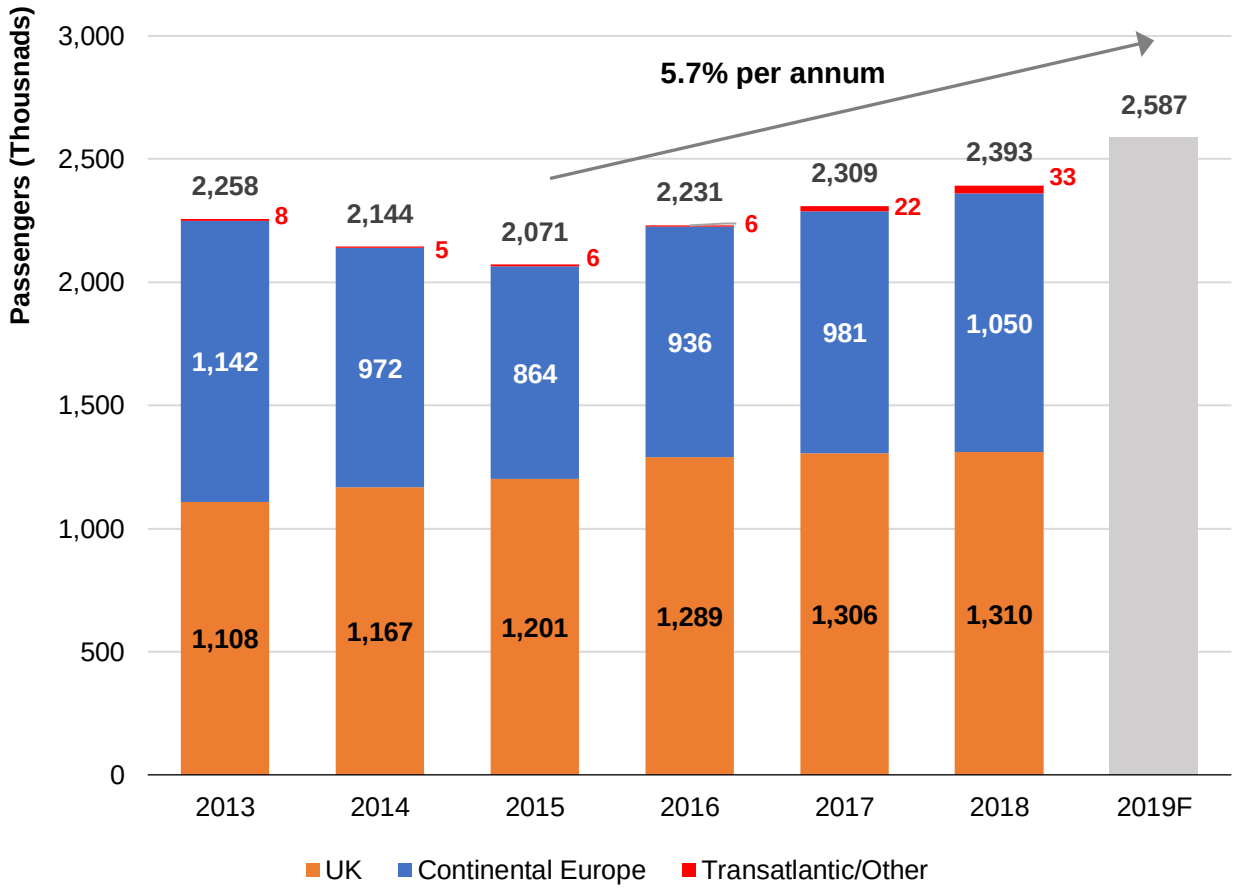
The Economic Impact of Cork Airport

Traffic at Cork Has Been Growing

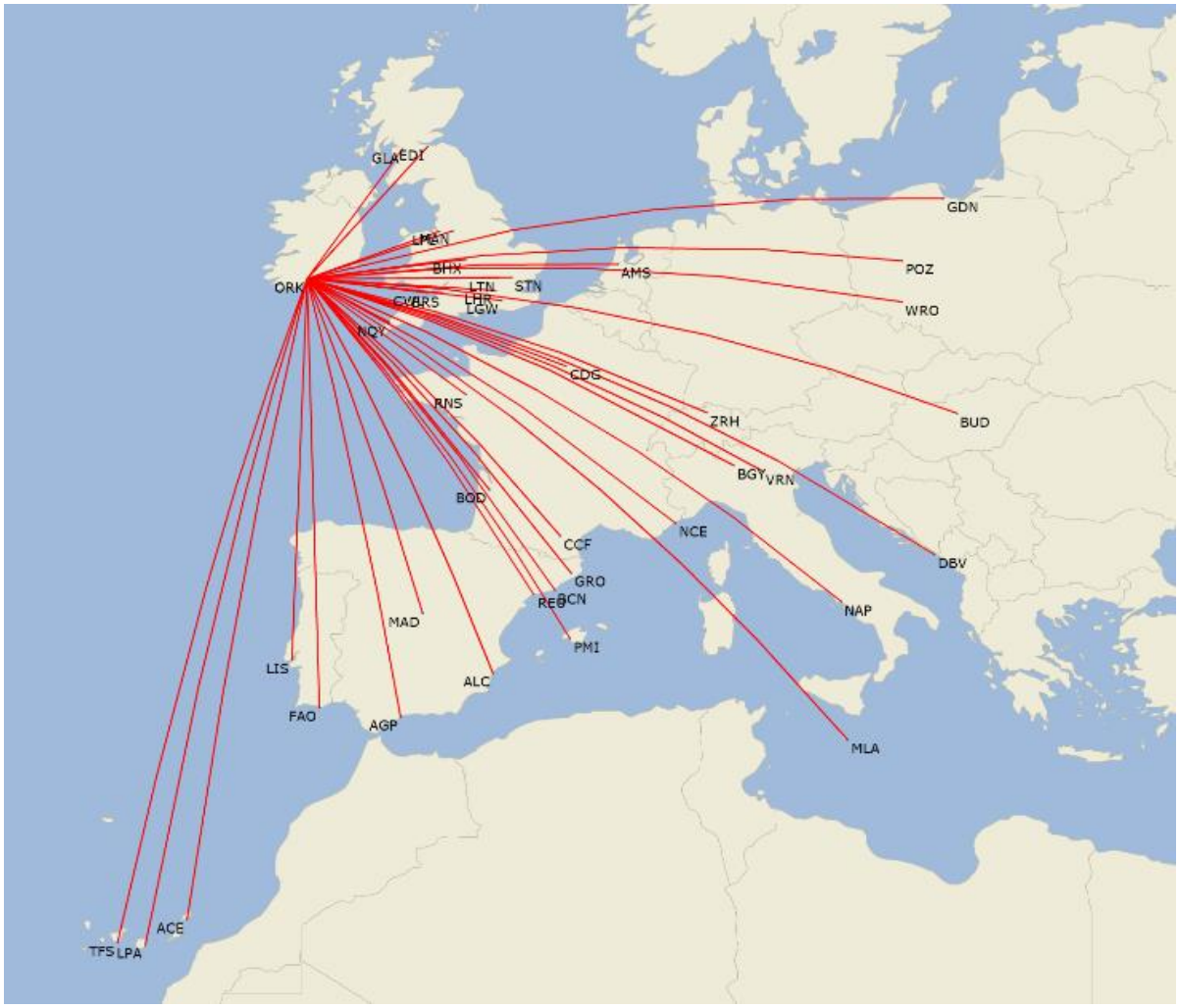
2019 is projected to be Cork Airport's fourth year of consecutive growth, with passenger traffic forecast to reach nearly 2.6 million, an average compound growth rate of 5.7% per annum since 2015. Traffic in 2019 is forecast to increase 8.1% over 2018, largely the result of new services and frequencies to the UK, France, Malta, Italy, Portugal, Hungary and Poland.

Traffic to/from the UK accounted for 55% of passenger traffic in 2018, two thirds of which was to/from London. Approximate 44% of the traffic was to/from Continental Europe. In 2018, there were also 28,000 transatlantic passengers due to seasonal service to the Eastern United States.



The map below shows Cork Airport's route network across Europe in Summer 2019. A total of 41 destinations are served.

