# The economic impact of a third runway at Heathrow

**Briefing** | Alex Chapman | July 2026

## Executive summary

As the government continues with its ambition to expand Heathrow, new findings from recently published official documents demonstrate less favourable national and regional economic impacts than has been previously publicised. The draft Heathrow expansion national policy statement (HENPS) was published on 18 June for consultation alongside a tranche of Department for Transport (DfT) impact assessment documents. The key points are:

- The Green Book cost-benefit analysis concludes that the scheme has a net present value of between -£23.4bn and -£62.5bn over 60 years.
- The GDP impact has been revised downwards by a factor of 10 and now sits at 0.03-0.05% in 2056, concentrated in London and the south-east.
- The DfT expects the local jobs created by the scheme to primarily represent jobs displaced from around the wider UK. New Economics Foundation (NEF) analysis of DfT forecasts suggests 15,200 jobs would be lost in the wider regions of the UK in 2050. A further 6,400 jobs would be displaced within London and the south-east.
- The appraisal of sustainability (AoS) identifies major adverse impacts across 10 environmental domains. The AoS describes the economy impacts as "uncertain" at the national level and the quality-of-life impacts as "not evenly distributed".

The government's assessments highlight the lack of a viable economic case for the construction of a third runway at Heathrow. The economic proposal is principally to relocate jobs and economic activity from the UK's wider regions to the south-east. In the process, exceptional disruption and congestion will be created in west London, millions of households will be exposed to new or worsened air quality and noise, and significant climate damage will result, putting our legal climate targets at risk. The potential drain on public resources in providing surface access, navigating planning and construction, and capturing millions of tonnes of carbon overspend are not only a financial liability but a major distraction from the key task at hand: improving living standards in every corner of the UK.

# Further detail on the national impacts

## The Green Book assessment

The Green Book cost-benefit analysis presented in the DfT's Heathrow expansion appraisal report (HEAR) finds that the overall impact of the scheme on UK residents is between -£23.4bn and -£62.5bn. The global impact of the scheme is estimated at between -£82.2bn and -£120.6bn. These are "net present value" figures, thetotal combined positive and negative economic welfare impacts of the scheme over 60 years. The figures likely represent the worst Green Book performance of a government-backed scheme or policy in history. These net impact figures are not reported in the HENPS.

In its communications on the HENPS, the government says the scheme "could deliver over £40 billion of benefits to the UK" this figure derives from the HEAR.[1] The government has cherry-picked the upper-bound estimate of the benefits side of its own cost-benefit analysis. The same table presents the negative net impact figures referenced above.

## The GDP impact assessment

The GDP impact of the scheme (which is not included in the above assessment as it does not directly impact public welfare) has been revised downwards by a factor of 10 in the HEAR. The third runway was claimed to deliver a GDP impact of 0.65-0.75% of national GDP by the Airports Commission in 2015.[2] Then, in more recent government press releases it was connected with a gain of "almost 0.5%" of national GDP.[3] The new analysis puts the impact at just 0.03-0.05% of national GDP, a decline of over 90%.

The new analysis was commissioned from Frontier economics, a firm that has previously worked extensively for Heathrow Airport Limited (HAL). The very large decline in their GDP impact estimate compared with the work they conducted for HAL only a year earlier is striking. The DfT also commissioned a peer review of the model; that review identifies a range of concerns, including describing the report as "opaque" and flagging "double counting" of effects. The peer reviewer also highlights that 88% of the claimed GDP benefit is due to expenditure on construction, leaving just 12% of the benefit attributable to enhanced air connectivity.

