

ANALYSIS OF SCHEDULED COMMERCIAL AIR SERVICE IN FLORIDA

This report provides an updated overview of Florida's scheduled commercial airline service. The original overview was based on conditions that characterized Florida's commercial air service airports in the summer of 2000. Subsequently, an update to the original study was prepared to contrast and compare commercial airline service at Florida airports in the summer of 2000 and the summer of 2001. A supplemental update was made after September 11, 2001 to reflect changes to Florida's commercial airline service following the terrorist attacks in New York and Washington, DC. That supplement noted changes in air service at Florida's airports between the summer and the late fall of 2001. An additional update was prepared in the summer of 2003 to address any further changes in Florida's air service in the two years after September 11. This report compares airline service for the 2000, 2001, 2003, 2005 and 2007 timeframes and notes service changes that have occurred since the summer of 2005.

With data from the prior studies and new information presented in this report, the Florida Department of Transportation can benchmark changes in the State's commercial airline service.

Data presented in this report is for various reporting periods as follows:

- Passenger O&D travel patterns for each market and information on average one-way fares are for calendar year 2006; this information was obtained from the USDOT.
- Data on service provided to and from each airport as of July 2007 was obtained from the Official Airline Guide (OAG).

The focus of this document is on highlighting changes that occurred in Florida's commercial airline service environment from the summer of 2000 through the summer of 2007. This report makes it possible to identify market-specific recovery at each Florida airport since 9/11. This report also makes it possible to identify any more notable long-term structural changes in Florida's commercial service environment that appear to have been precipitated by the events of 9/11 or the continued economic problems of many of the nation's leading airlines.

CHARACTERISTICS IMPACTING COMMERCIAL AIRLINE SERVICE IN FLORIDA

Florida loses a very small percentage of its originating air travelers to competing commercial service airports in neighboring states. In other words, few people leave Florida in their car to drive to a commercial airport in a neighboring state to initiate their airline trip. Passenger diversion within the State from small to larger commercial service airports, however, is notable.

Florida is typically viewed by the airlines as a "low yield" market. This means that assuming the airline could carry the same volumes of passenger traffic in other markets, they may be able to achieve a higher profit. Florida markets provide lower yields for the following reasons:

- ❑ Several markets have intense competition between carriers that provide scheduled airline service.

- ❑ The “leisure” nature of a high percentage of the passengers who fly into the Florida markets equates to lower cost tickets. For most Florida markets, the percentage of vacation/leisure related is much higher than the national average.
- ❑ Many passengers on planes to Florida markets are non-revenue travelers flying on frequent flyer redemptions.
- ❑ The percentage of seats in Florida flown by low cost carriers (LCCs) is notably above the national average.

Prior to September 11, 2001, the average load factor (the ratio of passengers to available seats on the aircraft) for carriers in the U.S. surpassed 70 percent. Carriers to Florida airports typically have to operate at a higher load factor, meaning seats may not be available to certain markets, to compensate for lower yields. Following September 11th, load factors nationally fell significantly. By 2006, the average load factor for all domestic carriers had rebounded to 79.5 percent on mainline carriers and 73.8 percent on regional carriers. This higher average load factor is due in part to decreased airline capacity (seats) that has characterized the airline industry since 9/11, as well as increased passenger demand stimulated by low-fare carrier growth.

OVERVIEW OF FLORIDA’S CURRENT COMMERCIAL AIR SERVICE

Among all U.S. states, Florida has one of the most comprehensive systems of scheduled commercial service airports. At the writing of this report, 21 airports in the State have scheduled airline service. Since the first time this air service review was conducted in 2000, Marathon and Naples have each gained and lost scheduled service several times, often reducing service at these two airports to charter and/or air taxi options. As of July 2007, both Naples and Marathon were served by ASA (a Delta regional partner); however, both cities lost this service in the fall of 2007. Marathon had no scheduled service as of November 2007, while Naples was served by Yellow Air Taxi with flights to Tampa. Also in 2007, Skybus inaugurated service to St. Augustine and Punta Gorda, airports which had no scheduled service in previous study years.

The Federal Aviation Administration (FAA) categorizes commercial airports based on the number of annual enplaned passengers they serve. Airports are categorized as follows:

| <u>Hub Size</u> | <u>Annual Enplanements</u> |
|------------------------|-----------------------------------|
| Large Hub | 6.5 million and above |
| Medium Hub | 6.5 million to 1.6 million |
| Small Hub | 1.6 million to 324,000 |
| Non-Hub | 324,000 and below |

Based on this definition, four of Florida’s 22 commercial airports are classified as Large Hubs. These Large Hubs include the airports serving Fort Lauderdale, Miami, Orlando, and Tampa. The Florida system contains three Medium Hubs at Jacksonville, Fort Meyers, and West Palm Beach. The remaining 12 commercial service airports fall into the Small Hub or the Non-Hub category. Small Hubs serve Ft. Walton Beach (Okaloosa), Pensacola, Sarasota-Bradenton, and Tallahassee. Non-Hubs serve

Daytona Beach, Gainesville, Key West, Marathon, Melbourne, Naples, Orlando-Sanford, Panama City and St. Petersburg-Clearwater.

FLORIDA DEMAND PATTERNS AND FARES

Using information obtained from the U.S. Department of Transportation for calendar years 1999, 2000, 2002, 2004, and 2006, Florida's commercial service airports were analyzed to identify travel patterns for all domestic originating passengers. **Exhibits 1-7** (see **Appendix A**) summarize the following information for each of the commercial airports, for six geographic areas of the State and for the State as a whole:

- Number of annual domestic passengers originating at each airport bound for cities within eight geographic regions of the U.S.
- Percent of originating passengers by airport and by region bound for destinations in eight geographic regions of the U.S.
- The average one-way fare paid by originating passengers to reach destinations within the eight geographic regions of the U.S.

Table 1 (see **Appendix A**) provides a comparison of outbound O&D passengers, top travel destinations, and the average one-way fare by Florida region and airport for 1999, 2000, 2002, 2004 and 2006. As shown in this table, travel patterns remained relatively unchanged between 1999 and 2006. Shifts in travel patterns do not typically occur from year to year, especially in larger markets. Individual Florida airports all experienced a change in O&D passengers and/or average one-way fares between 1999 and 2006. Most Florida regions experienced overall growth in domestic O&D passengers between 1999 and 2004. Generally speaking, statewide domestic originating passengers increased between 1999 and 2000, fell between 2000 and 2002, but grew again through 2004. Originating passenger growth moderated somewhat between 2004 and 2006. The State's average one-way fare increased between 1999 and 2000, fell notably between 2000 and 2004, but increased to pre-9/11 levels in most regions by 2006.

Based on the information presented in Appendix A, conclusions are summarized below.

Travel Patterns

- ❑ In 2006, approximately 79 percent of all domestic passengers who originated their travel at a Florida commercial service airport were bound for a location east of the Mississippi River. This was essentially the same as all previous reporting periods.
- ❑ In 2006, for almost all airports and all regions of Florida, cities in the Northeastern part of the U.S. were the top travel destination. Cities in the Northeast were also the top travel destinations in previous updates of this document.
- ❑ In a pattern similar to those found in the previous reporting periods, in 2006 cities in the Midwest and Southeast ranked as the second- and third-most heavily traveled destinations for Florida-originating domestic air travelers.
- ❑ Nationally in 2006, approximately 25 percent of all domestic originations were bound for cities in the Southwestern part of the U.S. In 2006 in Florida, travel to cities in the Southwest

accounted for nine (9) percent of annual domestic originating passengers. Since 1999, this figure has consistently remained between eight and nine percent.

- ❑ In all prior reporting periods, travel to destinations in the Northwest (Alaska, Washington, Oregon, and Idaho) ranked last from each of the regions in Florida. In 2006, just 1.7 percent of all of Florida's originating passengers were bound for destinations in the Northwest.

Fares

- ❑ The average one-way fare paid by all domestic originating passengers in Florida was slightly more than \$130 in 2006, up considerably from \$116 in 2004, higher than all study years except 2000. Overall, fares in 2006 were just three percent lower than the recent peak of \$134 in 2000. Nationally, the average one-way fare paid by all domestic originating passengers was \$149.50 in 2006, \$134 in 2004 and \$137 in 2002; U.S. domestic one-way fares peaked at \$158 in 2000. While the trend in Florida's average one-way airline fares has mirrored the national trend, Florida's average one-way fares, according to USDOT data, have historically (1999-2006) been notably below the U.S. average.
- ❑ In previous updates to this document, the airports in the East Central (Orlando, Orlando Sanford, Melbourne, and Daytona) and the West Central (Tampa, St. Petersburg, and Sarasota) regions of Florida had lower fares than the State average when travel to all destinations is considered. This trend continued in 2006. Multiple low-cost carriers serve each of the large hub airports in these regions.
- ❑ In 2006, the highest one-way average fares were reported at airports in the northwestern part of the State (Pensacola, Tallahassee, Ft. Walton Beach and Panama City). The average one-way fare from these airports was over \$178; statewide the average one-way fare in 2006 was \$130. In each of the previous updates of this study, the airports in northwestern Florida also reported the highest average fare. In 1999, these airports reported an average one-way fare of \$161, while the State average was \$129. The cause of the decline in the average one-way fare in the northwestern region between 1999 and 2004 can be traced to the entrance of low fare service; as some of this service was withdrawn prior to this update, fares have responded by increasing. The one-way fare at airports in northwest Florida exceed the national average.
- ❑ For travel to cities included in Florida's top three regional destinations, average one-way fares continue to be well below the national average:

| | Florida Avg. One-Way Fare | | | | | | National Avg. One-Way Fare | | | | | |
|--------------------|---------------------------|-------------|-------------|-------------|-------------|------------------------------|----------------------------|-------------|-------------|-------------|-------------|------------------------------|
| | | | | | | % Change 1999- 2006 | | | | | | % Change 1999- 2006 |
| U.S. Region | 1999 | 2000 | 2002 | 2004 | 2006 | | 1999 | 2000 | 2002 | 2004 | 2006 | |
| Northeast | \$118 | \$123 | \$108 | \$106 | \$115 | -2.8% | \$168 | \$177 | \$148 | \$150 | \$151 | -10.0% |
| Midwest | \$124 | \$125 | \$115 | \$111 | \$122 | -1.6% | \$151 | \$161 | \$136 | \$137 | \$146 | -3.2% |
| Southeast | \$110 | \$119 | \$101 | \$108 | \$123 | 12.2% | \$145 | \$151 | \$129 | \$132 | \$162 | 12.0% |

- ❑ In 2006, excluding Orlando International (Florida's largest airport, dominated by low fare carriers), the average one-way fare paid by domestic passengers originating at all other Florida airports combined was \$133, while the national average was \$149.50. In all prior study years, the average one-way fare paid by originating passengers at all Florida airports, except Orlando

International, was \$3 or \$4 higher than the same average one-way fare paid by originating passengers at all Florida airports, including Orlando. In 2004, this fare difference was \$2.88, reflecting continuing expanded offerings by low-fare carriers at other commercial airports throughout the State.

NONSTOP SERVICE

With travel demand and average fares to all domestic destinations from all of Florida's commercial service airports and regions summarized, a review was undertaken to determine the ability of each airport's current nonstop domestic service to meet the needs of Florida's originating domestic passengers. It is important to note that this review included only existing nonstop scheduled commercial airline service as reported in July of 2007. The review did not include an analysis of charter service, nor did it include an analysis of the ability of domestic originating passengers to reach their final travel destinations via connecting service.

It is important to note that the lack of nonstop scheduled commercial service does not preclude the ability of a domestic origination at one of Florida's commercial airports to reach, or to conveniently reach, their ultimate travel destination. For instance, even though nonstop commercial airline service is not available from Panama City to Chicago, a domestic passenger originating in Panama City can still reach Chicago each day at several different times via a several connecting opportunities.

Information on summer 2007 service patterns for each system airport is summarized in **Tables 1 through 20** (see **Appendix B**). For comparison purpose, **Tables 1 through 20 (Appendix B)** also provide historical summaries of airport service patterns from the summers of 2005, 2003, 2001, and 2000. **Table 21** (see **Appendix B**) provides a summary of statewide information on the number of destinations served, total scheduled weekly departures, and total weekly departing seats for each airport by aircraft type; this information is also provided for the summers of 2005, 2003, 2001, and 2000.

Statewide Domestic Service Summary

Statewide information on Florida's air service in the summer of 2007 may be summarized as follows:

- ❑ In the summer of 2007 from all Florida commercial airports, 11,650 nonstop domestic flights were scheduled each week. This represents a 2.5 percent decrease over the previous level of 11,955 reported nonstop domestic flights in the 2005 update of this document. The majority of this decrease in departures came at Fort Lauderdale (190 fewer departures) and Tampa International (93 fewer departures). This decrease in total departures was accompanied by an increase in the number of nonstop domestic destinations served from Florida's airports; this number increased from its 2005 level of 110 to 120 in 2007. In all, Florida travelers can reach 41 more cities on nonstop flights than they could in 1999. By these service measures, domestic commercial airline service in Florida in 2007 remained above 2001 levels, when air carriers performed 11,437 nonstop domestic flights each week to 81 different domestic locations.
- ❑ In the summer of 2007, during each week on average, there were 1.4 million departing seats, consistent with the level reported in 2005. Each week on average during the summer of 2001 there were nearly 1.29 million seats that departed all Florida airports to domestic airports

throughout the U.S. Again, this number in 2007 (1.4 million) remained well above figures from previous editions of this study.

