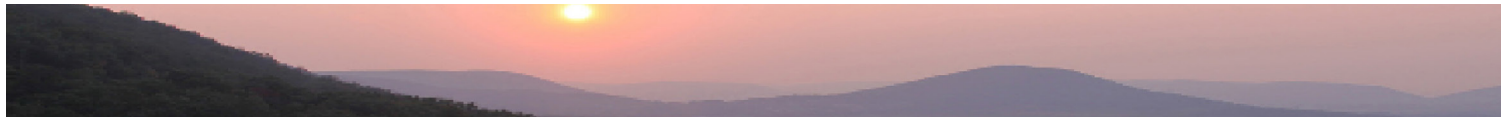




3 Aviation Demand Forecast



Forecasts of aviation demand were prepared in support of the Master Plan for Harrisburg International Airport (the Airport or HIA), including forecasts of enplaned passengers, air cargo, based aircraft, and aircraft operations. These forecasts are “unconstrained” and, therefore, do not include specific assumptions about physical, regulatory, environmental or other impediments to aviation activity growth. Using calendar year 2012 as the base year, annual forecasts were prepared for four future demand years—2017, 2022, 2027, and 2032.

Methodology

A multi-tiered approach to evaluate passenger demand in South Central Pennsylvania was used to create the aviation demand forecasts. This approach is summarized in Exhibit 3-2. Four key elements were particularly considered in the preparation of the enplaned passenger forecasts for the Airport:

- Domestic originating passengers based on statistical analysis
- Evaluation of competing airport service and external events
- Airline industry conditions
- Independent forecasts of key drivers

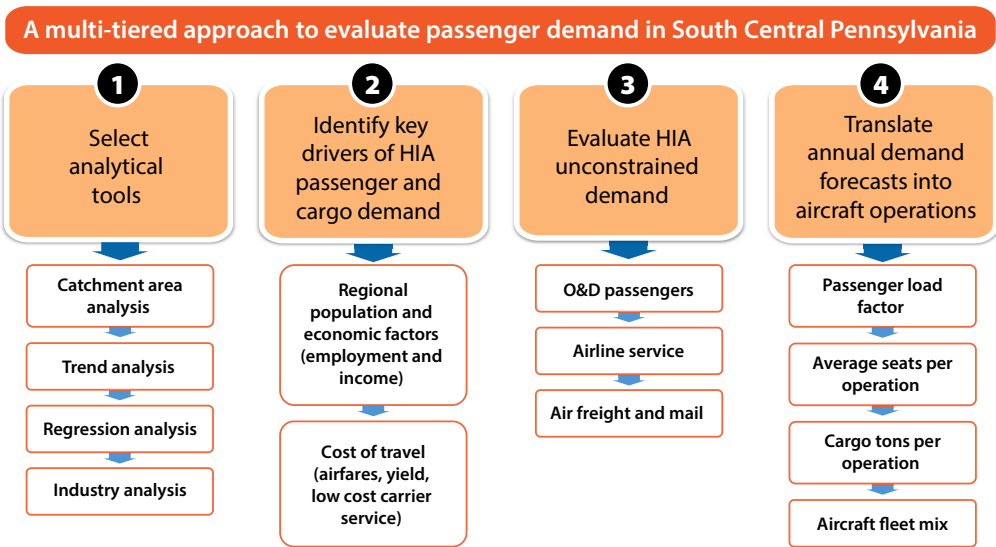


Exhibit 3-2 The Aviation Forecasting Process

Airfares at nearby airports affect the size of the Airport’s catchment area and passenger traffic. Average airfares at HIA have historically been higher than

at nearby airports. As seen in Exhibit 3-3 (right graphic), when the difference in airfares between the Airport and Baltimore-Washington International Airport (BWI)

