

Airport Profile

2015

BY THE NUMBERS

Destin-Ft. Walton Beach Airport

388,395

Enplanements

372,936

Passengers

\$253.54

Average Fare

5

U.S. Cities Served

Destin-Ft. Walton Beach Airport (VPS) is a dual-use airport (commercial/military) that is located within the Eglin Air Force Base, in Okaloosa County, Florida. The airport's location is near the Cities of Destin and Fort Walton Beach. No private aircraft are permitted to fly into VPS due to its unique status.

VPS serves as a gateway to Northwest Florida, located between Pensacola International (PNS) and Northwest Florida Beaches International (ECP) Airports. The airport is utilized for its unique top routes derived from its five domestic destinations.

Enplanements at VPS increased over three percent between 2014 and 2015. This trend suggests increasing demand for air travel to and from VPS, concurrent with the national trend seen in demand for commercial air travel.



Data Explanation

For this report, three key data sources were used: *Passenger Origin-Destination Survey* from the U.S. Department of Transportation, the Official Airline Guide (OAG) and Airline Reporting Corporation (ARC). In this profile, data are combined and compared in order to identify general trends about the airport, as well as offer certain analysis on the findings. A description of these data sources is presented below. Throughout the text, the data sources will be further explained, but this section provides a general overview of the data used in the development of this Airport Air Service Profile.

Air Passenger Origin and Destination (O&D) Survey

DB1B Coupon: The Airline Origin and Destination Survey (DB1B) is a 10 percent sample of airline tickets from reporting carriers collected by the Office of Airline Information of the Bureau of Transportation Statistics. Data from this source provides coupon-specific information for each domestic itinerary of the Origin and Destination Survey.

T-100 Domestic Market: This data source contains domestic market data reported by both U.S. and foreign air carriers, including carrier, origin, destination, and service class for enplaned passengers, freight and mail when both origin and destination airports are located within the boundaries of the United States and its territories.

Official Airline Guide (OAG)

OAG data were summarized as weekly averages for the reported year. All OAG data are for direct flights and represents statistically significant samples of data.

Airline Reporting Corporation (ARC)

The data provided by this source represent a statistically significant and representative sample of airline tickets purchased with a consumer form of payment through an ARC-accredited agency, including major online travel agencies (OTAs), such as Expedia, Orbitz, and Travelocity.

The data represent a 10 percent sample, an industry standard sample size, of passengers from participating agencies. Passenger volumes represented by the data can vary significantly by individual markets, depending on several factors including, but not limited to, the following: 1) the overall composition of air travelers (leisure vs. business); 2) the presence of carriers whose distribution is more heavily weighted toward the direct vs. agency channel (e.g. low cost carriers); and 3) the presence of carriers with limited participation in the ARC settlement system (e.g. Southwest Airlines).

The data used represent passengers and zip codes from where in Florida tickets were purchased. The data include purchases from Florida zip codes only. Because the data in this document represent consumer purchases of airline tickets, there is a natural bias toward leisure and unmanaged business travel behavior and may not account for all business travel. There also may be limitations due to misrepresentation of the passenger information in instances where a person from one zip code purchased a ticket for another person in a different zip code.

Airline Reporting Corporation (ARC) did not assist in the preparation of this analysis, all analyses disclosed herein were performed by Kimley-Horn and Associates, INC., the consultant to the Florida Department of Transportation, Central Aviation Office.

Destin-Ft. Walton Beach Airport Air Service Summary

Introduction

Originally opened as Okaloosa County Air Terminal in 1957 on Eglin Air Force Base, Destin-Ft. Walton Beach Airport (VPS) doors following a major expansion program including additional public parking and aircraft parking apron, a second parallel taxiway, landscaping and a new 110,000 square foot passenger terminal. VPS' service to destinations typically not served by some other airports allows it to retain a unique market. VPS currently has two runways, one measuring 10,012 feet and the other measuring 12,005 feet in length. VPS is well positioned for future growth as it is able to offer shared efficiencies (such as the air traffic control tower and fire rescue) to tenants due to the fact that it is located on Eglin Air Force Base.

