Walla Walla Regional Airport

Passenger Demand Analysis

YEAR ENDED Q1 2024

Mead & Hunt

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INTRODUCTION

Achieving air service success requires thoroughly understanding the market and the needs of local stakeholders, airlines, and trends impacting the aviation industry. Air service development efforts are most effective when they are consistent with industry trends, the air service needs of the community, and the specific strategies of target airlines. Walla Wall Regional Airport (ALW) is subject to several trends that impact air service efforts:

- In 2023, U.S. airline industry traffic and capacity grew by more than double-digit percentages year-over-year and had largely recovered to pre-pandemic levels. Total passengers in 2023 were 10 percent higher than 2022 and 2 percent higher than 2019. Seats were up 11 percent year-over-year and 3 percent higher than 2019 levels.
- While the U.S. airline industry is profitable once again, its financial performance is still well below the record profits enjoyed prior to the pandemic. Profits for the largest U.S. airlines have recovered more than the low-cost carriers (LCCs) and ultra-low-cost carriers (ULCCs).
- Costs, however, have been on an upward trajectory, which could impact capacity growth and airlines' appetite for risk. Jet fuel prices in 2023 were 40 percent higher than 2019 levels. Recent labor agreements for pilots and other work groups have resulted in substantially higher labor costs for several carriers.
- In addition, aircraft manufacturer delivery delays along with Pratt & Whitney engine issues have slowed planned airline capacity growth in the near term.
- The pilot deficit which affected regional carriers in recent years was mitigated by hiring and training programs. With slowing growth at ULCCs, hiring of regional pilots at these carriers has slowed, leaving more pilots available at regional airlines to staff more of their aircraft.
- While seats and passengers are back above pre-pandemic levels, flights are still 8 percent below 2019 as the airlines continue expanding into larger aircraft. The average flight today has 16 more seats than five years ago. As airline costs rise, particularly for labor and fuel, the economics of flying continue to move toward larger and denser aircraft, increasing pressure on communities that depend on small jets for air service.

Airports and communities must know and understand their market. The Passenger Demand Analysis *is a critical tool in helping communities do so, providing objective air traveler data compiled from industry-accepted sources.*

- The average number of U.S. departures on small regional jets (50 seats or smaller) has dropped to less than 6 percent of total domestic flights compared to 32 percent just 10 years ago. Delta Air Lines removed all 50-seat regional jet flying in 2023, and both American Airlines and United Airlines claim they will retire their 50-seat aircraft fleets before the end of the decade.
- ULCCs, as a group, grew 39 percent from 2019 to 2023, but that pace has slowed in 2024. While Frontier Airlines has scheduled 21 percent more seats year-over-year in 2024, Spirit Airlines is scheduled to grow 4 percent and Allegiant only 1 percent.
- American, Delta, and United are scheduled to grow between 4 and 6 percent, while Southwest Airlines will reduce capacity by 1 percent.
- Incentives for new service continue to be important to airline decision-making. Several recent new routes have been supported by significant incentives, provided by a range of sources from the local to the state level as well as by the federal government through the Small Community Air Service Development Program (SCASDP).

With these trends in mind, airports must constantly monitor their market and be proactive with their air service development efforts. When service improvements or new service is sought, airports and communities must know and understand their market, and the *Passenger Demand Analysis* is a critical tool in helping communities do so. It provides objective air traveler data compiled from industry-accepted sources using standard methodologies.

OBJECTIVES

The objective of the *Passenger Demand Analysis* is to develop information on the travel patterns of airline passengers who reside in the ALW catchment area. The report provides an understanding of the ALW situation and formulates strategies for improvement. This analysis includes an estimate of total airline passengers in the catchment area and related destinations as well as an assessment of the air service situation at ALW.

METHODOLOGY

The *Passenger Demand Analysis* combines Airline Reporting Corporation (ARC) ticketed data and U.S. Department of Transportation (DOT) airline data to provide a comprehensive overview of the air travel market. For the purposes of this study, ARC data includes tickets purchased by air travelers in the ALW catchment area (**Exhibit 3.1**, page 7). It does not capture tickets issued directly by airline web sites (e.g., www.aa.com, www.united.com) or directly through airline reservation offices. The data used include tickets for the zip codes in the catchment area, not all tickets. As a result, ARC data represents a sample to measure the air travel habits of catchment area air travelers. Although limitations exist, ARC data accurately portrays the airline ticket purchasing habits of a large cross-section of catchment area travelers. A total of 4,674 ARC tickets for the year ended March 31, 2024 were used in this analysis. Adjustments were made for LCCs, ULCCs, and Southwest since they have limited ARC representation.

EXECUTIVE SUMMARY

DATA SOURCE/CATCHMENT AREA

The *Passenger Demand Analysis* includes 4,674 ARC tickets from the ALW catchment area for the year ended March 31, 2024. The catchment area has an estimated population of 73,907 in 2024 and 11 zip codes. In addition to ARC data, Diio Mi origin and destination data and schedule data is used throughout the report.

DEPARTURES AND AVAILABLE SEATS

In the year ended Q1 2024, Alaska Airlines served ALW with regular scheduled service to Seattle. Alaska scheduled 572 departures with more than 43,000 seats. Departures and seats were up 9 percent year-over-year.

AIRPORT USE

Thirty-three percent of catchment area travelers used ALW, while 45 percent diverted to Tri-Cities Airport in Pasco (PSC) and 23 percent used other airports. Retention of domestic passengers was 34 percent while retention of international passengers was 18 percent.

TRUE MARKET

ALW's total air service market, called the true market, was estimated at 175,416 annual origin and destination passengers for the year ended March 31, 2024. Domestic travelers accounted for 163,825 of the total true market (93 percent). International travelers made up the remaining 11,591 passengers (7 percent).

DESTINATIONS

Seventy-three percent of travelers were destined to or from one of the top 25 markets. Seattle was the number one destination with 18 percent of passengers. ALW retained 64 percent of passengers to/from Seattle. The next largest markets were Las Vegas, San Diego, Phoenix-Sky Harbor, and Los Angeles with retention of 14, 18, 31, and 21 percent, respectively. Other than Seattle, only Orange County had a retention rate of greater than 50 percent. Five markets in the top 25 had retention rates of 15 percent or less, including Las Vegas, Denver, Kahului (Maui), Phoenix-Mesa, and Salt Lake City.

REGIONAL DISTRIBUTION

The West region was the largest traveled region for ALW catchment area passengers, with 42 percent of passengers, followed by the Northwest region at 24 percent of passengers. The Southeast and International regions were the third and fourth largest regions. ALW's retention was highest to the Northwest region at 53 percent and Alaska at 42 percent. The East region had the third highest retention at 34 percent. The lowest retention rate was to the International region at 18 percent.

AIRLINES USED

Based on airline-reported U.S. DOT data, Alaska served nearly all of the passengers at ALW, with a 97 percent share of passengers for the year ended March 31, 2024. Other carriers, through codeshare or interline connections, combined for the remaining 3 percent of passengers at ALW.

Airline share of passengers diverting to PSC was estimated using an approximation of carrier share with ARC data. An adjustment was made for LCCs, ULCCs, and Southwest Airlines. PSC carrier shares were Delta Air Lines with 36 percent and Alaska with 32 percent. United Airlines had the third highest share at 13 percent, and Allegiant Air had the fourth largest share at 11 percent. Other airlines combined for the remaining 8 percent of passengers.

PASSENGER ACTIVITY

For the year ended March 31, 2015 through the year ended March 31, 2024, ALW's origin and destination passengers (as reported by the airlines to the U.S. DOT) decreased at a compound annual growth rate (CAGR) of 2.9 percent compared to passengers at PSC increasing at a CAGR of 3.5 percent. ALW's passengers decreased 3.6 percent in the year ended March 31, 2024 year-over-year, compared to an increase of 13 percent at PSC.

DOMESTIC AIRFARES

For the year ended March 31, 2024, the one-way average domestic airfare for ALW was $197. ALW's fare was lower than PSC by $45, but higher than PSC in nine of the top 25 domestic markets, including Las Vegas, San Diego, and Los Angeles. Higher fares at ALW in these markets is a positive factor for attracting new air service.

AVERAGE FARE TREND

From the year ended March 31, 2015 through the year ended March 31, 2024, the average domestic airfare for ALW passengers increased at a CAGR of 2.4 percent compared to an increased CAGR of 2.0 percent at PSC. The fare disparity between ALW and PSC varied over the 10-year period. Prior to the pandemic, the fare difference ranged from $33 to $51, with fares at ALW consistently lower than those at PSC. During the pandemic, the gap narrowed but was similar to pre-pandemic levels in the year ended March 31, 2024.

NONSTOP SERVICE

For the year ended March 31, 2024, ALW offered nonstop service to one of the top 25 catchment area destinations with an average of 11 weekly frequencies. PSC had service to nine of the top 25 markets with 115 weekly roundtrips to those markets and had service to 11 total markets.

