InterVISTAS

ADDENDUM

Dublin Airport Economic Impact of Operating Restrictions - Update

PREPARED FOR

daa plc

PREPARED BY

Inter*VISTAS* Consulting

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Contents

1 Introduction

The new North Runway at Dublin Airport opened on 24 August 2022. The runway's original planning permission, granted in 2007, contained conditions restricting the airports night operations. Condition 3d required that that the new North Runway will not be used between the hours of 23:00 07:00 local time, and Condition 5 limited the number of 23:00 07:00 operations to 65/night measured over the 92 day modelling period.[1]

In June 2022, the Airport Noise Competent Authority (ANCA) made a Regulatory Decision directing the planning authority to replace the operating restrictions with the following conditions:[2]

- Condition 1 replaces the 65/night movement limit with an annual Night Quota Scheme, set at 16,260 QC points applicable between 23:00 to 06:69 local time
- Condition 2 amends the times when the new Runway 10L/28R should not be used (in normal circumstances) from 23:00 07:00 to 00:00 05:59

The ANCA 2022 decision and subsequent FCC Notice of Decision to Grant Permission is currently subject to an appeal process, which is ongoing.

daa commissioned InterVISTAS Consulting (InterVISTAS) to update the economic impact estimates of original 2007 restrictions on permitted operations in the period 23:00-07:00 (the "operating restrictions") at Dublin Airport. The previous economic impact estimates were produced in 2021 and are documented in the report "Dublin Airport Economic Impact of the Operating Restrictions", June 2021.

This update uses the same methodology as the 2021 study, updated for changes in traffic levels and outlook and general economic conditions. This addendum report documents the changed inputs used and resulting changes in the economic impact estimates.

1.1 What is Economic Impact?

Economic impact is a measure of the employment, spending and economic activity associated with a business, a sector of the economy, a specific project (such as the construction of a new facility), or a change in government policy or regulation. In this case, economic impact refers to the economic contribution associated with the ongoing activities at Dublin Airport. Economic impact can be measured in a number of ways:

- **Employment** – the number of people employed by businesses involved in activities linked to Dublin Airport.
- **Income/Wages** – the wages and salaries earned by the people employed in activities linked to Dublin Airport.

[1] An Bord Pleanála decision 2007, Reference Number: PL06F.217429.

[2] ANCA Regulatory Decision (Ref F20A/0668, 22 June 2022).

- **Gross Value Added (GVA)** – the income/wages of employees above *plus* the operating surpluses of business linked to Dublin Airport and the consumption of fixed capital. GVA is broadly equivalent to *Gross Domestic Product* (GDP), whereby the value-added of each industry sums to the total GDP of an economy.[3]

There are four distinct types or categories of economic impact associated with airports, as described below:

- **Direct Economic Impact**. The employment, income and economic output associated with the operation and management of activities at the airport including firms on-site at the airport and airport-related businesses located elsewhere near the airport.
- **Indirect Economic Impact**. The employment, income and economic output generated by down-stream industries that supply and support the activities at the airport, such as booking flights, etc.
- **Induced Economic Impact**. The economic activity generated by the employees of firms directly or indirectly connected to the airport spending their income in the national economy.
- **Catalytic Impacts**. The way in which the airport facilitates the business of other sectors of the economy. As such, air transportation facilitates employment and economic development in the national economy by facilitating trade, tourism, investment and productivity growth.

These four categories of impacts are summarised in **Figure 1-1**.