The new GDP impact range is equivalent to between £1.4bn and £2.6bn of GDP in the year 2056. In our view this represents a very small return on a scheme estimated to cost £50bn, plus public transport upgrade costs, that brings extensive social welfare losses across domains such as congestion, noise, air quality, climate and inequality. The return to the public is especially poor, given that Heathrow will have its profits effectively guaranteed by the state, via the regulated

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[1] Department for Transport. (2026, June 18). *New consultation sets foundations for Heathrow expansion take-off* [Press release]. https://www.gov.uk/government/news/new-consultation-sets-foundations-for-heathrow-expansion-to-take-off

[2] Airports Commission. (2015). *Airports Commission: Final Report.* https://assets.publishing.service.gov.uk/media/5a808ab4e5274a2e8ab50bd4/airports-commission-final-report.pdf

[3] Department for Business and Trade. (2025, February 11) *Government welcomes multibillion pound Heathrow investment expected to secure thousands of steel jobs* [Press release]. https://www.gov.uk/government/news/government-welcomes-multibillion-pound-heathrow-investment-expected-to-secure-thousands-of-steel-jobs

asset base (RAB) financing mechanism, and those profits will accrue to foreign-domiciled investors. The GDP assessment likely overstates the benefit to UK interests.

## Business air travel demand

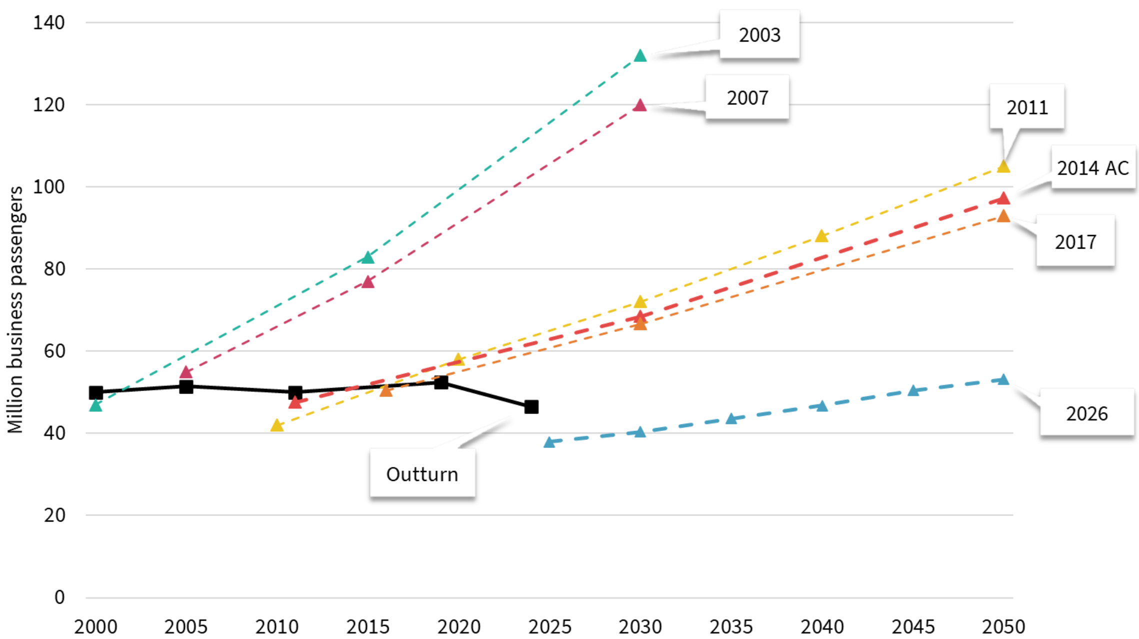
Historically, growth in business air travel demand formed a core-plank of the economic case for expansion at Heathrow. The DfT produced several forecasts suggesting rapid future growth in business demand. This has now changed. The latest DfT forecasts recognise that business demand for air travel has disappeared, and their previous forecasts were systematically wrong (Figure 1).

The Airports Commission also used forecasts that have since proven wrong. The commission assumed use of air travel for business would double from around 50 million terminal passengers to around 100 million by 2050. The new 2026 DfT forecasts suggest that demand will still sit close to 50 million terminal passengers in 2050.