AIR SERVICE OPPORTUNITIES

Although Alaska added capacity to Seattle, ALW passenger volumes fell to approximately 57,000 in the year ended March 31, 2024. This represented a decrease of 3.6 percent since the year ended March 31, 2023. Passenger volumes remained 40 percent below pre-pandemic levels.

In 2024 compared to 2023, seat capacity is scheduled to be up 51 percent at ALW. Starting in September 2023, Alaska resumed flying twice daily on most days and remains scheduled at that level for all published months. The added capacity should help passenger levels at ALW increase over 2023, though seats will remain below 2019 levels. Improving load factors to strengthen the Seattle service should be a priority.

Based on market sizes and retention levels, the Los Angeles Basin could support service if connecting traffic was sufficient to augment the local passengers, which amounted to 24.8 PDEW. Fares are higher to Los Angeles in ALW than PSC, which would help the business case for service. Other markets with higher fares in ALW than PSC could be future opportunities.

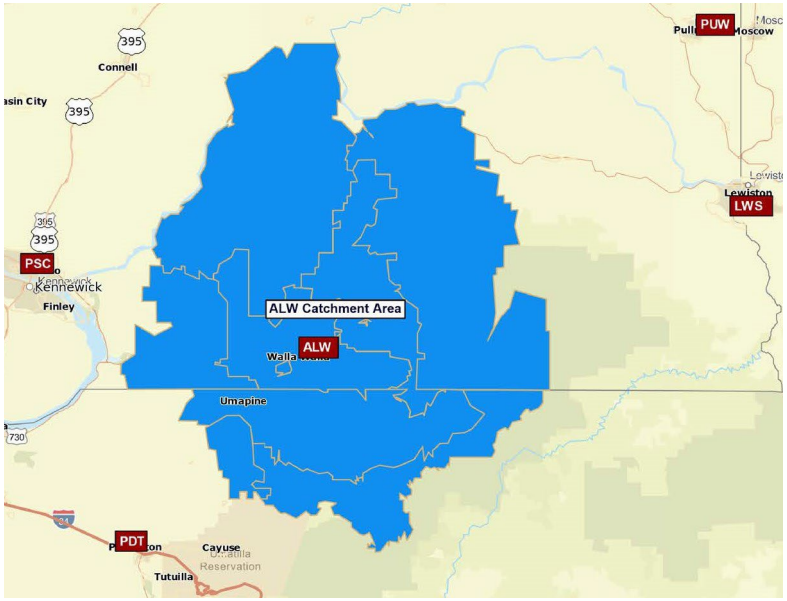
AIRPORT USE

The size of the catchment area, current air service, and passenger activity all contribute to an understanding of airport use. ALW's use was determined using the year ended March 31, 2024 ARC data for the zip codes from the catchment area.

AIRPORT CATCHMENT AREA

An airport catchment area, or service area, is a geographic area surrounding an airport from which it can reasonably expect to draw passenger traffic and is representative of the local market. The catchment area contains the population of travelers who should use ALW considering the drive time from the catchment area to alternate airports. This population of travelers is ALW's focus market for air service improvements and represents the majority of travelers using the local airport. **Exhibit 3.1** identifies the ALW catchment area. It is comprised of 11 zip codes within the U.S. with a population of approximately 73,907[1] in 2024.

Exhibit 3.1 ALW Catchment Area



[1] *Source: U.S. Census Bureau, Woods & Poole Economics, Inc.*

AIR SERVICE

Table 3.1 shows ALW's departures and seats for the year ended March 31, 2024 compared to the year ended March 31, 2023. Alaska Airlines served ALW with regular scheduled service. Alaska scheduled 572 departures with more than 43,000 seats to its Seattle hub. Departures and seats were up 9 percent year-over-year.

Table 3.1 Departures and Seats by Airline and Destination

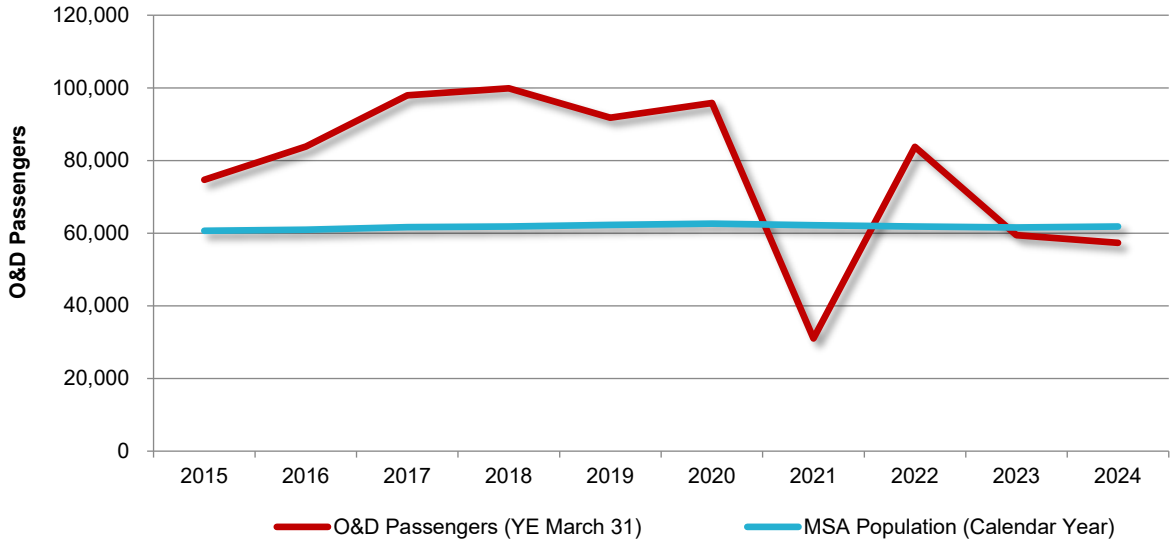
Destination	Marketing Carrier	Total Departures			Total Seats		
		YE Q1 2024	YE Q1 2023	% CHANGE	YE Q1 2024	YE Q1 2023	% CHANGE
Seattle, WA	Alaska	572	524	9%	43,472	39,824	9%
Total		**572**	**524**	**9%**	**43,472**	**39,824**	**9%**

ALW passengers decreased at a 2.9 percent CAGR in the Year Ended March 31, 2024 and passengers remained below pre-pandemic volumes.

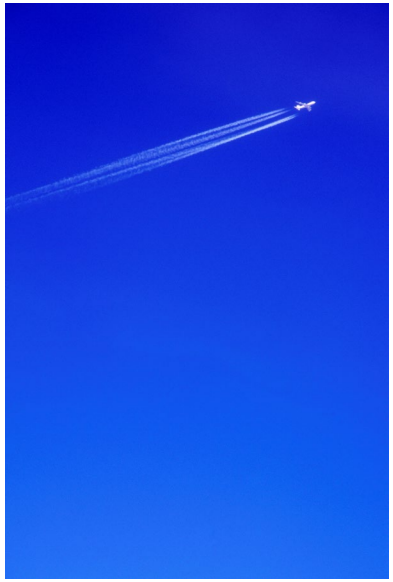
PASSENGER AND POPULATION TRENDS

Exhibit 3.2[2] plots origin and destination passenger trends from 2015 to 2024 compared to population trends at ALW. The Walla Walla, WA Metropolitan Statistical Area (MSA) was used as a proxy for the growth trend of the ALW catchment area population. During the 10-year period, passengers decreased at a 2.9 percent CAGR, while population grew at a CAGR of 0.2 percent. The pandemic impacted passenger volumes significantly, with passengers 40 percent below pre-pandemic levels in the year ended Q1 2024.

