

# *Aviation Trends*

## *Quarter 3 2008*



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## Introduction

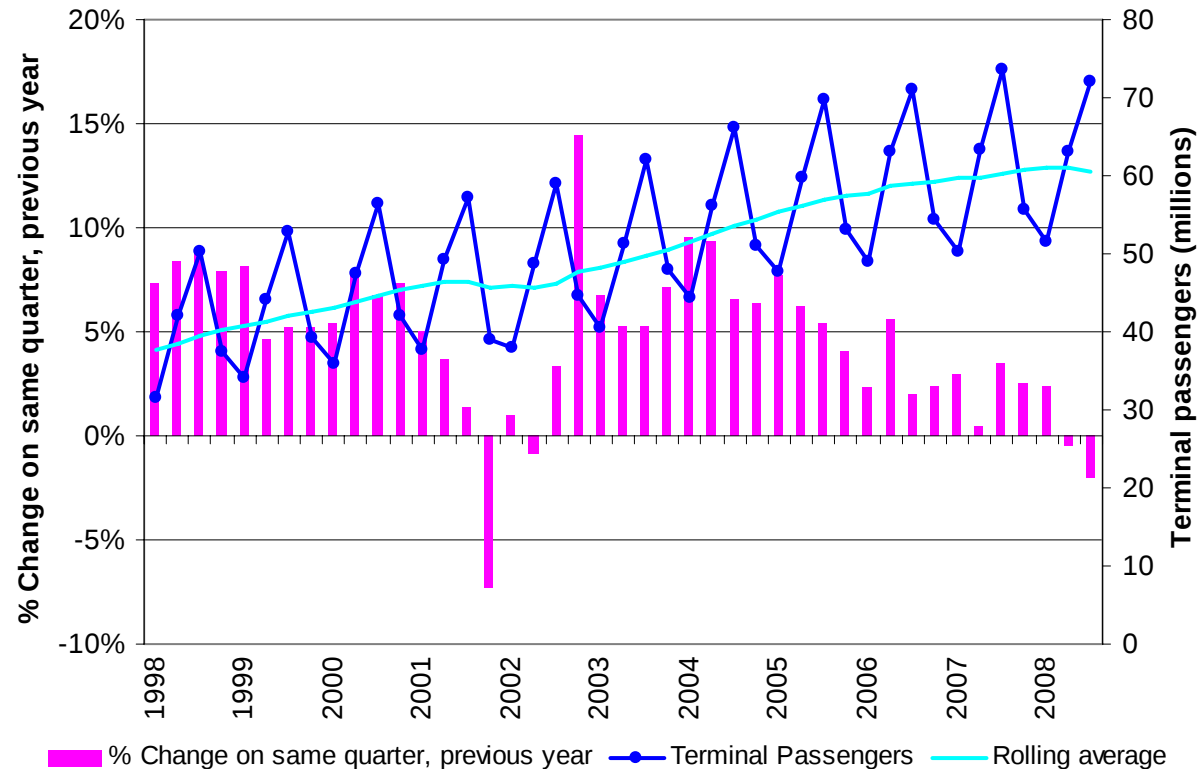
Welcome to the third issue of Aviation Trends. Every quarter we update key figures which summarise the levels of activity at the UK's airports. Each edition also includes some different interesting facts derived from the various data sources available to the CAA.

The Aviation Trends series is available at [www.caa.co.uk/aviationtrends](http://www.caa.co.uk/aviationtrends), part of Aviation Intelligence, the online home of the CAA's monthly airport and airline statistical publications, which provide more detailed information on UK aviation activity. Please note that historic numbers may be subject to minor change as the result of prior period adjustments.

In quarter 3 – that is, July to September – 2008 there were several economy-wide developments of relevance to the aviation industry. Quarterly GDP growth in quarter 2 was zero, and in quarter 3 the economy contracted, by 0.5%<sup>13</sup>, so that GDP was just 0.3% higher than the same period a year previously. In quarter 3, consumer price inflation reached the highest level since 1992: an annualised 5.1%<sup>13</sup>. The Brent crude oil price was \$141 on 1 July, but by the end of the quarter had fallen significantly, standing at \$93 on 30 September<sup>13</sup>. The extent to which this would have affected airlines' fuel costs depends on their fuel and currency hedging positions.

Turning to the aviation sector, the charter carrier XL Airways went into administration on 12 September. As this occurred towards the end of quarter 3, the large falls in charter passengers seen during the period (see p.4) are primarily due to other reasons, including consolidation in the industry. The parent companies of Thomsonfly and First Choice merged in March 2008, and Thomas Cook and MyTravel merged in June 2007, and both of the newly formed groups made significant cuts to their charter holiday capacity for summer 2008.

## 1. Historical overview - Terminal passengers at UK airports by quarter<sup>6,11</sup>



Source: CAA Airport Statistics

By plotting quarterly passenger data over the last ten years, both seasonal and annual trends in UK aviation activity can be seen.

