



# HOW WILL FUTURE DEMAND BE ACCOMODATED?

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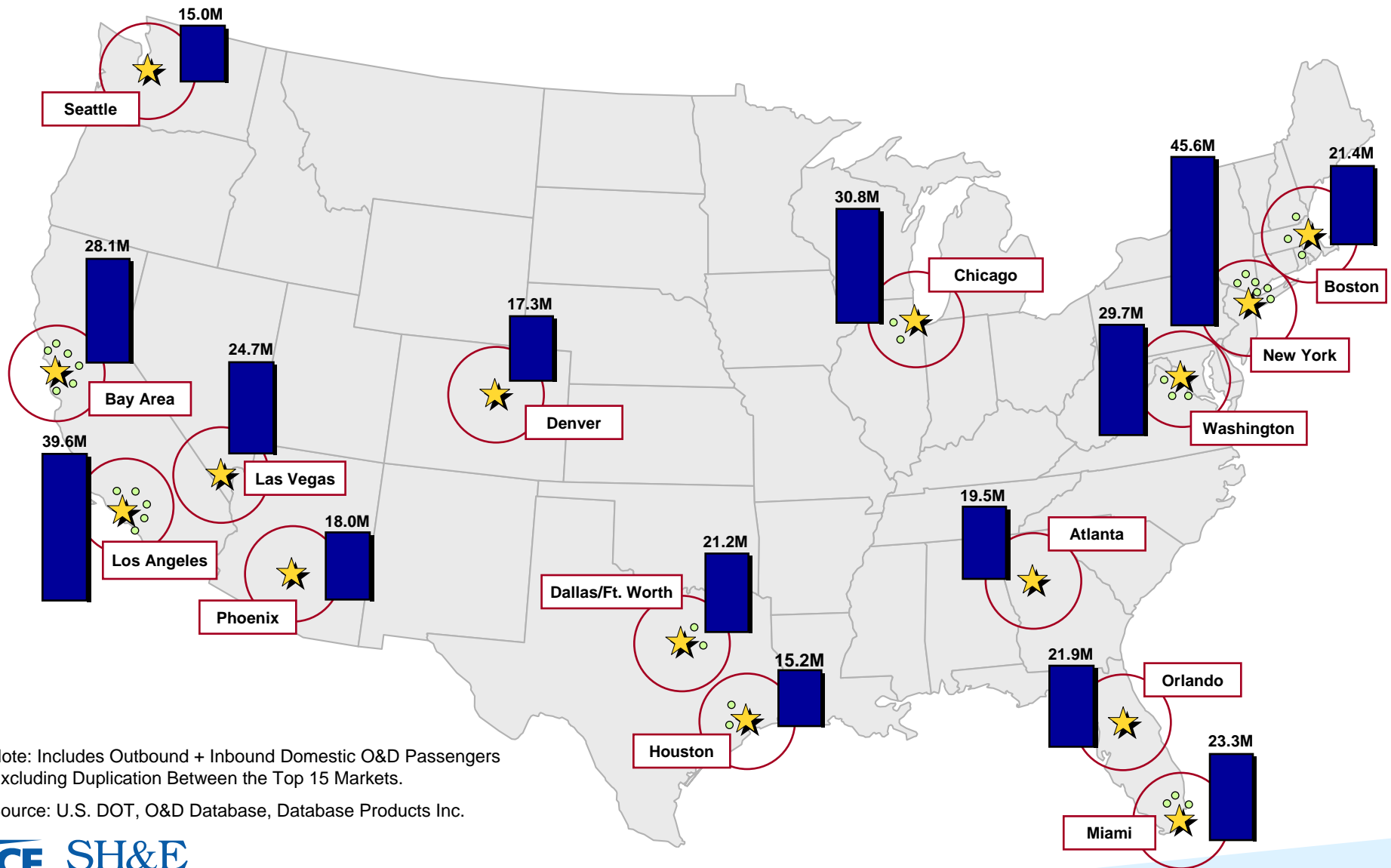
*Presented to:*

**33rd Annual  
FAA Aviation Forecast Conference**

# Effectively Accommodating Future Air Travel Demand Will Require a Multi-Faceted Approach

- ◆ **New Runways – Where Feasible**
- ◆ **Incremental Increases in Capacity Through Next Generation ATC Technologies**
- ◆ **Demand Management**
- ◆ **Upgauging of Aircraft Size**
- ◆ **Increased Utilization of Regional Airports**

# Nearly 80% of Domestic Air Trips Are Taken To or From the 15 Largest U.S. Metro Markets



Note: Includes Outbound + Inbound Domestic O&D Passengers  
Excluding Duplication Between the Top 15 Markets.

Source: U.S. DOT, O&D Database, Database Products Inc.

# Airports in These Top Markets Account for 84% of Total U.S. Delays

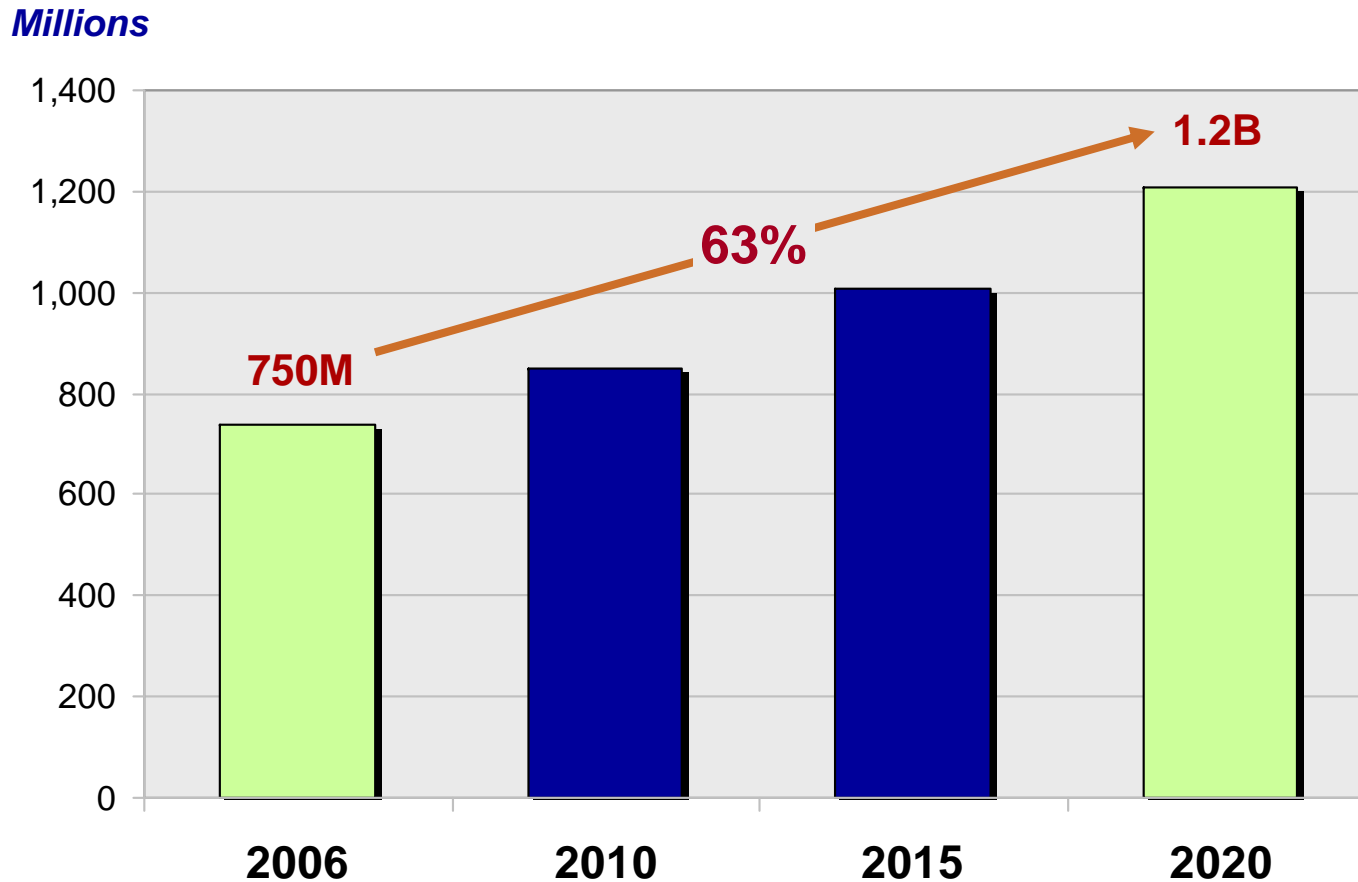
Airports Accounting for At Least One Percent of Total U.S. Delayed Operations

