UCD School of Economics
College of Social Sciences & Law

Big Decisions: The impact, potential and challenges of air transport for Ireland

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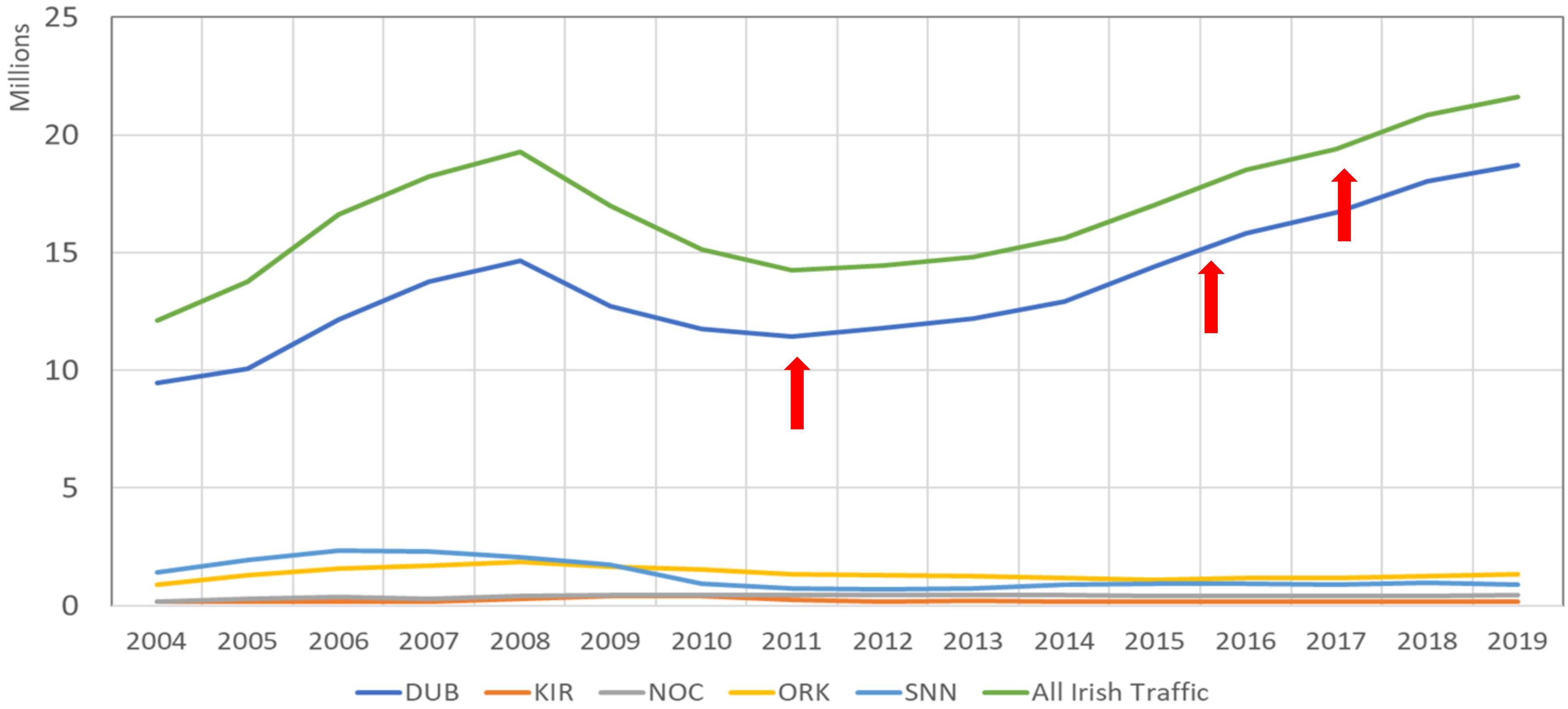
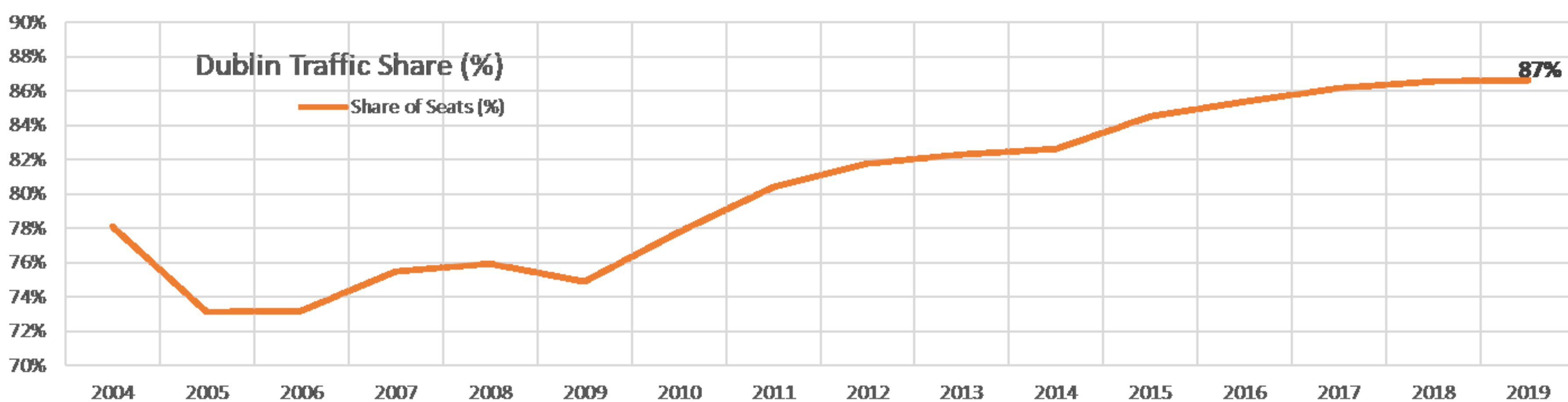
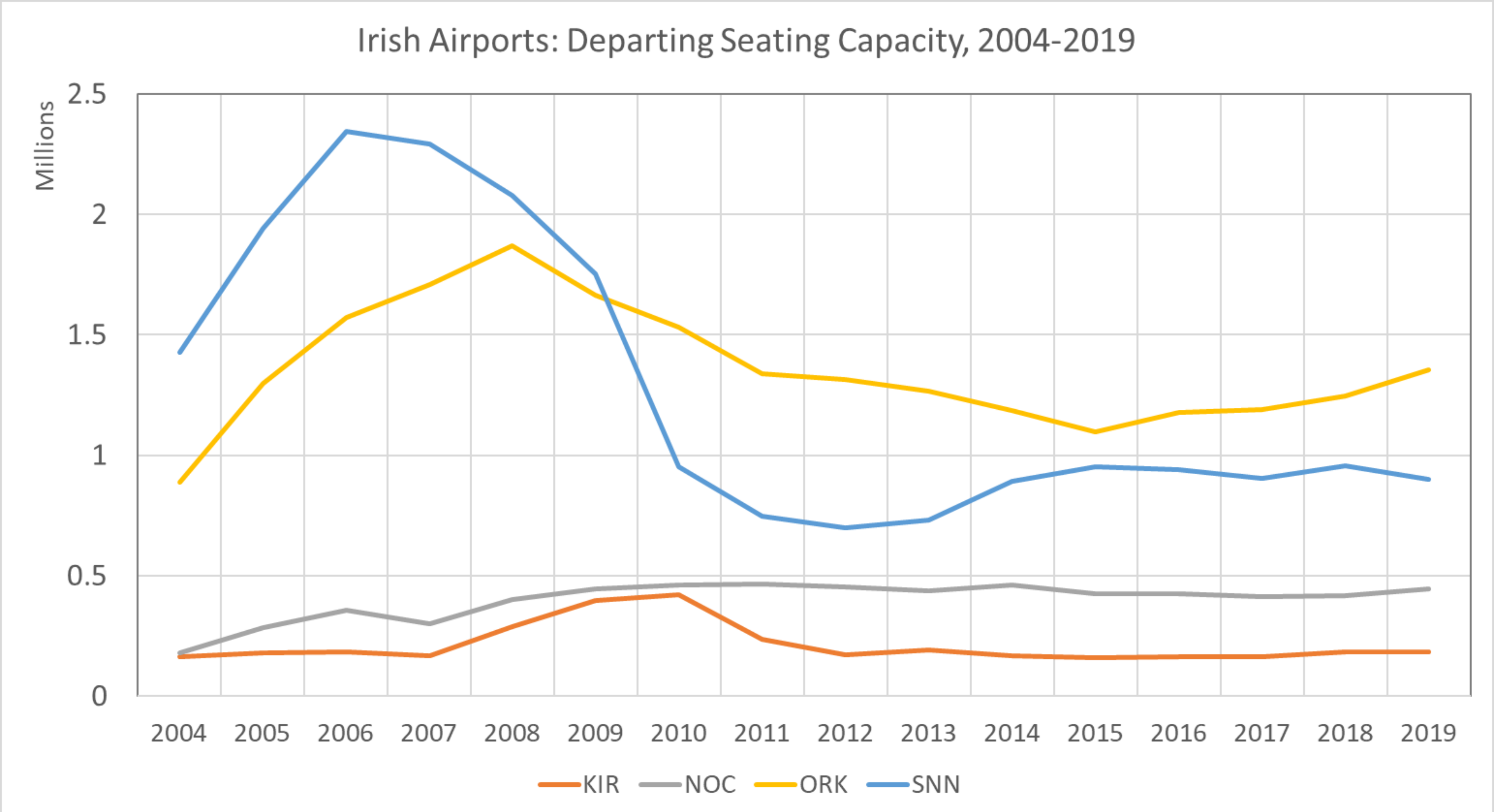
Overview