Exhibit 3.2 Passengers and Population Trends



[2] *Source: Diio Mi; Woods & Poole Economics, Inc.*

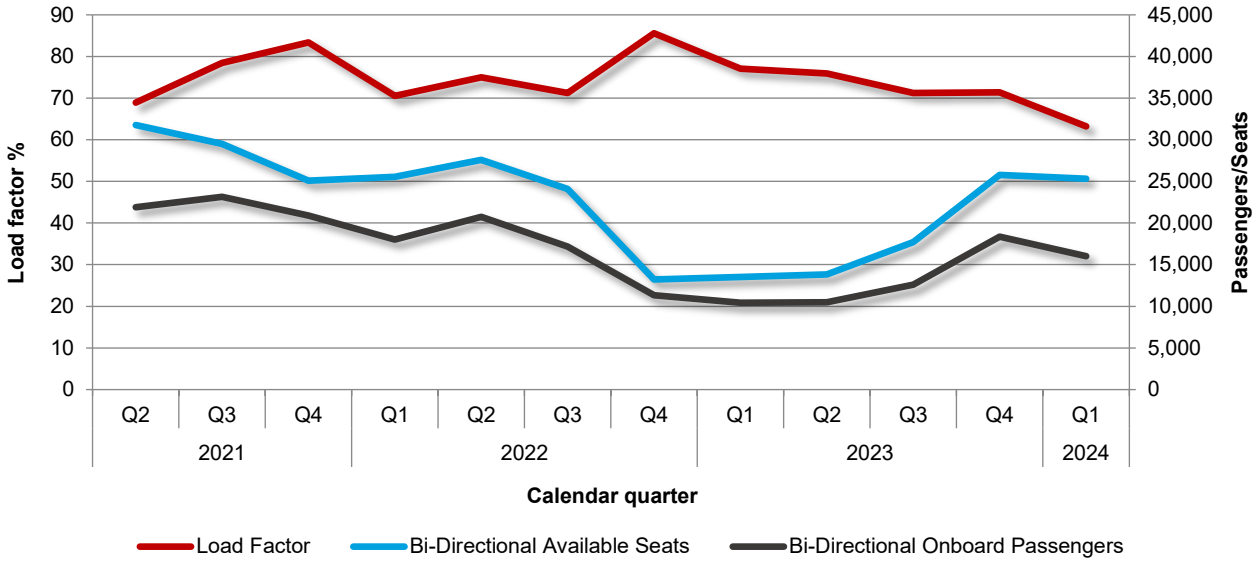


LOAD FACTOR, AVAILABLE SEATS, AND PASSENGERS

Exhibit 3.3 shows ALW's bi-directional available seats, bi-directional onboard passengers, and load factors for scheduled passenger arrivals and departures by quarter from the second quarter 2021 through the first quarter 2024. The lowest load factor during the 12-quarter period was in the first quarter of 2024 at 63 percent, while the highest was in the fourth quarter of 2022 at 86 percent. Load factors were down 14 points year-over-year in the two most recent quarters.

Over the three-year period, available seats were lowest in the fourth quarter of 2022 at 13,224, while the highest number of seats was in the second quarter of 2021 at 31,768. The low for onboard passengers at ALW through the three-year span was in the first quarter of 2023, and the high for onboard passengers was in the third quarter of 2021. Seats and passengers were up year-over-year in the two most recent quarters.

Exhibit 3.3 Load Factor, Available Seats, and Onboard Passengers

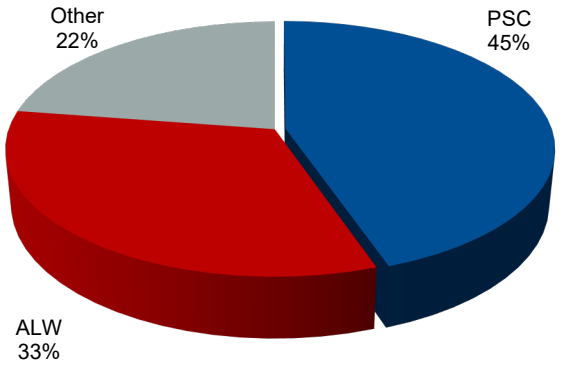


ALW retained 33 percent of its catchment area passengers, while 45 percent of catchment area passengers diverted to PSC and 23 percent used other airports

AIRPORT USE

Exhibit 3.4 shows the airports used by ALW catchment area travelers. An estimated 33 percent of the catchment area's air travelers used ALW for their trips, 45 percent used Tri-Cities Airport in Pasco, WA (PSC), and the remaining 23 percent diverted to other airports which included Seattle, Portland, and Spokane.

Exhibit 3.4 Airport Use



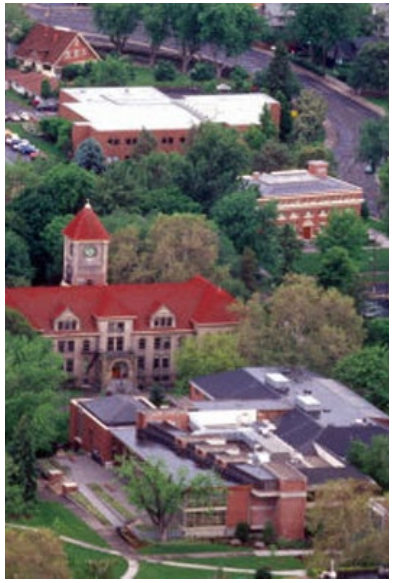
DOMESTIC AND INTERNATIONAL ITINERARIES

Table 3.2 shows passengers by domestic and international itineraries. Thirty-four percent, or 55,195 domestic travelers, and 18 percent, or 2,104 international travelers, used ALW. PSC served 45 percent of domestic travelers and 44 percent of international travelers. Twenty-two percent of domestic travelers and 38 percent of international travelers used other airports. The total true market size was 175,416.

Table 3.2 Airport Use - Domestic & International Comparison

Rank	Originating Airport	YE Q1 2024	
		PAX	%
Domestic			
1	PSC	73,400	45
2	ALW	55,195	34
3	Other	35,230	22
Subtotal		**163,825**	**100**
International			
1	PSC	5,055	44
2	ALW	2,104	18
3	Other	4,432	38
Subtotal		**11,591**	**100**
Domestic and International			
1	PSC	78,455	45
2	ALW	57,299	33
3	Other	39,662	23
Total		**175,416**	**100**

Note: Percents may not sum to 100 due to rounding.



AIRPORT USE BY COMMUNITY

Airport retention rates by community are an important aspect to understanding the overall ALW catchment area. **Table 3.3** shows how retention varies among the local communities within it.

The Walla Walla community generated the highest number of true market passengers, with 106,837 annual passengers, 61 percent of the total. Thirty-nine percent of passengers generated from the Walla Walla community flew from ALW. College Place generated the second most passengers from the catchment area with 17,507 passengers. ALW's highest retention was in Walla Wall and College Place with 39 percent retention in each community. The lowest retention rates were in Dayton with 13 percent and Touchet with 17 percent.

Table 3.3 Airport Use by Community

Community	% Airport Use			True Market Passengers
	PSC	ALW	Other	
Walla Walla	42	39	19	106,837
College Place	41	39	20	17,507
Milton Freewater	43	35	21	15,216
Dayton	54	13	33	5,510
Touchet	51	17	32	2,983
All Other	51	30	19	8,801
Total	**45**	**33**	**23**	**175,416**

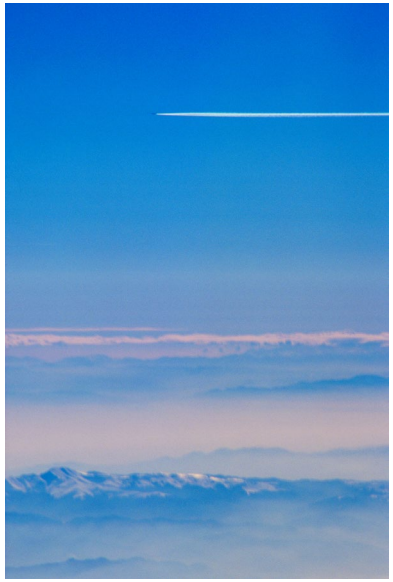
TRUE MARKET

The true market portion of the *Passenger Demand Analysis* provides the total number of passengers in the catchment area; specifically, it analyzes the portion of passengers diverting from the ALW catchment area. This section investigates destinations associated with travel to and from the catchment area. In addition, destinations are grouped into geographic regions to further understand the regional flows of catchment area air travelers.

TRUE MARKET ESTIMATE

The airport catchment area (**Exhibit 3.1**, page 7) represents the geographic area from which the airport primarily attracts air travelers. Domestic airlines report origin and destination traffic statistics to the U.S. DOT on a quarterly basis. Used by itself, these traffic statistics do not quantify the total size of an air service market. By combining ARC tickets with passenger data contained in the U.S. DOT airline reports, an estimate of the total air travel market by destination was calculated. The total air travel market is also referred to as the “true market”. Passengers were estimated for domestic and international markets on a destination basis. Adjustments were made to account for LCCs, ULCCs, and Southwest Airlines, which are under-represented in ARC data.

The ARC data used in this report includes information on initiated passengers ticketed by local or online travel agencies. This enables the identification of passenger retention and diversion. According to U.S. DOT airline reports for the year ended March 31, 2024, 57 percent of ALW origin and destination passengers began their air travel itineraries from ALW, and the other 43 percent began their trip from another city (e.g., New York, Dallas, or Phoenix). This analysis assumes that travel patterns for ALW visitors mirror catchment area passengers.



TOP 25 TRUE MARKET DESTINATIONS

The top 25 destinations for ALW (shown in **Table 4.1**) accounted for 73 percent of the travel to/from the ALW catchment area. Seattle was the largest market with 32,393 annual passengers (44.4 passengers daily each way [PDEW]) and accounted for 18 percent of all catchment area travel. Las Vegas was the second largest at 10,577 annual passengers or 14.5 PDEW. San Diego, Phoenix-Sky Harbor, and Los Angeles rounded out the top five destinations. Of the top five destinations, ALW had nonstop service to Seattle.