Cork Airport European Route Network – Summer 2019



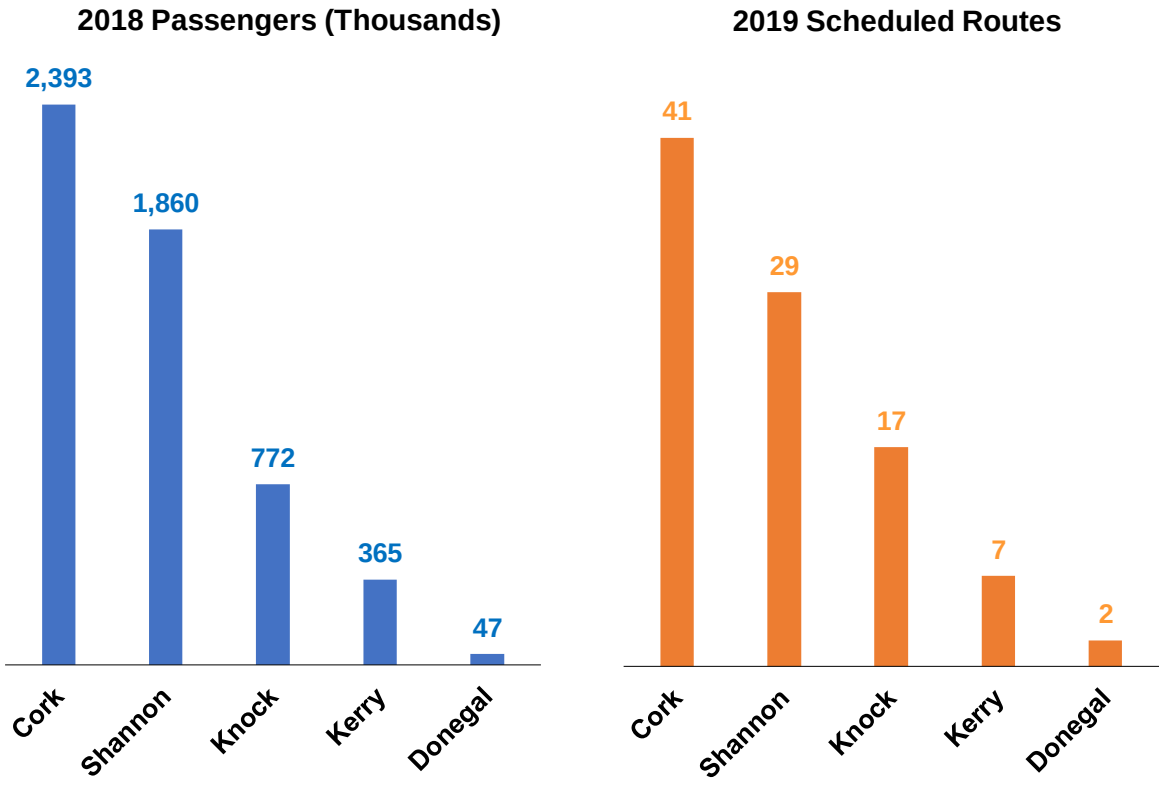
Source: Diio Mi Airline Schedule Data.

In 2019, Cork Airport will provide direct service to 11 countries in Europe, including:

- United Kingdom – 13 routes, including Heathrow, Gatwick, Stansted and Luton.
- France – 5 routes including twice daily to Paris CDG.
- Spain – 10 routes including Madrid and Barcelona.
- Italy – 3 routes.
- Poland – 3 routes.
- Netherlands.
- Portugal.
- Switzerland.
- Croatia.
- Hungary.
- Malta.