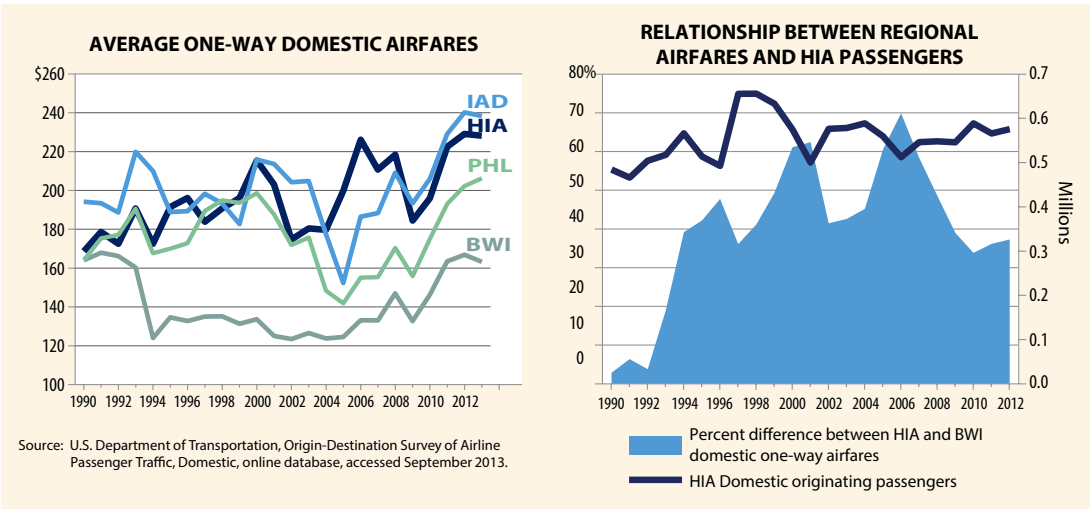


Exhibit 3-3 Airfares at Nearby Airports Affect the Size of the HIA Catchment Area and Passenger Traffic

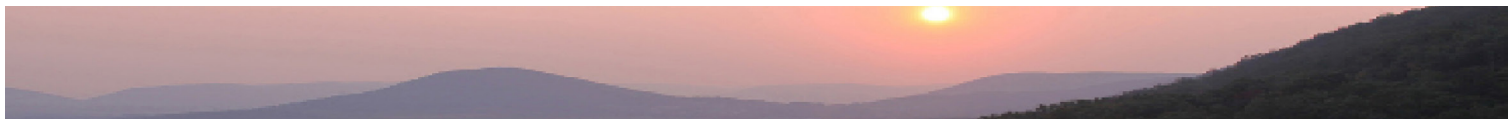


Exhibit 3-4 HIA Catchment Area's Diverse Economy Characteristics

Source: Pennsylvania Department of Community and Economic Development, www.newpa.com.

increases, passenger levels at the Airport decrease. Nevertheless, the Airport's role as a primary commercial service airport serving Pennsylvania's state capital and business center is important to future airline traffic growth and will support the Airport's share of Catchment Area passengers. The greater Harrisburg area has a diverse economy, including the markets shown in Exhibit 3-4. The population and economy in the Airport's catchment area are growing faster than the Commonwealth average, which will support continued growth in passenger traffic at HIA. Additionally, the strength of the Airport's market is evaluated,

independent of competing airports. The strength of each route and origin-destination is evaluated. Exhibit 3-5 shows all markets to/from the Airport that account for 1% or more of the Airport's passengers. Continued high load factors and the ability of the airlines serving HIA to add seat capacity is necessary to support continued growth in passenger traffic and airline service.

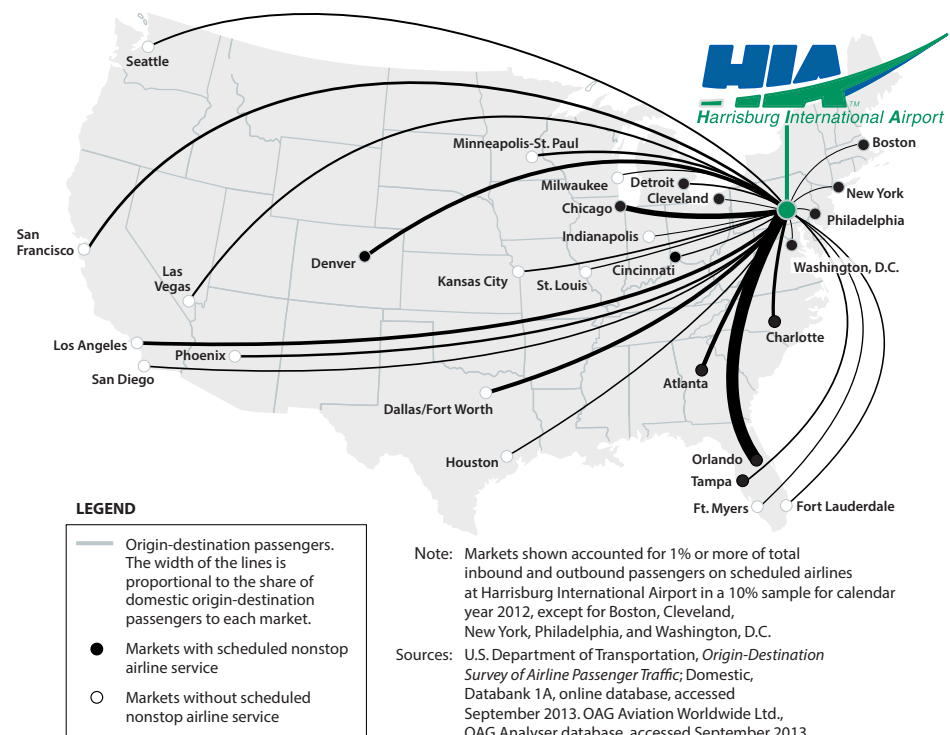
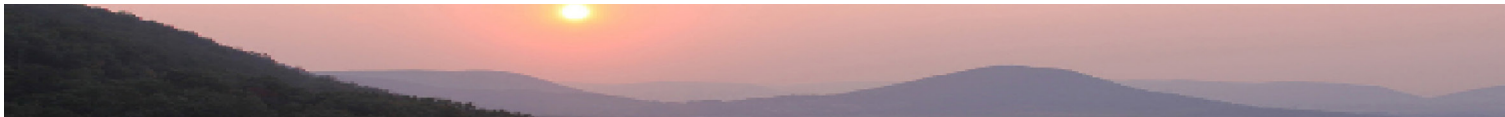