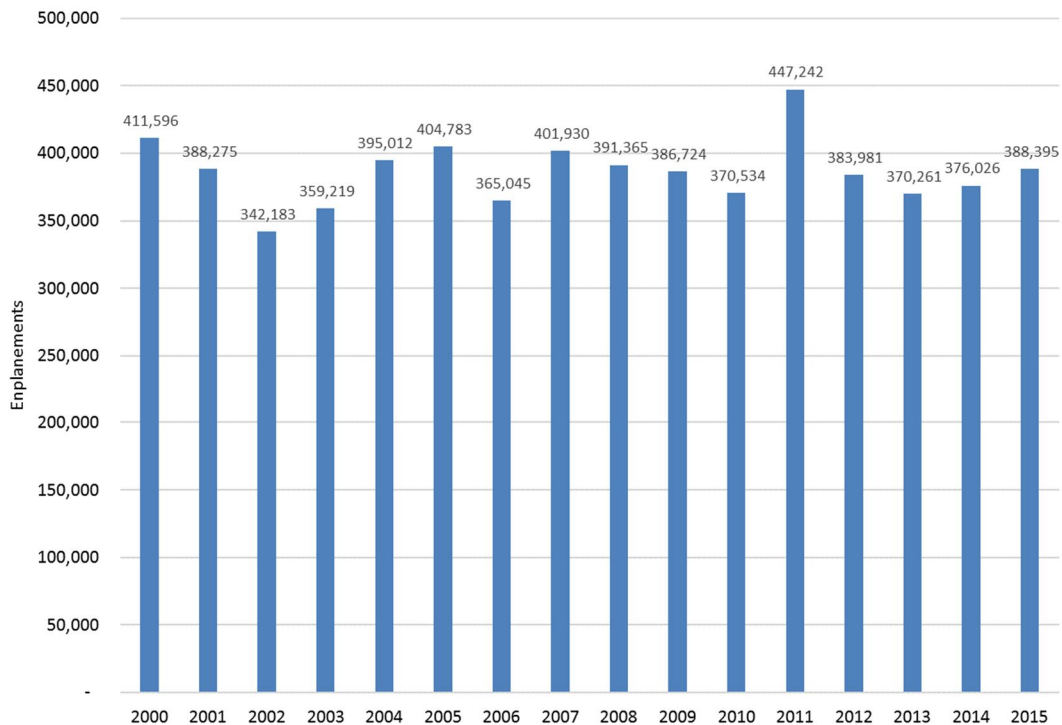
VPS is located in the Northwest Continuing Florida Aviation System Planning Process (CFASPP) region and FDOT District Three. Also included in this region are Northwest Florida Beaches International Airport (ECP), Tallahassee International Airport (TLH), and Pensacola International Airport (PNS). This airport profile will illustrate statistical data about VPS including: annual enplanements, local population data, and many other metrics. The following statistical information will provide a description of the most recent overall performance of VPS and how that compares to previous years' performance.

More information about VPS can be found at: <http://www.flyvps.com/>

Annual Enplanements

Figure 1 represents total annual enplanements at VPS between 2000 and 2015. This analysis shows the gradual increase in enplanements over the last three years. Annual enplanements in 2015 were 388,395 compared to 376,026 in 2014, an over three percent increase.

Figure 1. Annual Enplanements¹



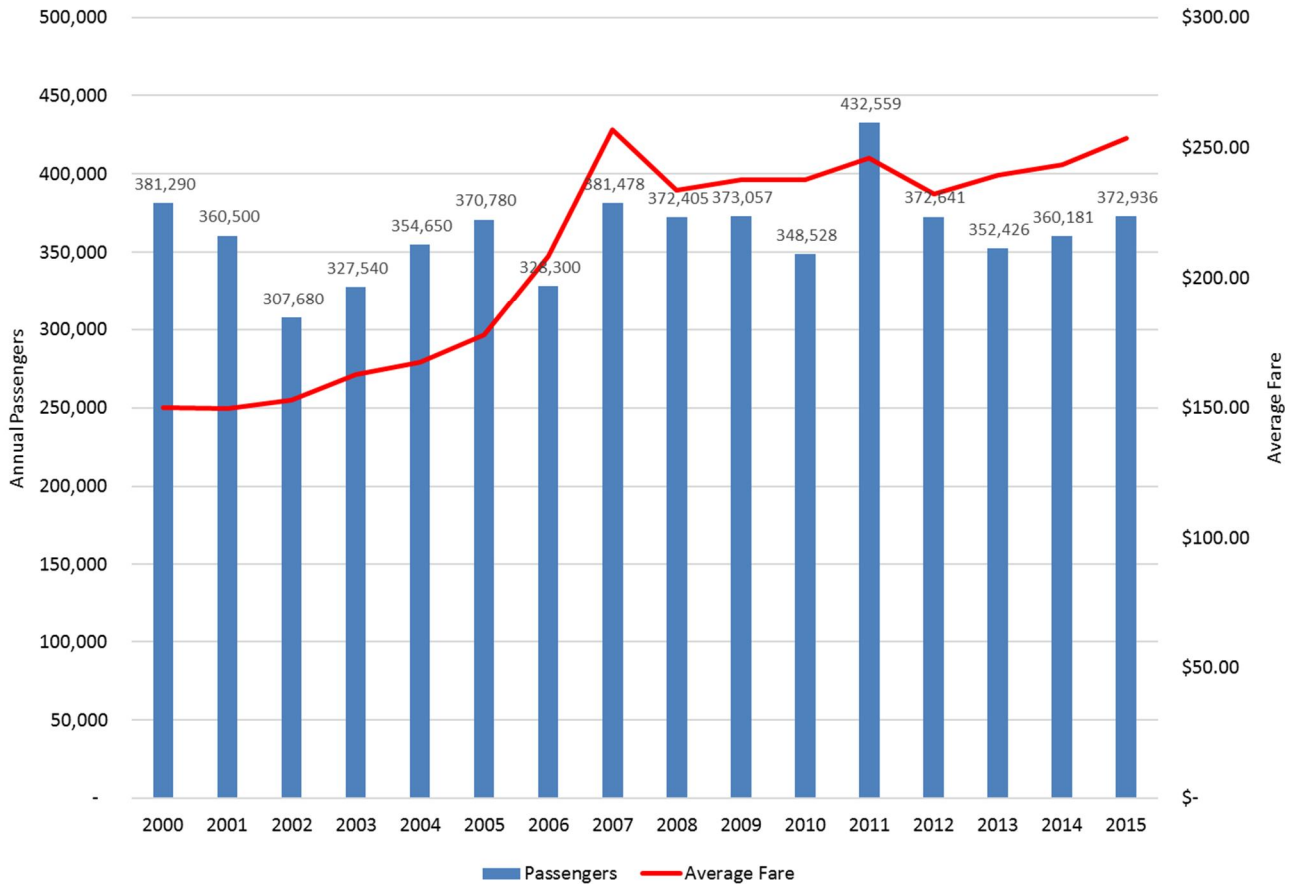
¹ Annual airport passenger traffic reports, provided by FDOT

