

Aviation Trends

Quarter 4 2008



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Introduction

Welcome to the fourth 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 a section entitled 'Did you know?' which aims to present 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, 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 all earlier editions of Aviation Trends, all the figures included activity at the Channel Islands and the Isle of Man. Because these islands are not formally part of the UK, and we wish to present only the trends at UK airports, their figures are now excluded.

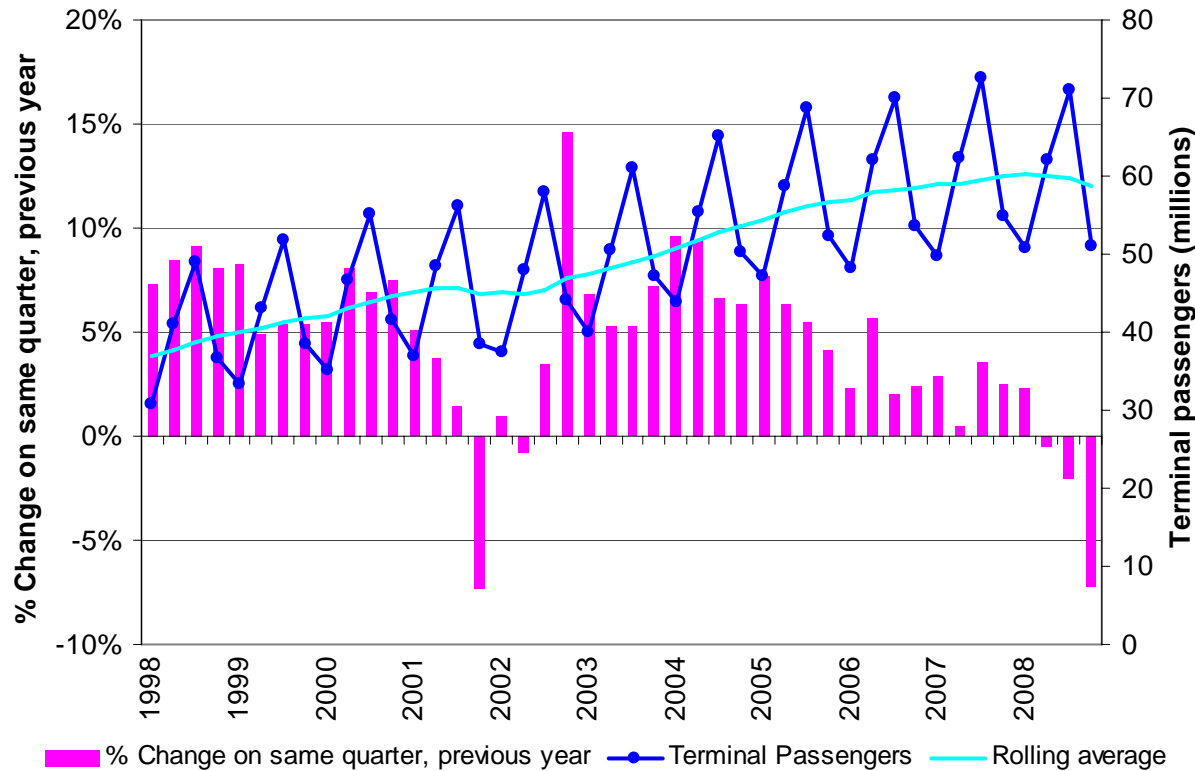
There were several developments of interest in the aviation industry in quarter 4 2008, in terms of both external and internal factors.

In quarter 4 2008 the economic situation in the UK and elsewhere continued to worsen. UK GDP had growth slowed to 0.3% in quarter 3, and contracted in quarter 4 by around 1.8% (versus the same quarter a year earlier). Although consumer price inflation started to drop away from the peak in quarter 3, at an annualised 4.1% in quarter 4 it was still much higher than the Bank of England's 2% target rate¹².

The Brent crude oil price was \$93 on 30 September (the end of quarter 3), and fell almost linearly to about \$36 on 31 December¹². However, the extent to which this would have immediately affected airlines' fuel costs depends on currency movements and airlines' fuel and currency hedging positions.