The dark blue line shows the number of terminal passengers at UK airports in each quarter (on the right axis). The bright blue line shows the same, but for the rolling annual average in each quarter.

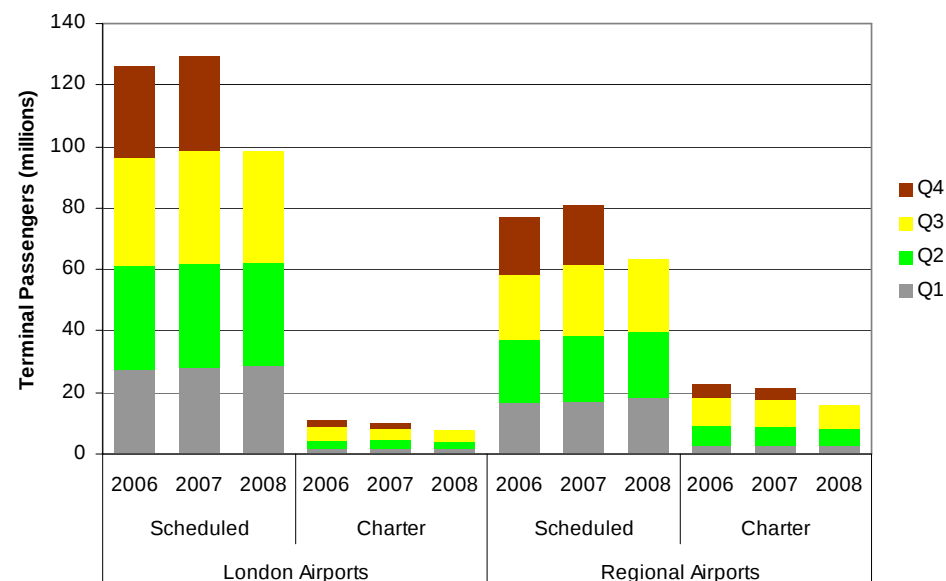
The pink bars show the percentage growth on the previous year's number in the same quarter (on the left axis).

The year-on-year drop in passenger numbers seen in the second quarter of 2008 increased to -2% in the third quarter, from -0.4% in quarter 2.

This is the fastest fall in passengers since quarter 4 2001.

## 2. Terminal passengers at UK airports<sup>5,6,7,11</sup>

| Passengers (millions)    | CURRENT QUARTER |             |                |             |              | ROLLING YEAR   |             |                |             |             |
|--------------------------|-----------------|-------------|----------------|-------------|--------------|----------------|-------------|----------------|-------------|-------------|
|                          | Q3 2008         |             | Q3 2007        |             | +/- %        | Q4 07 – Q3 08  |             | Q4 06 – Q3 07  |             | +/- %       |
|                          | Pax (millions)  | % of total  | Pax (millions) | % of total  |              | Pax (millions) | % of total  | Pax (millions) | % of total  |             |
| <b>London Airports</b>   | <b>40.3</b>     | <b>56%</b>  | <b>41.1</b>    | <b>56%</b>  | <b>-2.0%</b> | <b>139.1</b>   | <b>58%</b>  | <b>138.7</b>   | <b>58%</b>  | <b>0.3%</b> |
| - Scheduled              | 36.7            | 51%         | 37.1           | 51%         | -1.0%        | 129.5          | 54%         | 128.5          | 53%         | 0.8%        |
| - Charter                | 3.6             | 5%          | 4.0            | 5%          | -11%         | 9.5            | 4%          | 10.2           | 4%          | -6.5%       |
| <b>Regional Airports</b> | <b>31.6</b>     | <b>44%</b>  | <b>32.2</b>    | <b>44%</b>  | <b>-2.1%</b> | <b>102.4</b>   | <b>42%</b>  | <b>102.0</b>   | <b>42%</b>  | <b>0.4%</b> |
| - Scheduled              | 23.8            | 33%         | 23.5           | 32%         | 1.2%         | 82.5           | 34%         | 80.4           | 33%         | 2.6%        |
| - Charter                | 7.8             | 11%         | 8.7            | 12%         | -11%         | 20.0           | 8%          | 21.6           | 9%          | -7.5%       |
| <b>All Airports</b>      | <b>71.9</b>     | <b>100%</b> | <b>73.4</b>    | <b>100%</b> | <b>-2.0%</b> | <b>241.5</b>   | <b>100%</b> | <b>240.7</b>   | <b>100%</b> | <b>0.3%</b> |
| - Scheduled              | 60.6            | 84%         | 60.6           | 83%         | -0.1%        | 212.0          | 88%         | 208.9          | 87%         | 1.5%        |
| - Charter                | 11.3            | 16%         | 12.7           | 17%         | -11%         | 29.5           | 12%         | 31.8           | 13%         | -7.1%       |



Source: CAA Airport Statistics<sup>3</sup>

UK terminal passengers are those travellers who board or disembark an aircraft on a commercial flight at a reporting UK airport. The figures in the table and graph on this page therefore exclude transit passengers – those who remain aboard aircraft which land at a UK airport and then depart for another destination.

