

# REGIONAL FORECASTS BY AIRPORT

*Prepared for:*

**Regional Airport Planning Committee**

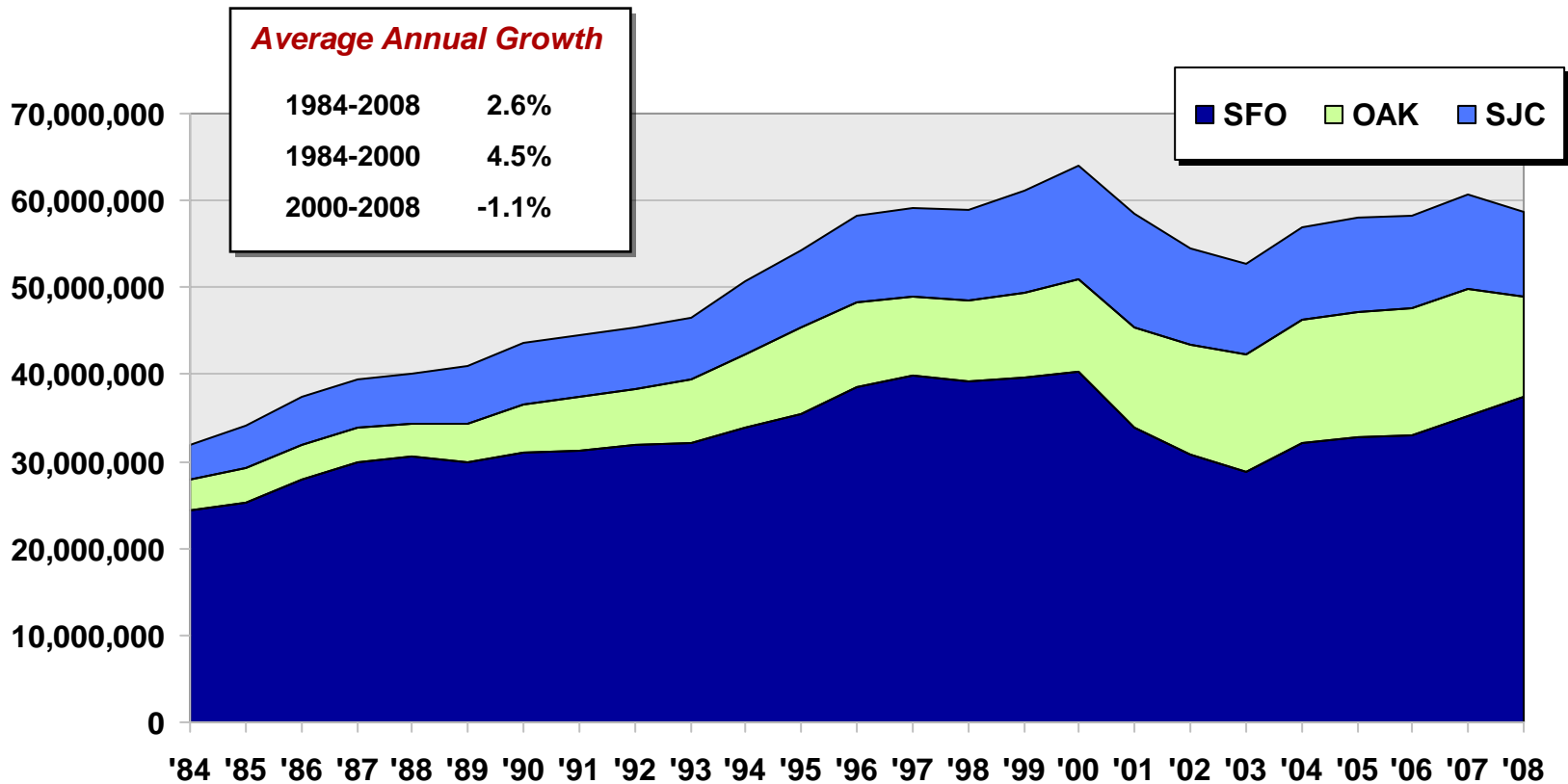


# Meeting Topics

- 1. Recap of Historic and Forecast Bay Area Passenger Traffic**
- 2. Recent Changes in Airport Shares**
- 3. Forecast of Future Distribution of Passengers at OAK, SFO, and SJC**
- 4. Forecast of Aircraft Operations and Fleet Mix**

# Bay Area Airports Handled 58.6M Passengers Last Year After Peaking at 64M in 2000

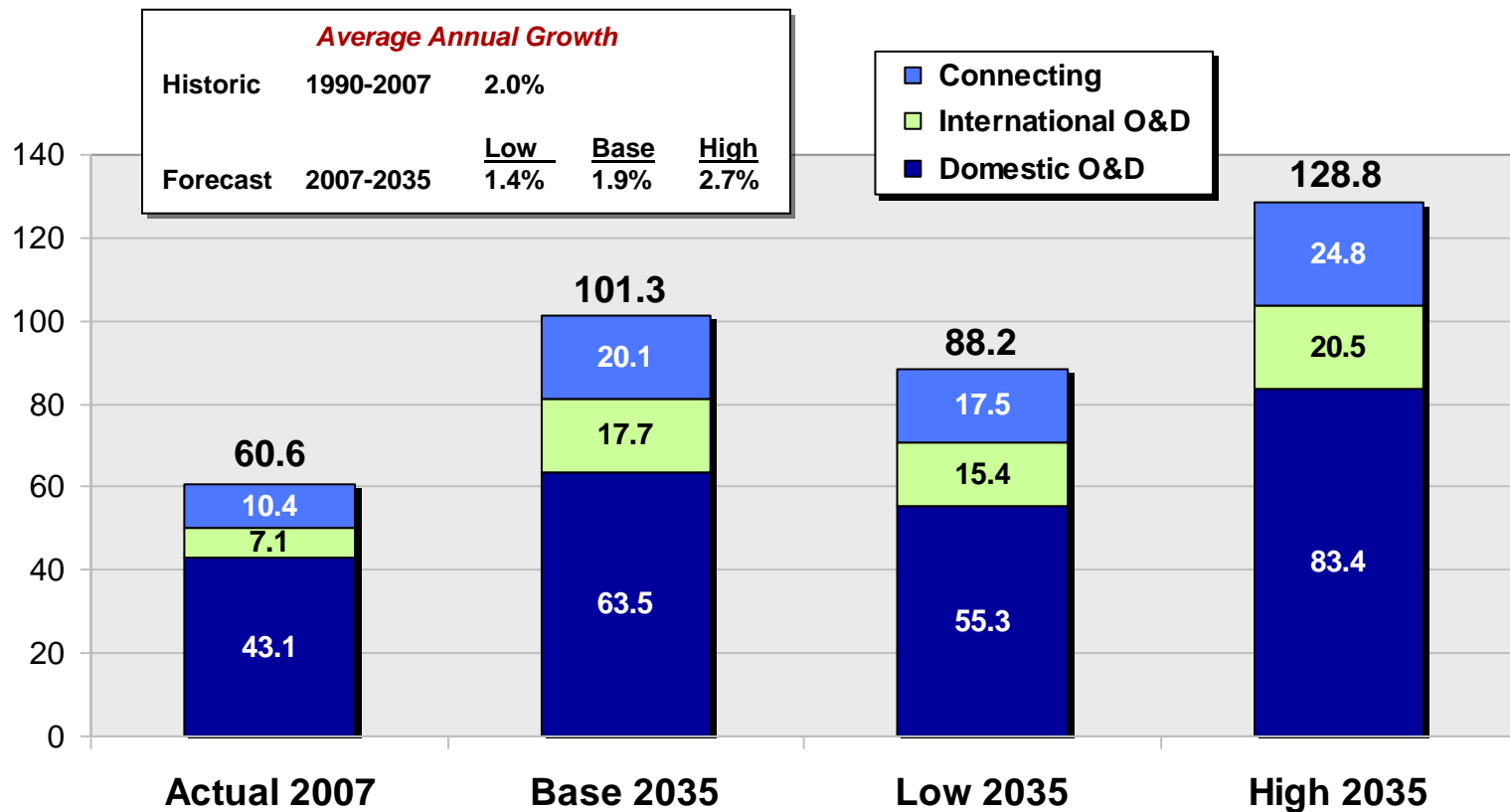
Bay Area Passengers by Airport  
(Enplaned + Deplaned)



Source: ACI, and individual airport statistics.

