<u>Gatwick Airport Interim Car Parking Strategy – April 2017</u>

1. Executive Summary

1.1. Total market car parking capacity at Gatwick Airport has grown in line with passenger growth since 2010, when changes in mode share are taken into account.

1.2. Gatwick Airport has specific capacity increases identified to meet and exceed forecast parking demand in the next 5 years. This assumes no new off-airport capacity growth, the potential closure of unauthorised spaces currently in use, and future passenger growth being weighted to off-peak months.

2. Introduction

2.1. This document is intended to update the information contained in the Gatwick Car Parking Strategy issued in 2013, and to clarify our current plans to cater for increased demand for airport parking arising from passenger growth through the airport over the next 5-10 years.

2.2. Gatwick is starting the process to review its Masterplan and Surface Access Strategy, and a full revision of the 2013 Car Parking Strategy will be made once these documents have been published. Given that we have started to develop and refine our plans to bring forward additional parking at the airport which go beyond the 2013 Car Parking Strategy, we considered it appropriate to set out these plans in this Interim Strategy.

2.3. Sections 4, 5, 6, 7 and 8 cover the period 2010 to 2016, outlining the changes in passenger numbers travelling through the airport, demand for parking, and provision of parking capacity both on and off-airport.

2.4. Sections 9, 10 11 outline our plans to cater for the parking demand arising from passenger growth in the years ahead.

3. Scope

3.1. The focus of this document is public car parking spaces located on-airport. This includes long-stay (self-park) products, long-stay (block-park) products, valet parking, and short-stay parking. The provision of approved off-airport spaces is also taken into account.

3.2. The market we are concerned with in this Interim Strategy document is the provision of parking for passengers who are flying themselves and leaving their car whilst on their trip. The specific choice of product (short-stay, long-stay, valet etc.) is a secondary matter of customer choice based on price, convenience and customer preference. As such, all on-airport parking options, including short-stay, are included.

3.3. Provision of short-stay parking spaces for passengers dropping off and picking up ("Kiss and Fly") is included as part of this analysis as the multi-storey car parks at the airport are used for both this purpose and for passengers who park whilst flying themselves.

4. Price and demand

4.1. It is important to note that pricing plays a key role in determining both mode of access to the airport, as well as choice of parking product. As such there is no "right" level of parking provision, as the price levels charged will affect the overall demand for parking (both on and off-airport).

4.2. Gatwick's strategy in the peak summer months is to price at as low a level as possible in order to fill all the car parks and minimise the requirement for Kiss and Fly, but ensuring that sufficient space remains for "roll-up" customers who turn up to park without pre-booking. Given that 95%[1] of customers now pre-book their parking, in practice this means that it will usually be possible to pre-book parking products up to the day before travel.

4.3. As such, the focus of this document is not to assess the "right" or "perfect" level of parking provision, rather it is to provide a parking strategy taking into account the relationship over time between passenger numbers, mode share, and parking capacity provided on and off-airport.

5. Gatwick on-airport parking capacity

5.1. The last Gatwick Car Parking Strategy was published in early 2013. As such, the last full year of data relating to passenger numbers and car parking demand was the financial year 2010/11. This document therefore uses 2010/11 as a baseline for considerations on passenger and parking capacity growth.

5.2. In summer 2010 there were 32,640[2] public spaces available on airport, as detailed in the table below:

Terminal	Product	Spaces	Comments
North	Short-Stay	963	MSCP 5 only (MSCP 6 opened Mar 2011)
	Long Stay North	6,363	
	Summer Special	5,881	
	Holiday Parking	1,800	Operated as a separate product
	Valet Storage	775	Flying Pan storage site

[1] Apr-Sep 2016 data, all public car parking transactions excluding short-stay roll-up.
[2] Reference 2013 Car Parking Strategy 4.2.1. Note that this document refers to the capacity as at Summer 2013, the difference is the addition of MSCP 6 in March 2011.