- ❑ When all seats that departed Florida airports each week to domestic locations were considered, approximately 89 percent of these seats were on large jet aircraft¹. This level has remained virtually unchanged since 2000. In the summer of 2005, the average number of seats per flight was 120.4, up from 2000 when there were 117.7 seats per flight on average. This seats-per-departure figure remained notably higher than 2001 levels. In 2001, there were 112.7 seats per flight on average, an increase from 107.1 seats per flight in 2000.
- ❑ In the summers of 2000 and 2001, approximately two percent of all seats that departed Florida airports to domestic locations were on regional jet (RJ) aircraft. By the summer of 2003, the total percentage of all seats that departed Florida airports on RJs had increased to 6.4 percent; in 2005 it had increased further to 8.4 percent. Regional jet seats reversed this trend in 2007, falling to 7.7 percent of all departing seats.
- ❑ In August 2001, approximately seven percent of all seats that left Florida airports were on turboprop aircraft, down from nine percent in the summer of 2000; these flights on turboprop aircraft were almost exclusively destined to other Florida airports. By the summer of 2003, of all seats departing Florida airports, only 3 percent were on turboprop aircraft. This figure fell to just 2.4 percent in 2005 and remained there through 2007.
- ❑ After a slight rebound in 2005 from previous declines, weekly scheduled instate departures (flights to other airports in Florida) decreased once again in 2007. Instate departures numbered 2,198 per week during the summer of 2007; in 2005 this figure was 2,380. Both of these totals were down from the 3,363 weekly scheduled instate departures in the summer of 2001 and 3,852 in the summer of 2000. Overall, between the summer of 2000 and the summer of 2007, the frequency of Florida's instate scheduled airline service has decreased significantly, falling from 3,852 in 2000 to 2,198 in 2007.
- ❑ In all previous study years, Orlando International had the highest number of domestic destinations served and the highest number of available departing domestic seats each week. This service pattern remained unchanged in the summer of 2007.
- ❑ In the summer of 2000 and 2001, all commercial airports in Florida had nonstop service to at least two domestic locations (some airports, however, had service only to other locations in Florida) and most airports had scheduled service by at least two different airlines. In the summer of 2003, Naples lost service completely and service by one carrier to one destination was resumed at Marathon. By the summer of 2005, service at Naples had resumed. (As of the writing of this report, Marathon was without scheduled service, while Naples was reduced to independent air taxi service.)
- ❑ In August 2001, St. Petersburg-Clearwater had the fewest number of scheduled domestic departures per week at 21. In the summer of 2000, Orlando Sanford had the fewest number of weekly scheduled departures, with 19. Orlando Sanford gained an additional 12 weekly departures between the summer of 2000 and the summer of 2001. By the summer of 2003, weekly departures at St. Petersburg-Clearwater had increased to 52. Weekly departures from Orlando-Sanford fell once again to 19 in the summer of 2003, and that year Marathon had the fewest number of weekly scheduled departures with 10. In 2005, weekly domestic departures at

¹ The aircraft classifications used in this document include large jets (turbofan aircraft with more than 70 seats, sometimes referred to as "jets"), regional jets (turbofan aircraft with fewer than 70 seats, typically referred to as RJs), and turboprops (propeller-driven aircraft of all sizes, typically smaller than 50 seats).

Orlando-Sanford rose to 107, and airline offerings at St. Petersburg-Clearwater had fallen to just 30 weekly domestic departures. In 2005, Marathon had gained five new weekly domestic departures for a total of 15. By 2007, Orlando-Sanford had 78 weekly departures and St. Petersburg-Clearwater had 66 weekly departures. It is important to note that due to the types of carriers that operate at Orlando Sanford and St. Petersburg-Clearwater, not all departing flights are reported to the *Official Airline Guide*.

- ❑ Naples had the fewest number of weekly scheduled seats in the summers of 2000 and 2001; domestic seats that departed this airport were on board turboprop aircraft and bound for other cities in Florida. By the summer of 2003, all commercial airline service to Naples was terminated. In mid-2005, however, Naples had regained Delta regional service to Atlanta; this service was withdrawn in late 2007.
- ❑ For Florida's largest commercial service airports, the most obvious service "mismatch" continues to be between domestic passenger originating demand and nonstop service to destinations in the Southwest.
- ❑ As a new development in 2007, ultra-low-fare carrier Skybus initiated service to Fort Lauderdale International on May 29th, St. Augustine Airport on July 18th, and Charlotte County Airport in Punta Gorda on December 5th. Skybus currently has bases in Columbus, Ohio and Greensboro, NC, and operates Airbus A319 aircraft. Since this service was new in 2007, average fares and passenger data are not presented. Similarly, as the airports at St. Augustine and Punta Gorda have no recent history of passenger activity, historic data for these airports is not presented here. It should be noted that SkyBus does not report its schedules to the *Official Airline Guide*; doing so would enable Florida's airports to have a more complete understanding of service patterns related to the new airline and its competition.

Airport-Specific Domestic Service Summaries

Key information regarding each commercial airport's nonstop domestic service is summarized below. Service information for 2007 is based on service available in July as reported in the *Official Airline Guide (OAG)*. Enplanement data cited for 2006 was obtained from the U.S. Department of Transportation, the Florida Department of Transportation, and/or airport management.

Southeast Florida Region

Fort Lauderdale-Hollywood International Airport

Fort Lauderdale-Hollywood International saw significant growth in its domestic commercial enplanements since 1999. Domestic-bound enplanements increased from about 5.97 million during 1999 to about 10.4 million by the end of calendar year 2004. In 2006, however, enplanements dipped slightly, to 10.2 million. This represents an increase of about 71 percent in seven years. Fort Lauderdale-Hollywood International continues to have significant representation by the country's predominant low-fare carriers, with service available on Southwest, JetBlue, Spirit, and AirTran. Fort Lauderdale has nonstop service to 55 destinations; 34 of these destinations could be reached nonstop on at least one of the low-fare airlines in 2007. The number of daily departures from the airport increased from 1,344 to 1,448 between the summers of 2000 and 2001. By 2003, the number of weekly departures from Ft. Lauderdale had

decreased somewhat to 1,389. By the summer of 2005, however, weekly scheduled departures from Fort Lauderdale had increased to 1,848 before falling to 1,658 in 2007. This represents a 23.4 percent increase since 2000, or about 45 additional departures per day. Fort Lauderdale-Hollywood International has also experienced a change in the mix of aircraft types that serve the airport. Average seats per flight for all aircraft in July of 2007 numbered 135, up from the airport's 2005 level of 130, but down from 140 in 2003. Weekly departing seats to domestic destinations climbed from 167,400 in July 2000 to 240,500 in July 2005, but declined by July 2007 to 225,300. The exceptional growth that this airport experienced since 1999 shown signs of slowing according to indicators collected in the summer of 2007.

- ❑ In the summer of 2001, nonstop service included 1,448 weekly departures to destinations throughout the U.S., up nearly 8 percent from the summer of 2000. By the summer of 2003, weekly departures to domestic destinations had fallen to an average of 1,389. This measure rebounded significantly by 2005, when scheduled weekly nonstop departures numbered 1,848. Some retraction was seen by 2007, as weekly departures dropped to 1,658.
- ❑ In the summer of 2001, Ft. Lauderdale had 319 weekly departures to 10 different cities in Florida, down slightly from 2000 levels. By 2003, weekly departures to other Florida cities had fallen to 304, with 8 different Florida cities being served. In 2005, however, weekly instate departures numbered 371, with service to 10 Florida cities. This service saw declines by July 2007, with 320 flights to seven Florida cities – nearly as low as the post-9/11 period.
- ❑ In August 2001, 22 percent of the market's weekly departures were to other locations in Florida. This was down from 27 percent of the total weekly departures in the summer of 2000. In the summer of 2003, Fort Lauderdale Hollywood International had 304 average weekly departures to other destinations in Florida. This represented almost 22 percent of the airport's weekly departures; this statistic remained relatively unchanged between the summers of 2001 and 2003. By the summer of 2005, Fort Lauderdale's airline service to instate destinations accounted for 20 percent of all weekly departures, down from a peak of 27 percent in 2000. Further declines were seen by 2007, with just 19.3 percent of all departures destined for Florida cities. This percentage decline, however, was relative in nature, as instate service in 2007 is similar to 2003 levels.
- ❑ Turboprop aircraft were used mostly on instate routes; approximately 1 percent of all seats that departed each week in 2001 were on turboprop aircraft, down from 2 percent in 2000. By the summer of 2003 and continuing through 2007, departing seats on turboprop aircraft comprised less than 1 percent of the airport's total departing weekly seats.
- ❑ Almost 98 percent of the market's weekly domestic seats in 2001 were on jet aircraft, up from 97 percent in 2000. This percentage remained relatively unchanged in the summer of 2003 and again in 2005 before falling slightly to 95 percent in 2007 as additional RJ flights were deployed.
- ❑ Scheduled nonstop domestic service continued to be well-matched to domestic originating passenger demand. As shown below, based on calendar year data from the USDOT for 2004 and 2006, the percentage of passengers originating at the airport with destinations in the Northeast remained unchanged, while the airport's percentage of scheduled weekly departures to cities in the Northeast climbed slightly from 35 percent to

36 percent. Originating passengers whose destination was another Florida city remained constant between 2004 and 2006. The airport's percentage of departing seats between the summer of 2005 and 2007 increased slightly to destinations in the Southwest, the Southeast, South Central, and the Northeast regions. The proportion of departures to the Midwest and Mid-South declined, as did Florida-only departures.

| U.S. Destination Region | Domestic Passenger Originations | | Scheduled Domestic Departures | |
|----------------------------|------------------------------------|----------------|----------------------------------|----------------|
| | Prior Study | Current Update | Prior Study | Current Update |
| Northeast | 47% | 47% | 35% | 36% |
| Midwest | 16% | 15% | 13% | 11% |
| Southeast (excl. FL) | 9% | 10% | 18% | 19% |
| Florida Only | 6% | 6% | 20% | 19% |
| Southwest | 10% | 10% | 4% | 5% |
| South Central | 6% | 7% | 6% | 7% |
| Mid-South | 4% | 3% | 3% | 2% |
| North Central | 2% | 2% | 0% | 0% |
| Northwest | 1% | 1% | 0% | 0% |

Miami International Airport

Since 2000, Miami International has seen an overall increase in the number of domestic-bound passengers it serves annually, after a period of declines in prior study years. In 2000, about 4.61 million originating passengers boarded domestic flights at the airport. In 2002, the airport served about 3.82 million originating domestic-bound passengers. In 2004, this figure had rebounded to 4.17 million; outbound domestic passengers increased further to 4.72 million in 2006. This represented an overall increase of about two percent from 2000 levels. The airport had nonstop service on 1,532 weekly flights to domestic destinations in 2007, up from 1,551 in 2005 and its 2003 level of 1,453, but still down from 1,963 in 2000 and 1,849 in 2001. Weekly departing seats to U.S. destinations numbered 201,200 in 2007, down from 207,800 in July 2005, but up from 198,300 seats in 2003. Domestic departing seats numbered 224,600 in 2001 and 237,600 seats per week were reported in July 2000.

The average number of seats per flight was 131 in July 2007, down from 134 in July 2005, but up from 121 in 2000 and 2001. These flights were to 47 domestic destinations in 2007, the highest of all previous study years. A very large proportion of Miami's scheduled commercial flight departures were to international destinations; international service at each of Florida's commercial airports is discussed in a subsequent section of this document.

- In the summer of 2001, nonstop service from Miami International included 1,849 weekly departures to destinations throughout the U.S. This represented a decline in weekly departures of almost 6 percent from the summer of 2000. This was due largely to increased low-fare competition at Fort Lauderdale International Airport. This trend continued, and by the summer of 2003, Miami International reported 1,453 weekly departures to destinations in the U.S. This figure rebounded somewhat by the summer of

2005, when weekly domestic departures increased to 1,551 before declining once more to 1,532 in 2007.

- ❑ During the summer of 2001, Miami had nearly 600 weekly scheduled departures to six different cities in Florida, including 215 flights to Orlando International. However, during the summer of 2000, over 700 weekly instate departures were scheduled to nine different Florida airports, representing a 16 percent decline in one year. By the summer of 2003, Miami International reported 342 weekly departures to other Florida cities, a number that increased slightly by July 2005 to 349. Flights to other Florida cities increased again in July 2007 to 358 flights with service to seven Florida cities.
- ❑ In the summer of 2001, nearly 250,000 weekly seats departed Miami for other U.S. destinations, about six percent less than the summer of 2000. The decreasing trend in domestic service from Miami International continued through 2003. By the summer of 2003, the airport reported 198,262 weekly departing seats to destinations within the U.S. Growth in weekly departing seats occurred by the summer of 2005, when weekly domestic departing seats increased to 207,800. This growth was short-lived, as weekly departing seats fell once again to 201,200 in the summer of 2007.
- ❑ In 2000 and 2001, approximately nine (9) percent of the seats that left Miami each week were onboard turboprop aircraft; these seats were destined to other locations in Florida and nearby islands. By 2003 and continuing through 2005, the percent of departing seats on turboprop aircraft had fallen to four (4) percent. In July 2007, the percentage of departing seats on turboprop aircraft stood at 4.5 percent.
- ❑ Almost 90 percent of the market's weekly domestic scheduled seats were on jets in the summers of 2000 and 2001. This percentage increased to almost 94 in the summer of 2003 before retreating to 92 percent in 2005 and 89 percent in 2007. The airport currently has a higher percentage of its departures on regional jet aircraft.
- ❑ In August 2001, over 32 percent of the market's weekly scheduled domestic departures were to other cities in Florida, down from 36 percent of the departures in 2000. This trend continued. By the summer of 2003, an estimated 23.5 percent of all of Miami International's weekly departures were to other Florida destinations; in 2005, this figure dropped to 22.5 percent. Recovery occurred in this measure in 2007, with 23.4 percent of departures destined for other Florida cities.
- ❑ Nonstop domestic service remained well-matched to originating domestic passenger demand. While top passenger O&D regions remained unchanged between the previous reporting period and this update, changes in the airport's percent of weekly domestic departures to various regional destinations were observed. Departures to the Southeast and Southwest increased. Weekly departures to other destinations in Florida remained steady.

| U.S. Destination Region | Domestic Passenger Originations | | Scheduled Domestic Departures | |
|--------------------------------|------------------------------------|----------------|----------------------------------|----------------|
| | Prior Study | Current Update | Prior Study | Current Update |
| Northeast | 34% | 36% | 25% | 25% |
| Midwest | 17% | 15% | 12% | 11% |
| Southeast (excl. FL) | 16% | 15% | 20% | 21% |
| Florida Only | 4% | 5% | 23% | 23% |
| Southwest | 12% | 12% | 5% | 6% |
| South Central | 8% | 8% | 10% | 9% |
| Mid South | 3% | 3% | 5% | 4% |
| North Central | 3% | 3% | 1% | 1% |
| Northwest | 2% | 2% | 0% | 0% |

Palm Beach International Airport

Palm Beach International has seen fluctuations in air service since 1999. Domestic enplanements grew slightly between 1999 and 2000, from about 2.93 million to 2.97 million, before falling to 2.75 million in 2002, a decrease of about six (6) percent. By 2004, however, enplanements grew to 3.28 million, and enplanements continued to increase in 2006 to 3.42 million. The number of weekly departures declined by 2003, after peaking in 2001. Weekly departures increased from 589 in 2000 to 613 in the summer of 2001, before falling to 483 in July 2003. As of July 2005, however, weekly departures had increased to 505, and further increased to 519 in July 2007. In 2003, Palm Beach International's number of weekly departing seats returned to pre-9/11 levels, to about 65,100; and by July 2005, weekly departing seats had climbed further to 71,800 per week. A reduction in departing seats occurred by the summer of 2007, when 66,100 departing seats were available. Average seats per flight increased steadily from 108 in 2000 to 124 in 2001 to 135 in 2003. The recent high was 142 seats per aircraft in the summer of 2005. Average seats-per-flight fell by 2007 to 127. Despite a decline between 2005 and 2007, average seats-per-flight have increased overall from 108 in 2000 to 127 in 2007, illustrating deployment of larger aircraft by airlines serving Palm Beach.