- Review of the last 10-15 years traffic trends; airlines & airports
- Potential – the next 10 years - Big Decisions
    - Air Transport – vital for tourism…but not just tourism
    - Island nation – multimodal journeys – surface transport infrastructure is critically important

Volume & Distribution Irish Airports: Departing Seating Capacity, 2004-2019







Spatial

Shares of Irish Seating Capacity (jets)

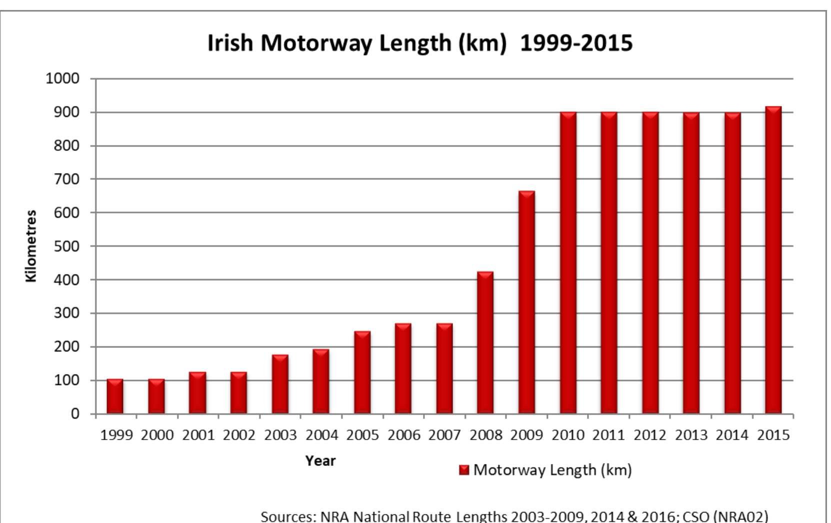
Year	DUB	KIR	NOC	ORK	SNN
2004	78%	1%	1%	7%	12%
2008	76%	1%	2%	10%	11%
2012	82%	1%	3%	9%	5%
2016	85%	1%	2%	6%	13%
2019	87%	1%	2%	6%	4%

Donegal (CFN): c25,000 in 2019

Loss of turboprop services at Galway (GWY) , Sligo (SXL): 2011 and Waterford (WAT): 2016

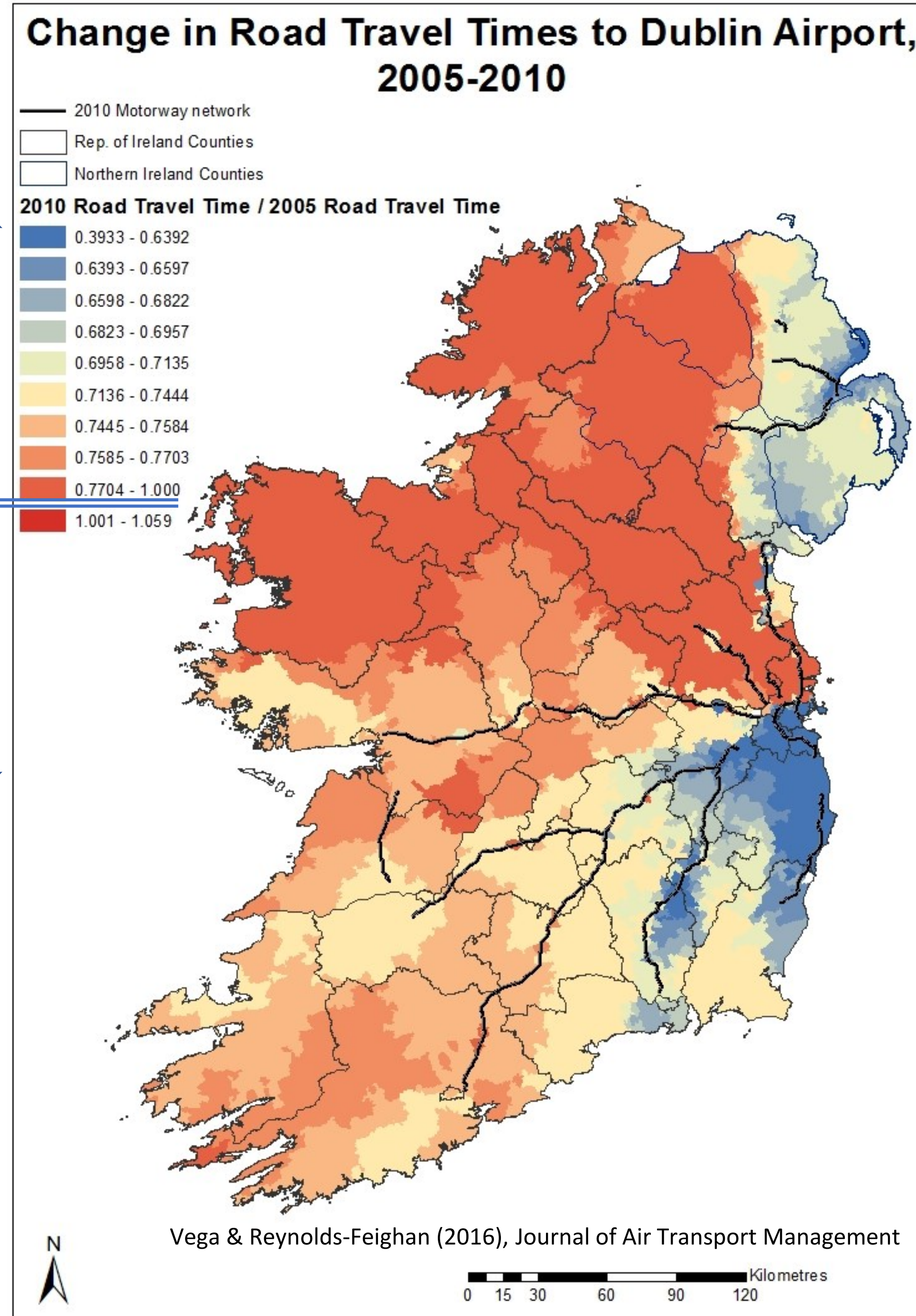
IUM – Induced Accessibility Changes, 2005-2010

