The West Midlands aviation opportunity

An analysis of the economic value and potential of Birmingham Airport

by York Aviation October 2015

Birmingham Airport

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1 Foreword by Paul Faulkner, Chief Executive of the Greater Birmingham Chambers of Commerce

Birmingham is at the heart of a £110 billion regional economy, and home to the largest concentration of businesses outside of London. We also lead the country in terms of export growth, seeing 100% growth between 2009 and 2014. With major developments around HS2, HSBC, New Street Station, John Lewis and the exciting work taking place at Birmingham Airport, we have every reason to be proud of our region's growing success.

We have also seen major progress towards creating a combined authority, and expect this to continue at pace in the coming months, bringing together our towns, cities and Local Enterprise Partnerships to collectively support our growth. We must get this right if we are to realise our potential to be the engine of growth, not just for our region but for the whole country.

Birmingham Airport is a vital cog in driving this engine, providing the connectivity that our thriving businesses need to trade, export and secure investment. The central message of this report is that, to build on this success, our region must work hand in hand with central government to grasp new global opportunities for the country. Now is the time to work together to make the most of HS2, reform Air Passenger Duty and support the continued growth of new routes to destinations around the world, to plug our region into new markets and enable us to play our full part in rebalancing the economy.

Greater Birmingham Chambers of Commerce

Paul Faulkner
Chief Executive of the Greater Birmingham Chambers of Commerce


Thomson

2 Executive summary

Birmingham Airport is one of the UK's largest and most successful regional airports. It provides a wide range of services, domestic, short haul and long haul, to passengers from across the Midlands and beyond.

Birmingham Airport handled over 10 million passengers between August 2014 and August 2015, making it the third largest regional airport in the UK, and the second largest regional airport in England. Passenger numbers have grown by around 13% over the last five years as the Airport, along with the West Midlands region, has recovered strongly from the global recession.

Birmingham Airport is one of the most important economic drivers in the West Midlands region. Through the diverse range of activities at the Airport, the wide range of users of air services and through multiplier effects, the Airport supports economic activity across a wide range of sectors in the regional economy.

10

MILLION

passengers used Birmingham Airport August 2014 to August 2015

The Airport handled over 9.7 million passengers in 2014 and its total economic impact in the West Midlands was around £1.1 billion in Gross Value Added (GVA). It also supported around 25,300 jobs (20,800 full time equivalents (ftes)). This puts the Airport in a similar bracket to developments such as HS2 in terms of driving the regional economy. Across the UK, where more of the Airport's economic impact is captured, its total impact is estimated at around £1.7 billion in GVA and around 39,850 jobs (33,050 ftes).

The Airport's economic impact in 2014 equates to £113 of GVA per passenger and 2.6 jobs in the West Midlands for every 1,000 passengers passing through the Airport.

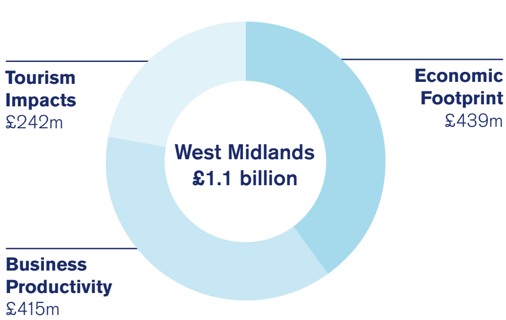
The impacts of the Airport in the West Midlands reflect:

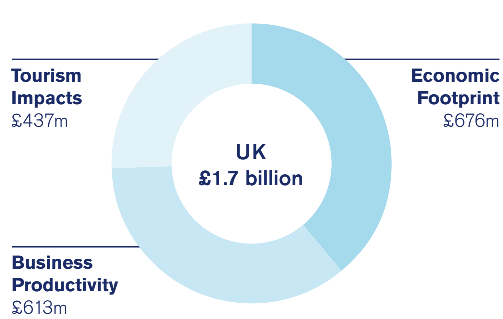
- Its role as a major piece of transport infrastructure;
- Its crucial role in providing international connectivity to the region's highly significant manufacturing sector and a range of financial and business services;
- Its role in supporting the visitor economy in the region.

The potential for Birmingham Airport to increase its impact on the West Midlands economy in the future is significant. There are a range of opportunities for the Airport that will support potential growth:

- High Speed 2 will put Birmingham Airport and the West Midlands at the heart of a step change in UK rail accessibility making the Airport more attractive to passengers in Central London, the North West and Yorkshire, enlarging its catchment area. The potential economic impact of this growth could be around £34 million per year in GVA and around 950 jobs in the West Midlands. Across the UK, this impact increases to around £52 million in GVA and around 1,300 jobs;
- Birmingham Airport is one of the UK's few airports that acts as a genuine base for long haul connections. It is currently working to significantly expand its long haul network. Delivery of its aspirations could support around £248 million in GVA and around 5,100 jobs in the West Midlands. Across the UK this impact increases to around £425 million in GVA and around 8,000 jobs;
- In an ever changing market with the growing strength of Middle Eastern and Asian airlines and increasing liberalisation, one possibility in the future could be the development of a new type of hub at Birmingham Airport by one of these airlines providing east-west connectivity. Such a mini-hub could support around £173 million in GVA and 3,550 jobs in the West Midlands. Across the UK this impact increases to around £292 million in GVA and around 5,400 jobs;
- The abolition of Air Passenger Duty at non-congested airports, alongside APD cuts in Scotland and Wales, could result in around 2.9 million additional passengers using Birmingham Airport by 2025. This extra throughput is estimated to support an additional £331 million in GVA and around 7,650 jobs in the West Midlands. Across the UK this impact increases to around £521 million in GVA and around 12,000 jobs;
- Improving east-west connectivity across the Midlands would enable the Airport to reduce leakage to congested airports in the South East and increase its economic footprint by around £41 million in GVA and 1,150 jobs in the West Midlands. Across the UK this impact increases to around £63 million in GVA and around 1,600 jobs.