Turning to the aviation sector, the charter carrier XL Airways went into administration on 12 September. In quarter 4 2007, XL Airways carried 475,000 passengers, the majority to Europe, and the loss of its capacity would have contributed to the fall in passengers in quarter 4.

1. Historical overview - Terminal passengers at UK airports by quarter^{6,11}



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.

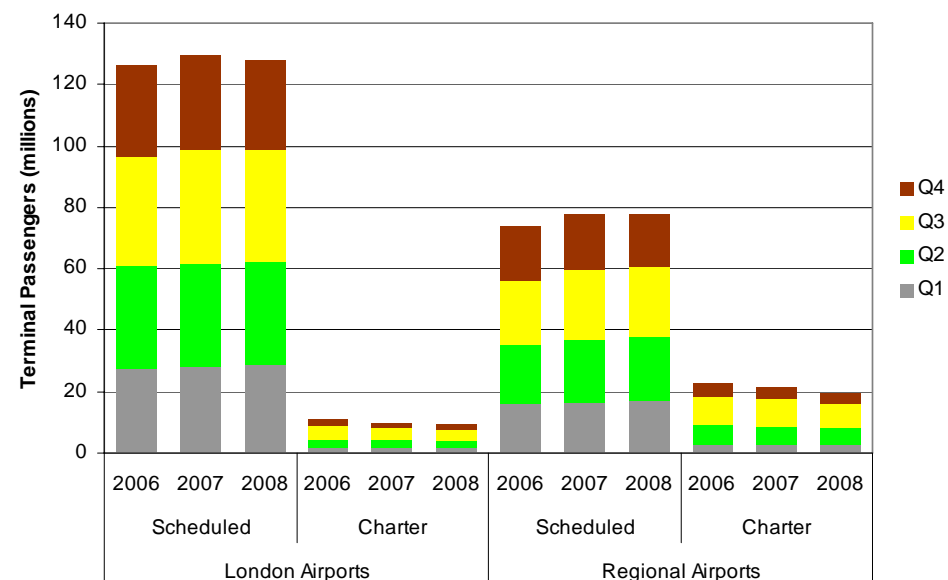
The pink bars show the percentage growth on the previous year's number in the same quarter (on the left axis).

The year-on-year contraction in passenger numbers continued in quarter 4 2008, with a 7.2% reduction, only marginally lower than the 7.3% year-on-year drop in quarter 4 2001, following the 11 September terrorist attacks.

Source: CAA Airport Statistics

2. Terminal passengers at UK airports^{5,6,7,11}

Passengers (millions)	CURRENT QUARTER					ROLLING YEAR				
	Q4 2008		Q4 2007		+/- %	Q1 08 – Q4 08		Q1 07 – Q4 07		+/- %
	Pax (millions)	% of total	Pax (millions)	% of total		Pax (millions)	% of total	Pax (millions)	% of total	
London Airports	30.4	60%	32.6	60%	-6.7%	136.9	58%	139.7	58%	-2.0%
- Scheduled	28.9	57%	30.7	56%	-5.9%	127.7	55%	129.5	54%	-1.4%
- Charter	1.5	3%	1.8	3%	-20%	9.1	4%	10.1	4%	-9.7%
Regional Airports	20.4	40%	22.1	40%	-8.0%	97.3	42%	99.1	42%	-1.8%
- Scheduled	17.2	34%	18.3	34%	-6.3%	78.0	33%	77.8	33%	0.2%
- Charter	3.2	6%	3.8	7%	-16%	19.3	8%	21.3	9%	-9.5%
All Airports	50.7	100%	54.7	100%	-7.2%	234.2	100%	238.8	100%	-1.9%
- Scheduled	46.1	91%	49.1	90%	-6.1%	205.7	88%	207.3	87%	-0.8%
- Charter	4.6	9%	5.6	10%	-17%	28.5	12%	31.5	13%	-9.5%



Source: CAA Airport Statistics³

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.

