Example Leakage Study Report

Leakage Study

Year Ending Q1 2025

AVIATION ANALYTICS

*Watermark included for security not on delivered reports for clients

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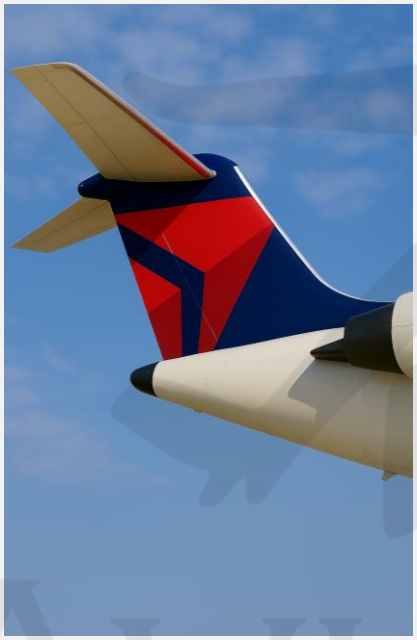
AVIATION ANALYTICS

Executive Summary



The Example Airport (XXX) located in the central Kentucky Region had a catchment area comprised of 291 zip codes and an estimated population of 1,404,943. The catchment area generated an estimated 2,516,556 total passengers, equating to 3,447.3 PDEW. Of this, XXX captured 1,500,401 passengers or 2,055.3 PDEW, with a retention rate of 59.6 percent. CVG captured nearly 23 percent of the total market size, with 780.1 PDEW. SDF and BNA made up 17.8 percent, with a combined PDEW of more than 611. Domestically, XXX had 59.3 percent retention and 1,822.8 PDEW and internationally had 62.3 percent retention rate and 232.5 PDEW.

The top 25 domestic markets had a retention of 59 percent. The markets with nonstop service out of XXX often showed the highest retention rate. Destinations with legacy carriers often had 60 to 70 percent retention rates, with Chicago O'Hare (ORD) and Charlotte-Douglas (CLT) as two of the highest destinations with legacy service, with 82 percent and 83 percent, respectively. Destinations with Allegiant had a lot higher retention rate, such as Orlando-Sanford (SFB) with 95 percent, St Pete (PIE) with 95 percent, Punta Gorda (PGD) with 95 percent. Internationally, XXX had higher retention rates, largely due to only BNA and CVG having nonstop international destinations.

In terms of regions domestically, the southeast region had the highest XXX flown with 546,167, followed by the East, largely due to the nonstop service. Internationally, the largest region by XXX flown was Europe, followed by Mexico & Central America.

In terms of service, XXX had 10,032 departures, approximately 34,000 less departures than CVG and 16,000 less than SDF. Seats per departure XXX had 76.3, Less than any of its peer markets, with CVG at 98.9 and SDF at 87.1. Compared to CVG, XXX had 40 less nonstop destinations.

Domestic average fares showed on average, competitive fares for the destinations with nonstop air service, but quite the contrary for markets with no nonstop service. Nine of the top 25 domestic markets had a fare difference in excess of $90 one-way compared to average fares at peer markets.

AVIATION ANALYTICS

Section 1: Methodology & Industry Trends

In recent years, the U.S. commercial aviation landscape has experienced a complex mix of recovery, consolidation, and adaptation, particularly among smaller regional airports. While major hubs have largely rebounded to or exceeded pre-pandemic traffic levels, many smaller airports continue to face slower recoveries due to reduced airline capacity, pilot shortages, and shifts in airline network strategies. Airlines have increasingly concentrated service at larger, more profitable hubs, leaving smaller markets with fewer flight options, reduced frequency, or in some cases, complete service withdrawals. This has had a noticeable impact on air service development efforts, especially in rural and secondary metro areas where air travel plays a critical role in economic connectivity. Despite these challenges, some smaller airports are showing resilience by capitalizing on pent-up demand for leisure travel, pursuing innovative partnerships with low-cost carriers, and enhancing their community outreach and incentive programs. Airports that actively engage with airlines, demonstrate strong leakage recovery potential, and invest in data-driven air service development are better positioned to secure and retain service. As industry dynamics continue to evolve, flexibility, creativity, and localized market intelligence will be key drivers of success for smaller airports navigating this competitive environment.

This leakage study was developed using a data-driven approach to understand passenger behavior and air service gaps within the airport's catchment area. The process began by defining a catchment area based on relevant zip codes using geospatial analysis to capture the region most likely to use the airport. Ticketing data was then sourced through the Airline Reporting Corporation (ARC), which tracks ticket sales primarily through credit card transactions, providing insight into where passengers are originating and which airports they are using. Since ARC data does not include transactions from low-cost carriers (LCCs) such as Allegiant, adjustments are applied to estimate LCC traffic. This adjustment incorporates publicly available data, historical trends, and known LCC schedules to provide a more comprehensive view of total passenger leakage.