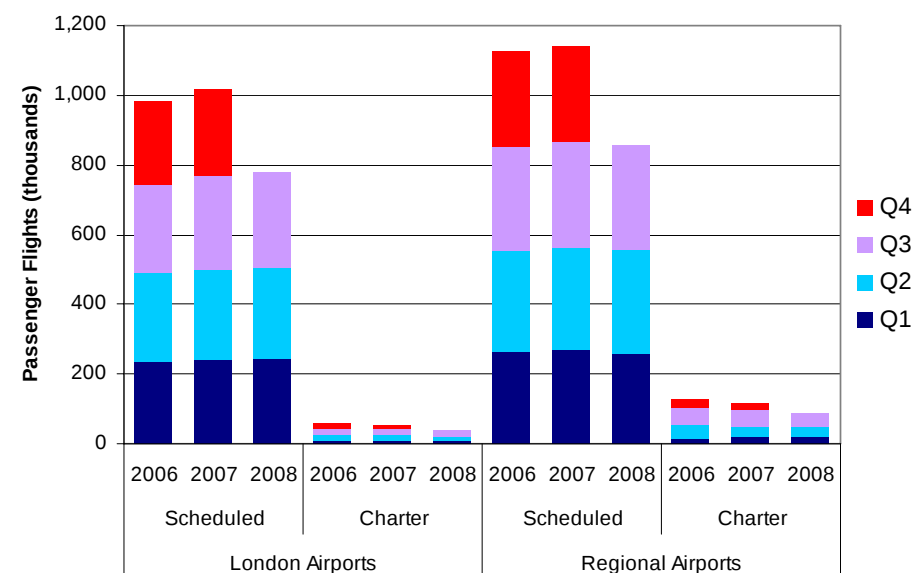
Total terminal passengers at UK airports in quarter 3 2008 were down 2% (1.5m) on quarter 3 2007, while the figure for the year ending quarter 3 2008 was 0.3% (0.8m) higher than that of the year ending quarter 3 2007.

In quarter 3, as in quarter 2, the number of scheduled passengers fell slightly at the London airports, though grew at regional airports. Charter passenger numbers for all airports fell strongly, by 11% at both London and regional airports, driving fairly strong decreases in total passenger numbers. Overall, in the year to quarter 3 2008, the growth in passenger numbers was still faster at regional airports than at the London airports. However, in quarter three alone, the number of passengers fell marginally faster at regional airports.

### 3. Passenger flights to and from UK airports<sup>5,7,11</sup>

| Number of flights (000s) | CURRENT QUARTER |             |                |             |              | ROLLING YEAR   |             |                |             |              |
|--------------------------|-----------------|-------------|----------------|-------------|--------------|----------------|-------------|----------------|-------------|--------------|
|                          | Q3 2008         |             | Q3 2007        |             | +/- %        | Q4 07 – Q3 08  |             | Q4 06 – Q3 07  |             | +/- %        |
|                          | Flights (000s)  | % of total  | Flights (000s) | % of total  |              | Flights (000s) | % of total  | Flights (000s) | % of total  |              |
| <b>London Airports</b>   | <b>288.4</b>    | <b>46%</b>  | <b>289.3</b>   | <b>45%</b>  | <b>-0.3%</b> | <b>1,074.4</b> | <b>46%</b>  | <b>1,065.6</b> | <b>46%</b>  | <b>0.8%</b>  |
| - Scheduled              | 270.4           | 43%         | 269.2          | 42%         | 0.5%         | 1,024.7        | 44%         | 1,011.2        | 43%         | 1.3%         |
| - Charter                | 18.0            | 3%          | 20.1           | 3%          | -10%         | 49.7           | 2%          | 54.4           | 2%          | -8.6%        |
| <b>Regional Airports</b> | <b>341.5</b>    | <b>54%</b>  | <b>350.0</b>   | <b>55%</b>  | <b>-2.4%</b> | <b>1,242.4</b> | <b>54%</b>  | <b>1,259.2</b> | <b>54%</b>  | <b>-1.3%</b> |
| - Scheduled              | 299.8           | 48%         | 304.0          | 48%         | -1.4%        | 1,130.6        | 49%         | 1,138.9        | 49%         | -0.7%        |
| - Charter                | 41.7            | 7%          | 46.1           | 7%          | -9.4%        | 111.8          | 5%          | 120.3          | 5%          | -7.0%        |
| <b>All Airports</b>      | <b>629.9</b>    | <b>100%</b> | <b>639.3</b>   | <b>100%</b> | <b>-1.5%</b> | <b>2,316.8</b> | <b>100%</b> | <b>2,324.8</b> | <b>100%</b> | <b>-0.3%</b> |
| - Scheduled              | 570.2           | 91%         | 573.2          | 90%         | -0.5%        | 2,155.3        | 93%         | 2,150.1        | 92%         | 0.2%         |
| - Charter                | 59.7            | 9%          | 66.2           | 10%         | -9.7%        | 161.5          | 7%          | 174.7          | 8%          | -7.5%        |

Source: CAA Airport Statistics



The figures in this table are for commercial passenger flights and thus exclude flights of aircraft carrying exclusively cargo.