- ❑ This market had 613 weekly scheduled departures in August 2001 to various destinations in the U.S., up 4 percent from 589 weekly departures in July 2000. By the summer of 2003, however, weekly scheduled departures had fallen to 483. In July 2005, weekly scheduled departures had increased to 505 and weekly scheduled departures were up further to 519 in July 2007.
- ❑ Nonstop scheduled departing seats rose markedly between 2000 and 2001, up 19 percent to nearly 76,000 weekly departing seats. By the summer of 2003, the number of weekly departing seats was down to approximately 65,100. This figure recovered partially by the summer of 2005, when it reached nearly 71,800, before falling again to 66,100 in July 2007.
- ❑ The increase in scheduled service measures reported in 2001 was attributed largely to Southwest Airlines which entered the market in January 2001. This carrier provided six daily flights to Tampa, three daily flights to Orlando, and two daily flights to Baltimore

- and Nashville. By 2005, Southwest had added Long Island-Islip as a nonstop destination, and JetBlue had entered the market with nonstop flights to New York-JFK, adding options for Palm Beach's important New York market. By 2007, Southwest had added new low-fare service to Philadelphia.
- ❑ In the summer of 2001, there were 158 weekly scheduled departures to different locations in Florida; these instate flights accounted for nearly 26 percent of the market's weekly scheduled domestic departures. There were approximately the same number of instate departures at the airport one year earlier. By the summer of 2007, however, the airport's number of instate weekly departures had fallen to 55; this number of weekly departures accounted for approximately 11 percent of the airport's total number of scheduled departures.
 - ❑ Over 97 percent of the weekly scheduled domestic seats in the summer of 1999 were on jets, up from 92 percent in 2000. By the summer of 2003, the percentage of departing seats on jet aircraft had fallen to 95 percent, but rebounded to 97.3 percent by July 2005. Turboprop and RJ departures increased by 2007, reducing Palm Beach jet departures to 94.4 percent.
 - ❑ Nonstop domestic service could be better matched to originating domestic passenger demand. While the airport's distribution of originating passengers remained more or less unchanged from the last reporting period, the airport's regional distribution of departing domestic flights has changed. The percentage of weekly scheduled departures to cities in the Northeast and South Central U.S. has increased. Weekly scheduled departures to other Florida cities, as a percent of the total, have remained unchanged.

| U.S. Destination Region | Domestic Passenger Originations | | Scheduled Domestic Departures | |
|----------------------------|------------------------------------|----------------|----------------------------------|----------------|
| | Prior Study | Current Update | Prior Study | Current Update |
| Northeast | 64% | 64% | 51% | 54% |
| Midwest | 12% | 13% | 8% | 7% |
| Southeast (excl. FL) | 8% | 8% | 24% | 20% |
| Florida Only | 2% | 2% | 11% | 11% |
| Southwest | 6% | 5% | 0% | 1% |
| South Central | 4% | 4% | 6% | 8% |
| Mid South | 3% | 2% | 0% | 0% |
| North Central | 1% | 1% | 0% | 0% |
| Northwest | 1% | 1% | 0% | 0% |

Key West International Airport

Domestic enplanements at Key West fell between 2000 and 2002, from 267,700 to 226,000, for a decline of about 16 percent. This trend reversed by 2004, when airlines serving Key West enplaned 275,200 domestic passengers. Further growth occurred through 2006, when the airport enplaned 294,000 passengers. The number of weekly departures varied from 325 in 2000 to 304 in 2001 to 280 in 2003 and to 286 in 2005. In 2007, weekly departures numbered 238. Average departing seats per week, however, continued the growth pattern seen in the previous update of this study. After beginning in 2000 at 25 seats per flight, this measure dipped to 24 in 2001, but jumped to 28 in 2003. In 2005, this figure increased further to 31 seats per flight and onward to

33.4 seats per aircraft in 2007. Key West International was served in July 2007 by regional jets on nine flights per day, a continued change from previous years in which the airport was served solely by turboprop aircraft.

- ❑ This market had no scheduled service to destinations outside of Florida in 2000 and 2001. By the summer of 2003 and continuing into 2005, however, regional jets were providing service to Atlanta.
- ❑ In the summer of 2001, the Key West market had 304 weekly scheduled departures to six different locations in Florida, down slightly from 2000 levels of 325 weekly flights. By the summer of 2003, Key West had 266 weekly scheduled departures to five destinations in Florida, a figure that remained stable in 2005. By 2007, however, instate departures from Key West fell to 216 per week. Six Florida cities (Fort Lauderdale, Fort Myers, Miami, Naples, Orlando, and Tampa) were served nonstop from Key West in 2007.
- ❑ The market's top domestic travel destinations continued to be in the Southeast (including Florida), the Northeast, and the Midwest; combined, domestic originating passenger demand to cities in these regions accounts for about 85 percent of the market's annual enplaned passenger demand.
- ❑ Scheduled commercial airline service to Key West International is limited by the length of the airport's runway.

The Florida Keys Marathon Airport

The airport serving Marathon has seen commercial service come and go in recent years. In the summers of 2000 and 2001, when this report was previously prepared, the airport was without commercial airline service. When this report was updated in 2005, limited commercial airline service had been restored to the airport. Since commercial airline service was not available for this airport in 2000 and 2001, comparative data was not available for presentation and discussion.

In 2003, limited service was reinstituted to this airport on Florida Coastal Airlines. This small airline offered 10 weekly departures to Fort Lauderdale – Hollywood International on Cessna 402 eight-seat propeller-driven aircraft. In the summer of 2005, Florida Coastal had increased its offerings at Marathon to 13 weekly flights to Fort Lauderdale and two weekly flights to Key West. This Key West service was a “tagged” flight; that is, the route was comprised of a one-stop flight from Fort Lauderdale to Marathon to Key West. Given the relatively short distance between Marathon and Key West, it is unlikely that many originating passengers traveled this route.

By the summer of 2007, Marathon was served daily by flights to Atlanta on ASA, a Delta Air Lines regional partner. This service proved short-lived; as of October 2007, the airline had withdrawn from the market, leaving the community without scheduled air service once more.

East Central Florida Region

Orlando International Airport

Like most airports in this study, Orlando International saw a significant decline in its level of enplanements after 9/11. In 1999, just over 11 million originating passengers boarded a domestic flight at this airport, a number that climbed to 11.75 million just a year later. By 2002, however, this number had fallen to 10.73 million, or a nine (9) percent reduction in domestic passenger traffic. A full recovery was seen by 2004 when the airport enplaned 12.84 million passengers. Continued growth was seen through 2006, when enplanements counts totaled 14.1 million. Between 2000 and 2003, the airport's number of weekly departures fell from 2,827 in 2000 to 2,720 in 2001, further declining to 2,361 in July 2003. Extensive growth in departures commenced thereafter, and by the summer of 2005, the airport reported 2,904 weekly departures. The airport's number of weekly departures increased further to 3,132 in 2007. The average number of seats per flight increased over the period, rising from 122 in 2000, to 128 in 2001 and to 131 in 2003. By 2007, seats per flight increased to 134. Further, domestic destinations served nonstop from Orlando International increased from 67 in 2001 to 87 in July 2007.

- ❑ In the summer of 2001, Orlando International had 2,720 scheduled departures each week to destinations throughout the U.S., down from 2,827 in the summer of 2000. By the summer of 2003, weekly scheduled domestic departures had fallen further to 2,361. Weekly departures rebounded to 2,904 by the summer of 2005. Further growth was seen through July 2007, when airlines scheduled 3,132 domestic departures each week.
- ❑ Scheduled nonstop weekly departing seats rose 1.6 percent between the summer of 2000 and 2001, from 343,800 to 349,150. By the summer of 2003, this number had fallen to 320,441 after post-9/11 airline cutbacks. A return to growth came quickly, with departing nonstop seats reaching 380,500 per week in July 2005. Extensive growth continued through the summer of 2007 when airlines offered 419,200 seats each week.
- ❑ In the summer of 2001, this market had a high number of weekly departures to cities in Florida with 531 weekly flights. Instate weekly departures were down nearly 17 percent from 2000, when the airport reported 631 instate departures. Scheduled weekly departures to other destinations in Florida fell further in 2003 to 343. This decline continued in 2005, when the airport reported 301 weekly instate departures. Growth returned in 2007, when 328 instate departures were offered each week.
- ❑ In the summer of 2000, approximately 23 percent of Orlando International's weekly scheduled departures were to destinations in Florida, a figure which fell to 19 percent the next year. By the summer of 2003, the airport's percentage of instate scheduled weekly departures had fallen to 14 percent, and in July 2007 this figure was 10.4 percent.
- ❑ In the summer of 2001, over 95 percent of the scheduled weekly seats from Orlando were on jets, up slightly from 94 percent in 2000. By the summer of 2003, this percentage had fallen to 93 percent, and a precipitous decrease in jet departures had occurred by 2005, when just 78 percent of departures were onboard jet aircraft. This decrease in jet departures occurred as the number of regional jets serving Orlando International continued to increase. By 2007, however, this decline had been reversed, as more than 95 percent of departing seats were deployed on large jet aircraft.

- ❑ Seats on turboprop aircraft accounted for about 4 percent of all seats that left the market each week in the summers of 2000, 2001, 2003, and 2005. This figure fell to three (3) percent in 2007. These aircraft were used primarily to serve other destinations in Florida.
- ❑ The market's scheduled nonstop domestic service is well-matched to originating passenger demand. While the airport's regional distribution of its O&D passengers remained largely unchanged between this reporting period (summer 2007) and the prior reporting period (summer 2005), some changes in the regional distribution of scheduled departing domestic flights were noted. The percentage of scheduled departures to cities in the Northeast, Southeast and Midwest increased slightly, but scheduled departures to other cities in Florida declined.

| U.S. Destination Region | Domestic Passenger Originations | | Scheduled Domestic Departures | |
|----------------------------|------------------------------------|----------------|----------------------------------|----------------|
| | Prior Study | Current Update | Prior Study | Current Update |
| Northeast | 40% | 40% | 31% | 33% |
| Midwest | 21% | 20% | 20% | 20% |
| Southeast (excl. FL) | 10% | 10% | 17% | 17% |
| Florida Only | 2% | 2% | 10% | 10% |
| Southwest | 9% | 9% | 3% | 3% |
| South Central | 8% | 8% | 9% | 9% |
| Mid South | 5% | 5% | 8% | 7% |
| North Central | 4% | 3% | 2% | 1% |
| Northwest | 2% | 2% | 0% | 0% |

Melbourne International Airport

Domestic enplanements at Melbourne International have decreased significantly over the past few years. In 1999, the airport served about 262,500 domestic enplanements, compared to 253,000 in 2000, 191,500 in 2002, and 188,700 in 2004. The change from 1999 to 2004 levels represents about a 28 percent decrease in enplanements. Some recovery was seen in 2005, but in 2006 a precipitous decline occurred and enplanements fell to just 162,100. The number of departing seats available each week initially increased from 6,300 in July 2000 to 9,650 in August 2001, before falling to about 4,470 in July 2003. The number of weekly departing seats increased between July 2003 and July 2005, to 7,105. As with enplanements, weekly departing seats dropped dramatically in 2007 to just 3,656. Similarly, weekly departures increased initially from 63 in 2000 to 86 in 2001. This measure fell to 58 weekly departures in 2003, but recovered considerably to 104 by the summer of 2005 before falling to 40 in 2007. The number of nonstop domestic destinations served from the airport rose from just two (2) in 2000 to six (6) in 2001, declined to four (4) in 2003, but rose to six (6) again in 2005 and stood once again at two (2) in 2007. The 2003 update of this document reported Melbourne's nonstop destinations as major connecting hub airports in Atlanta, Cincinnati, Dallas/Ft. Worth, and Orlando. In 2005, airlines ceased serving Dallas and Orlando nonstop from Melbourne, but added New York – JFK and Washington – Dulles, as well as instate flights to Daytona Beach and Fort Lauderdale. In 2007, just Atlanta and Washington – National were served nonstop from Melbourne.

- ❑ In the summer of 2001, this market had nonstop service to six (6) airports including three (3) domestic connecting hubs beyond Florida (Atlanta, Newark, and Cincinnati). By the summer of 2003, the airport had service to Atlanta, Cincinnati, Orlando, and Dallas. As of July 2007, airlines serving Melbourne offered nonstop flights to just Atlanta and Washington – National; Atlanta is a major connecting hub.
- ❑ The market had 86 weekly scheduled departures in the summer of 2001, up 37 percent from the summer of 2000. By the summer of 2003, scheduled weekly departures had fallen to 58, but rebounded to 104 in 2005. By 2007, however, weekly departures fell to just 40, the lowest level seen since this reporting process started.
- ❑ Between 2000 and 2001, this market saw an increase in the number of airlines providing service. By the summer of 2003, airline cutbacks reduced the number of carriers in this market to two (2). By 2005, a third airline was serving the market. Delta was the only mainline carrier serving the market in 2003, 2005 and 2007.
- ❑ Between the summer of 2000 and 2001, new nonstop service was provided between Melbourne and one instate Florida destination, Ft. Lauderdale. By the summer of 2003, Melbourne's only instate service was to Orlando. In July 2005, Fort Lauderdale and Daytona Beach could be reached nonstop from Melbourne. As of July 2007, no instate service is offered from Melbourne.
- ❑ In the summer of 2000 and 2001, all seats that left this market each week were on jet or regional jet aircraft. By the summer of 2003 and continuing through 2005, turboprop aircraft were being used to serve the instate routes. This turboprop service ended by the summer of 2007.
- ❑ Nonstop domestic service in this market could be better matched to originating domestic passenger demand. Nearly 33 percent of this market's originating passengers have destinations in the Northeast, but only 15 percent of nonstop departures are to a city in the Northeast. Just 20 percent of all passengers originating from this airport travel to destinations in the Southeast or Florida; 85 percent of Melbourne's weekly departures are traveling to cities in this region.

Daytona Beach International Airport

Like the other airports in this region, Daytona Beach International saw fluctuations in the number of domestic passengers it serves. In 1999, the airport served about 253,700 enplanements, compared to 246,500 a year later. In 2002, about 220,500 originating passengers boarded flights at the airport. However, in 2004, the airport served 290,800 enplanements, but these gains disappeared by 2006, when 243,100 originating passengers began a trip at the airport. The change between 1999 and 2006 represents about a four percent decrease in enplanements. Between 2000 and 2005, weekly departures during summer months increased from 56 in 2000, to 66 in 2001, to 68 in 2003, to 117 in 2005, but fell more than 50 percent to 57 in 2007. In the same years, the average number of seats per flight decreased from 103 to 97, from 97 to 90, and from 90 to 71 as service at the airport moved away from full size jets to regional jet aircraft. Large jets returned to the airport in 2007 as seat counts per departing aircraft increased to an average of 116. This increase is due in part to new low-cost service on AirTran; this carrier does not employ regional jets.

