



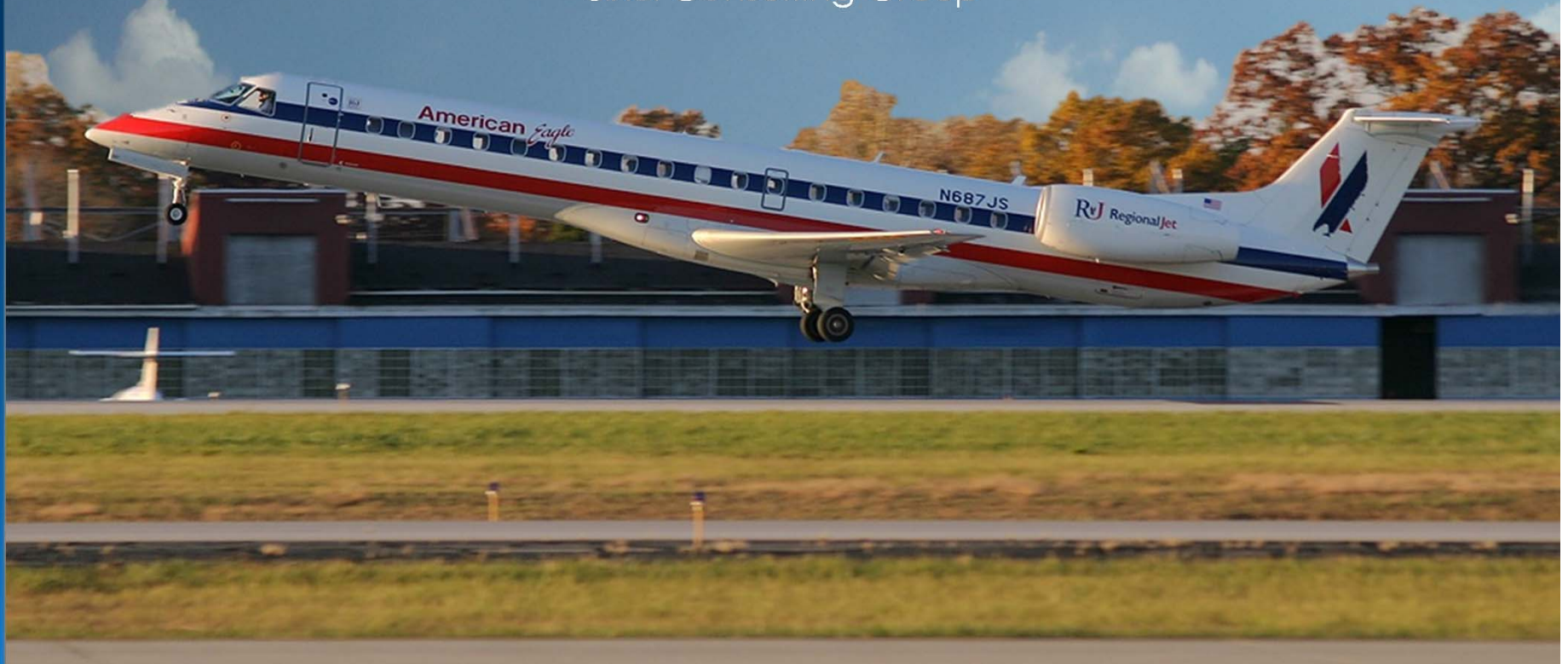
Sixel Consulting Group, Inc.

# Regional Air Service Impact

## The Importance of Toledo Express Airport

**Jack Penning**

Director of Market Analysis  
Sixel Consulting Group





# Agenda

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- **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

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## Available Airline Seats per Month at Toledo Express Airport