Summary of GVA impacts in 2014





Source: York Aviation


SPORTS

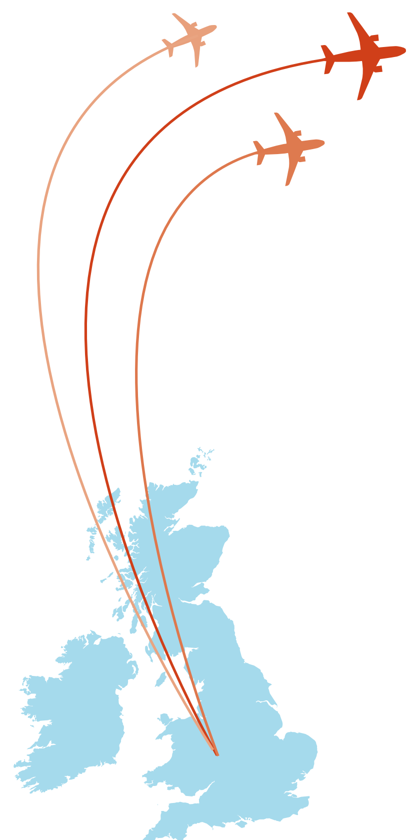
3 Background to this report

In May 2015, Birmingham Airport commissioned York Aviation to undertake an economic impact assessment of the Airport.

This work is intended to provide a detailed analysis of the role the Airport plays in serving and supporting one of the UK's most dynamic and fastest growing regions, the West Midlands.

The work has been undertaken against a background of considerable flux in the UK air transport market:

- The UK's major regional airports are recovering strongly from the global recession, while other smaller airports continue to struggle;
- The Airports Commission has recently completed its three year examination of the runway capacity conundrum in the London market and has recommended a third runway be built at Heathrow. However, the delivery of that recommendation remains uncertain and the timescales distant;
- Air Passenger Duty looks set to be devolved to Scotland and potentially to Wales raising questions as to its future in the context of its potential competitive impact on English regional airports in particular.



Birmingham Airport is one of the UK's few airports that acts as a genuine base for long haul connections

4 Birmingham Airport today

Birmingham Airport handled over 10 million passengers between August 2014 and August 2015, making it the third largest regional airport in the UK, and the second largest regional airport in England. Passenger numbers have grown by around 13% over the last five years as the Airport, along with the West Midlands region, has recovered strongly from the global recession.

Birmingham Airport's passenger growth in the last five years has been substantially higher than the UK regional airport market as a whole and only slightly behind that seen in the London market. This reflects the strength of economic growth in the West Midlands in recent years.

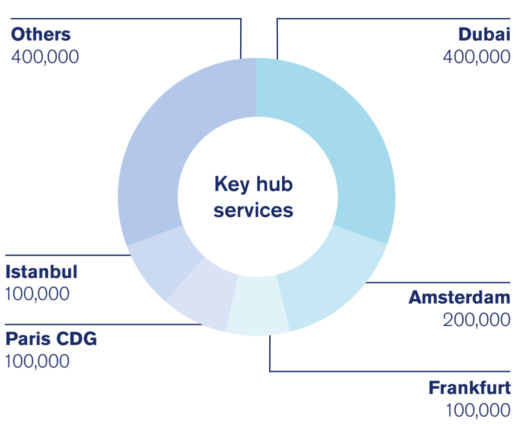
The connectivity that Birmingham Airport offers is ultimately central to its economic impact. The largest share of passenger traffic comes from international short haul passengers but the Airport also provides important domestic connectivity and is one of the few airports in the UK with significant numbers of long haul passengers. All market segments have experienced growth in the last five years.

The Airport's route network has been relatively stable in recent years, however 2014 saw a marked increase in the number of destinations served. The number of destinations served at least five times per week, suggesting at least one frequency each week day, has also increased in the last two years. So far in 2015, the Airport has added eight new airlines.

The Airport also significantly extends the connectivity it offers by providing connections to a number of key global hub airports. These airports are used by airlines to consolidate demand from a wide area to enable a very broad range of destinations to be served at a higher frequency than would otherwise be possible.

Birmingham Airport provides access to three of Europe's most important hub airports, Amsterdam, Paris Charles de Gaulle and Frankfurt. However, by some margin, the Airport's most important hub connection is to the rapidly growing Emirates hub in Dubai (see Figure 1). This long haul hub provides access to a wide range of eastbound destinations, many of which will not be commercially viable from Birmingham for some time.

FIGURE 1 Key hub services at Birmingham Airport in 2014 (passengers)