Passengers and Fares

VPS has experienced an increase in annual passengers over the past three years. The passenger count for 2015 was marked at 372,936 which is nearly 12,000 more passengers than 2014. Despite the increase in passengers, the average annual fare increased about \$10.00 to an average price of \$253.54.

Figure 2 displays the annual passengers and annual average fare at VPS.

Figure 2. Annual Domestic Passengers and Average Fares²



² U.S. Department of Transportation (U.S. DOT) Bureau of Transportation Statistics (BTS) O&D Survey & T-100 Domestic Market All Carriers

Domestic Destination Airports

VPS served five domestic destinations in 2015. None of these destinations were to Florida Airports. The two primary destinations served by VPS were Hartsfield-Jackson Atlanta International Airport (ATL) which received 49 average flights per week, and Dallas Fort Worth International Airport (DFW) which received 48 average flights per week. ATL is known as being one of the busiest airports in the world as well as being the primary hub for Delta Air Lines. Additionally, DFW is one of the largest airports in the U.S. and known as the primary hub for American Airlines. **Figure 3** displays VPS' domestic destinations.

Domestic Routes

Figure 4 displays VPS' top ten domestic routes. For purposes of this study, a route is the complete path taken by passengers from the starting airport (in this case VPS) to their final destination. The routes from VPS shown below had the most frequent passengers traveling on them in 2015. Two of the routes were direct flights, meaning the travelers on them did not lay-over before reaching their final destination. The final destination of the two direct-flight routes include:

- Hartsfield-Jackson Atlanta International Airport (ATL)
- Dallas/Fort Worth international Airport (DFW)

The remaining eight of VPS' top ten departing routes were one-stop connection flights that connected through one of VPS' five domestic destinations. The final destinations of passengers on these routes included:

- Ronald Reagan Washington National Airport (DCA) – through ATL
- Baltimore Washington International Airport (BWI) – through ATL
- Seattle-Tacoma International Airport (SEA) – through IAH
- McCarran International Airport (LAS) – through DFW & IAH
- Boston Logan International Airport (BOS) – through ATL
- Philadelphia International Airport (PHL) – through ATL

This analysis represents the intention of the majority of passengers flying out of VPS. It should be noted that these airports are primarily in the northeast region of the U.S. Therefore, the appropriate conclusion is that the majority of passengers who travel from VPS are bound for that region of the U.S. However, the top routes from VPS are relatively unique in comparison to other Florida airports in that they expansively disperse across the country.

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Figure 3. VPS' Domestic Destinations³



³ The Official Airline Guide (OAG)