January 2000 – November 2013



Source: US DOT Database T100

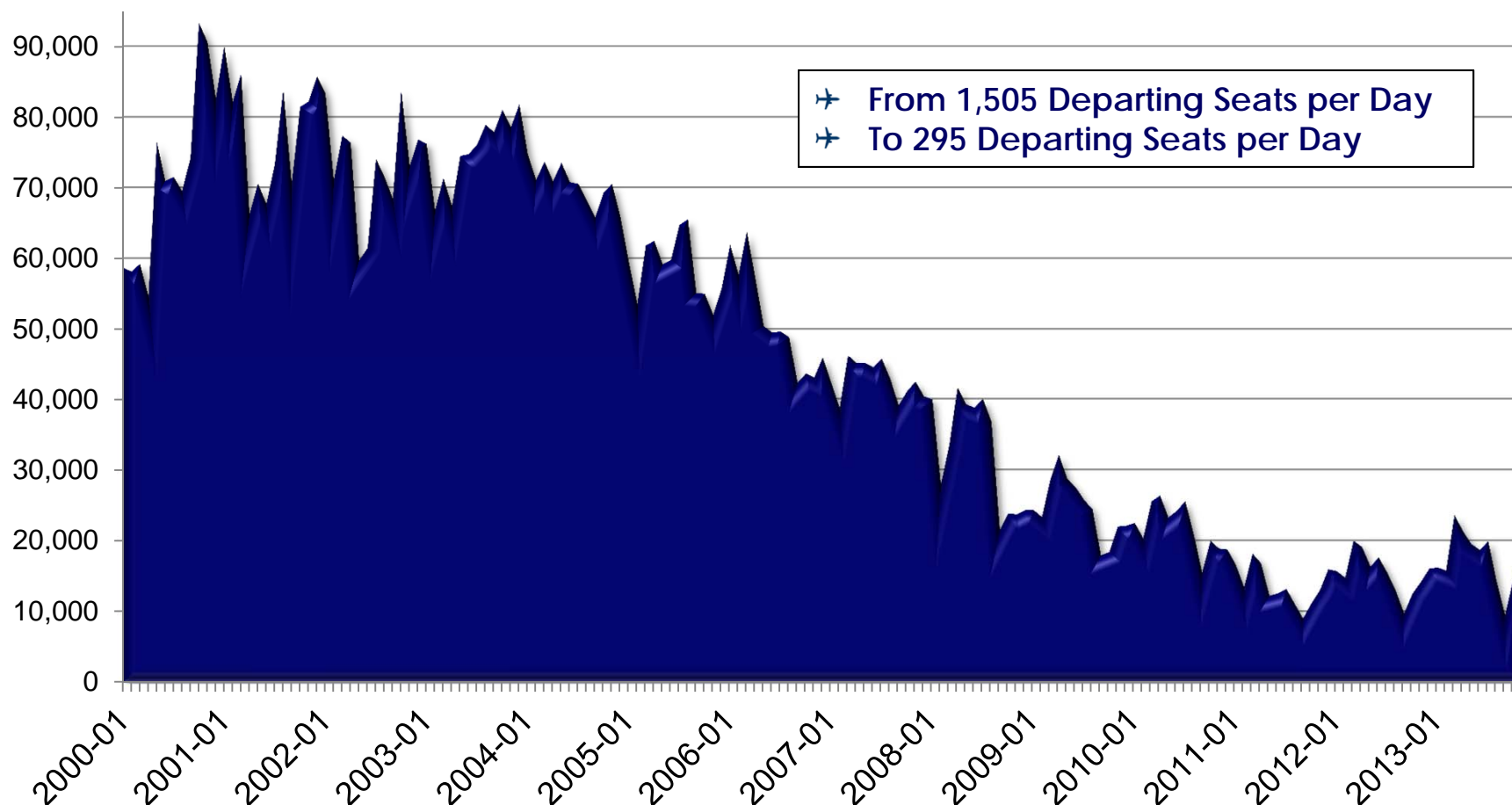


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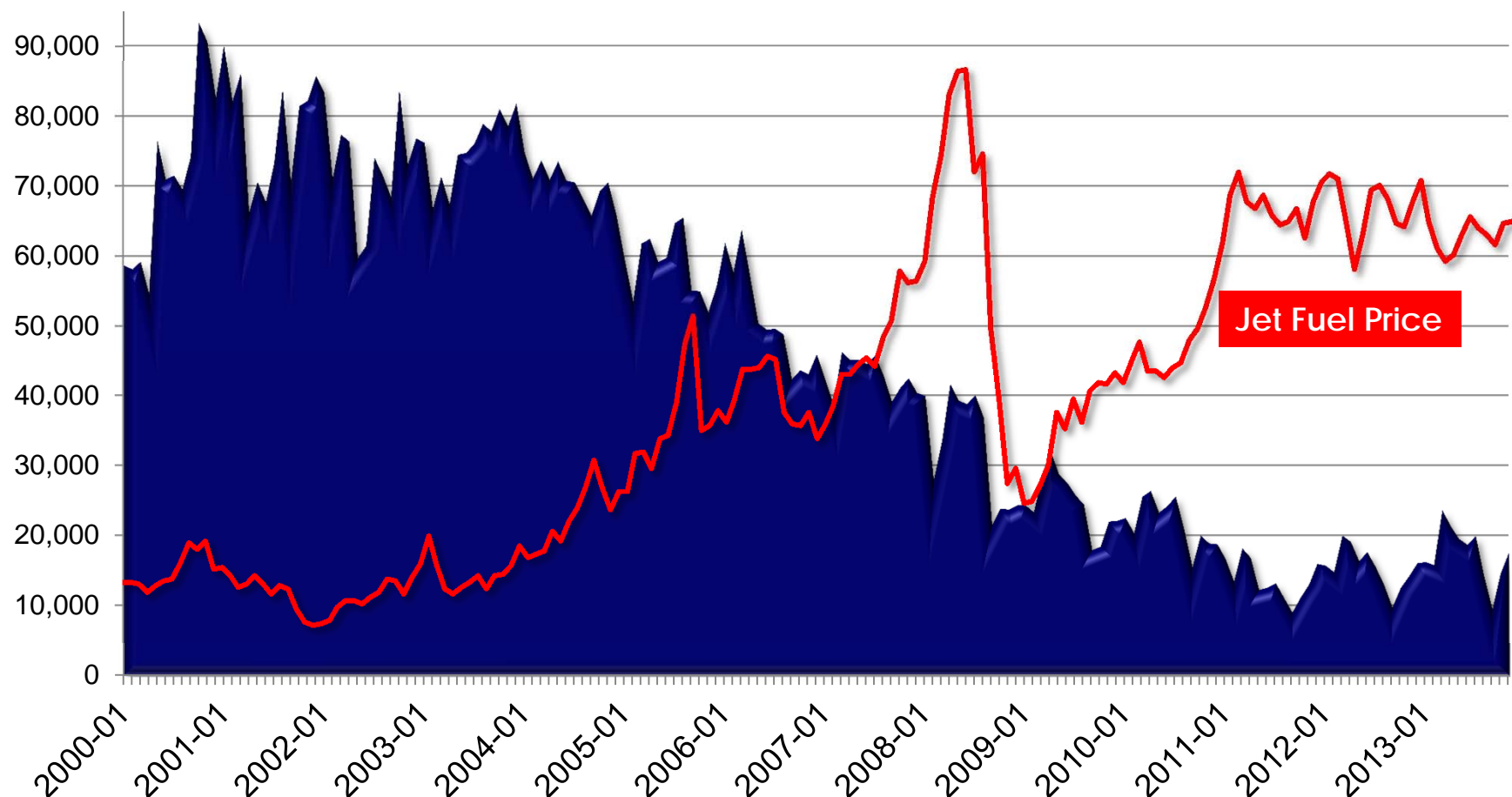


# Rising Jet Fuel Prices Are to Blame

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## 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