Source: York Aviation

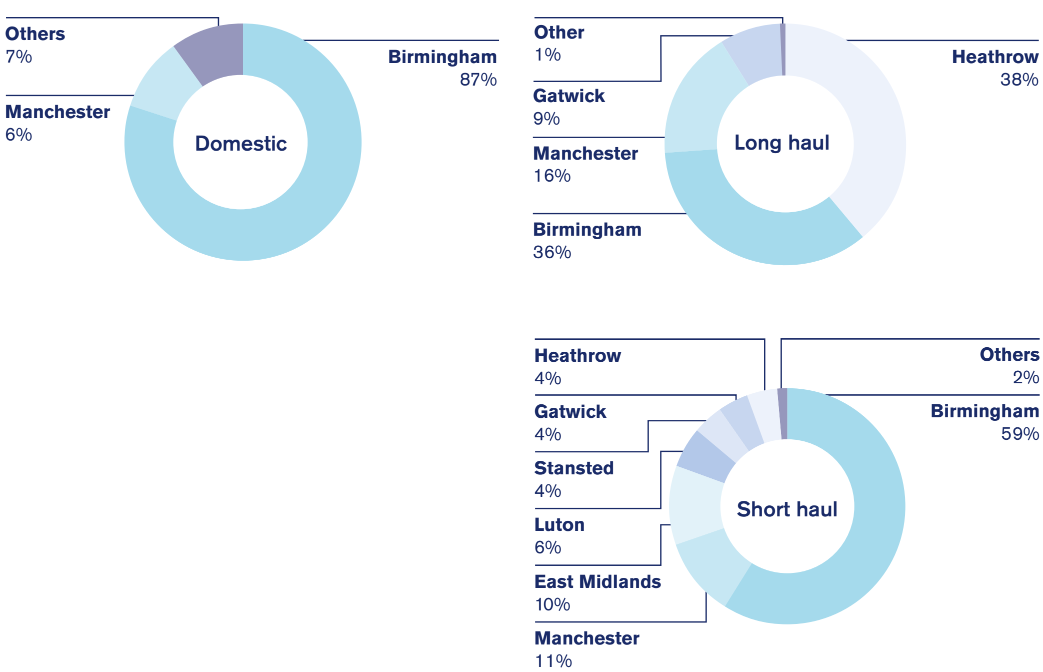
4.1 Birmingham Airport's catchment

Birmingham Airport is located around 6 miles South East of Birmingham city centre close to both the M42 and M6 motorways, which provide easy access across the Midlands. The Airport is also connected to the mainline rail network via Birmingham International station. This provides fast access to Birmingham city centre, London and to locations across the Midlands and further afield.

The Airport's core catchment area is the West Midlands, from which it draws around two thirds of its traffic. It also draws significant traffic from the East Midlands (around 17% of traffic), as well as traffic from the South East (5%), South West (5%) and Wales (3%).

Birmingham Airport's market penetration in the West Midlands is strong across all market segments, demonstrating the region's reliance on the Airport for domestic and international links. Birmingham Airport captured around 87% of the domestic market, 59% of the short haul market and 36% of the long haul market in 2014. Its key competitors are Heathrow, Manchester and East Midlands (see Figure 2).

FIGURE 2 Market penetration in the West Midlands by airport



Source: York Aviation

Birmingham Airport passenger distribution in 2014

Source: CAA Passenger Survey

5 Birmingham Airport's economic impact

Airports are the geographic centres for the air transport industry. They are where the service is ultimately delivered to its end users, passengers or freight customers. However, airports are now about much more than simply loading passengers or freight on to an aeroplane. They are centres for the delivery of a wide range of ancillary goods and services that either directly support the delivery of air services or service the broader demand for goods and services from passengers passing through the airport. As such, they are often major centres for employment and economic activity within the regions they serve and are diverse economies in their own right offering employment opportunities in a wide range of sectors and at different skill levels.

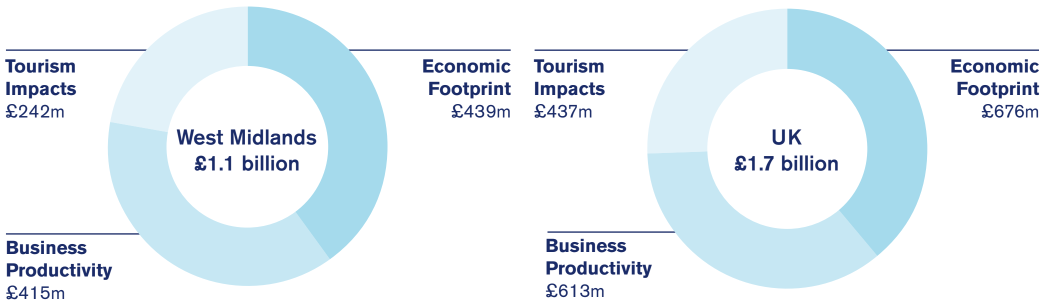
This concentration at and immediately around an airport is known as its direct economic impact. However, an airport's economic footprint does not stop there. Organisations at airports have supply chains that enable them to provide the goods and services that they offer. Purchases in this supply chain within the region around airports support further employment and prosperity (indirect effects). Expenditure of the wages and salaries earned by those employed by the direct and indirect impacts injects further consumer expenditure in to the economy, which in turn supports more economic activity and jobs in the region.

In addition, Birmingham Airport plays a significant role in supporting prosperity and jobs in the wider economy. The connectivity it provides enables domestic and international travel that supports trade, brings investment, encourages competition and bring visitors to an area. This drives long term productivity in the economy and brings additional expenditure to an area, which support additional GVA and jobs. These impacts have been reflected in our work as business productivity effects and tourism impacts (see Figure 3).

Birmingham Airport is one of the most important economic drivers in the West Midlands region. The Airport's total economic impact in the West Midlands in 2014 was around £1.1 billion in GVA and it supported 25,300 jobs (20,800 ftes). This GVA impact is equivalent to around 1.1% of the whole West Midlands economy. By way of comparison, it is also helpful to consider this impact in the context of another major piece of transport infrastructure, HS2. The regional GDP impacts from HS2 in 2037 in the West Midlands have been estimated by KPMG at between £1.5 billion and £3.5 billion. This demonstrates that Birmingham Airport needs to be considered in the same bracket in terms of its ability to drive the regional economy.