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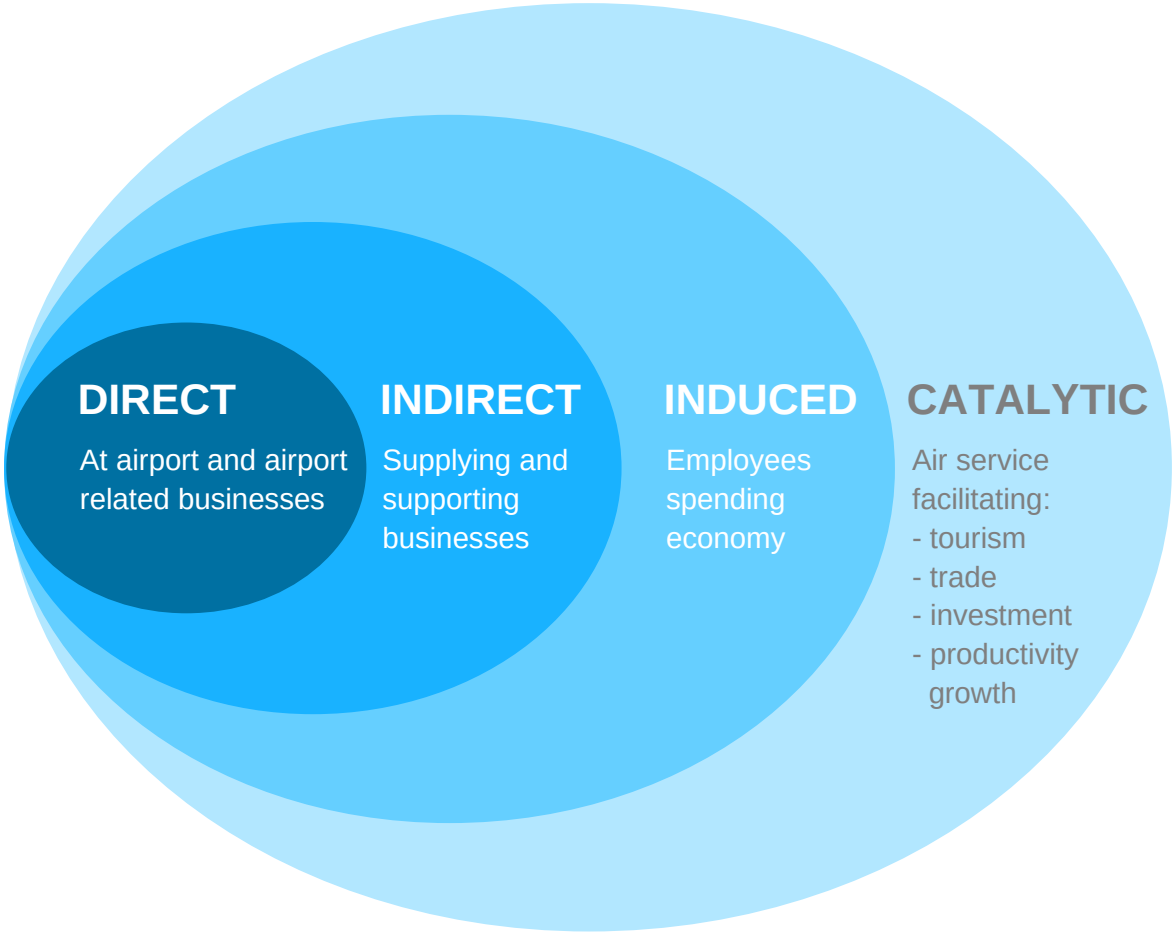
[3] GDP is the sum of the GVA of all industries plus taxes less subsidies on production.

Figure 1-1: Categories of Economic Impact Generated or Facilitated by Dublin Airport



2 Methodology

As previously noted, the methodology used for the updated economic impact estimates was the same as that used in the 2021. The key changes to the inputs (discussed in more detail below) were:

- Use of updated air traffic forecasts reflecting traffic developments since 2021 (including the recovery from the COVID-19 pandemic), incorporation of the ANCA 2022 decision and revised outlook for future growth.
- Re-basing the economic impact in 2022 prices.

The economic impact methodology is fully documented in the 2021 report and summarised here. The estimates of the future economic impact of the operating restrictions were modelled as a function of air traffic forecasts for the airport. As traffic grows at Dublin Airport, employment (and economic impact) at the airport is also expected to increase. This includes employees at the airlines operating and supporting additional flights, as well as third party suppliers supporting the airline's operations. However, the growth in economic impact is not assumed to be directly in proportion to the growth in traffic. Employment elasticities were applied reflecting the anticipated relationship between forecast traffic growth and employment growth. To account for productivity gains and economies of scale, the direct employment impacts were estimated assuming an economic impact elasticity of 0.67, i.e., each 1% increase in traffic results in a 0.67% increase in airport activity. The multiplier impacts (indirect and induced) were estimated from the direct impacts using the multiplier ratios calculated from the CSO's latest I-O tables.

Similarly, the estimates of catalytic impacts were based on forecasts of future connectivity derived from air traffic forecasts for Dublin Airport. Future connectivity was assumed to grow at the same rate as forecast total seats operated, taken from the forecast schedules.

Air traffic forecasts for Dublin Airport, produced August 2023, were provided by daa for the period 2023-2025.[4] These included a forecast assuming the ANCA 2022 decision and subsequent FCC Notice to Grant but maintaining the 32 million cap on annual passenger volumes ("unconstrained"), and another assuming the application of the operating restrictions specified in the 2007 planning permission as well as the 32 million cap ("constrained"). These forecasts are described further in the next section.

Economic impact estimates were produced for both forecasts, and the forgone economic impact resulting from the operating restrictions was calculated by subtracting the economic impact under the constrained forecast from the economic impact under the unconstrained forecast.

[4] "Dublin Airport Operating Restrictions: Quantification of Impacts on Future Growth, Updated analysis in response to the ANCA RFI", Version 2.0, August 2021, Mott MacDonald.

2.1 Revised Air Traffic Forecasts

The unconstrained and constrained forecasts are shown in **Figure 2-1** for the period 2024 to 2025.[6] Also shown for comparison are the forecasts used in the 2021 analysis.