# Total Passengers at the Primary Bay Area Airport are Forecast at 88M to 129M in 2035

Actual and Forecast Total Bay Area Airport Passengers  
2007 and 2035

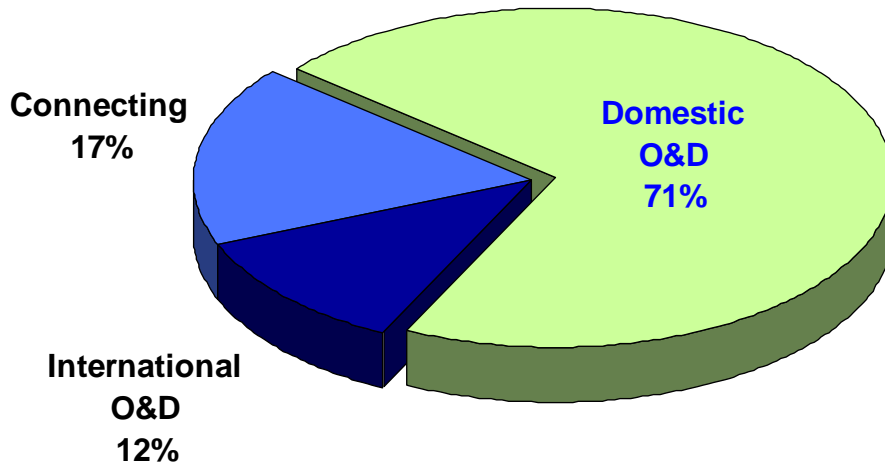


# Development of a Forecast Tracking System is a Key Element of the Study

- ◆ **There is always uncertainty surrounding long-term forecasts of aviation demand.**
- ◆ **This uncertainty is accentuated by current economic conditions.**
- ◆ **A forecast tracking system will be developed to ensure that the expectations of RAPC and other stakeholders are informed by the latest trends in actual activity.**
- ◆ **The tracking system will allow RAPC to adjust the timeline on which the region will reach critical capacity thresholds.**

# Domestic O&D Passengers Account for More Than Two-Thirds of Bay Area Airport Passengers

Mix of Bay Area Airport Passengers  
2007

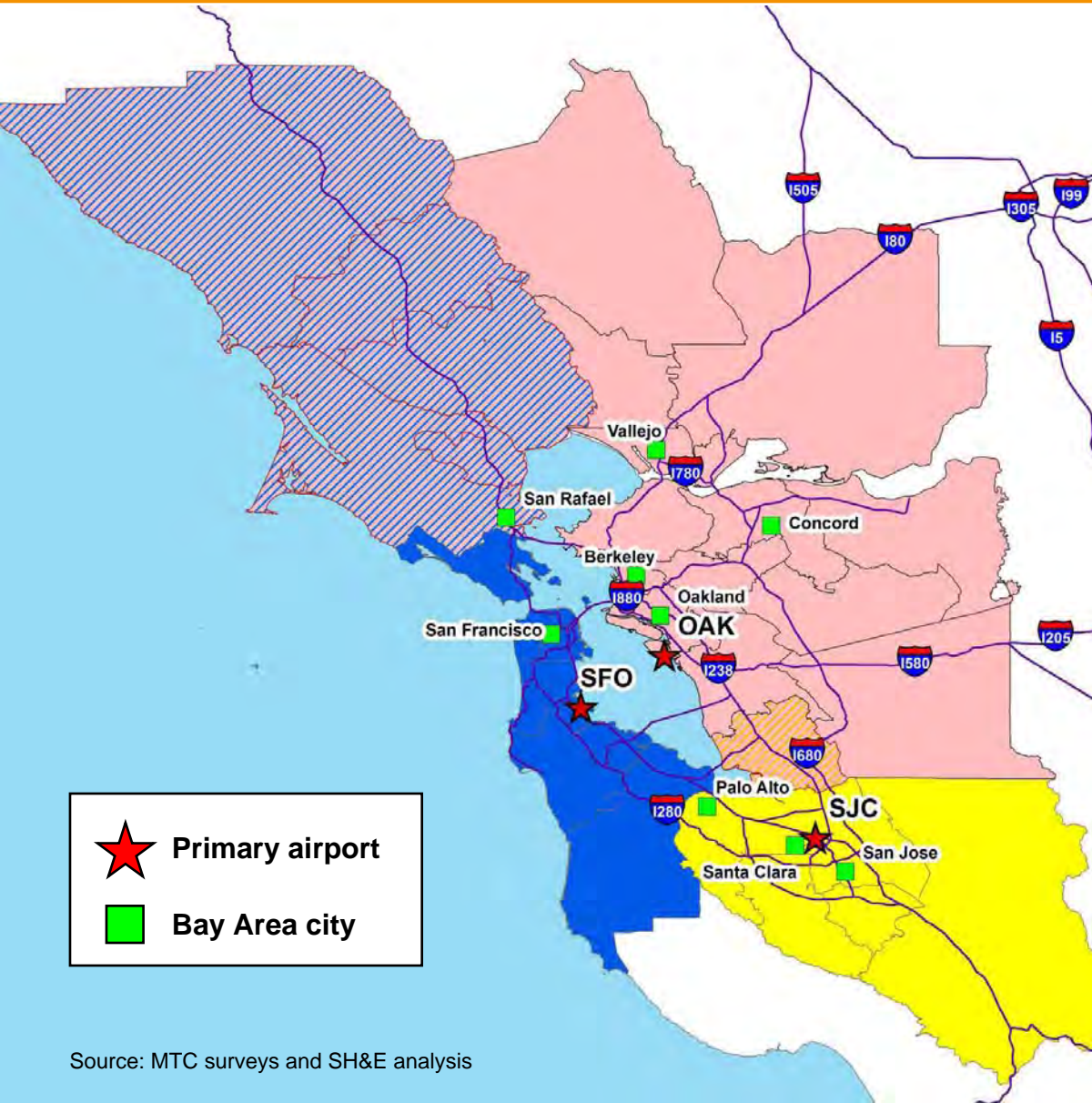




Base Year 2007 Passengers by Airport  
*In millions*

Airport	Domestic	Intl	Conx	Total
OAK	13.6	0.2	0.8	14.6
SFO	19.5	6.8	9.1	35.3
SJC	10.0	0.2	0.5	10.7
Total	43.1	7.1	10.4	60.6



