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LONG-TERM FORECASTS OF BAY AREA AVIATION DEMAND *Task Force Meeting*

Prepared for:

Regional Airport Planning Committee



METROPOLITAN
TRANSPORTATION
COMMISSION



ABAG
Association of
Bay Area Governments



Bay Conservation
Development Commission

June 5, 2009

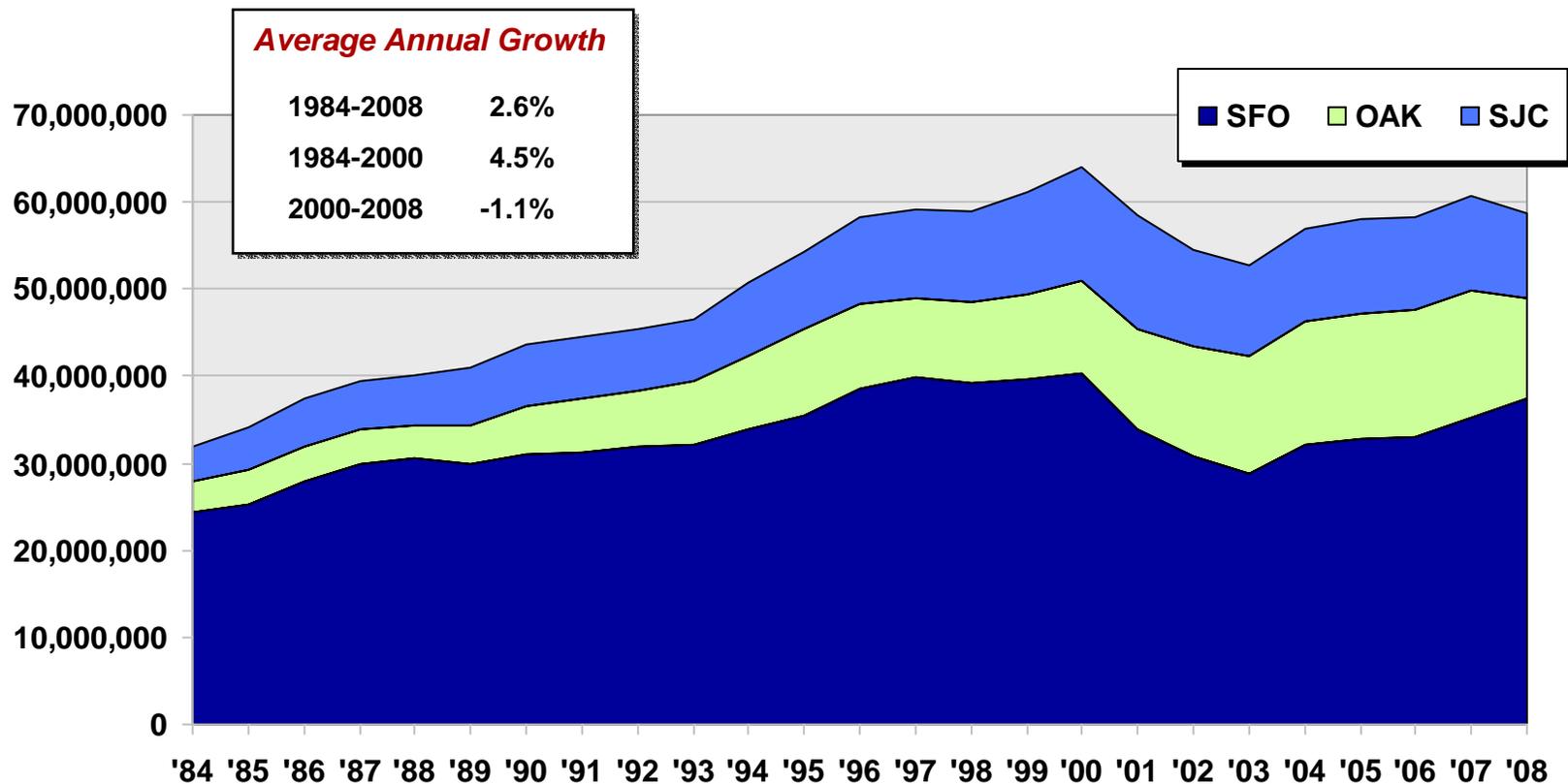
Passion. Expertise. Results.