CY 2006

Rank	Airport	CY 2006 Airport Delays	Delayed Ops as a % of U.S. Total
1	Chicago O'Hare	65,657	18.0%
2	New York Newark	53,619	14.0%
3	Atlanta	50,088	14.0%
4	New York La Guardia	37,048	10.0%
5	Philadelphia	28,641	8.0%
6	New York J F Kennedy	23,952	6.0%
7	Houston Intercontinental	14,889	4.0%
8	Las Vegas	14,805	4.0%
9	Boston	11,983	3.0%
10	San Francisco	10,279	3.0%
11	Charlotte	6,810	2.0%
12	Dallas/Fort Worth	6,211	2.0%
13	Phoenix	6,051	2.0%
14	Teterboro	5,443	1.0%
15	Detroit	4,124	1.0%
16	Los Angeles	2,797	1.0%
17	Chicago Midway	2,534	1.0%
18	Washington Dulles	2,386	1.0%
19	Fort Lauderdale/Hollywood	2,066	1.0%

# The FAA Has Forecast U.S. Enplanements to Increase by Nearly 65% Through 2020

Enplanements at U.S. Airports  
2006–2025

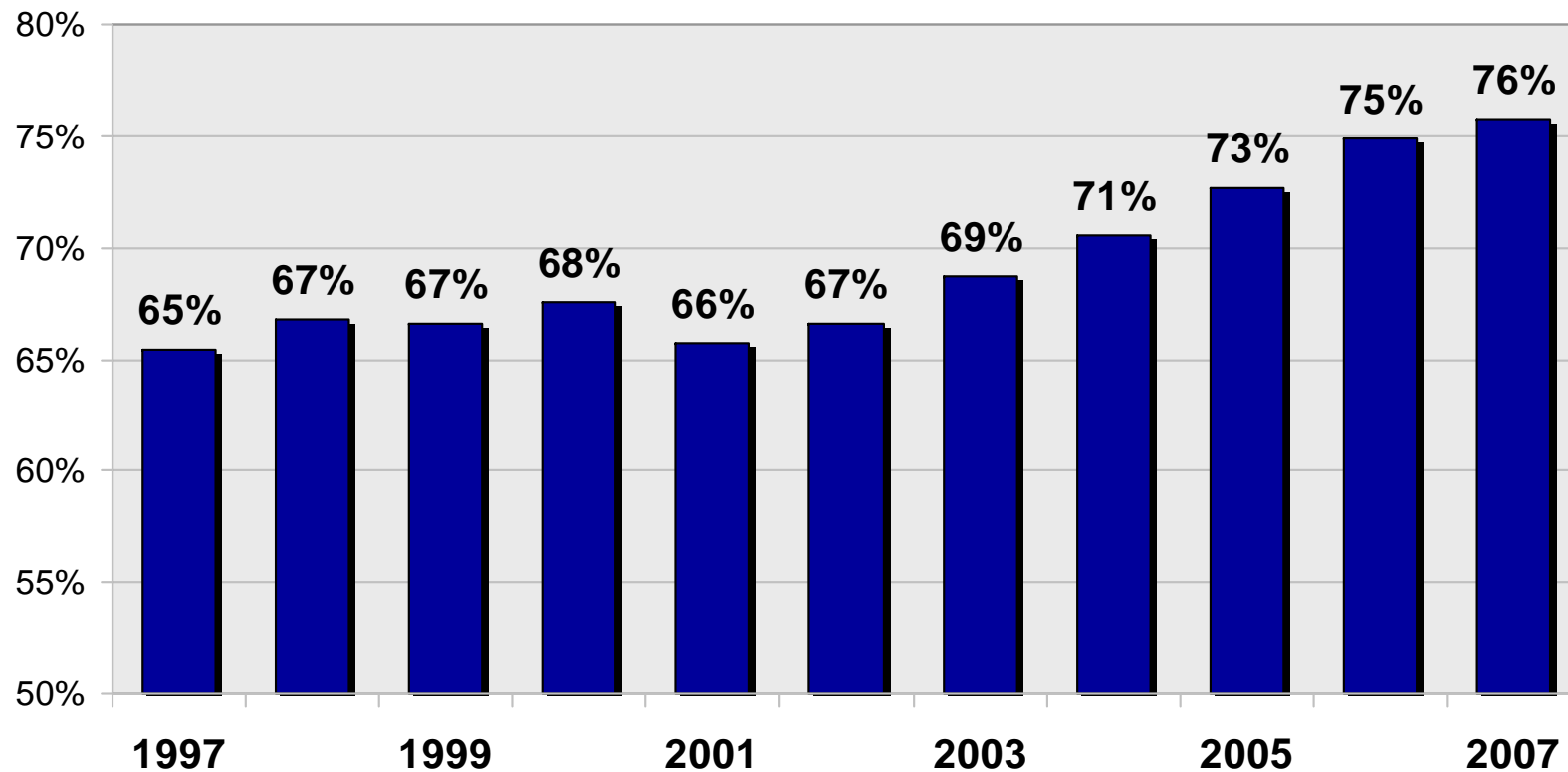


# New Runway Capacity is an Ideal Solution, but Opportunities Are Limited



# Increased Load Factors Have Produced a Significant Gain in Operational Efficiency

Average Domestic Load Factors at U.S. Airports  
1997–2007

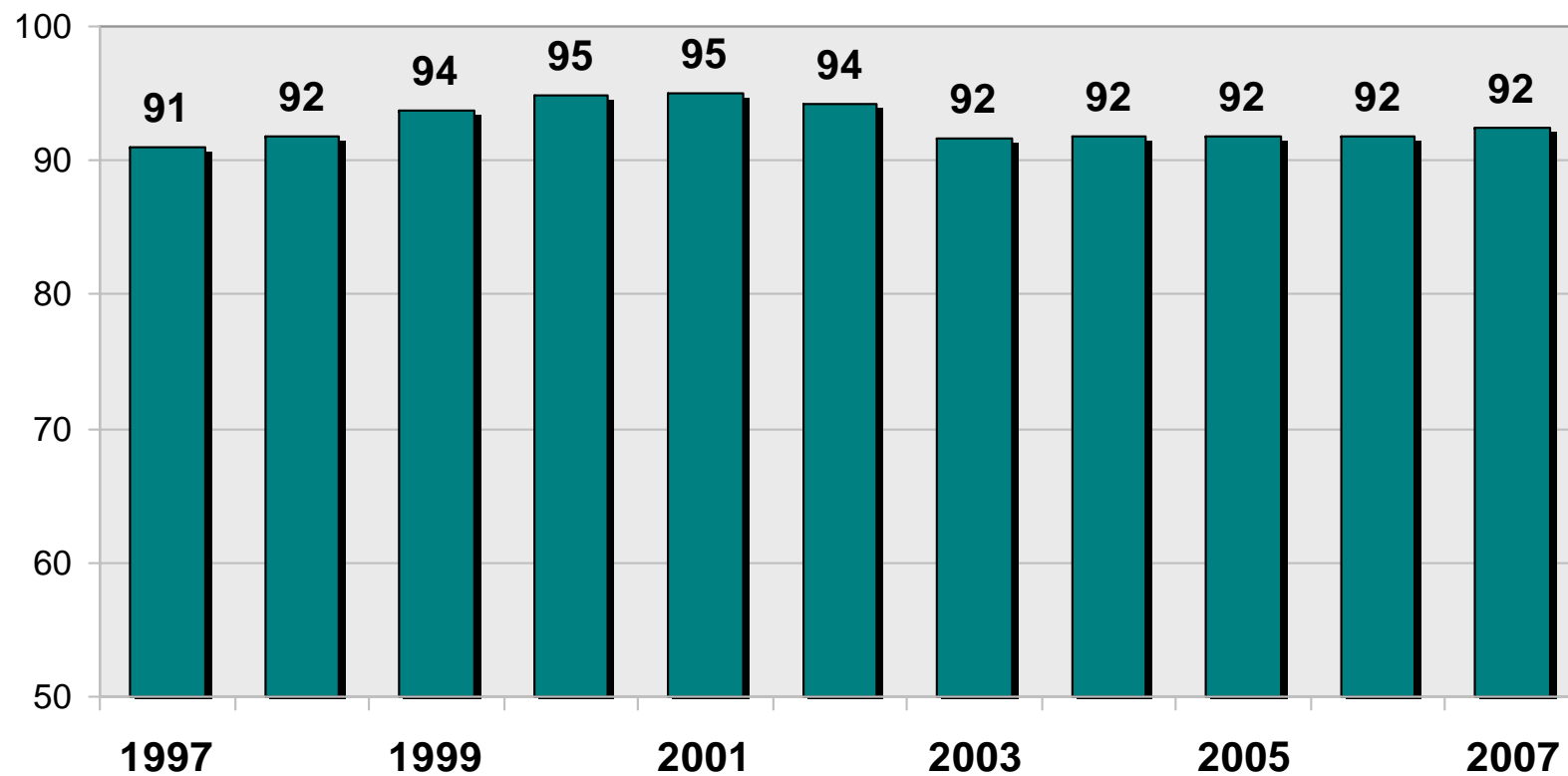


Notes: 2007 load factors for domestic markets are YE November 2007. Load factors not weighted by stage length  
Source: US DOT, T100 Database, Database Products Inc.