Exhibit 3-5 HIA Is an Origin-Destination Airport



Airport Service Region

As shown in Exhibit 3-6 and the map on page 7, the geographical area served by the Airport (“Airport primary area”) consists of Adams, Cumberland, Dauphin, Franklin, Lancaster, Lebanon, Perry and York counties in Pennsylvania. According to the U.S. Department of Commerce, Bureau of the Census, the population of the Airport primary area was 1.9 million in 2012, accounting for about 15% of Pennsylvania’s total population of 12.8 million. Because economic growth and activity within this area stimulate a significant portion of passenger demand at the Airport, statistics for the Airport primary area were used to evaluate certain long-term and future airline traffic trends at the Airport.

Enplaned Passengers

The passenger forecasts for HIA were developed using a variety of analytical tools, including trend analysis, regression models, and market share analysis, to address the key components of aviation activity (i.e., mainline airlines, low cost carriers, and regional airlines). In addition, recent trends in airline service in South Central Pennsylvania, particularly for mainline, low cost carrier, and regional service, were considered in the preparation of the passenger forecasts. As shown on Exhibit 3-7, enplaned passengers at the Airport are forecast to increase to 861,400 in 2032, an average increase of 1.4% per year between 2012 and 2032.

POPULATION DISTRIBUTION IN THE AIRPORT PRIMARY AREA IN 2012

Metropolitan Statistical Area in Pennsylvania	County	Population	Percent of total
Harrisburg-Carlisle	Dauphin	269,665	14.2%
	Cumberland	238,614	12.5%
	Perry	45,701	2.4%
		553,980	29.1%
Lancaster	Lancaster	526,823	27.6%
York-Hanover	York	437,846	23.0%
Chambersburg-Waynesboro	Franklin	151,275	7.9%
Lebanon	Lebanon	135,251	7.1%
Gettysburg	Adams	101,482	5.3%
Airport primary area		1,906,657	100.0%

Source: U.S. Department of Commerce, Bureau of the Census, www.census.gov, accessed September 2013.

Exhibit 3-6 Population in Airport Primary Area by County

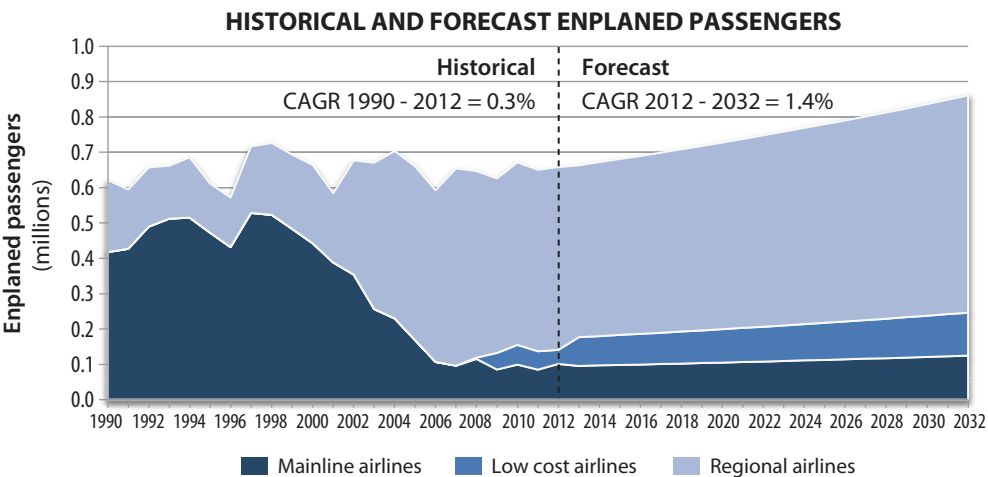
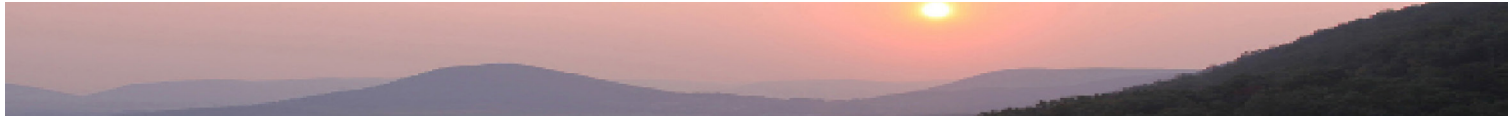