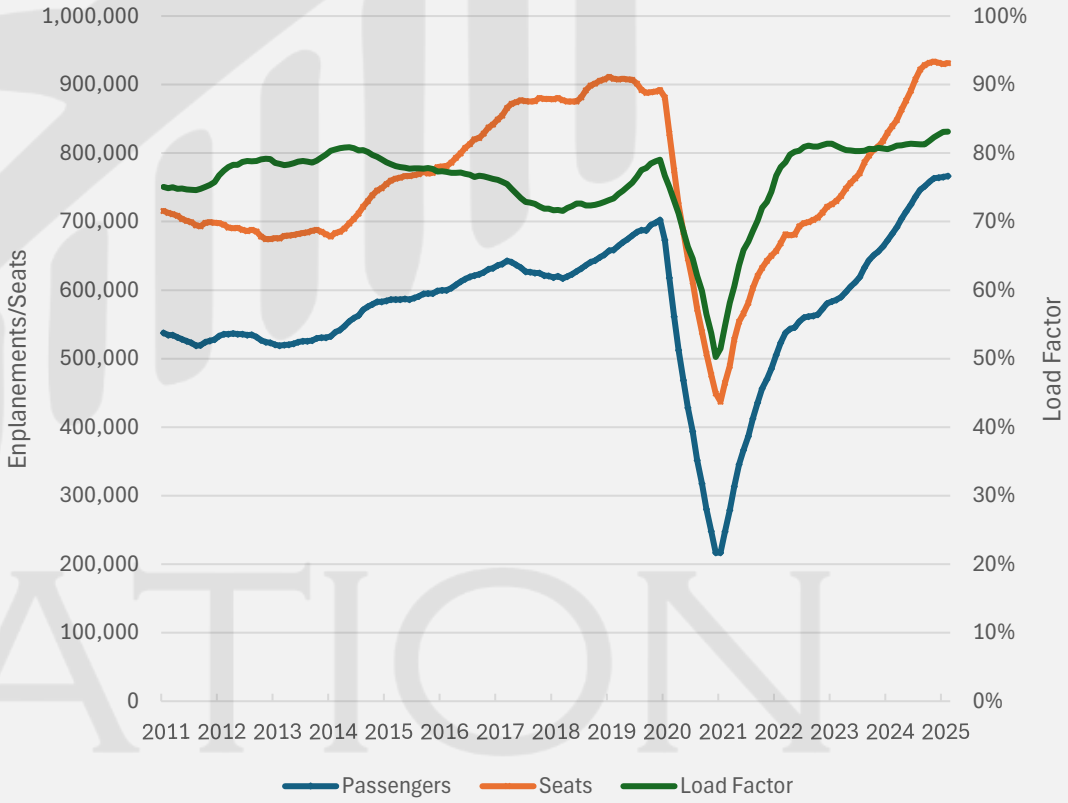
AIRPORT ANALYTICS

XXX Capacity & Traffic Trends

XXX's passenger numbers for the 12-months ending March 31, 2025, were above pre-pandemic levels. **Exhibit 1.1** illustrates the historical trends in passenger enplanements, seat capacity, and load factor for the 12-months ending March 31, 2011, through the 12-months ending March 31, 2025. During the period from 2011 to 2019, both passengers and seats steadily increased. Load factor did decrease through the years but stayed above 70 percent.

A sharp decline occurred in 2020 due to the COVID-19 pandemic, with passenger traffic, capacity, and load factor dropping significantly. Passengers were just above 200,000, with load factor right at 50 percent. Recovery began in 2021 and XXX never looked back. All metrics quickly increased, and by 2022 load factor was above pre-pandemic levels. Passenger traffic and capacity took longer to reach pre-pandemic levels; it wasn't until 2024 that they surpassed it.