- ❑ In the summer of 2000, Daytona Beach had 66 weekly nonstop flight departures and nearly 6,400 weekly departing seats to destinations within the U.S. Information for the summer of 2005 shows that weekly scheduled departures at Daytona Beach International increased to 117, with weekly scheduled departing seats rising to 7,015. By the summer of 2005, scheduled service (departures and seats) was notably above levels experienced in the summer of 2003. Service fell in 2007 to historic lows of 57 weekly departures and 6,589 weekly departing seats.
- ❑ In previous reporting periods, nonstop domestic service was on flights to four (4) airline connecting hubs beyond Florida, namely Atlanta, Cincinnati, Dallas, and Newark. In the summer of 2005, the airport continued to have service to most of these same destinations; Dallas service, however, had been discontinued. Commuter service to Jacksonville, Orlando, and Melbourne was provided in July 2005 by Vintage Props and Jets. Continental and Delta were, as of the summer of 2005, the airport's mainline carriers, and were joined by AirTran by July 2007.
- ❑ In 2000, 2001, and 2003, all weekly scheduled seats departing this market were on jet or regional jet aircraft. In 2005, turboprop service was also provided linking Daytona and Melbourne with Orlando International. This service was withdrawn by July 2007.
- ❑ There were no scheduled flights to other Florida destinations in the summer of 2001. In the summer of 2003 and continuing into 2005, service to Orlando and Melbourne was available. In 2007, no instate service was offered.
- ❑ The airport's level of scheduled departures is not particularly well matched to the market's originating domestic passenger demand. USDOT statistics show that 45 percent of the airport's passengers have originations or destinations in the Northeast, 23 percent in the Midwest, and 12 percent in the Southeast. The Northeast and Southeast are the regions served by the airport's scheduled airlines; however, these departures are not offered in the same regional proportions as passenger demand. Scheduled departures to the Northeast account for 14 percent of all departures, while scheduled departures to the Southeast account for 86 percent of the airport's scheduled weekly departures. Destinations in other major demand regions, the Midwest and Southwest, are not served nonstop from Daytona Beach.

Orlando-Sanford International Airport

Orlando-Sanford saw its enplaned passenger numbers swell from about 42,000 to 79,400 between 2000 and 2002, for an increase of about 89 percent in two years. These enplanement figures fell in 2004 to just less than 60,000. Consistent offerings helped encourage greater demand at Sanford through 2006. As a result, originating passenger traffic grew to 283,900 in 2006. The airport's domestic carriers, Allegiant Air, Pan-Am Airlines, and Transmeridian Airlines, served 19 destinations in 2005, up from just two in 2003. By July 2007, just Allegiant remained, but had expanded offerings to 24 cities. The airport had 78 weekly departures in July 2007, down from 107 weekly departures in 2005. A large percentage of this airport's passengers continue to be served by charter airlines.

- ❑ In the summer of 2000, Orlando-Sanford had 19 scheduled weekly departures. This figure increased to 31 in 2001. By the summer of 2003, the airport's weekly scheduled

- departures had returned to their summer of 2000 level of 19. In July 2005, the airport reported 107 weekly departures, but service retreated somewhat to 78 departures per week in 2007.
- ❑ In the summer of 2000, the airport averaged 3,287 scheduled departing seats per week. This number increased to 17,404 in July 2005, before falling rather significantly to 11,700 in July 2007.
 - ❑ In the summer of 2000, Pan Am provided nonstop service to three destinations. By 2001, this airline had added three (3) new destinations. In the 2003 update of this study, it was reported that Pan Am's departures were to just two cities. By 2005, Pan Am served five destinations, and was joined by two additional airlines, Allegiant Air and Transmeridian. In 2005, the airport could claim service to 19 nonstop destinations. This grew to 24 in 2007, despite the loss of both Pan Am and Transmeridian.
 - ❑ In 2000, 2001, and 2003, Sanford had no scheduled flights to other cities in Florida. In 2005, Pan Am operated one weekly nonstop to St. Petersburg-Clearwater International, but this flight ceased when Pan Am stopped operations. In 2007, no instate service was offered from this airport.
 - ❑ The cities served by airlines at Orlando-Sanford in July 2005 and the demand patterns of the airport's passengers were fairly well-matched. In 2006, 41 percent of Orlando-Sanford originations were destined for the Midwest and 32 percent to destinations in the Northeast. In July 2007, 38 percent of all departures from the airport were to the Midwest, but just 12 percent were to destinations in the Southeast. However, it should be noted that much of Allegiant's service is to regions that are underserved by traditional mainline carriers. For example, nonstop service exists on Allegiant to North Central states including Iowa and the Dakotas, states which are not served nonstop from any Florida airport by mainline carriers.
 - ❑ In addition to scheduled service, this airport accommodates a notable amount of both domestic and international charter service that is not captured in this analysis.

West Central Florida Region

Tampa International Airport

Tampa International has experienced fluctuations in its enplanement levels since the summer of 2000. While the airport added to its enplanements between 1999 and 2000, increasing from 6.52 million enplanements to about 6.96 million. Its 2002 total enplaned domestic passengers decreased to about 6.69 million. However, by the end of 2004, enplanements at Tampa International topped 7.47 million, and increased to 8.08 million in 2006. This level represents about a 24 percent increase from 1999 totals. While enplanements increased, weekly domestic departures from the airport have fallen slightly overall. Airlines at Tampa offered 1,975 weekly flights in 2000 and 1,987 flights in 2001, before falling to 1,681 flights by the summer of 2003. This figure recovered in part by the summer of 2005 when weekly departures numbered 1,936, but fell again in the summer of 2007 to 1,843. Some of this decline in weekly flights came from changes in the size of the aircraft used to serve the airport. The average size of aircraft at Tampa International has increased steadily since July 2000, beginning at an average of about 104 seats that year and ending in July 2007 at about 123 seats per flight.

- ❑ In the summer of 2001, this market had 1,987 weekly scheduled departures to locations throughout the U.S., slightly higher than offerings during the summer of 2000. By the summer of 2003, weekly scheduled domestic departures from Tampa International had fallen to 1,681. By July 2005, however, this figure had rebounded to 1,936 before sliding once more to 1,843 in the summer of 2007.
- ❑ In the summer of 2001, over seven (7) percent more weekly scheduled departing seats were offered at this airport compared to one year earlier. In the summer of 2001, Tampa International had 219,291 scheduled departing weekly domestic airline seats. By the summer of 2003, this number had fallen to 201,413. Airlines serving Tampa had increased offerings by July 2005 to nearly 229,000 weekly departing seats. This figure fell slightly to 226,000 in July 2007.
- ❑ In 2000, 37 percent of the Tampa International's departures were provided to instate destinations. This ratio dropped slightly to 36 percent in 2001. In the summer of 2003, 27 percent of all of Tampa's scheduled weekly departures were to other markets in Florida. This decline continued in 2005 and 2007, when 24 percent of all of Tampa's departing aircraft were bound for Florida destinations.
- ❑ In the summer of 2001, over 93 percent of the weekly seats that departed this market each week were on jet aircraft, up from 92 percent in the summer of 2000. By the summer of 2003, almost 95 percent of all weekly departing domestic seats were on jet aircraft. This figure once again stood at 93 percent in 2005 and rose again in 2007 to 96 percent.
- ❑ In the summer of 2001, this market had one daily scheduled flight on a regional jet. There were no regional jets serving the market in the summer of 2000. By the summer of 2003, almost three (3) percent of all scheduled departing domestic seats were on regional jet aircraft; by 2005, regional jet aircraft comprised nearly five (5) percent of departing domestic seats. This figure fell to two (2) percent in 2007.
- ❑ In the summer of 2001, seven (7) percent of the scheduled weekly seats were on turboprop aircraft, down slightly from 2000; these flights served other destinations in Florida. By the summer of 2007, seats on turboprop aircraft accounted for only two (2) percent of all departing seats on a weekly basis.
- ❑ Nonstop domestic service is fairly well matched to some originating passenger demand and could be better matched in other instances. Since the last update of this report, the airport's combined percentage of departures to both the Northeast and the Midwest increased. These regions represent the top domestic origination and destination markets for the airport. Since the last update of the report, the total percentage of flights departing to other destinations in Florida from Tampa International has fallen.

| U.S. Destination Region | Domestic Passenger Originations | | Scheduled Domestic Departures | |
|----------------------------|------------------------------------|----------------|----------------------------------|----------------|
| | Prior Study | Current Update | Prior Study | Current Update |
| Northeast | 38% | 38% | 25% | 29% |
| Midwest | 20% | 21% | 18% | 16% |
| Southeast (excl. FL) | 9% | 9% | 14% | 13% |
| Florida Only | 5% | 6% | 24% | 24% |
| Southwest | 10% | 9% | 3% | 3% |
| South Central | 8% | 8% | 8% | 10% |
| Mid South | 6% | 5% | 7% | 5% |
| North Central | 3% | 3% | 1% | 1% |
| Northwest | 2% | 2% | 0% | 0% |

Sarasota-Bradenton International Airport

In the period since the end of 2000, Sarasota-Bradenton experienced a significant decrease in enplanements followed by a remarkable recovery. While the airport's enplanements stayed constant between 1999 and 2000 at slightly more than 680,000, its level of enplanements dropped to 535,000 in 2002, and rose only to 537,000 in 2004. By the end of 2006, however, passenger totals reached 674,100, nearly erasing declines seen in earlier study years. During the 2000-2005 period, the number of weekly departures from the airport fell from 171 in July 2000 to 109 in August 2001, before recovering somewhat to 121 departures per week in July 2003. In July 2005, the airport had nearly regained all the weekly departures it had lost since 2000, reporting 167 weekly flights. This figure fell once more in 2007, to 149. The airport can now boast two low-fare carriers, AirTran, which operates flights to Atlanta, Baltimore, and Chicago-Midway and JetBlue with flights to JFK.

- ❑ In the summer of 2001, this market had 109 scheduled departures each week, 36 percent fewer flights than in the 171 offered in the summer of 2000. By mid-2003, scheduled weekly departures from the airport had climbed back to 121. July of 2005 saw further recovery with 167 weekly departures, but the airport lost ground in 2007 as it had 149 departures each week.
- ❑ Sarasota lost scheduled service to Miami and Orlando between 2000 and 2001, and as of the summer of 2001, 19 of the market's weekly departures were intrastate flights to just one other Florida airport, Ft. Lauderdale. In the summer of 2003, the airport had 26 scheduled departures to two instate airports, Fort Lauderdale and Tampa, a figure that remained the same through July 2005. By July 2007, however, instate service was reduced to 14 weekly flights to just Tampa.
- ❑ In the summer of 2001, 93 percent of the scheduled weekly seats that left this market were on jet aircraft, up from 83 percent in the summer of 2000. By the summer of 2003, the airport's percentage of departing jet seats had fallen to about 82 percent, and by 2005, to 79 percent. This figure stood at 75 percent in 2007. This airport has experienced a large influx of regional jets into its operating fleet.
- ❑ In the summer of 2001, seats on regional jets accounted for approximately five (5) percent of the total that departed the market each week and turboprop seats made up

another two (2) percent. By the summer of 2003, these figures were 15 percent for regional jet seats and two (2) percent for turboprop seats. By the summer of 2005, 20 percent of Sarasota's departing seats were on board regional jets, and slightly more than one (1) percent was on turboprops. By July 2007, regional jets comprised 24 percent of all departing seats, with turboprops accounting for less than one (1) percent.

- Nonstop scheduled domestic departures could be much better matched to the market's originating passenger demand. Approximately 70 percent of all passengers who originate at this airport have a destination in the Northeast or Midwest, yet only 30 percent of all departing flights from the airport travel to these regions. Sarasota's nonstop service to the Southeast, including Florida, make up 70 percent of all departing flights, but only 13 percent of the airport's travelers fly to destinations in that region.

| U.S. Destination Region | Domestic Passenger Originations | | Scheduled Domestic Departures | |
|----------------------------|------------------------------------|----------------|----------------------------------|----------------|
| | Prior Study | Current Update | Prior Study | Current Update |
| | | | | |
| Northeast | 32% | 34% | 9% | 19% |
| Midwest | 38% | 35% | 21% | 10% |
| Southeast (excl. FL) | 13% | 15% | 55% | 57% |
| Florida Only | 0% | 0% | 16% | 9% |
| Southwest | 5% | 5% | 0% | 0% |
| South Central | 4% | 4% | 0% | 5% |
| Mid South | 4% | 3% | 0% | 0% |
| North Central | 3% | 2% | 0% | 0% |
| Northwest | 1% | 1% | 0% | 0% |

St. Petersburg-Clearwater International Airport

In both the summer of 2000 and 2001, the airlines serving St. Petersburg had about three (3) departures per day to two (2) domestic destinations. In July 2003, ATA offered about five (5) departures per day to five (5) U.S. destinations, including three (3) West Coast destinations, Las Vegas, Los Angeles, and San Francisco. As a result, the airport was able to increase its enplanement level between 1999 and 2004 by about 28,000 passengers per year, from 185,500 to about 223,500. In early 2005, ATA declared bankruptcy and was acquired by Southwest Airlines; this airline subsequently ceased service to St. Petersburg. This action left Pan Am and USA 3000 as the airport's remaining carriers, offering 30 weekly flights to ten (10) destinations. By July 2007, the airport was served by Allegiant and USA3000 to 21 cities, and enplanements for 2006 stood at 172,900.

- In the summer of 2001, this market had 20 weekly scheduled departures on one carrier, ATA. This was nearly the same level of service provided at this airport one year earlier. By the summer of 2003, the airport reported 52 scheduled weekly departures, all provided by ATA. In the summer of 2005, the airport's service was provided by Pan Am and USA 3000, with 30 weekly nonstop departures. By July 2007, Allegiant and USA3000 offered 66 weekly flights.
- In the summer of 2001, the airport reported 3,460 scheduled weekly seats. By the summer of 2003, this number had increased to 10,191. As of July 2005, this statistic

stood at 4,956. Recovery occurred by July 2007, when airlines offered 10,400 seats per week.