The inaccuracy of the Airports Commission's 2015 forecasts bring into question the government's decision to rely heavily on its evidence in the HENPS instead of its own impact assessments. The HENPS references the commission's figures multiple times (eg in paragraph 2.28) when those figures are provably wrong.

**Figure 1: Successive official forecasts of air travel for business purposes, including from the Airports Commission, have missed the target and overstated growth.**

DfT and Airports Commission (AC) aviation forecasts of business-purpose air travel demand, by year of forecast, alongside the ONS estimate of historic movements.




Source: NEF analysis of DfT aviation forecasts 2003-2026 and ONS Travelpac

## Impacts on air freight and trade

The DfT appear not to have made any specific assessment of the freight impacts of the scheme in their appraisal. No freight forecasts are made, and no economic impact assessments conducted. Broadbrush trade impacts are included in the GDP impact assessment described above and form part of the claimed 0.03-0.05% contribution to GDP growth.

## Timing of impacts

Although the DfT model assumes the scheme comes on-line in the late 2030s they state that "scheme impacts at a national level are relatively limited until 2050".

## The cost of carbon capture

The government's 2026 forecasts for aviation anticipate that the sector will emit 41m tonnes of CO2 from departing flights in 2050 – a level slightly higher than the level today (around 37m tonnes). The contribution of Heathrow's third runway to these emissions in 2050 we estimate at around 3.7m tonnes. To reconcile these emissions with its legal climate obligations the government plans to make use of engineered carbon removals. As set out in the Whitehead review, these could cost £169–£405 per tonne in 2050. This implies a cost of £620m to £1.5bn to remove the carbon emitted by flights departing Heathrow's third runway. Outside the UK's carbon account (under current legal guidelines) would be a further cost to capture emissions from arriving flights, and to offset the damages of aviation's non-carbon greenhouse gas emissions.

## Conclusions on the national economic impact

The AoS provides summary conclusions on the national economy impacts, stating "national-level operational effects are uncertain". As regards impacts on quality of life, the AoS states: "the balance of effects is therefore mixed, with major (--) adverse and major (++) beneficial outcomes. These effects are not evenly distributed, with some communities experiencing a greater share of impacts than others".

These findings appears directly at odds with various statements made in the HENPS itself, where the government claims national economic benefits from expansion, for example at paragraph 2.18: "The consequences of not increasing capacity at Heathrow Airport are detrimental to the UK economy and the UK's hub status." And paragraph 2.38 where the government designates Heathrow's third runway as critical national growth infrastructure "because of the clear need for the identified expansion at Heathrow, and the economic and other strategic benefits it would provide".