Presentation Topics

- 1. 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**

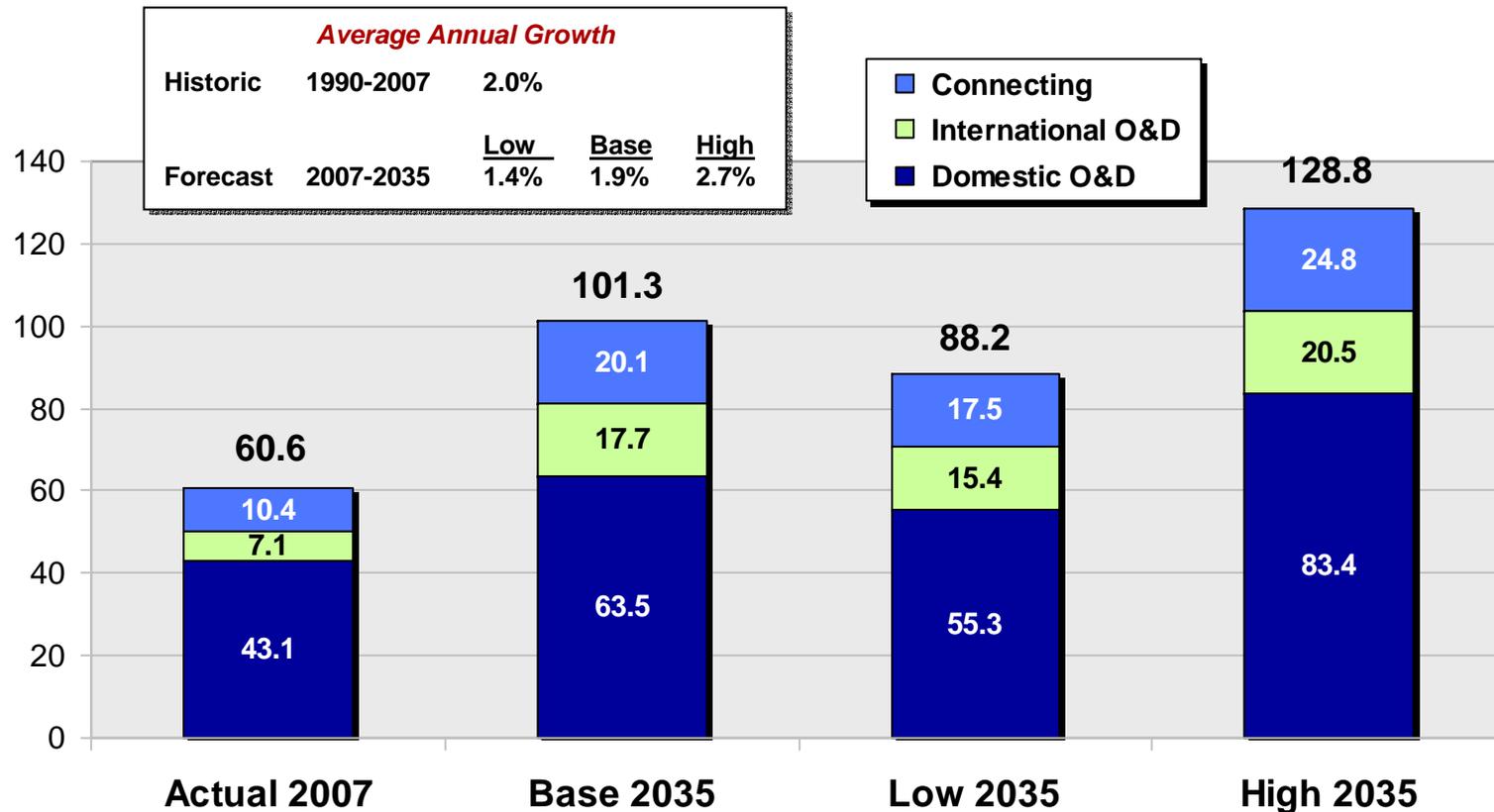
Bay Area Airports Handled 58.6M Passengers Last Year After Peaking at 64M in 2000

Bay Area Passengers by Airport
(Enplaned + Deplaned)



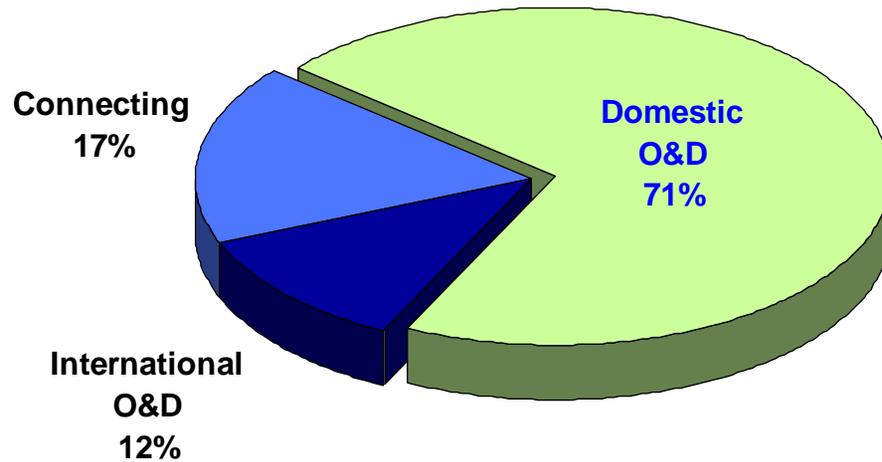
Total Bay Area Airport Passengers are Forecast at 88M to 129M in 2035