Flights to and from UK airports in quarter 3 2008 were down 1.5% (approximately 9,400) on quarter 3 2007, which was driven principally by a large fall in charter flights at all airports. This gives a decline in the number of passenger flights for the year to quarter 3 2008 of 0.3%, compared with the previous year.

From the table above and that on page 4 we can see that, while scheduled passenger numbers at London airports fell in quarter 3 2008 compared to quarter 3 2007, the number of scheduled flights grew. Conversely, while scheduled passenger numbers at regional airports grew, the number of scheduled flights fell. This means that the number of passengers per flight at London airports fell, while at regional airports it rose, in quarter 3.

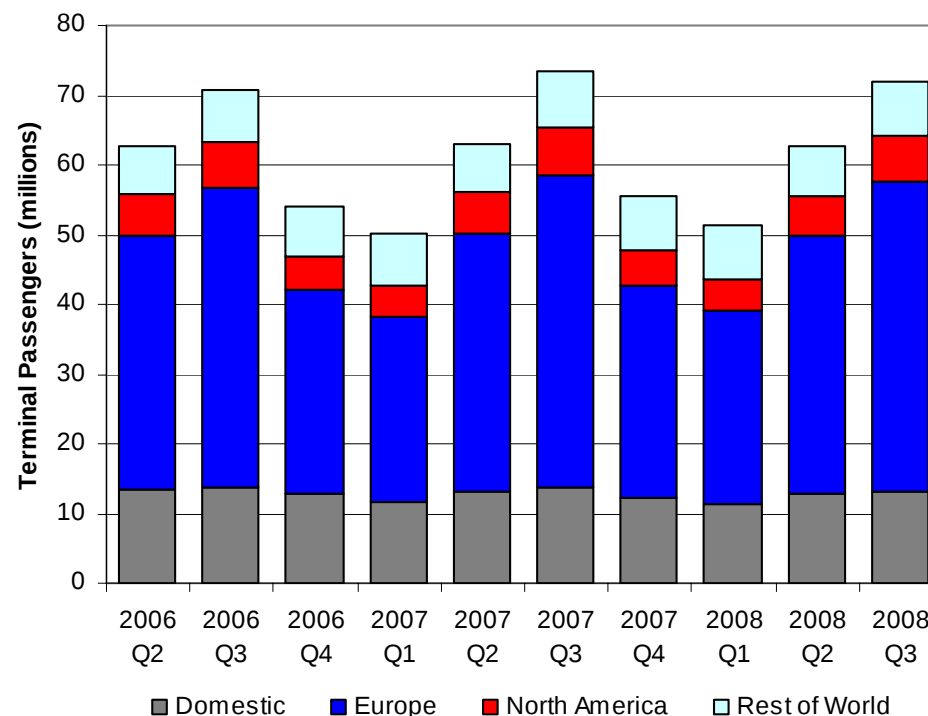
#### 4. Terminal passengers at UK airports by origin / destination<sup>6,7,8,9,11</sup>

