UK

Securing more capacity in the South East is vital to ensuring affordable access to the capital from the Nations and Regions of the UK and for boosting the UK economy.

The sheer volume of people impacted by noise at Heathrow, combined with the fact that air quality legal limits around the airport are continually broken mean it is difficult to see how it could ever get approval, let alone be built.

In comparison, Gatwick, impacts a fraction of the number of people with noise and does not exceed the legal air quality limits. Its relatively straightforward construction project will also see the runway delivered and operational by 2025.

An expanded Heathrow would also be much costlier in terms of carbon emissions - at its peak in 2040, it would account for up to two thirds of the UK's aviation carbon limit. An expanded Gatwick would represent less than half that (27%). Heathrow expansion will put more pressure on every UK airport to cut carbon in order to achieve the UK's 2050 target of 37.5MtCO₂.

Expanding Gatwick can deliver all the economic growth, shared more fairly across the UK, at a fraction of the environmental, social and financial costs of Heathrow.

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