# Distribution of Bay Area Domestic O&D Passengers by Closest Airport



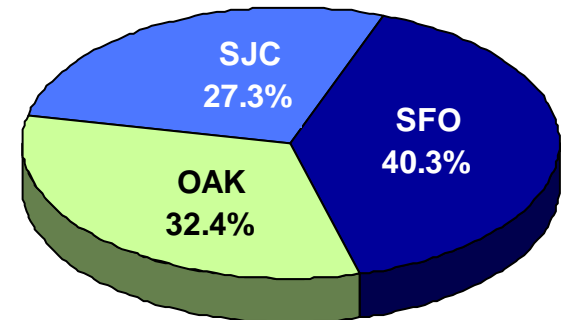
-  Primary airport
-  Bay Area city

## Closest Major Airport in Bay Area Region

### Closest Airport:

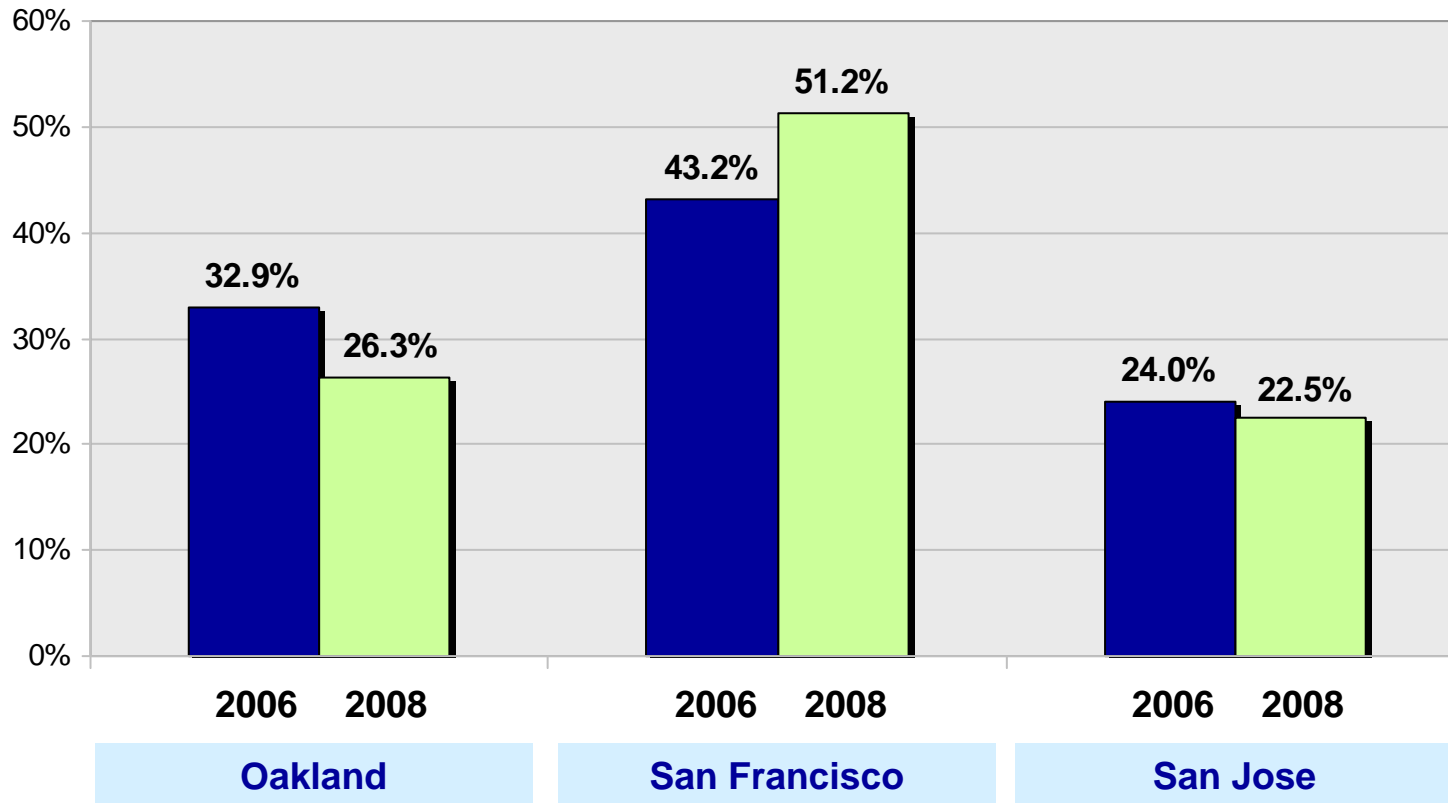
-  OAK
-  OAK/SFO
-  OAK/SJC
-  SFO
-  SJC

## Domestic O&D Passengers by Closest Airport



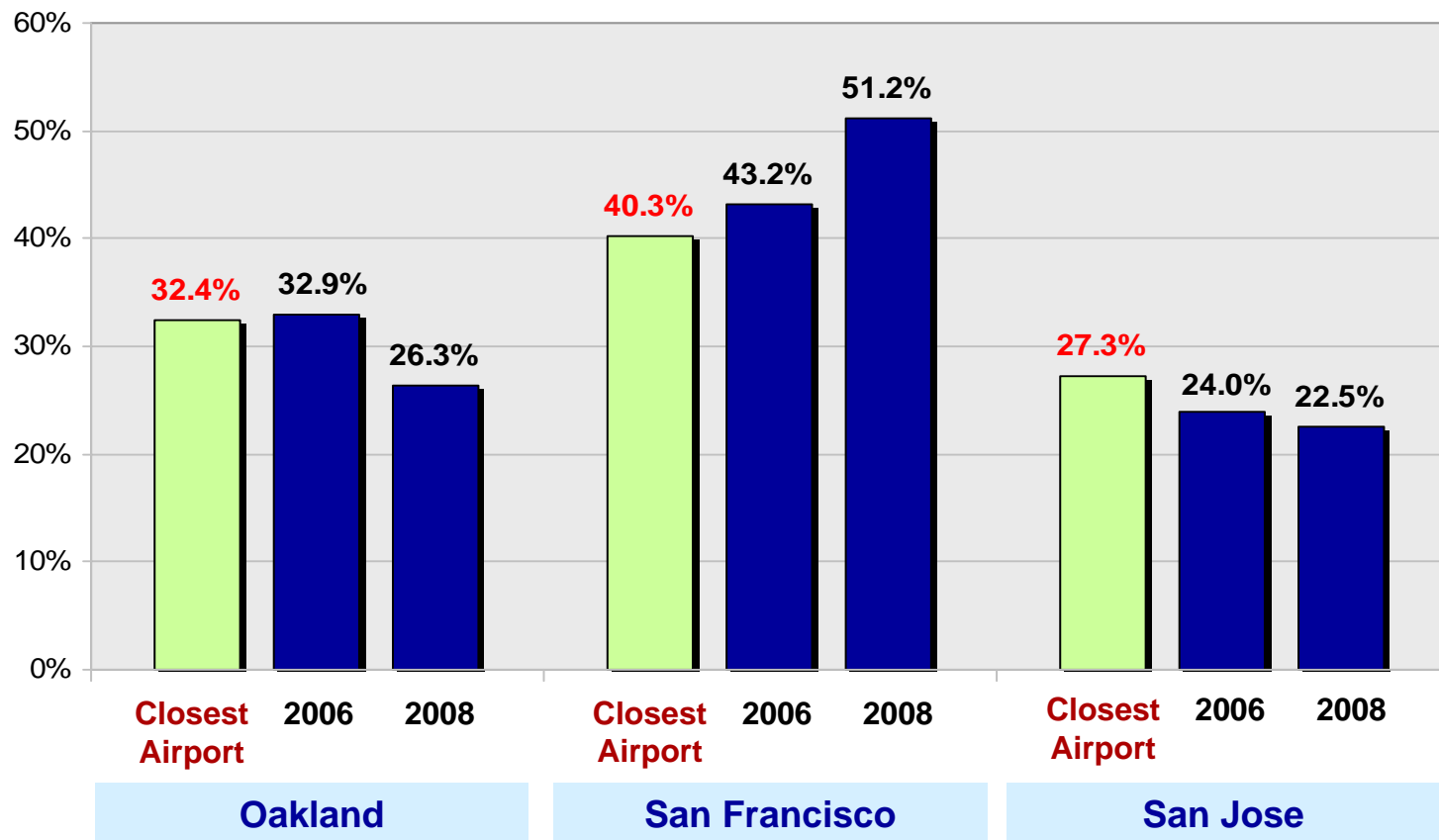
# Over the Last Two Years, There Was a Major Shift of Domestic Traffic From OAK to SFO