| Passengers (millions) | CURRENT QUARTER |             |                |             |              | ROLLING YEAR   |             |                |             |              |
|-----------------------|-----------------|-------------|----------------|-------------|--------------|----------------|-------------|----------------|-------------|--------------|
|                       | Q3 2008         |             | Q3 2007        |             | +/- %        | Q4 07 – Q3 08  |             | Q4 06 – Q3 07  |             | +/- %        |
|                       | Pax (millions)  | % of total  | Pax (millions) | % of total  |              | Pax (millions) | % of total  | Pax (millions) | % of total  |              |
| <b>Domestic</b>       | <b>13.2</b>     | <b>18%</b>  | <b>13.7</b>    | <b>19%</b>  | <b>-3.9%</b> | <b>49.4</b>    | <b>20%</b>  | <b>51.2</b>    | <b>21%</b>  | <b>-3.4%</b> |
| - Scheduled           | 13.1            | 18%         | 13.6           | 19%         | -3.9%        | 49.1           | 20%         | 50.8           | 21%         | -3.3%        |
| - Charter             | 0.1             | 0.1%        | 0.1            | 0.1%        | -2.4%        | 0.3            | 0.1%        | 0.4            | 0.2%        | -13%         |
| <b>Europe</b>         | <b>44.4</b>     | <b>62%</b>  | <b>44.9</b>    | <b>61%</b>  | <b>-1.2%</b> | <b>139.6</b>   | <b>58%</b>  | <b>137.7</b>   | <b>57%</b>  | <b>1.4%</b>  |
| - Scheduled           | 34.6            | 48%         | 33.8           | 46%         | 2.4%         | 115.7          | 48%         | 111.8          | 46%         | 3.5%         |
| - Charter             | 9.8             | 14%         | 11.1           | 15%         | -12%         | 23.8           | 10%         | 25.8           | 11%         | -7.8%        |
| <b>North America</b>  | <b>6.6</b>      | <b>9%</b>   | <b>6.8</b>     | <b>9%</b>   | <b>-3.5%</b> | <b>22.3</b>    | <b>9%</b>   | <b>22.2</b>    | <b>9%</b>   | <b>0.4%</b>  |
| - Scheduled           | 6.3             | 9%          | 6.4            | 9%          | -2.9%        | 21.5           | 9%          | 21.2           | 9%          | 1.2%         |
| - Charter             | 0.3             | 0.4%        | 0.4            | 0%          | -15%         | 0.8            | 0.3%        | 1.0            | 0.4%        | -16%         |
| <b>Rest of World</b>  | <b>7.8</b>      | <b>11%</b>  | <b>7.9</b>     | <b>11%</b>  | <b>-2.3%</b> | <b>30.2</b>    | <b>12%</b>  | <b>29.7</b>    | <b>12%</b>  | <b>1.7%</b>  |
| - Scheduled           | 6.7             | 9%          | 6.8            | 9%          | -2.5%        | 25.7           | 11%         | 25.1           | 10%         | 2.2%         |
| - Charter             | 1.1             | 2%          | 1.1            | 2%          | -0.9%        | 4.5            | 2%          | 4.6            | 2%          | -1.0%        |
| <b>Total</b>          | <b>71.9</b>     | <b>100%</b> | <b>73.4</b>    | <b>100%</b> | <b>-2.0%</b> | <b>241.5</b>   | <b>100%</b> | <b>240.7</b>   | <b>100%</b> | <b>0.3%</b>  |
| - Scheduled           | 60.6            | 84%         | 60.6           | 83%         | -0.1%        | 212.0          | 88%         | 208.9          | 87%         | 1.5%         |
| - Charter             | 11.3            | 16%         | 12.7           | 17%         | -11%         | 29.5           | 12%         | 31.8           | 13%         | -7.1%        |

Source: CAA Airport Statistics

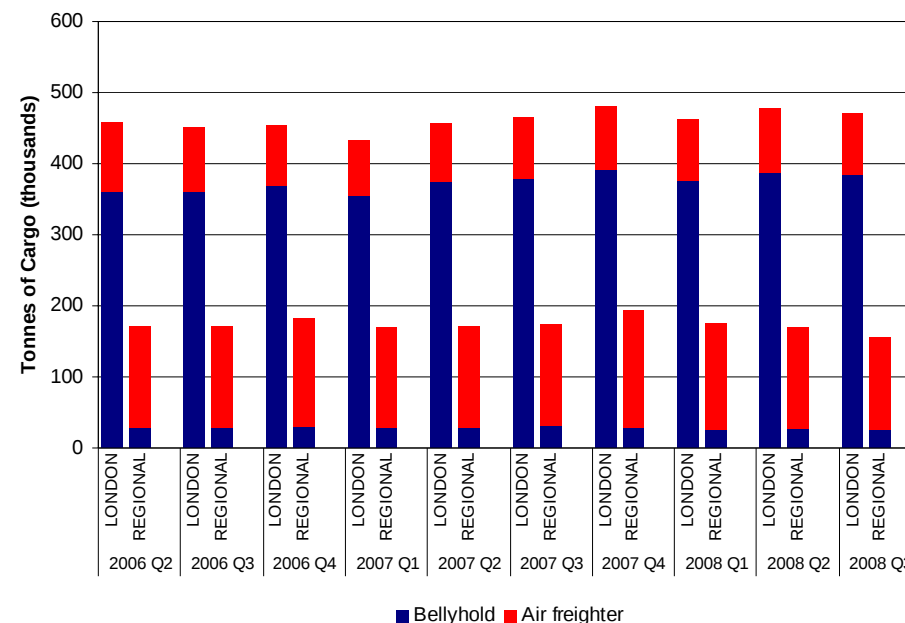
The number of domestic air passengers, who mainly travel on scheduled services, continued to decline, by 3.9% year on year in quarter 3. Charter services to Europe were affected by industry consolidation in quarter 3, giving a sharp fall in charter passengers which outweighed the growth in scheduled passengers, giving an overall fall in passenger numbers to Europe.

The fall in North America scheduled passengers in quarter 2 accelerated in quarter 3, to -2.9%, as did the fall in charter passenger numbers, to -15%. Passenger numbers to the rest of the world fell in quarter 3 (they grew in quarter 2) meaning that, of the tabulated segments, only scheduled passengers to Europe grew in quarter 3.