Table 4.1 True Market Estimate - Top 25 Destinations

Rank	Destination	ALW Reported PAX	Diverted PAX	True Market	PDEW
1	Seattle, WA	20,637	11,756	32,393	44.4
2	Las Vegas, NV	1,498	9,079	10,577	14.5
3	San Diego, CA	1,711	7,883	9,593	13.1
4	Phoenix, AZ (PHX)	2,508	5,538	8,046	11.0
5	Los Angeles, CA	1,651	6,260	7,910	10.8
6	Denver, CO	605	5,598	6,203	8.5
7	Sacramento, CA	1,699	2,753	4,452	6.1
8	Burbank, CA	889	2,938	3,827	5.2
9	Orange County, CA	1,933	1,771	3,704	5.1
10	Anchorage, AK	1,330	2,244	3,573	4.9
11	Chicago, IL (ORD)	891	2,552	3,443	4.7
12	San Francisco, CA	679	2,478	3,157	4.3
13	Kahului, HI	384	2,664	3,048	4.2
14	Phoenix, AZ (AZA)	0	2,951	2,951	4.0
15	Puerto Vallarta, Mexico	283	2,567	2,850	3.9
16	Ontario, CA	1,273	1,401	2,673	3.7
17	Orlando, FL (MCO)	707	1,957	2,664	3.6
18	Dallas, TX (DFW)	648	1,916	2,564	3.5
19	Boston, MA	678	1,717	2,395	3.3
20	Honolulu, HI	811	1,550	2,361	3.2
21	New York, NY (JFK)	701	1,652	2,353	3.2
22	Kona, HI	690	1,482	2,172	3.0
23	San Jose, CA	684	1,464	2,148	2.9
24	Minneapolis, MN	379	1,565	1,944	2.7
25	Cancun, Mexico	358	1,530	1,888	2.6
Top 25 destinations		**43,623**	**85,266**	**128,889**	**176.6**
Total domestic		**55,195**	**108,630**	**163,825**	**224.4**
Total international		**2,104**	**9,487**	**11,591**	**15.9**
All markets		**57,299**	**118,117**	**175,416**	**240.3**

The highest retention rate was to Seattle, at 64 percent, followed by Orange County at 52 percent and Ontario at 48 percent.

TOP 25 DOMESTIC DESTINATIONS

Table 4.2 shows the percent of passengers by market and originating airport for the top 25 domestic destinations. Thirty-four percent of passengers used ALW for travel to the top 25 domestic markets. Overall, the highest retention rates were to Seattle at 64 percent, Orange County, CA at 52 percent, and Ontario, CA at 48 percent. Five markets in the top 25 had retention rates of 15 percent or less, including Las Vegas, Denver, Kahului (Maui), Phoenix-Mesa, and Salt Lake City.

Table 4.2 Top 25 Domestic Destinations by Originating Airport

Rank	Destination	Origin Airport %			Total PAX
		PSC	ALW	Other	
1	Seattle, WA	36	64	1	32,393
2	Las Vegas, NV	61	14	24	10,577
3	San Diego, CA	36	18	46	9,593
4	Phoenix, AZ (PHX)	37	31	32	8,046
5	Los Angeles, CA	40	21	39	7,910
6	Denver, CO	81	10	9	6,203
7	Sacramento, CA	31	38	30	4,452
8	Burbank, CA	77	23	0	3,827
9	Orange County, CA	34	52	13	3,704
10	Anchorage, AK	42	37	21	3,573
11	Chicago, IL (ORD)	36	26	39	3,443
12	San Francisco, CA	62	21	16	3,157
13	Kahului, HI	25	13	62	3,048
14	Phoenix, AZ (AZA)	100	0	0	2,951
15	Ontario, CA	36	48	17	2,850
16	Orlando, FL (MCO)	53	27	20	2,673
17	Dallas, TX (DFW)	58	25	16	2,664
18	Boston, MA	35	28	36	2,564
19	Honolulu, HI	31	34	35	2,395
20	New York, NY (JFK)	32	30	38	2,361
21	Kona, HI	25	32	44	2,353
22	San Jose, CA	35	32	33	2,172
23	Minneapolis, MN	74	20	7	2,148
24	Atlanta, GA	32	30	38	1,944
25	Salt Lake City, UT	65	15	20	1,888
Top 25 Domestic		**45**	**34**	**21**	**128,889**
Total Domestic		**45**	**34**	**22**	**163,825**

Seattle, Las Vegas, and San Diego were the top three passenger diversion markets.

TOP 10 DOMESTIC DESTINATIONS BY ORIGINATING AIRPORT

Table 4.3 shows the top 10 markets when passengers flew exclusively out of ALW as well as the top 10 markets when passengers flew exclusively from PSC and other diversionary airports. Diversion to PSC was in many cases tied to nonstop service, connections to global networks, and competitive fares. The top three markets for diversion overall were Seattle, Las Vegas, and San Diego. Top destinations for passengers diverting to PSC were Seattle, Las Vegas, and Denver.

Table 4.3 Top 10 Domestic Destinations by Originating Airport

Rank	PSC		ALW		Other	
	Destination	PAX	Destination	PAX	Destination	PAX
1	Seattle, WA	11,525	Seattle, WA	20,637	San Diego, CA	4,395
2	Las Vegas, NV	6,503	Phoenix, AZ (PHX)	2,508	Los Angeles, CA	3,072
3	Denver, CO	5,021	Orange County, CA	1,933	Phoenix, AZ (PHX)	2,579
4	San Diego, CA	3,488	San Diego, CA	1,711	Las Vegas, NV	2,576
5	Los Angeles, CA	3,188	Sacramento, CA	1,699	Kahului, HI	1,897
6	Phoenix, AZ (PHX)	2,959	Los Angeles, CA	1,651	Sacramento, CA	1,357
7	Phoenix, AZ (AZA)	2,951	Las Vegas, NV	1,498	Chicago, IL (ORD)	1,326
8	Burbank, CA	2,938	Anchorage, AK	1,330	Kona, HI	945
9	San Francisco, CA	1,968	Ontario, CA	1,273	New York, NY (JFK)	901
10	Dallas, TX (DFW)	1,499	Chicago, IL (ORD)	891	Boston, MA	869

TOP 15 INTERNATIONAL DESTINATIONS

Table 4.4 shows the percent of passengers for the top 15 international destinations by originating airport. Only the top 15 international destinations are shown due to the smaller market sizes involved with international itineraries and limited available data. ALW retained 15 percent of the catchment area passengers destined for the top 15 international markets.

The top four destinations were in Mexico, with Puerto Vallarta the largest, followed by Cancun, Guadalajara, and San Jose del Cabo. The remaining top five market was Vancouver, Canada. London-Heathrow, the 12th largest market, had the highest retention, 25 percent. The largest markets had retention of 10 percent for Puerto Vallarta and Guadalajara and 19 percent for Cancun and San Jose del Cabo. Retention to Vancouver was 21 percent. Retention of 10 percent in Puerto Vallarta and Guadalajara was the lowest in the top 15 international markets.

Table 4.4 Top 15 International Destinations by Originating Airport

Rank	Destination	Origin Airport %			Passengers	
		PSC	ALW	Other	Total	PDEW
1	Puerto Vallarta, Mexico	43	10	47	2,850	3.9
2	Cancun, Mexico	28	19	53	1,888	2.6
3	Guadalajara, Mexico	70	10	20	1,608	2.2
4	San Jose del Cabo, Mexico	53	19	29	1,590	2.2
5	Vancouver, Canada	39	21	40	494	0.7
6	Liberia, Costa Rica	39	21	40	243	0.3
7	San Jose, Costa Rica	39	21	40	240	0.3
8	Calgary, Canada	39	21	40	228	0.3
9	Ixtapa/Zihuatanejo, Mexico	39	21	40	203	0.3
10	Montreal, Canada	39	21	40	178	0.2
11	Rome-Da Vinci, Italy	39	21	40	169	0.2
12	London, UK (LHR)	31	25	44	164	0.2
13	Tokyo-Haneda, Japan	39	21	40	164	0.2
14	Madrid, Spain	39	21	40	103	0.1
15	Montego Bay, Jamaica	39	21	40	98	0.1
Top 15 International		**45**	**15**	**40**	**10,222**	**14.0**
Total International		**44**	**18**	**38**	**11,591**	**15.9**

Most airline hubs are directional and flow passenger traffic to and from geographic regions, not just destinations within the region.

FEDERAL AVIATION ADMINISTRATION (FAA) GEOGRAPHIC REGIONS

Measuring air travel by specific geographic regions is important for gaining insight into the air service needs of a community. Generally, airlines operate route systems that serve geographic areas. Additionally, most airline hubs are directional and flow passenger traffic to and from geographic regions, not just destinations within the region. Therefore, air service analysis exercises consider the regional flow of passenger traffic as well as passenger traffic to a specific city. Accordingly, this section analyzes the regional distribution of air travelers from the airport catchment area. For this exercise, the FAA geographic breakdown of the U.S. is used (**Exhibit 4.1**).

