



Market Analysis
Oakland International Airport

October 2004

Market Share

At the September 30, 2004, meeting, the Stakeholder Advisory Committee requested that the Port provide data on airline passenger market share. Table A describes the potential market share for Oakland International Airport (OAK), based on population by Bay Area county. The primary catchment area share is estimated by the Port's Aviation Marketing and Communications Department. For example, in Alameda County, approximately 90% of the estimated population (or 1,314,927 people) is closest to OAK and would naturally use OAK assuming competitive air service is available (i.e., with the right airlines, destinations, schedules, air fares, etc.). The potential catchment area for Sacramento International Airport, which likely has some influence in the northern Bay Area counties (e.g., Solano County), has been excluded from this analysis. As shown in Table A, we estimate that approximately 48.6% of the total Bay Area population would naturally want to use OAK, again assuming competitive air service is available (i.e., with the right airlines, destinations, schedules, air fares, etc.).

Table B shows the Airport's actual market penetration. Of all passengers bound to and from specific destinations, Table B shows what percent is served at OAK. For markets (cities) where competitive air service is available at OAK, OAK captures approximately 48.5% of the market, which is close to the estimated potential described above. For well-served markets, OAK captures between 30% (e.g., Houston and Boise) and 60% (e.g., L.A. basin and Albuquerque) of the market. For those markets that are under-served from OAK, only about 18.9% of passengers traveling to/from those markets choose OAK (vs. the other two Bay Area airports). Looking at both well-served and under-served markets, the total actual market share for OAK is estimated to be 34.2%. That is, of all the domestic passengers beginning or ending their journey in the Bay Area, approximately 34.2% choose OAK.

The passenger forecasts presented at the Stakeholder Advisory Committee meeting in August 2004 suggested that OAK would serve approximately 18 million annual passengers (MAP) in 2010 (give or take) and 20 MAP in 2012 (give or take). OAK currently serves 14 MAP (data for the 12 months ending August 2004). The anticipated growth from 14 MAP to 18 to 20 MAP will occur as airlines add flights in existing markets (capturing an increase in market share at OAK) or add flights to new markets.

International Market

Similar market share data is not readily available for international airline service, and therefore a similar analysis on international market share is not possible. Currently, the only international flights to/from OAK are to/from Mexico on Mexicana Airlines (on Airbus A320s) and SunTrips charters (on Boeing 757s). North American Airlines will soon start scheduled service to various destinations in Mexico (on Boeing 757s). We anticipate that OAK will continue to be dominated by domestic airline service, largely because the airlines at OAK primarily serve origin and destination (O&D) airline passengers (passengers starting or ending their trips in the Bay Area). The largest airline at OAK, Southwest Airlines, does not (and has not given any indication that they plan to) have interline agreements with other domestic or international airlines, making transfers to international flights difficult or



impossible. San Francisco International Airport, on the other hand, serves both O&D airline passengers as well as a connecting hub for several airlines, most notably, United Airlines. Unlike Southwest Airlines, United Airlines has numerous interline agreements, making transfers to other international airlines or even international flights on United Airlines possible. That is, in order to be a significant international hub, the Airport must have a large O&D market, as well as serve as an airline hub for connecting passengers. Examples of large hub airports include San Francisco, Chicago O'Hare, Atlanta, Miami, John F. Kennedy, and Los Angeles international airports. All of these airports serve as hubs for multiple airlines that have interline agreements (also note that of these airports, Southwest Airlines only operates out of Los Angeles International Airport).

Based on this market share analysis and historic trends, we anticipate that passenger airline service at OAK will continue to grow, expanding in existing and new domestic markets. As discussed at the Stakeholder Advisory Committee meetings, we do not anticipate significant growth in international air service at OAK. We will likely continue to have and may see some modest growth in airline service to/from Mexico and possibly destinations in Canada. However, these international flights would continue to serve primarily O&D traffic and represent a small portion of overall passenger traffic at OAK and an even smaller portion of the Bay Area international passenger traffic. This analysis is consistent with the findings in the Regional Airport System Plan, Update 2000, Volume II, Aviation Forecasts (Feb. 2001).

Table A
Oakland International Airport Estimated Airport Service Area

Bay Area County	Population ⁽¹⁾ [X]	Primary Catchment Area Share ⁽²⁾			OAK Potential Market [X*Y]
		OAK [Y]	SFO	SJC	
Alameda	1,461,030	90%	0%	10%	1,314,927
Contra Costa	1,001,136	100%	0%	0%	1,001,136
San Francisco	751,682	0%	100%	0%	0
San Mateo	697,456	0%	90%	10%	0
Marin	246,073	50%	50%	0%	123,037
Sonoma	466,725	100%	0%	0%	466,725
Napa	131,607	100%	0%	0%	131,607
Solano	412,336	100%	0%	0%	412,336
Santa Clara	1,678,421	0%	0%	100%	0
Santa Cruz	251,584	0%	0%	100%	0
Total	7,098,050	[A]			3,449,768 [B]
OAK Share of Bay Area Market:					48.6% [B/A]

Source:

⁽¹⁾U.S. Census Bureau, Annual Estimates of the Population for Counties of California:
April 1, 2000 through July 1, 2003, July 1, 2003 estimated data.

⁽²⁾Port of Oakland, Aviation Marketing and Communications Department.

Table B
Oakland International Airport Actual Market Share

Daily Average Passengers (Inbound and Outbound) ⁽¹⁾			
Market	Total Bay Area	Total OAK	Percent Served at OAK
Well-Served Domestic Markets			
Albuquerque	350	207	59.1%
Boise	208	67	32.2%
Houston	665	205	30.8%
L.A. Basin	9,881	5,640	57.1%
Las Vegas	2,486	1,061	42.7%
Phoenix	1,743	775	44.5%
Portland	1,486	570	38.4%
Reno	400	166	41.5%
Salt Lake City	752	402	53.5%
San Diego	2,700	1,351	50.0%
Seattle/Tacoma	2,321	898	38.7%
Spokane	219	129	58.9%
Tucson	226	85	37.6%
Washington/Baltimore	1,870	728	38.9%
Subtotal	25,307	12,284	48.5%
Under-Served Domestic Markets			
Atlanta	821	238	29.0%
Austin	425	64	15.1%
Boston	1,203	63	5.2%
Charlotte	220	12	5.5%
Chicago	1,963	368	18.7%
Cincinnati/N. Kentucky	119	7	5.9%
Dallas/Ft. Worth	899	194	21.6%
Denver	1,226	188	15.3%
Detroit	459	72	15.7%
Hawaii	2,021	272	13.5%
Miami/Ft. Lauderdale	653	129	19.8%
Minneapolis/St. Paul	623	24	3.9%
New York/Newark	3,425	901	26.3%
Orlando	475	111	23.4%
Palm Springs	192	3	1.6%
Philadelphia	654	32	4.9%
Pittsburgh	296	11	3.7%
St. Louis	317	54	17.0%
Other	7,801	1,757	22.5%
Subtotal	23,792	4,500	18.9%
All Domestic Markets			
Total	49,099	16,784	34.2%

⁽¹⁾U.S. DOT O&D Passenger Survey 4 Quarters Ending 1st Quarter '04