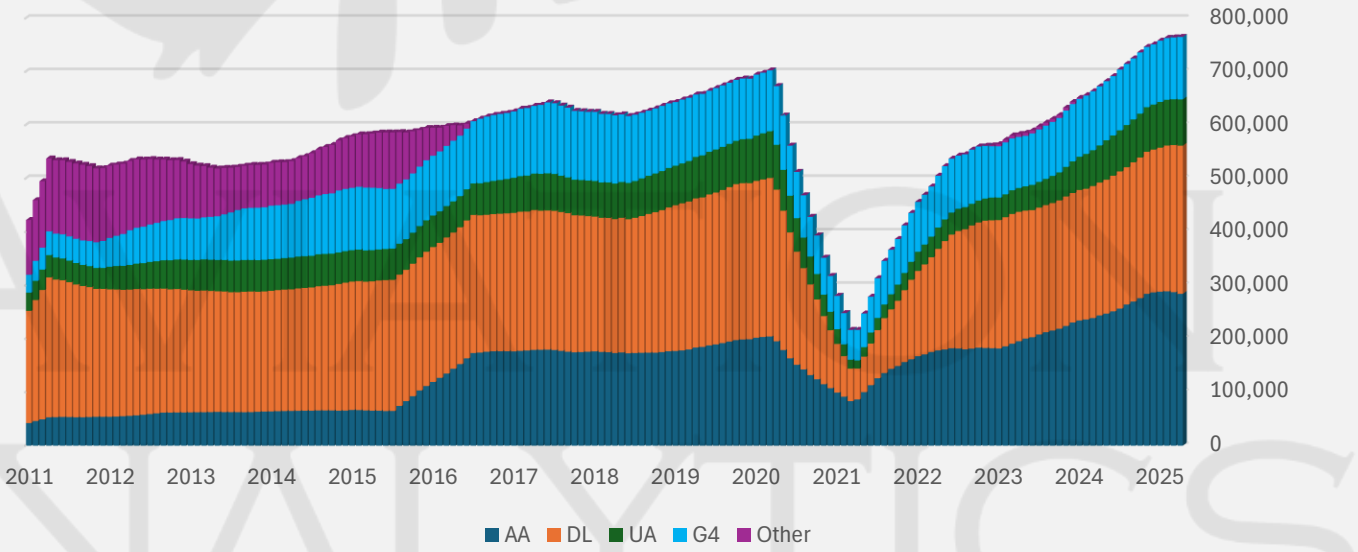
Exhibit 1.1 XXX Capacity & Traffic Trends



AVIATION ANALYTICS

Exhibit 1.2 shows passenger enplanement trends by carrier for the year ending March 31, 2011, through year ending March 31, 2025. The three legacy carriers have been the most dominant airlines for XXX, while the "Other" airlines have been Continental (which merged with United), US Airways (which merged with American), as well as LCC/ULCC's such as Avelo and AirTran. Pre-pandemic Delta had by far the largest share of passengers, with American starting to grow between 2015 to 2016, largely due to the merge of US Airways. Despite the merger of Continental, United didn't grow much pre-pandemic. Allegiant did grow before 2020, but much slower than DL or AA. Post-pandemic AA, DL, and G4 quickly bounced back, with UA very slowly regrowing to pre-pandemic levels. Post-pandemic, AA has grown the most, over taking DL for the most enplanements. As of year ending March 31, 2025, all airlines, except for UA, are above pre-pandemic levels of enplanements.

Exhibit 1.2 XXX Enplanements by Airline

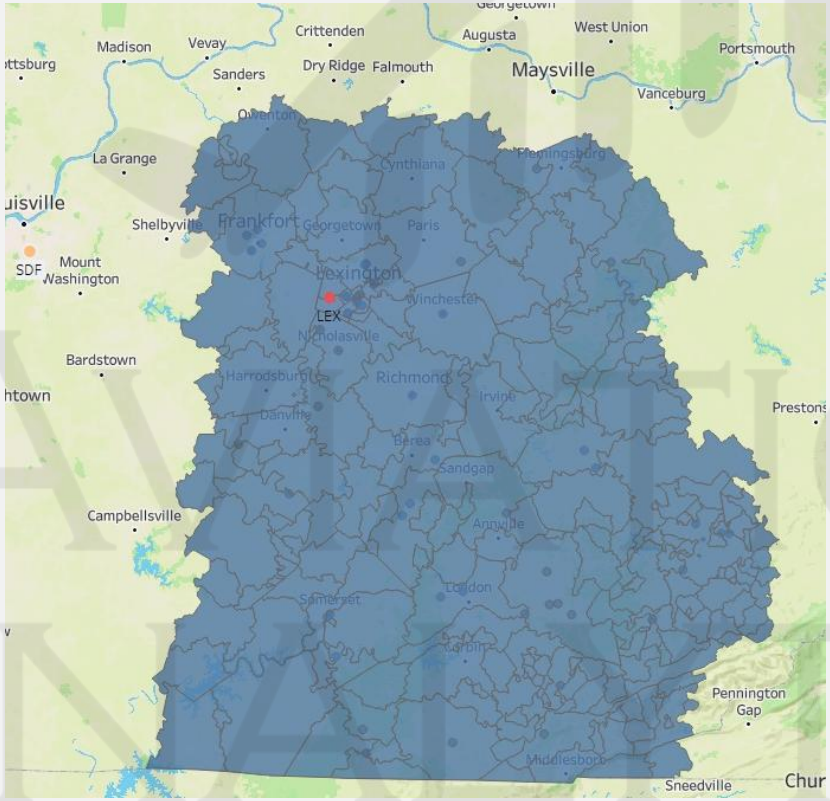


Catchment Area

An airport's catchment area is the geographic area in which it is likely that residents and visitors to the area would be expected to use the local airport. Typically, an airport's catchment area covers up to the halfway point to the next airport. XXX's catchment area is comprised of 291 zip codes and has an estimated population of 1,404,943.

