

Appeal by BAA Ltd and Stansted Airport Ltd following the refusal by Uttlesford District Council of planning application UTT/0717/06/FUL

## **Summary Proof of Evidence on behalf of Stop Stansted Expansion**

### **Stansted Capacity and Air Traffic Forecasts**

Peter Forbes

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Alan Stratford and Associates Ltd  
Delta House  
175-177 Borough High Street  
London SE1 1HR  
Tel: 0207 939 9938  
pforbes@alanstratford.co.uk

## INTRODUCTION

- 1 My name is Peter Forbes. I am Managing Director of Alan Stratford and Associates Limited, the specialist air transport planning consultancy. I have 23 years experience in the aviation industry which has included senior positions at British Caledonian Airways and the UK Civil Aviation Authority.
- 2 I hold a Bachelor of Arts Degree in Economics with Mathematics from the University of Sussex (specialising in transport economics) and I am a member of the Royal Aeronautical Society and the Chartered Institute of Logistics and Transport.
- 3 My consultancy experience includes a wide range of studies at UK and overseas airports covering air traffic forecasting, route development, facility sizing, capacity assessment, environmental appraisal and surface access modal split analysis. I have previously undertaken traffic forecasting studies at Nottingham East Midlands, Glasgow Prestwick, Sydney, Kuala Lumpur and Berlin Brandenburg Airports and capacity studies at London Luton and Dublin Airports.
- 4 This report provides an independent assessment of the air traffic forecasts and capacity limits given in supporting documentation for a planning application for the development of the airport using its current single runway.

## BACKGROUND

- 5 London Stansted Airport handled 23.7 million passengers in 2006 and expects to reach its current planning limit of 25 million passengers by 2008. Its operator, BAA, submitted a planning application in April 2006 to expand the airport by removing the current limit of 25 million passengers per annum and increasing air transport movements (ATMs) from 241,000 to 264,000 per annum. BAA forecast that this will result in approximately 35 million passengers per annum by 2014/15, with an 'upper bound' case of some 37.5 million passengers per annum. The absence of any proposed limit on total annual passengers (rather than ATMs) means that the true impact of the airport's development (on surface access constraints, local community impact etc) is not defined.

## BAA'S FORECASTS

- 6 BAA's projections are based on an overall forecast that the demand for air travel from the London airports will rise by about 4% per annum to 192 mppa by 2014/15. Some limited additional capacity in the London region will be added through the introduction of Terminal 5 at Heathrow and probably some further development at both London City and at Luton Airports. It should, however, be pointed out that the latter two airports are severely site constrained and that the level of expansion is such that much of the traffic overflow in the South East will potentially be assigned to Stansted.
- 7 BAA have forecast that the total number of cargo ATMs at Stansted will increase from 10,964 in 2006 to 20,500 in 2014 under the '35 mppa' case and to 22,500 under the '25 mppa' case. Given recent trends at Stansted, however, it would seem that there is currently little demand for additional dedicated cargo rather than passenger movements. By over-inflating their projections of cargo ATMs in the '35 mppa' case, BAA has under-estimated PATMs and overall passenger throughput.
- 8 The level of long haul traffic at Stansted can be expected to rise more rapidly than other traffic sectors due both to increased demand and capacity constraints at the other London airports. Air traffic forecasts produced by the Department for Transport suggest that the long haul sector

across the UK will grow at a faster rate (4.6% per annum) than either short haul scheduled, low cost or domestic traffic over the period 2005-2015.