Actual and Forecast Total Bay Area Airport Passengers
2007 and 2035



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

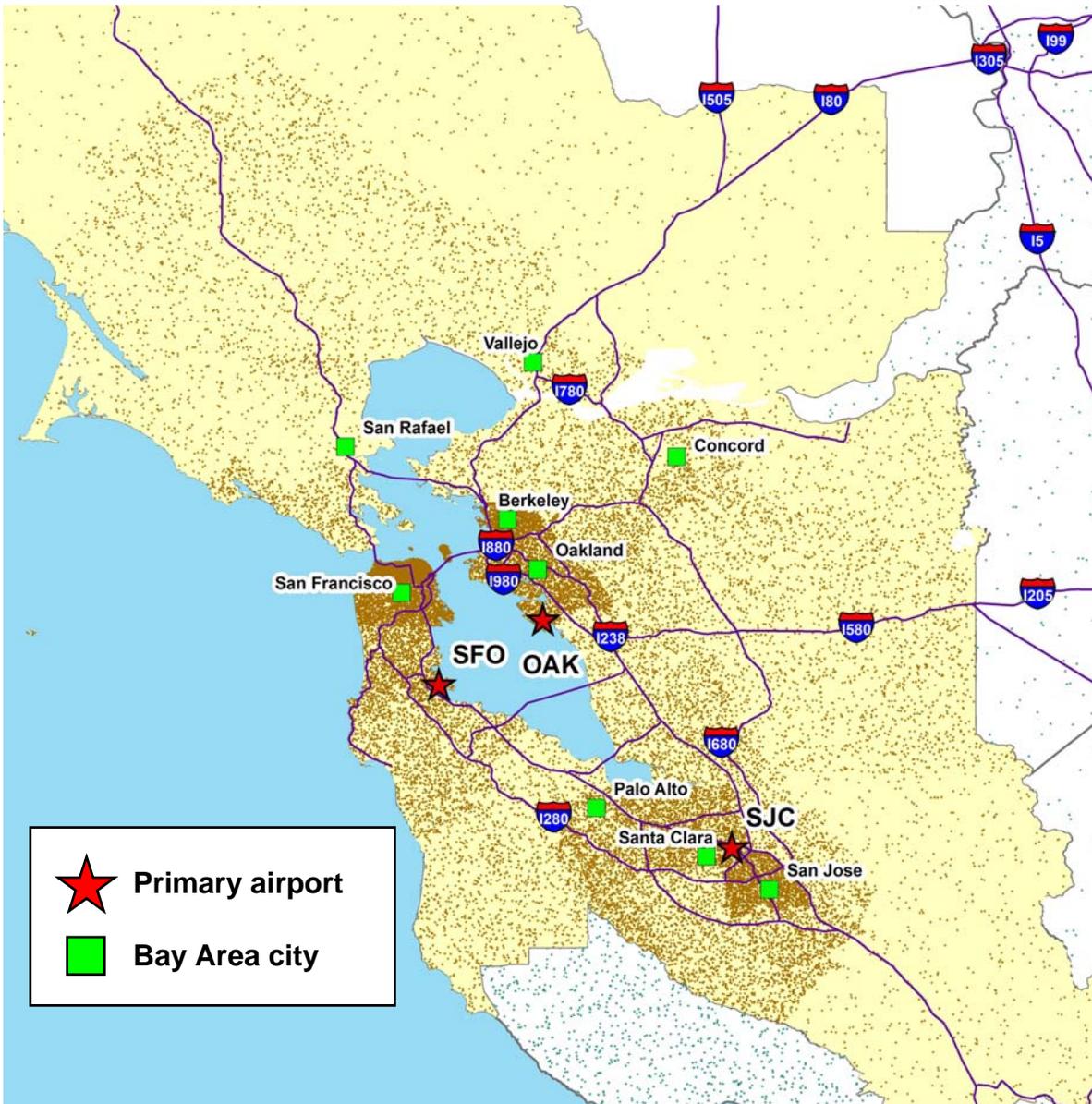
Mix of Bay Area Airport Passengers
2007



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

Geographic Distribution of Current Bay Area Demand – Domestic

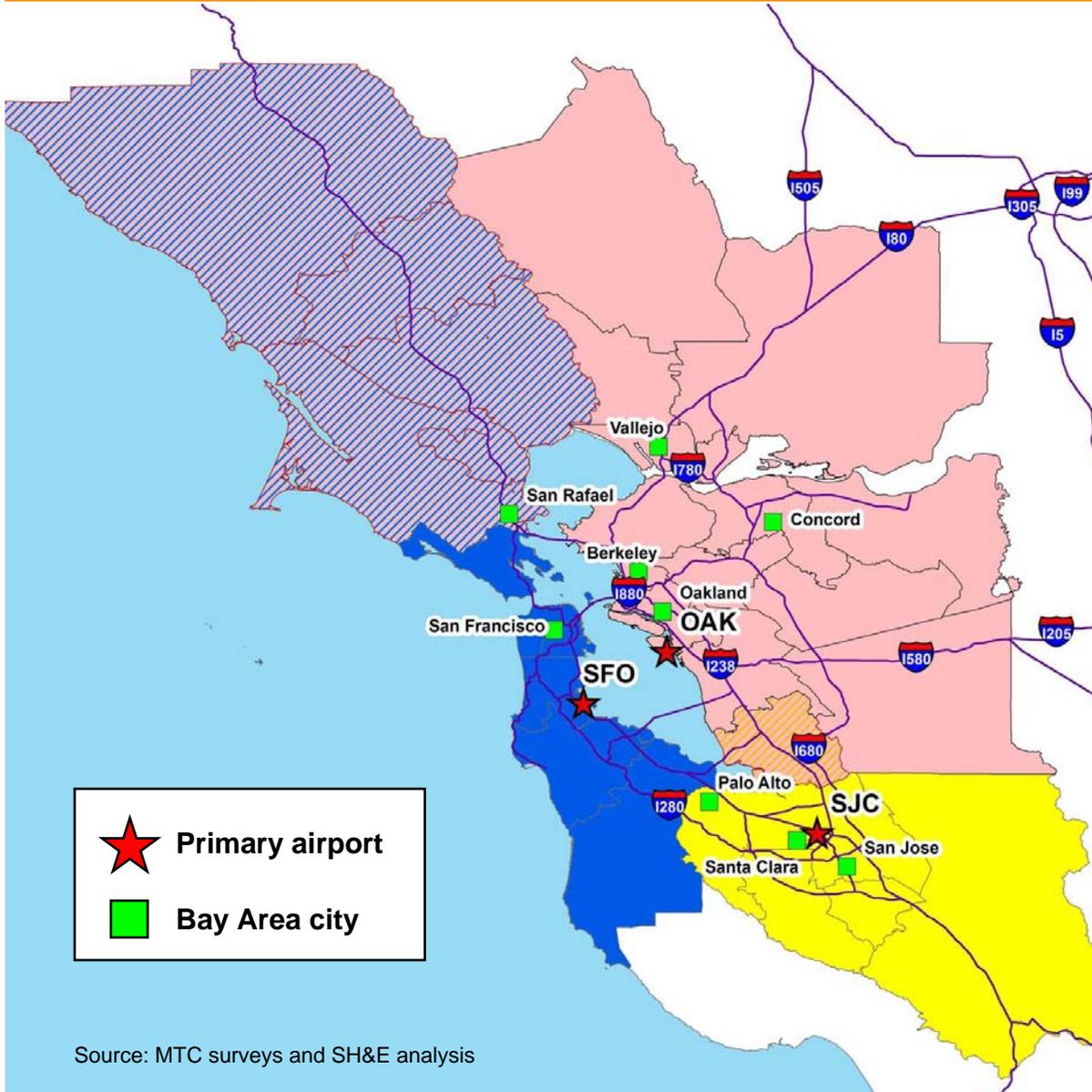


2006 Bay Area Domestic Passengers
One dot represents 1,000 passengers

Region	O&D Psgrs (000s)		% of Total Bay Area ¹
	Dom.	Int'l.	
<i>Nearby Counties</i>			
Santa Cruz	815.1	81.9	1.9%
Monterey	718.9	103.0	1.7%
Sacramento	292.3	333.1	1.3%
San Joaquin	261.7	132.5	0.8%
Stanislaus	247.8	89.8	0.7%
Mendocino	150.1	7.8	0.3%
San Benito	71.1	13.6	0.2%
Lake	35.0	33.2	0.1%
Merced	58.8	0.5	0.1%
Yolo	5.3	0.5	0.0%
<i>Other Regions</i>			
Sierra	229.3	105.2	0.7%
Central Valley	119.5	26.6	0.3%
Northern CA	86.9	42.6	0.3%
Southern CA	95.2	7.2	0.2%
Central Coast	47.8	1.1	0.1%
Total	3,234.8	978.9	8.8%