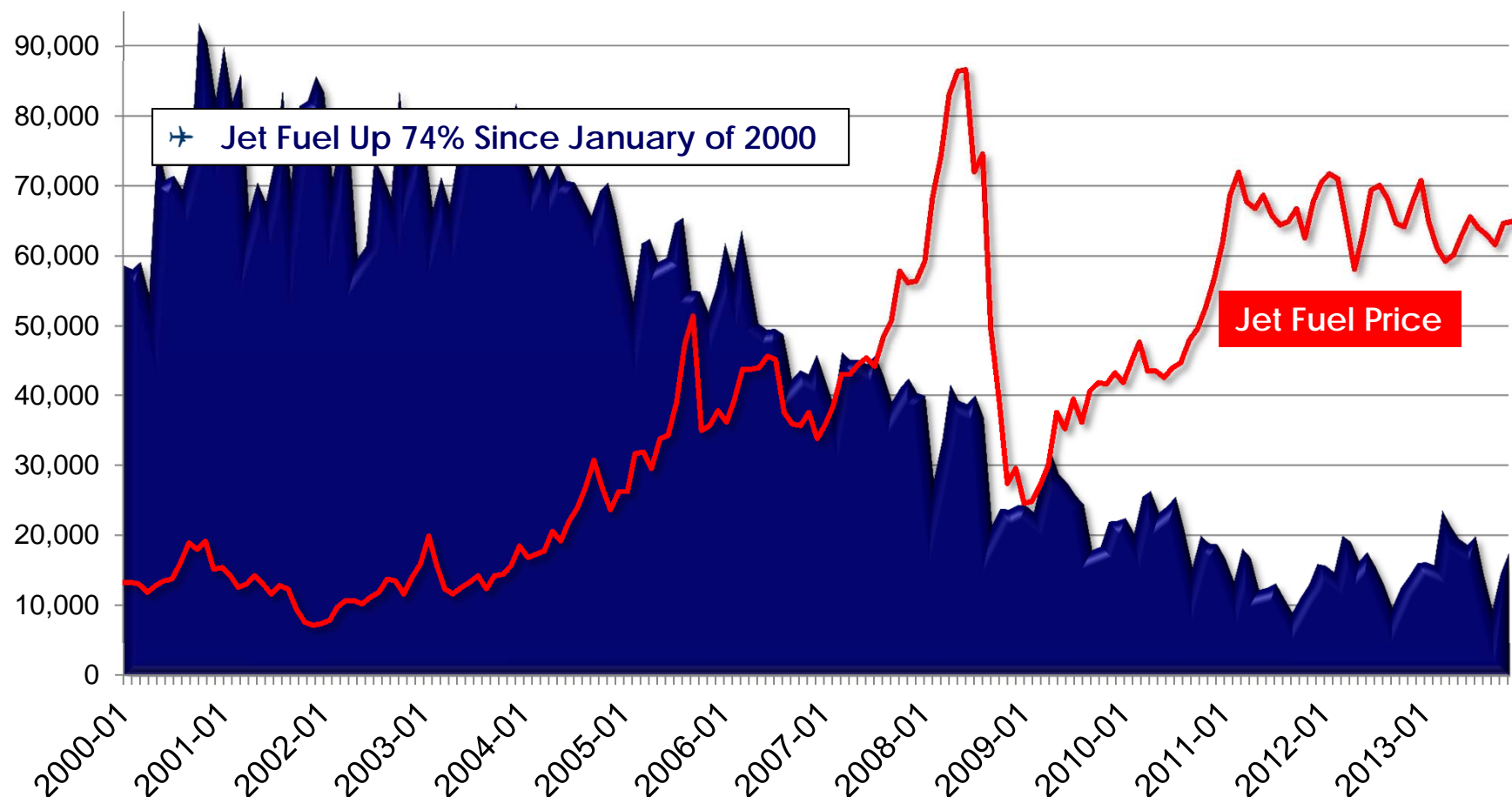


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# TOL is Filling More of Its Airline Seats

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## Available Airline Seats per Month at Toledo Express Airport vs. Load Factor

