

**GATWICK EMPLOYMENT
GENERATION IN THE CONTEXT
OF SOUTH EAST AIRPORT
CAPACITY EXPANSION TO 2030**

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(BHC)**

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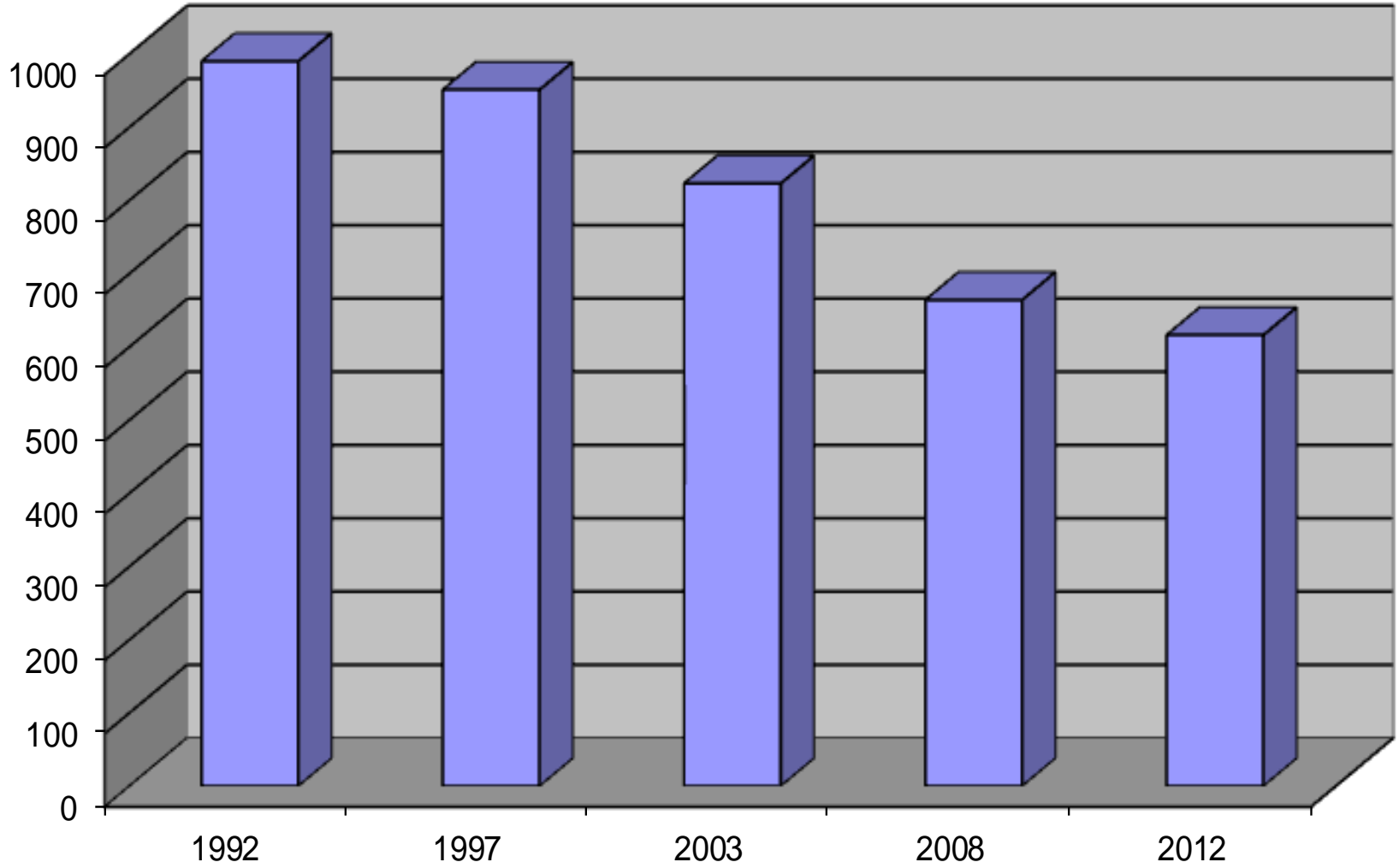
LOOKED AT EMPLOYMENT ON AND OFF THE AIRPORT