# But, Increases in Average Aircraft Size Have Not Materialized

## Average Seats Per Domestic Departure at U.S. Airports

1997-2007

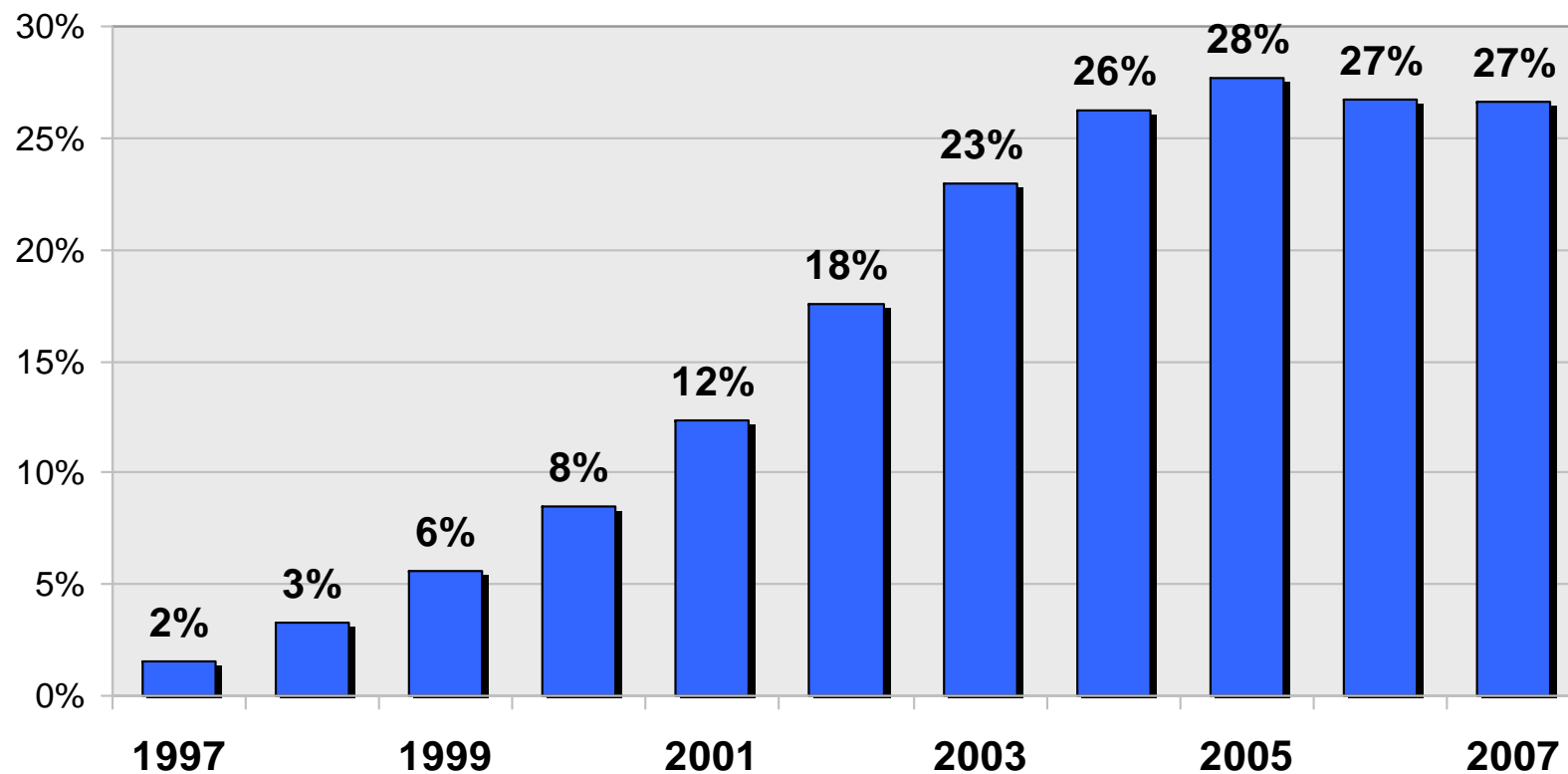




# The Dramatic Growth in Small Regional Jets Has Put Downward Pressure on