January 2000 – November 2013



Source: US DOT Database T100

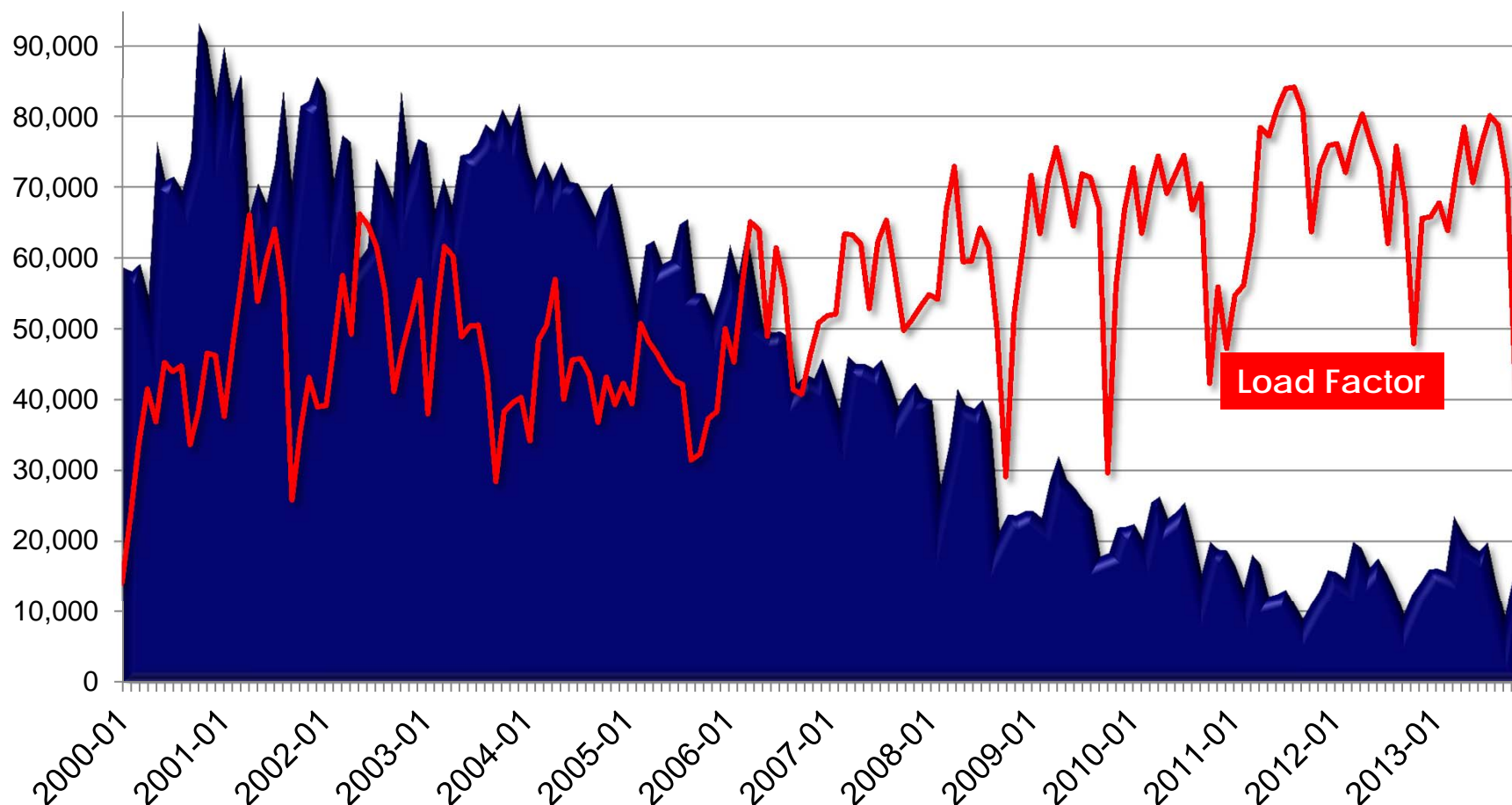


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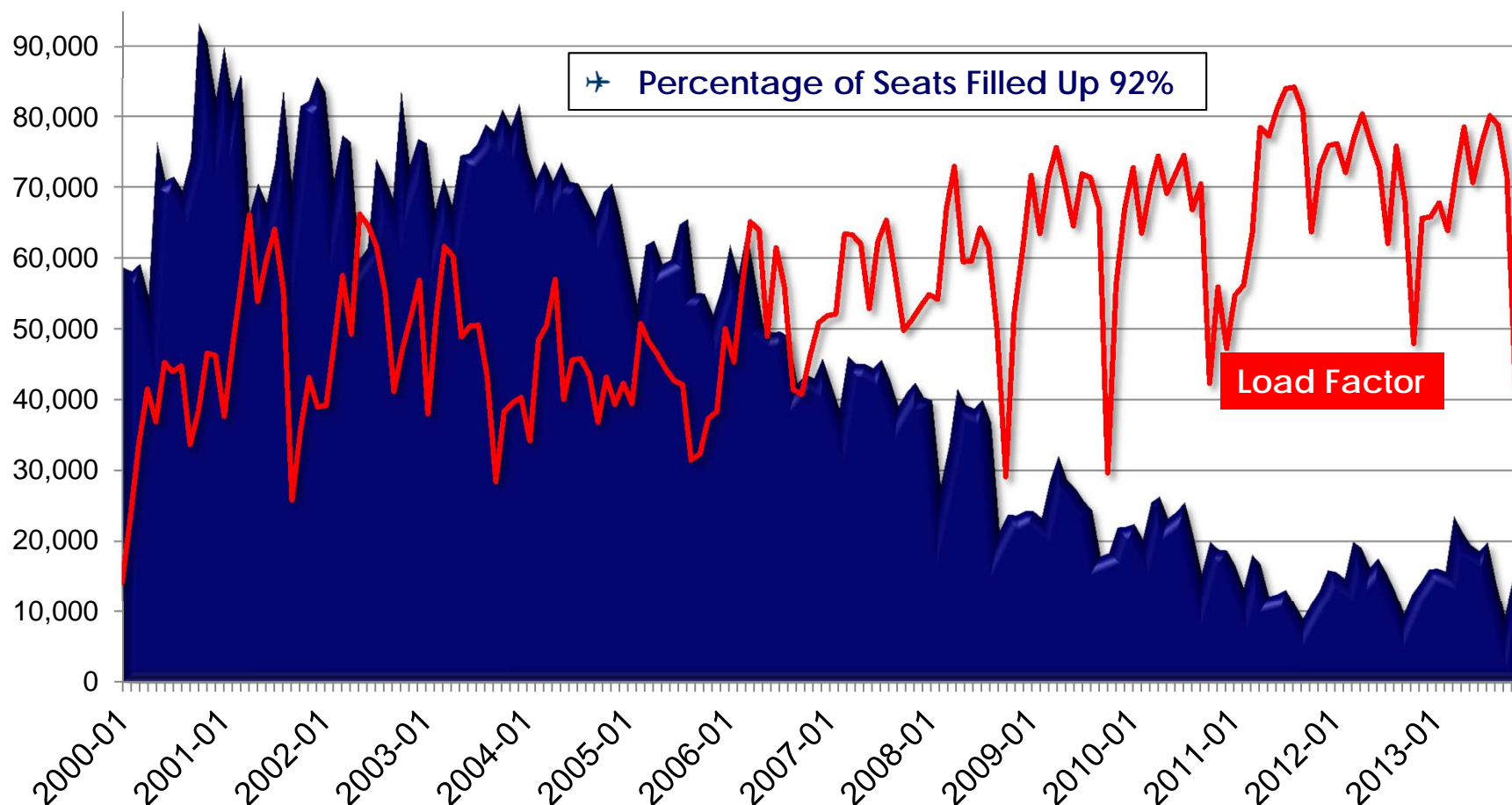


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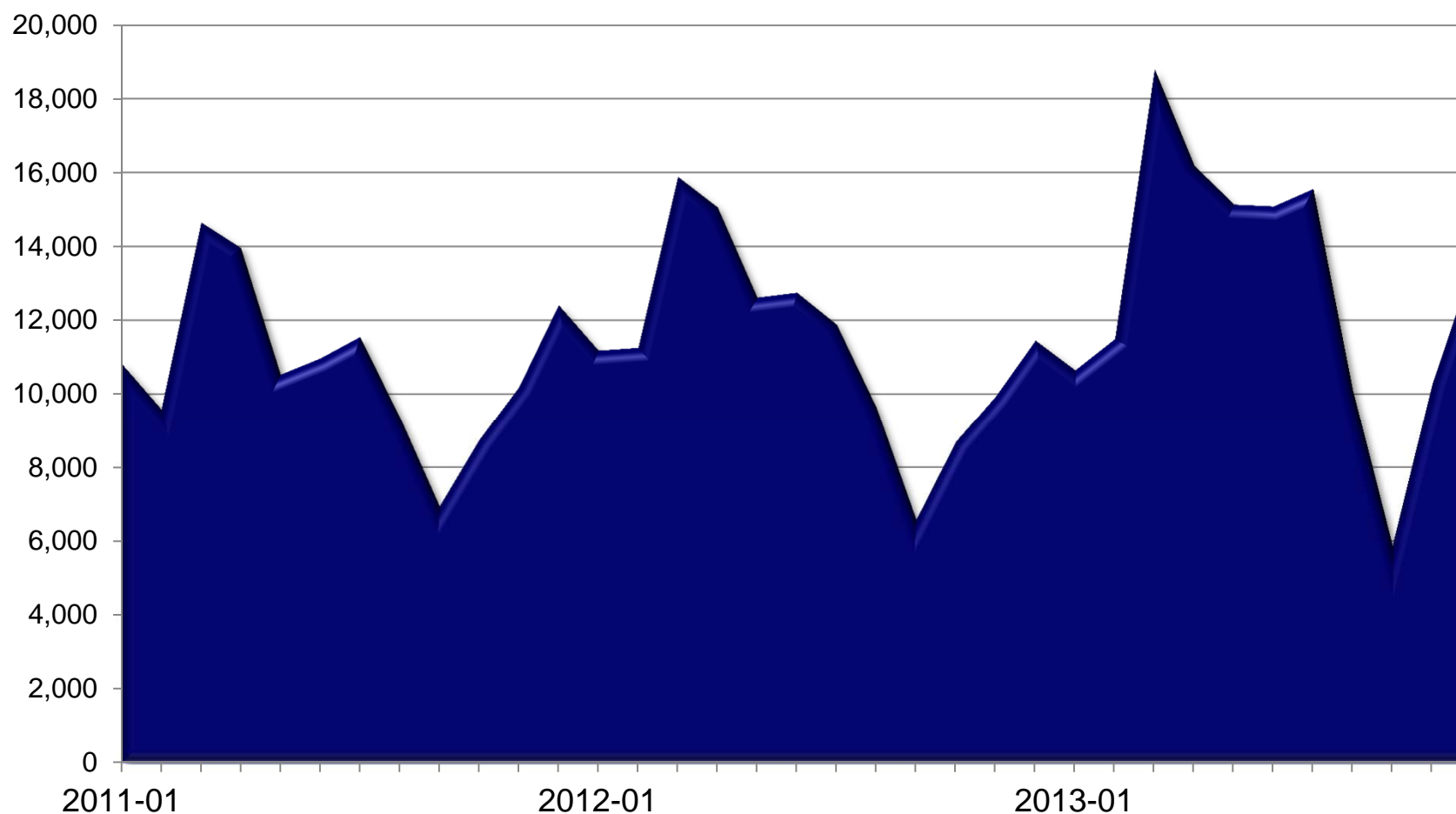