- ❑ In the summer of 2000 and the summer of 2001, the destinations for all of St. Petersburg's scheduled flights were cities in the Midwest; service was well-matched to the demands of the market's originating domestic passengers. In the summer of 2003, service included flights to Chicago, Indianapolis, Los Angeles, San Francisco, and Las Vegas. In the summer of 2005, service was limited to destinations in the Northeast, Midwest, Florida. Some diversification of destinations offered took place in July 2007, as airlines flew to destinations in five different U.S. geographic regions.
- ❑ The market had no scheduled instate in 2000, 2001, or 2003. Service was provided to Orlando-Sanford four times a week in July 2005, but this service was terminated by July 2007.
- ❑ All of the scheduled seats that leave this market each week continue to be on large jets.

Northeast/North Central Region

Jacksonville International Airport

After experiencing growth in its level of enplanements for much of the 1990s, Jacksonville International saw its domestic traffic fall about 14 percent between 2001 and 2003, from 2.44 million enplanements to about 2.25 million. By the end of 2004, passenger traffic had nearly reached 2001 levels, increasing to 2.42 million annual enplanements. Data for 2006 shows considerable recovery in passenger traffic, to 2.77 million. Similar to passenger counts, the airport's level of weekly departures increased through the 1990s until 2001, after which they fell by 50 flights per week, from 735 in 2001 to 685 in July 2003. The decrease was erased entirely by 2005 when the airport reported 769 weekly departures. By 2007, the airport reported 841 weekly flights. The average number of seats per flight changed little between July 2000 and July 2003, falling slightly from 105 seats to 103 seats. This figure fell to 98 seats per flight in the summer of 2005 as Jacksonville's airlines shifted to smaller regional jet aircraft, but rose again to 101 in 2007. Nonstop service existed to 33 U.S. cities in 2007, up from 26 in 2005.

- ❑ In the summer of 2001, this airport had nonstop scheduled flights to 28 different domestic locations, up from 27 nonstop destinations one year earlier. In the summer of 2003, the number of nonstop domestic markets served decreased to 24, before rebounding to 26 in 2005 and to 33 in 2007.
- ❑ Both nonstop weekly departures and departing seats increased slightly between the summers of 2000 and 2001. By the summer of 2003, weekly departures had fallen from 735 to 685, and weekly departing seats had dropped from 77,400 to 70,600. These trends reversed by 2005, with departures reaching 769 and seats increasing to 75,324. Further growth occurred by 2007 as the airport recorded its highest levels of weekly scheduled departures (841) and departing seats (85,100).
- ❑ In the summer of 2001, there were 191 weekly departures to six (6) different cities in Florida from this airport. This represented an increase of five (5) weekly departures to one additional Florida destination from one year earlier. By 2003, weekly

departures to other cities in Florida declined to 109, and the number of Florida cities served fell from six (6) to three (3). In the summer of 2005, instate departures had increased slightly, to 119 weekly departures to three (3) cities. These figures remained fairly steady in 2007, at 117 departures to three (3) Florida cities.

- ❑ In both 2000 and 2001, 87 percent of all seats that were scheduled from this market each week were on jet aircraft. By 2005, this percent had fallen to 76 percent, where it stayed through 2007. This change was reflection of the use of more regional jet aircraft serving the airport.
- ❑ In 2001, seven (7) percent of scheduled seats each week were on regional jet aircraft. By the summer of 2007, 22 percent of the airport's departing weekly seats was on regional jet aircraft.
- ❑ In 2001, six (6) percent of scheduled weekly seats departing Jacksonville were on turboprop aircraft. By the summer of 2007, this measure had fallen to just two (2) percent of all weekly departing seats.
- ❑ With the exception of flights to destinations in the Southwest region, scheduled nonstop domestic departures from this market are generally well-matched to demand from the market's originating domestic passengers:

| U.S. Destination Region | Domestic Passenger Originations | | Scheduled Domestic Departures | |
|----------------------------|------------------------------------|----------------|----------------------------------|----------------|
| | Prior Study | Current Update | Prior Study | Current Update |
| Northeast | 31% | 32% | 30% | 26% |
| Midwest | 17% | 16% | 17% | 15% |
| Southeast (excl. FL) | 12% | 11% | 21% | 24% |
| Florida Only | 8% | 8% | 16% | 14% |
| Southwest | 11% | 11% | 0% | 1% |
| South Central | 9% | 10% | 8% | 12% |
| Mid South | 7% | 7% | 7% | 8% |
| North Central | 3% | 2% | 1% | 1% |
| Northwest | 2% | 2% | 0% | 0% |

Gainesville Regional Airport

Gainesville Regional's enplanement levels have steadily declined since 1999. In 1999, the airport served 142,500 enplanements. A year later in 2000, about 131,300 passengers originated flights at the airport, and in 2002 that number fell to 124,000. In 2004, the airport accommodated 123,100 enplanements. Some recovery occurred by 2006, when the airport served 138,000 enplaning passengers. The airport's number of weekly departures declined through 2003. Airlines at Gainesville Regional offered 93 weekly departures to three (3) destinations in July 2000. A year later, Gulfstream Airlines pulled out of the market, leaving just two (2) destinations served with a total of 77 flights per week. By July 2003, this number had fallen again slightly to 74 departures. By July 2005, the airport had regained service from Continental (Gulfstream) and had secured new service on Northwest. Weekly departures totaled 111 in the summer of 2005. By the summer of 2007, Northwest had left the market, and departures each week totaled 86. Average seats per flight increased slightly, from 45 in 2000 to

51 in 2007, mostly as a result of Gulfstream's smaller aircraft being removed from the airport's schedule.

- ❑ As reported in a previous update of this document in 2003, Gainesville had scheduled nonstop service to two connecting hubs in Atlanta and Charlotte, and no instate service. As of July 2005, the market had gained service to a third hub in Memphis on Northwest, and instate service was available on Gulfstream to Miami and Tampa. By July 2007, service to Memphis ceased, but the airport continued to have hub service to Atlanta and Charlotte and instate service to Miami and Tampa.
- ❑ In the summer of 2001, the market had 77 scheduled weekly departures, down 17 percent from the summer of 2000. By the summer of 2003, scheduled weekly departures had declined further to 74, but increased to 111 weekly departures by July 2005. This level was reduced with the withdrawal of Northwest service, and in July 2007 the airport had 86 scheduled departures per week.
- ❑ Scheduled weekly seats departing the market did not change substantially between the summer of 2001 and 2003. In 2001, there were 3,913 departing weekly seats and there were 3,848 in 2003. New service increased this figure to 5,260 by the summer of 2005, but this level fell to 4,445 by July 2007.
- ❑ The market had no scheduled instate service in the summer of 2001 or 2003. Previously, in the summer of 2000 Gulfstream provided nonstop service to Tampa, but this service was discontinued between the summer of 2000 and 2001. By 2005 and continuing through 2007, Gulfstream's service to Tampa had resumed and had been augmented by service to Miami.
- ❑ In both the summer of 2000 and 2001, over 55 percent of the weekly scheduled seats that departed this market were on turboprop aircraft. By the summer of 2003, this percentage had increased to almost 82 percent, but fell to 34 percent in 2005. In 2007, nearly 70 percent of departing seats were on turboprop aircraft. The remainder of the departing seats Gainesville was on regional jets; there was no scheduled large jet service at Gainesville in 2007.
- ❑ Over 45 percent of this market's originating domestic passengers was bound for destinations in the Northeast or Midwest in 2001. In 2007, this percentage remained at 45 percent; scheduled nonstop flights are not available to any locations in these two geographic regions. All of the market's scheduled weekly seats depart for cities in the Southeast or Florida.

St. Augustine Airport

Beginning July 18th, 2007, St. Augustine Airport was served by Skybus Airlines, a new ultra-low-fare carrier headquartered in Columbus, Ohio. Service as of December 2007 included once-daily flights to Columbus and to Portsmouth, NH on Airbus A319 aircraft.

Southwest Florida Region

Southwest Florida International Airport

Southwest Florida Regional succeeded in adding to its enplanement totals over the period from 1999 to 2006. In 1999, the airport served 2.16 million passengers, a number that grew to 2.36 million in 2000, 2.38 million in 2002, and 3.39 million in 2004. In 2006, enplanement levels rose to 3.55 million. The average number of seats per flight increased accordingly, from 109 in 2000 to 125 in 2007. The airport is served by several major low-cost carriers including Southwest, JetBlue, Air Tran, and Spirit; these airlines account for 40 percent of the airport's weekly departing seats.

- ❑ In the summer of 2001, nonstop domestic service was available to 24 locations; the market had 443 weekly scheduled departures. This was up from 421 weekly nonstop flights to 22 destinations offered in the summer of 2000. By the summer of 2005, 29 domestic markets had nonstop service, and scheduled weekly departures had risen to 562. These metrics fell slightly in 2007, to 28 destinations and 546 weekly flights.
- ❑ In the summer of 2001, 94 percent of all weekly scheduled seats departing this market were on jet aircraft, up from 91 percent one year earlier. This percentage increased to 95 by the summer of 2005, but fell to 83 percent in 2007 as turboprop and regional jet service was instituted on many routes.
- ❑ In the summer of 2001, six (6) percent of the market's weekly scheduled seats were on turboprop aircraft (compared to nine (9) percent one year earlier); these aircraft flew primarily to other Florida cities. This figure declined to less than three (3) percent in 2005, but increased to 11 percent in 2007. Decreased regional jet departures and increased schedules by Gulfstream account for this growth.
- ❑ In 2001, service was available to four (4) cities in Florida; the market had 98 scheduled weekly departures to Florida destinations, 25 percent fewer instate flights than the summer of 2000. By 2003, the airport had 75 scheduled weekly departures to four (4) other Florida destinations. In 2005, just 55 weekly departures were available to three (3) Florida cities, but instate service increased in 2007 to 89 weekly flights to four (4) cities.
- ❑ The market's scheduled domestic departures are somewhat matched to the top demands of the market's domestic originating passengers. Passenger demand to cities in the Northeast has increased slightly over time, but scheduled departures to cities in this geographic region, as a percent of total departures, have decreased substantially. Meanwhile, departures to other Florida cities as a percent of total have increased. The market has seen increased departures to destinations in the South Central U.S., primarily to Houston and Dallas, as well as Denver.

| U.S. Destination Region | Domestic Passenger Originations | | Scheduled Domestic Departures | |
|----------------------------|------------------------------------|----------------|----------------------------------|----------------|
| | Prior Study | Current Update | Prior Study | Current Update |
| Northeast | 41% | 42% | 33% | 28% |
| Midwest | 35% | 34% | 27% | 27% |
| Southeast (excl. FL) | 6% | 6% | 21% | 19% |
| Florida Only | 1% | 1% | 9% | 16% |

| | | | | |
|---------------|----|----|----|----|
| Southwest | 5% | 5% | 0% | 0% |
| South Central | 5% | 4% | 5% | 8% |
| Mid South | 2% | 2% | 1% | 0% |
| North Central | 6% | 6% | 2% | 2% |
| Northwest | 1% | 1% | 0% | 0% |

Naples Municipal Airport

US Airways Express pulled out of the Naples market in June 2003, leaving the airport with no commercial air service. In 2001, the airport had 55 weekly flights to three (3) Florida destinations and served about 48,200 enplanements. The airport's enplanement total fell to about 11,700 in 2002. Naples Municipal enjoyed commercial airline service for many years, and the airport was even the seasonal home base to PBA airlines. Demographically, the airport serves a growing area of Florida where per capita personal income exceeds the State average.

- As of July 2005, Delta's regional partner Atlantic Southeast Airlines (ASA) offered three (3) daily departures to Atlanta; this number fell to two in the summer of 2007. This service was terminated in October 2007. The airport's remaining carrier, Yellow Air Taxi, offered 15 weekly flights to Key West on nine-passenger Cessna aircraft.
- In the summer of 2001, this market had 55 scheduled weekly departures, down from 73 weekly flights one year earlier. In 2005, this figure was 21 weekly departures, but increased to 29 in 2007 before most service was canceled.
- In 2000 and 2001, all scheduled seats that left this market each week were on turboprop aircraft. In 2005, all seats were offered on regional jet aircraft. In 2007, 85 percent of seats were offered on RJs, with the remainder on small Cessna propeller aircraft. By the fall of 2007, all service on regional jets had been terminated.
- In 2005, this market had no scheduled service within Florida. In the summer of 2001, scheduled weekly service was available to three (3) different cities in Florida. Nonstop service to Miami was discontinued between the summer of 2000 and 2001 when American Eagle ceased flights to and from Naples. In 2007, Yellow Air Taxi offered service to Key West.
- In 2004, 44 percent of originating domestic passengers in this market were bound for destinations in the Northeast or Midwest; 35 percent of the passengers were destined for cities in the Southeast or Florida. By 2006, 39 percent were destined for the Northeast and Midwest, with 34 percent to the Southeast and Florida.

Charlotte County Airport

Beginning December 5th, 2007, Charlotte County Airport in Punta Gorda was served by Skybus Airlines, a new ultra-low-fare carrier headquartered in Columbus, Ohio. Service as of December 2007 included twice-daily flights to Columbus on Airbus A319 aircraft.

Northwest Florida Region

Pensacola Regional Airport

Pensacola Regional has seen a significant increase in its enplanement levels since 2001. In 2000, the airport served about 488,700 enplanements, a number that fell slightly in 2001 to 470,700. By 2005, the airport's enplanements had increased over 57 percent to over 741,300. Further increases in demand were seen through 2006, when 749,000 originating passengers began a trip at the airport. The airport's weekly departures have increased to match increased passenger demand, from 237 weekly outbound flights in 2001 to 313 in July 2007. The average number of seats per flight at the airport has fluctuated since 2000, moving from 76 that year to 84 in 2001, before declining to 77 in 2003 and further declining to 69 in 2005. This figure recovered to 71 seats in 2007. The decrease in 2003 and 2007 came as a result of the airlines' changing fleet mix, which at Pensacola changed from small turboprops to large jets and now to the more efficient regional jet aircraft.