Downward pressures on employment generation of *status quo* Gatwick

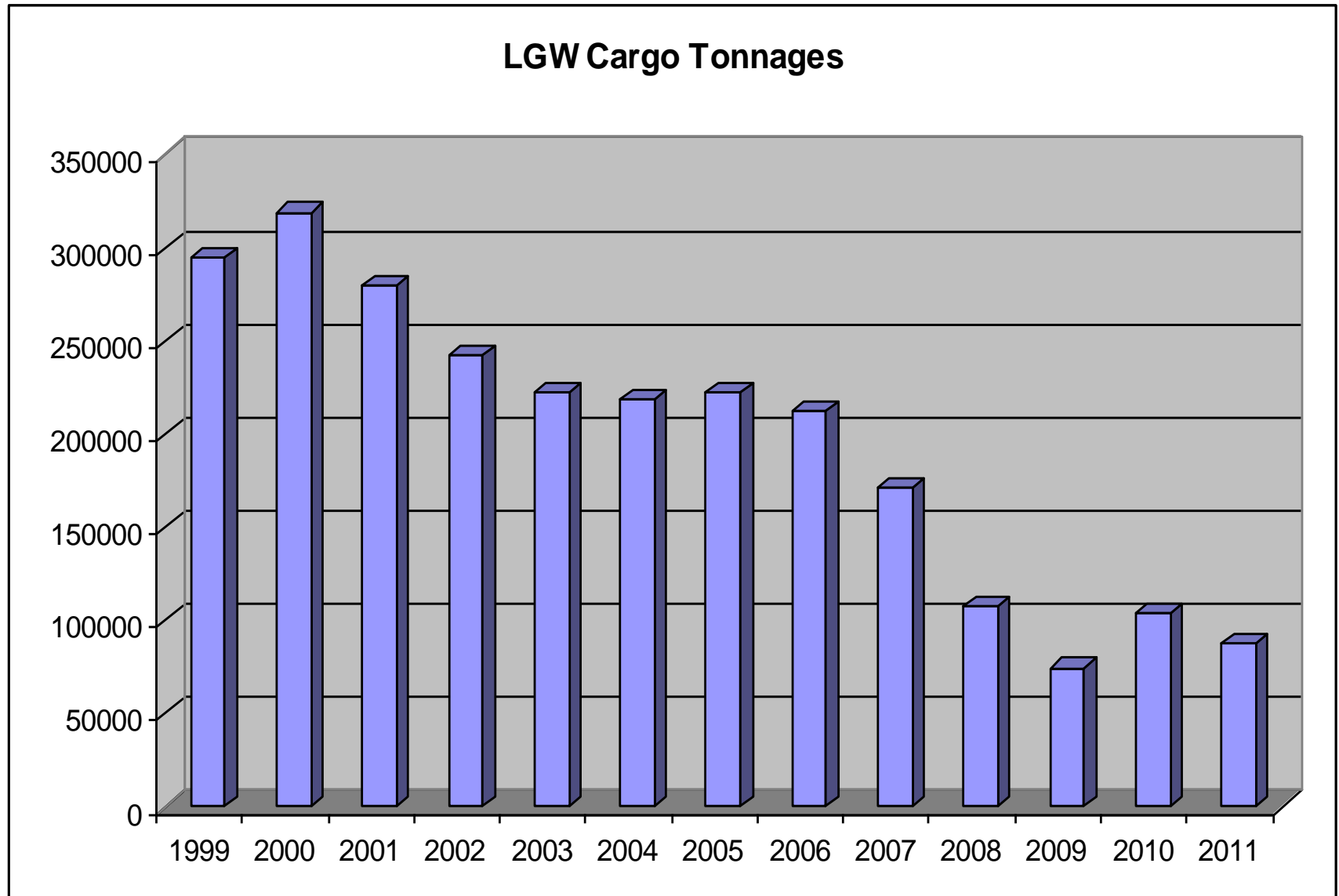
- Increasing low cost airline market penetration
- E-ticketing, front line services, etc
- Cargo decline
- Knock on impacts on other employers off the
Airport

EMPLOYMENT ON THE AIRPORT

On Airport Employment per MPPA



What happened to cargo?