# 2013 Was TOL's First Growth Year Since 2004

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## Passengers per Month at Toledo Express Airport

January 2011 – November 2013



Source: US DOT Database T100; Toledo Express Airport

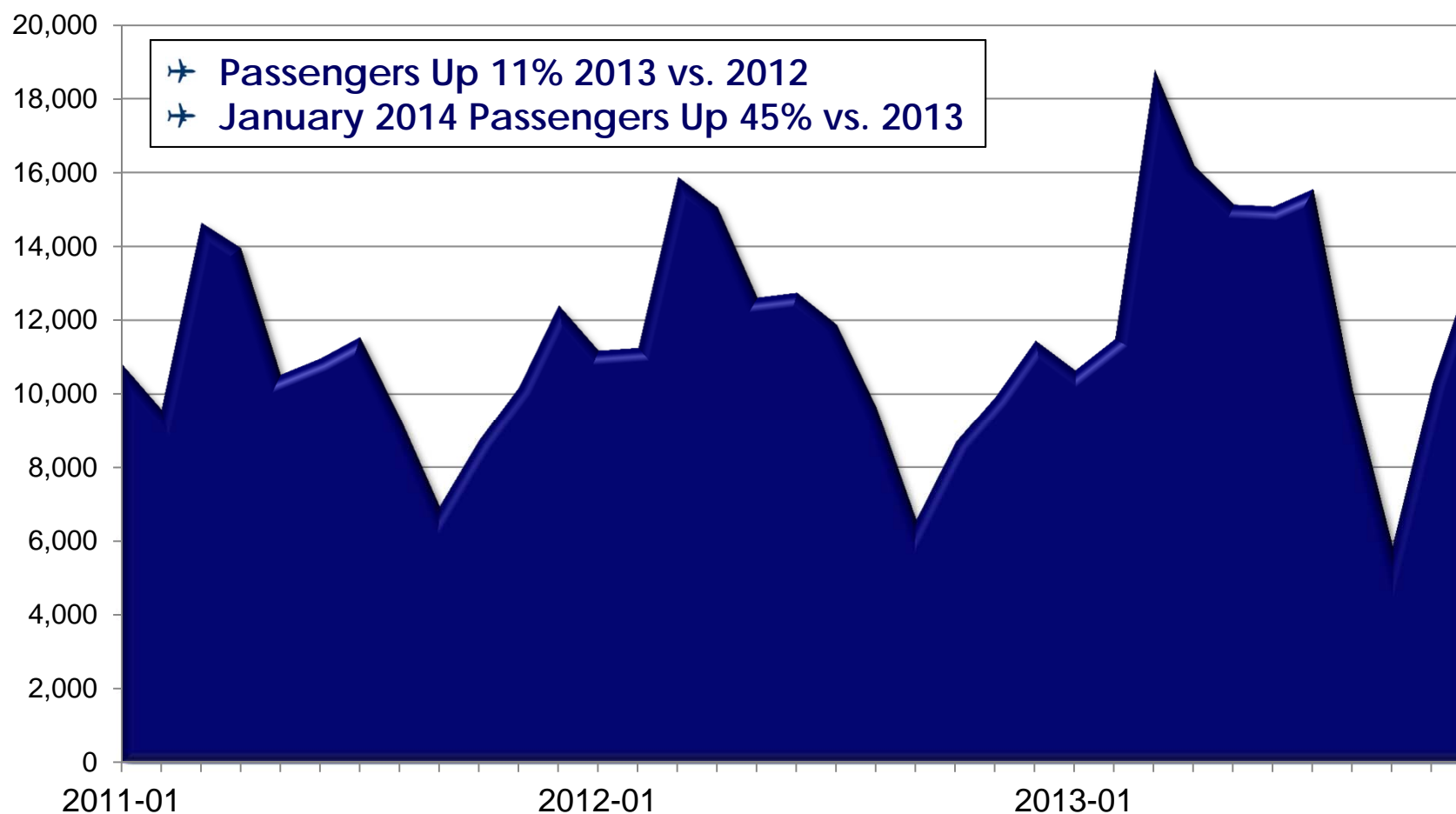


# 2013 Was TOL's First Growth Year Since 2004

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## Passengers per Month at Toledo Express Airport

January 2011 – November 2013



Source: US DOT Database T100; Toledo Express Airport



This map illustrates the population density and 60-minute drive time from the Detroit-Wayne County International Airport (DTW) in the Detroit, Michigan area. The map shows the Detroit metropolitan area, including Detroit, Livonia, Ann Arbor, and Toledo. The population density is represented by green dots, where 1 dot equals 3,000 people. The 60-minute drive time is indicated by a blue shaded region. Major highways are shown with their respective shields, including I-94, I-69, I-275, I-375, I-24, I-23, I-223, I-20, I-80, I-75, I-475, I-280, I-6, I-250, I-42, I-71, I-469, I-30, and I-52. The map also shows the Detroit River and Lake Michigan.