# Further detail on the regional impacts

## Regional GDP impacts

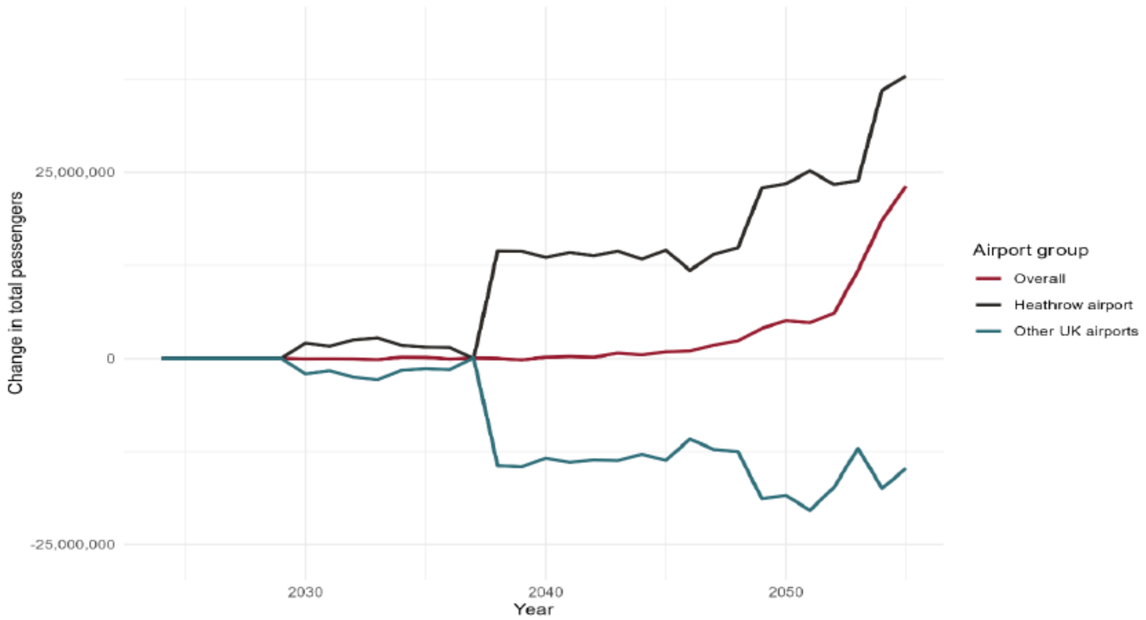
The HEAR assesses regional GDP impacts. These are projected to be negligible in all cases bar London, typically ranging from 0.01% to 0.02%. The DfT's scenarios suggest 72% to 92% of the GDP benefits will accrue to London and the south-east. In its communications around the consultation the government has stated: "Up to 40% of the growth benefits of expansion, once fully operational, is [sic] expected to be in areas outside of London and the South East". We have not been able to source this claim in the government's analysis. However, writing directly about the government's GDP analysis, their external peer reviewer, Dr James Laird states: "In my view it would be erroneous to claim a broad distribution of the gains from Heathrow to regions on the basis of the modelling". The government does not have grounds to claim there would be GDP benefits to the wider regions of the UK.

## Regional passenger impacts

In the DfT's 2026 aviation forecasts passenger growth at Heathrow comes at the expense of growth at other airports around the UK. This is best illustrated in a graph presented in the GDP impact assessment provided to the DfT by Frontier (Figure 2). For its first 20 years of operation, the new runway delivers minimal net growth in passenger numbers at the national level, instead, taking passengers from other UK airports.

**Figure 2: Most of the passengers using the new runway over its first twenty years of operation are displaced from other UK airports.**

Changes to passenger numbers at Heathrow and other UK airports as presented by Frontier Economics




Source: Fontier Economics for the Department for Transport, 2026

The airports that lose out vary over time. In the early years after opening, other London airports are the primary losers, with Gatwick, Luton, and London City collectively losing around 13 million passengers in 2040. By 2050, airports in the UK's wider regions start losing passengers. The DfT's forecasts suggest Birmingham airport is the biggest loser in gross passenger numbers (losing 7.5 million passengers) and Southend is the biggest loser in proportionate terms (losing 80% of its passengers). Full airport-by-airport changes for the 2050 time slice are shown in our Annex.

## Regional employment impacts

The Appraisal Report estimates that, by 2050, around 34,000 jobs will be created in the local economy as a result of Heathrow's third runway. This relates to jobs associated with the aviation supply chain (so-called direct, indirect, and induced employment). The AoS points out that this local benefit "may reflect redistribution of economic activity rather than wholly additional growth". But the DfT have not presented the scheme's impact on aviation-linked jobs around the UK's wider regions.

The new demand forecast data published by the DfT permits such an assessment. NEF analysis (see methods in annex) of these data suggest that in 2050 around two-thirds of the aviation-linked jobs created at Heathrow represent jobs displaced from other parts of the UK. The forecasts suggest there would be 15,200 jobs lost in the wider regions of the UK and displaced to London and the south-east.