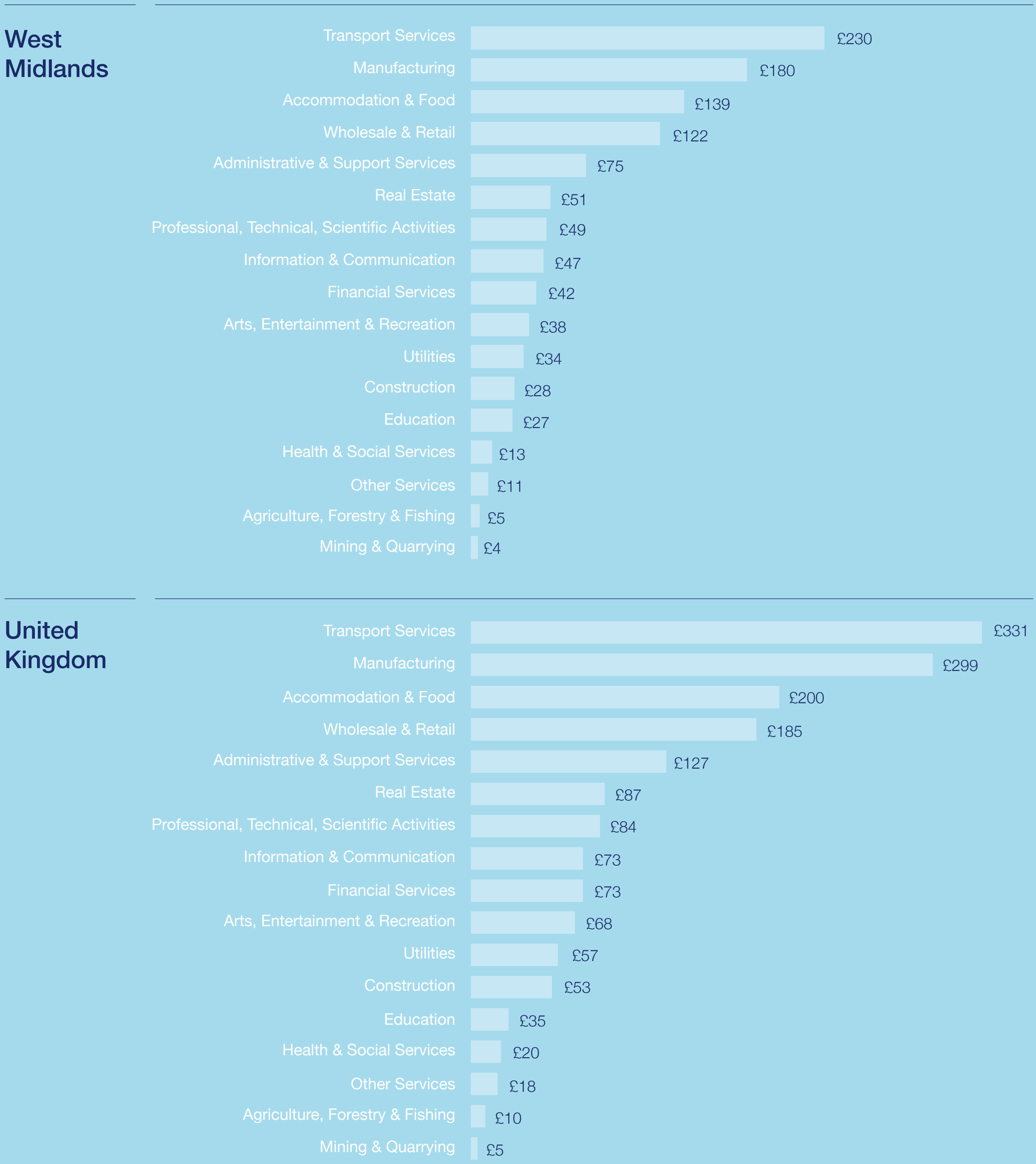
Across the UK, where more of the Airport's economic impact is captured, its total impact is estimated to be around £1.7 billion in GVA and (33,050 ftes).

FIGURE 3 **Summary of GVA impacts in 2014**



Source: York Aviation

FIGURE 4 Total impacts by sector in 2014 (GVA £m)



Source: York Aviation

5.1 Exploring the economic footprint of the Airport

The direct impact of the Airport is substantial. Around 8,050 people are employed either on-site at the Airport or within its immediate vicinity and are engaged in activities relating to the operation of the Airport and air services. Adjusting for those employed on a part-time basis, this equates to around 6,950 ftes. The GVA generated by these direct impacts is primarily captured within the West Midlands region and is estimated to be around £250 million in 2014. Across the UK, the total GVA associated with Birmingham Airport is estimated to be around £295 million.

The indirect and induced impacts of the Airport are also significant. Within the West Midlands, the Airport is estimated to support a further 4,450 jobs (equivalent to around 3,850 ftes) and £189 million in GVA. Across the UK, within which more of the supply chain and expenditure effects are captured, the number of jobs supported is estimated to be around 8,850 (7,700 ftes) along with GVA of around £381 million.

In total, Birmingham Airport's economic footprint is estimated to be around 12,500 jobs (10,750 ftes) and around £439 million in GVA in the West Midlands. Across the UK, this increases to around 16,900 jobs (14,650 ftes) and £676 million in GVA.

This economic footprint is felt across a broad range of sectors in the economy. Within the West Midlands, the largest impact is felt in the transport services sector, but with significant contributions across sectors including wholesale and retail activities, manufacturing and administrative and support services (see Figure 4). This is largely a reflection of the Airport as a transport node.

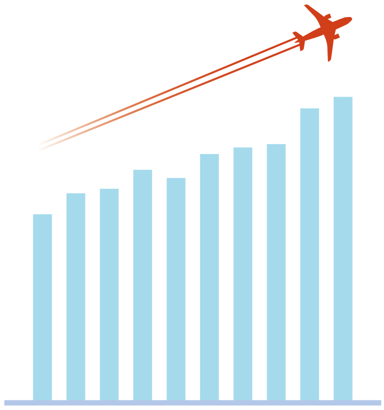
5.2 Productivity effects of the Airport

Birmingham Airport also plays a significant role in supporting prosperity and jobs in the wider economy. The connectivity it provides enables domestic and international travel that supports trade, brings investment, encourages competition and brings visitors to an area. This drives long term productivity in the economy and brings additional expenditure to an area, which supports additional GVA and jobs.

Within the West Midlands, it is estimated that the connectivity offered by Birmingham Airport supports around £415 million through business productivity effects. Across the UK as a whole, this increases to around £612 million.

It is also estimated that Birmingham Airport supports around 3,400 jobs (2,950 ftes) in the West Midlands via business productivity effects or around 7,200 jobs (6,300 ftes) across the UK.