Center for Regional Development:  
BG SU

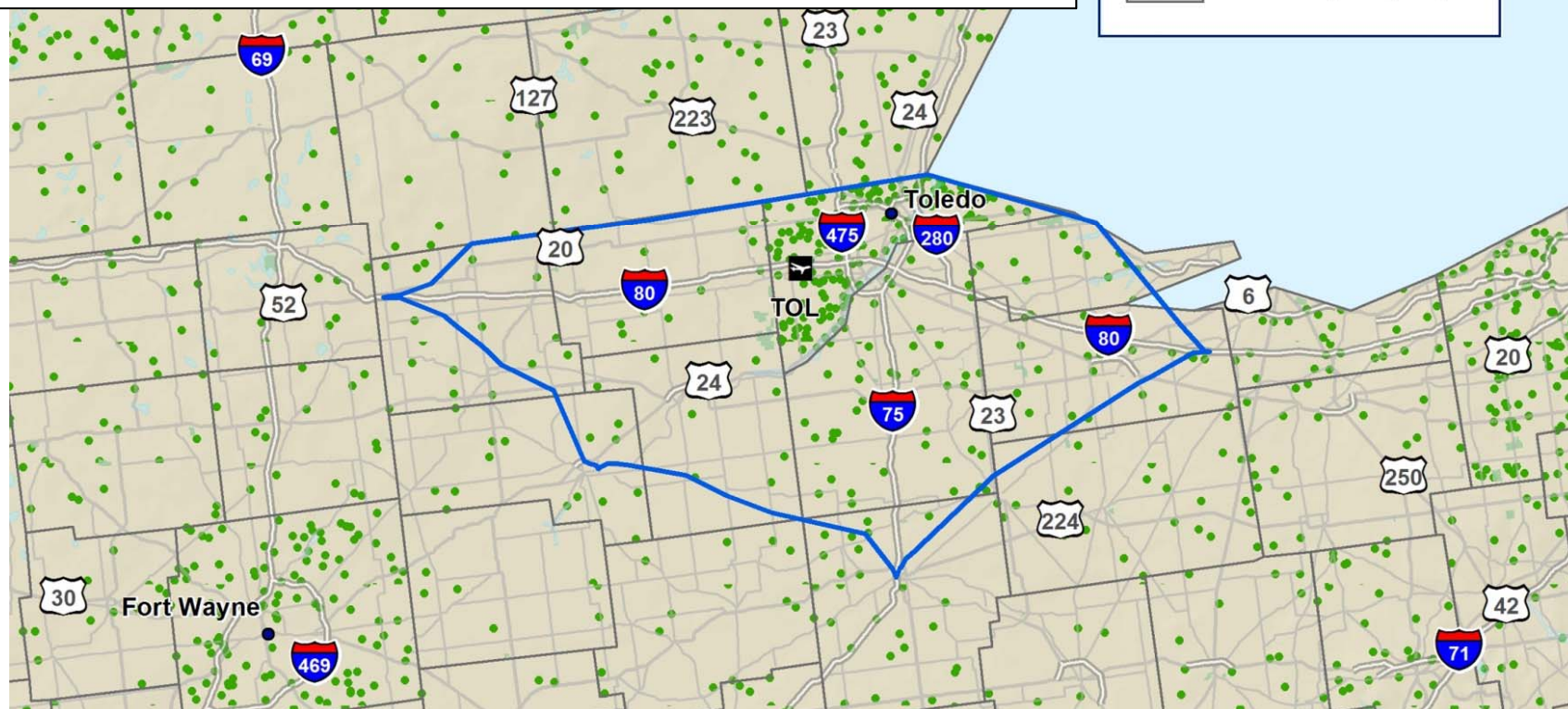




# TOL Retains Just 6% of Region's Passengers

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- ✈ 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





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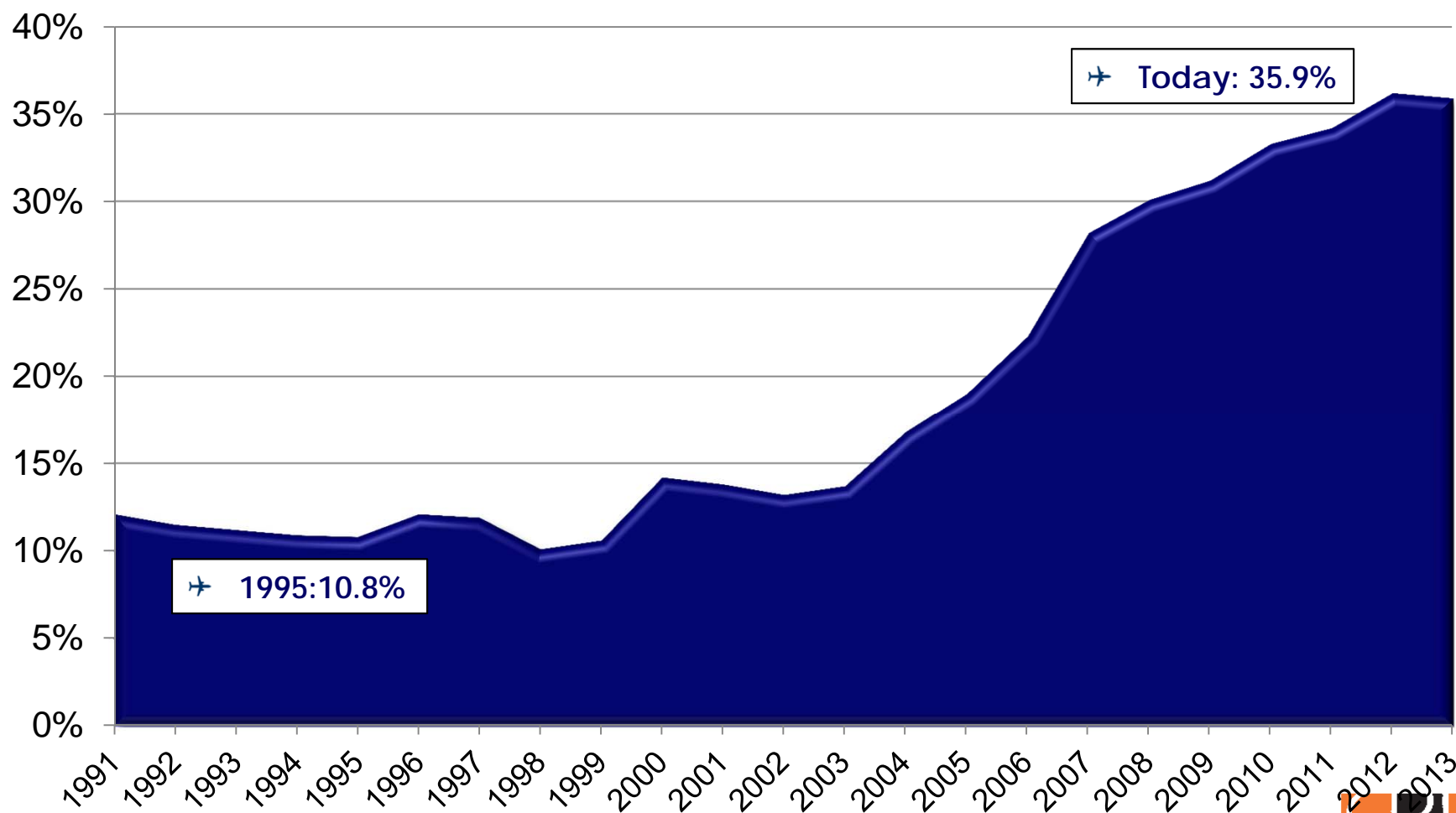
## Air Service In Regional Markets