- ❑ In July 2000, Pensacola had 265 weekly scheduled departures to 10 different destinations. By the next summer, these service measures had declined to 237 weekly flights to nine destinations. In July 2003, scheduled weekly departures had increased to 259, but nonstop service had fallen to seven (7) destinations. Recovery was seen in these statistics by the summer of 2005, when the airport reported 343 weekly nonstop departures to 12 destinations. Moderate declines followed in 2007, when the airport was served by 313 flights to nine (9) destinations.
- ❑ In the summer of 2001, the market had 19,947 scheduled weekly domestic seats; in the summer of 2003 this number remained basically unchanged at 19,959. By 2005, however, this figure increased to 23,500. Once again, moderate decreases came by July 2007, when airlines offered 22,100 departing seats per week.
- ❑ In the summer of 2001, the market had 71 weekly flights to three (3) cities in Florida, 13 fewer weekly instate flights than one year earlier. By the summer of 2003, weekly departures to other Florida cities had fallen to 64 and only two (2) other cities in Florida remained reachable by nonstop scheduled airline service. However, new service to Fort Lauderdale raised Pensacola's weekly instate departure count to 81 flights in 2005. In 2007, instate service consisted of 69 weekly flights to three (3) other Florida cities.
- ❑ In the summer of 2001, 91 percent of the seats leaving this market each week are on jet or regional jet aircraft, up from 80 percent in the summer of 2000. In the summer of 2003, 94 percent of all departing seats each week were on jets or regional jets, and by July 2005, that figure had increased further to 99 percent. Increased turboprop service, mainly on instate routes, drove the share of jets and regional jets to 92 percent in 2007.
- ❑ In the summer of 2001, nine (9) percent of the seats departing this airport were turboprop aircraft, down sharply from 20 percent one year earlier. By the summer of 2003, this percentage had decreased to 6 percent, and by July 2005, to slightly more than one (1) percent. This percentage increased to eight (8) percent in 2007.
- ❑ The market's scheduled nonstop service could be much better matched to originating passenger demand. Nearly 40 percent of the market's originating passengers have destinations in the Northeast or Midwest, yet only four (4) percent of the airport's

departing flights are bound nonstop for cities in these regions. The market has experienced and increase in the percentage of its departures bound for destinations in the Southeast and South Central states. Departures to cities in the Midwest and Florida have declined.

| U.S. Destination Region | Domestic Passenger Originations | | Scheduled Domestic Departures | |
|----------------------------|------------------------------------|----------------|----------------------------------|----------------|
| | Prior Study | Current Update | Prior Study | Current Update |
| Northeast | 23% | 23% | 4% | 0% |
| Midwest | 17% | 16% | 8% | 4% |
| Southeast (excl. FL) | 15% | 15% | 32% | 40% |
| Florida Only | 10% | 13% | 24% | 22% |
| Southwest | 12% | 12% | 0% | 0% |
| South Central | 13% | 12% | 25% | 27% |
| Mid South | 3% | 3% | 6% | 7% |
| North Central | 4% | 3% | 1% | 0% |
| Northwest | 2% | 3% | 0% | 0% |

Tallahassee Regional Airport

Tallahassee Regional was one of the few airports that experienced an increase in its level of domestic enplanements between 1999 and 2004. The airport served about 418,000 enplaning passengers in 1999, and by the end of in 2004, it served 580,500 enplaning passengers. This was an increase of approximately 39 percent over the four years. Originating passenger counts fell to 445,100 in 2006, as a result of the loss of low-fare service on Air Tran at Tallahassee and growth in low-fare service at Pensacola. Between 2000 and 2005, the airport's number of weekly departures fell, from 335 in July 2000 to 264 in July 2003, before rebounding somewhat in 2005 to 305. Further declines occurred by 2007, when airlines offered 250 weekly departures. The average number of seats per flight began the study period in 2000 at 46, with eight (8) of the airport's nine (9) nonstop destinations served by turboprop aircraft. In July 2003, the number of seats per flight increased to 65, with nine (9) of the airport's 10 nonstop destinations served by regional jets. The airport's average departing seats-per-flight count fell somewhat by 2007, to 49, as carriers increasingly deployed smaller regional jets on Tallahassee routes. All nine (9) of Tallahassee's nonstop destinations are currently served by regional jets, with supplemental large-jet Delta service to Atlanta and turboprop service by Gulfstream to Tampa.

- ❑ In the summer of 2001, Tallahassee had 340 scheduled weekly departures to destinations in the U.S, about the same level as in the summer of 2000. By the summer of 2003, this number of weekly departures had fallen to 264. Weekly departures recovered in 2005 to 305, but dropped considerably to 250 in 2006. At the same time the airport's number of weekly scheduled departures decreased, its scheduled weekly seats also decreased, from 15,040 in 2001 to 12,243 in 2007.
- ❑ In 2000, 74 percent of weekly departures from Tallahassee were to other cities in Florida, but by 2001, instate service made up 65 percent of the airport's total departures. Tallahassee had nonstop scheduled service to seven (7) Florida cities in 2001. By the summer of 2003, departures to other cities in Florida accounted for only 45 percent of all

weekly departures, and service was provided to a total of five (5) other Florida markets. Modest recovery in instate service occurred by 2007, when 50.4 percent of the airport's departures were to the same five (5) Florida cities.

- ❑ In the summer of 2001, almost 49 percent of this market's scheduled weekly seats were on turboprop aircraft. By the summer of 2003, the market saw a dramatic decline in the percentage of its service provided on turboprop aircraft. Total departing seats on turboprop aircraft from Tallahassee decreased to four (4) percent of the airport's total seats. In 2005, this figure stood at less than three (3) percent, but increased once again to 11.5 percent in 2007. While departures on turboprops did increase between 2005 and 2007, this relative increase in turboprop seats is largely due to the decrease in Delta mainline jet service offered at Tallahassee between 2005 and 2007.
- ❑ In the summer of 2001, 26 percent of the departing seats each week were on regional jets, compared to just six (6) percent in the summer of 2000. By the summer of 2007, 80 percent of all departing seats were on regional jets.
- ❑ In the summer of 2001, 25 percent of scheduled departing seats each week were on jets, down from 36 percent one year earlier. By the summer of 2007, nine (9) percent were on large jets.
- ❑ Beyond locations in Florida, the market's scheduled departures in 2001 were to four (4) domestic connecting hub airports: Atlanta, Memphis, Charlotte, and Cincinnati. This was up from service to two connecting hub airports in 2000. In addition to adding low fare carrier service to Atlanta in 2003, Tallahassee also secured nonstop service to Dallas. This Dallas service was later dropped along with low-fare service to Atlanta, and hub service in July 2005 consisted of Atlanta, Charlotte, Cincinnati, Houston, and Memphis. Delta withdrew its Cincinnati service in November 2005. The remaining four airports constituted the airport's hub service in 2007.
- ❑ The market's domestic service could be better matched to its originating passenger demand. Nearly 35 percent of the market's domestic passenger originations continue to be bound for cities in either the Northeast or the Midwest; no nonstop departures from Tallahassee were destined for cities in these regions. Conversely, 86 percent of flights each week were to the Southeast region (including Florida), while just 38 percent of travelers were destined for cities in this region.

Okaloosa Regional Airport (Ft. Walton Beach)

Okaloosa Regional saw a significant increase in enplanements in between 1999 and 2000, from 336,300 to 381,300, with about 180 scheduled departures each week in both years. However, the airport's enplanement level dropped to 307,700 by 2002, and airlines reduced their schedules to 165 weekly departures. Enplanements increased by 2004, to 395,000, before returning to 328,300 in 2006. The airport had 180 weekly departures in July 2007.

- ❑ In the summer of 2001, weekly service included scheduled flights to two (2) connecting hubs beyond Florida; the market had 180 scheduled weekly departures. This was the same level of service provided one year earlier. By the summer of 2003, weekly scheduled departures totaled 165, but service had expanded to include six (6) hubs beyond Florida. Departing weekly seats in 2003 (10,513) were below the 2001 level of

11,592. Service in 2005 included 181 flights each week and service to five (5) hubs, with 12,763 weekly departing seats. Weekly departures in 2007 totaled 180 with service to five (5) hubs on 10,930 seats.

- ❑ In the summer of 2001, the market had 44 weekly scheduled departures to three (3) cities in Florida. This was a decline from 49 weekly instate departures in the summer of 2000. In the summer of 2003, the airport had 43 weekly departures to two (2) destinations in Florida. Instate service continued its decline at Okaloosa in 2005, with 18 weekly flights to one Florida city. In 2007, instate service consisted of 25 flights to two (2) Florida cities.
- ❑ In 2001, 43 percent of all seats that departed this airport on a weekly basis were on turboprop aircraft, down slightly from 45 percent one year earlier. By 2005, this percentage had fallen to three (3) percent, and was less than one (1) percent in 2007.
- ❑ In 2001, 57 percent of the scheduled seats each week were on jet or regional jet aircraft, up from 55 percent in 2000. By 2005, this percentage had increased to 97 percent, and further to 99 percent in 2007.
- ❑ More than 37 percent of this airport's originating domestic passengers are bound for cities in the Northeast and Midwest, but only 0.6 percent of departing nonstop flights are destined for cities in the Midwest and none to cities in the Northeast. Conversely, over 48 percent of nonstop departures from Okaloosa are to cities in the Southeast or Florida, while less than 16 percent of passenger demand is to destinations in those regions.

Panama City-Bay County International Airport

Panama City's enplanement level has increased relatively slowly since 1999. That year, the airport served 150,500 boarding passengers. In 2000, about 160,200 travelers boarded a domestic flight at the airport, but by 2002, this number had fallen slightly to 157,100. By 2004, enplanements had climbed to 195,700, for an increase between 1999 and 2004 of 22 percent. Passenger counts at the airport declined in 2006 as 159,000 passengers began trips at the airport. Nonstop departures from the airport continue to decline. Airlines at the airport offered 139 weekly departures in July 2000, 137 in August 2001, and 116 in July 2003. In July 2005, this figure fell to 93, and fell further to 85 in July 2007. The average number of seats per flight has risen slightly on flights departing Panama City, from 42 in 2000 to 58 in 2007, as a result of continued moves by some carriers to regional jets from turboprop aircraft.

- ❑ In the summer of 2001, this market had 137 weekly departures to five (5) destinations. This was about the same level of service provided in the summer of 2000. In 2003, the airport had 116 average weekly departures to six (6) destinations. By 2005 service fell to 93 departures to four (4) cities, and fell further in 2007 to 85 weekly departures still to four (4) cities.
- ❑ In 2000 and 2001, much of the market's service was "tag" service with Okaloosa Regional (Ft. Walton Beach). This service was dropped by 2005 with the withdrawal of US Airways service.
- ❑ In 2001, the market had 44 scheduled departures to cities in Florida; 26 of these flights, however, were the "tag" service with Okaloosa Regional (Ft. Walton Beach). In 2003, the market had 37 scheduled departures to three (3) destinations in Florida (Orlando,

- Tampa, and Okaloosa Regional); 25 of these 37 flights are tagged flights with Okaloosa Regional. Instate service in 2007 had declined to just 13 weekly flights to Orlando.
- ❑ In 2001, 99 percent of the seats leaving this market were on turboprop aircraft, up from 94 percent one year earlier; the remainder of the seats was on regional jets. By 2007, the percentage of the market's seats on turboprop aircraft had fallen to 37, with the remainder of the seats being provided on regional jets. Panama City had no large jet service in 2007.
 - ❑ In 2001, the market had service to two (2) domestic connecting hubs beyond Florida; these hubs were in the Southeast (Atlanta) and the Mid South (Memphis). By 2007, Panama City's hub service included Atlanta and Memphis, plus a once-weekly flight to Cincinnati.
 - ❑ Nearly 43 percent of this market's domestic originating passengers were bound for locations in the Northeast and Midwest; only 1.2 percent of nonstop scheduled service was available to any destination in these regions in 2007.

AIRLINE INDUSTRY STRUCTURAL CHANGES – 2001 TO 2007

As noted throughout the discussion of airport-specific changes in scheduled commercial airline service, between the summer of 2000 and the summer of 2003 most of the Florida's commercial airports experienced decreased levels of scheduled service. For most all airports, this decline in service was caused – at least in part – by the events of September 11, 2001. It is also worth noting that while 9/11 was not entirely to blame for Florida's declining levels of commercial airline service, the situation that Florida airports found themselves in the months following 9/11 was not confined just to Florida. As the nation's domestic carriers continued to struggle financially, many airports in most states experienced decreased levels of commercial airline service during this time frame. By 2005, four of the nation's largest carriers and several smaller carriers were involved in bankruptcy proceedings.

In October 2001, six weeks after the terrorist attacks, 23 percent fewer passengers flew on the nation's airlines than one year earlier. Many Florida airports suffered measurable declines in their levels of nonstop service. In the fall of 2001, due to airline capacity cuts, there were 15 percent fewer nonstop scheduled domestic flights offered at Florida airports than in the summer of 2001. Weekly scheduled departing seats at Florida's airports dropped as well, down 12 percent from three months earlier. There was one fewer carrier serving Florida and three fewer nonstop destinations served. The demise of MetroJet and large capacity cuts by Delta accounted for 68 percent of the decline in weekly flights departing all Florida airports in the late fall of 2001. By 2005, service offerings had generally returned to pre-9/11 levels.

As of late 2005, nearly 39 percent of all of Florida's departing domestic seats were flown by carriers involved in Chapter 11 negotiations. Delta, Northwest, United, and US Airways, as well as many of their regional affiliates, were each in various stages of bankruptcy. Delta and Northwest entered Chapter 11 in the fall of 2005, while USAir emerged shortly after being taken over by America West. United was near an exit from bankruptcy in late 2005. A number of smaller airlines that serve Florida were also in bankruptcy in 2005, with ATA, Independence Air, and TransMeridian all experiencing financial difficulty. Of Florida's 42 carriers (including mainline and regional airlines), 17 were involved in Chapter 11 proceedings in 2005.

Most of these airlines have exited bankruptcy successfully, and have entered a period of relative prosperity. Demand for airline service by passengers has returned to record levels. Consolidation within the airline industry, fleet reductions, and schedule cutback by many airlines, means passenger load factors are at all-time highs. As a result, some upward price pressure has been seen in fares across the country, and almost all carriers are expected to return to profitability in 2008.

The longer term impacts recent industry financial turmoil is difficult to predict. In order to remain competitive, it is likely that the “legacy” carriers will be forced to devise new operating strategies, including revised route and fare structures. This is especially true in Florida where an extraordinary proportion of seats – nearly 40 percent – are provided by low-cost carriers. (By comparison, in the month of July 2007, 20 percent of departing seats nationwide were on low-cost carriers.) Traditional mainline carriers emerging from bankruptcy will be unable to compete as in the past in a market comprised of such a high density of low-fare seats and highly price-sensitive leisure consumers.

Airline costs have risen considerably in recent years, nowhere more apparent than in fuel prices. The industry’s recent increase in fares illustrates the effects such soaring costs have on airline decision-making. As costs escalate, fares must increase or service cut. The first wave of such cuts is most often felt at smaller airports where thin margins spread over low passenger volumes make it difficult to justify continued service. Even in previously high-growth markets like Fort Lauderdale, service cutbacks have occurred.

Airport-specific narratives summarizing the changes in commercial airline service that occurred at each airport between the summer and fall of 2001 are contained in **Appendix C** to this report. Airport specific summaries are graphically depicted in **Appendix D**. The summaries contained in Appendix D show changes in service between the summer of 2000 and 2007, as well as showing how service changed between the summer and fall of 2001.