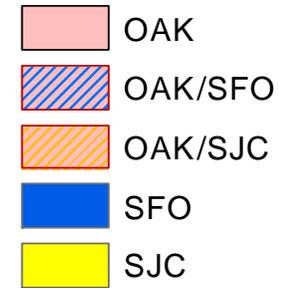
^{1/} Share of Bay Area O&D passengers
Source: MTC surveys and SH&E analysis

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

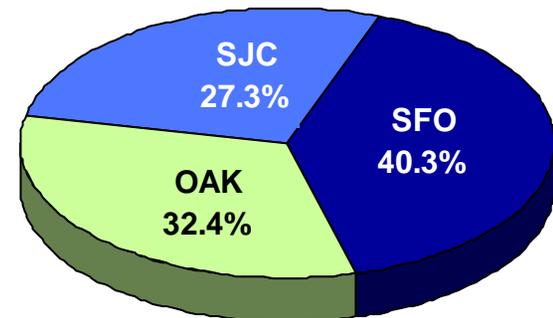


Closest Major Airport in Bay Area Region

Closest Airport:



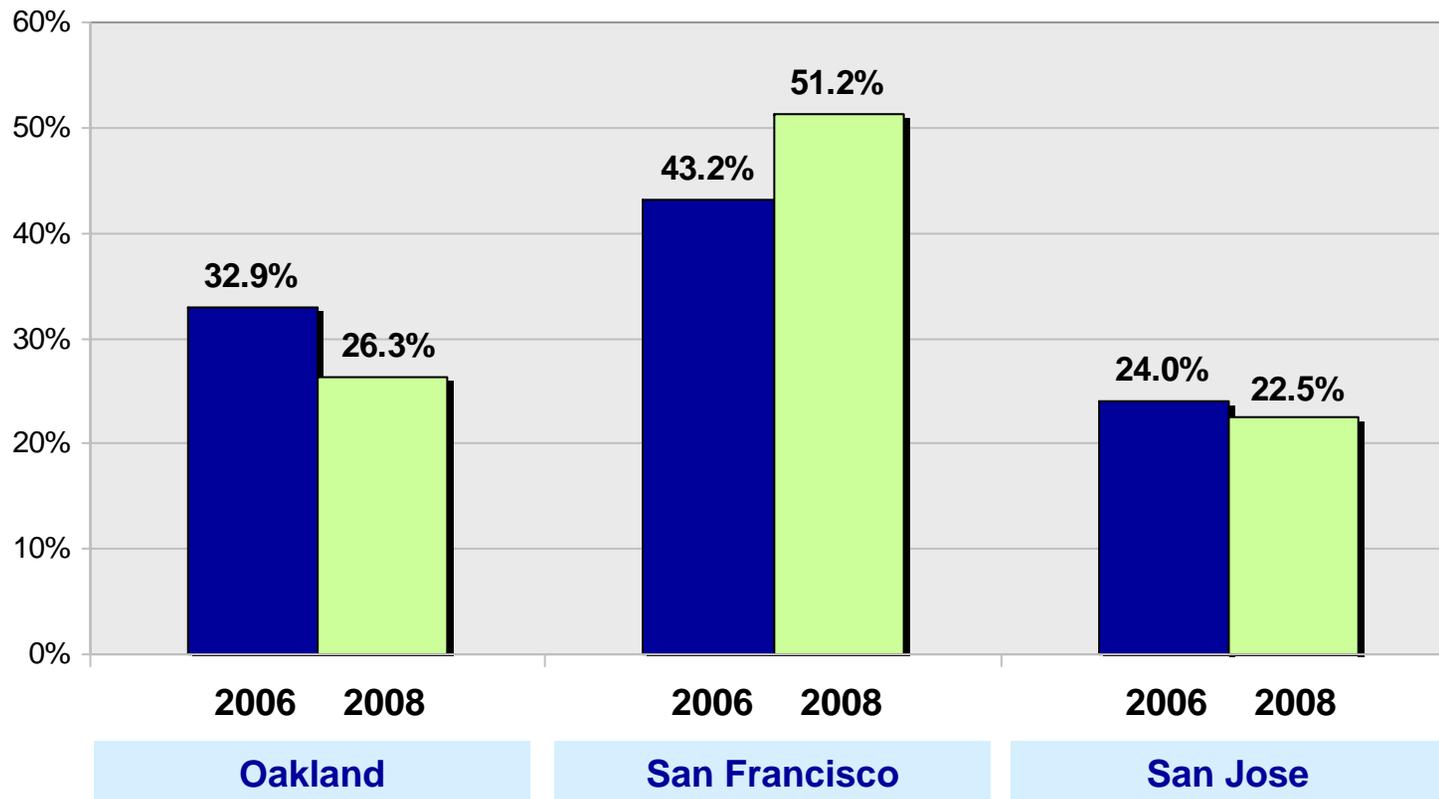
Domestic O&D Passengers by Closest Airport



Source: MTC surveys and SH&E analysis

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



A Perfect Storm of Events Led to the Significant Redistribution of Domestic Traffic from OAK to SFO