## 5. Air cargo tonnes carried to and from UK airports<sup>5,7,10</sup>

| Tonnes (000s)                      | CURRENT QUARTER |             |               |             |              | ROLLING YEAR  |             |               |             |             |
|------------------------------------|-----------------|-------------|---------------|-------------|--------------|---------------|-------------|---------------|-------------|-------------|
|                                    | Q3 2008         |             | Q3 2007       |             |              | Q4 07 – Q3 08 |             | Q4 06 – Q3 07 |             |             |
|                                    |                 |             |               |             |              |               |             |               |             |             |
|                                    | Tonnes (000s)   | % of total  | Tonnes (000s) | % of total  | +/- %        | Tonnes (000s) | % of total  | Tonnes (000s) | % of total  | +/- %       |
| <b>Cargo on cargo only flights</b> | <b>219</b>      | <b>35%</b>  | <b>230</b>    | <b>36%</b>  | <b>-4.7%</b> | <b>946</b>    | <b>36%</b>  | <b>913</b>    | <b>36%</b>  | <b>3.5%</b> |
| London                             | 89              | 14%         | 86            | 13%         | 3.3%         | 356           | 14%         | 331           | 13%         | 7.6%        |
| Regional                           | 130             | 21%         | 144           | 23%         | -9.6%        | 589           | 23%         | 582           | 23%         | 1.2%        |
| <b>Bellyhold cargo</b>             | <b>410</b>      | <b>65%</b>  | <b>409</b>    | <b>64%</b>  | <b>0.4%</b>  | <b>1,647</b>  | <b>64%</b>  | <b>1,591</b>  | <b>64%</b>  | <b>3.5%</b> |
| London                             | 384             | 61%         | 379           | 59%         | 1.4%         | 1,538         | 59%         | 1,475         | 59%         | 4.3%        |
| Regional                           | 27              | 4%          | 30            | 5%          | -12%         | 108           | 4%          | 116           | 5%          | -6.1%       |
| <b>Total cargo</b>                 | <b>629</b>      | <b>100%</b> | <b>639</b>    | <b>100%</b> | <b>-1.5%</b> | <b>2,592</b>  | <b>100%</b> | <b>2,504</b>  | <b>100%</b> | <b>3.5%</b> |
| London                             | 472             | 75%         | 464           | 73%         | 1.7%         | 1,895         | 73%         | 1,806         | 72%         | 4.9%        |
| Regional                           | 157             | 25%         | 174           | 27%         | -9.9%        | 698           | 27%         | 698           | 28%         | 0.0%        |



Source: CAA Airport Statistics

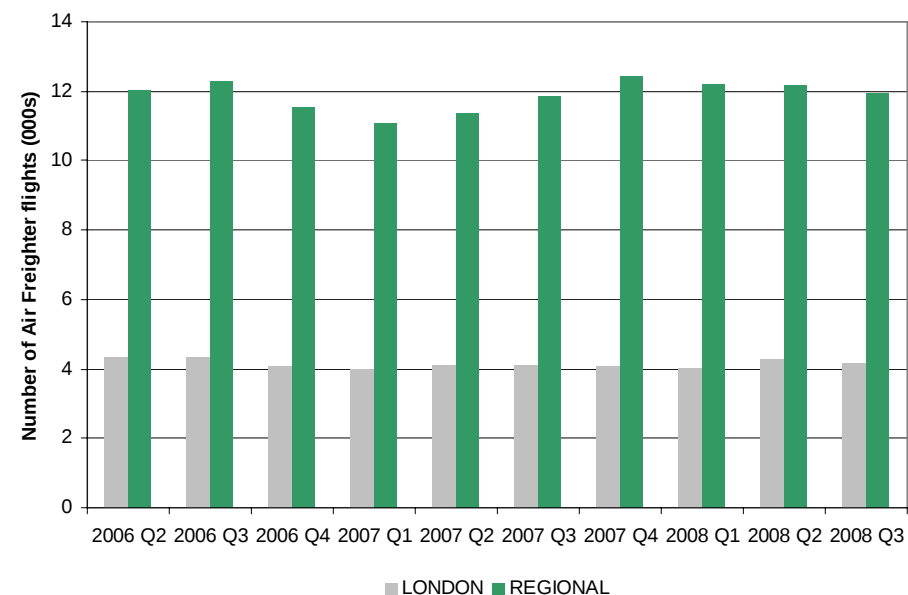
Air cargo – freight and mail – is transported in and out of the UK on air freighters and in the bellyholds of passenger aircraft.

Cargo tonnage during the year to quarter 3 2008 grew, however, quarter 3 tonnage was 1.5% lower than that in quarter 3 2007.