Cork is Ireland's Largest and Best-Connected Regional Airport

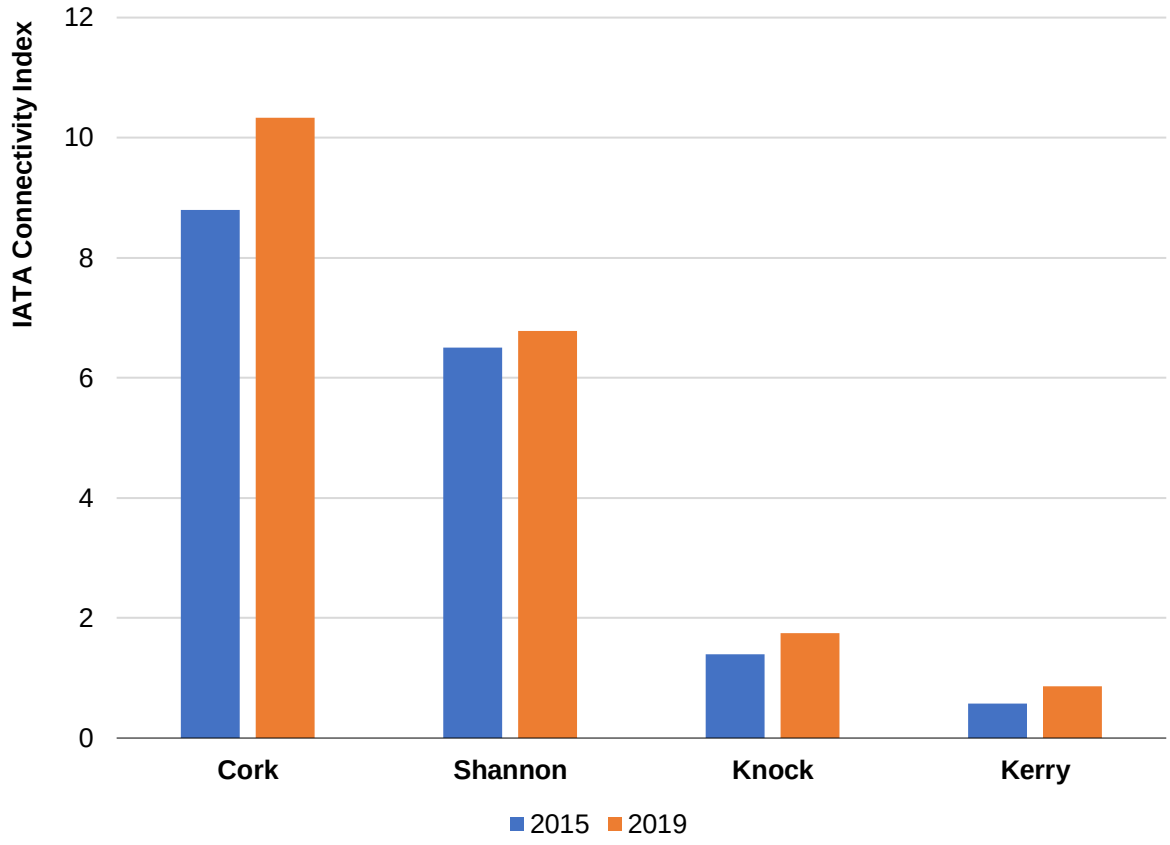
Cork Airport is the Republic of Ireland's second largest airport after Dublin, serving more passengers and providing more routes than any other regional airport in the country, as shown in the chart below. In 2018, Cork handled 29% more traffic than Shannon and over three times that of Knock. In total, 6.5% of all air travellers to/from the Republic of Ireland travelled through Cork Airport.



Source: Airport Websites and Diio Mi Airline Schedule Data.
Waterford Airport has had no scheduled commercial services since 2016.

Connectivity is not simply a matter of the number of routes or number of frequencies operated, it is also about access to markets and regions. IATA have developed an index that measures the scope of access between an airport and the global economy. The index weights the destinations served by the size of that destination in terms of passengers, reflecting that connections to large markets have greater value to passengers and the economy than to smaller markets. The connectivity indexes for Ireland's regional airport is shown in the chart below. A higher figure for the connectivity indicator denotes a greater degree of access to the global air transport network.

Cork connectivity score is 53% higher than that of Shannon (in 2019) and has been growing at a faster rate since 2015. It is nearly six times that of Knock and 12 times that of Kerry. The range and density of Cork's network provides the region with high levels of connectivity. The scale of Cork's services to major hubs such as London Heathrow, Paris and Amsterdam ensures a better quality of connectivity than other regional Irish airports, enabling easier links to the wider world.



Source: Based on Diio Mi Airline Schedule Data.