Figure 4. Top Domestic Routes⁴

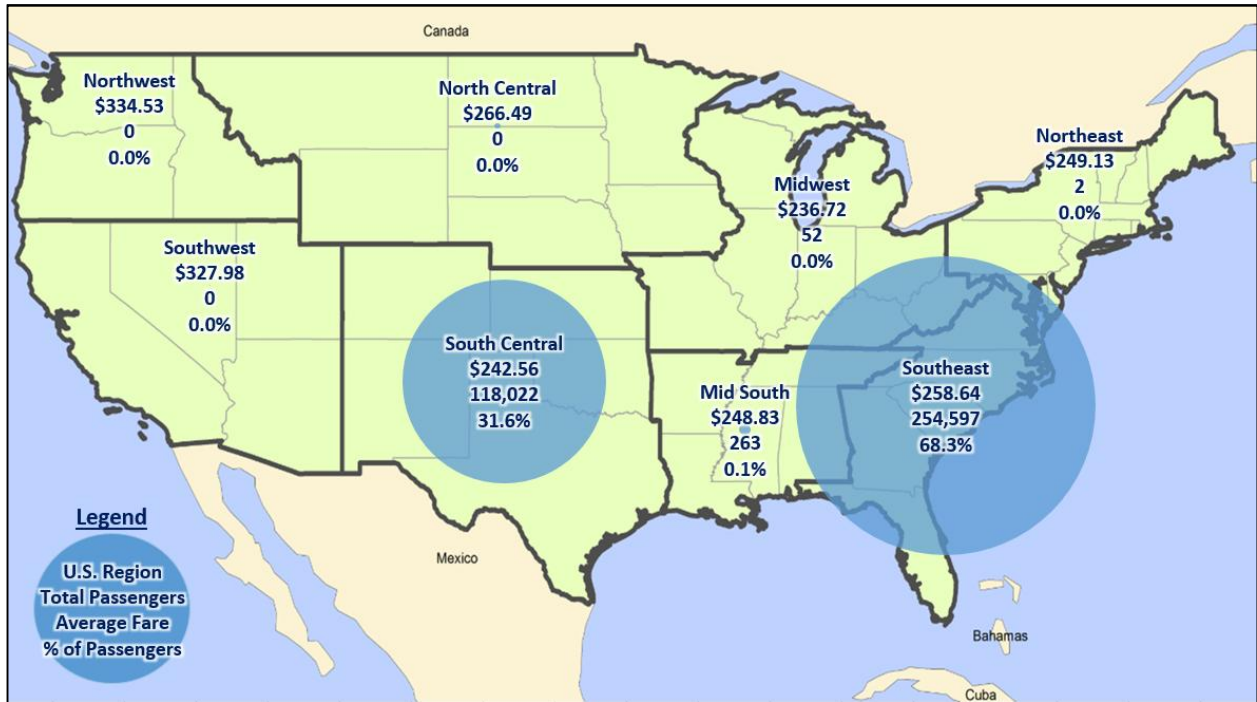


⁴ Airline Reporting Corporation (ARC)

Domestic Regional Analysis

Figure 5 displays the average fare, number of passengers, and percentage of total passengers departing VPS and bound for each of the eight regions of the United States. The data shows that 68.3 percent of passengers departing VPS were bound for destinations in the Southeast region. The Southeast region contains Atlanta Hartsfield Jackson International Airport (ATL) which received a large number of VPS' flights in 2015. Following the Southeast, VPS had high passenger activity to the South Central region with 31.6 percent. This region contains Dallas/Fort Worth International Airport (DFW), which also received a large portion of VPS flights in 2015.

Figure 5. Domestic Passengers and Fares⁵



International Flight Departures

VPS did not serve international destinations in 2015.

Aircraft Type

Of the five domestic destinations served by VPS, five were served by regional jet aircraft and one was served by large jet aircraft. The use of large jet aircraft has a direct impact on the average seats per flight at an airport. Generally larger jet aircraft substantially increase the average seats per flights. **Figure 6** depicts the aircraft types that served the five destinations from VPS as well as the average seats per flight on each aircraft type

Figure 6. Aircraft Types and Average Seats per Flight⁶



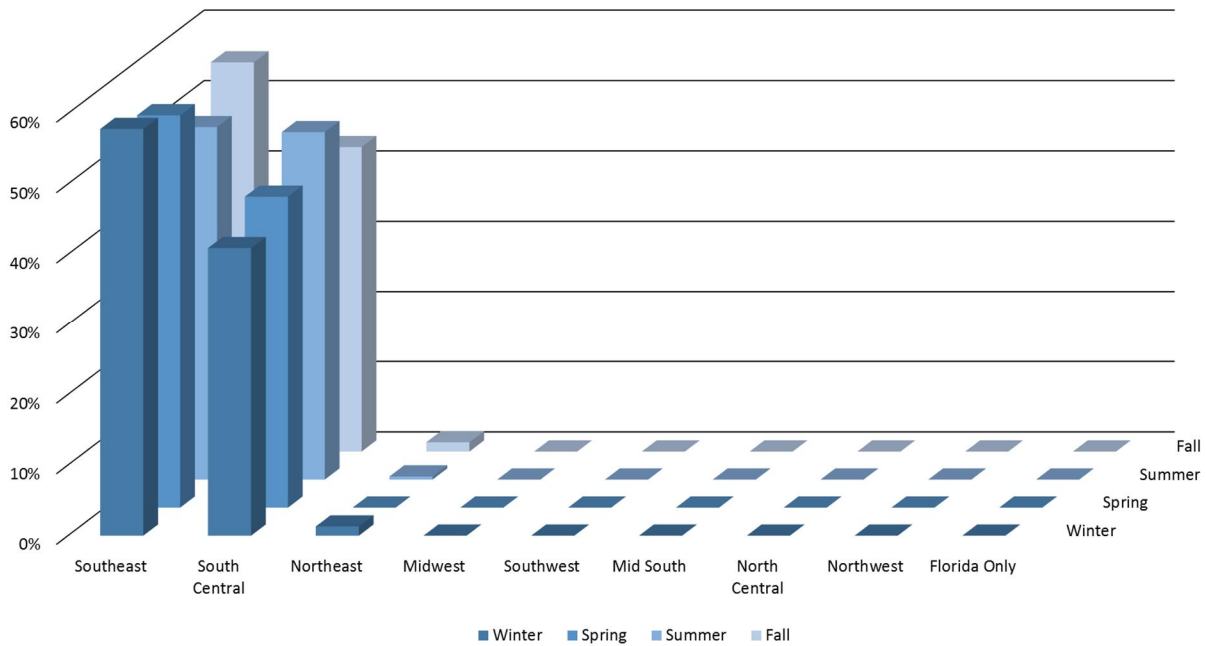
⁵ The Official Airline Guide (OAG)