INTRASTATE SCHEDULED AIRLINE SERVICE

Given the distances between many of Florida’s primary cities, scheduled commercial air service is an important mode for instate travel. **Table 22** (see **Appendix B**) was compiled to summarize available weekly service in summers of 2000, 2001, 2003, 2005 and 2007. The following can be concluded from the information presented in Table 22:

- ❑ In the summer of 2001, there were 3,363 flights each week that tied together the major cities of Florida, about 15 percent fewer instate flights than were offered one year earlier (summer 2000). By the summer of 2003, the number of scheduled weekly departures among all Florida cities had fallen to 2,296. Between the summer of 2001 and 2003, airlines cut almost 1,000 weekly scheduled departures within the State. By the summer of 2005, instate departures had increased slightly over 2003 levels to 2,380. Further declines in instate departures occurred by 2007, when 2,198 scheduled flights operated each week between Florida’s cities.
- ❑ Between the summer of 2000 and 2001, Comair (DL*) and Gulfstream (CO*) cut back the greatest number of flights. Comair discontinued 50 percent of its instate flights and Gulfstream cut nearly 40 percent of instate flights. The two carriers, combined, discontinued

470 weekly nonstop instate flights. By the summer of 2003, many other carriers cut instate Florida service, and Comair had transferred control of its hub in Orlando to another Delta affiliate, Chautauqua. By the summer of 2005 and continuing through 2007, connecting activity at the former hub at Orlando had been further downsized, but considerable growth in instate departures had occurred at Fort Lauderdale, the state's fastest-growing airport.

- ❑ From the summer of 2000 through the summer of 2003, Tampa, Miami and Orlando had the greatest number of instate flights. By July 2005, Fort Lauderdale had surpassed Orlando as the third-busiest instate destination. This phenomenon continued through the summer of 2007.
- ❑ In July 2000, only one Florida airport, Melbourne International, was without instate service and Gainesville had the fewest number of instate departures. In the summer of 2001, Melbourne and Gainesville had the fewest number of scheduled instate flights, with seven weekly departures each. In the summer of 2003, of those cities with service to other Florida destinations, Daytona Beach, Melbourne and Marathon had the fewest scheduled departures. In 2005, Orlando-Sanford and St. Petersburg-Clearwater had the second-lowest level of instate departures, with one and four weekly flights, respectively. Panama City, Sarasota, and Naples had the lowest level of instate departures in 2007, each with fewer than 15 weekly departures.
- ❑ In July 2003, three airports – Orlando Sanford, Gainesville, and St. Petersburg-Clearwater – had no instate commercial service; Naples had no scheduled service at all. While it regained scheduled service in July 2005, Naples was the only airport in Florida that year without airline service to another Florida destination. In 2007, five Florida airports (Daytona Beach, Marathon, Melbourne, Orlando-Sanford, and St. Petersburg-Clearwater) were without any instate air service on scheduled carriers.
- ❑ In the summer of 2001, 20 percent of all weekly instate scheduled departures were on large jet aircraft, up from 13 percent one year earlier. Also in 2001, just four (4) percent of the weekly instate departures were on regional jets, down from five percent in 2000. By the summer of 2003, 25 percent of all instate flights were on jets, and 24 percent were on regional jets. In July 2005, these proportions had reversed, with 21 percent of instate flights on jet aircraft and 27 percent on regional jets. By 2007, 28 percent of instate flights were on board mainline jet aircraft, compared to 21 percent on regional jets.
- ❑ In the summer of 2001, 75 percent of all scheduled departures between Florida's primary cities were on turboprop aircraft. The percentage of instate departures on turboprop aircraft dropped from 82 percent in the summer of 2000. By the summer of 2003, this percentage had fallen to just slightly more than 50 percent, where it remained through July 2007.

As larger jet and regional jet aircraft continue to provide an larger share of Florida's instate scheduled commercial airline service, the frequency of instate service has remained relatively stable since 2003.

INTERNATIONAL SCHEDULED SERVICE

In addition to scheduled service to destinations in the U.S., several of Florida's commercial airports also have nonstop service to international destinations. **Table 23** (see **Appendix B**) provides information that summarizes Florida's nonstop international commercial airline service. Information is provided for

the summers of 2000, 2001, 2003, 2005 and 2007. From this table, the following conclusions can be drawn:

- ❑ In the summer of 2001, 10 airports in Florida had scheduled flights to international destinations; this included service to the islands from Watson Island Seaplane Base that is near Miami. The Watson Island service is not included elsewhere in this analysis. In 2001, carriers provided nonstop international service at two additional Florida airports since the summer of 2000: Jacksonville and Melbourne. By the summer of 2003, 11 airports (including Watson Island) had some level of scheduled international airline service. By 2005, however, service from Watson Island had shifted to Fort Lauderdale, leaving 10 Florida airports with international service. By 2007, this count had decreased to nine airports following cessation of Toronto service to and from St. Petersburg-Clearwater.
- ❑ In the summer of 2001, Florida had 2,273 weekly scheduled departures to destinations beyond the U.S., nearly the same number of international departures offered one year later (2,275). By the summer of 2003, the number of weekly scheduled international departures remained virtually the same, at 2,273. By 2005, however, airlines made cuts in international service, trimming schedules to 2,009 weekly departures. Slight recovery was seen in international departures by 2007, when airlines performed 2,072 scheduled international departures from nine airports in Florida.
- ❑ Service to Caribbean destinations in 2007 continued to comprise approximately 55 percent of international departures from Florida's airports, about the same as in all previous editions of this report.
- ❑ In 2001, about 33 percent (up from 30 percent in 2000) of scheduled international departures from Florida airports each week were to destinations in Central America, Mexico, or South America. By the summer of 2003, this statistic was closer to 32 percent of all international departures, and this percentage remained stable through July 2007.
- ❑ In the summer of 2000, approximately six (6) percent of the international departures each week were to Europe, a figure which increased to seven (7) percent the following year. By the summer of 2003, the percentage of international departures to Europe was again six (6) percent. In 2005, it stood at seven (7) percent before increasing to eight (8) percent in 2007.
- ❑ In July of 2000, five (5) percent of all international departures were to cities in Canada. Canadian destinations made up six (6) percent of weekly international departures from Florida in 2001. By the summer of 2003, Canadian departures constituted five (5) percent of all international departures, rising to six (6) percent in 2005. Canadian destinations fell to 4.7 percent of all international departures in 2007.
- ❑ With 1,587 weekly scheduled international departures in 2000, Miami International accounted for 70 percent of Florida's weekly international departures. In 2001, this figure remained essentially unchanged. By the summer of 2003, total weekly international departures from Miami International had fallen to 1,415, but this still constituted 62 percent of Florida's weekly scheduled international departures. Further declines were seen in Miami's international service by 2005, when airlines offered 1,224 weekly international departures, or 61 percent of all international departures from Florida. This pattern continued through 2007, when Miami's airlines had 1,210 weekly international departures, or 58 percent of all international flights departing from Florida's airports.

- ❑ While weekly international departures have fallen at Miami overall since 2000, considerable growth has occurred at Fort Lauderdale International. In the summer of 2000, Ft. Lauderdale had 442 weekly international departures almost exclusively to destinations in the Bahamas. In 2001, Ft. Lauderdale had 414 weekly international departures. By the summer of 2003, the total number of international weekly departures from Fort Lauderdale had fallen to 369; the vast majority of these departures continued to be to destinations in the Caribbean. July 2005 saw a resurgence of international activity at Fort Lauderdale with 449 departures, of which over 87 percent were to locations in the Caribbean.
- ❑ In the summer of 2001, Orlando's 127 weekly international departures provided a more diversified range of service; this number of departures was up just slightly from 2000 levels. In the summer of 2003, Orlando's weekly international departures totaled 126. International service remained distributed between destinations in the Caribbean, South America, Central America, Mexico, Europe, and Canada. In 2005, the airport had 143 weekly international departures, a figure that remained stable through the summer of 2007, when airlines operated 146 weekly international departures.
- ❑ International service summarized in Table 23 does not include international charter service for any of the airports, including Orlando-Sanford International Airport. Orlando-Sanford accommodates a notable number of international charter flights as do some of the other commercial airports.

COMPARABLE MARKETS

Comparing markets, either by population served or by the number of annual travelers each market enplanes, provides a general reference point for how one community's scheduled commercial airline service may compare to service in another similar community. There are many factors, however, that enter into the level of commercial airline service that any given airport has. Some of these factors include:

- ❑ Types of traveler served/whether the majority of the travelers are traveling for business or leisure purposes.
- ❑ Factors such as employment, type of employment, total disposable income, population, age of the population, and tourism all help determine how much demand for commercial airline travel a certain market area has.
- ❑ Locations of alternative travel/whether travelers have other nearby commercial service airports that they may choose for their departures or whether there are other convenient and competing modes of transportation.
- ❑ Geographic location of the market/whether the market is rural, suburban, or urban impacts its level commercial airline service, as does the location of the market in comparison to domestic airline route structures.

Scheduled airline service to all of Florida's commercial airports is impacted, to some degree, by each of these factors. Florida markets have a high percentage of leisure travelers; demographics in the State are also characterized by a higher than average percentage of retirees. This translates into Florida being often characterized by the airlines as a "low yield" market; low yields result from the fact that many travelers fly on deeply discounted fares and in some instances "free" frequent flyer tickets.

Similar to most states, Florida airports face competition from the State's excellent system of interstates and turnpikes. More importantly, airports in Florida often face intense competition from one another. Many of Florida's Small and Non-Hub airports are in close proximity to one or more Large or Medium Hub airports. This competition impacts commercial airline service at several Small and Non-Hub airports in Florida.

Finally, Florida's geographic location at the extreme eastern and southern most tip of the U.S. means that the State is at the end of all domestic airline route structures. A state located in the heartland has many airline route structures that crisscross above, and these states are also located in closer proximity to a greater number of airline connecting hubs. These facts and the fact that Florida airports are a "spoke" location for most airlines, makes it difficult to directly compare scheduled commercial airline service in Florida to airline service in other "similar" markets.

The facts noted above indicate that Florida markets may not always have the same level of commercial airline service as other comparable markets. To compare Florida's scheduled air service to air service in comparable markets, annual enplanements were used to determine which markets should be compared. **Table 24** (See **Appendix B**) compares service at Florida airports to commercial air service at other comparable airports. It is important to note that an attempt was not made to compare service levels at Orlando to other airports; this decision was made because of the airport's unique nature. Service levels for the remaining commercial service airports are shown in Table 24. Markets are compared using summer 2000, 2001, 2003, 2005, and 2007 weekly flights and seats leaving each market, the number of nonstop destinations served from each market, and the number of hubs served from each market that can be used to make airline connections.

As shown in Table 24 (Appendix B), markets have been grouped by their total annual enplaned passengers; commercial airline service to Florida markets compares generally well to the average level of service found in each enplanement category. As mentioned, leisure travel, the number of competing airports, and its geographic location make Florida somewhat unique. It is also important to note that for some of the cities being compared to the Florida markets, service is more prevalent on smaller aircraft; this can increase the number of destinations and hubs served from other comparable markets, as well as flight frequency. Florida airports tend to have a higher percentage of their airline service on large jets. It is worth noting that since the last update to this report in the summer of 2005, a few of the airports have switched enplanement categories, as determined by their level of annual enplaned passengers.

In the 5 to 8 million enplanement category, Ft. Lauderdale, Miami, and Tampa compare favorably to the averages for the category in terms of departing seats, with Miami having a slightly lower level of domestic seats due to its role as an international gateway. All three airports have lower-than-average weekly flight frequencies, due largely to high levels of mainline jet service (versus regional jets at other comparable airports). All three airports have excellent domestic airline hub access.

In the 1 million to 5 million enplanement category are West Palm Beach, Jacksonville, and Southwest Florida (Ft. Myers). As shown in Table 24 (Appendix B), scheduled airline service for airports in this group is in some cases below the category average. Airports in this category are impacted by the Florida-specific factors noted above. Both Palm Beach and Southwest Florida International are below

the group average for scheduled weekly departures and scheduled weekly departing seats. For its number of non-stop destinations served in 2007, only Jacksonville is above the group average. Palm Beach falls below the group average for number of airline connecting hubs served.

In the 500,000 to 1 million annual enplanement category in 2007 are Pensacola and Sarasota. Neither airport is above-average in terms of weekly scheduled departures, departing seats, destinations served, or hubs served nonstop.

In the 250,000 to 500,000 enplanements category are Daytona Beach, Key West, Okaloosa Regional, Orlando-Sanford and Tallahassee. (Within this category, it is important to note that Orlando-Sanford's enplanements include the airport's charter passengers. Therefore, direct comparisons of this airport to others in this category are not as meaningful.) The level of departing flights and scheduled seats at Daytona Beach is below the group average, while Okaloosa Regional lags the group average for scheduled seats. Key West, meanwhile, exceeds the average weekly departure count for this category, but lags in weekly departing seats in part due to runway length limitations. Tallahassee exceeds or meets all service measure averages in this size category. All four airports (Daytona Beach, Key West, and Okaloosa Regional and Tallahassee) are at or below the category average for destinations and hubs served.

Within a range of 100,000-250,000 annual enplaned passengers are Melbourne, Panama City, Gainesville, and St. Petersburg-Clearwater. In this group, Panama City and Gainesville exceed the category average for scheduled weekly departures. Only St. Petersburg is above the group average for scheduled weekly seats, destinations, and hubs served.

In the update published in the summer of 2001, there was one airport reporting annual enplanements in the 50,000-100,000 range, Naples. Between the summer of 2003 through 2007, there were no airports in this category.

The remaining category, 50,000 enplanements or fewer, today includes Marathon and Naples. It is important to note that in 2000 no Florida commercial service airports had fewer than 50,000 annual enplanements. By 2003, Naples had lost service altogether, and Marathon had limited service on small turboprop aircraft to Fort Lauderdale, causing both airports to fall below the 50,000 enplanement threshold. This remained the case for enplanements in 2004, despite Naples regaining Delta service to Atlanta 21 times each week, and Marathon retaining the service that was available in 2003. As of the summer of 2007, Marathon and Naples both possessed Delta regional service to Atlanta, but this service was withdrawn at both cities in October 2007.

While several factors indicate that Florida markets may not be expected to have commercial airline service that is equal to other comparable domestic markets, historically, the data presented in Table 24 (Appendix B) shows that Florida airports do, for the most part, have levels of service that are equal to or above the averages for each airport category as measured by annual enplanements. By 2003 and continuing through 2007, several of the airports appeared to have some levels of service that are below average indicators for other airports with similar levels of enplaned passengers.