Aircraft Size

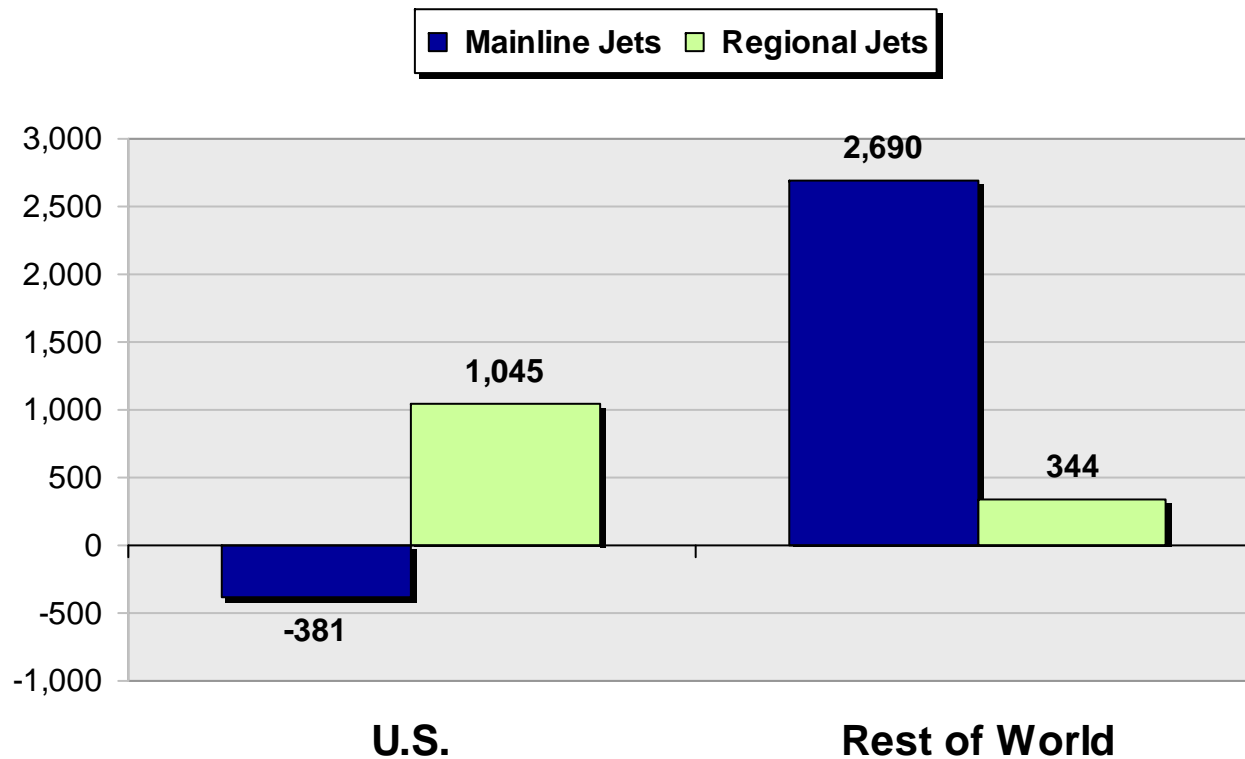
## Small Regional Jets As a Percent of Total Domestic Departures

Month of August, 1997–2007



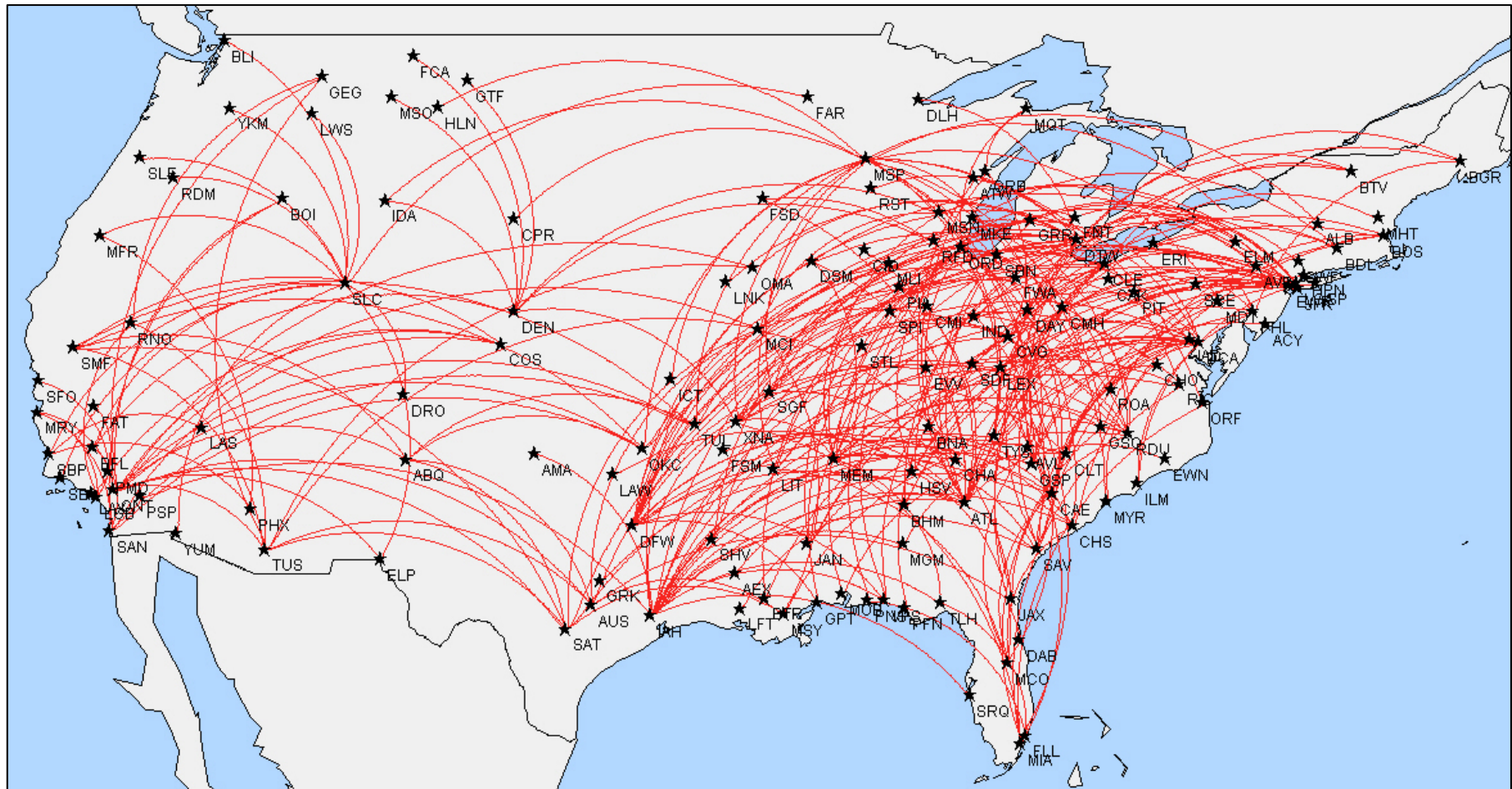
# Changes in the U.S. Fleet Contrast Sharply with Worldwide Trends