Airport Shares of Domestic O&D Passengers  
2006 vs. 2008



# In 2006, OAK's Share of Domestic Passengers Equaled its "Closest Airport" Share – *But Now It Captures Only 80% of Its Catchment Area Demand*

Comparison of Closest Airport Market Shares to Actual Airport Shares of Bay Area Domestic O&D Traffic  
2006 vs. 2008



# A Perfect Storm of Events Led to the Significant Redistribution of Domestic Traffic Between the Bay Area Airports

- ◆ **Launch of Virgin America with SFO Base and Competitive Response of Southwest Airlines and JetBlue**
- ◆ **Volatile Fuel Prices, a Global Recession, and Declining Passenger Demand**
- ◆ **Carrier Financial Difficulties, Capacity Reductions, and Consolidation**

## **At OAK:**

- Failure of ATA, Aloha, and Skybus (OAK)
- Withdrawal of American Airlines and Continental
- Capacity Reductions by Southwest and Alaska

## **At SJC:**

- Southwest (50% of SJC seats) increased seat capacity by 6% from 2006 to 2008
- Significant capacity reductions by other airlines, including American, Alaska and United

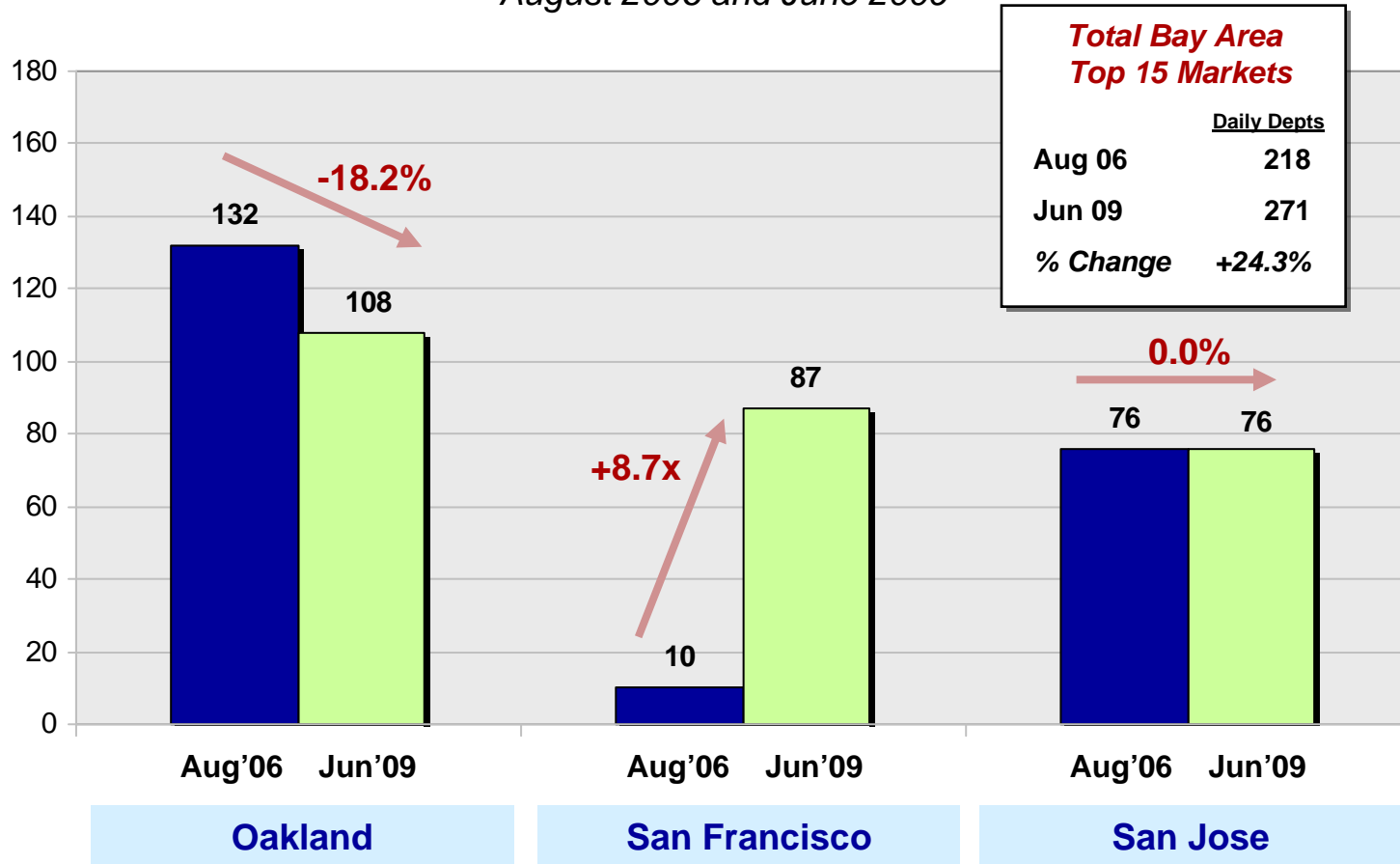
# The Bay Area's Domestic O&D is Highly Concentrated – the Top 15 Markets Account for 63% of the Total

## Bay Area Top Domestic O&D Markets YE 3Q 2008

YE3Q08 Rank	Market	Code	YE3Q08 Bay Area O&D Psgrs	Percent of Bay Area Domestic O&D
1	Los Angeles	LAX	3,351,490	8.3%
2	New York	NYC	2,852,740	7.1%
3	San Diego	SAN	2,524,880	6.3%
4	Las Vegas	LAS	2,344,990	5.8%
5	Seattle/Tacoma	SEA	1,915,000	4.8%
6	Orange County	SNA	1,575,010	3.9%
7	Chicago	CHI	1,503,160	3.7%
8	Burbank	BUR	1,493,430	3.7%
9	Phoenix	PHX	1,285,630	3.2%
10	Denver	DEN	1,190,230	3.0%
11	Washington	WAS	1,163,430	2.9%
12	Portland	PDX	1,159,690	2.9%
13	Boston	BOS	1,098,970	2.7%
14	Ontario	ONT	1,006,180	2.5%
15	Dallas/Fort Worth	DFW	823,840	2.0%
<b>Total Top 15 markets</b>			<b>25,288,670</b>	<b>62.8%</b>
<b>Total -- All markets</b>			<b>40,259,950</b>	<b>100.0%</b>