⁶ The Official Airline Guide (OAG)

Seasonal Flight Comparison

The data shown below in **Figure 7** further supports the identification of major routes to ATL in the Southeast region. For all four seasons of the year, the majority of flights, were bound for airports in the Southeast region and South Central. In the Summer, flights to the Southeast airports reduced, and flights to the South Central region increased substantially. This suggests a strong demand for flights to DFW in the summer, especially compared to the winter season.

Figure 7. Season by Region Analysis ⁷



Average Load Factors

Average load factors represent the number of passenger miles traveled as a proportion of available seat miles. Higher average load factors represent more total passenger boardings. The average load factor at VPS was 82.17, slightly lower than the U.S. average, 82.68, for 2015. Load factor statistics were derived from the Bureau of Transportation Statistics (BTS) T-100 segment data for the years 2014 and 2015. A summary of 2014 and 2015 average load factors is shown in **Table 1**.

Table 1. Average Load Factor Analysis⁸

Year	Domestic	International	Total
Northwest Florida Regional International			
2014	81.73	0	81.73
2015	82.17	0	82.17
All U.S. Airports			
2014	84.49	81.03	82.69
2015	84.98	80.61	82.68

⁷ The Official Airline Guide (OAG)

⁸ The Bureau of Transportation Statistics (BTS) T-100 Table Data

On-Flight Market Freight Statistics

Freight statistics represent the total number of pounds of freight, property other than mail and passenger baggage, transported by air **from** a given airport. In 2015, VPS shipped 4,147 pounds of freight, a roughly 7,000-pound decrease from 2014. A summary of 2014 and 2015 on-flight market freight statistics is shown in **Table 2**. Freight statistics were derived from the Bureau of Transportation Statistics (BTS) T-100 segment data for the years 2014 and 2015.

Table 2. VPS Freight⁹

Year	Freight (in pounds)
2014	11,473
2015	4,147

On-Flight Market Mail Statistics

Mail statistics represent the total number of pounds of U.S. and foreign mail shipped **from** a given airport. VPS shipped 250 pounds of mail in 2015. This is just a one pound decrease in pounds of mail from 2014. A summary of 2014 and 2015 on-flight market mail statistics is shown in **Table 3**. Mail statistics were derived from the Bureau of Transportation Statistics (BTS) T-100 segment data for the years 2014 and 2015.

Table 3. VPS Mail¹⁰

Year	Mail (in pounds)
2014	251
2015	250

⁹ The Bureau of Transportation Statistics (BTS) T-100 Segment Data

¹⁰ The Bureau of Transportation Statistics (BTS) T-100 Table Data

Market Leakage Study

Introduction

Florida has the highest number of large hub airports (4) of any state in the U.S. Florida also has many commercial service airports (20), which compete for the same potential passengers. There are many factors that play into the decision-making of passengers, ranging from cost-to-airport proximity to how direct a flight is. Because of these factors, many smaller commercial airports in Florida experience market leakage, or a loss of passengers who choose to drive further distances to airports for various reasons, such as less expensive flights or more convenient flight options. For large airports located in large metropolitan areas leakage may be a less significant factor because they still carry large numbers of passengers. Conversely for smaller airports the loss of passengers to larger airports may potentially be more significant. This analysis looks at tickets purchased in Florida zip codes to see which Florida airports may lose business due to market leakage. The market leakage study analyzes zip codes from where a ticket was purchased and subsequently which airport was departed from for that ticket purchase. To better understand the market leakage findings, key demographic data are presented as part of the market leakage study.

Metropolitan Statistical Area (MSA)

VPS is the only commercial service airport in the Crestview-Ft. Walton Beach-Destin MSA. According to the U.S. Census, an MSA is “a geographic entity based on the concept of a core area with a large population nucleus, plus adjacent communities having a high degree of economic and social integration with that core.” Per this definition, looking at population, employment, and other important factors at the level of an MSA, should prove beneficial in better understanding the area. Data are also analyzed at the county level where appropriate.