The productivity benefits in the West Midlands are felt across a range of sectors. However, there is a strong focus on the region's important manufacturing sector, where the Airport is estimated to facilitate an additional £117 million in GVA in 2014 in productivity benefits over and above direct benefits. Given the importance of advanced manufacturing in driving the region's export economy this is not surprising. There is also a noticeable focus on professional and business services, such as professional, technical and scientific activities, information and communication services and financial services. These types of activities are known to be significant users of air services.



Birmingham Airport drives long term productivity in the economy

Case study: BC Metals

BC Metals is an international scrap metals trader that operates from its base in the West Midlands. The great majority of the company's business is outside the UK and Birmingham Airport is felt to be vital. The ability to do a day return trip to European centres is highly valued, while access to hub airports from Birmingham is seen as preferable to using Heathrow for longer haul trips. If Birmingham Airport did not offer the connectivity it does the company would not be able to trade as well as it does. The other great asset of having a well-connected airport in the West Midlands, is that customers and importantly, potential customers can visit more easily.

Chairman, BC Metals

GVA impacts per passenger

Total impact	Direct impact	Indirect and induced	Business productivity	Tourism impacts
£113	£26	£19	£43	£25

Jobs per 1,000 passengers

Total impact	Direct impact	Indirect and induced	Business productivity	Tourism impacts
2.6	0.8	0.5	0.3	1.0

Case study: Irwin Mitchell

Irwin Mitchell is one of the UK's largest law firms with offices around the UK including in Birmingham. The company uses air travel for domestic and international connectivity and the proximity of BHX offers a major advantage in terms of time. Irwin Mitchell praised the Airport's facilities for business travellers and its surface access. In the future more international links to the USA and to China would be highly valued.

Partner, Irwin Mitchell

5.3 The economic impact of the Airport's passengers

The particular importance of long haul business passengers in driving economic impact is shown in Figure 5. The business productivity impacts associated with access to long haul markets are particularly strong and this is reflected in a GVA impact per passenger that is substantially higher than for other passenger types.

Figure 6 shows the annual regional GVA impact of a daily service to various types of destination. This again highlights the particular importance of long haul connectivity, either direct long haul services or via short haul hubs.

FIGURE 5 GVA impact per passenger by type

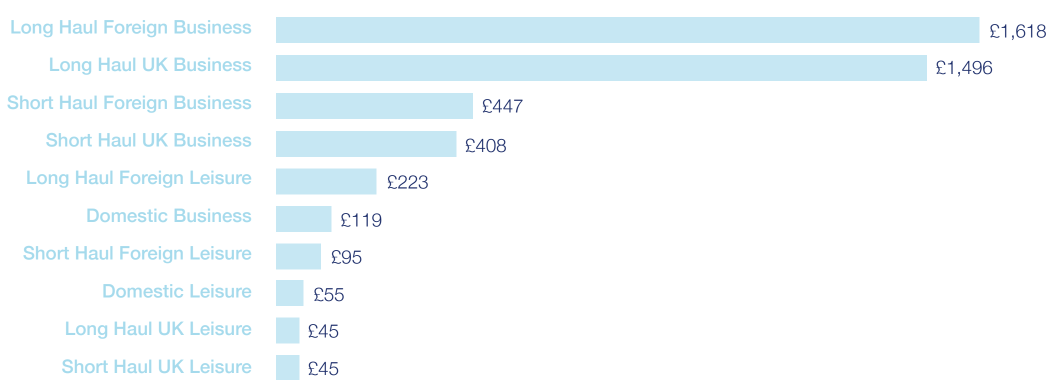
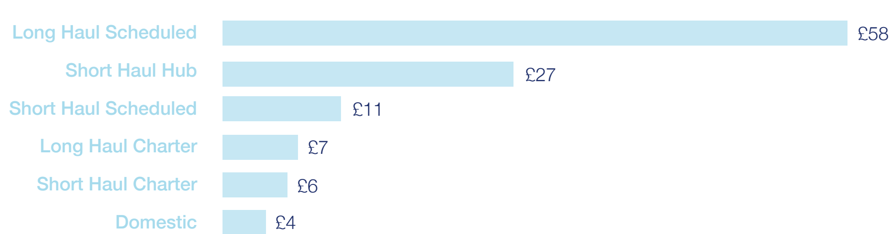


FIGURE 6 Annual regional GVA impact of a daily flight (£m)



Source: York Aviation

5.4 Focus on tourism

Birmingham Airport also impacts on the wider economy by bringing domestic and international visitors to the West Midlands and the UK more generally. The expenditure injected into the economy by these visitors supports economic activity and employment directly in tourism related sectors, such as hotels, food and beverage and visitor attractions, and across the economy through indirect and induced effects.

Over the last five years, foreign visitor numbers have been growing steadily, driven particularly by increased numbers of leisure visitors, a group which has grown by nearly 0.5 million passengers since 2010 (see Figure 7).

In 2014, passengers travelling through Birmingham Airport are estimated to have spent around £285 million in the West Midlands economy and £428 million in the UK as a whole based on analysis of the CAA Passenger Survey and statistics from VisitBritain. This expenditure supported around £242 million in GVA and 9,400 jobs in the West Midlands and £437 million in GVA and 15,750 jobs across the UK.

The sectoral impact of the Airport's tourism impact is concentrated in accommodation and food and arts, entertainment and recreation, reflecting the make-up of tourism related industries.