In the most current forecasts, the unconstrained scenario projects that passenger traffic will reach the 32 annual passenger cap in 2024 after which there is no growth in passenger volumes. The constrained scenario forecasts 0.9 million fewer passengers in 2024 (-2.9%) and 0.2 million fewer (-0.5%) in 2025 as a result of the operating restrictions. The connectivity at Dublin Airport is also forecast to be lower, with total seats operated projected to be 3.6% lower in the constrained forecast in 2024 and 2.3% lower in 2025.[7]

Comparing with the 2021 forecasts, it can be seen that traffic has recovered faster than originally anticipated, and so passenger traffic is projected to be closer the 32 passenger cap in the 2024-2025 period. As a result, the gap between the unconstrained and constrained forecasts is significantly reduced in 2024 (0.9 million vs 1.6 million) and 2025 (0.2 million vs 1.6 million). As discussed in the next chapter, this has implications for the economic impact estimates.

Figure 2-1: Annual Passenger Traffic Forecasts With and Without the Operating Restrictions

Millions of Passengers	2024	2025
2023 Forecasts		
Unconstrained	32.0	32.0
Constrained	31.1	31.8
Difference	*0.9*	*0.2*
2021 Forecasts		
Unconstrained	30.8	32.0
Constrained	29.3	30.4
Difference	*1.6*	*1.6*

Source: Mott Macdonald analysis.
Unconstrained in the 2023 forecast is the Scenario B from the forecast analysis – with the ANCA June 2022 conditions in place and with 32m annual passenger cap.
Constrained in the 2023 forecast is Scenario D - with the 65/movements per night restriction in place and the 32m annual passenger cap.

[6] As the report was produced in the latter half of 2023, analysis for 2023 have not been conducted.

[7] Based on forecast design day schedules produced by Mott MacDonald

3 Updated Results

The updated estimates of forgone economic impact in 2024 and 2025 are provided in **Figure 3-1**.

The analysis suggests that as a result of the operating restrictions, the Irish economy could forgo an additional 3,130 jobs and €256 million in GDP by 2024, relative to the night operations with the ANCA June 2022 conditions. The forgone economic impact is projected to decline in 2025 as the 32 million cap on passengers starts to reduce the gap between the forecast scenarios. By 2025, the forgone economic impact is estimated to be 1,510 jobs and €122 million in GDP.

Figure 3-1: Forgone Economic Impact Resulting from Operating Restrictions

Impact	Number of Jobs	Full-Time Equivalents (FTEs)	Wages (€ Millions)	GVA (€ Millions)
2024 Impact				
Direct	440	390	20	40
Indirect	260	230	12	23
Induced	300	260	11	23
Catalytic	2,130	1,880	87	176
Total	**3,130**	**2,760**	**130**	**262**
2025 Impact				
Direct	80	70	4	7
Indirect	40	40	2	4
Induced	50	40	2	3
Catalytic	1,340	1,180	55	111
Total	**1,510**	**1,330**	**62**	**125**

All financial figures are in 2022 prices.
Numbers may not add up due to rounding.

The economic impact results are lower than estimated in 2021 due to the unconstrained and constrained forecasts being closer together. For example, the total jobs impact for 2024 (3,130) is 31% lower than the economic impact estimate produced in 2021 (the 2021 results are provided in Appendix A). The forecast passenger traffic gap for 2024 has declined by 40% (0.93 million vs 1.56 million). The reason for the lower decline in jobs is due to reduced economies of scale effects (larger passenger volumes produce greater economies of scale) and the impact of forecast connectivity reductions in the constrained scenario which affect

the catalytic impact estimates. The GDP impacts in 2024 have declined by 24% from the 2021 estimates. The reason this decline is smaller than for jobs is due to the effects of inflation – the 2021 results were in 2020 prices while the current results are in 2022 prices. CPI price inflation totalled 10.2% between 2020 and 2022.[8]

[8] Source: Central Statistics Office.

Appendix A: Results from the 2021 Study

For ease of comparison, the economic impact of the operating restrictions estimated in the 2021 study are provided in Figure A-1 below.

Figure A-2: Forgone Economic Impact Resulting from Operating Restrictions

Impact	Number of Jobs	Full-Time Equivalents (FTEs)	Wages (€ Millions)	GVA (€ Millions)
2024 Impact				
Direct	740	660	30	61
Indirect	430	380	18	34
Induced	520	460	18	36
Catalytic	2,850	2,520	109	213
Total	**4,540**	**4,020**	**175**	**345**
2025 Impact				
Direct	760	680	31	63
Indirect	440	390	18	35
Induced	530	470	19	37
Catalytic	2,390	2,110	91	179
Total	**4,120**	**3,650**	**159**	**314**

All financial figures are in 2020 prices.
Numbers may not add up due to rounding.

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www.inter*VISTAS*.com