Drive Time and Population Analysis

Figure 8 displays the area around VPS that can access the airport with a 90-minute or less drive

Figure 8. 90 Minute Drive Time Area¹²

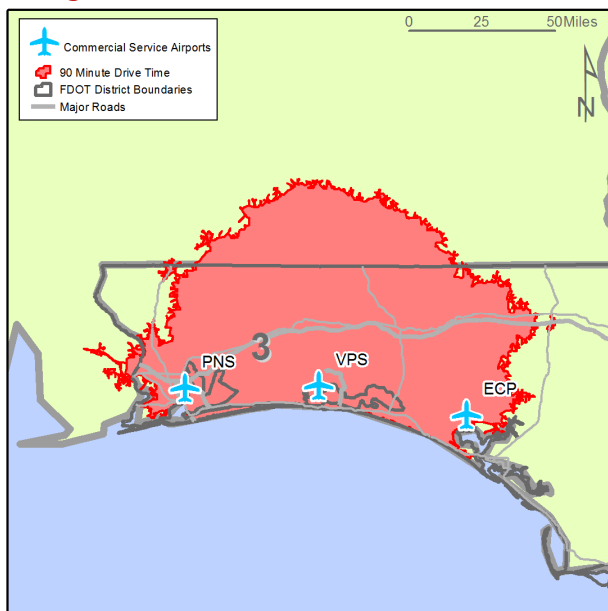


Table 4. Population Within 90 Minutes¹¹

Population Trends	
2010 Total Population	768,547
2016 Total Population	823,985
2021 Total Population	876,424
2040 Total Population	1,107,988
2016-2021 Annual Rate of Change	1.24%
2016-2040 Percent Change	34%

time. Further, **Table 4** displays the population of that area in 2010 and 2016 as well as a projected population of the area for 2021 and 2040. The projected annual rate of change, or growth rate, between 2016 and 2021 of the population in that area is 1.24 percent. With this growth rate, this area is expected to have a 34 percent growth in population by the year 2040. Therefore, by the year 2040, it is anticipated that 1,107,988 people will have a 90 minute or less drive time from their homes to VPS.

¹¹ U.S. Census Bureau, Census 2010 Summary – ESRI Housing Profile

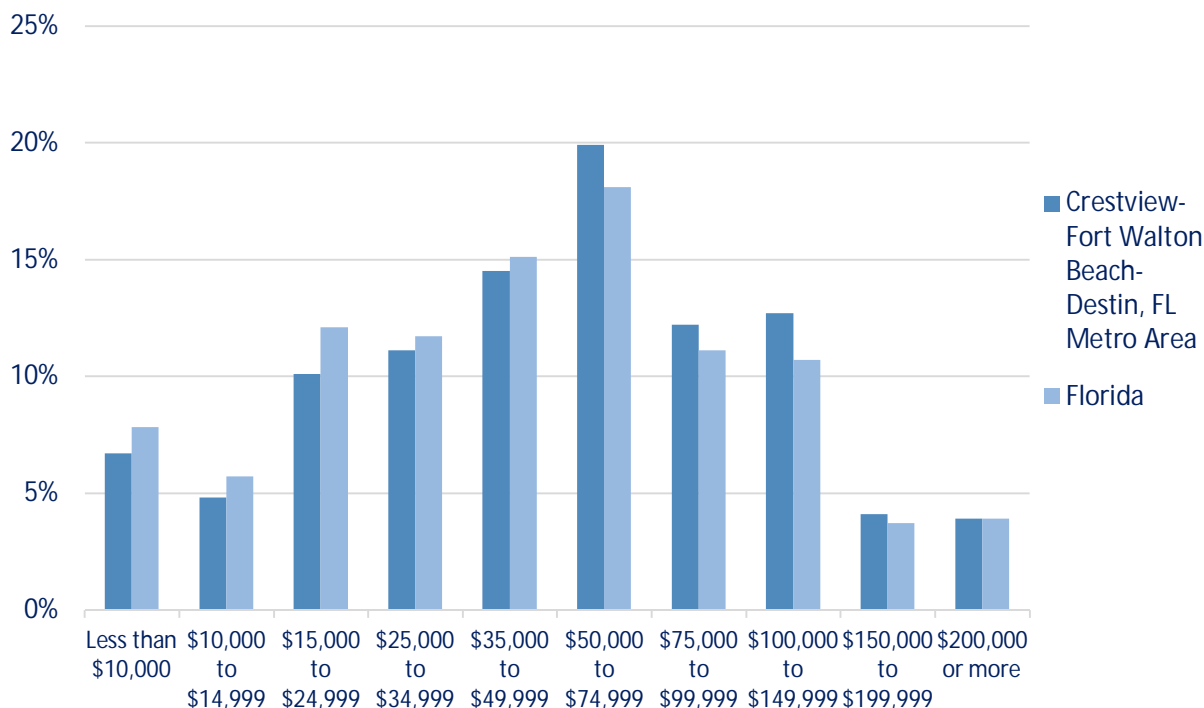
¹² U.S. Census Bureau, Census 2010 Summary – ESRI Housing Profile

Therefore it is anticipated that the demand for air service will increase proportionally in the future.