Tourism impacts of Birmingham Airport 2014

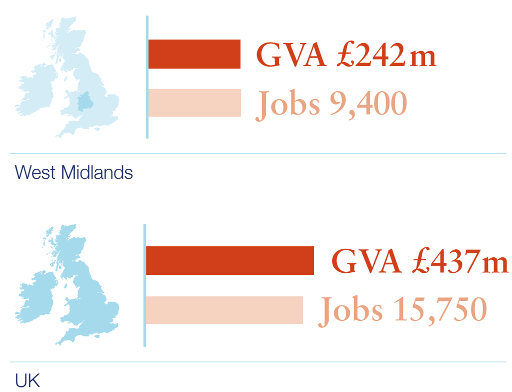
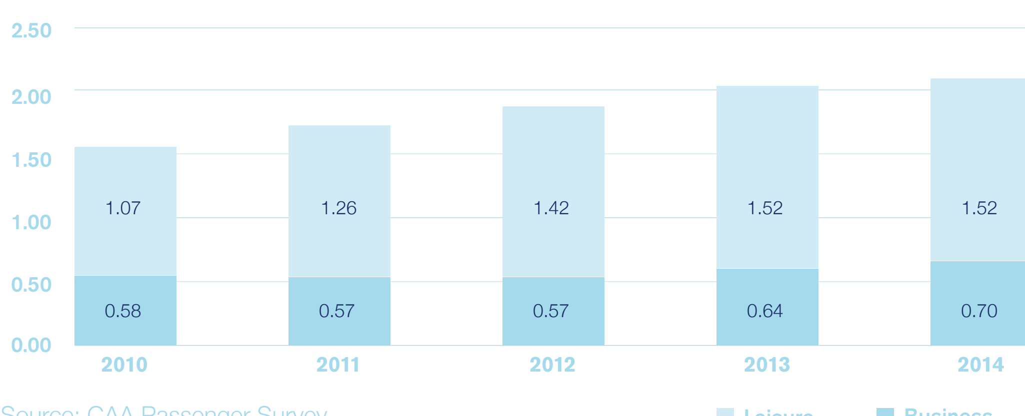


FIGURE 7 Foreign passengers at Birmingham Airport (millions)



Source: CAA Passenger Survey

Case study: Shakespeare's England

Shakespeare's England is the official destination management organisation for Stratford-on-Avon and Warwick Districts. It is a public-private sector partnership representing the leading tourism businesses and organisations in Stratford-upon-Avon, Warwick, Royal Leamington Spa, Kenilworth and surrounding market towns and villages.

The West Midlands has a strong international tourism offer based around Shakespeare and Warwick Castle and their attraction to tourists. The Shakespeare brand is particularly strong in the USA as well as Germany and France, and it is a growing brand in China. The higher tourism spend of international travellers is recognised by Shakespeare's England. However, it is also acknowledged that it is a challenge to encourage visitors out of London. For this reason, direct flights to the region through Birmingham Airport are crucially important to the strategy of the partnership. The current Emirates flight to Dubai and the United Airlines and American Airlines services to New York are particularly valued.

Chief Executive,
Shakespeare's England

Birmingham Airport became the first non-London UK airport to offer direct flights to mainland China in 2014

In 2015, Hainan Airlines operated an extended series of twice weekly direct flights between Birmingham and Beijing, creating a major boost for the region's tourism industry


王府井书店
王府井书店
文化用品
钢琴乐器城
数码产品
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American
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Hainan Airlines
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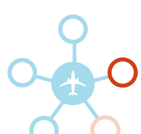
6 The potential future impact of Birmingham Airport

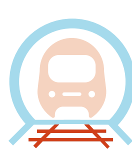
Birmingham Airport in 2015 is one of the largest airports in the UK and one of the most important economic drivers in the Midlands.

However, it will not remain the same either in terms of size or the nature of its offer and neither will the environment in which it operates. This section examines how a number of possible changes in policy, the aviation industry and infrastructure investment could influence its economic impact in the future.

6.1  **GVA and jobs impact from an expanded long haul network**

6.2  **GVA and jobs impact delivered by Birmingham Airport on it becoming a mini-hub for an east-based airline**

6.3  **GVA and jobs impact from reforming Air Passenger Duty**

6.4  **Birmingham Airport's additional GVA and jobs impact following HS2**

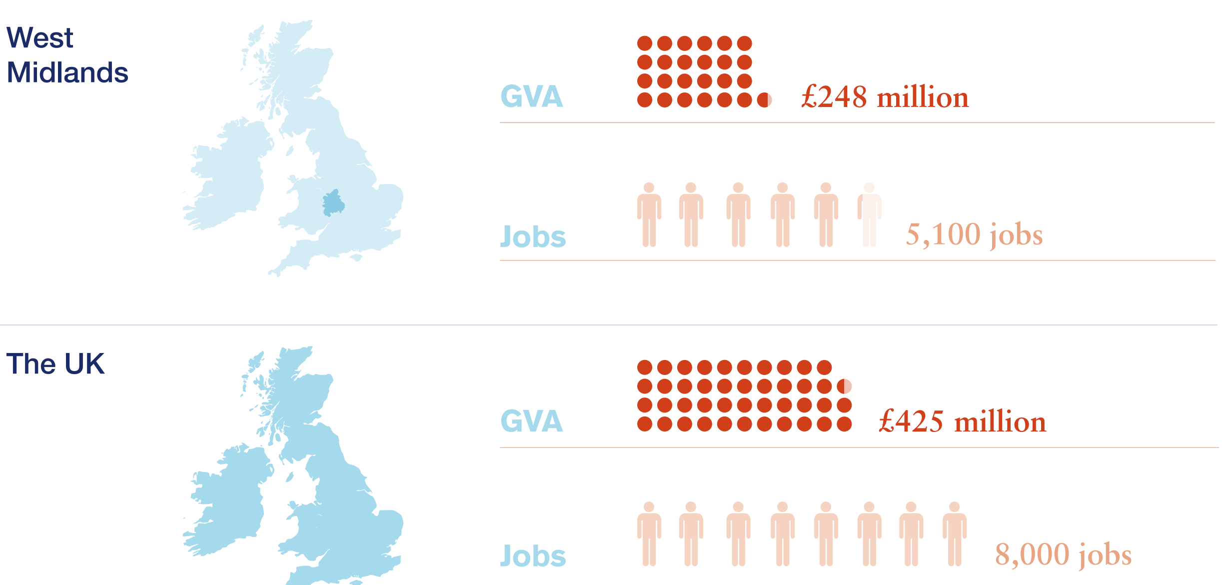
6.5  **Birmingham Airport's additional GVA and jobs impact following improved east-west connectivity across the Midlands**

6.1 Delivering a significantly expanded long haul network

Birmingham Airport is one of the UK's few airports that acts as a genuine base for long haul connections, offering connections including Dubai, New York, Delhi, Amritsar, Islamabad, Cancun, Orlando and Beijing. The Airport and its partners are continuing to work hard to develop and extend the long haul connectivity from the Airport.