Exhibit 4.1 FAA Geographic Regions

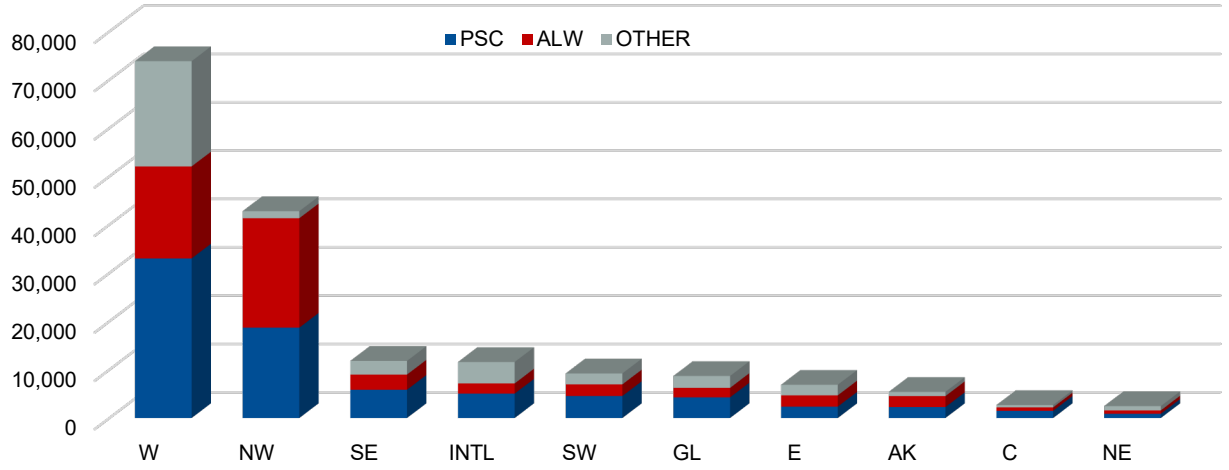
REGIONAL DISTRIBUTION OF TRAVELERS

Table 4.5 and **Exhibit 4.2** divide catchment area travel into the FAA's nine geographic regions and one catch-all international region. The West region was the largest traveled region for ALW catchment area passengers, with 42 percent of passengers, followed by the Northwest region at 24 percent of passengers. The Southeast and International regions were the third and fourth largest regions. ALW's retention was highest to the Northwest region at 53 percent and Alaska at 42 percent. The East region had the third highest retention at 34 percent. The lowest retention rate was to the International region at 18 percent.

Table 4.5 Regional Distribution of Travel by Airport

Airport		Region										
		W	NW	SE	INTL	SW	GL	E	AK	C	NE	Total
PSC	Pax	33,007	18,695	5,852	5,055	4,558	4,273	2,361	2,270	1,499	885	78,455
	%	42	24	7	6	6	5	3	3	2	1	100
ALW	Pax	19,048	22,633	3,136	2,104	2,404	1,972	2,333	2,270	703	699	57,299
	%	33	39	5	4	4	3	4	4	1	1	100
Other	Pax	21,799	1,460	2,827	4,432	2,263	2,453	2,182	871	488	887	39,662
	%	55	4	7	11	6	6	6	2	1	2	100
Total	**Pax**	**73,854**	**42,788**	**11,815**	**11,591**	**9,224**	**8,697**	**6,875**	**5,411**	**2,689**	**2,471**	**175,416**
	%	**42**	**24**	**7**	**7**	**5**	**5**	**4**	**3**	**2**	**1**	**100**
ALW Retention %		**26**	**53**	**27**	**18**	**26**	**23**	**34**	**42**	**26**	**28**	**33**

Exhibit 4.2 Regional Distribution of Travel



Mexico & Central America was the largest international region, with 78 percent of ALW catchment area international passengers, followed by Canada at 9 percent.

DISTRIBUTION OF INTERNATIONAL TRAVEL

Table 4.6 shows international travelers by airport and region. Seven percent of catchment area travelers had international itineraries. Mexico & Central America was the most frequented international region with 78 percent, or 9,060, of the total 11,591 catchment area international travelers, followed by Canada with 9 percent. Europe was the third largest region with 5 percent. The remaining international regions each accounted for 3 percent or less of total international passengers.

ALW's retention averaged 18 percent for international destinations. To the top region, Mexico & Central America, ALW retained 16 percent of passengers, which was the lowest retention rate of all the international regions. To Canada, retention was 22 percent. Of the top three international regions, ALW's retention was highest to Europe at 28 percent.

Table 4.6 Regional Distribution of International Passengers

Region	Originating Airport			True Market	% of Region	ALW Retention %
	PSC	ALW	Other			
Mexico & Central America	4,125	1,424	3,512	9,060	78	16
Canada	394	224	395	1,014	9	22
Europe	216	175	226	617	5	28
Asia	126	102	119	347	3	29
Caribbean	95	49	96	240	2	21
South America	41	39	38	117	1	33
Africa	34	55	27	116	1	47
Australia & Oceania	22	22	19	63	1	35
Middle East	3	14	0	17	0	83
Total passengers	**5,055**	**2,104**	**4,432**	**11,591**	**100**	**18**
% of row	**44**	**18**	**38**	**100**	**-**	**-**

AIRLINES

Information in this section identifies airline use by catchment area air travelers. The information is airport and airline specific. The intent is to determine which airlines are used to travel to specific destinations. The airline market share at ALW is based on U.S. DOT airline-reported data. Airline market share at PSC is based on ARC data and is an estimate of each carrier's share of diverted passengers.

AIRLINES USED AT ALW

Table 5.1 provides the airline share for the top 25 true markets and total share by airline at ALW. Alaska Airlines served the largest share of passengers at ALW for the year ended March 31, 2024, 97 percent of passengers. Other carriers, through codeshare or interline connections, combined for the remaining 3 percent of passengers at ALW.

Table 5.1 Airlines Used at ALW

Rank	Top 25 True Markets	Airline %		Total PAX
		AS	Other	
1	Seattle, WA	100	0	20,637
2	Phoenix, AZ (PHX)	100	0	2,508
3	Orange County, CA	100	0	1,933
4	San Diego, CA	99	1	1,711
5	Sacramento, CA	100	0	1,699
6	Los Angeles, CA	98	2	1,651
7	Las Vegas, NV	99	1	1,498
8	Anchorage, AK	100	0	1,330
9	Ontario, CA	100	0	1,273
10	Chicago, IL (ORD)	97	3	891
11	Burbank, CA	100	0	889
12	Honolulu, HI	100	0	811
13	Orlando, FL (MCO)	97	3	707
14	New York, NY (JFK)	100	0	701
15	Palm Springs, CA	100	0	693
16	Kona, HI	100	0	690
17	San Jose, CA	100	0	684
18	San Francisco, CA	100	0	679
19	Boston, MA	97	3	678
20	Dallas, TX (DFW)	76	24	648
21	Denver, CO	98	2	605
22	Washington, DC (IAD)	98	2	573
23	Atlanta, GA	100	0	533
24	Portland, OR	100	0	525
25	Oakland, CA	100	0	488
Total Top 25		**99**	**1**	**45,031**
Total All Markets		**97**	**3**	**57,299**

AIRLINES USED AT PSC

Table 5.2 shows the airlines used and top destinations when travelers from the catchment area used PSC. Delta Air Lines had the highest estimated share of catchment area passengers at PSC, carrying 36 percent of diverting passengers, followed by Alaska with 32 percent and United Airlines with 13 percent. Allegiant Air had the fourth highest share at 11 percent. Other airlines combined for the remaining 8 percent of passengers.

Table 5.2 Airlines Used at PSC

Rank	Top 25 True Markets	Airline %					Total PSC PAX
		DL	AS	UA	G4	Other	
1	Seattle, WA	26	72	0	0	1	11,525
2	Las Vegas, NV	23	13	6	58	0	6,503
3	Denver, CO	36	7	54	0	2	5,021
4	San Diego, CA	24	39	12	24	0	3,488
5	Los Angeles, CA	43	16	2	32	7	3,188
6	Phoenix, AZ (PHX)	55	24	3	0	17	2,959
7	Phoenix, AZ (AZA)	0	0	0	100	0	2,951
8	Burbank, CA	0	0	0	0	100	2,938
9	San Francisco, CA	9	14	74	0	3	1,968
10	Dallas, TX (DFW)	53	31	8	0	8	1,499
11	Anchorage, AK	44	28	0	0	28	1,496
12	Minneapolis, MN	85	15	0	0	0	1,433
13	Orlando, FL (MCO)	77	12	12	0	0	1,415
14	Sacramento, CA	26	70	4	0	0	1,396
15	Orange County, CA	28	48	24	0	0	1,274
16	Chicago, IL (ORD)	38	41	17	0	3	1,225
17	Salt Lake City, UT	96	4	0	0	0	1,077
18	Ontario, CA	40	53	7	0	0	955
19	Nashville, TN	55	5	41	0	0	875
20	Boston, MA	55	36	9	0	0	848
21	Kansas City, MO	53	26	21	0	0	823
22	Kahului, HI	20	10	20	0	50	767
23	San Jose, CA	64	36	0	0	0	752
24	New York, NY (JFK)	75	25	0	0	0	751
25	Honolulu, HI	34	59	0	0	7	735
Total Top 25		**34**	**31**	**12**	**15**	**9**	**57,860**
Total All Markets		**36**	**32**	**13**	**11**	**8**	**78,455**