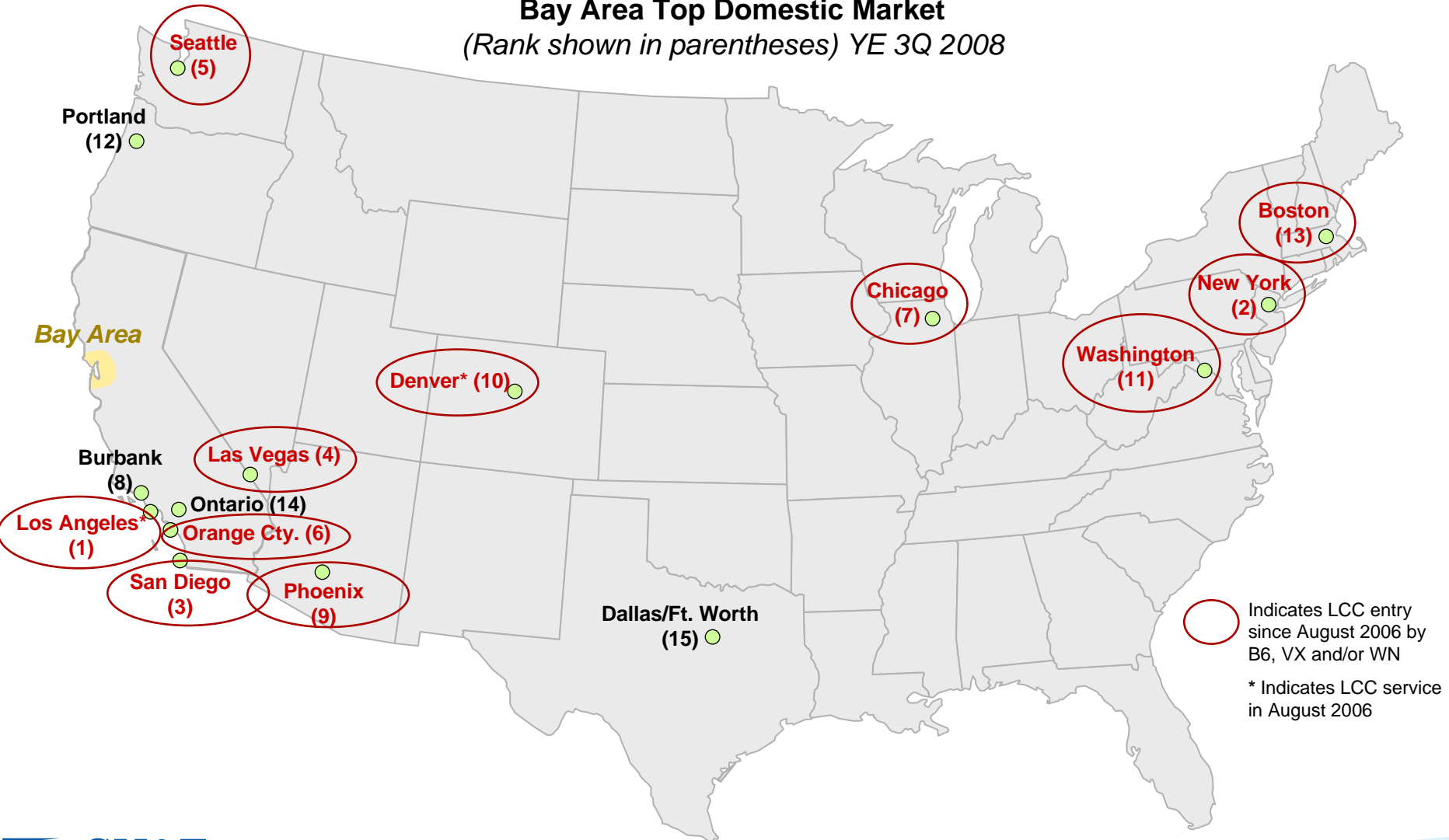
# LCCs Greatly Increased SFO Services in the Top 15 Bay Area Domestic Markets, While LCC Flights Decreased at OAK and Held Constant at SJC

Daily Departures by Low Cost Carriers in the Top 15 Bay Area O&D Markets  
August 2006 and June 2009



# SFO Now Has LCC Services in 11 of the Bay Area's Top 15 Domestic O&D Markets, Compared to Only Two Markets in 2006

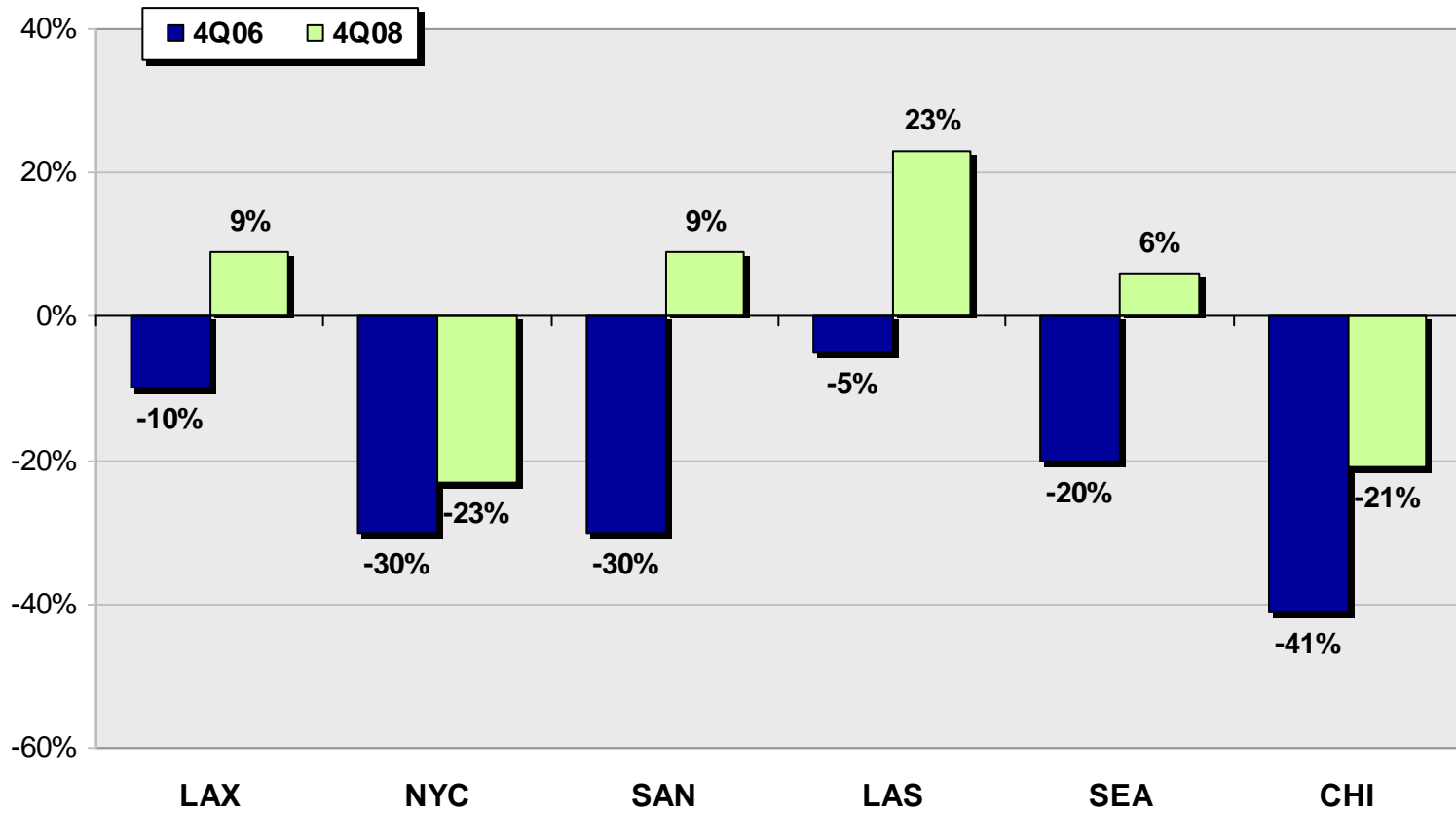
**Bay Area Top Domestic Market**  
 (Rank shown in parentheses) YE 3Q 2008



