Forecast Highlights

The Seven Top Airport Trends, 2018-2027

&

Preview To The 2018

Denver, Colorado - August 19-21, 2018

Prepared & Researched By

78 Beaver Brook Canyon Road, Evergreen, Colorado USA 80439
(303) 674-2000 www.AviationPlanning.com
Background

**Airports:USA®** was established in 1992, as an alternative to error-prone FAA forecasts, which themselves were not immune from political intervention.

A total of 146 airports were chosen for the forecast, including the 100 largest enplanement facilities and the remainder selected to represent regional sectors. These airports comprise over 95% of all US passenger traffic.

Unlike obsolete FAA forecast methodologies, **Airports:USA®** understands that air traffic is no longer simply a function of airlines adding capacity where raw economic metrics dictate. Today, it is largely airline revenue and market strategies that drive where enplanements will grow or decline.

As examples, no FAA methodology predicted the massive decline in enplanements at St. Louis, which was the result of a corporate decision on the part of American Airlines to eliminate its connecting hub operations there. And no FAA econometric forecast could predict that Southwest, years after the AA decision, would transform that airport back in to a connecting hub.

This is what sets **Airports:USA®** apart. We focus not only on econometric trends, but more on known and expected airline strategy, fleet, and competitive shifts. It’s the reason our forecasts are more focused on reality.

**Categories**

The FAA still classifies airports as “non-hub” and then small, medium and large “hub.” Unfortunately their use of the term “hub” has nothing whatsoever to do with the industry definition. Today, a hub airport is understood to be one where an airline has made the decision to apply aircraft and resources to inter-connect passenger over its route system. Why the FAA still uses these terms inappropriately is unknown. It does, however, consistently mislead the public and the media. Furthermore, no airport is a “hub” – it is an airline that puts a hub operation at a given airport. This is the reason we use the term “hubsite”

**Airports:USA®** puts airports in three categories.

**Hubsites** – airports where an airline applies resources to interconnect passengers, and where the total enplanements are 22% or more comprised as connecting traffic.

**Large Non-Hubsite Airports.** Airports with over 2 million annual enplanements and no significant airline connecting operation. These are airports such as Tampa, Tucson, Reno, etc.

**Regional Airports.** Those in the forecast that have less than 2 million annual enplanements.

Subscriptions to **Airports:USA®** are available in several levels. Furthermore, this expertise is also applied to specific forecast channels, including master plan projections. Please give us a call or e-mail.
The Seven Top Airport Trends

There are a number of forecast threads in the Airports:USA® forecast that we’ll be discussing in several aspects during the International Aviation Forecast Summit.

Traffic Overview

US airports will experience 1.1 billion enplanements in 2027, up from 825 million in 2017.

Hubsite Airports: +25.7%
Large Non-Hubsite Airports: +32.0%
Regional Airports +34.9%

The 1 billion enplanement level is expected to be reached in year 2023. For years, FAA forecasts consistently mis-projected this figure. In the early 1990s, they indicated it would be reached in early 2000s, and that projection kept sliding, due to forecast methodologies that simply had little to do airline industry realities.

The Trends To Watch

These affect all areas of aviation, from airports to aircraft manufacturers to financial institution to suppliers.

1. More US International Service From Coastal US Airports. It was at the 2010 IAFC™ that the prediction was made that airports such as Memphis, Nashville, Indianapolis, etc. would be prime targets for trans-Atlantic service. Now that this factor is in full swing, other consulting firms are now “predicting” it.

Moving forward, Airports:USA® forecasts that new-generation airliners will engender a new expansion of EU/UK flying. In particular, there will be more trans-Atlantic potential from airports such as Providence, Albany, Manchester, Charleston (SC) and Jacksonville, as examples.

2. Shift In Passenger/Enplanement Ratio. Because of the connecting itineraries generated by the hub-and-spoke system, on average, one passenger itinerary generates an average of 1.3 enplanements. The terms are often confused, but they are important to understand.

In the course of the next ten years, the percentage of passenger itineraries involving a connecting flight will drop slightly. While the number of passengers traveling is forecast to increase by 29.5%, enplanements will increase only 25.5%. This is the result of several emerging airline strategy and route system shifts. More itineraries will be nonstop, which will be also increased by the expected expansion of ultra low-cost carriers.
3. **Hub-Choke.** The net increase in enplanements though 2027 – almost 224 million – equates to the total 2017 traffic at the nation’s six largest airports — Atlanta, Los Angeles, Chicago/O’Hare, Dallas-Ft. Worth, Denver, and New York JFK – combined.