XXX's catchment area is the area that where the population would be expected to utilize XXX as their primary airport. XXX's catchment area is comprised of 291 zip codes with a population in 2025 of 1,404,943.

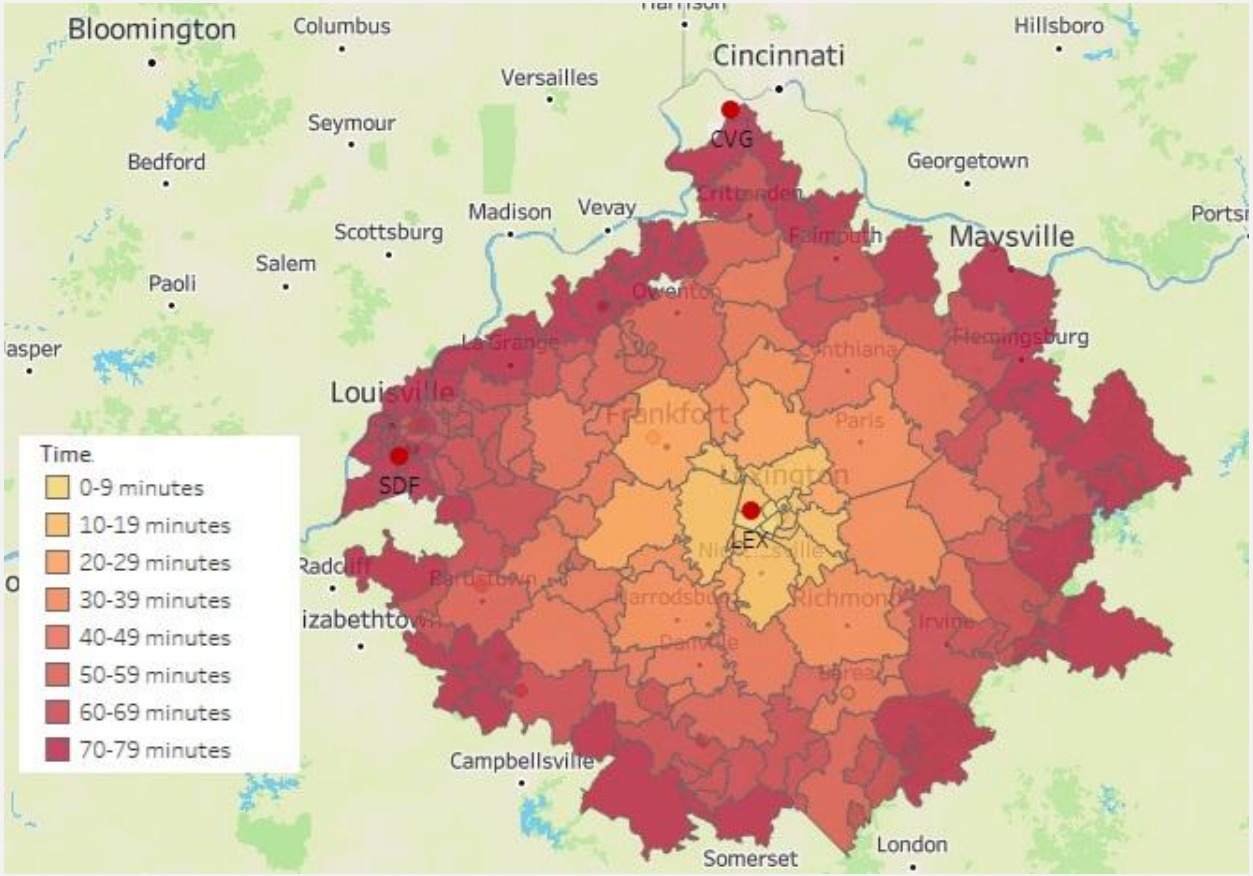
Exhibit 1.3 XXX Catchment Area



Drive Time Map

XXX is positioned close to the city and in the middle of Kentucky, so a short drive for primary community and the surrounding communities. XXX is approximately an hour drive from other larger airports such as CVG and SDF.

Exhibit 1.4 XXX Drive Time Map



Section 2: Total Market

For the 12-months ending March 31, 2025, the XXX catchment area generated an estimated total of 2,516,556 passengers, equating to 3,491.3 passengers daily each way (PDEW). XXX captured 59.3 percent of the domestic market, or 1,822.8 PDEW. Cincinnati and Northern Kentucky International Airport (CVG) was the largest alternative, drawing 22.5% of the domestic market, or 690.8 PDEW. Louisville International Airport (SDF) and Nashville International Airport (BNA) were the other largest alternative airports, domestically they had 14 and 4.3 percent of the share, respectively. The overall domestic market size was 2,244,082 or 3,074.1 PDEW.