# Fuel is the Single Largest Airline Expense

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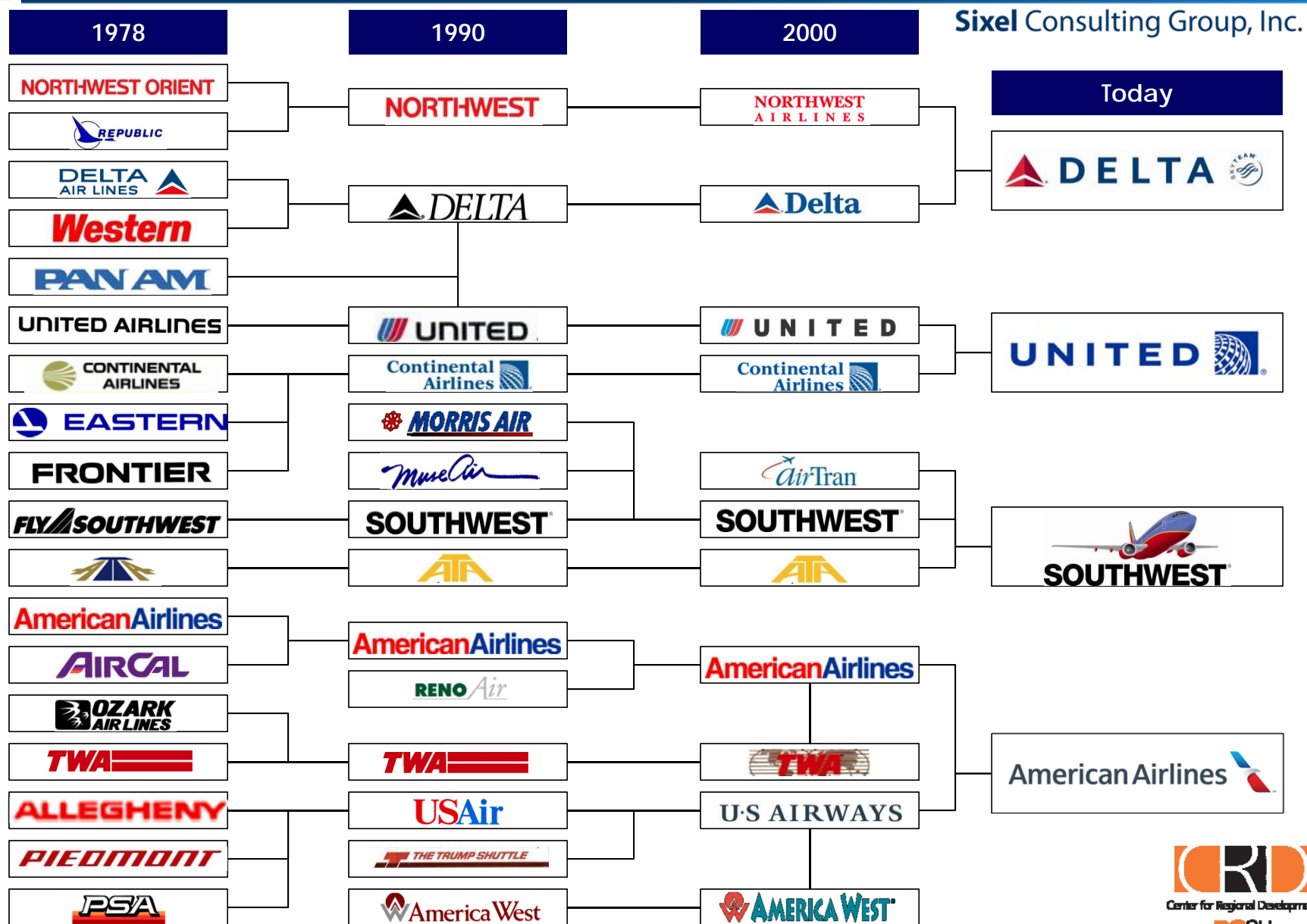
**Fuel as a Percentage of Airline Cost**  
Calendar Year 1991 – Calendar Year 2013; Worldwide Airlines



Source: Sixel Consulting Group Analysis of ICAO and IATA Estimates, February 2014