Cork Airport Is Expected to Contribute € 904 Million to the Irish Economy in 2019

Economic impact is a measure of the employment, spending and economic activity associated with a business, a sector of the economy or a specific project. In this case, economic impact refers to the economic contribution associated with the on-going activities at Cork Airport. Economic impact can be measured in term of employment (jobs), income/wages and Gross Value Added (GVA - broadly equivalent to Gross Domestic Product, whereby the value-added of each industry sums to the total GDP of an economy).

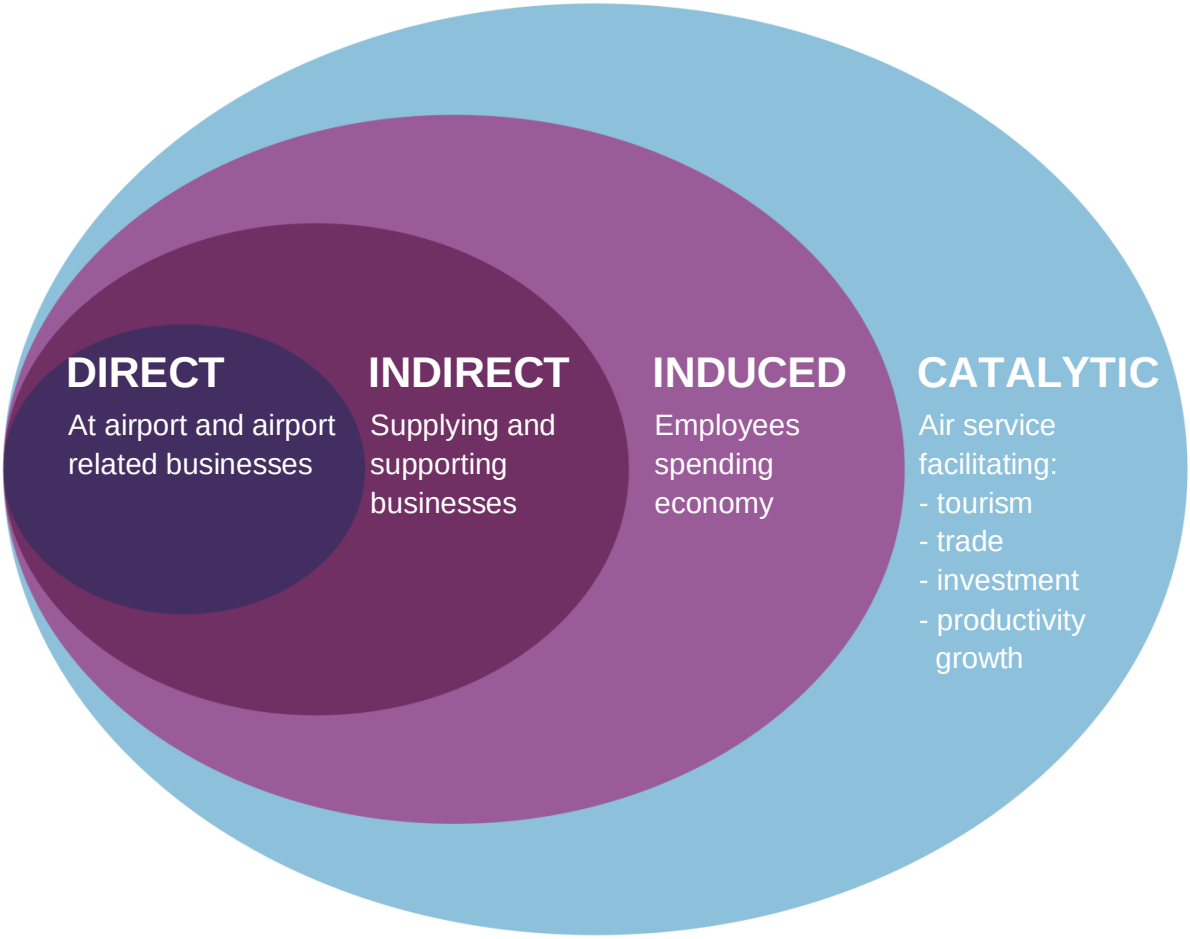
The economic impact of Cork Airport comprises of the following:

- **Direct Economic Impact**. The employment, income and economic output associated with the operation and management of activities at the airports 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 industries that supply and support the activities at the airport, such as food wholesalers, fuel refiners, etc.
- **Induced Economic Impact**. This captures 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**. These capture 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.