South	Short-Stay	2,822	MSCP 1/2/3 + High-sided /Commuter/Coach Park
	Long Stay South	8,906	
	Long Stay Plus	4,460	
	Valet Storage	670	
Total		32,640	

5.3. By summer 2016, this had risen to 39,224. This brings the growth since 2010/11 to 6,584 spaces or 20% growth since 2010.

Terminal	**Product**	**Spaces**	**Comments**
North	Short-Stay	1,834	MSCP 6 opened Mar 2011. Excludes floors used for Valet product.
	Long Stay North	6,266	Excludes 'zone T' (counted as Summer Special)
	Summer Special	5,956	See above. Only storage space that is part of Summer Special site is counted here, other storage sites are included under "Valet".
South	Short-Stay	2,662	Excludes floors used for Valet product.
	Long Stay South	9,422	Excludes H zone (used for Valet storage).
	Long Stay Plus	0	Product closed in late 2011.
Valet	Valet North & South	13,084	Includes all storage sites used for Valet product: Flying Pan, MA01, Holiday Parking, Valet South (old Long Stay Plus), zone H of Long Stay South and staff car park Z.
Total		**39,224**	

5.4. The key changes during this period were as follows:

5.4.1. Introduction of MSCP6 in Apr 2011 (1,175 spaces)

5.4.2. The closure of Long Stay Plus as a separate product and re-allocation of its storage spaces to Valet storage.

5.4.3. The closure of Holiday Parking as a separate product, with re-allocation of its spaces to Valet storage.

5.4.4. Introduction of MA01 facility for valet storage in phases between 2014 and 2016 (5,444 spaces).

5.4.5. Re-allocation of spaces from staff parking to public due to more efficient management of the staff parking estate (570 spaces).

5.4.6. Various smaller changes due to more efficient re-marking of storage areas, conversion of some block-park storage areas to self-park, re-allocation of parking spaces between car parks and the car rental companies operating at the airport, other smaller operational changes etc.

5.5. Note that the MSCP 6 was fully or partially closed for maintenance between May 2015 and March 2017. We have included the spaces in MSCP 6 in the figures for consistency, as the closure was temporary and not permanent.

6. Off-airport capacity

6.1. The Gatwick Airport Long Term Parking Survey. produced by Crawley Borough Council, is carried out every September and is our only source of data for off-airport parking provision.

6.2. This survey shows that in 2010 there were 17,449 authorised spaces off airport, which grew to 23,481 by 2016, a 35% increase.

6.3. The survey also captures unauthorised space use (5,807 in 2010 reducing to 2,854 in 2016). Combined off-airport capacity growth (both authorised and unauthorised) was 13% over the period, and total market capacity (on-airport, approved off-airport and unauthorised off-airport) grew 17% over the period.

7. Passenger numbers and mode share

7.1. Passenger numbers in 2010/11 through Gatwick were 31.6m. By 2015/16, this had risen to 40.8m, and for the 12 months to September 2016 were 42.3m[3], representing a 34% increase over the period. Updated forecasts for the years ahead will be prepared to inform our anticipated Masterplan review.

7.2. The CAA carries out surveys each year asking passengers about their mode of travel to the airport. This reports by calendar rather than financial year, for clarity we have used the data for calendar year 2010 to compare to financial year 2010/11, as our concern is primarily the peak summer period each year. We have not yet received the finalised figures for 2016, as such we have assumed the mode share data for 2015 will be unchanged in 2016.

7.3. Mode share for “private car” access to the airport was 43.8% in 2010, and 38.3% in 2015. Note that these figures are expressed as a percentage of all non-transfer passengers only.

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[3] http://mediacentre.gatwickairport.com/press-releases/2016/16-10-10-gatwicks-record-growth-and-booming-long-haul-services.aspx

7.4. This decline has been driven by 2 key changes in the passenger mix through the airport over this period:

7.4.1. The increase in passengers travelling point to point, but originating their journey overseas rather than from the UK. Clearly these passengers will not access the airport via private car.

7.4.2. The increase in flights of low cost carriers with the accompanying decline in charter flights from the airport. Charter flights have traditionally had a high percentage of passengers who park, low cost carriers less so.

7.5. It is impossible to identify the exact contribution of each of these factors, but they collectively help explain the reduction in mode share for accessing the airport by private vehicle.