Change in Travel time (minutes) by road between each Electoral Division and Dublin Airport, 2005-2010



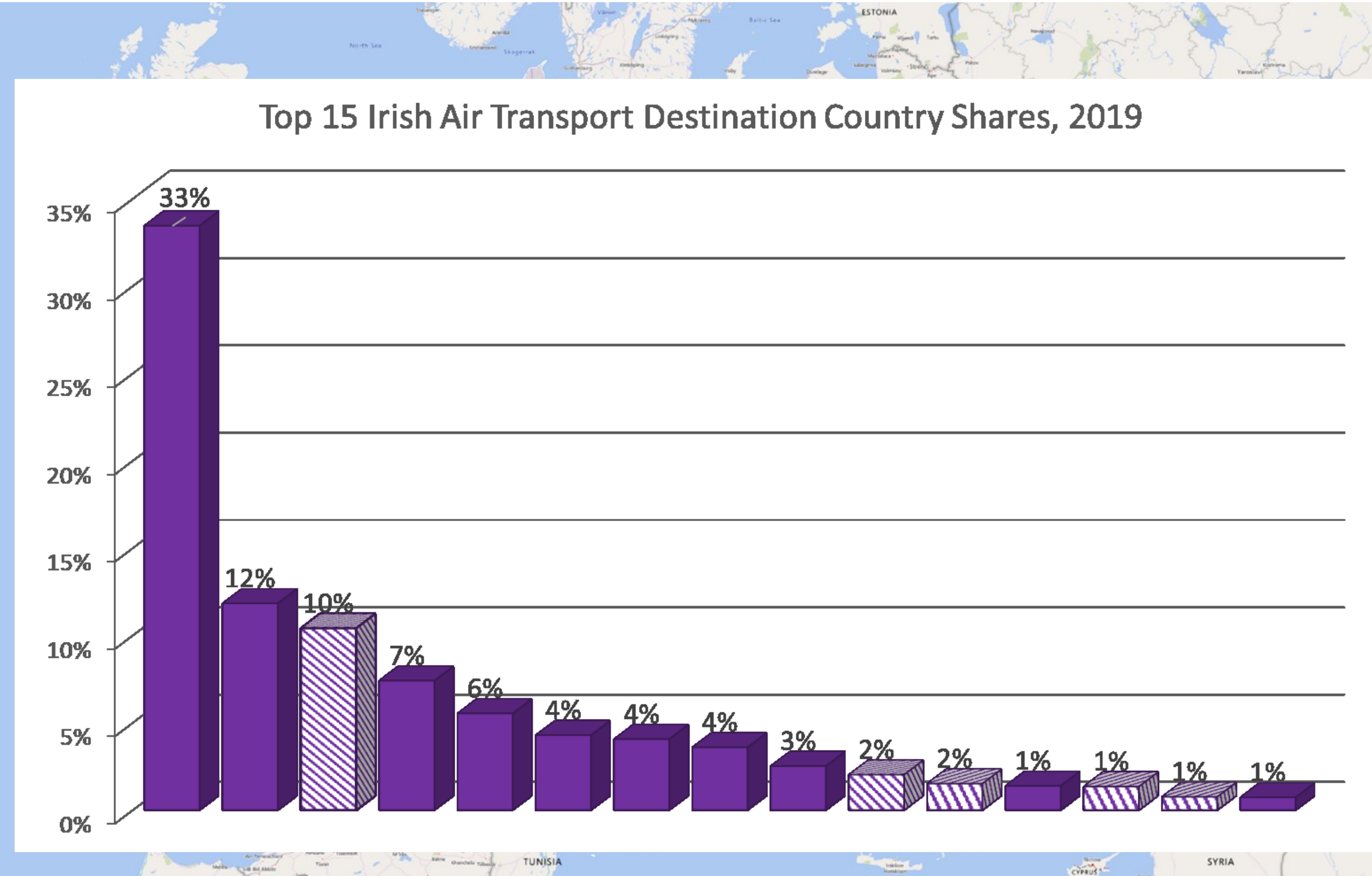
Better

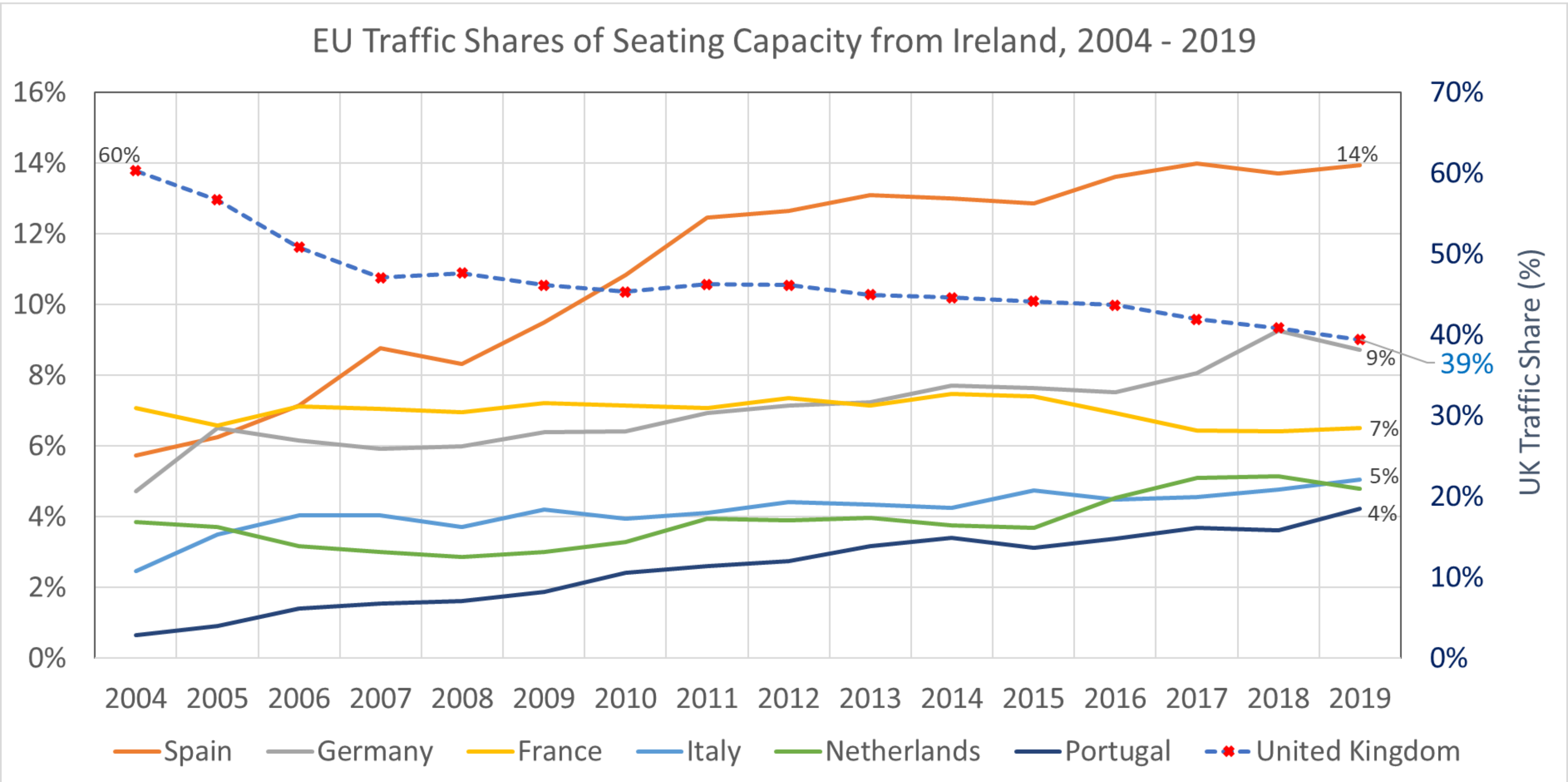
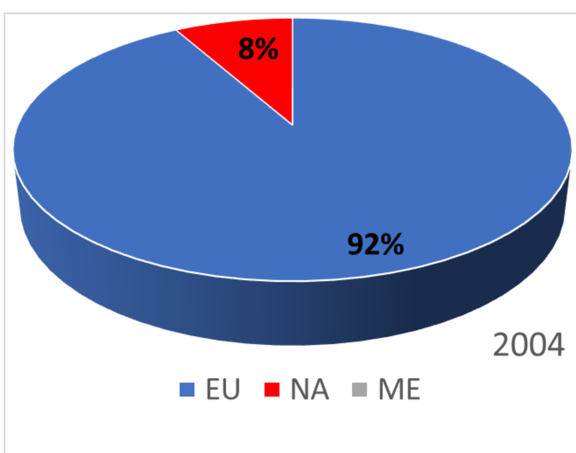
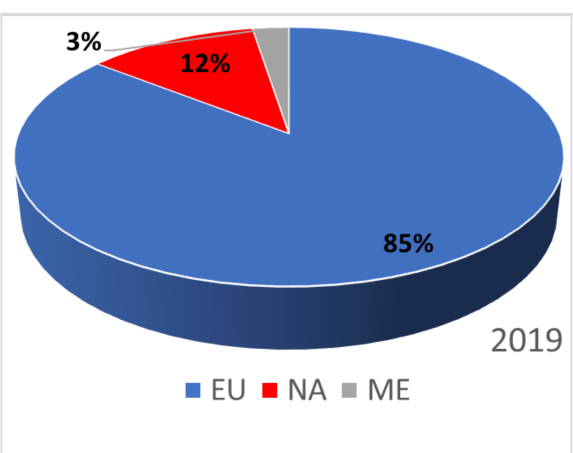
Worse



Vega & Reynolds-Feighan (2016), Journal of Air Transport Management