On airport salary analysis (gross)

	Constant Wage Bill (1997 Prices)	%
1997	£430m	100%
2003	£404m	94%
2008	£403m	94%
2012	£361m	84%

OFF AIRPORT EMPLOYMENT

What is off airport employment?

- **DIRECT**
- **INDIRECT**
- **INDUCED**
- **CATALYTIC**

CATALYTIC IMPACTS

- The Heathrow Effect
- Previous Gatwick research
- Foreign direct investment
- Inward investment
- Expansion and retention of the existing base
- Gatwick Diamond
- Impact of the core scenarios

FORECASTS

Choice of Scenarios

- Base case scenario – capacity optimised
- Expansion of Heathrow – 3 runways
- Expansion of Gatwick – 2 runways
- New airport development (NAD)

BHC forecasts for 4 scenarios by 2025/30

Scenario	Gatwick capacity (MPPA)	Employment (000)	Cargo (000 tonnes)
Base case	40/45	28/31	90/100
Heathrow 3 runways	40/45	25/28	40/50
Gatwick 2 runways	80/90	50+	150/170
New airport development	40/45	29/32	80/90
2012 actual	40/42	31	88

Can we quantify catalytic impacts?

- Effect of a 2nd runway:
- 2015-2020: 1,000+ jobs pa (phases 1+2)
- 2020-2025: 3/5,000 jobs pa
- 2025-2030: 5,000+ jobs pa
- 2030 onwards: ???

POINTERS FOR HOUSING DEMAND

- Future housing provision and distribution
- Increased labour demand from a 2 runway Gatwick Airport
- Excess capacity in the labour market
- Inward migration
- Catalytic impacts and housing demand
- A complex exercise, but . . .

Broad scale housing forecasts for the Gatwick Diamond (1)

- 2 runways at Gatwick (ex catalytic) could generate demand for increased housing:-
 - » 2015-2020: nil
 - » 2020-2025: 1,000/1,200 units pa
 - » 2025-2030: 1,800/2,100 units pa

Broad scale housing forecasts for the Gatwick Diamond (2)

- 2 runways at Gatwick (with catalytic) could generate demand for increased housing:-
 - » 2015-2020: 500/1,000 units pa
 - » 2020-2025: 2,500/3,000 units pa
 - » 2025-2030: 3,000/5,000 units pa

SUMMING UP (1)

- Gatwick Airport remains a major overall generator of employment on and off airport
- Gatwick Airport is no longer such an important generator of employment

SUMMING UP (2)

- Extra runway built elsewhere in south east:-
- On and off airport employment would fall
- Worst case: loss of up to 600 jobs per year 2020/2030 (ex catalytic)
- Best case: steady state employment generation (ex catalytic)
- Importance to Crawley would reduce
- Would remain key to the local labour market

SUMMING UP (3)

- Implications for the catalytic impact of the Airport?
- Some local companies would move out of the area if the quality of business aviation services continues to degrade
- Worst case: job losses of more than 1,000 per year after 2020

SUMMING UP (4)

- 2 runways would significantly increase demand for labour on and off airport
- Possibly 2,000/2,500 jobs per year 2020/2030 in the Gatwick Diamond
- The catalytic impact of 2 runways would be dramatic and could more than match the number of direct, indirect and induced jobs
- This would have significant implications for housing and local infrastructure