- ◆ **Major Recession—Declining Passenger Demand**
- ◆ **Carrier Financial Difficulties, Capacity Reductions, and Consolidation**
 - Failure of ATA, Aloha, and Skybus (OAK)
 - Withdrawal of American Airlines and Continental
 - Capacity Reductions by Southwest and Alaska
- ◆ **Launch of Virgin America with SFO Base and Competitive Response of Southwest Airlines and JetBlue**

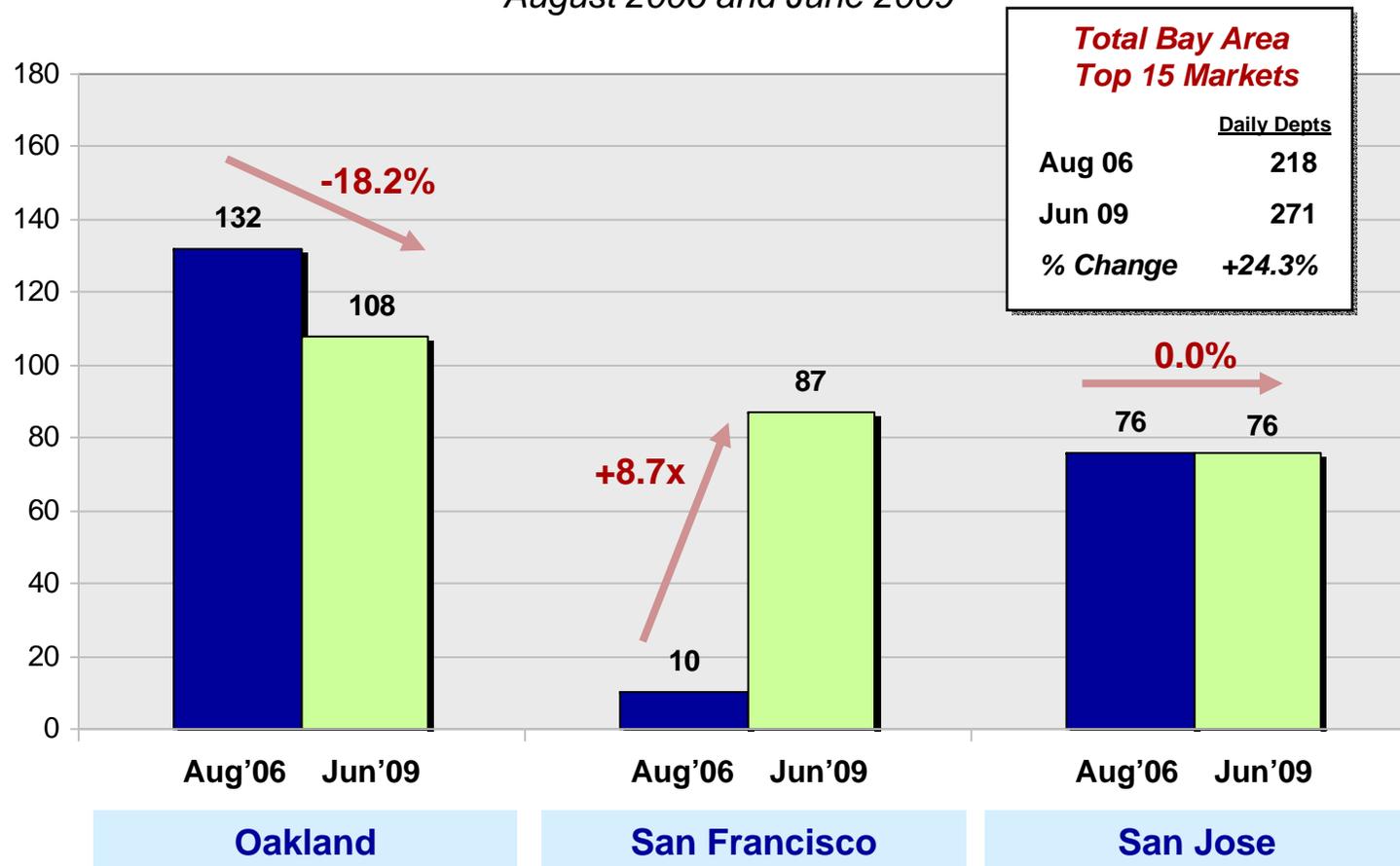
The Bay Area's Domestic O&D is Highly Concentrated – the Top 15 Markets Account for 63% of the Total

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%
Total Top 15 markets			25,288,670	62.8%
Total -- All markets			40,259,950	100.0%