Internationally, XXX had an even stronger retention, with 169,747 passengers or 232.5 PDEW, capturing 62.3 percent of the market. CVG's higher international share compared to SDF is in large part due to its nonstop international service that is not available from SDF.

Table 2.1 Total Market Size

		YE Q1 2025 Domestic Total Market		
Rank	Origin	Passengers	PDEW	Share
1	XXX	1,330,654	1,822.8	59.3%
2	CVG	504,311	690.8	22.5%
3	SDF	313,292	429.2	14.0%
4	BNA	95,824	131.3	4.3%
Total Domestic		**2,244,082**	**3,074.1**	**100.0%**
		YE Q1 2025 International Total Market		
Rank	Origin	Passengers	PDEW	Share
1	XXX	169,747	232.5	62.3%
2	CVG	65,175	89.3	23.9%
3	SDF	27,895	38.2	10.2%
4	BNA	9,657	13.2	3.5%
Total International		**272,474**	**373.3**	**100.0%**
		YE Q1 2025 Total Market		
Rank	Origin	Passengers	PDEW	Share
1	XXX	1,500,401	2,055.3	59.6%
2	CVG	569,487	780.1	22.6%
3	SDF	341,187	467.4	13.6%
4	BNA	105,481	144.5	4.2%
Total Market Size		**2,516,556**	**3,447.3**	**100%**

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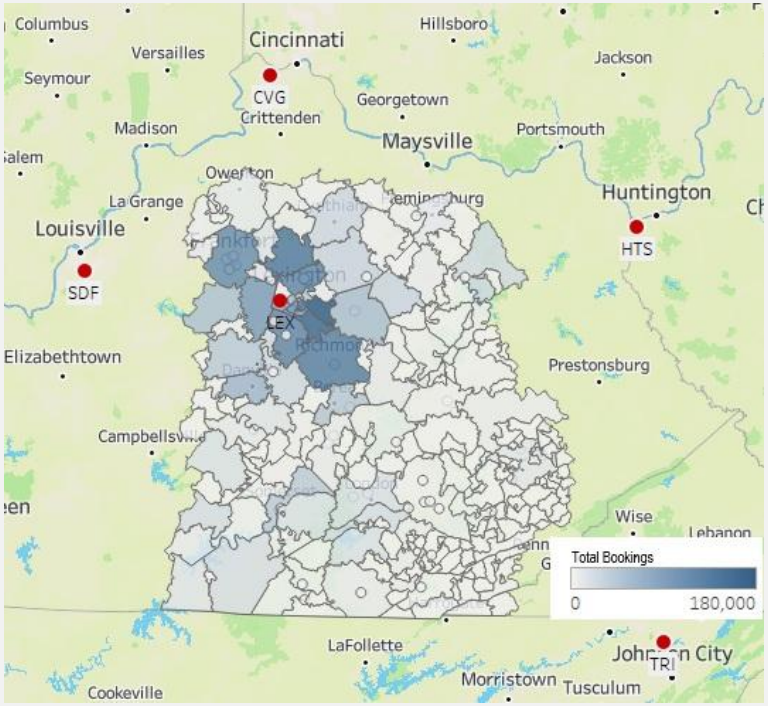
Table 2.2 Community Usage

Rank	Community	XXX Flown	Retention %	Total Market Size	Total Market PDEW	Diverting Share		
						CVG	SDF	BNA
1	XXX	755,403	69%	1,097,980	1,504.1	20%	9%	2%
2	Georgetown	69,357	51%	136,655	187.2	40%	9%	0%
3	Richmond	78,909	61%	129,451	177.3	26%	12%	1%
4	Nicholasville	76,212	63%	120,616	165.2	27%	9%	1%
5	Frankfort	48,818	44%	111,122	152.2	16%	40%	1%
6	Versailles	62,806	68%	92,652	126.9	14%	16%	2%
7	Danville	29,712	49%	60,545	82.9	17%	32%	2%
8	Somerset	24,244	43%	55,912	76.6	12%	15%	29%
9	Winchester	32,209	60%	53,347	73.1	24%	15%	1%
10	Lawrenceburg	22,511	47%	48,048	65.8	12%	40%	2%
11	All Other	300,220	49%	610,227	835.9	27%	14%	10%
Total Market Size		**1,500,401**	**60%**	**2,516,556**	**3,447.3**	**23%**	**14%**	**4%**

The primary community produces the largest number of passengers in the catchment area at nearly 1.1 million, or approximately 44% of the Total Market size.