Our analysis suggests that securing the network of routes that the Airport believes there is strong market demand for could result in around a further 1.5 million long haul passengers. Based on existing patterns of demand within the Airport's catchment area to these destinations, it is estimated that delivery of these routes would increase the economic impact of the Airport in the West Midlands by around £248 million in GVA and around 5,100 jobs. The impact is driven particularly by the business productivity impacts gained from improved access to new long haul markets. Across the UK this impact increases to around £425 million in GVA and around 8,000 jobs.

GVA and jobs impact from an expanded long haul network



Source: York Aviation

● = £10 million   = 1,000 jobs

Case study: JCB International

JCB is based in the West Midlands. It has 22 plants on four continents and more than 750 dealers around the world. It has a 12,500-strong worldwide workforce, of which over 6,500 employees are in the UK. Over 75% of products made in the UK are exported. The second largest location is India with over 5,000 employees. It is a direct extension of the UK operation with very strong links. The global sales function has offices all over the world. Air travel is extensive and direct connections are vitally important, alongside timing and the quality of the product. Direct overnight flights enable staff to work immediately on arrival.

JCB Group
Communications Director

6.2 Delivering a new type of hub

The further development of long haul services from Birmingham Airport is a key target for future development. In an ever changing market with the growing strength of Middle Eastern and Asian airlines and increasing liberalisation one possibility in the future could be the development of a new type of hub at Birmingham Airport by one of these airlines.

An east-based airline could seek to use Birmingham Airport as a consolidation point for traffic between North America and its rapidly growing home markets in Asia. When combined with the strong demand base in Birmingham's catchment area for both North American and eastbound long haul services, the airline could develop a mini-hub, offering a range of new points in North America, such as Los Angeles, Toronto, San Francisco, Boston, Miami or Washington, while feeding the hub from its own bases to the East.

This is clearly a speculative development but provides an interesting 'what if' scenario and a different way of serving long haul markets. For the purposes of illustration, it is assumed that the airline could establish a three wide-body aircraft base. This would result in 1.4 million additional passengers per annum at Birmingham Airport. Around 50% of these are assumed to be travelling to or from the West Midlands region, with the remainder being transfer passengers.

Such a mini-hub could support around £173 million in GVA and 3,550 jobs, split between growth in the economic footprint of the Airport and wider economic benefits. Across the UK this impact increases to around £292 million in GVA and around 5,400 jobs.

Prime Minister David Cameron visiting the Birmingham Airport runway extension for longer haul flights in 2014

GVA and jobs impact delivered by Birmingham Airport on it becoming a mini-hub for an east-based airline

West Midlands

GVA £173 million

Jobs 3,550 jobs

The UK

GVA £292 million

Jobs 5,400 jobs

Source: York Aviation

● = £10 million   = 1,000 jobs

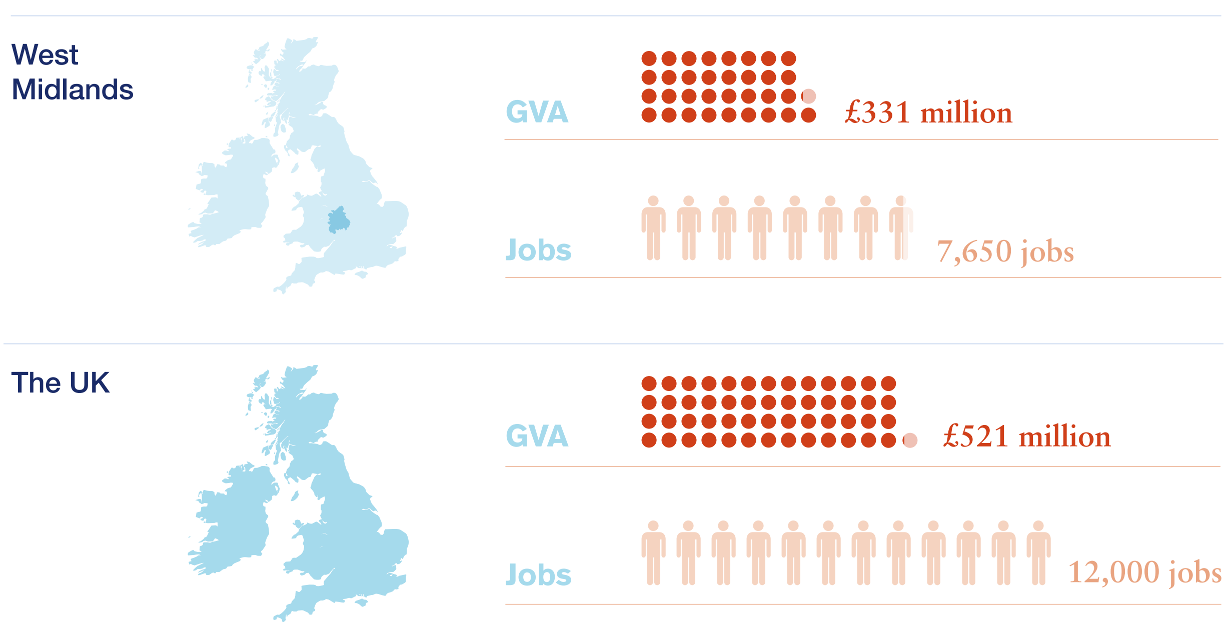
6.3 Realising the benefits of reforming Air Passenger Duty

In separate research for Birmingham Airport, York Aviation has considered the potential demand impacts of the removal of Air Passenger Duty (APD) from non-congested English airports on Birmingham Airport alongside APD cuts in Scotland and Wales.