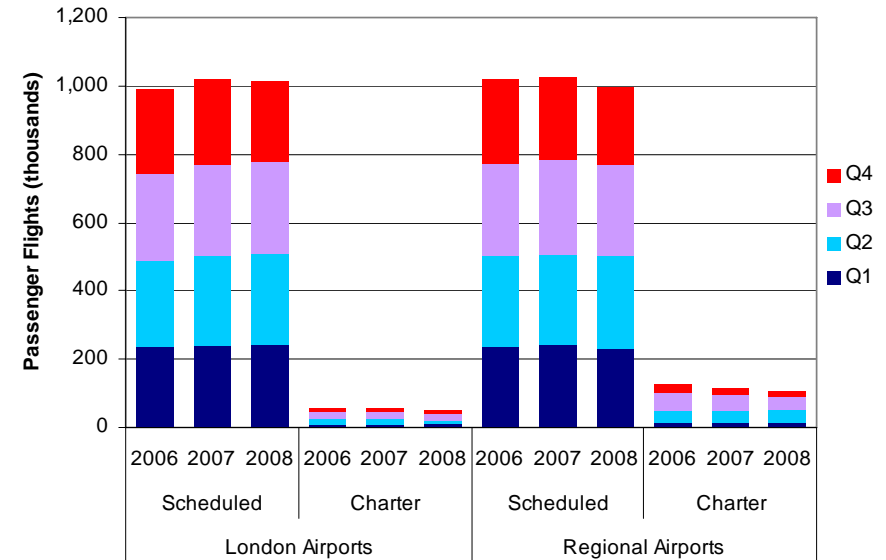
Total terminal passengers at UK airports in quarter 4 2008 were down 7.2% (4 million) on quarter 4 2007. The large percentage contractions in charter traffic at both London and regional airports in quarter 4 2008 translate into only one quarter of the 4 million drop in total passenger numbers, because charter operations had only a 10% share of traffic in quarter 4. Smaller – though still notable – percentage contractions in scheduled traffic contributed three quarters of the fall in passenger numbers.

Calendar year 2008 passenger numbers fell 1.9% (4.6 million), and the only traffic segment to grow in 2008, albeit marginally, was scheduled passengers at regional airports. The decline in charter passengers made up two thirds of the drop in total passenger numbers over the whole year, whereas they only comprised one quarter of the fall in quarter 4 2008.

3. Passenger flights to and from UK airports^{5,7,11}

Number of flights (000s)	CURRENT QUARTER					ROLLING YEAR				
	Q4 2008		Q4 2007		+/- %	Q1 08 – Q4 08		Q1 07 – Q4 07		+/- %
	Flights (000s)	% of total	Flights (000s)	% of total		Flights (000s)	% of total	Flights (000s)	% of total	
London Airports	244.3	50%	257.9	49%	-5.3%	1,060.8	49%	1,071.4	48%	-1.0%
- Scheduled	236.0	48%	247.9	47%	-4.8%	1,012.9	47%	1,017.6	46%	-0.5%
- Charter	8.2	2%	10.0	2%	-18%	47.9	2%	53.7	2%	-11%
Regional Airports	244.2	50%	266.2	51%	-8.3%	1,102.5	51%	1,143.6	52%	-3.6%
- Scheduled	225.4	46%	244.5	47%	-7.8%	994.6	46%	1,025.9	46%	-3.0%
- Charter	18.7	4%	21.7	4%	-14%	107.8	5%	117.7	5%	-8.4%
All Airports	488.4	100%	524.0	100%	-6.8%	2,163.3	100%	2,215.0	100%	-2.3%
- Scheduled	461.5	94%	492.3	94%	-6.3%	2,007.6	93%	2,043.5	92%	-1.8%
- Charter	26.9	6%	31.7	6%	-15%	155.7	7%	171.4	8%	-9.1%

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 4 2008 were down 6.8% (approximately 36,000) on quarter 4 2007, which was driven principally by the fall in total scheduled flights of 6.3%. Charter flights fell by proportionately more (15%), but comprise only around 6% of total flights, and so affect the overall figures less. Calendar year 2008 flights fell 2.3%, which represents around 52,000 flights.

From the table above and that on page 4 one can see that, while scheduled passenger numbers at the regional airports grew slightly in 2008, the number of regional airport scheduled flights fell. Conversely, the fall in scheduled passenger numbers at the London airports outstripped the fall in the number of scheduled flights. This means that in 2008 the number of passengers per flight at London airports fell, while at regional airports it rose.