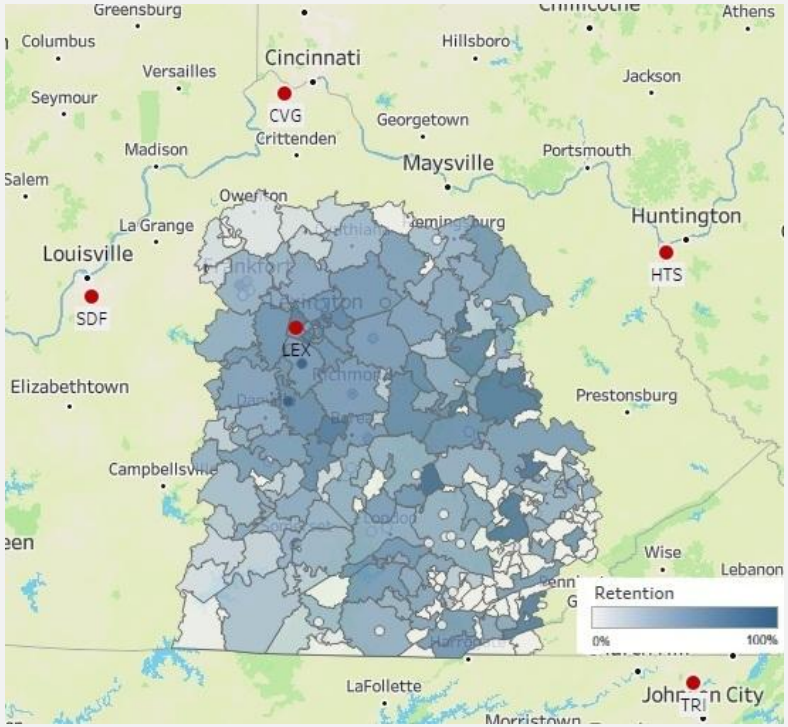
The community with the largest market size in the catchment area was the primary community with a total market size of more than 1.1 million **(Table 2.2).** The primary community had a 69% retention for XXX, with more than 755,000 XXX flown passengers. Twenty percent of the diverting passengers in the primary community leaked to CVG, while 9 percent leaked to SDF and 4 percent to BNA. Georgetown was the second largest community in the catchment area in term of total market size, with XXX retaining 51 percent of Georgetown's passengers, with 40 percent leaking to CVG. Of the top 10 communities, nearly all followed this pattern of a fairly strong XXX retention, with the second largest leaking market was CVG, except for the communities of Frankfort, Danville and Lawrenceburg which had a higher percentage of passengers leaking to SDF than CVG.

Exhibit 2.1 XXX Total Bookings By Zip Code



- The XXX Total Market Map shows the total amount of estimated passengers from each zip code, with the largest/most passengers coming from the zip codes in the city, as well as the zip code of Georgetown and Richmond .
- Unsurprisingly, much of the zip codes south of the city have little ticket sales, largely due to the low population in those zip codes.

Exhibit 2.2 XXX Retention Map



- Communities closer to XXX had a much stronger retention rate, compared to those south and southeast of the airport's catchment.
- Unsurprisingly the zip codes north of the city that are closer to CVG and SDF had low retention rates with those communities able to choose between the 3 airports.

XXX retained 56 percent of the top 25 domestic markets for the year ending March 31, 2025, serving more than 772,000 passengers out of a total market size of 1,330,654. Dallas/Fort Worth (DFW) had the largest total market size but the seventh largest XXX flown destination. XXX retained 44 percent of passengers destined to DFW, lower than the average top 25 retention and some destinations that have no nonstop service. This is largely due to CVG on AA having two times more seating capacity, and more than a $100 difference in fares, as well as F9 in the market. XXX typically had higher retention rates to its nonstop markets such as ORD, FLL, ATL, CLT, and ULCC markets such as SFB, PIE, PGD.

Unserved high-demand destinations experienced significant leakage such as Orlando (MCO), LGA, BOS, PHX, TPA, IAH, SEA, all significantly lower than the top 25 average retention rate. Of the top 25 domestic markets more than 600,000 passengers used other airports or 1,251.3 diverting PDEW.