The quarter 3 drop came as total London cargo tonnage growth slowed to 1.7% (it was 5.1% in quarter 2), and as regional airport cargo-only tonnage fell sharply (growth was 0.2% in quarter 2, whereas a decline of 9.6% was recorded in quarter 3).

## 6. All commercial flights to and from UK airports<sup>5,7,10,11</sup>

| Flights (000s)           | CURRENT QUARTER |             |                |             |              | ROLLING YEAR   |             |                |             |              |
|--------------------------|-----------------|-------------|----------------|-------------|--------------|----------------|-------------|----------------|-------------|--------------|
|                          | Q3 2008         |             | Q3 2007        |             | +/- %        | Q4 07 – Q3 08  |             | Q4 06 – Q3 07  |             | +/- %        |
|                          | Flights (000s)  | % of total  | Flights (000s) | % of total  |              | Flights (000s) | % of total  | Flights (000s) | % of total  |              |
| <b>Air freighter</b>     | <b>16</b>       | <b>2%</b>   | <b>16</b>      | <b>2%</b>   | <b>0.7%</b>  | <b>65</b>      | <b>3%</b>   | <b>62</b>      | <b>3%</b>   | <b>5.1%</b>  |
| London                   | 4               | 1%          | 4              | 1%          | 0.7%         | 17             | 1%          | 16             | 1%          | 1.6%         |
| Regional                 | 12              | 2%          | 12             | 2%          | 0.7%         | 49             | 2%          | 46             | 2%          | 6.3%         |
| <b>Passenger flights</b> | <b>630</b>      | <b>98%</b>  | <b>639</b>     | <b>98%</b>  | <b>-1.5%</b> | <b>2,317</b>   | <b>97%</b>  | <b>2,325</b>   | <b>97%</b>  | <b>-0.3%</b> |
| London                   | 288             | 45%         | 289            | 44%         | -0.3%        | 1,074          | 45%         | 1,066          | 45%         | 0.8%         |
| Regional                 | 341             | 53%         | 350            | 53%         | -2.4%        | 1,242          | 52%         | 1,259          | 53%         | -1.3%        |
| <b>Total flights</b>     | <b>646</b>      | <b>100%</b> | <b>655</b>     | <b>100%</b> | <b>-1.4%</b> | <b>2,382</b>   | <b>100%</b> | <b>2,387</b>   | <b>100%</b> | <b>-0.2%</b> |
| London                   | 293             | 45%         | 293            | 45%         | -0.3%        | 1,091          | 46%         | 1,082          | 45%         | 0.8%         |
| Regional                 | 353             | 55%         | 362            | 55%         | -2.3%        | 1,291          | 54%         | 1,305          | 55%         | -1.1%        |



Source: CAA Airport Statistics

The number of commercial flights at reporting UK airports is a measure of commercial aviation activity in the UK. It includes both passenger and cargo flights, but excludes military flights, general aviation and aircraft that pass through UK airspace without landing.

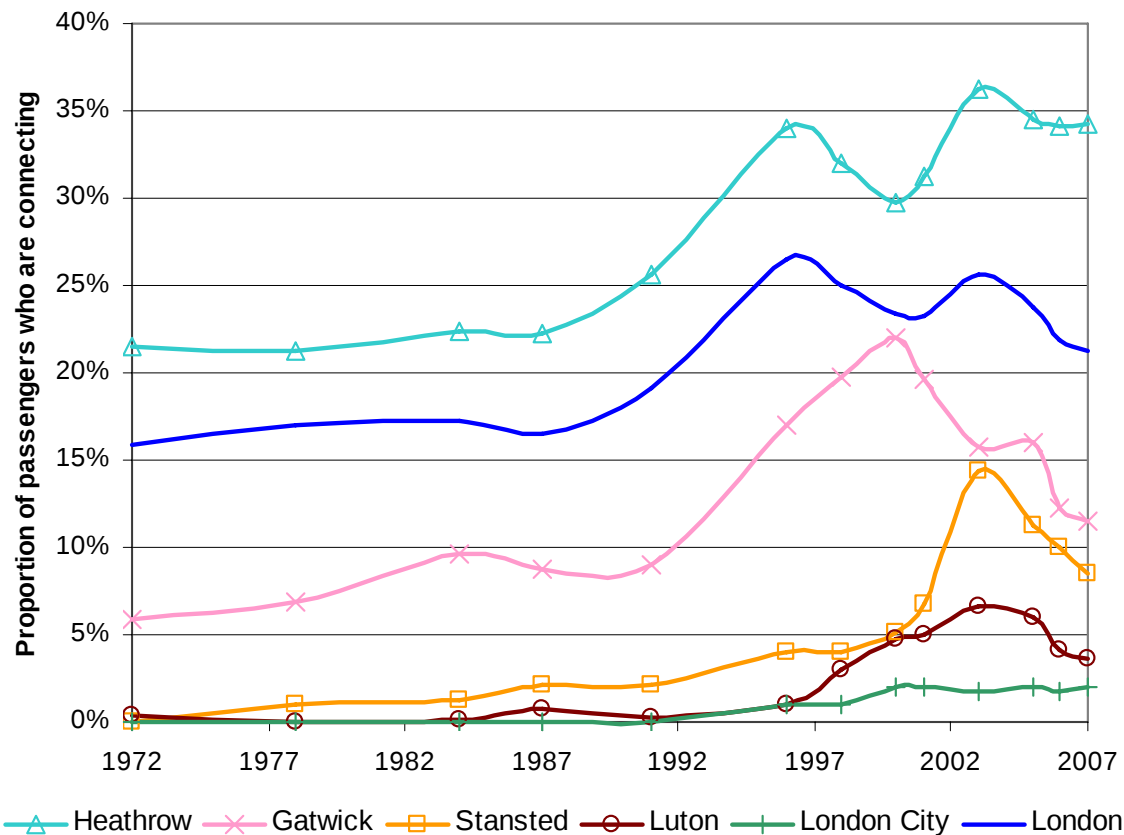
Total commercial flights in the UK decreased 1.4% in quarter 3 2008 from quarter 3 2007. The fall was driven by a reduced number of passenger flights, principally at regional airports.