Change in Jet Airplane Inventories  
CY 2000 vs. CY 2006



# The Small RJs Have Produced Real Benefits

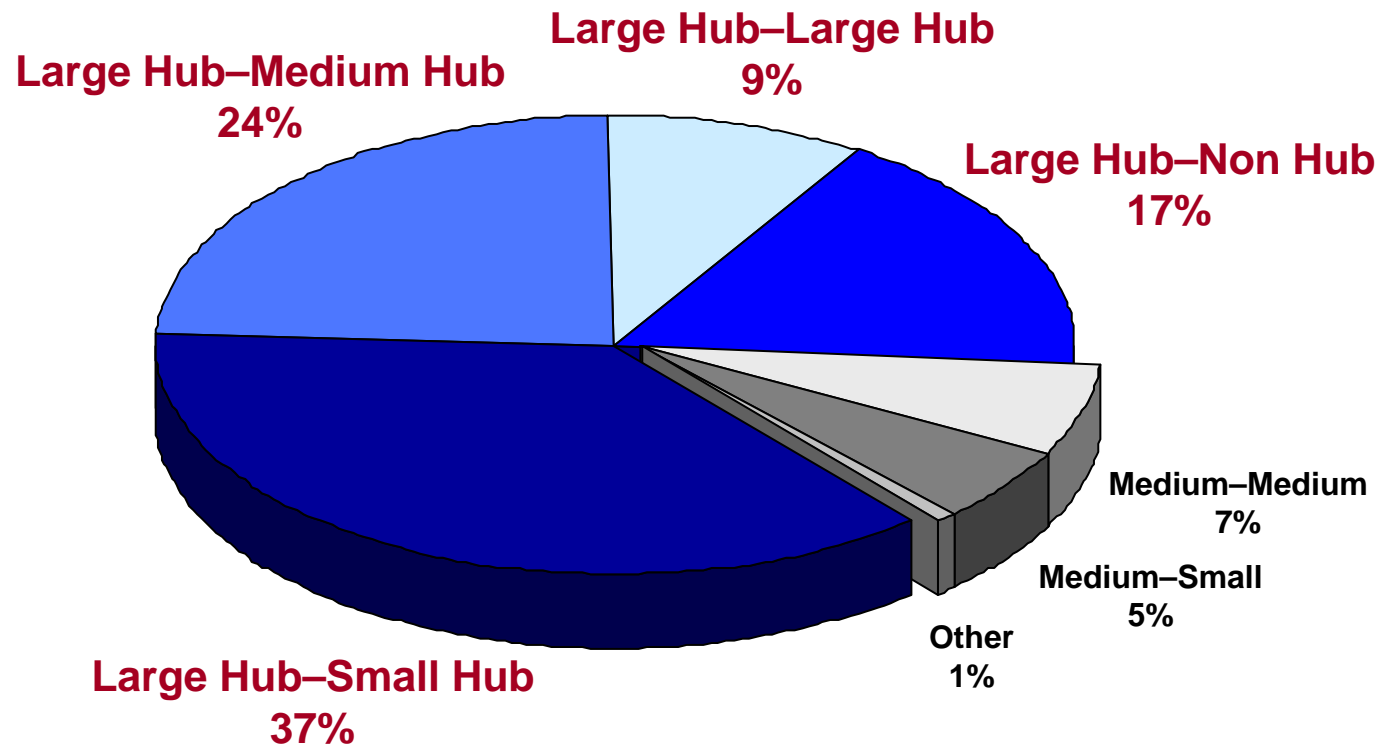
## – *Over 320 New Nonstop Markets*



# But 87% of Regional Jet Flights Serve Large Hub Airports

## Distribution of Small Regional Jet Departures by Hub Type

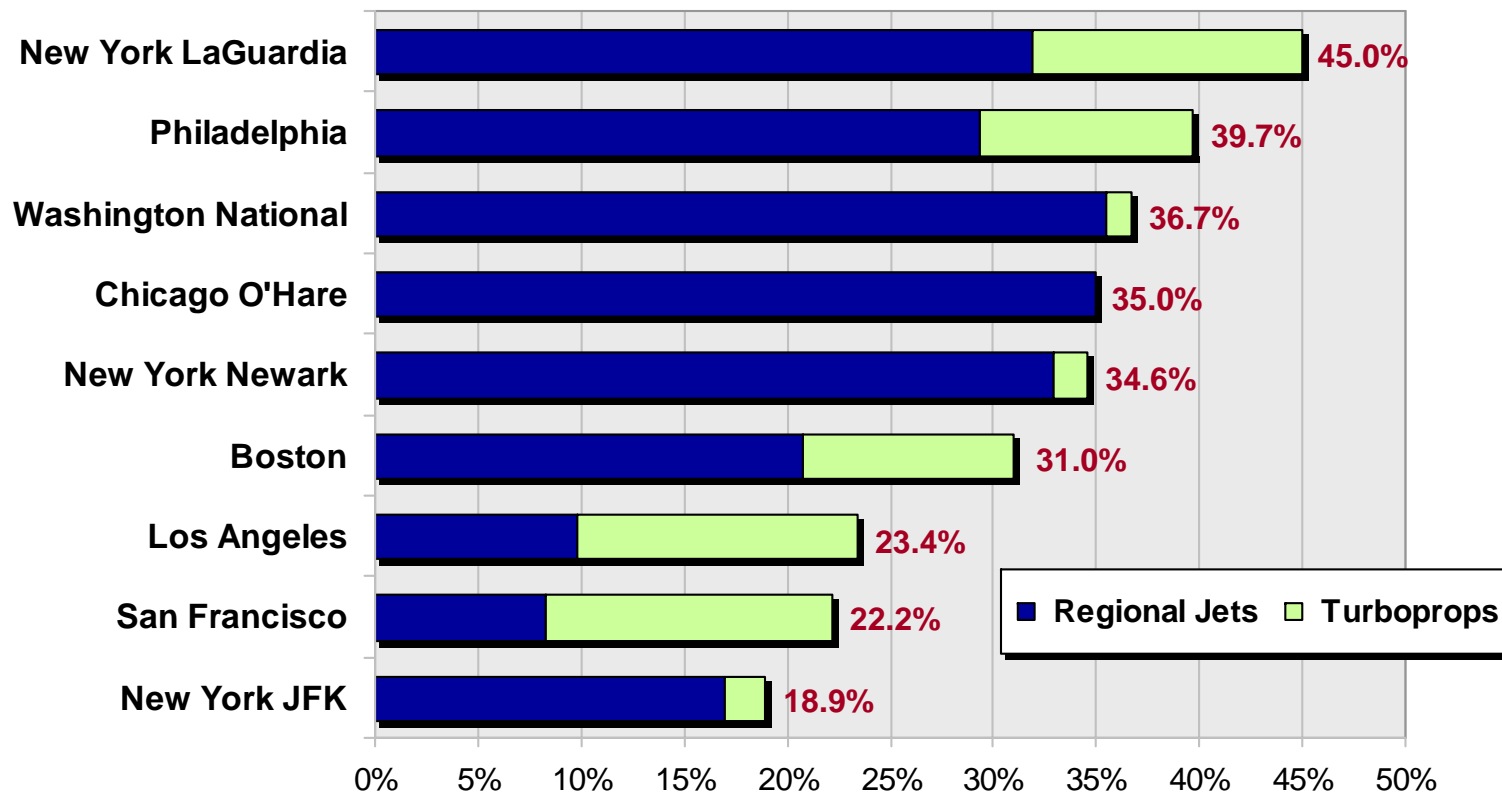
March 2008



# Small Aircraft Account for a High Proportion of Flights at the Nation's Most Congested Airports

## Share of Weekly Departures Using Small RJ or T/P Aircraft

March 2008



