Regional Air Service Impact
The Importance of Toledo Express Airport

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Agenda

- Toledo Express Airport Comeback
  - Capacity Loss
  - Recent Passenger Growth
- Air Service in Regional Markets
  - Changing Airline Business Model
  - The Impact of Consolidation
- Air Service Economic Impact
  - The Value of Additional Flights
TOL Capacity is Down 81% From its ‘01 Peak

Available Airline Seats per Month at Toledo Express Airport
January 2000 – November 2013

Source: US DOT Database T100
TOL Capacity is Down 81% From its ‘01 Peak

Available Airline Seats per Month at Toledo Express Airport
January 2000 – November 2013

From 1,505 Departing Seats per Day
To 295 Departing Seats per Day

Source: US DOT Database T100
Rising Jet Fuel Prices Are to Blame

Available Airline Seats per Month at Toledo Express Airport vs. Price of Jet Fuel
January 2000 – November 2013

Source: US DOT Database T100; IATA Jet Fuel Price Monitor
Rising Jet Fuel Prices Are to Blame

Available Airline Seats per Month at Toledo Express Airport vs. Price of Jet Fuel
January 2000 – November 2013

Jet Fuel Up 74% Since January of 2000

Source: US DOT Database T100; IATA Jet Fuel Price Monitor
TOL is Filling More of Its Airline Seats

Available Airline Seats per Month at Toledo Express Airport vs. Load Factor
January 2000 – November 2013

Source: US DOT Database T100
TOL is Filling More of Its Airline Seats

Available Airline Seats per Month at Toledo Express Airport vs. Load Factor
January 2000 – November 2013

Source: US DOT Database T100
TOL is Filling More of Its Airline Seats

Available Airline Seats per Month at Toledo Express Airport vs. Load Factor
January 2000 – November 2013

Percentage of Seats Filled Up 92%

Load Factor

Source: US DOT Database T100
2013 Was TOL’s First Growth Year Since 2004

Passengers per Month at Toledo Express Airport
January 2011 – November 2013

Source: US DOT Database T100; Toledo Express Airport
2013 Was TOL’s First Growth Year Since 2004

Passengers per Month at Toledo Express Airport
January 2011 – November 2013

- Passengers Up 11% 2013 vs. 2012
- January 2014 Passengers Up 45% vs. 2013

Source: USDOT Database T100; Toledo Express Airport
TOL Retains Just 6% of Region’s Passengers

Source: Sixel Consulting Group Toledo True Market Study
TOL Retains Just 6% of Region’s Passengers

- TOL Catchment Generates 6,482 Passengers per Day
- TOL Captures Just 389 Passengers per Day
  - 65% Use Detroit
  - 12% Use Cleveland
  - 10% Use Columbus

Source: Sixel Consulting Group Toledo True Market Study
Air Service in Regional Markets
Fuel is the Single Largest Airline Expense

Fuel as a Percentage of Airline Cost
Calendar Year 1991 – Calendar Year 2013; Worldwide Airlines

Today: 35.9%

1995: 10.8%

Source: Sixel Consulting Group Analysis of ICAO and IATA Estimates, February 2014
Increasing Costs Have Spurred Consolidation

1978
- NORTHWEST ORIENT
- REPUBLIC
- DELTA AIR LINES
- Western
- PAN AM
- UNITED AIRLINES
- CONTINENTAL AIRLINES
- EASTERN
- FRONTIER
- FLY SOUTHWEST
- American Airlines
- AirCal
- Ozark Airlines
- TWA
- Allegheny
- Piedmont
- PSA

1990
- NORTHWEST
- DELTA
- UNITED
- Morris Air
- MuseAir
- SOUTHWEST
- American Airlines
- RENO Air
- TWA
- USAir
- The Trump Shuttle
- America West

2000
- NORTHWEST AIRLINES
- Delta
- UNITED
- Continental Airlines
- AirTran
- SOUTHWEST
- American Airlines
- U.S. Airways

Today
- Delta
- United
- Southwest
- American Airlines
Small Regional Jet Capacity is Down 16%

Small Regional Jet Capacity Index in North American Markets
Calendar Year 2004 – Calendar Year 2013

AA is Growing Small RJs
UA is Reducing Small RJs
Air Service Economic Impact
Air Service Has a Huge Economic Impact

The “New Knowledge Based Economy” Relies on Air Service

Communities Set Themselves Apart in Business Recruitment by Demonstrating Good Air Service
  - Air Service is Top Factor in Company Relocation
  - Ranks With Facilities, Workforce, and Tax Burden
  - The Lower the Cost of Air Service Access, the Greater the Opportunity for Business Expansion Locally

Poor Connectivity Costs Businesses Money
  - Example: Fargo, North Dakota
    - Major Business Does 2,100 Roundtrips to Seattle Per Year
    - No Non-Stop Service
      - Connecting Service Loses Eight Hours Per Trip
    - Business Loses 16,800 Hours Per Year in Travel Time
    - Total Business Productivity Loss:
      - $823,200 Per Year
Economic Impact in Non Hub Markets

Example: Lafayette, Indiana
- Two Regional Jet Flights/Day to/from Chicago O’Hare

- **40.4 New Jobs**
  - 25.4 New Airport-Related Jobs
  - 15 New Transportation Industry Jobs
  - Total Labor Income: $1.45 Million/Year

- **Direct Visitor Impact**
  - 6,720 New Annual Hotel Nights

Source: Sixel Consulting Group Economic Impact Study, Purdue University Airport
“The likelihood of success... increases when the community demonstrates that enhanced air service is a priority... by financially participating in air service improvement programs.”

Government Accountability Office Report on Improving Air Service at Small Community Airports
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