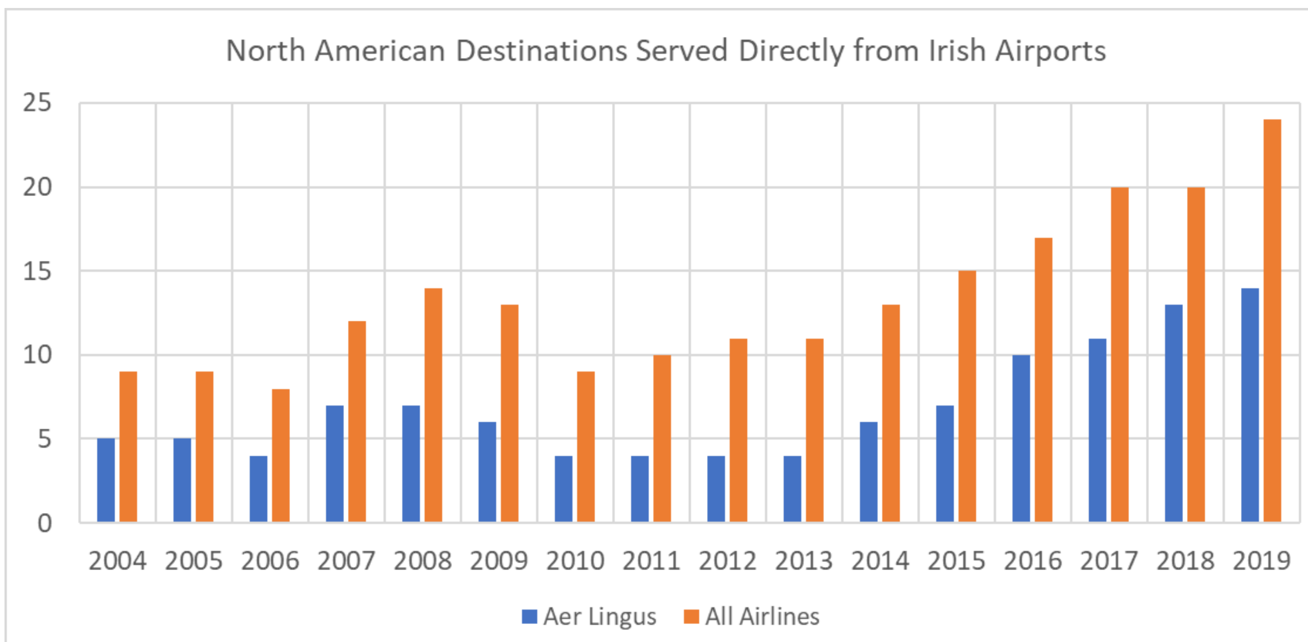
Top Destination Countries 2019




EU Traffic Shares of Seating Capacity from Ireland, 2004 - 2019
16%
14%
12%
10%
8%
6%
4%
2%
0%
70%
60%
50%
40%
30%
20%
10%
0%
UK Traffic Share (%)
60%
14%
9%
39%
7%
5%
4%
2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019
Spain
Germany
France
Italy
Netherlands
Portugal
United Kingdom