FACTORS AFFECTING AIR SERVICE RETENTION

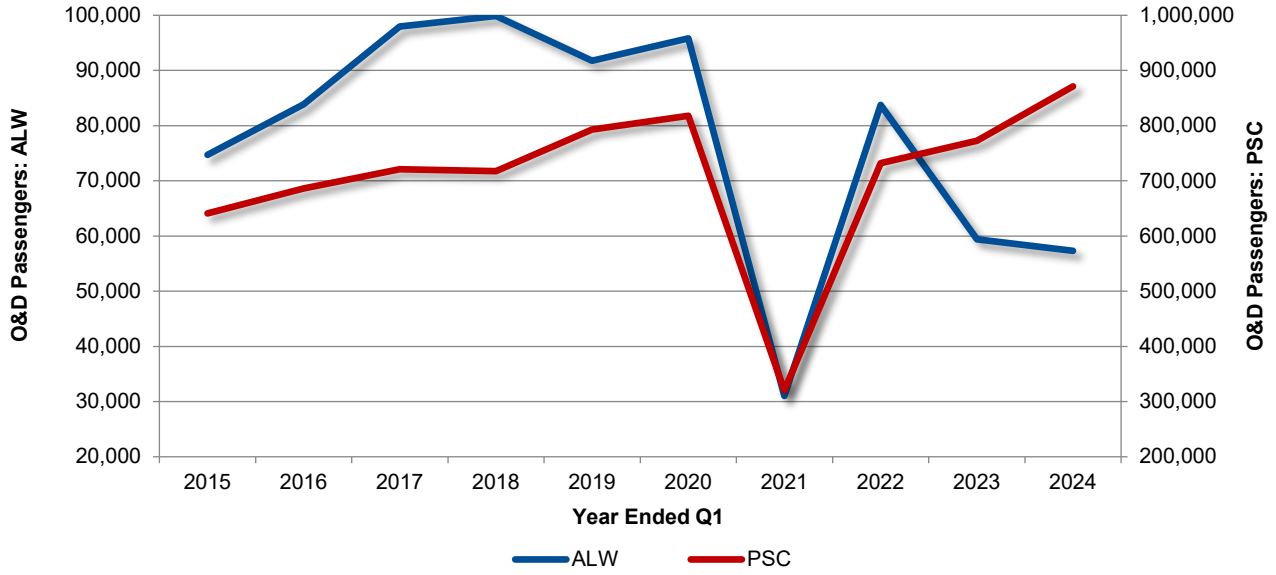
This section examines several factors that have affected and will continue to affect ALW's ability to retain passengers. Factors considered include airfares, nonstop service availability, and the quality and capacity of air service offered at ALW and PSC.

PASSENGER ACTIVITY COMPARISON

To better understand the changes in passenger volumes, **Exhibit 6.1** provides a depiction of origin and destination passengers over the last 10 years by year ended Q1 totals as reported by the airlines to the U.S. DOT.

- PSC's passengers increased at a CAGR of 3.5 percent, increasing 13 percent year-over-year in the year ended Q1 2024. PSC's passengers exceeded pre-pandemic levels by 6.5 percent in the year ended Q1 2024.
- ALW's passengers decreased at a 2.9 percent CAGR. Year ended Q1 2024 passengers decreased 3.6 percent year-over-year and were lower than pre-pandemic passenger levels by 40 percent.

Exhibit 6.1 Passenger Trends



ALW's average domestic fare for the year ended March 31, 2024 was $197, $45 lower than PSC. ALW's fares were lower than PSC's in 15 of the top 25 domestic markets.

AIRFARES

When a traveler decides which airport to access for travel, airfares play a large role. Airfares affect air service demand and an airport's likelihood to retain passengers. One-way airfares (excluding taxes and Passenger Facility Charges [PFC]) paid by travelers are used to measure the relative fare competitiveness between ALW and PSC. Fares listed for PSC are for all air travelers using the airport and are not reflective of the average fare paid only by catchment area travelers diverting to PSC.

Table 6.1[3] shows one-way average airfares for the top 25 catchment area domestic destinations. Average airfares are a result of many factors including length of haul, availability of seats, business versus leisure fares, and airline competition. ALW's average domestic fare for the year ended March 31, 2024 was $197, $45 lower than PSC. In individual markets, ALW had a lower fare than PSC to 15 of the top 25 markets. The largest fare difference with a lower fare in ALW was $142 to Atlanta. ALW's fare was higher than PSC in nine of the top 25 markets, higher by $50 or more in Las Vegas, Los Angeles, Burbank, and San Francisco.

Table 6.1 U.S. DOT Average Domestic One-Way Fares

Rank	Destination	Average One-Way Fare		Difference
		PSC	ALW	
1	Seattle, WA	$117	$107	($10)
2	Las Vegas, NV	$136	$187	$50
3	San Diego, CA	$178	$212	$33
4	Phoenix, AZ (PHX)	$232	$206	($26)
5	Los Angeles, CA	$163	$218	$55
6	Denver, CO	$217	$248	$30
7	Sacramento, CA	$229	$243	$14
8	Burbank, CA	$105	$237	$132
9	Orange County, CA	$218	$183	($35)
10	Anchorage, AK	$293	$283	($9)
11	Chicago, IL (ORD)	$315	$280	($36)
12	San Francisco, CA	$172	$256	$85
13	Kahului, HI	$316	$349	$33
14	Phoenix, AZ (AZA)	$88	-	-
15	Ontario, CA	$230	$219	($11)
16	Orlando, FL (MCO)	$319	$250	($70)
17	Dallas, TX (DFW)	$311	$286	($25)
18	Boston, MA	$379	$318	($61)
19	Honolulu, HI	$343	$314	($28)
20	New York, NY (JFK)	$338	$256	($81)
21	Kona, HI	$318	$223	($95)
22	San Jose, CA	$240	$257	$18
23	Minneapolis, MN	$296	$224	($73)
24	Atlanta, GA	$356	$214	($142)
25	Salt Lake City, UT	$233	$215	($18)
Average Domestic Fare		**$242**	**$197**	**($45)**

[3] *Source: Diio Mi; Note: Year Ended March 31, 2024; Fares do not include taxes or Passenger Facility Charges*

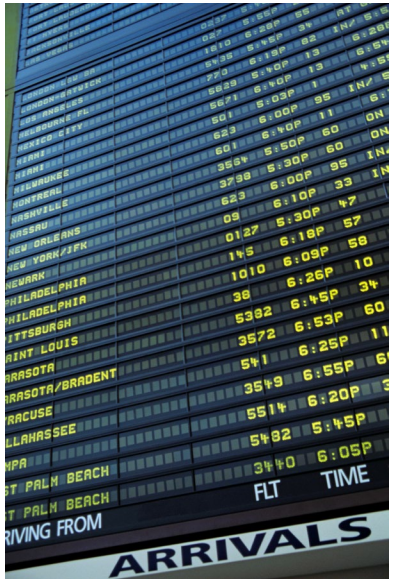
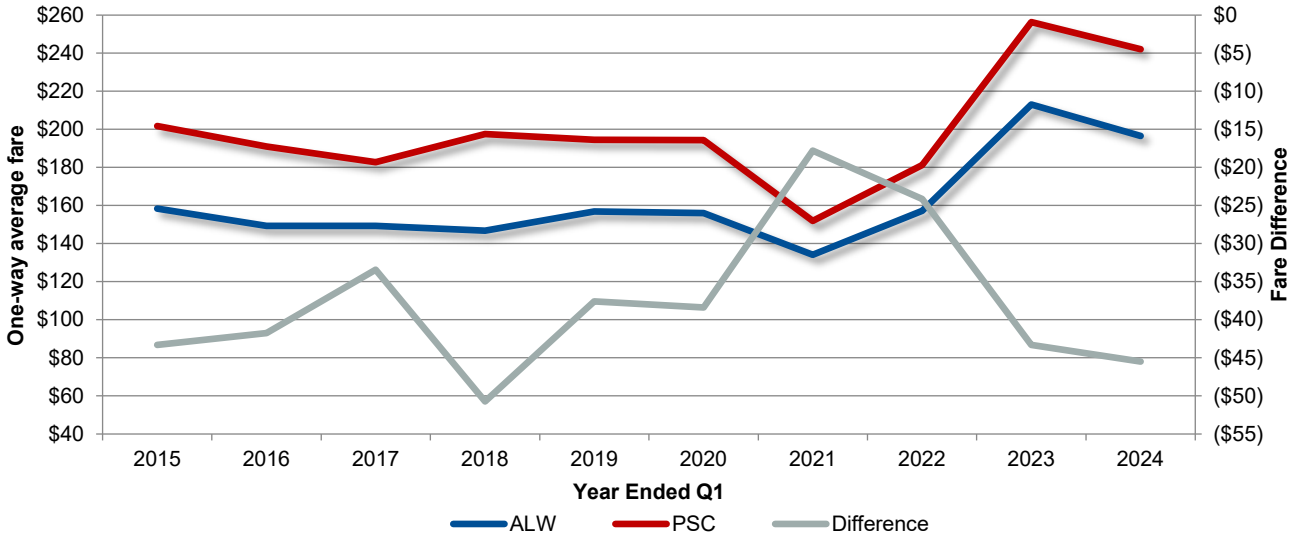


Exhibit 6.2 tracks the average fares at PSC and ALW from year ended March 31, 2015 through the year ended March 31, 2024 based on U.S. DOT airline data.