7.6. We can therefore identify an adjusted passenger number figure, which represents the number of passengers who are non-transfer, and access the airport via private vehicle. This is the most useful comparison to parking capacity numbers.

8. Summary of market parking capacity vs passenger growth 2010 – 2016

8.1. As can be seen from the table below, approved parking capacity growth of 25% has exceeded the 16% growth in the adjusted passenger numbers in the period 2010 – 2016:

	2010	2016	Growth
Demand			
Passengers (pax)	31.6m	42.3m	34%
Non-transfer pax	28.4m	37.6m	32%
Mode share “private vehicle”	43.8%	38.3%	-13%
“Parking” (adjusted) pax	12.4m	14.4m	16%
Capacity			
On-airport spaces	32,640	39,224	20%
Off-airport (approved) spaces	17,449	23,481	35%
Off-airport (unapproved) spaces	5,807	2,854	-51%
Total market approved capacity	50,089	62,705	25%
Total market capacity (including unapproved)	55,896	65,559	17%

9. Future passenger growth

9.1. Passenger growth forecasts for Gatwick Airport are outside the scope of this document, and are updated through the Airport Masterplan and Surface Access Strategy.

9.2. The approach taken in this Interim Strategy is therefore to illustrate how Gatwick Airport intends to cater for parking demand based on the following assumptions:

9.2.1. Passenger growth will be weighted towards off-peak months, as runway capacity is fully utilised during peak periods. As such we anticipate future peak summer passenger growth (and hence demand for parking capacity) being approximately two-thirds of the overall annual rate of passenger growth.

9.2.2. The mode share for accessing the airport by private vehicle remains constant.

9.2.3. The percentage of non-transfer passengers remains constant.

9.2.4. There is no growth in approved off-airport capacity beyond the net increase of 1,500 spaces for the new APH site at Wakeham's Green.

9.2.5. Usage of unapproved off-airport sites reduces from 2016 levels and potentially declines to zero. Our assumption is that we will need to cater for this demand on-airport.

10. Future plans for growth in car parking capacity

10.1. There are a number of specifically identified projects that we are currently intending to bring forward to deliver increased on-airport parking capacity over the next 5 years. These are:

10.1.1. 1,000 spaces of decking to be delivered on the current Long Stay South site

10.1.2. 1,800 spaces delivered in Phase 1 of a new MSCP in NT ("MSCP 7").

10.1.3. A further 1,200 spaces in Phase 2 of MSCP 7.

10.1.4. 3,000 spaces delivered by consolidation of our long-stay self-park product into one site. In practice, this means the closure of our Long Stay North product, which will be used entirely for block park storage. The combination of increased spaces through added capacity gained through block park storage vs. self-park, whilst also taking the opportunity to re-design the sites to ensure the most efficient space layout is used, is expected to deliver approximately 3000 additional spaces.

10.1.5. 1,500 spaces delivered by a 4th MSCP in South Terminal (on the site between MSCP 3 and the ST Short-Stay exit barriers).

10.1.6. In combination, these projects deliver a combined 8,500 extra spaces throughout the period, or an increase of 22% vs 2016/17 capacity.

Project	Spaces	Expected Timescale
ST Long-Stay Decking	1,000	2018

Consolidation of Self-Park	3,000	2018
NT MSCP 7 Phase 1	1,800	2020
ST MSCP 4	1,500	2020
NT MSCP 7 Phase 2	1,200	2025
Total	8,500	

10.2. There are also a number of initiatives underway to increase utilisation of existing spaces – in effect to create “virtual” capacity without the need to construct new physical infrastructure. We believe that these initiatives could deliver circa an additional 1,000-2,000 spaces of virtual capacity over a 5 year time-frame. Examples of this are:

10.2.1. A new pricing approach which allows us to achieve higher levels of capacity utilisation of each site, e.g. by incentivising long-stay parking outside peak weekend days, or the use of block park products outside of the morning arrivals peak. The first phase of this approach delivered an incremental 12 percentage points improvement in utilisation of the MSCPs in South Terminal. If we are able to achieve just a 3 percentage point increase across the long-stay and valet products, this is equivalent to adding an extra 1,000 spaces.