Note: Includes RJ's with 30-50 Seats and Turboprops Less Than 40 Seats

Source: OAG Schedules





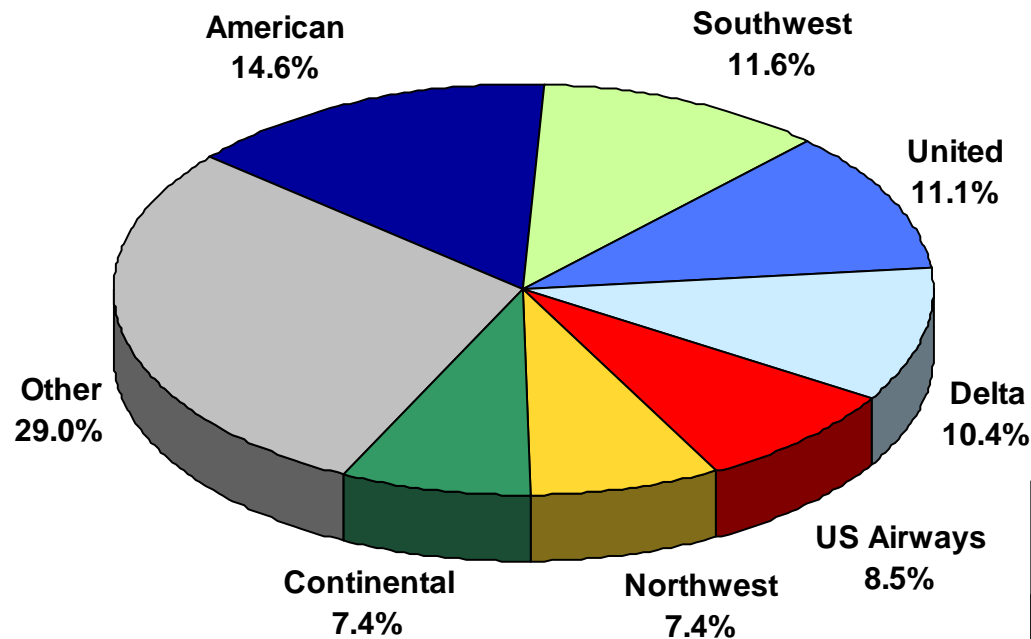
## ***Demand Management Programs Can Reduce Congestion by Creating Financial Incentives to Upgauge Aircraft Size***

***Proposed Amendment to  
DOT Airport Rates and  
Charges Policy Would  
Allow Congested Airports  
to Implement Demand  
Management Programs***



# The High Degree of Competition in the U.S. Airline Industry Discourages Aircraft Upgauging

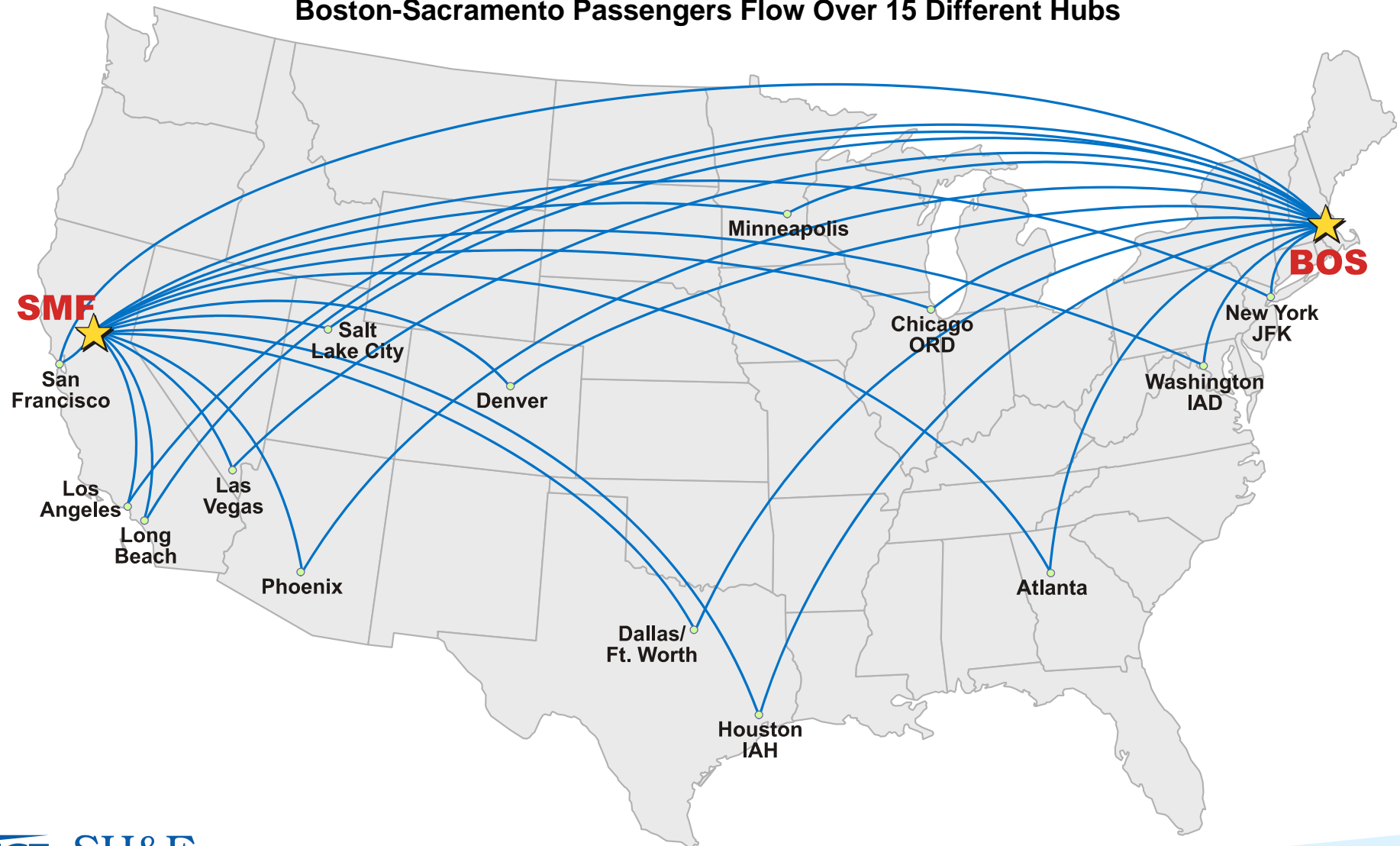
Share of Domestic Revenue by Airline  
YE 3Q 2007