8%
92%
2004
EU
NA
ME

3%
12%
85%
2019
EU
NA
ME

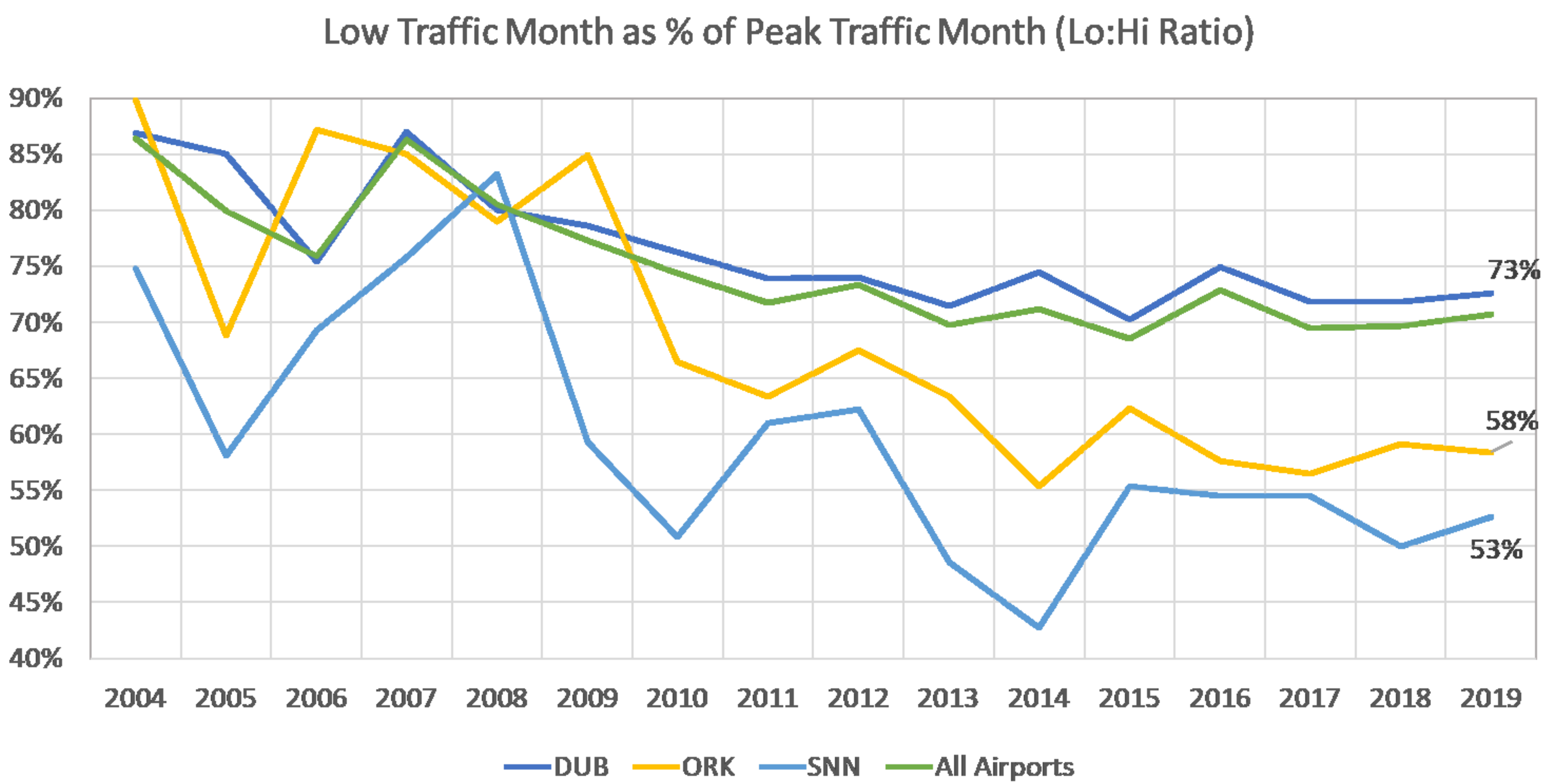
- Decline in UK traffic share (portion of which was connecting through LHR & LGW) – increases in US & Other EU shares and the number of destinations directly served from Dublin
- Substantial increase in connecting traffic at Dublin:
  - 2013 - 550,000 ; 2017: 1.6million; 17% growth-2018
  - New transfer facilities at DUB
- Hub – needs substantial hinterland traffic & facilities for transfer
- Economies of scope & density – virtuous circle of benefits supporting higher frequencies and range of destinations
- IUM investment has helped improve hinterland population