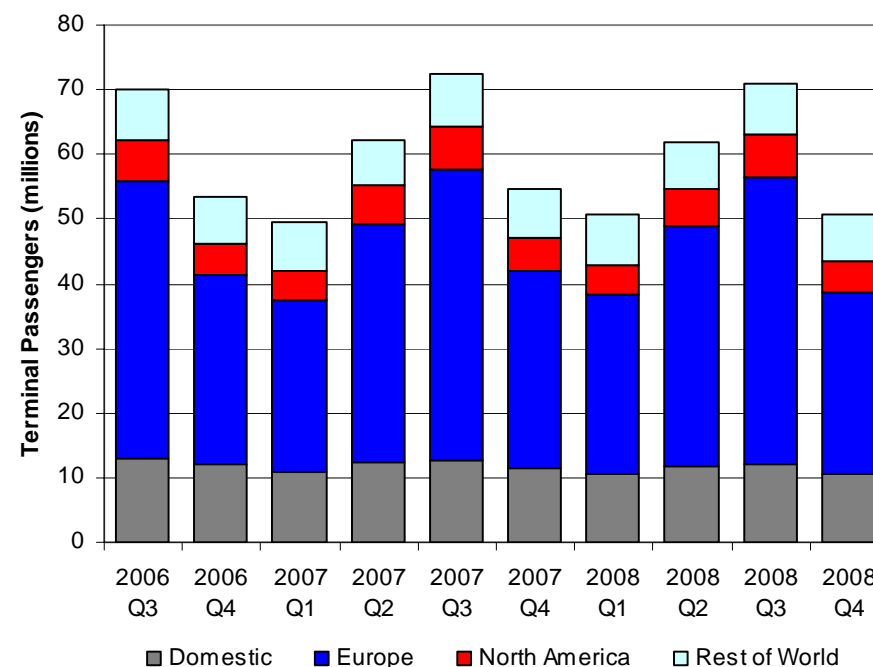
4. Terminal passengers at UK airports by origin / destination^{6,7,8,9,11}

Passengers (millions)	CURRENT QUARTER					ROLLING YEAR				
	Q4 2008		Q4 2007		+/- %	Q1 08 – Q4 08		Q1 07 – Q4 07		+/- %
	Pax (millions)	% of total	Pax (millions)	% of total		Pax (millions)	% of total	Pax (millions)	% of total	
Domestic	10.6	21%	11.6	21%	-8.7%	45.2	19%	47.6	20%	-5.0%
- Scheduled	10.5	21%	11.5	21%	-8.8%	44.9	19%	47.2	20%	-5.0%
- Charter	0.1	0.2%	0.1	0.1%	7.7%	0.3	0.1%	0.3	0.1%	-6.4%
Europe	28.0	55%	30.3	55%	-7.3%	137.2	59%	138.5	58%	-1.0%
- Scheduled	24.6	49%	26.0	48%	-5.5%	114.2	49%	112.9	47%	1.2%
- Charter	3.4	7%	4.2	8%	-19%	23.0	10%	25.6	11%	-10%
North America	4.8	10%	5.3	10%	-8.8%	21.8	9%	22.6	9%	-3.2%
- Scheduled	4.7	9%	5.1	9%	-8.0%	21.1	9%	21.6	9%	-2.5%
- Charter	0.1	0.2%	0.2	0%	-38%	0.8	0.3%	0.9	0.4%	-19%
Rest of World	7.3	14%	7.6	14%	-3.6%	29.9	13%	30.1	13%	-0.6%
- Scheduled	6.3	12%	6.4	12%	-2.2%	25.5	11%	25.5	11%	0.0%
- Charter	1.0	2%	1.1	2%	-11%	4.4	2%	4.6	2%	-3.6%
Total	50.7	100%	54.7	100%	-7.2%	234.2	100%	238.8	100%	-1.9%
- Scheduled	46.1	91%	49.1	90%	-6.1%	205.7	88%	207.3	87%	-0.8%
- Charter	4.6	9%	5.6	10%	-17%	28.5	12%	31.5	13%	-9.5%