Cumulative Revenue Share of Top 3 Providers	
Airlines	37%
Rental Cars	80%
CRS Systems	95%

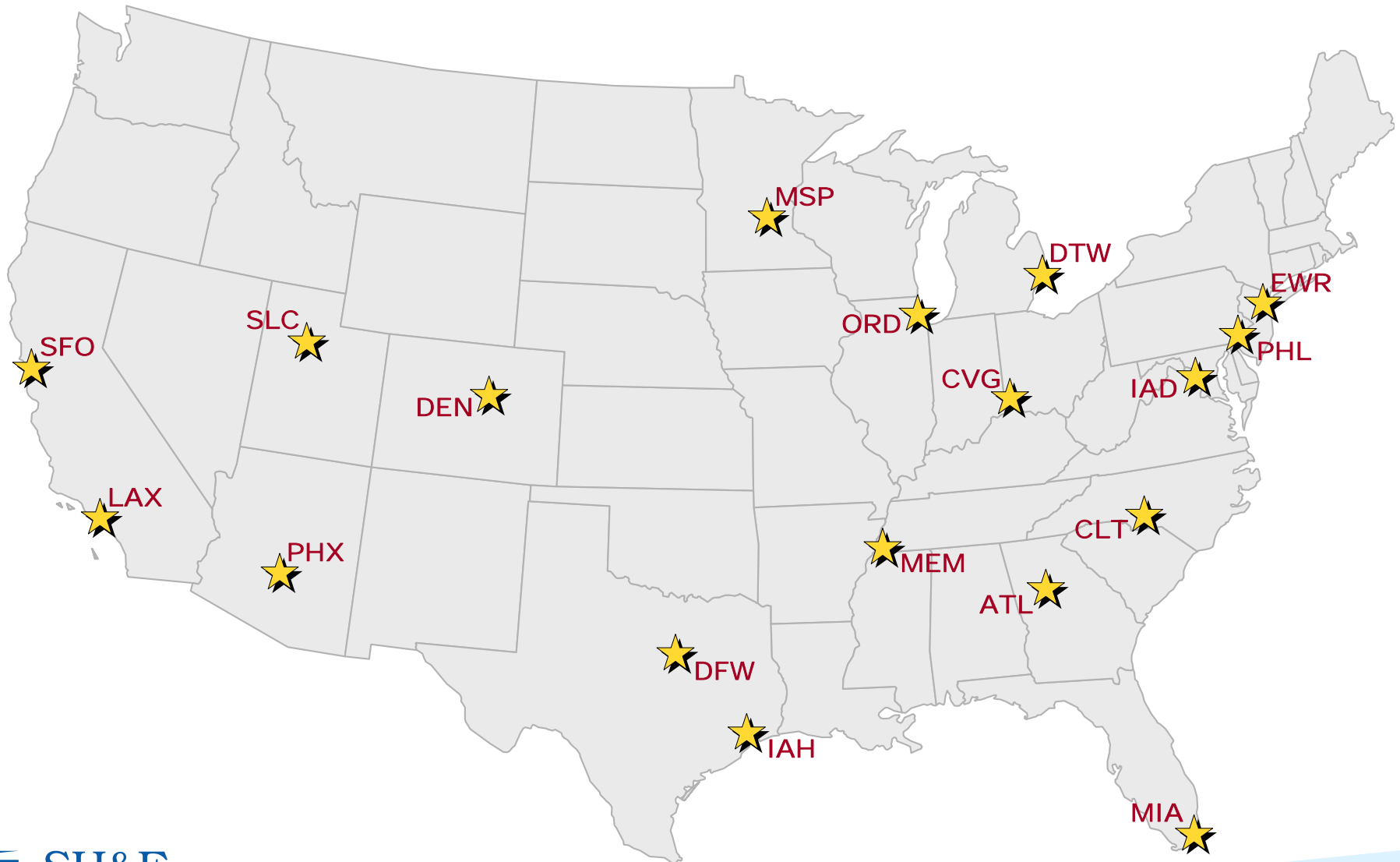
# The Large Number of Network Carriers Has Created Redundancy in the Hub System