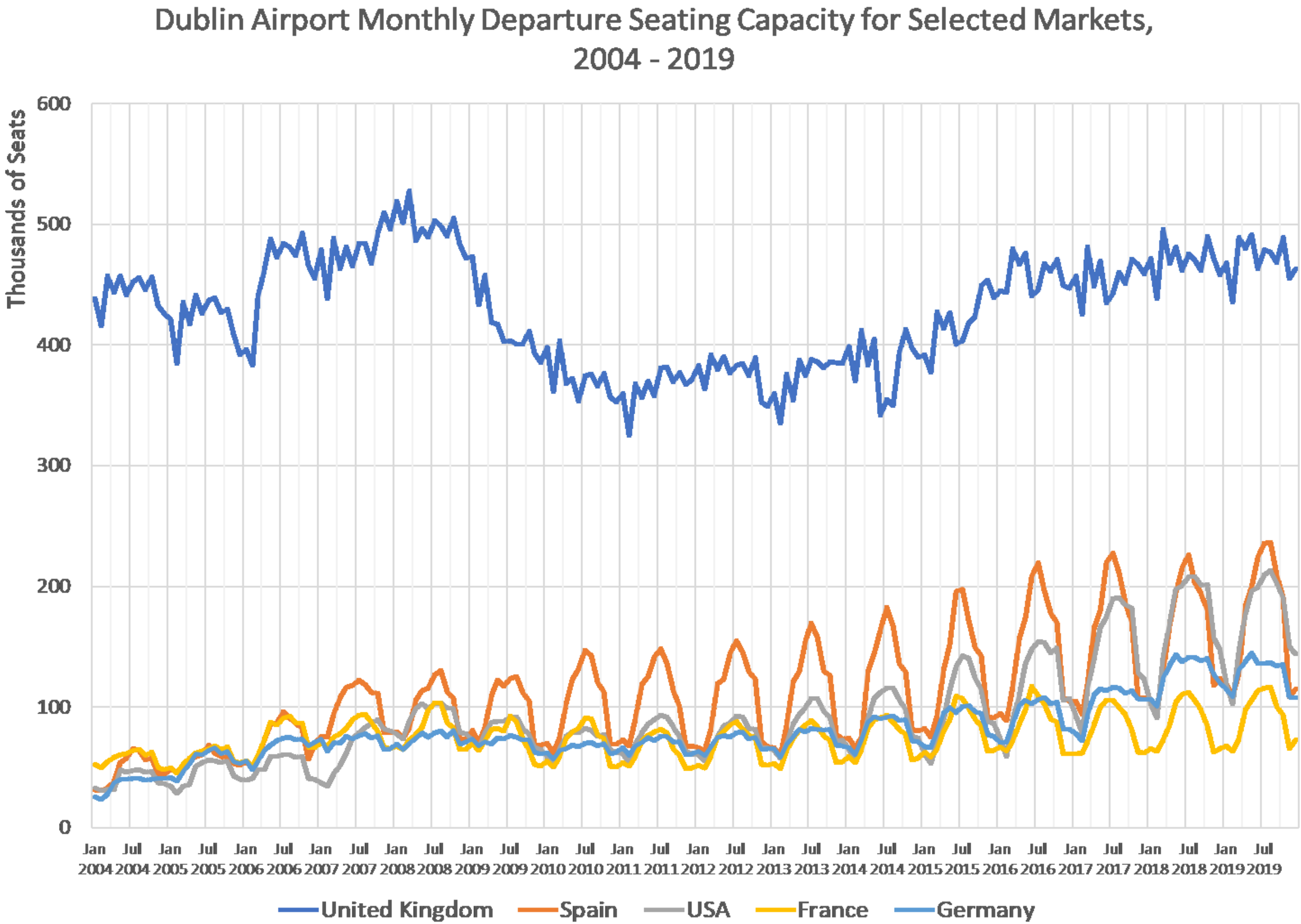
Traffic Make-up Changing



Temporal Distribution

- The traffic distribution over the months of the year has been changing in the last decade and this is driven by traffic growth in markets with higher degrees of 'seasonality' or seasonal variation in traffic
- Overall, Irish air traffic has been characterised by increasing seasonality:
- Ratio of February traffic to July peak – ….Is February done or July up?




Dublin Airport Monthly Departure Seating Capacity for Selected Markets, 2004 - 2019
Thousands of Seats
0
100
200
300
400
500
600
Jan 2004
Jul 2004
Jan 2005
Jul 2005
Jan 2006
Jul 2006
Jan 2007
Jul 2007
Jan 2008
Jul 2008
Jan 2009
Jul 2009
Jan 2010
Jul 2010
Jan 2011
Jul 2011
Jan 2012
Jul 2012
Jan 2013
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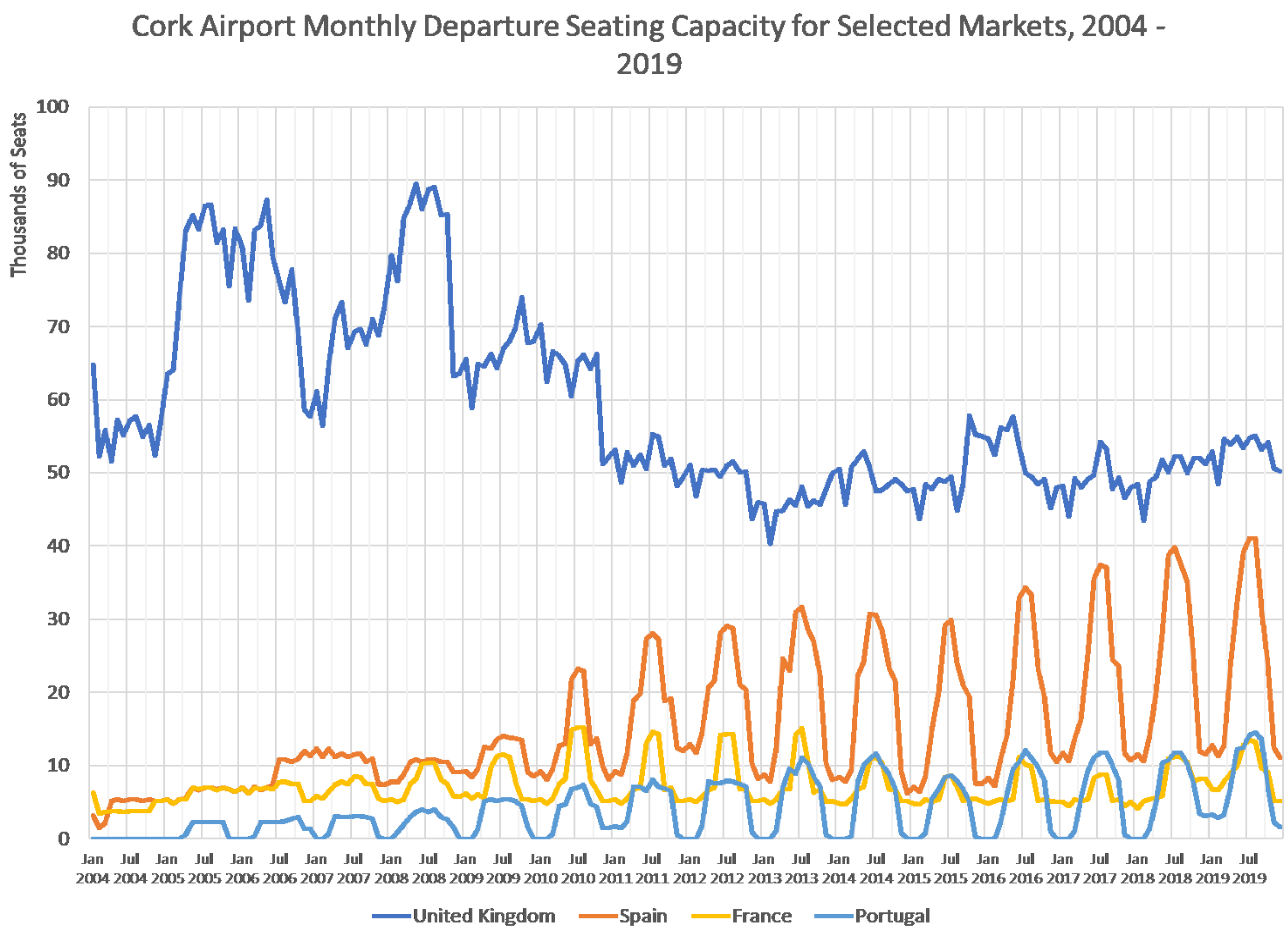
Jan 2019
Jul 2019
United Kingdom
Spain
USA
France
Germany