Exhibit 3-7 Historical and Forecast Enplaned Passengers

Air Cargo

The air cargo forecasts were developed based on a review of recent trends and an evaluation of key components of air cargo activity (i.e., enplaned and deplaned cargo

for all-cargo and passenger airlines). Total air cargo (enplaned and deplaned) is forecast to increase to 69,000 tons in 2032, an average increase of 1.5% per year between 2012 and 2032, as shown on Exhibit 3-8.



Aircraft Operations

Total aircraft operations include air carrier, air taxi and commuter, general aviation, and military takeoffs and landings. The forecasts of total aircraft operations at HIA were derived from the forecasts of passenger and cargo activity for the Airport using assumptions about the average aircraft size in terms of seats per departure and enplaned passenger load factors (percentage of seats occupied, on average) for future years. In addition, the future aircraft fleet plans of the airlines serving HIA were also considered based on available information. As shown on Exhibit 3-9, total aircraft operations at the Airport are forecast to increase to 58,500 in 2032, an average increase of 0.2% per year between 2012 and 2032.

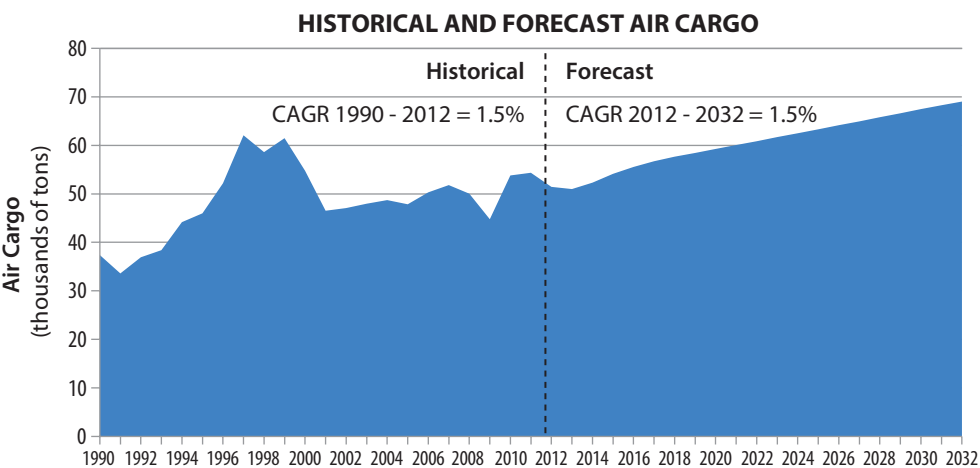


Exhibit 3-8 Historical and Forecast Air Cargo by Tonnage

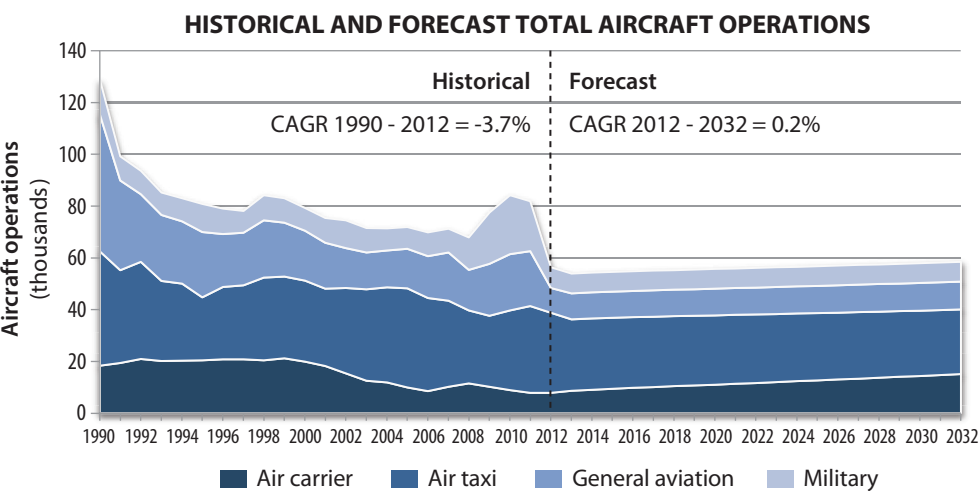


Exhibit 3-9 Historical and Forecast Aircraft Operations