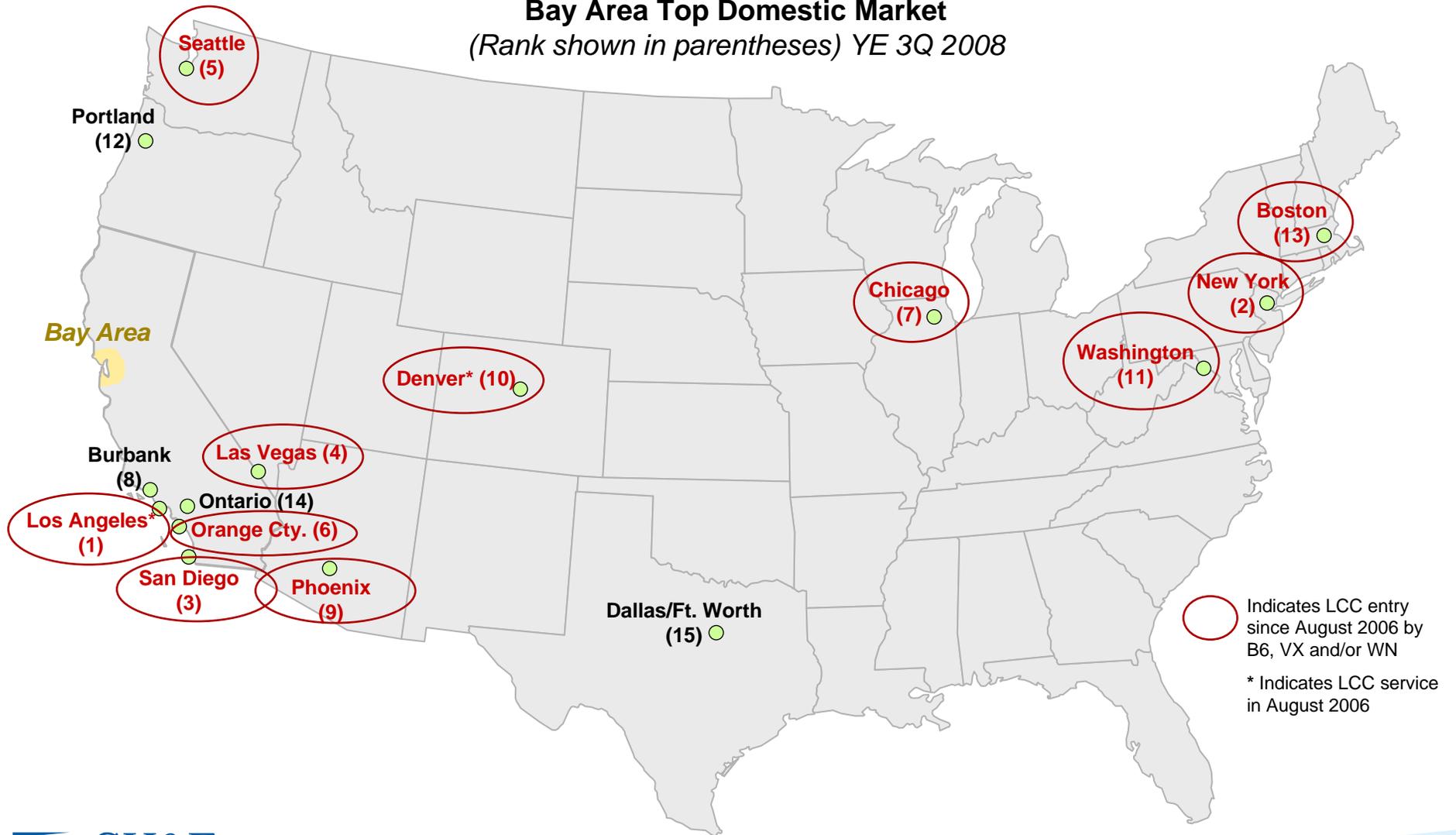
LCCs Greatly Increased SFO Services in the Top 15 Bay Area Domestic Markets, While LCC Flights Decreased at OAK and Remained the Same at SJC

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



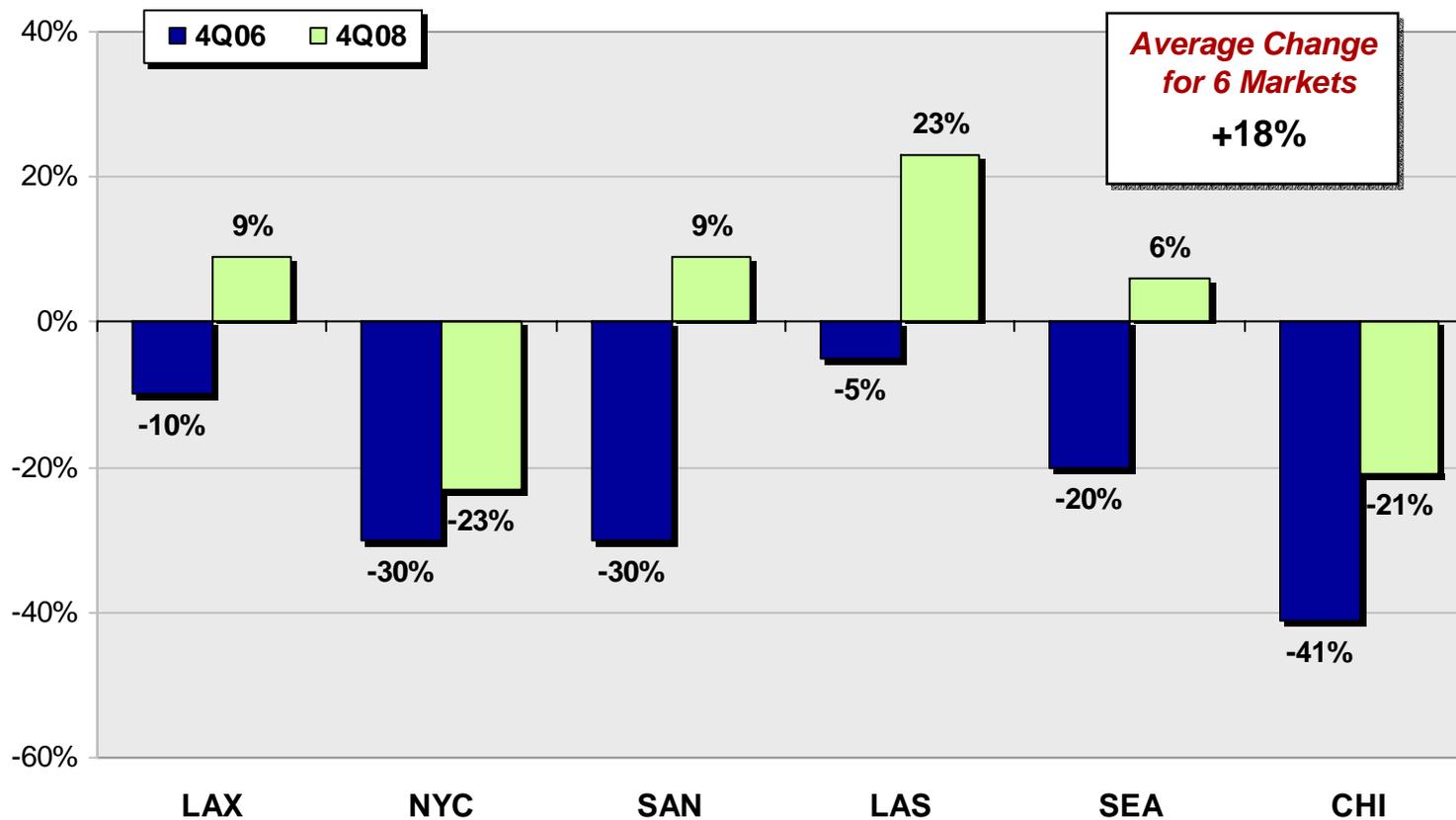
SFO Now Has LCC Services in 11 of the Bay Area's Top 15 Domestic O&D Markets, Compared to Only Two Markets in 2006