The economic impact of Cork Airport is summarised below.

Categories of Economic Impact Generated or Facilitated by Cork Airport



An economic impact study of Cork Airport was conducted in 2015. This study has been updated to reflect traffic and economic conditions in 2019. The resulting economic impact estimates are provided in the table below.

The direct employment supported by on-going operations at Cork Airport (e.g., airport company, airlines, air traffic control, ground handlers, airport security, immigration, customs, airport retail, etc.) is estimated to be 2,200 jobs in 2019. Adjusting for part-time and seasonal employment, this equates to 1,890 Full-Time Equivalent jobs (FTEs). The total income/wages of these employees is € 87 million and the total direct GVA generated by Cork Airport in 2019 is estimated to be € 173 million. Adding in multiplier impacts (indirect and induced), the total employment supported by activities at Cork Airport is estimated to be 5,050 jobs (or 4,410

FTEs), earning a total of € 195 million. The contribution to GDP is estimated to be € 385 million.

In addition, a further 7,130 jobs are associated with the catalytic impacts of Cork Airport, earning € 263 million and generating € 518 million in GVA.

Combining the impacts, Cork Airport contributes to the employment of 12,180 people in Ireland, equivalent to 10,740 full-time jobs, earning a total of € 457 million. Furthermore, a total of € 904 million is contributed to GDP.

Economic Impact of Cork Airport, 2019

Impact	Number of Jobs	Full-Time Equivalents (FTEs)	Wages (€ Millions)	GVA (€ Millions)
Direct	2,200	1,890	87	173
Indirect	1,310	1,150	54	102
Induced	1,540	1,370	54	110
Catalytic	7,130	6,330	263	518
Total	**12,180**	**10,740**	**457**	**904**

Updated figures based on forecast 2019 traffic levels. All financial figures are in 2018 prices.
Numbers may not add up due to rounding.

Technical Note on Updating the Economic Impact

The previous economic impact study for Cork Airport estimated the airport's economic contribution in 2013, based on a detailed survey of businesses in and around the airport, covering passenger and cargo airlines, courier/integrators, ground handlers, government agencies, aircraft maintenance firms, air cargo, warehousing and logistics, car rental firms, hotels and airport retailers.

These figures have been updated to reflect the airport's economic contribution in 2018 and 2019, taking into account the traffic growth at Cork Airport between 2013 and 2018/2019, updates to Input-Output model of the Irish economy maintained by the Central Statistics Office (CSO) Ireland, and adjusting for inflation.

As traffic grows at Cork Airport, employment 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. This would include additional ground handling services to supply, fuel and clean the increased number of aircraft and to handle the baggage of passengers. Government services such as security, customs, air traffic control, etc. would also require additional employment resources to handle greater passenger and aircraft traffic.

While increased air traffic is expected to result in increased employment, the growth in employment is not always in proportion to the growth in traffic. For example, if passenger traffic grows by 5%, aviation employment is expected to increase by less than 5% due to productivity and economies of scale effects which mean that increases in traffic can be handled with a less than proportional increase in resources.

Employment elasticities were applied reflecting the anticipated relationship between traffic growth and employment growth. These elasticities were based on previous research on European airports for ACI Europe, which found evidence of economies of scale in airport employment.[1] The multiplier impacts (indirect and induced) were estimated from the direct impacts, using updated multiplier ratios calculated from the CSO's latest I-O tables.[2]

The estimates of catalytic impacts were based on the growth in connectivity between 2013 and 2018/2019, using the IATA connectivity index described previously. In addition, the financial figures were increased in line with inflation, based on the increase in the Consumer Price Index (CPI) between June 2013 and June 2018.[3]

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[1] "The Economic Impact of European Airports: A Critical Catalyst to Growth", ACI Europe, January 2015.
[2] The multiplier analysis has been updated using I-O tables available from the CSO, published in October 2018 and available here: https://www.cso.ie/en/releasesandpublications/ep/p-sauio/supplyanduseandinput-outputtablesforireland2015/.
[3] http://www.cso.ie/en/interactivezone/interactivetools/cpiinflationcalculator/.