○ Indicates LCC entry since August 2006 by B6, VX and/or WN  
 \* Indicates LCC service in August 2006

# LCC Entry at SFO Reversed or Significantly Reduced Oakland's Historic Fare Advantage ...

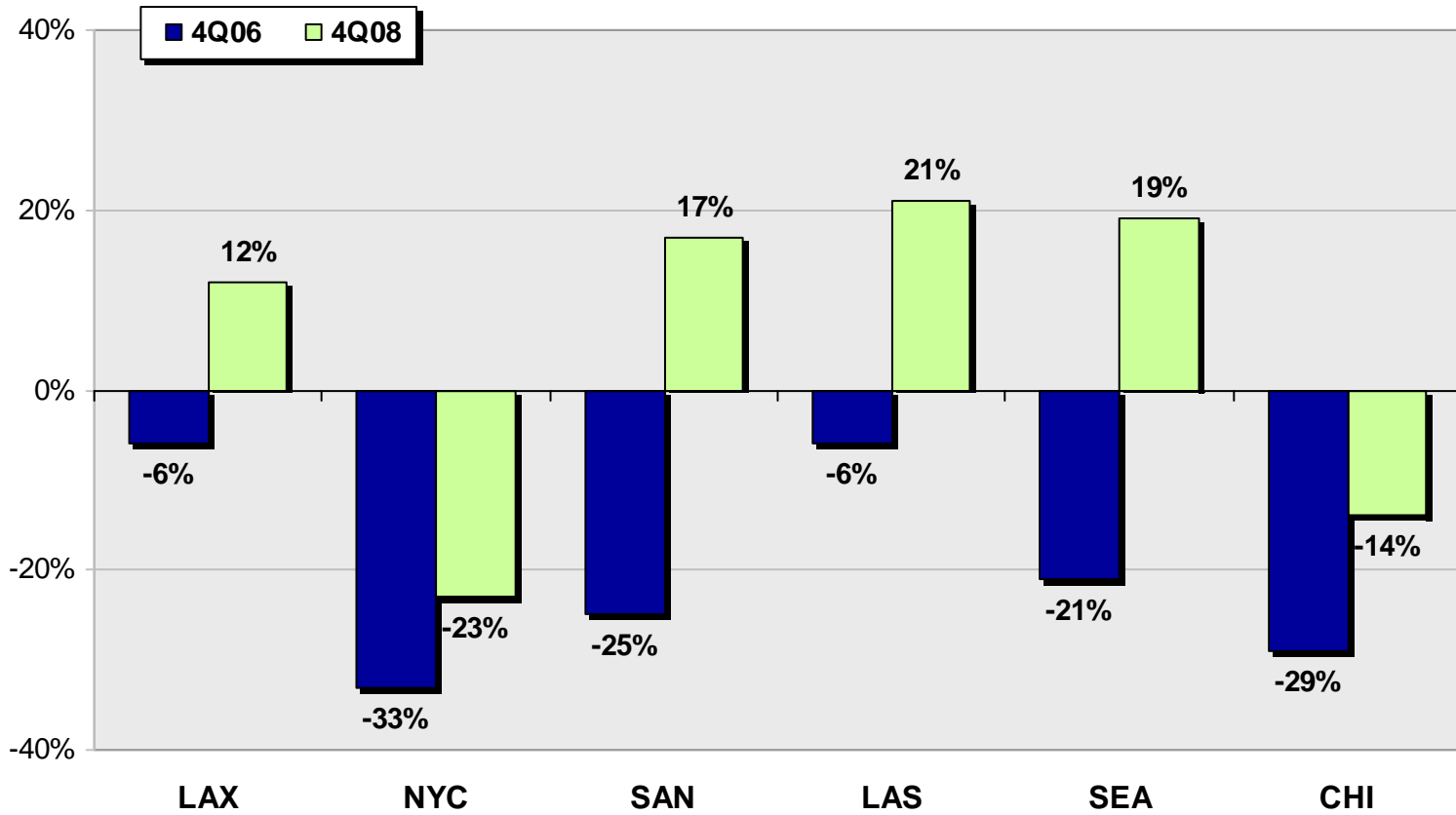
Percent Oakland Average Fare Lower or Higher Than SFO  
4Q 2006 vs. 4Q 2008



Note: The 6 markets shown each has significant LCC carrier entry at SFO as of 4Q 2008.  
Source: U.S. DOT O&D Survey

# ... and had a Similar Effect at San Jose

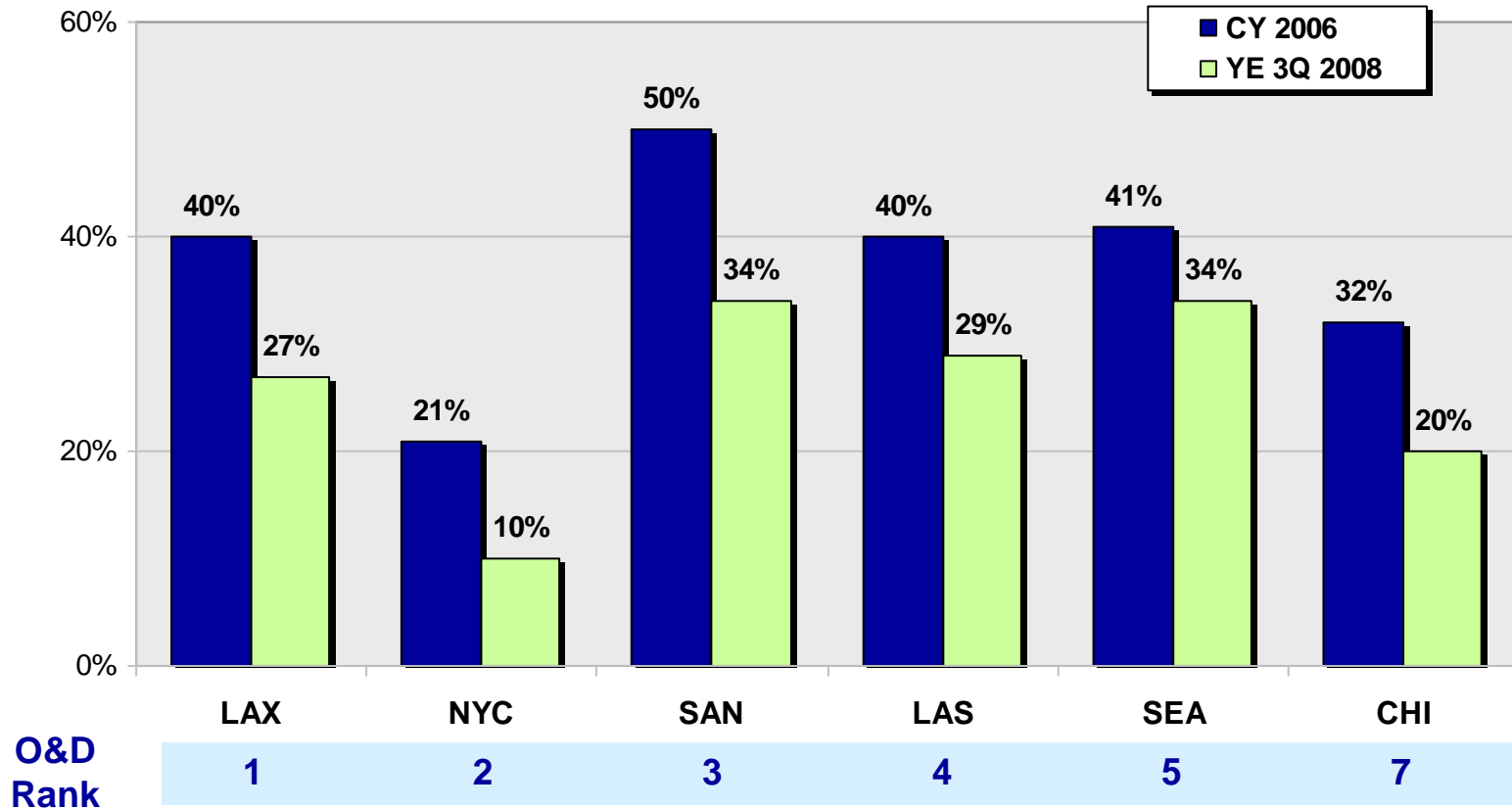
**Percent San Jose Average Fare Lower or Higher Than SFO**  
4Q 2006 vs. 4Q 2008