Source: CAA Airport Statistics

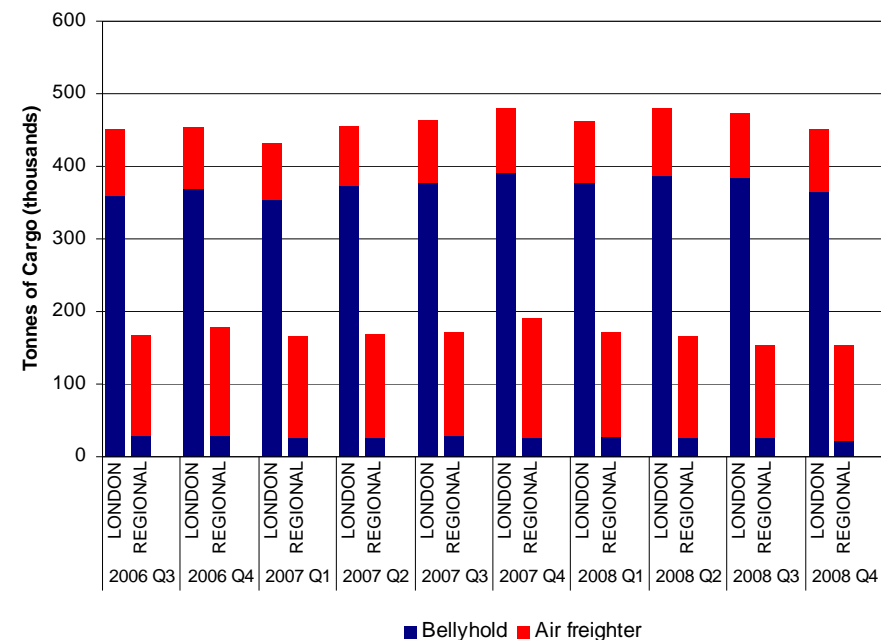
Passenger numbers to all destination groups fell in quarter 4 2008, by around 8%, except for passenger numbers to the Rest of the World destination group, which fell by considerably less. The percentage decrease in North Atlantic charter passenger numbers in quarter 4 is exceptionally high, but equates to a fall of only 60,000 passengers, whereas the smaller percentage decline in scheduled North Atlantic passenger numbers gives a drop of 409,000 passengers.

Similarly, in the calendar year 2008, passenger numbers to all destination groups fell, although only marginally to Europe and the Rest of the World, with Domestic and North Atlantic passenger numbers declining more markedly.



5. Air cargo tonnes carried to and from UK airports^{5,7,10}

Tonnes (000s)	CURRENT QUARTER					ROLLING YEAR				
	Q4 2008		Q1 08 – Q4 08			Q1 08 – Q4 08		Q1 07 – Q4 07		
	Tonnes (000s)	% of total	Tonnes (000s)	% of total	+/- %	Tonnes (000s)	% of total	Tonnes (000s)	% of total	+/- %
Cargo on cargo only flights	221	36%	254	38%	-13%	900	36%	921	36%	-2.3%
London	88	15%	91	14%	-2.6%	354	14%	337	13%	4.9%
Regional	133	22%	163	24%	-18%	547	22%	584	23%	-6.4%
Bellyhold cargo	385	64%	418	62%	-7.9%	1,611	64%	1,607	64%	0.2%
London	364	60%	390	58%	-6.8%	1,512	60%	1,496	59%	1.0%
Regional	21	4%	27	4%	-22%	99	4%	111	4%	-10%
Total cargo	606	100%	671	100%	-9.7%	2,511	100%	2,528	100%	-0.7%
London	452	75%	481	72%	-6.0%	1,866	74%	1,833	73%	1.8%
Regional	154	25%	190	28%	-19%	646	26%	695	27%	-7.1%