Growth in the number of air freighter flights also slowed in quarter 3, to 0.7% (on quarter 3 2007), from 6% in quarter 2 2008.

The sharp fall in regional cargo-only tonnage in quarter 3 (shown on p.7) was not matched by air freighter flights at those airports, whose numbers grew slightly, by 0.7% in quarter 3.

## Did you know?

## Connecting Passengers at London Airports



Source: CAA Passenger Surveys

Note: Excludes passengers connecting between flights at different London airports<sup>12</sup>

Connecting passengers are those who arrive at an airport on one flight with the sole purpose of connecting onto another flight. For example, some passengers connect at hub airports such as Heathrow because their local airport does not offer direct services to their intended destination.

The proportion of passengers at the London airports who are connecting has been 15% (Heathrow 20%) or more for the last 35 years. This proportion rose in the late 1980s and peaked in 1996, at 27% (the proportion at Heathrow peaked in 2003 at 36%).

BA's move away from a two-hub strategy in 2002 can be seen in the reduction of the proportion of Gatwick passengers who are connecting.

The proportion of passengers at Stansted and Luton who are connecting has risen as these airports' range of services has increased, even though the no-frills carriers which predominate at these airports do not facilitate/promote connections to the same extent as full-service carriers.

For more information on connecting passengers, see:

[http://www.caa.co.uk/docs/5/Connecting\\_Passengers\\_at\\_UK\\_Airports.pdf](http://www.caa.co.uk/docs/5/Connecting_Passengers_at_UK_Airports.pdf)

## Notes

1. The Civil Aviation Authority data is prepared with the co-operation of the United Kingdom airport and airline operators. The assistance from all these organisations is gratefully acknowledged.
2. The information contained in this report has been compiled from various sources and it is not possible for the CAA to check and verify whether it is accurate and correct, nor does the CAA undertake to do so. Consequently the CAA cannot accept any liability for any financial loss caused by any person's reliance on it.
3. More detailed data are available from the Civil Aviation Authority website at the following address - [www.caa.co.uk/aviationtrends](http://www.caa.co.uk/aviationtrends).
4. The CAA is the UK's specialist aviation regulator whose regulatory activities range from ensuring the aviation industry meets the highest safety standards to preventing holidaymakers from being stranded abroad because of tour operator insolvency.
5. Graphs 2, 3 and 5: London airports are Heathrow, Gatwick, Stansted, Luton and London City. Regional Airports are all other UK airports.
6. Graphs 1, 2 and 4: Terminal passengers are those commencing their journey or connecting between flights at the airport, but exclude transit passengers who do not disembark.
7. Graphs 2, 3, 4, 5 and 6 exclude traffic to and from North Sea oilrigs.
8. Graph 4: For the purposes of this report, World Areas are defined as follows:
  - Domestic - the United Kingdom, the Channel Islands and the Isle of Man;
  - Europe - geographical Europe including Turkey and the former Soviet Union states;
  - North America - USA, Canada and Puerto Rico;
  - Rest of World - all other countries.
9. Graph 4: a destination is defined to be where a passenger boards or alights the aircraft on which they arrived or departed from the reporting airport; it is not necessarily the first or last stop of a multi-sector flight.
10. Graph 5: Cargo comprises mail and freight.
11. All data excludes the activity of Air Taxis – those aircraft with maximum take-off weights of less than 15 tonnes flying non-scheduled services.
12. Note that in the few years where surveys were not run at Stansted, London City, and Luton airports, values were taken from the next closest years during which surveys were run.
13. Sources: UK GDP and CPI are from the UK Office of National Statistics, and the Brent Crude price is from the US Energy Information Administration