Income Levels

Income levels for the Crestview-Ft. Walton Beach-Destin MSA depict a high population within the “middle class” when compared to other MSAs in the state. The income in an area may impact the demand for air travel in an area. In an area that has a comparatively high number of upper income households, more people may be willing to pay more in order to travel a shorter distance to the airport. Conversely, in lower income areas, people may be likely to drive a greater distance for air travel in order to capture reduced fares. A summary of income data for the MSA is shown below in **Figure 9**.

Figure 9. MSA and Florida Income Comparison¹³



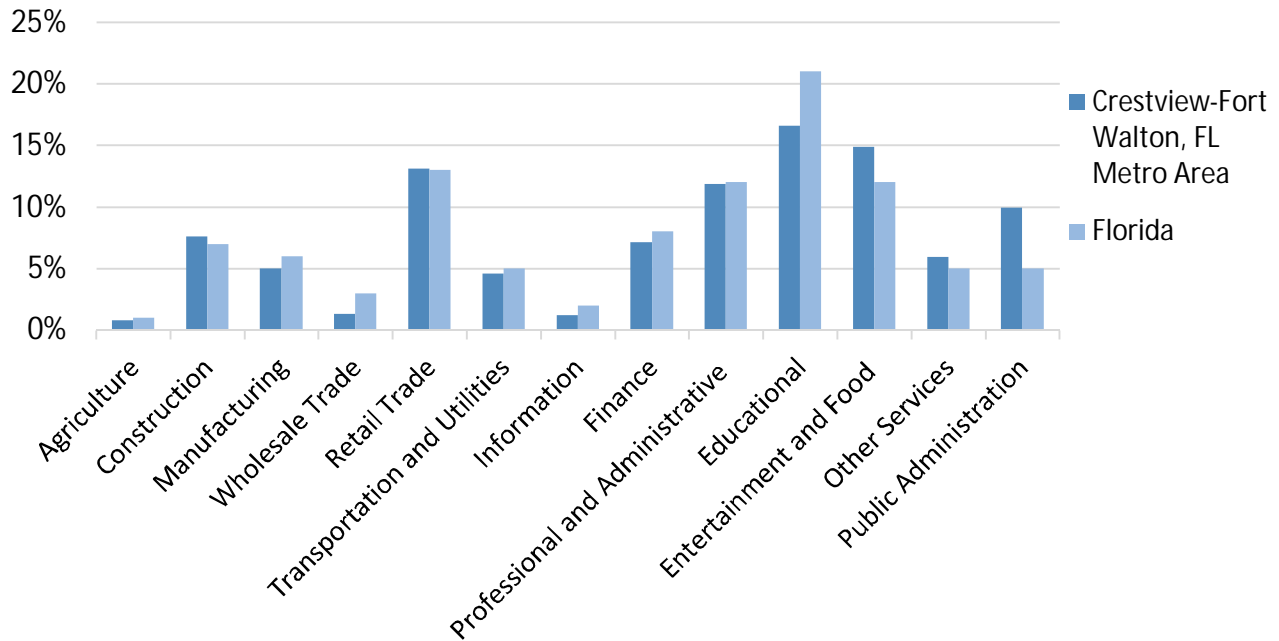
Employment

The type of employment that is located in an area may also have an effect on airline travel. For areas that have a large number of companies that participate in professional and financial services, demand for local air travel will likely increase because they may be less concerned about the cost of flights and more concerned about ease of access to the airport. In most cases, differences will exist between the MSA and the state averages, but these discrepancies are generally not large enough to impact commercial air service demand. The Crestview-Ft. Walton Beach-Destin MSA shows differences from the state average for employment by industry group. Specifically, the MSA has a higher percentage of employment in the entertainment/food and public administration industries. In the educational industry, the MSA falls below the state average. **Figure 10** shows the breakdown of employment by industry.