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



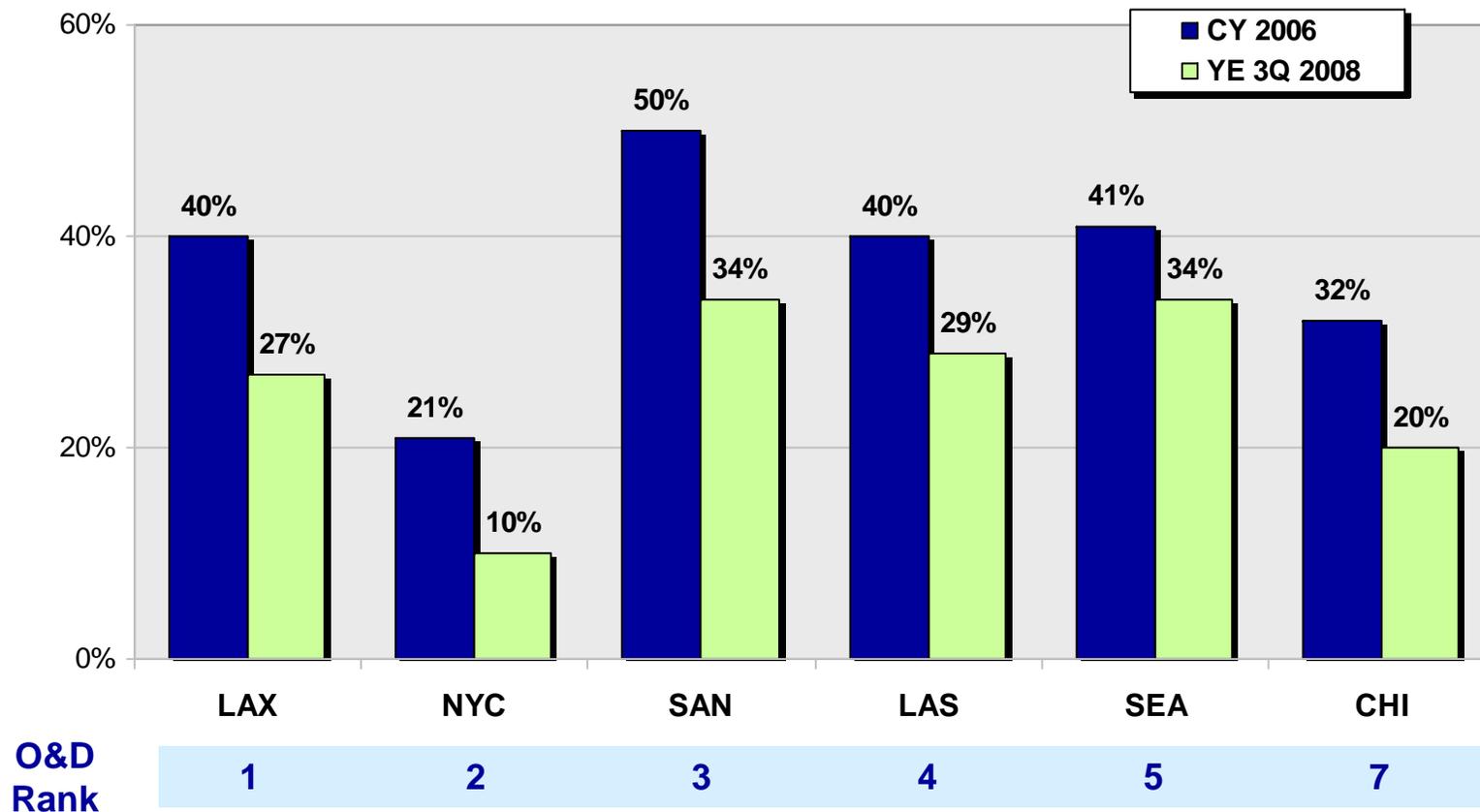
LCC Entry at SFO Reversed or Significantly Reduced Oakland's Historic Fare Advantage

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



As a Result, 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



Actual and Forecast Bay Area Airport Passenger Shares

Domestic O&D Passenger Shares

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

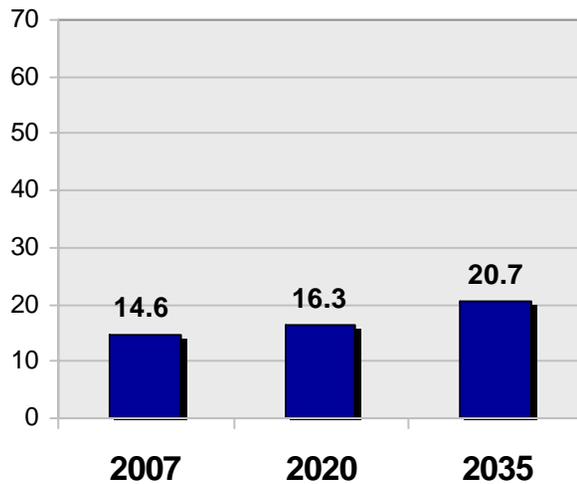
International Gateway Passenger Shares

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

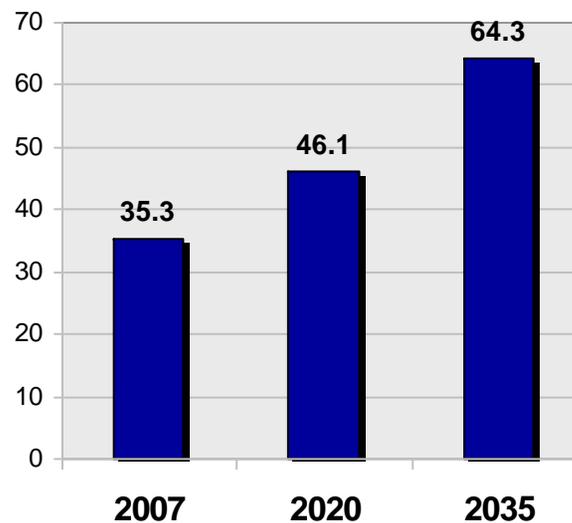
Forecast of Total Passenger Traffic at the Bay Area Airports – Base Case