Cork Airport Monthly Departure Seating Capacity for Selected Markets, 2004 - 2019
Thousands of Seats
100
90
80
70
60
50
40
30
20
10
0
Jan 2004
Jul 2004
Jan 2005
Jul 2005
Jan 2006
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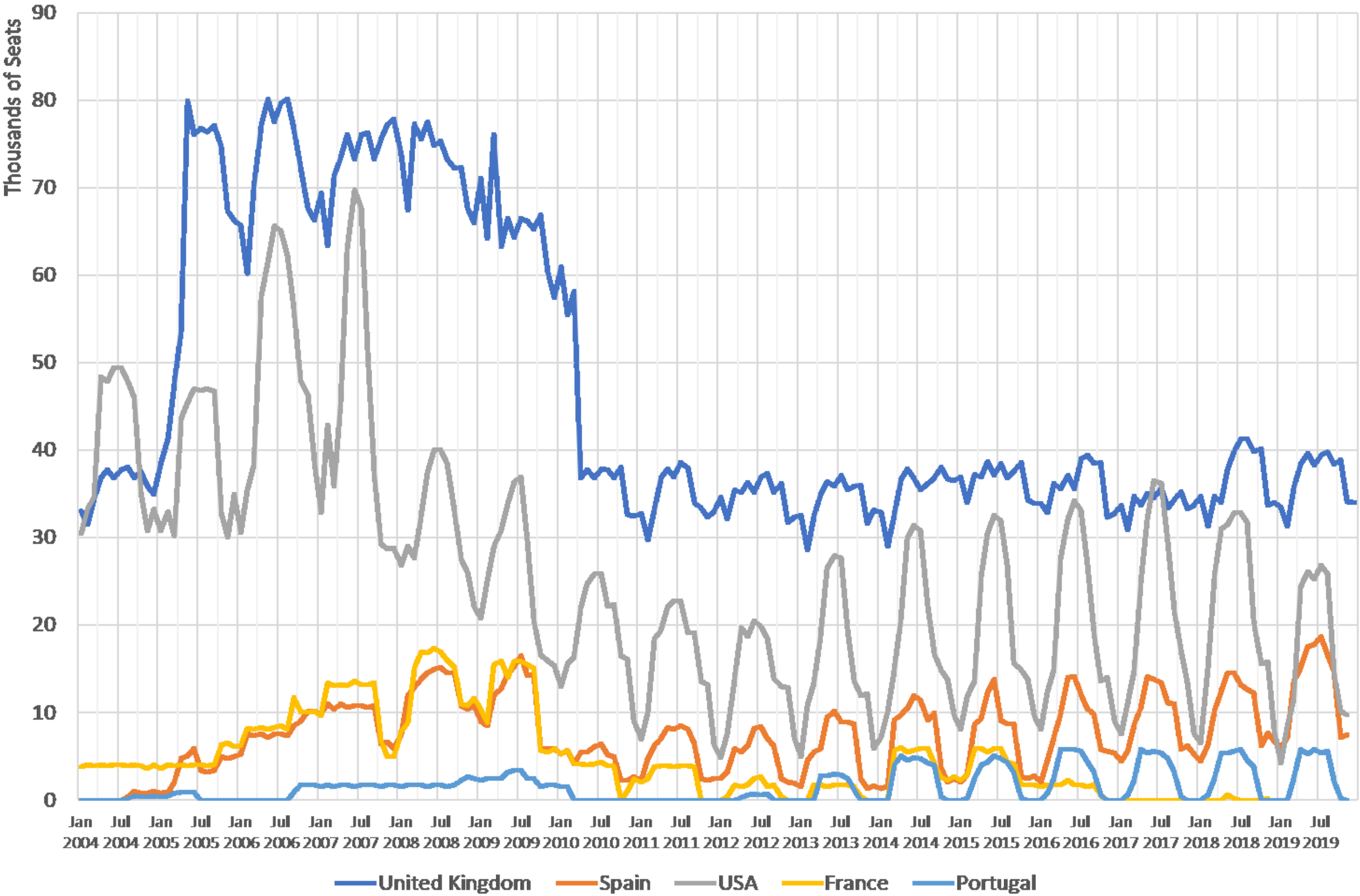
Jul 2019
United Kingdom
Spain
France
Portugal

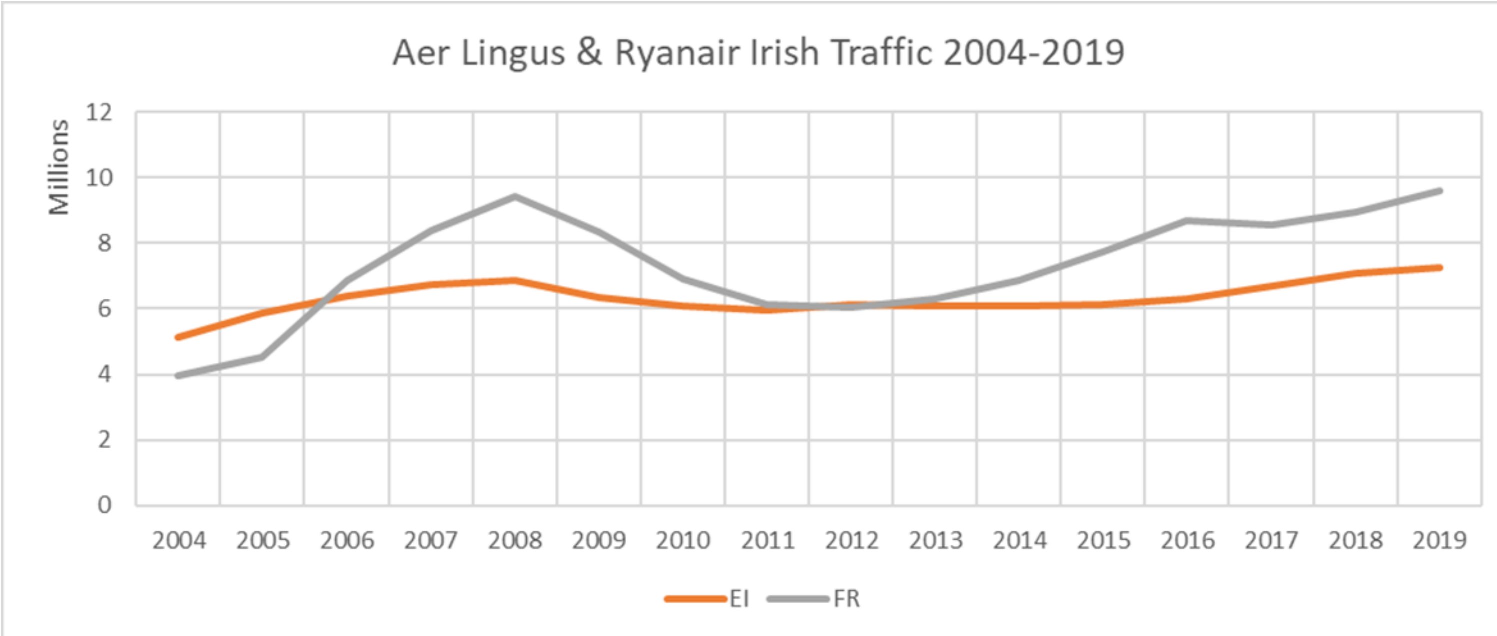
Shannon Airport Monthly Departure Seating Capacity for Selected Markets, 2004 - 2019