Boston-Sacramento Passengers Flow Over 15 Different Hubs



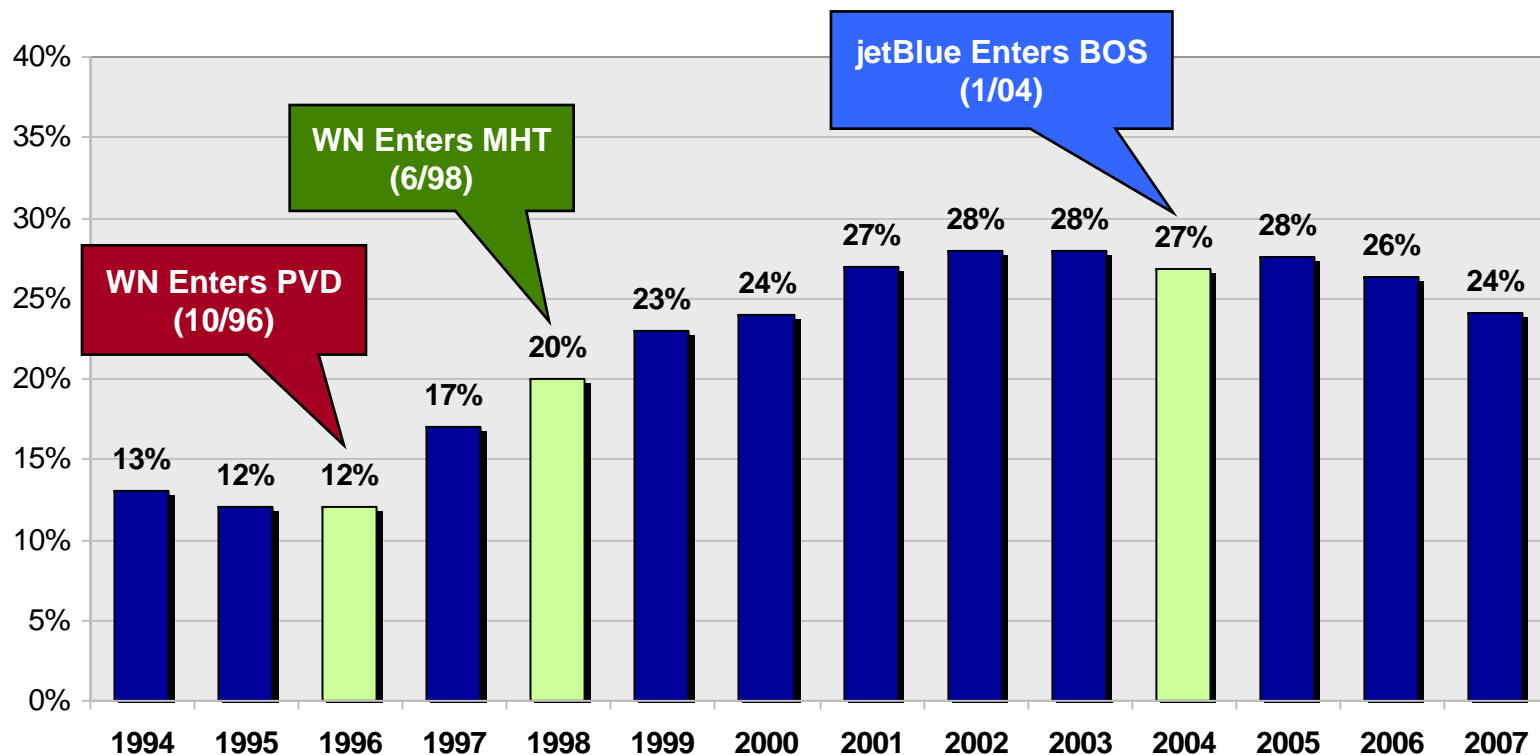


# Industry Consolidation Could Reduce Hub Duplication and Allow for Increased Aircraft Size



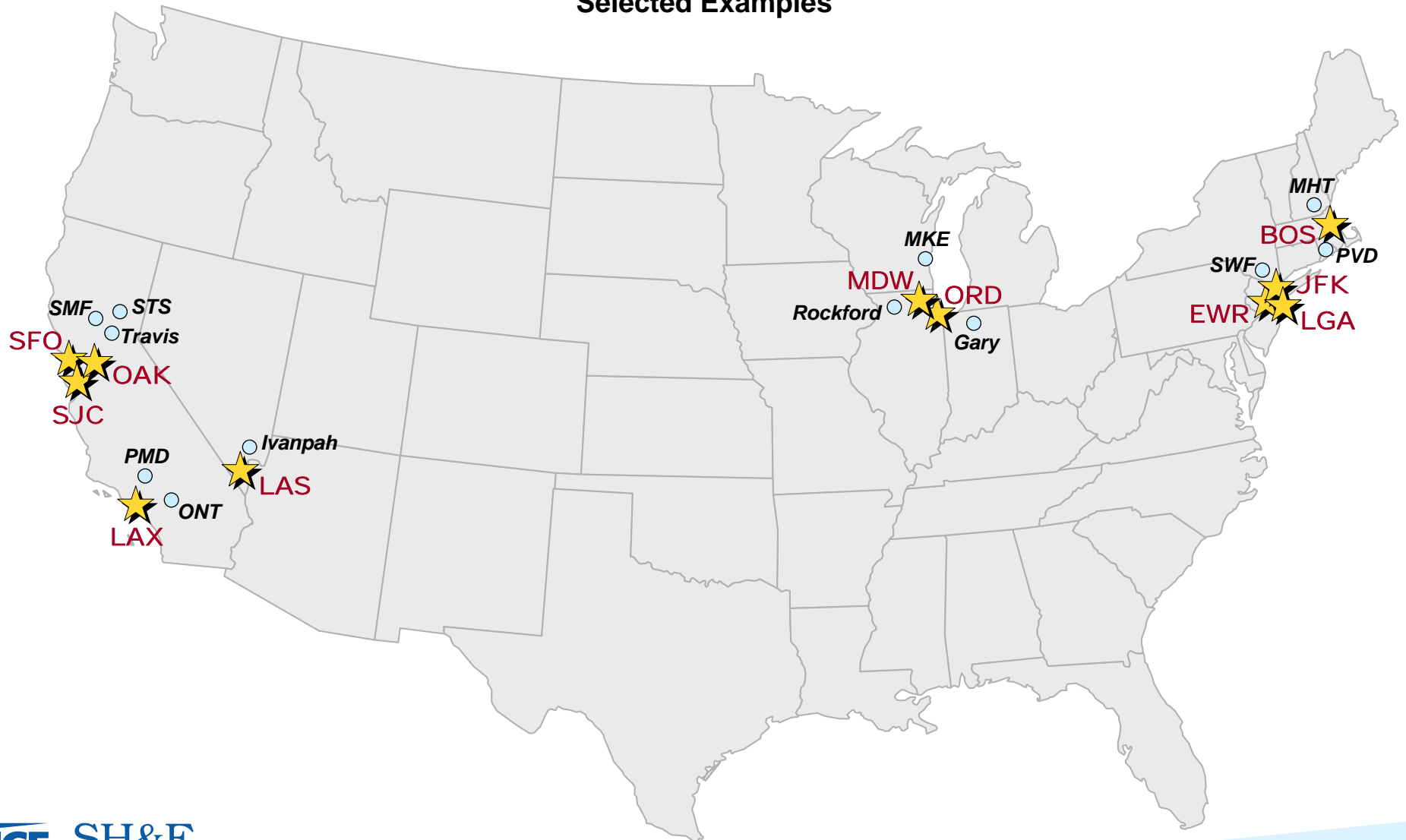
# The Development of the Regional Airports Surrounding Boston Produced a Significant Re-Distribution of Passenger Traffic

Share of Passengers in the Boston Region Using Providence and Manchester  
CY 1994–CY 2007



# Other U.S. Regions Can Benefit from Increased Utilization of Alternate Airports

## Selected Examples



# Even Areas with Multiple Airports May Face Considerable Physical or Political Constraints





# The New ExpressJet Service at LA/Ontario Provides Passengers with an Alternative to LAX



# Accommodating Future Aviation Demand Will Require Action on Multiple Fronts

- ◆ **Air Travel Demand Will Continue to Grow**
- ◆ **New Runways and Improved ATC Technology Will Provide Some Relief**
- ◆ **Load Factors Cannot Increase Much Further**
- ◆ **Demand Management, Effective Use of Regional Airports and Aircraft Upgauging Offer Real Potential to Improve System Performance**
- ◆ **However, Strong Local and National Initiatives Will Be Required to Achieve These Improvements**

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