- PSC's average domestic fare over the 10-year period increased at a CAGR of 2.0 percent. PSC's average fares ranged from $152 (2021) to $256 (2023).
- ALW's average domestic fare increased at a CAGR of 2.4 percent and ranged from $134 (2021) to $213 (2023).

The fare disparity between ALW and PSC varied over the 10-year period, with ALW's fares ranging from $51 lower in 2018 to $18 lower in 2021. Since the pandemic, the fare gap returned to $45 lower in ALW. Lower fares at ALW create a challenge for attracting air service, as airlines would be unlikely to accept a lower fare at ALW compared to nearby alternative PSC.

Exhibit 6.2 10-Year Average Domestic One-Way Fare Trend



ALW offered nonstop service to one of the top 25 catchment area destinations with an average of 11 weekly departures for the year ended March 31, 2024.

NONSTOP SERVICE AVAILABILITY

Travelers drive to alternate airports to access air service for many reasons, one of which is nonstop service availability. **Table 6.2** compares the level of air service offered at ALW with that offered at PSC. For the year ended March 31, 2024, ALW offered nonstop service to one of the top 25 catchment area destinations with an average of 11 weekly frequencies to those destinations. PSC had service to nine of the top 25 markets with 115 weekly roundtrips to those markets and had service to 11 total markets.

Table 6.2 Nonstop Service Comparisons

Rank	Destination	Average Weekly Departures	
		PSC	ALW
1	Seattle, WA	52	11
2	Las Vegas, NV	3	0
3	San Diego, CA	0	0
4	Phoenix, AZ (PHX)	1	0
5	Los Angeles, CA	0	0
6	Denver, CO	14	0
7	Sacramento, CA	0	0
8	Burbank, CA	3	0
9	Orange County, CA	0	0
10	Anchorage, AK	0	0
11	Chicago, IL (ORD)	0	0
12	San Francisco, CA	12	0
13	Kahului, HI	0	0
14	Phoenix, AZ (AZA)	2	0
15	Ontario, CA	0	0
16	Orlando, FL (MCO)	0	0
17	Dallas, TX (DFW)	0	0
18	Boston, MA	0	0
19	Honolulu, HI	0	0
20	New York, NY (JFK)	0	0
21	Kona, HI	0	0
22	San Jose, CA	0	0
23	Minneapolis, MN	7	0
24	Atlanta, GA	0	0
25	Salt Lake City, UT	20	0
Total Top 25 Frequencies		**115**	**11**
Total All Markets		**115**	**11**
Number of Top 25 Served		**9**	**1**
Total Destinations Served		**11**	**1**

A 10-point increase in retention rate would create an estimated additional 12,811 annual passengers (17.5 PDEW) for ALW.

RETENTION RATE SENSITIVITY

Considering the previous factors of airfares, nonstop service, and quality of service, a retention rate sensitivity follows in **Table 6.3**. The purpose is to show how small changes in passenger retention can affect passenger volume. Passengers in total and for each of the top 25 markets are calculated using varying degrees of retention. An increase in retention of 10 points would create an estimated additional 12,811 annual passengers (17.5 PDEW) for ALW.

Table 6.3 Retention Rate Sensitivity

Rank	Destination	Reported PAX	Retention %	Retention Improvement		
				5%	10%	15%
1	Seattle, WA	20,637	64	22,256	23,876	25,496
2	Las Vegas, NV	1,498	14	2,027	2,556	3,084
3	San Diego, CA	1,711	18	2,190	2,670	3,150
4	Phoenix, AZ (PHX)	2,508	31	2,910	3,312	3,714
5	Los Angeles, CA	1,651	21	2,046	2,442	2,837
6	Denver, CO	605	10	915	1,225	1,535
7	Sacramento, CA	1,699	38	1,922	2,144	2,367
8	Burbank, CA	889	23	1,080	1,272	1,463
9	Orange County, CA	1,933	52	2,118	2,303	2,488
10	Anchorage, AK	1,330	37	1,508	1,687	1,865
11	Chicago, IL (ORD)	891	26	1,063	1,236	1,408
12	San Francisco, CA	679	21	836	994	1,152
13	Kahului, HI	384	13	536	688	841
14	Phoenix, AZ (AZA)	0	0	148	295	443
15	Puerto Vallarta, Mexico	283	10	425	568	710
16	Ontario, CA	1,273	48	1,406	1,540	1,674
17	Orlando, FL (MCO)	707	27	840	974	1,107
18	Dallas, TX (DFW)	648	25	777	905	1,033
19	Boston, MA	678	28	798	918	1,038
20	Honolulu, HI	811	34	929	1,047	1,165
21	New York, NY (JFK)	701	30	818	936	1,054
22	Kona, HI	690	32	799	907	1,016
23	San Jose, CA	684	32	791	899	1,006
24	Minneapolis, MN	379	20	476	574	671
25	Cancun, Mexico	358	19	452	546	641
Total Top 25		**43,623**	**34**	**50,068**	**56,512**	**62,956**
Total Domestic		**55,195**	**45**	**61,355**	**67,515**	**73,674**
Total International		**2,104**	**44**	**2,345**	**2,586**	**2,828**
Total of All Markets		**57,299**	**45**	**63,705**	**70,111**	**76,517**

SITUATION ANALYSIS

With added capacity from Alaska Airlines, ALW passenger volumes grew to more than 57,300 in the year ended March 31, 2024. This represented a decrease of 3.6 percent since the same period in 2023, and a decrease over pre-pandemic volumes.

In 2024 compared to 2023, seat capacity is scheduled to be up 51 percent at ALW. Starting in September 2023, Alaska resumed flying twice daily on most days and remains scheduled at that level for all published months. The added capacity should help passenger levels at ALW increase over 2023, though seats will remain below 2019 levels.

ALW retained an estimated 33 percent of origin and destination travelers in the year ended March 31, 2024. Forty-five percent of catchment area passengers used Tri-Cities Airport in Pasco and 23 percent used other airports. More than 55,000 passengers used ALW for domestic travel and more than 2,000 passengers had international itineraries.

Airfares have historically been lower at ALW than at PSC, a situation which continued in the latest year-ended period, with fares $45 lower at ALW than PSC. An airline would be unlikely to choose to fly to ALW when higher revenue could be achieved at PSC. However, in certain markets, fares were higher at ALW. Among the top 25 markets, ALW's fare was higher than PSC by $50 or more in Las Vegas, Los Angeles, Burbank, and San Francisco. The higher fares in ALW make these markets more likely targets for new air service.

To assess opportunities for air service expansion, the true market sizes by metro area are included on **Table 7.1**, on the next page. In the year ended March 31, 2024, ALW had year-round service to one of the top 10 metro areas, Seattle. Based on market sizes and retention levels, the Los Angeles Basin could support service if connecting traffic was sufficient to augment the local passengers, which amounted to 24.8 PDEW. In the area, only Los Angeles International Airport (LAX) is a connecting hub; however, LAX is a smaller hub for each carrier, so it supports less connecting traffic than other hubs. Fares are higher to Los Angeles in ALW than PSC, which would help the business case for service.

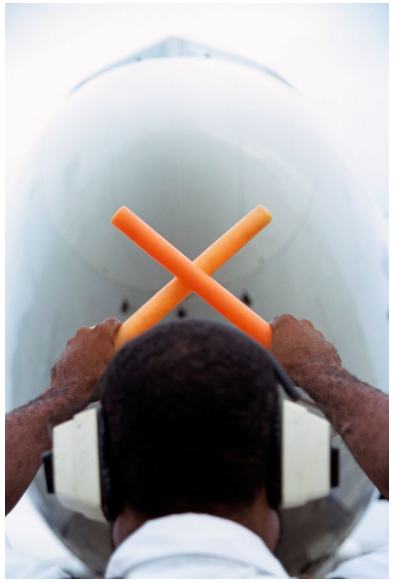


Table 7.1 Top Domestic True Markets By Metro Area

Rank	Metro Area	Flown PAX	Retention %	True Market	PDEW	2024 Service*
1	Seattle, WA	20,637	64	32,393	44.4	Y
2	Los Angeles Basin, CA	5,745	32	18,115	24.8	
3	Phoenix-Metro, AZ	2,508	23	10,997	15.1	
4	Las Vegas, NV	1,498	14	10,577	14.5	
5	San Diego, CA	1,711	18	9,593	13.1	
6	Denver, CO	605	10	6,203	8.5	
7	San Francisco Bay Area, CA	1,850	31	6,036	8.3	
8	Sacramento, CA	1,699	38	4,452	6.1	
9	Anchorage, AK	1,330	37	3,573	4.9	
10	Chicago-Metro, IL	891	26	3,443	4.7	
11	Kahului, HI	384	13	3,048	4.2	
12	Dallas-Metro, TX	878	31	2,840	3.9	
13	New York-Metro, NY	889	32	2,816	3.9	
14	Orlando-Metro, FL	707	27	2,664	3.6	
15	Washington-Metro, DC	1,003	41	2,424	3.3	
16	Boston, MA	678	28	2,395	3.3	
17	Honolulu, HI	811	34	2,361	3.2	
18	Kona, HI	690	32	2,172	3.0	
19	Minneapolis, MN	379	20	1,944	2.7	
20	Miami, FL	439	24	1,847	2.5	
21	Atlanta, GA	533	30	1,787	2.4	
22	Salt Lake City, UT	239	15	1,648	2.3	
23	Nashville, TN	477	32	1,484	2.0	
24	Palm Springs, CA	693	48	1,448	2.0	
25	Lihue, HI	309	22	1,432	2.0	

** Source: Diio Mi: Note: Y = Year-Round; S = Seasonal*

The next largest metro area was Phoenix, with 15.1 PDEW. At Phoenix, American Airlines operates a hub which could provide connecting passengers to supplement the local passengers. However, with a relatively small number of PDEW and lower fares at ALW than at PSC, Phoenix service could be difficult to achieve.