Actual and Forecast Passengers
(in millions)

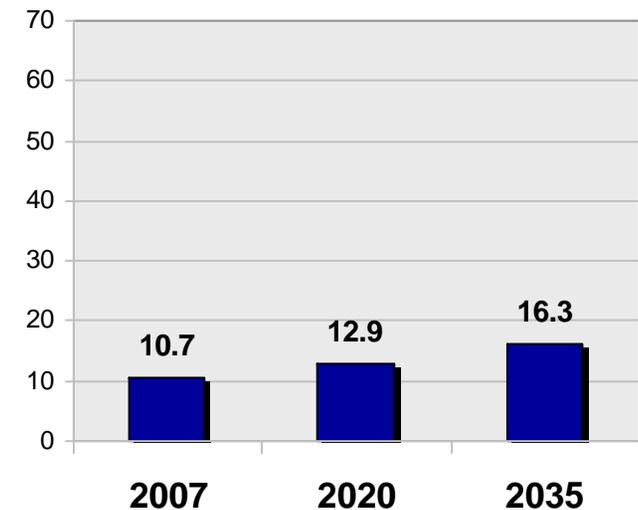
Oakland



San Francisco

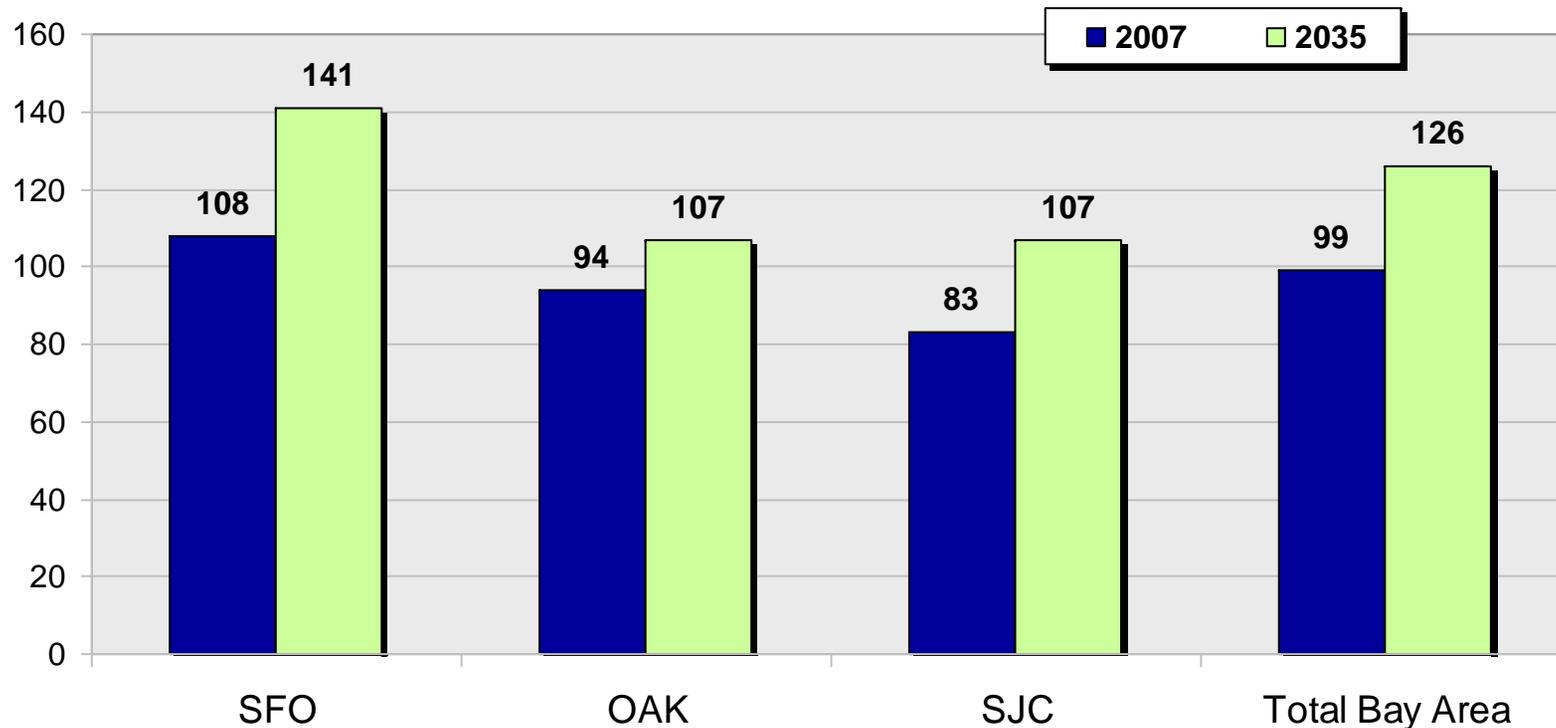


San Jose



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.

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 Airline	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	-	-	-
Total Air Carrier Runways	207,000	218,000	267,000	373,000	431,000	526,000	160,000	164,000	201,000
All Other	130,000	82,000	88,000	-	-	-	40,000	39,000	42,000
Total Airport	337,000	301,000	301,000	373,000	431,000	526,000	200,000	203,000	243,000