This growth will be concurrent with fleets that will have approximately 12% more seats per aircraft. Not only highest and best use of airline hubsite resources will be the order of the day (read: feed markets with the highest revenue return), but due to larger aircraft, the bar for service to smaller airports will be going up considerably.

4. **Regionalization of Air Access.** Related to trend #3, a key foundational concept of the IAFS™ is that all communication channels have fundamentally changed in the past 30 years, and the relative utility of each channel has changed as well. Air transportation as a communication channel has not been immune to these shifts.

Economic changes, consumer patterns, and alternative communication channels have permanently changed the value and the potential of scheduled flights at small community local airports. Often, these facilities are simply off the table for such service.

One reality is that for small airports, the one, two or three daily flights it might be able to support on paper to a major airline connecting hub often represent higher total travel time than driving to alternative airports even as much as 90 minutes away to get a nonstop flight to the final destination. This has been experienced at a number of small airports, such as Topeka, Laughlin-Bullhead City, and Youngstown. It is the consumer, not civic hubris, that makes the decision.

For such communities, new air access approaches must be pursued, because as will be outlined at the IAFS™, regardless of the number of market studies and other schemes, many small communities simply cannot support scheduled service at the local airport. Embracing the larger airport, 45-50 or even 90 minutes away may be the only option for the future.

5. **China Access Increasingly Important – But Challenging.** As will be also outlined during the IAFS™ Airports:China™ forecast session, access from China will be an important factor in every US region’s economic development planning.

But the very nature of the Chinese air transportation system demands carefully-crafted outreach, and the acceptance of the fact that China-US air traffic is mostly from the Chinese city, and aggregation and distribution of traffic is only to and from US points. *There are no large US-style connecting hub operations at any Chinese airport – yet.*

At the Summit, we’ll be outlining the unique nature of this emerging traffic. We will be identifying and ranking the US airports with the highest value and potential for China access.
Because of the fact that China-US traffic will need strong aggregation of passengers to and from US growth points, the next phase of route expansion is forecast to focus on hubsites.

Within this, it will be specific hubsites that will see the growth. Among new-route airports, Charlotte is forecast to have the strongest near-term potential for increased access from points other than “Jing-Hu” – Beijing and Shanghai.

6. The Wildcatter Airline Segment. Ultra Low Cost Carriers – ULCCs – now represent a new dimension in the use of airliners. Instead of flying to fill or meet demonstrated air service needs, these carriers are strongly focused on offering air travel as a discretionary spend item. This can result in huge traffic spikes at small and mid-size airports. But those spikes can rapidly deflate if the ULCC finds the traffic to be unsatisfactory. This we define as the “Islip Dynamic.”

We’ll be looking at this dynamic, and talking with ULCC CEOs and senior executives at the Summit.

7. International Component To Strengthen. International traffic will grow as an important segment for all US airports.

As we’ve pointed out in the past, almost all of the rhetoric about travel bans hurting US image has come from the political views of some leaders in US travel industry itself, almost telling the world they shouldn’t come to the US. It has probably caused some damage to the reputation of the USA... self-inflicted.

But the fact is that the international component of US airport traffic is now over 30%, and will be over 36% by 2027. This includes direct international traffic, and that which is indirectly delivered via foreign visitors making trips within the US subsequent to their arrival.

These are the key trends – but we’ll be exploring a lot more at the IAFS™ If you have not registered for the 23rd Boyd Group International Aviation Forecast Summit, we’d suggest you do so now, at www.AviationForecastSummit.com
More Insight & Business Intelligence – The IAFS™

One August 18-21, the 23rd International Aviation Forecast Summit in Denver will be exploring the future directly with the industry executives who will be driving it.

With over 70 airline staff attending – from CEOs through to market planners – there will be enormous opportunities to network.

Plus, there are outstanding forecasts of areas such as the fleets airlines will be operating in the future, the new technology that will change how airports will service customers, and the new strategies that will continue to alter air transportation within the channels of business communication.

Data & Insight Not At Any Other Event!

- Plus, exclusive forecasts, including the Airports:USA® projections covering 146 airports that handle over 95% of all passenger traffic.

- Another exclusive it the Airports:China™ forecast that is the premier source for US communities planning to increase traffic and air service with China.

- Insights from the CEOs and executives driving the future!

- Networking? Over 70 airline executives and staff from across the industry are attending. Bring business cards – at the sessions and at the networking receptions, you’ll have the opportunity to meet the decision-makers in the industry.

- The Supersonic Future. And don’t forget the Saturday evening reception to be hosted by Boom Supersonic. Their 2.2 Mach aircraft will change how international travel is delivered – and it’s not much more than five years away.