Source: CAA Airport Statistics

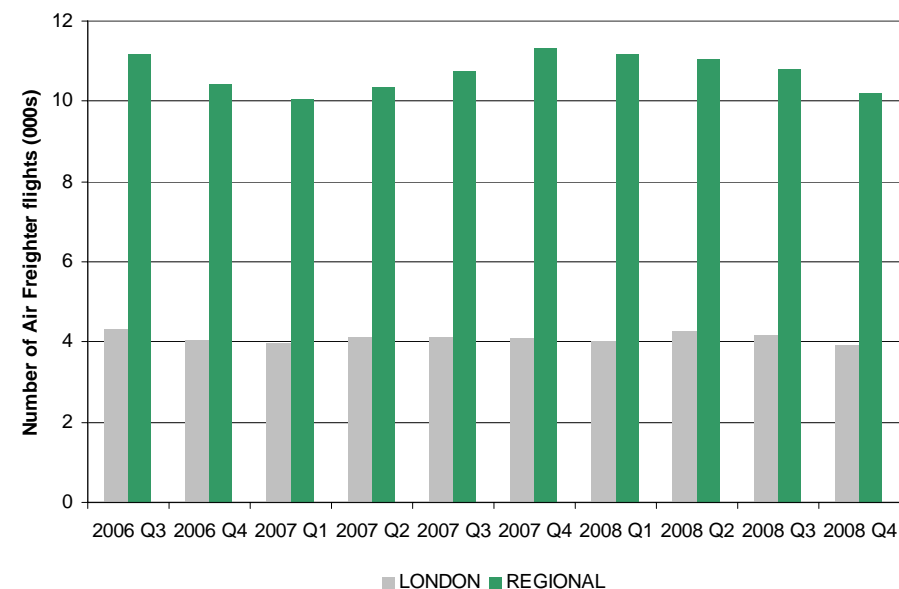
Air cargo – freight and mail – is transported in and out of the UK on air freighters and in the bellyholds of passenger aircraft.

Cargo tonnage handled at UK airports during 2008 fell slightly, but the year-on-year decline in quarter 4 was 9.7%, much greater than the 1.5% decrease in quarter 3, and offsetting the positive overall growth in the first half of 2008. Cargo tonnage at London airports increased in 2008 compared to 2007, so the overall decrease was due to a fall of around 7% in the tonnage handled at regional airports.

In quarter 4, however, London bellyhold cargo, the largest segment, fell 6%, or 27,000 tonnes, nearly as much as the fall in total cargo tonnage at regional airports (36,000 tonnes), despite the percentage fall at regional airports being far higher (-19%).

6. All commercial flights to and from UK airports^{5,7,10,11}

Flights (000s)	CURRENT QUARTER					ROLLING YEAR				
	Q4 2008		Q4 2007		+/- %	Q1 08 – Q4 08		Q1 07 – Q4 07		+/- %
	Flights (000s)	% of total	Flights (000s)	% of total		Flights (000s)	% of total	Flights (000s)	% of total	
Air freighter	14	3%	15	3%	-8.1%	60	3%	59	3%	1.5%
London	4	1%	4	1%	-3.2%	16	1%	16	1%	0.7%
Regional	10	2%	11	2%	-9.8%	43	2%	42	2%	1.9%
Passenger flights	488	97%	524	97%	-6.8%	2,163	97%	2,215	97%	-2.3%
London	244	49%	258	48%	-5.3%	1,061	48%	1,071	47%	-1.0%
Regional	244	49%	266	49%	-8.3%	1,102	50%	1,144	50%	-3.6%
Total flights	503	100%	539	100%	-6.8%	2,223	100%	2,274	100%	-2.2%
London	248	49%	262	49%	-5.2%	1,077	48%	1,088	48%	-1.0%
Regional	254	51%	278	51%	-8.3%	1,146	52%	1,186	52%	-3.4%