Table 2.3 Top 25 Domestic Markets

Rank	Destination	XXX Flown	Retention %	Total Market Size	Total Market PDEW	Total Diverting Passengers	Diverting PDEW
1	Dallas/Fort Worth, TX	44,854	44%	102,710	140.7	57,857	79.3
2	Orlando, FL	31,382	37%	85,446	117.0	54,064	74.1
3	Chicago, IL (ORD)	65,805	82%	80,731	110.6	14,926	20.4
4	Las Vegas, NV	44,791	60%	74,972	102.7	30,181	41.3
5	Fort Lauderdale, FL	51,654	71%	72,686	99.6	21,032	28.8
6	New York-La Guardia, NY	20,058	28%	70,648	96.8	50,589	69.3
7	Atlanta, GA	52,425	74%	70,556	96.7	18,131	24.8
8	Denver, CO	36,523	52%	69,701	95.5	33,178	45.4
9	Orlando-Sanford, FL	60,647	95%	63,582	87.1	2,935	4.0
10	Washington-National, DC	29,804	51%	58,053	79.5	28,249	38.7
11	St. Petersburg, FL	54,118	95%	56,842	77.9	2,725	3.7
12	Boston, MA	11,834	22%	52,703	72.2	40,868	56.0
13	Punta Gorda, FL	49,583	95%	52,238	71.6	2,655	3.6
14	Phoenix, AZ (PHX)	18,641	40%	46,874	64.2	28,233	38.7
15	Philadelphia, PA	26,641	58%	45,919	62.9	19,277	26.4
16	Tampa, FL	21,162	47%	45,258	62.0	24,096	33.0
17	Houston-Intercontinental, TX	17,878	40%	44,587	61.1	26,709	36.6
18	Los Angeles, CA	23,086	57%	40,656	55.7	17,570	24.1
19	Seattle, WA	12,362	31%	40,348	55.3	27,987	38.3
20	Austin, TX	17,930	48%	37,155	50.9	19,225	26.3
21	Miami, FL	15,084	41%	36,641	50.2	21,557	29.5
22	New York, NJ	11,544	35%	32,906	45.1	21,361	29.3
23	Charlotte-Douglas, NC	26,435	83%	31,997	43.8	5,562	7.6
24	Minneapolis/Saint Paul, MN	9,489	31%	30,305	41.5	20,816	28.5
25	San Diego, CA	18,808	64%	29,318	40.2	10,511	14.4
Subtotal		772,538	56%	1,372,832	1,880.6	600,294	822.3
Total Domestic Market		**1,330,654**	**59%**	**2,244,082**	**3,074.1**	**913,428**	**1,251.3**

Table 2.4 Top 15 International Markets

Rank	Destination	XXX Flown	Retention %	Total Market Size	Total Market PDEW	Total Diverting Passengers	Diverting PDEW
1	London-Heathrow, EN, GB	7,607	41%	18,581	25.5	10,974	15.0
2	Cancun, MX	9,957	62%	15,958	21.9	6,001	8.2
3	Toronto, ON, CA	6,979	65%	10,802	14.8	3,823	5.2
4	Tokyo-Haneda, JP	6,581	80%	8,210	11.2	1,628	2.2
5	Punta Cana, DO	3,617	50%	7,266	10.0	3,649	5.0
6	Mexico City, MX	5,396	85%	6,381	8.7	985	1.3
7	Montego Bay, JM	3,167	56%	5,644	7.7	2,477	3.4
8	Rome-Da Vinci, IT	3,845	69%	5,613	7.7	1,767	2.4
9	Vancouver, BC, CA	3,418	63%	5,449	7.5	2,031	2.8
10	Dublin, IE	3,484	65%	5,396	7.4	1,912	2.6
11	Paris-De Gaulle, FR	2,962	56%	5,274	7.2	2,313	3.2
12	Nassau, BS	3,818	77%	4,960	6.8	1,142	1.6
13	Athens, GR	1,916	42%	4,598	6.3	2,682	3.7
14	Montreal-Trudeau, QC, CA	2,844	71%	3,991	5.5	1,147	1.6
15	San Jose, CR	2,043	54%	3,783	5.2	1,740	2.4
Subtotal		67,634	60%	111,906	153.3	44,272	60.6
Total International Market		**169,747**	**62%**	**272,474**	**373.3**	**102,727**	**140.7**

XXX had a 62% retention rate for international markets for the 12-months ending March 31, 2025, higher than the domestic demand retention rate. The top 15 international markets combined nearly 112,000 passengers with a retention of 60%. The top 15 international markets were very diverse in terms of regions. There was 5 destinations from Europe, 3 from the Caribbean, 3 from Mexico & Central America and 3 from Canada. Destinations such as LHR and CDG were below the average retention due to the nonstop service from CVG.

XXX Domestic Regions

Table 2.5 shows the top domestic regions from the catchment area, with the Southeast region having the largest total market and largest XXX flown. With more than 546,000 XXX flown passengers and nearly 773,000 total market size, XXX had a 71% retention to the Southeast region. This is largely due to the nonstop service to ATL, SFB, FLL, PIE, PGD as well as the large unserved destinations of Orlando (MCO) and Tampa.