Las Vegas, with 14.5 PDEW, had higher fares at ALW than at PSC. Southwest Airlines operates a hub at Las Vegas. With 159 average seats onboard a Southwest aircraft, the market is unlikely to support service even with additional traffic from connections. Less-than-daily service on a carrier such as Breeze Airways or Allegiant Air could be considered.

In the short term, efforts could be directed to maintaining strong schedules, improving load factors, and then increasing service to Seattle. Ensuring strong connections to top ALW O&Ds in Seattle is a priority.

TOP 50 TRUE MARKETS

Table A.1 Top 50 True Markets

Rank	Destinations	ALW Reported PAX	Retention %	True Market	PDEW	Diverting PAX	
						PSC	Other
1	Seattle, WA	20,637	64	32,393	44.4	11,525	231
2	Las Vegas, NV	1,498	14	10,577	14.5	6,503	2,576
3	San Diego, CA	1,711	18	9,593	13.1	3,488	4,395
4	Phoenix, AZ (PHX)	2,508	31	8,046	11.0	2,959	2,579
5	Los Angeles, CA	1,651	21	7,910	10.8	3,188	3,072
6	Denver, CO	605	10	6,203	8.5	5,021	577
7	Sacramento, CA	1,699	38	4,452	6.1	1,396	1,357
8	Burbank, CA	889	23	3,827	5.2	2,938	0
9	Orange County, CA	1,933	52	3,704	5.1	1,274	498
10	Anchorage, AK	1,330	37	3,573	4.9	1,496	748
11	Chicago, IL (ORD)	891	26	3,443	4.7	1,225	1,326
12	San Francisco, CA	679	21	3,157	4.3	1,968	510
13	Kahului, HI	384	13	3,048	4.2	767	1,897
14	Phoenix, AZ (AZA)	0	0	2,951	4.0	2,951	0
15	Puerto Vallarta, Mexico	283	10	2,850	3.9	1,219	1,349
16	Ontario, CA	1,273	48	2,673	3.7	955	446
17	Orlando, FL (MCO)	707	27	2,664	3.6	1,415	542
18	Dallas, TX (DFW)	648	25	2,564	3.5	1,499	416
19	Boston, MA	678	28	2,395	3.3	848	869
20	Honolulu, HI	811	34	2,361	3.2	735	815
21	New York, NY (JFK)	701	30	2,353	3.2	751	901
22	Kona, HI	690	32	2,172	3.0	537	945
23	San Jose, CA	684	32	2,148	2.9	752	712
24	Minneapolis, MN	379	20	1,944	2.7	1,433	132
25	Cancun, Mexico	358	19	1,888	2.6	528	1,002
26	Atlanta, GA	533	30	1,787	2.4	578	677
27	Salt Lake City, UT	239	15	1,648	2.3	1,077	332
28	Guadalajara, Mexico	161	10	1,608	2.2	1,132	315
29	San Jose del Cabo, Mexico	296	19	1,590	2.2	837	457
30	Nashville, TN	477	32	1,484	2.0	875	132
31	Palm Springs, CA	693	48	1,448	2.0	347	409
32	Lihue, HI	309	22	1,432	2.0	309	814
33	Tampa, FL	347	26	1,324	1.8	642	335
34	Austin, TX	330	26	1,282	1.8	612	340
35	Kansas City, MO	329	27	1,216	1.7	823	64

Table A.1 Top 50 True Markets

Rank	Destinations	ALW Reported PAX	Retention %	True Market	PDEW	Diverting PAX	
						PSC	Other
36	Washington, DC (IAD)	573	48	1,190	1.6	191	427
37	Reno, NV	292	25	1,148	1.6	542	314
38	New Orleans, LA	284	26	1,105	1.5	526	295
39	Indianapolis, IN	98	9	1,077	1.5	547	432
40	Albuquerque, NM	258	25	1,040	1.4	478	304
41	Fort Lauderdale, FL	243	25	993	1.4	456	293
42	San Antonio, TX	203	21	991	1.4	386	401
43	Houston, TX (IAH)	167	18	952	1.3	567	218
44	Philadelphia, PA	253	27	946	1.3	469	224
45	St. Louis, MO	232	25	942	1.3	431	279
46	Portland, OR	525	60	874	1.2	350	0
47	Miami, FL	195	23	855	1.2	423	237
48	Fresno, CA	224	27	834	1.1	415	195
49	Raleigh/Durham, NC	203	26	770	1.1	377	190
50	Oakland, CA	488	67	732	1.0	244	0
Top 50 Destinations		**51,575**	**33**	**158,158**	**216.7**	**71,002**	**35,581**
Total Domestic		**55,195**	**45**	**163,825**	**224.4**	**73,400**	**35,230**
Total International		**2,104**	**44**	**11,591**	**15.9**	**5,055**	**4,432**
Total All Markets		**57,299**	**45**	**175,416**	**240.3**	**78,455**	**39,662**

GLOSSARY

AIRLINE CODES

AA	American Airlines
AS	Alaska Airlines
DL	Delta Air Lines
G4	Allegiant Air
MX	Breeze Airways
UA	United Airlines
WN	Southwest Airlines

AIRPORT CATCHMENT AREA (ACA)

The geographic area surrounding an airport from which that airport can reasonably expect to draw passenger traffic. The airport catchment area is sometimes called the service area.

AIRPORT CODES

ALW	Walla Walla, WA
GEG	Spokane, WA
LWS	Lewiston, ID
PDT	Pendleton, WA
PDX	Portland, OR
PSC	Pasco, WA
PUW	Pullman, WA
SEA	Seattle, WA

ARC

Acronym for Airline Reporting Corporation.

AVERAGE AIRFARE

The average of the airfares reported by the airlines to the U.S. DOT. The average airfare does not include taxes or passenger facility charges and represents one-half of a roundtrip ticket.

CAGR

Abbreviation for compounded annual growth rate, or the average rate of growth per year over a given time period.

DESTINATION AIRPORT

Any airport where the air traveler spends four hours or more. This is the Federal Aviation Administration definition.

DIVERSION

Passengers who do not use the local airport for air travel, but instead use another airport to originate the air portion of their trip.

FAA

Acronym for the Federal Aviation Administration.

HUB

An airport used by an airline as a transfer point to get passengers to their intended destination. It is part of a hub and spoke model, where travelers moving between airports not served by direct flights change planes en route to their destination. Hub is also an airport classification system used by the FAA (e.g., non-hub, small hub, medium hub, and large hub.

INITIATED (ORIGIN) PASSENGERS

Origin and destination passengers who began their trip from within the catchment area.

LOAD FACTOR

The percent of airplane capacity used by passengers.

LOCAL MARKET

The number of air travelers who travel between two points via nonstop air service.

MSA

Acronym for Metropolitan Statistical Area. MSAs have at least one urban cluster with a population of at least 50,000 plus adjacent territory that has a high degree of social and economic integration with the core as measured by commuting ties.

NONSTOP FLIGHT

Air travel between two points without stopping at an intermediate airport.

ONBOARD PASSENGERS

The number of passengers transported on one flight segment.

ORIGIN AND DESTINATION (O&D) PASSENGERS

Includes all originating and destination passengers arriving and departing an airport.

ORIGINATING AIRPORT

The airport used by an air traveler for the first enplanement of a commercial air flight.

PASSENGER FACILITY CHARGE

Fee imposed by airports of $1 to $4.50 on enplaning passengers. The fees are used by airports to fund FAA approved airport improvement projects.

PAX

Abbreviation for passengers.

PDEW

Abbreviation for passengers daily each way.

POINT-TO-POINT

Nonstop service that does not stop at an airline's hub and whose primary purpose is to carry local traffic rather than connecting traffic.

RETAINED PASSENGERS

Passengers who use the local airport for air travel instead of using another airport to originate the air portion of their trip.

TRUE MARKET

Total number of air travelers, including those who are using a diversionary airport, in the geographic area served by ALW. The true market estimate includes the size of the total market and for specific destinations.

U.S. DOT

Acronym for U.S. Department of Transportation.

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