# Increasing Costs Have Spurred Consolidation



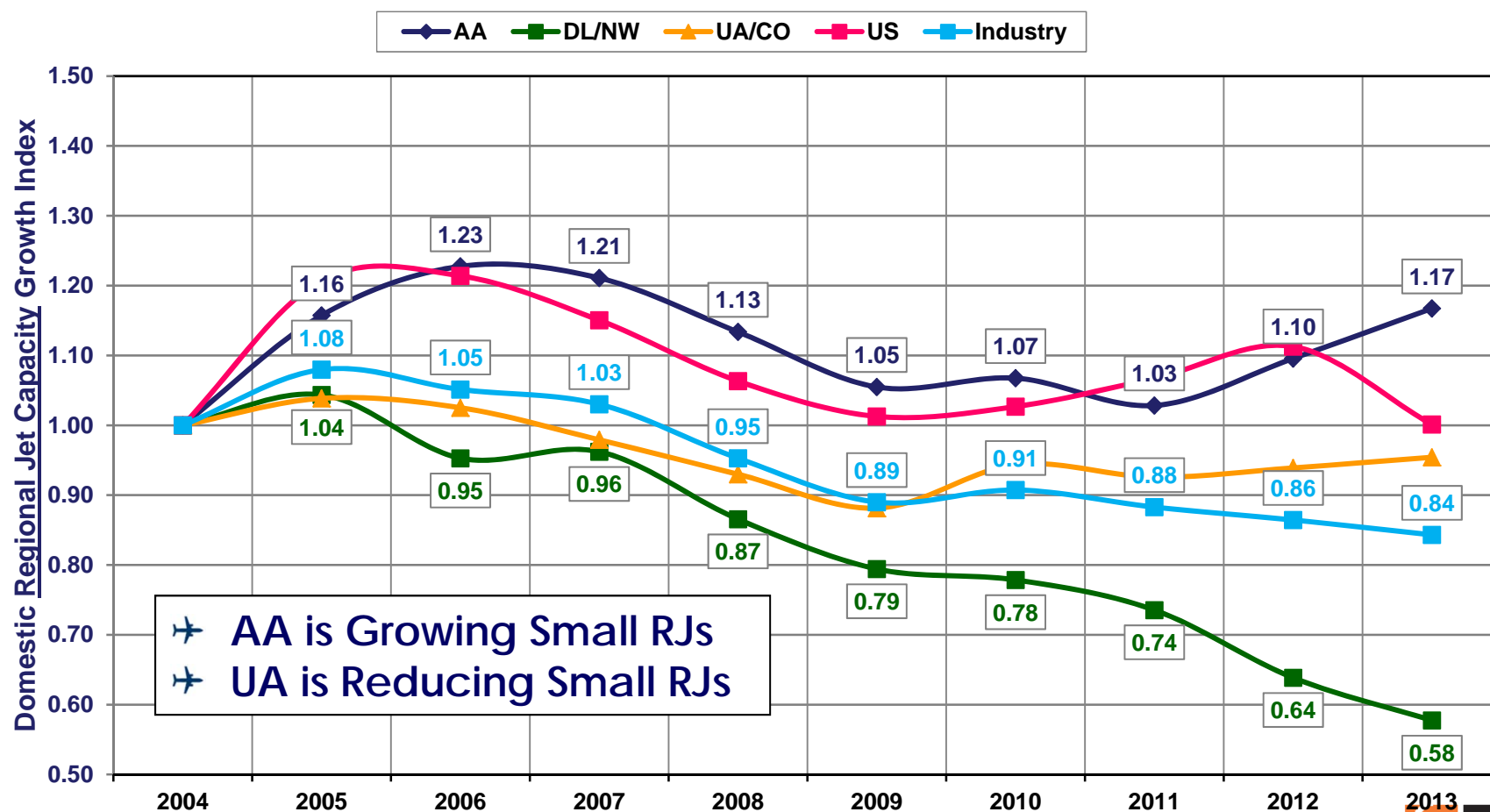


# Small Regional Jet Capacity is Down 16%

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## Small Regional Jet Capacity Index in North American Markets

Calendar Year 2004 – Calendar Year 2013





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# Air Service Economic Impact





# Air Service Has a Huge Economic Impact

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- ✈ 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***

Source: Sixel Consulting Group

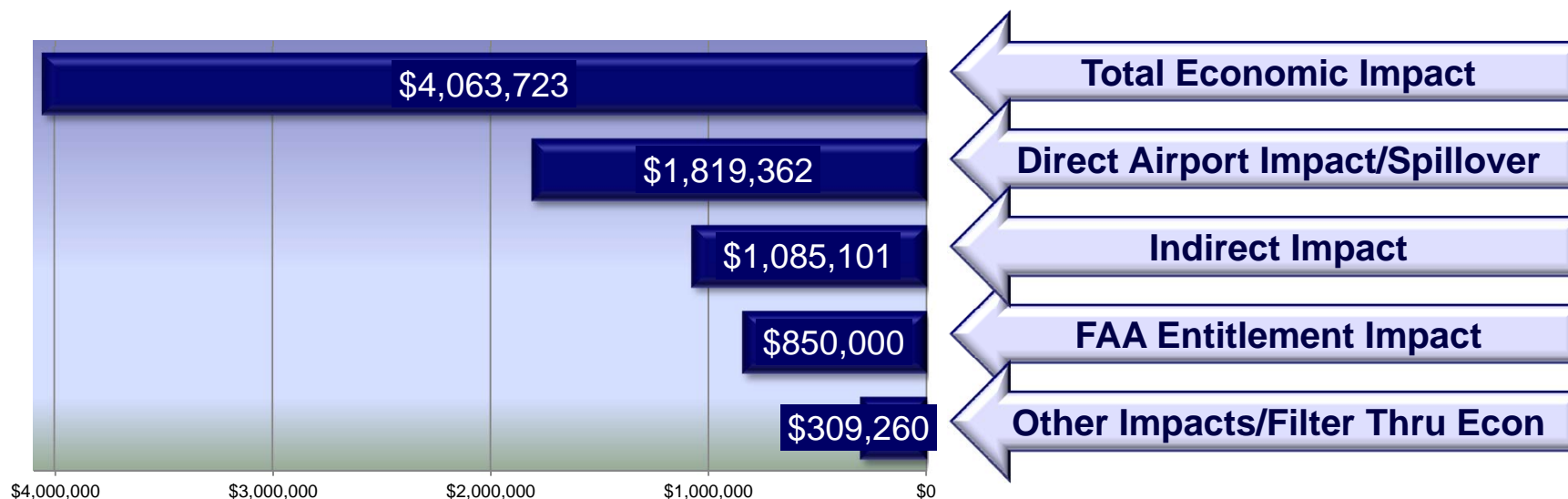


# Economic Impact in Non Hub Markets

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## ✈ 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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# **Regional Air Service Impact**

## **The Importance of Toledo Express Airport**

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