Note: The 6 markets shown each has significant LCC carrier entry at SFO as of 4Q 2008.  
Source: U.S. DOT O&D Survey

# Oakland's Share of Bay Area O&D Passengers Dropped Substantially in Top O&D Markets

Oakland Share of Bay Area Selected Markets  
CY2006 and YE3Q08



**Market Share Reductions also Occurred at SJC – but Were Less Severe**

# Reasons Why We Expect Oakland and San Jose to Rebound

- ◆ **The Oakland and San Jose Market Areas are Forecast to Grow More Rapidly than the San Francisco Market Area** (*based on Total Household Income*)
- ◆ **The Current Competitive Battle at SFO is Not Sustainable and Will Eventually Subside**
- ◆ **Ultimately the Three Airports will Move Toward Fare Parity in the Top Markets Where SFO Now Has Lower Fares (LAX, SAN, LAS, SEA)**

# Actual and Forecast Bay Area Airport Passenger Shares

## Domestic O&D Passenger Shares

Airport	Actual		Forecast
	2006	2008	2035
OAK	32.9%	26.3%	29.6%
SFO	43.2%	51.2%	47.2%
SJC	24.0%	22.5%	23.2%

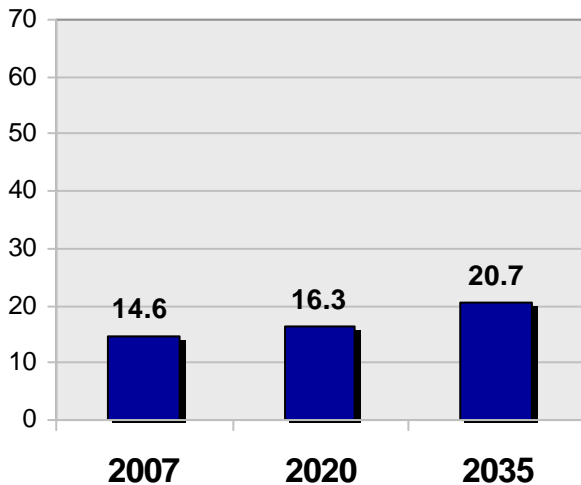
## International Gateway Passenger Shares

Airport	Actual		Forecast
	2006	2008	2035
OAK	2.2%	1.9%	3.5%
SFO	94.8%	96.7%	93.1%
SJC	3.0%	1.4%	3.4%

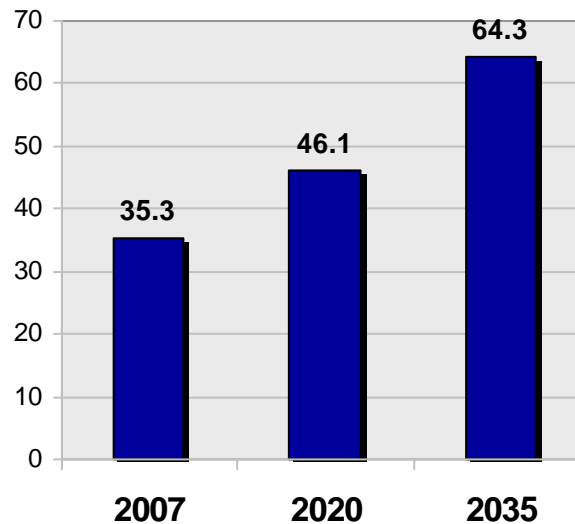
# Unconstrained Forecast of Total Passenger Traffic at the Primary Bay Area Airports - Base Case

Actual and Forecast Passengers  
(in millions)