- Optional Pre-Summit Workshops. Join us on Sunday afternoon, August 19, for an exciting series of Workshops covering areas that represent more data than other conferences in their entirety.

So, take a look at the attached agenda, and then log on to www.AviationForecastSummit.com and be sure to reserve your space now at the #1 aviation event of the year!
**PRELIMINARY AGENDA**

*S Subject to change to meet requirements of speakers*

**SATURDAY, AUGUST 18**

7:00 pm  Private Reception at Boom Supersonic Headquarters for IAFS attendees only. Must register

**SUNDAY, AUGUST 19**

12:30 – 5:15  Optional Workshop Program – see details on next page

Welcome Reception – Hosted by Denver International Airport

5:30 – 7:00  - Foyer of Capital Ballroom – Denver Hyatt Regency

**MONDAY, AUGUST 20**

*Additional speakers’ names to be announced. Agenda subject to change to meet requirements of speakers*

6:45 - 7:50  Networking Continental Breakfast – Foyer Capital Ballroom

7:55 – 8:15  Welcome –

Boyd Group International, Marlan Boyd, COO & IAFS Chairman

Denver International – Kim Day, CEO – Denver Mayor Michael Hancock

8:15 – 12:15  Monday Morning Speakers  *(Not necessarily in order of presentation - Times to be posted 7/19/18)*

Boyd Group International, Michael Boyd, CEO – Aviation Unhinged – Major Changes in Aviation

Spirit Airlines, Bob Fornaro, CEO

Airlines for America (A4A), Nick Calio, President & CEO

Allegiant Travel Company, Trent Porter, SVP - Finance

Delta, Joe Esposito, SVP – Network Planning

Air Canada Rouge, Duncan Bureau, President

Japan Airlines, Steve Smith, VP Global Sales – JAL’s 10 Year Forecast

Southwest Airlines, Andrew Watterson, EVP & Chief Revenue Officer

12:15 – 1:25  Networking Lunch Sponsored by Platinum Sponsor Southwest Airlines – Denver Convention Center

1:30 – 5:30  Monday Afternoon Speakers  *(not necessarily in order of presentation)*

Air New Zealand, Sean Lutkenhouse, Director Sales, USA

American Airlines, Kurt Stache, SVP Marketing, Loyalty, & Sales

Frontier, Barry Biffle, President & CEO

Denver International Airport, Kim Day, CEO

Sun Country, Jude Bricker, President & CEO

Boyd Group – Airports: USA Forecast

6:00 – 9:00  Evening Reception at Coors Field – “Play Ball!” Hosted by Denver International Airport

Buses start boarding at Hyatt Regency at 5:45

**TUESDAY, AUGUST 21**

*Agenda Subject to change to meet requirements of speakers*

6:45 – 7:50  Networking Continental Breakfast – Foyer Capital Ballroom

7:55 – 12:30  Tuesday Morning Speakers  *(not necessarily in order of presentation)*

**Global Fleet Trend & Demand Forecasts**

Boyd Group Fleet Forecast, Michael Boyd, President Boyd Group International

Embraer, Victor Vieira dos Santos, Head of Market Strategy

Boeing, Jim Freitas, Managing Director – BCA Product Marketing & Analyses

Bombardier Commercial Aircraft, Jerome Cheung, Director Commercial Strategy

Mitsubishi Aircraft Corporation America, Gordon Preston, Vice President Marketing

Airbus, Simon Pickup, Marketing Operations Director

Boom Supersonic, Blake Scholl, CEO

Q&A and Aircraft Model Drawing

United Airlines, Scott Kirby, President

Eurowings, Oliver Wagner, CCO

OPIS, Ben Brockwell, Director

12:30 – 1:30  Networking Lunch – Sponsored by Platinum Sponsor United Airlines – Denver Convention Center

1:35 – 5:30  Tuesday Afternoon Speakers  *(not necessarily in order of presentation)*

Copa Airlines, Dennis Cary, SVP Commercial and Network Planning

Lufthansa, Thomas Dionisius, Director - Sales Steering & Business Development

Air China, Dr. Zhiliang Chi, VP & General Manager, NA

IATA, Peter Cerda, RVP Americas, - International Forecast


**Additional Speakers to be Added**

**Sunday Optional Workshop Program**

12:30 – 5:30

*The China Opportunity – Strategies For Communities and Airports*

*The New Air Access Paradigms & The Need For New Approaches (with full Research Report)*

*Importance of FBO in Airport Revenue Streams*

*Blockchain – A Coming Disruption To Information Channels*

*New Dimensions In Airport Consumer Research*