Airlines

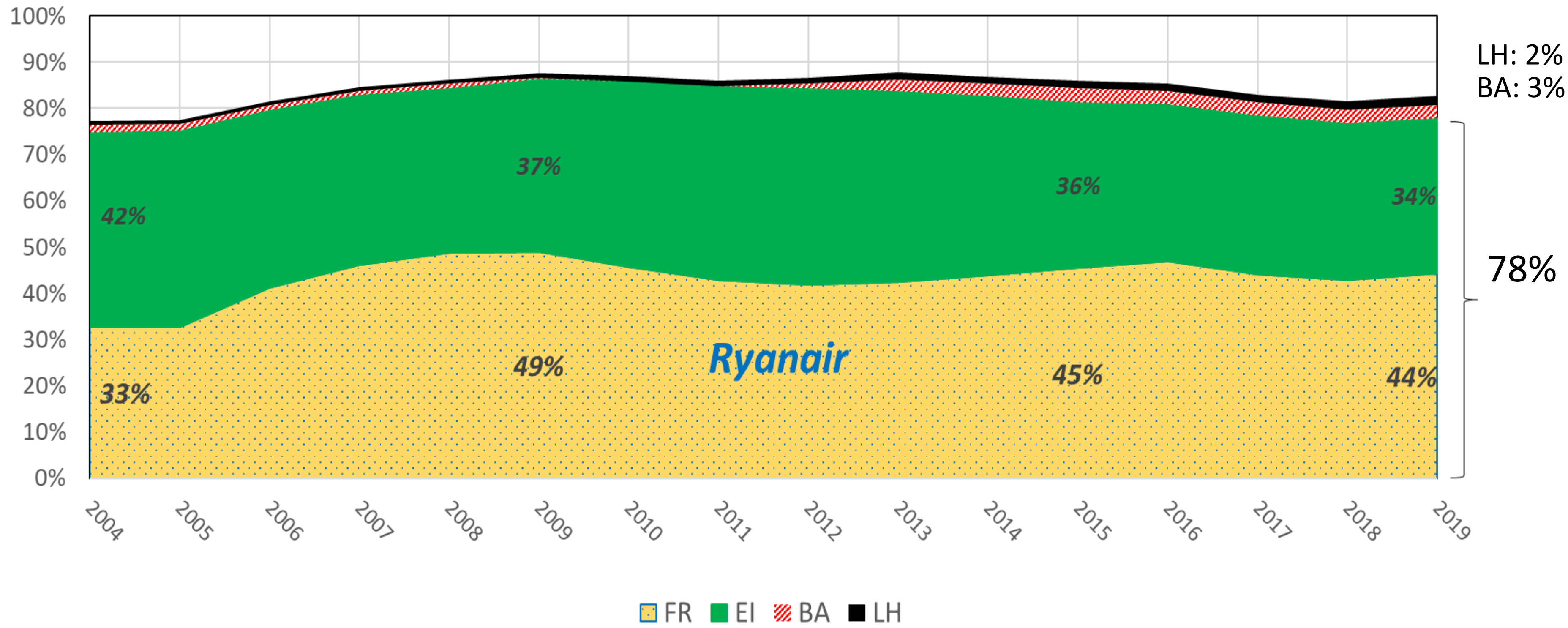
Aer Lingus became part of IAG in 2015

- *Continues to hold existing slots at LHR & disposal restricted;*
- *Operate 2015 daily winter and summer frequencies between LHR and DUB, ORK & SNN at least 7 years post-acquisition*
- *In first 5 years post-acquisition, LHR slots for airports on the island of Ireland;*
- *Aer Lingus brand retained; registered name and its head office and place of incorporation in the Republic of Ireland*
- Substantial expansion in NA Network: Number of cities served – 14 in 2019 with substantial connecting traffic from European network
- Aer Lingus – profitable; well managed – very much focused on management of seating capacity – less focus on driving growth


Aer Lingus & Ryanair Irish Traffic 2004-2019
Millions
12
10
8
6
4
2
0
2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019
EI FR

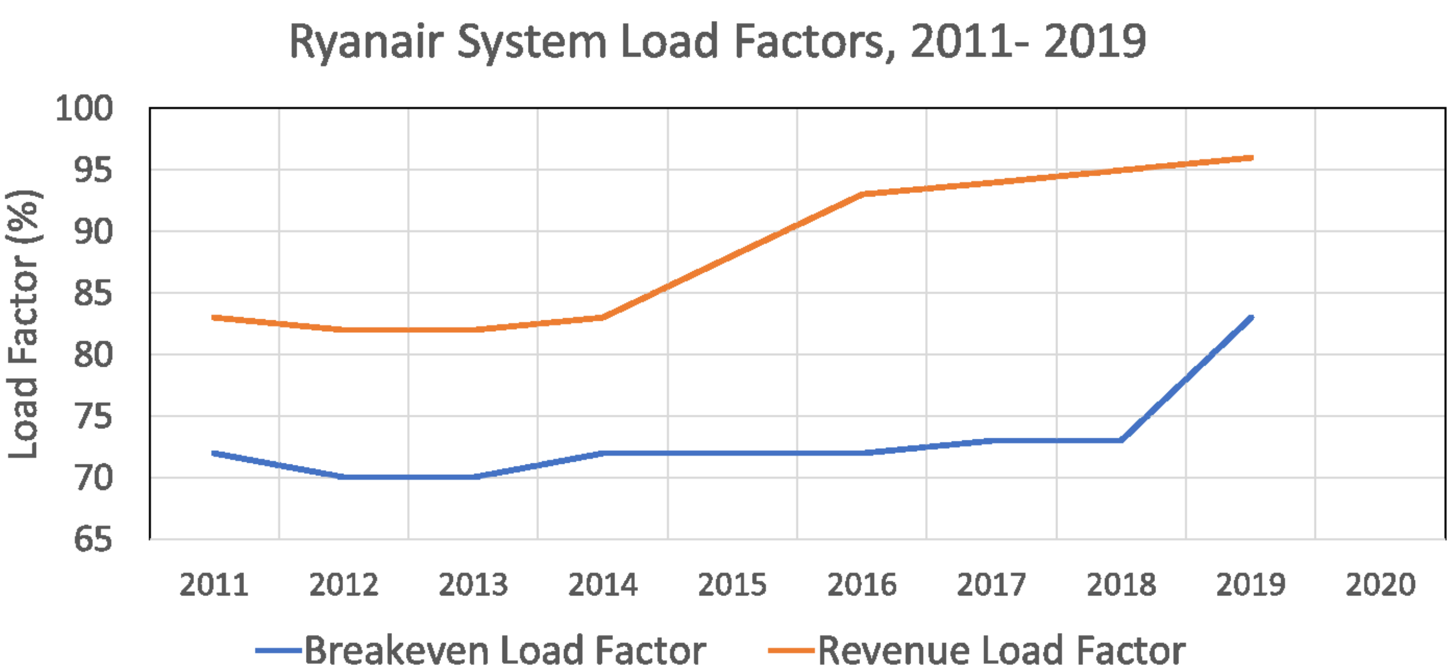

Airports Served from Ireland, 2004-2019
120
100
80
60
40
20
0
2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019
EI FR

Airline Shares of Irish Departure Seating Capacity 2004-2019



- 52 Airlines in 2019: Dominance of Aer Lingus & Ryanair (78%); 16 other airlines with at least 1%

- Ryanair – Became largest single airline brand in Europe measured by seating capacity offered
  - Focus of expansion – growth into new markets
- Seasonally ground aircraft rather than fly unfilled aircraft in off-peak, or sell seats at loss
- 96% load factor in 2018/2019 FY



Ryanair

Key Points

- Air traffic make-up has changed significantly in last 10 years – spatially, temporally, main destinations
- Ireland still heavily dependent on 2 airlines – both well managed and performing well (many airline failures)
- Capacity management is a significant feature of airline operations – less concerned with driving growth: driving up load factors

Implications of these trends

- Concentration of air traffic – more choice overall but increasingly at one location
- If we want a counter to Dublin (2040 Vision), then tough choices – which airport? Urgently need surface transport access to candidate airports
- Connecting traffic – potential for further significant growth but do we want it?

  Upside – more direct destinations served from Ireland

  Downside –Environmental implications – air pollution; noise; congestions
- Facilitate growth (expand infrastructure) or manage capacity? Riskier investments in airport infrastructure – vulnerability of traffic long term growth – airports subject to carrier decisions
- Travelling less? Environmental movement;