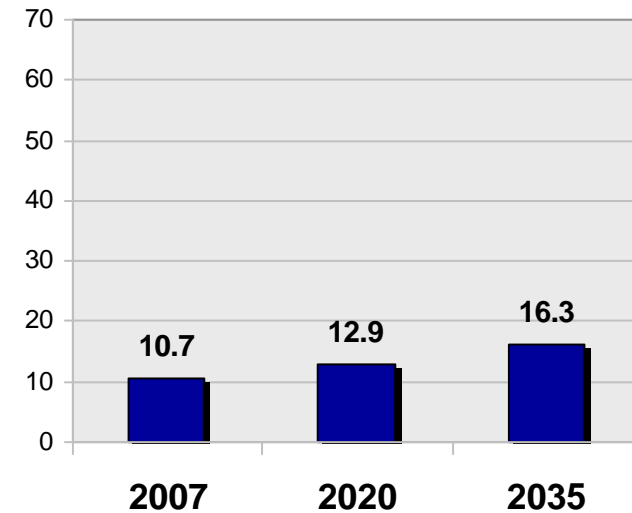
Oakland



San Francisco



San Jose

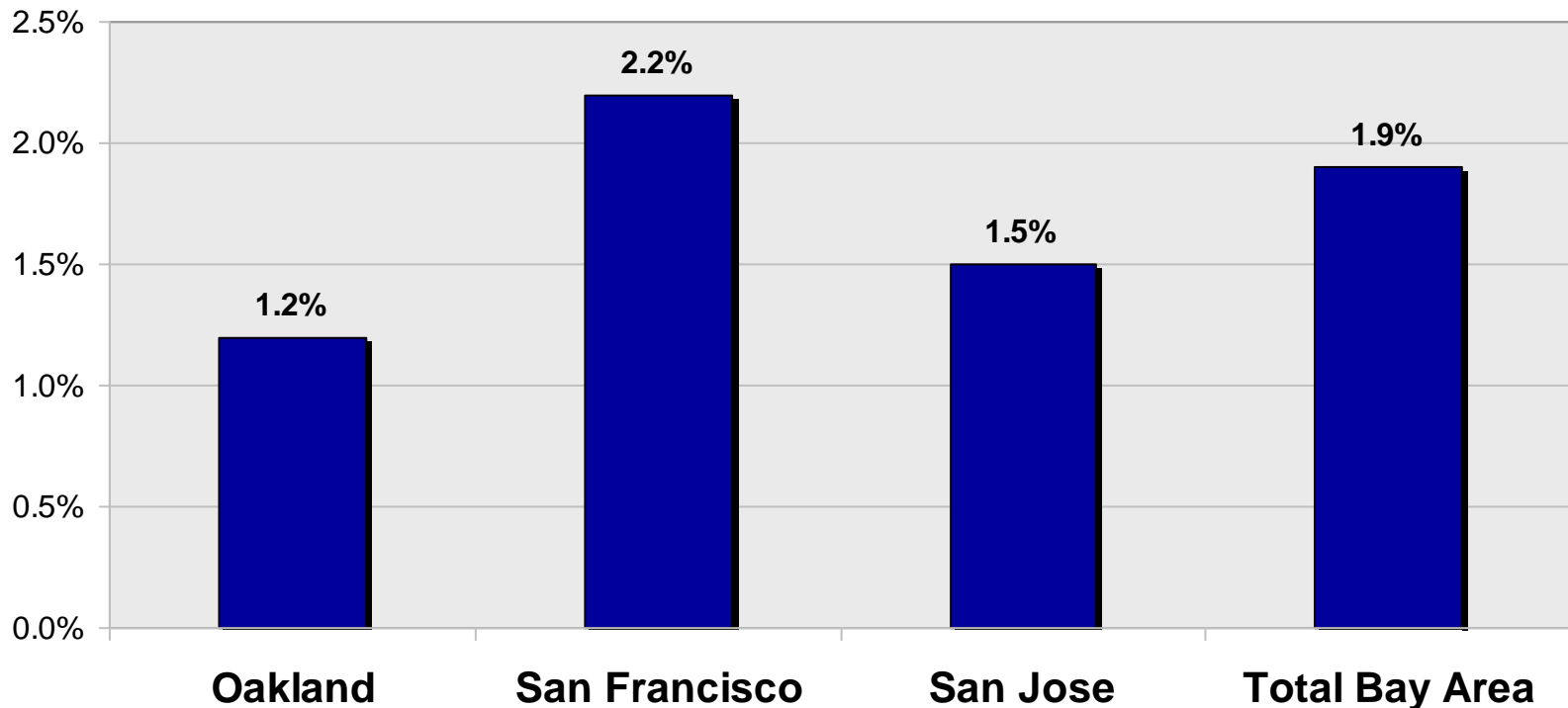


Note:

Passenger traffic at **Sonoma County Airport** is forecast to increase from 205,000 in 2008 to 525,000 in 2020 and 784,000 in 2035 based on Airport Master Plan forecasts – Scheduled Air Carrier Dominant Scenario.

# From 2007 to 2035, Airport Passengers are Forecast to Increase by 1.2% to 2.2% Per Year

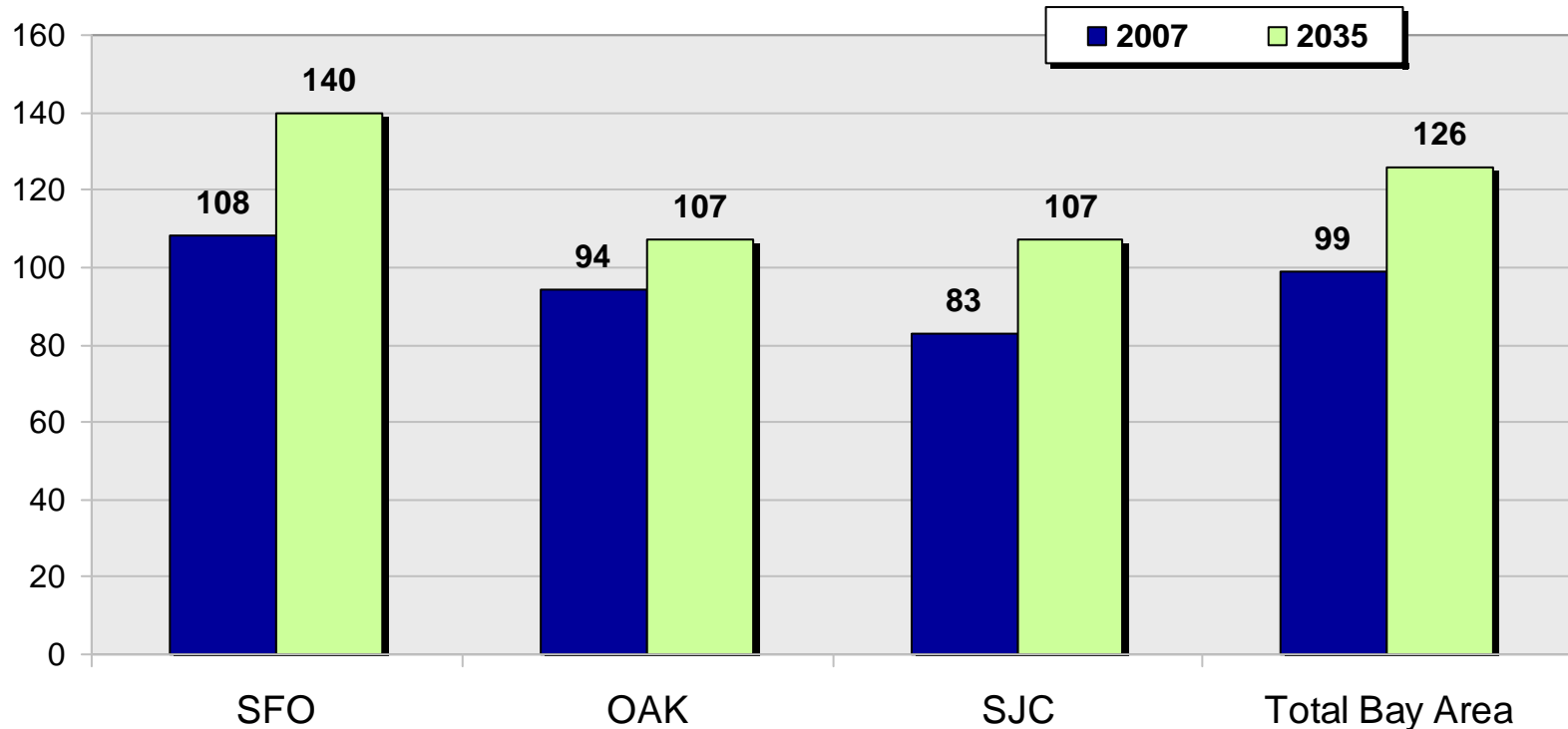
**Forecast Average Annual Growth in Airport Passengers**  
*Base Case (2007 to 2035)*



Note: San Francisco is forecast to grow the fastest because long-haul international traffic is forecast to grow faster than domestic traffic.

# The Average Number of Passengers per Flight is Forecast to Increase from 99 in 2007 to 126 in 2035 – Base Case

## Actual and Forecast Average Passengers per Operation



Note: San Francisco's average passengers per flight reflects an increasing percentage of international traffic and services over the forecast period.

Source: SH&E Analysis

# Forecast Aircraft Operations at the Bay Area Airports – Base Case

## Actual and Forecast Aircraft Operations

	Oakland			San Francisco			San Jose		
	2007	2020	2035	2007	2020	2035	2007	2020	2035
Passenger Airlines	156,000	161,000	193,000	326,000	385,000	461,000	128,000	130,000	153,000
All-cargo Airlines	32,000	34,000	40,000	10,000	12,000	19,000	3,000	3,000	4,000
GA - Jets	19,000	23,000	33,000	28,000	27,000	39,000	29,000	31,000	44,000
All Other	-	-	-	9,000	7,000	7,000	-	-	-
<b>Total Air Carrier Runways</b>	<b>207,000</b>	<b>218,000</b>	<b>267,000</b>	<b>373,000</b>	<b>431,000</b>	<b>526,000</b>	<b>160,000</b>	<b>164,000</b>	<b>201,000</b>
GA Runways	130,000	82,000	88,000	-	-	-	40,000	39,000	42,000
<b>Total Airport</b>	<b>337,000</b>	<b>301,000</b>	<b>355,000</b>	<b>373,000</b>	<b>431,000</b>	<b>526,000</b>	<b>200,000</b>	<b>203,000</b>	<b>243,000</b>