10.2.2. The introduction of peer to peer car rental, an initiative being developed where vehicle owning passengers who take part in the scheme can rent their vehicle out to in-bound passengers who wish to hire a car for the duration of their stay in the UK. The consequence of this is that the car is not occupying a parking space for the duration of its 'stay', and hence the space can be re-used. We anticipate that when this product is mature, it will free up to 500 spaces for re-sale.

10.2.3. More active promotion of car-sharing for airport staff and passengers, working with companies who specialise in this field. Again we anticipate that this could free up to 500 spaces for re-sale.

10.3. We are assuming a net increase of 1,500 spaces off-airport in 2018 when we anticipate that the new APH site at Wakehams Green goes live.

10.4. We estimate that it is possible to deliver over 20,000 new spaces over and above those highlighted above, by over-decking the existing long-stay car parks and storage areas. If required, this will be addressed through the new Airport Masterplan.

10.5. It is worth noting that there are a number of important product changes that will not affect overall capacity numbers, however these are listed for completeness.

10.5.1. Summer Special reception moving from its current site to car park Y (currently a staff car park located near to North Terminal). This will be a year round ‘block-parking’ product, the cars will be stored in the existing Summer Special storage location, as well as in Car Park X and Long Stay North.

10.5.2. Long Stay South will be a self-park site used for both terminals, the space benefit of reducing the proportion of self-park capacity in the mix is captured above.

10.5.3. Approximately 1,000 spaces of block-park storage will transfer in use from Purple Parking to Gatwick Airport (this is land owned by Gatwick Airport but previously leased to Q-Parks, and managed by Purple Parking). This has no impact on peak season market capacity as it is simply a change of ownership, however it will result in a more sustainable use of parking capacity across the airport, as we will only use this site during peak summer months. During off-peak months we will cater for demand in sites closer to the airport terminals, as this is both more cost effective, gives a better passenger experience and minimises transfer distances.

11. Funding for future capacity projects

11.1. The 2016 Capital Plan identified £112m of parking capacity investment over the next 5 years. This plan did not specify the detail of all the individual parking projects, these have been worked up in more detail over the last year and are outlined above.

11.2. The draft 2017 Capital Plan has now been approved by the Gatwick Board, and is currently being consulted on with key stakeholders. The final version will be published in summer 2017. All the above projects are currently identified and funded in the draft 2017 plan.

12. Other factors potentially impacting future capacity requirements

12.1. Gatwick Airport continues to work with both Network Rail and the Train Operating Companies to ensure that improvements in the rail service and capacity will support our target of reaching 50% rail mode share for passengers by 2040. In the short-medium term, total train capacity on services calling at Gatwick will have doubled in the period 2014-2018, and increased by the same amount again by 2030.

12.2. Whilst no specific assumption has been made about mode share shift from parking to rail, it is reasonable to assume that this will be significant given the scale of investment in both new rail capacity and a much improved journey experience. An indicative example is that a 2% age point mode share shift away from parking to rail equates to a reduction in the parking space requirement of approximately 3,700 spaces. Put differently, this is the equivalent of being able to cope with an extra 3m passengers for a given level of parking capacity.

12.3. Whilst we have not attempted to model the impact of the ~20% devaluation in the value of sterling since the start of 2016 (due to the Brexit vote and other factors), an inevitable consequence is an increase in the proportion of air travel to/from the UK that originates outside the UK, and a consequent decline in UK originating traffic. Given that parking demand is, by definition, limited to ex-UK traffic, this could have a large downside impact on parking demand over the next 5-10 years. As an example of this, a 10%age point shift away from UK originating traffic to overseas originating traffic would equate to a ~15% decline in UK passengers and hence parking demand. This would reduce market demand for parking capacity by ~10,000 spaces.

12.4. A detailed analysis of future passenger growth is beyond the scope of this document, and will be addressed in a future updated Car Parking Strategy published in line with the revised Airport Masterplan and Airport Surface Access Strategy.