This work considered a scenario in which APD was reduced by 50% for non-congested airports in 2016 and then abolished in 2018. This lowering of travel costs for consumers results in substantial stimulation in the market and also enables Birmingham to clawback demand that is currently being lost to the London airports. At Birmingham Airport, the result is a boost to passenger numbers of around 2.9 million in 2025. This increase in traffic feeds through to the West Midlands economy through the economic footprint of the Airport and the wider economic impacts it supports.

By 2025, the Airport would support an additional £331 million in GVA and around 7,650 jobs in the West Midlands. Across the UK this impact increases to around £521 million in GVA and around 12,000 jobs.

GVA and jobs impact from reforming Air Passenger Duty



Source: York Aviation

● = £10 million   = 1,000 jobs

6.4 High Speed 2: Providing faster access to and from London

High Speed 2 will provide a step change in rail connectivity within the UK and it will as a consequence bring substantial numbers of new passengers within faster reach of Birmingham Airport via the new HS2 station to be located at the Airport.

The first phase of the work will connect London and Birmingham and is expected to be delivered in around 2026. It will improve rail times between Birmingham and the Capital by around 30 minutes, thereby making the Airport a substantially more attractive option for those travelling to or from London.

The second phase of HS2 will extend the line into the North West and into Yorkshire, again improving travel times and making Birmingham Airport a more attractive option in these regions as well.

HS2 could enable Birmingham to capture around 750,000 additional passengers or around 8% of its current passenger throughput by enlarging its catchment area. This will increase the economic footprint of the Airport in the West Midlands region bringing additional economic impacts. It is estimated that this impact could be around £34 million in GVA (2015 prices) and around 950 jobs. Across the UK, this impact increases to around £52 million in GVA and around 1,300 jobs.

In addition to expanding Birmingham Airport's catchment area, this development also supports the growth of the Airport's route network, the effect of which is quantified in sections 6.1 and 6.2.

Birmingham Airport's additional GVA and jobs impact following HS2

West Midlands

GVA £34 million

Jobs 950 jobs

The UK

GVA £52 million

Jobs 1,300 jobs

Source: York Aviation

● = £10 million   = 1,000 jobs

Image credit: London Panorama © Marcus Holland-Moritz, flickr.com

6.5 Building a better connected Midlands

Midlands Connect is a collaboration of Midlands-wide Local Enterprise Partnerships, Network Rail, the Highways Agency, the West Midlands Integrated Transport Authority, local authorities and the business community.

The group's work is ongoing with a detailed focus on the economic baseline for the Midlands recently published before attention turns to the development of specific options for the improvement of connectivity.

However, Midlands Connect has already identified a series of strategic priorities:

- Make the most of HS2 – 'HS2 ready';
- Surface access to airports;
- Link to international gateways;
- Improve east-west connectivity across the Midlands;
- Strengthen freight corridors;
- Make the strategic transport network more resilient;
- Open up land for commercial and residential development;
- Connect urban centres providing capacity for growth.

Our analysis assumes that the impact of improving east-west connectivity across the Midlands would be faster journey times to Birmingham Airport of around 15%. This would enable the Airport to capture back a proportion of passengers that are currently leaking away to congested airports in the South East, and therefore increase its economic footprint.

The traffic impact could be around 900,000 passengers or 9% of current traffic. This would result in an increase in the Airport's economic footprint in the West Midlands of around £41 million in GVA and 1,150 jobs. Across the UK this impact increases to £63 million in GVA and around 1,600 jobs.

Birmingham Airport's additional GVA and jobs impact following improved east-west connectivity across the Midlands

West Midlands

GVA	£41 million
Jobs	1,150 jobs

The UK

GVA	£63 million
Jobs	1,600 jobs

Source: York Aviation

● = £10 million   = 1,000 jobs

7 Conclusion

Birmingham Airport handled over 10 million passengers between August 2014 and August 2015. In 2014 its total economic impact in the West Midlands was around £1.1 billion in GVA. It also supported around 20,800 full time equivalent jobs. Across the UK, where more of the Airport's economic impact is captured, its total impact is estimated at around £1.7 billion in GVA and 33,050 full time equivalent jobs. This equates to £113 of GVA per passenger and 2.6 jobs in the West Midlands for every 1,000 passengers passing through the Airport.

Passenger numbers have grown by around 13% over the last five years alongside strong growth in the West Midlands economy. Looking to the future, it is clear that the Airport has major potential to grow its offer.

This report has outlined how improvements in east-west connectivity across the Midlands could result in the Airport delivering a further £41 million GVA for the region per year and £63 million for the UK; and that the additional passengers at Birmingham Airport resulting from HS2 could boost the West Midlands economy by £34 million and the UK economy by £52 million.

In addition to expanding Birmingham Airport's catchment area, such improved road and rail connectivity also supports the growth of the Airport's route network. If Birmingham Airport is able to secure the network of routes that it believes there is strong market demand for, it could provide an annual boost to the West Midlands economy of £248 million and a boost to the UK economy of £425 million. If Birmingham was to become a hub for an east-based airline, this could also add £173 million to the regional economy and £292 million to the UK economy.

Finally, reforming Air Passenger Duty could also provide a major boost to the Airport, the West Midlands economy and the UK economy. If APD was to be removed from non-congested English airports, alongside cuts in Scotland and Wales resulting from devolution, Birmingham Airport could see major market growth and capture back significant demand currently being lost to congested London airports. By 2025, in the APD scenario outlined in section 6.3, the Airport could support an additional £331 million in GVA per year in the West Midlands, and an additional £521 in the UK.

Birmingham Airport is therefore one of the most important economic drivers in the West Midlands region. Furthermore, possible changes in policy and the aviation industry, together with appropriate infrastructure investment, could significantly increase its contribution to the economy in the future.

Get in touch

Visit **www.balancedaviationdebate.com** to find out more, or join the debate at **@balanceaviation**

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