AVERAGE FARES

Fare information presented in this section is for calendar year 2006 since annual information for 2007 is not yet available. Nationally, in 2006, the average one-way fare paid by all domestic air travelers was \$149.49, up less than one percent from the 1999 national one-way average fare. This reverses a multi-year trend in which fares at US airports declined markedly year-over-year, and illustrates the pricing power carriers have gained nationwide since the 2005 update of this document. At 10 of Florida's 22 commercial airports, the one-way average fare in 2006 was below the national average. The average one-way fare for all Florida airports in 2006 was \$130.03, up less than one percent from the statewide average fare in 1999. The 2006 average one-way fare in Florida represents a considerable increase over the 2004 level of \$116.47, for an increase of \$13.50 in two years. This increase eliminated nearly all post-9/11 fare reductions in the state. The average one-way domestic fare for each of the Florida airports in 1999, 2000, 2002, 2004, and 2006 is as follows:

| Florida Airport | Average One Way Fare | | | | | % Change 2000-06 |
|----------------------|----------------------|-----------------|-----------------|-----------------|-----------------|---------------------|
| | 1999 | 2000 | 2002 | 2004 | 2006 | |
| Orlando-Sanford | n/a | \$106.11 | \$99.82 | \$88.56 | \$91.43 | -13.83% |
| St. Petersburg | \$107.35 | \$106.43 | \$90.60 | \$88.58 | \$100.96 | -5.95% |
| Orlando | \$118.69 | \$123.77 | \$110.92 | \$110.76 | \$122.97 | 3.61% |
| Ft. Lauderdale | \$120.94 | \$125.09 | \$110.39 | \$107.93 | \$123.99 | 2.52% |
| Tampa | \$122.80 | \$127.62 | \$109.80 | \$109.27 | \$124.04 | 1.01% |
| Palm Beach | \$136.54 | \$140.74 | \$121.17 | \$116.13 | \$127.76 | -6.43% |
| Southwest Florida | \$130.02 | \$135.17 | \$121.55 | \$120.85 | \$130.44 | 0.32% |
| Sarasota | \$130.67 | \$134.90 | \$121.76 | \$128.53 | \$137.04 | 4.87% |
| Jacksonville | \$128.75 | \$132.04 | \$117.68 | \$122.06 | \$137.05 | 6.45% |
| Miami | \$153.21 | \$168.09 | \$143.17 | \$140.60 | \$147.99 | -3.41% |
| Daytona Beach | \$145.86 | \$149.74 | \$130.65 | \$134.93 | \$157.46 | 7.95% |
| Key West | \$133.17 | \$141.16 | \$138.04 | \$147.49 | \$160.65 | 20.64% |
| Pensacola | \$166.28 | \$178.18 | \$134.01 | \$140.70 | \$164.02 | -1.36% |
| Tallahassee | \$162.50 | \$167.61 | \$116.84 | \$127.94 | \$166.58 | 2.51% |
| Gainesville | \$171.03 | \$186.44 | \$152.13 | \$159.30 | \$188.31 | 10.10% |
| Naples* | \$137.01 | \$145.49 | \$121.63 | \$153.41 | \$195.81 | 42.92% |
| Okaloosa Regional | \$145.85 | \$150.07 | \$153.06 | \$167.36 | \$208.46 | 42.93% |
| Panama City | \$175.01 | \$177.67 | \$158.23 | \$179.35 | \$214.39 | 22.50% |
| Marathon* | \$153.04 | \$159.51 | \$118.29 | \$70.79 | \$225.00 | 47.02% |
| Melbourne | \$144.00 | \$152.82 | \$145.90 | \$150.26 | \$225.50 | 56.60% |
| Florida Total | \$128.89 | \$134.22 | \$117.31 | \$116.47 | \$130.03 | 0.88% |
| U.S. Total | \$148.68 | \$157.93 | \$136.53 | \$134.37 | \$149.49 | 0.54% |

*As of the writing of this report, Marathon and Naples were not served by mainline air carrier service.

As shown in this list, in 2006 ten Florida airports had average one-way fares that exceeded the national average. The highest average one-way fares in 2006 were experienced at Melbourne, Marathon (now without service), Panama City, and Okaloosa Regional. Even with average fares at some Florida airports exceeding the national average, average one-way fares in the State were still nearly \$20 below the national average in 2006. Only five airports – Miami, Orlando-Sanford, Palm Beach, Pensacola, and

St. Petersburg – experienced decreasing fares between 1999 and 2006. Of particular interest is the observation that, in 1999, no Florida airport had average one-way fares higher than \$175, while in 2006, seven of Florida’s 20 airports (not including St. Augustine and Punta Gorda) had fares higher than \$175, with four airports exceeding \$200. Even more importantly, all airports experienced increases in their average one-way fares between 2004 and 2006.

ENPLANEMENT TRENDS

As shown in **Table 25** (See **Appendix B**), several of Florida’s airports in the Small and Non-Hub categories several have experienced some decline between 1988 and 2006 in their levels of annual enplaned passengers. These airports include Daytona Beach, Gainesville, Melbourne, Naples, and Sarasota-Bradenton. On the other hand, some of the Florida airports in the Small and Non-Hub categories have experienced average annual rates of growth in their annual enplaned passengers that have actually exceeded the State’s average. Enplanements for all commercial airports in the Florida system grew at an average annual rate of 3.0 percent between 1988 and 2006. Small and Non-Hub airports whose enplanements have grown at a rate above the State average include Key West, Okaloosa Regional, Pensacola, St. Petersburg-Clearwater.

Opportunities for improving scheduled commercial air service vary by market. For most of the Florida airports in the Small and Non-Hub categories, their proximity to more active Medium and Large Hub airports impacts their ability to attract new air service and in some cases to even retain existing air service. While many of the Small and Non-Hub airports compete with Large and Medium hub airports, some also compete with each other for enplaning passengers. Florida’s Small and Non-Hub airports compete with the following airports:

| Small/Non-Hub Airports | 1988-2006 Enplanement Trend | Competing Airport(s) |
|-------------------------------|--|------------------------------|
| Sarasota-Bradenton | Decreasing | Southwest Florida/Tampa |
| Pensacola | Increasing | Panama City/Mobile |
| Tallahassee | Increasing | Jacksonville/Orlando/Atlanta |
| Okaloosa (Ft. Walton) | Increasing | Pensacola/Tallahassee |
| Orlando-Sanford | Increasing | Orlando/Daytona Beach |
| Key West | Increasing | Miami |
| Daytona Beach | Decreasing | Orlando/Jacksonville |
| Melbourne | Decreasing | Orlando |
| St. Petersburg-Clearwater | Increasing | Tampa/Sarasota |
| Panama City | Increasing | Tallahassee/Okaloosa |
| Gainesville | Decreasing | Jacksonville/Orlando |
| Naples | Decreasing | Southwest Florida/Miami |

Small and Non-Hub commercial airports in the Florida system that recorded an increase in their annual enplanements between 1988 and 2006, for the most part, compete with other Small and Non-Hub airports and not the Medium and Large hubs. Orlando-Sanford and St. Petersburg, even though each competes with larger hub airports, have both recorded enplanement increases. Despite their proximity to

larger competing commercial service airports, these two airports have successfully increased their enplanements by attracting niche carriers and charter operators.

OTHER INDUSTRY TRENDS

In response to higher fares, new security requirements, associated wait times, and congestion at large airports, the mid- to late-2000s saw the rise of a new option for air travel among business executives. Fractional ownership, and later on-demand jet air taxi services, offered point-to-point convenience and the flexibility of private jet travel at prices within reach of the executive traveler. Such services allow travelers the convenience of bypassing congestion and wait times, while sometimes permitting the use of closer general aviation airports and, frequently, avoiding overnight stays.

In 2007, the newest and perhaps most sophisticated on-demand service using very light jets (VLJs) began operations in Florida under the name DayJet. DayJet, based in Boca Raton, has ordered several hundred Eclipse-500s VLJs and began service October 3, 2007. The first ten aircraft were dedicated to serve its “DayPorts” at Boca Raton, Gainesville, Lakeland, Pensacola, and Tallahassee. In subsequent months, DayJet will expand its network to include additional “DayStops” in 20 cities in Florida and Georgia. The company plans to expand to other states in the Southeast, and then consider other regions.

DayJet is focused on business travelers looking for ways to save time by flying nonstop to airports closer to their actual destinations. DayJet flights operate with two pilots and a maximum of three passengers. The cost of a flight is estimated to range from \$1 to \$4 per mile.

The on-demand air taxi model is unproven. There is considerable debate about how successful it will be. Some industry analysts are skeptical that large-scale air taxi operations will become a reality, and whether there is sufficient demand for this type of service at the price required for the provider to be profitable. Others believe that the combination of lower-cost VLJs and efficient scheduling practices will enable on-demand firms to capture a healthy share of time-sensitive corporate travelers.

It is too early to tell how much of an impact DayJet, or other similar operators, may have on Florida’s scheduled commercial airline service. From information provided in this report, it is apparent that the ability to use scheduled commercial airline service to travel within Florida has been declining. Initially, it appears that VLJ use will complement scheduled commercial airline service in Florida. It is expected that most of DayJet’s customers will be attracted from the highways. DayJet’s new service provides Florida’s business travelers the option to reach not only the cities served by the commercial airlines, but also the ability to reach other cities served by airport capable of accommodating these next generation aircraft.

Over the time frame that this report was first prepared, traditional carriers have shown less inclination to provide service between Florida’s major centers of population, tourism and employment. New VLJ service offers an alternative for those wishing to travel by air.

SUMMARY

Many forces combined in the late 1990s and early 2000s to cause a nationwide slowdown in airline passenger traffic. These factors caused travelers – both business and leisure – to reassess their traveling needs. As a result, many of the nation’s airlines suffered declining passenger counts and decreasing revenues. Service cutbacks and financial difficulties mounted in the industry. As noted in this report, between the summer of 2000 and the summer of 2001, many of Florida’s air service markets saw some reduction in their levels of commercial airline service, particularly among traditional “legacy carriers.” Other carriers, particularly low-fare carriers took this opportunity to expand. By 2003, most of Florida’s markets had recovered to pre-9/11 activity, but the market for commercial air service around the country is far different from just five years ago. Further compounding this situation is the continuing uncertainty of the airline industry’s health. In late 2005, four of the country’s largest airlines were bankrupt. In Florida, this meant that approximately 35 percent of airline’s capacity (measured in seats) was offered by airlines in dire financial straits.

Since the 2005 update of this report, the airline industry has seen a period of recovery, with many carriers regaining pricing power and charging increased fares in response to near-record fuel prices. As a result, air service offerings in Florida have been somewhat mixed from a passenger standpoint since the 2005 update of this document. As the table below shows, demand remained strong and growing since 2004, with an increase in enplanements of 2.69 million, or nearly five (5) percent over 2005 levels. Conversely, supply (in the form of weekly departures and seats) contracted, with approximately 300 fewer weekly departures and 4,700 fewer weekly departing seats in July 2007 than two years prior. Carriers, in general, deployed larger aircraft in Florida markets as the average number of seats per flight climbed from around 118 to over 120 between 2005 and 2007. Cities in Florida have not been spared the overall increase in fares nationwide, as the average one-way fare has increased nearly 12 percent statewide since July 2005. This increase in fares reversed a multi-year trend in Florida of consistently decreasing fares.

While overall offerings by airlines in terms of departures and seats declined since the last study, international departures climbed by 63 weekly flights, or an additional nine (9) daily flights to international destinations. Conversely, the number of instate departures continued to suffer decreases, down 182 since the summer of 2005. A particularly bright spot in Florida’s airline industry is the expanding roster of airlines and destinations operating in the State; the total number of airlines providing service to Florida’s cities increased by sixteen to 43, and nonstop destinations increased by 10 to 120. It is important to note that carriers included in the additional 16 include additional code share carriers. For instance if an additional code sharing partner for Delta begin service to Florida since the 2005 update, this counted as an additional airline, even though Delta was already operating in the State.

| <u>Performance Measure</u> | <u>Prior Study</u> | <u>Current Update</u> |
|---|---------------------------|------------------------------|
| Total annual enplanements | 63,878,188 | 66,568,871 |
| Domestic total weekly departures | 11,955 | 11,650 |
| Domestic total weekly seats | 1,407,139 | 1,402,407 |
| Average seats per flight | 117.7 | 120.4 |
| Average one-way fares | \$116.47 | \$130.03 |
| International total weekly departures | 2,009 | 2,072 |
| Instate total weekly departures | 2,380 | 2,198 |
| Total number of airlines serving the State | 27 | 43 |
| Total number of nonstop destinations served | 110 | 120 |

Notable service changes since the 2005 update of this report include the cessation of mainline service to Marathon and Naples and the contraction of service at Florida's smaller airports and the increasing dominance of low-fare carriers in the State.

As a general trend, airline service in the U.S. has continued a shift to high-load routes to busy metropolitan markets and away from smaller markets. This was the case in Florida, where most of the State's smaller cities saw declines in air service offerings and substantial increases in fares since the 2005 update of this report. In addition to the complete withdrawal of mainline service at Marathon and Naples, deep cuts were made in service at Key West (-48 weekly flights), Melbourne (-64 weekly flights), Daytona Beach (-60 weekly flights), Gainesville (-35 weekly flights) and Tallahassee (-55 weekly flights). Meanwhile, several of Florida's larger airports reported considerable increases in weekly frequencies, especially at Orlando (+228 weekly flights) and Jacksonville (+72 weekly flights).

Low-fare airline activity in Florida is concentrated in three cities: Fort Lauderdale, Orlando, and Tampa, with lower levels of low-cost carrier service available at eight (8) other Florida airports. These three airports can trace their considerable and recent growth in large part to the service provided by these low-fare carriers. At each of these three airports, a marked increase in low-fare seats occurred since the last update. Fort Lauderdale's low-cost carrier share of seats grew from 41 percent to 52, Orlando International's from 42 to 54 percent, and Tampa's grew from 36 to 50 percent. Since the 2005 study update, Southwest Florida Regional saw the introduction of Southwest Airlines, and this carrier is now this airport's largest in terms of seats. Low-cost carriers now comprise 48 percent of Southwest Florida's seats, up from 31 percent in 2005. Continued growth in low-fare service is expected for the foreseeable future as Florida markets grow and carriers compete for increasing numbers of leisure travelers.

In summary, commercial air service in Florida has seen a period of mixed results since the 2005 update of this document. From the consumer's standpoint, demand remained strong despite lower seat capacity and higher fares. From the carrier's standpoint, increased pricing power was gained in the face of higher costs. Overall, service patterns increased in Florida's largest markets, while travelers in several smaller cities saw service cuts. Fares statewide remained considerably below the U.S. average, due to strong competition from a growing roster of low-fare carriers.

It is too soon to tell exactly how these new trends will play out. When this report is updated in the future, it will be possible to benchmark how specific markets in Florida – as well as the airlines serving them – continue to adapt to changing market forces. As of the writing of this report, domestic carriers have announced that they expect to cut capacity (seats) by about 20 percent during 2008. It will be interesting to see which of the Florida airports are most impacted by these expected cuts.