¹³ U.S. Census American Fact Finder

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Figure 10. Employment by Industry¹⁴



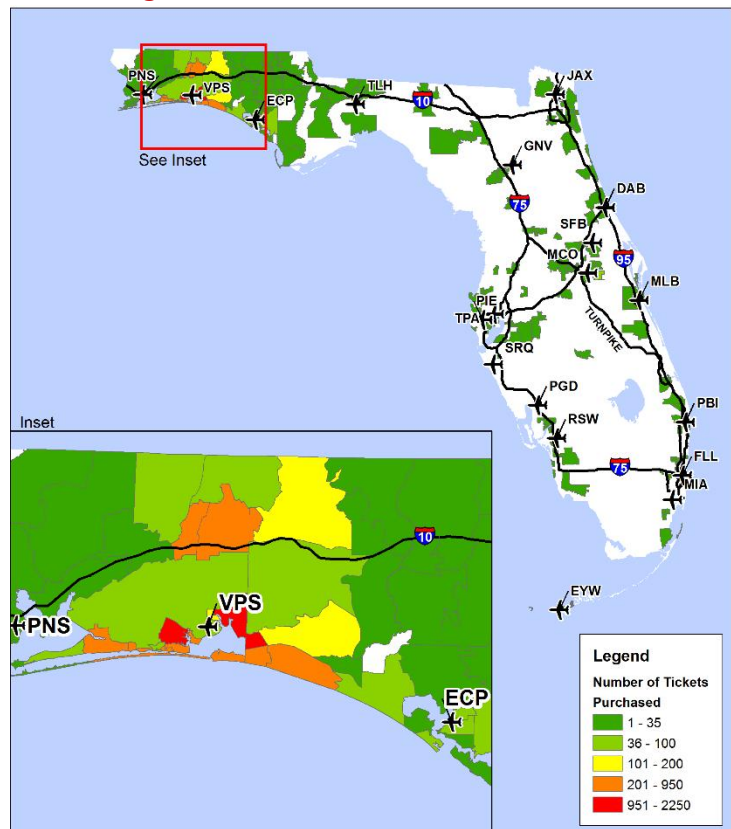
Market Leakage

Figure 11 displays the zip codes in Florida where tickets for flights departing from VPS were purchased. This graphic shows the purchases of tickets primarily in the area surrounding VPS. However, tickets have been purchased for VPS flights from all over the state of Florida. Some areas with noticeable aggregations of ticket purchases include Tampa and Jacksonville. The majority of tickets purchased for VPS flights were purchased from in-state locations. However, 43 percent of ticket purchases were from out-of-state locations. Other states where VPS ticket purchases were made include:

- Texas - 4%
- California - 3%
- Alabama - 2%
- Ohio - 2%

The market leakage analysis shows that a small number of passengers are leaked to Northwest Florida Beaches International Airport and Pensacola International Airport.

Figure 11. In-state Ticket Purchases¹⁵



¹⁴ U.S. Census American Fact Finder

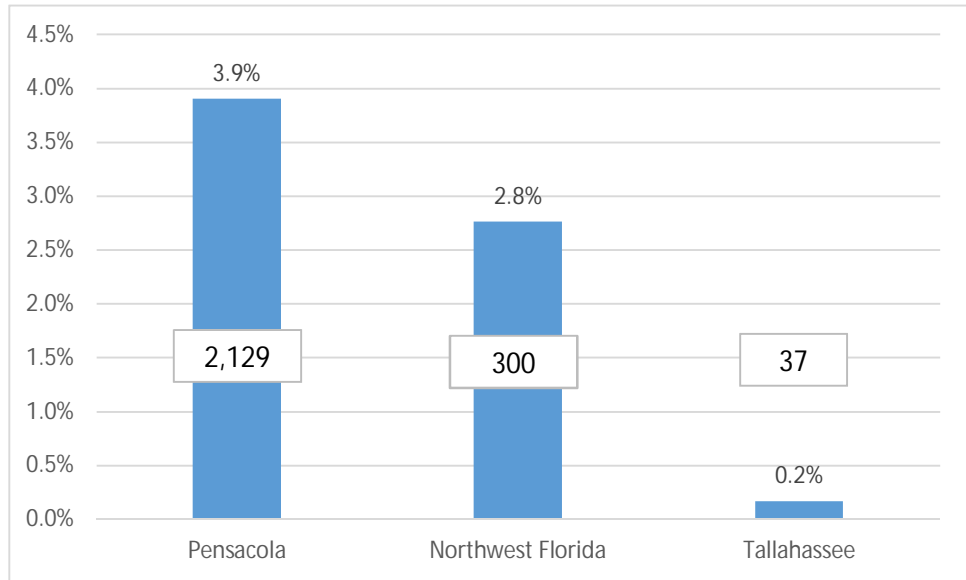
¹⁵ Airline Reporting Corporation (ARC)

Of the passengers departing from Northwest Florida Beaches International Airport in 2015, 3.9 percent were from Okaloosa County. Of the passengers departing from Pensacola International Airport in 2015, 2.8 percent were from Okaloosa County.

Figure 12 illustrates the top three airports that receive leaked passengers from Northwest Florida Regional Airport in 2015. The values that are presented represent the

number and percent of passengers who purchased their ticket from an Okaloosa County zip code but flew out of an alternative airport. Data shown was taken from a 10 percent sample of all months in 2015.

Figure 12. In-state Ticket Purchases¹⁶
 (Represented as a Percentage of the Departing Airports Total Enplanement Volumes in 2015)



¹⁶ Airline Reporting Corporation (ARC)