**Table 1: NEF modelled regional employment impacts of the Heathrow third runway in 2050**

| **Region** | **Jobs impact** |
|---|---:|
| West Midlands | -9,500 |
| *Other non-Heathrow south-east and London* | *-6,400* |
| East of England | -3,300 |
| South-west | -1,900 |
| Wales | -600 |
| North-east | -600 |
| North-west | -500 |
| Yorkshire and the Humber | -400 |
| Northern Ireland | 300 |
| Scotland | 300 |
| East Midlands | 1,000 |
| **Total non-Heathrow impacts** | **-21,300** |
| **Impact outside London and south-east** | **-15,200** |
| **Heathrow-linked jobs** | **33,900** |

Source: See methods note

The DfT analysis expects a particularly acute reduction in activity in the West Midlands, east of England, and southwest. Birmingham airport sees a 22% reduction in passengers against its baseline level of growth, this is sufficient to cost around 9,500 jobs in the airport's supply chain. An estimated 3,300 and 1,900 jobs would be lost in the east of England and southwest respectively. A further 6,400 jobs are displaced within London and the south-east.

## Methods note

The DfT have provided passenger forecasts with and without the Heathrow third runway. The DfT present multiple future demand scenarios, but one scenario, “current trends”, forms the core of the Appraisal Report. Simple with or without expansion analysis was conducted by NEF to identify airport-by-airport passenger impacts. The proportionate changes in passenger numbers are presented in Table 2 for all airports. Most airports see a decline in passengers.

The DfT present direct, indirect, and induced changes in “local jobs” in the vicinity and supply chains of Heathrow. They do not present the same analysis for jobs lost at other airports. NEF has conducted simplified analysis to approximate the size of these employment changes (mostly employment losses).

To estimate these employment changes we reviewed existing studies estimating the number of passengers-per-job at a range of comparator airports (Bristol, Gatwick, and Luton). From this we derive an average jobs per passenger figure for non-Heathrow airports of 1,250 jobs per million passengers. We then estimate employment changes through a simple division of DfT-forecast passenger number changes by passengers-per-job. To estimate region-level impacts we then aggregate airport-level impacts based on the region of location of each airport.

## Annex

Table 2: DfT forecast of passenger number changes at non-Heathrow airports as a result of the proposed third runway in the "current trends" scenario, and NEF modelled estimate of the resulting change in direct, indirect, and induced employment

| Year = 2050 | Change in passengers in third runway scenario (DfT 2026 forecasts) | Change as % | Jobs impact modelled by NEF |
|---|---:|---:|---:|
| Birmingham | -7,563,000 | -22% | -9,500 |
| London City | -4,315,000 | -53% | -5,400 |
| Southend | -2,404,000 | -84% | -3,000 |
| Gatwick | -1,214,000 | -2% | -1,500 |
| Bournemouth | -898,000 | -29% | -1,100 |
| Cardiff | -471,000 | -15% | -600 |
| Humberside | -418,000 | -22% | -500 |
| Manchester | -403,000 | -1% | -500 |
| Norwich | -348,000 | -24% | -400 |
| Newcastle | -269,000 | -3% | -300 |
| Newquay | -204,000 | -22% | -300 |
| Bristol | -202,000 | -2% | -300 |
| Exeter | -177,000 | -6% | -200 |
| Teesside | -176,000 | -17% | -200 |
| Belfast City | 23,000 | 0% | 0 |
| Inverness | 28,000 | 2% | 0 |
| Edinburgh | 29,000 | 0% | 0 |
| Liverpool | 37,000 | 1% | 0 |
| Aberdeen | 53,000 | 1% | 100 |
| Prestwick | 58,000 | 15% | 100 |
| Southampton | 76,000 | 3% | 100 |
| Glasgow | 95,000 | 1% | 100 |
| Leeds/Bradford | 116,000 | 2% | 100 |
| Stansted | 138,000 | 0% | 200 |
| Belfast International | 213,000 | 2% | 300 |
| Luton | 336,000 | 1% | 400 |
| East Midlands | 819,000 | 13% | 1,000 |
| **Net change** | **-17,041,000** | | **-21,400** |

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