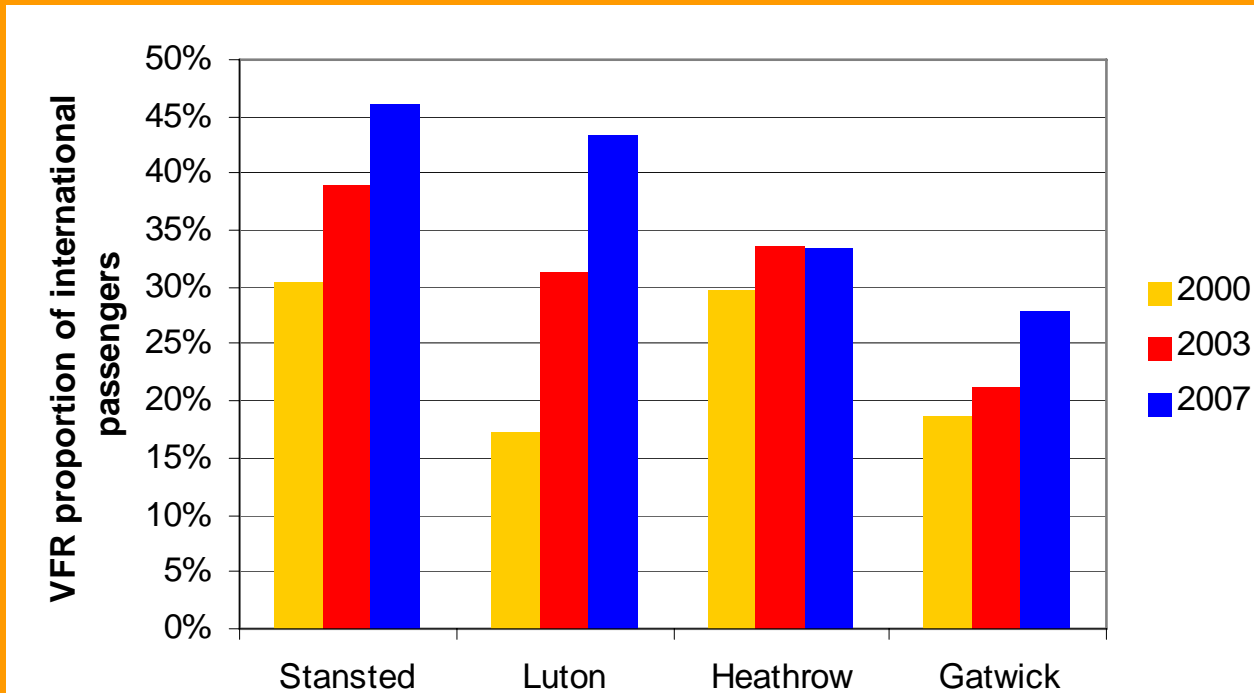
Source: CAA Airport Statistics

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 6.8% in quarter 4 2008 from quarter 4 2007. Both passenger and air freighter flight numbers fell by around 7%. The percentage decrease was larger at regional airports than at the London airports, for both air freighter and passenger flights.

During 2008, the number of air freighter flights grew by 1.5%, whereas the number of passenger flights fell by 2.3%, which drove the 2.2% fall in total commercial flight numbers.

Did you know? Visiting Friends or Relatives (VFR) Passengers at London Airports



Source: CAA Passenger Survey data (www.caa.co.uk/surveys).

Notes: Figures exclude international-to-international connectors.

London City is not included because it is not surveyed every year.

In March 2009, the CAA published 'International Relations: the growth in air travel to visit friends or relatives', a study which uses CAA airport statistics and survey data, and the ONS's International Passenger Survey to investigate the fast growth in VFR traffic at UK airports in recent years.

The chart shows that all London airports have seen an increase in the proportion of their passengers who are travelling to/from the UK for VFR purposes. The largest increases between 2000 and 2007 were at Luton and Stansted, whilst Gatwick's increase mainly occurred between 2003 and 2007.

The number of VFR passengers at the London airports increased by 14.5 million between 2000 and 2007, to 35 million, reflecting trends such as increased labour mobility, migration, and ownership of second homes abroad.

The full study is available at:

http://www.caa.co.uk/docs/589/ERG_International_Relations.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/aviationintelligence.
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, a category which excludes the Channel Island Airports – Jersey, Guernsey, and Alderney – and the Isle of Man, which are not formally part of the UK.
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 (these numbers are not adjusted for the double counting which occurs when both airports report arriving and departing passengers to the CAA);
 - 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. Sources: UK GDP and CPI are from the UK Office for National Statistics, and the Brent Crude price is from the US Energy Information Administration