- 9 BAA project that the long haul sector will represent some 4% of Stansted's passenger traffic in the 25 mppa case, although this would rise to 10% in the 35 mppa case. The proportion of long haul traffic expected at Stansted under the 35 mppa option is considerably lower than the current (2005) level for BAA SE airports as a whole. Given its comparatively high rate of growth, it is quite possible that the proportion of long haul traffic at Stansted could be much higher than 10% under the 35 mppa case and could potentially rise further still after 2014, particularly in the absence of a third runway at Heathrow.
- 10 In April 2007, Ryanair announced that it plans to introduce low cost long haul flights to the USA from mid-2009 onwards using a fleet of 40-50 B787 or A350 aircraft. Given its key role in Ryanair's network it is likely that a high proportion of these flights would be to and from Stansted. Other low cost (and full service scheduled) long haul airlines are also likely to be attracted to Stansted.
- 11 A key assumption in BAA's traffic forecasts is the projected number of passengers per PATM and it should initially be noted that the projected growth in these ratios under all of these scenarios is significantly less than that achieved at Stansted over the period 2000-2006.
- 12 In the case of the low cost scheduled short haul market, the ratio of passengers per PATM rises from its present level of 129 to 144 passengers per PATM reflecting the fact that many airlines in this sector are likely to upgrade to larger aircraft types with dense seating configurations. In the long haul scheduled market, the ratio of passengers per PATM at Stansted is currently significantly less than that at Gatwick or Heathrow. Should the low cost long haul market develop at Stansted (as described in the Ryanair example above), the ratio of passengers per PATM is likely to increase beyond BAA's estimate as operators are likely to use larger aircraft types, eg B787 and A350 with comparatively high load factors.
- 13 It is particularly noticeable that in its supporting documentation BAA fails to consider the implications of any traffic growth in the '35 mppa' case beyond 2014. Our own traffic projections at Stansted extend to 2030 and therefore address this issue.

## **OUR TRAFFIC FORECASTS**

- 14 Given the apparent anomalies in BAA's forecasts, we have made our own projections based largely on an evaluation of the likely traffic mix, aircraft types and average passenger loads expected at Stansted once it reached its current limit of 241,000 movements per annum and its anticipated capacity limit of 264,000 movements per annum. We have made no assessment of the underlying demand for traffic in the South East or of Stansted's potential catchment area. Any increases in passenger levels at Stansted in our own forecasts would therefore represent an increase in its market share in comparison to and at the expense of Heathrow and Gatwick, although the overall level of demand in the South East should be regarded as unchanged.
- 15 In terms of the breakdown of passenger and cargo ATMs, we believe that BAA has over-estimated the total number of cargo ATMs in both the '25 mppa' and '35 mppa' scenarios. We believe that this should be around 15,000 in 2014 with the balance as passenger ATMs. These figures could be expected to be maintained in 2020 and 2030. We also feel that the growth in the proportion of long haul flights and the number of passengers per PATM are both significantly under-estimated.
- 16 Based on our own growth estimates in line with current trends, we have calculated the overall passenger throughput at Stansted for the '35 mppa' case in 2014, 2020 and 2030. By definition, our forecasts assume that Stansted continues as a single runway airport to 2030.

Given the potential variation of overall traffic demand in London and the South East, the traffic mix, aircraft size and the various permutations and timings of future additional runway and terminal capacity at Heathrow and other competing airports, we have shown these forecasts as ranges rather than as single midpoint estimates.

- 17 Our own analysis suggests that passenger throughput at Stansted could potentially rise to around 36.3 - 37.7 mppa in 2014. This is higher than BAA's base figure of 35 mppa - but is similar to their 'Upper Bound' case. By 2020, however, we forecast that traffic levels will increase to between 40.8 - 42.2 mppa. This represents an annual growth rate of 3.9% per annum, which is broadly in line with the Department for Transport's expected traffic growth rate of 4.0% per annum across the UK. Our best estimate for traffic by 2030, assuming Stansted continues as a single runway airport is in the region of 44.1 - 45.7 mppa.
- 18 Given that our forecasts show an increased proportion of long haul traffic which generally uses larger and noisier aircraft types, we would expect that overall noise levels would be higher under our forecasting scenarios. Further detailed assessment, however, is needed to quantify these effects.
- 19 In conclusion, we believe that BAA has made several misjudgements in their assessment of Stansted passenger throughput at its runway movement capacity of 264,000 ATMs per annum. Whilst this is subject to the overall air traffic demand in London and the South East and is dependent on possible additional runway and terminal capacity at Heathrow and other South East airports, our own analysis indicates that traffic levels under the so-called '35 mppa' case could potentially be in excess of 45 mppa at 2030 should Stansted continue as a single runway airport.