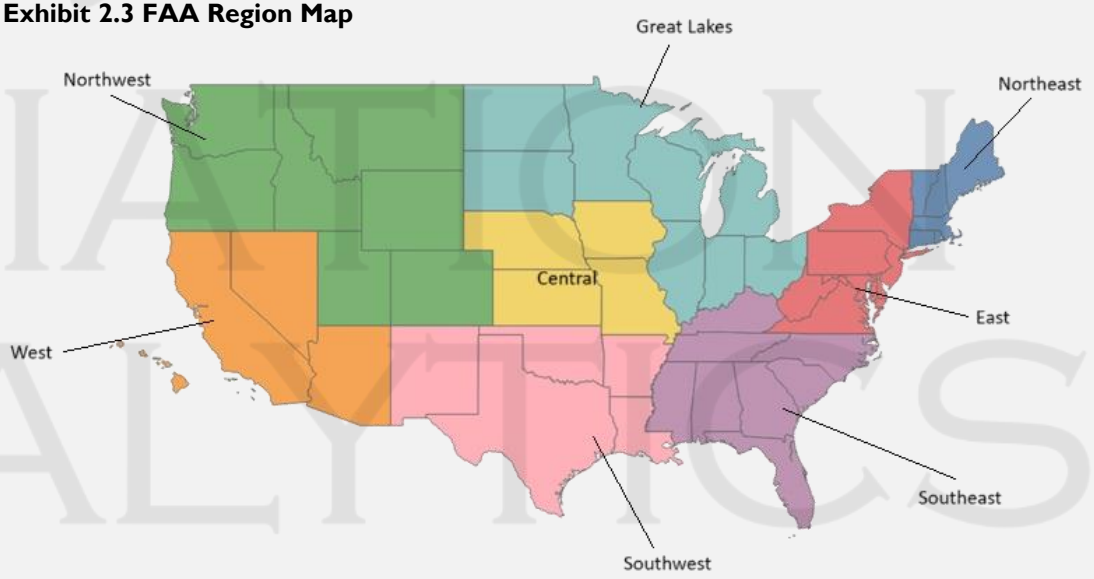
The second largest region in terms of total market size was the East region with nearly 338,000 total market size and more than 160,000 XXX flown, making it the fourth largest region for XXX flown. The retention rate for the East region was below average at 47%.

The Southwest and West regions were the third and fourth largest regions, respectively. The West region was the second largest XXX flown region, while the Southwest region was the third largest XXX flown region.

Table 2.5 Top Domestic Regions

Rank	Region	XXX Flown	Avg Retention %	Total Market Size	Total Market PDEW	Total Diverting Passengers	Diverting PDEW
1	Southeast	546,167	71%	772,992	1,058.9	226,825	310.7
2	East	160,426	47%	337,957	463.0	177,531	243.2
3	Southwest	166,547	52%	320,248	438.7	153,701	210.5
4	West	176,103	57%	311,520	426.7	135,417	185.5
5	Northwest	96,799	48%	201,137	275.5	104,338	142.9
6	Great Lakes	118,316	69%	170,820	234.0	52,504	71.9
7	Northeast	30,528	38%	80,482	110.2	49,954	68.4
8	Central	32,133	75%	43,067	59.0	10,934	15.0
9	Alaska	3,586	62%	5,779	7.9	2,193	3.0
Total Market Size		**1,330,605**	**59%**	**2,244,003**	**3,074.0**	**913,398**	**1,251.2**

Exhibit 2.3 FAA Region Map



International Regions

Table 2.6 shows the top international regions from the XXX area. The Europe region was the largest international region with nearly 50,000 XXX flown and more than 88,000 total market size. Europe had a below average retention at 56 percent. The Mexico & Central America region was the second largest region with nearly 60,000 total market size and nearly 40,000 XXX flown. The Mexico & Central American region had an above average retention of 67 percent.

Notable regions like Asia, Caribbean, and Canada had large total market sizes, but also strong XXX flown numbers. All three had an above average retention rate, with Asia having the highest retention rate of the three with 68 percent.

Table 2.6 Top International Regions

Rank	Region	XXX Flown	Avg Retention %	Total Market Size	Total Market PDEW	Total Diverting Passengers	Diverting PDEW
1	Europe	49,769	56%	88,115	120.7	38,347	52.5
2	Mexico & Central America	39,869	67%	59,547	81.6	19,678	27.0
3	Asia	24,000	68%	35,169	48.2	11,168	15.3
4	Caribbean	21,462	62%	34,534	47.3	13,072	17.9
5	Canada	17,509	63%	27,874	38.2	10,365	14.2
6	South America	7,110	68%	10,429	14.3	3,320	4.5
7	Africa	4,434	62%	7,191	9.9	2,758	3.8
8	Middle East	2,106	46%	4,540	6.2	2,434	3.3
9	Australia & Oceania	1,952	70%	2,781	3.8	829	1.1
Total Market Size		**168,210**	**62%**	**270,180**	**370.1**	**101,970**	**139.7**

Airlines Used at XXX

Table 2.7 shows the airline share at XXX for the year ending March 31, 2025. Data for airline share for XXX is from US DOT O&D data, while data for airline share for alternate airports on the following pages is based on estimated share using ARC data. The XXX catchment area was served by four airlines in that time, American, Delta, United, and Allegiant. American technically had the larger share however both AA and DL have a share of 34 percent. United had a share of 9 percent, with G4 with 23 percent of the share.

American had large shares to destinations with nonstop service and hubs such as DFW with 91 percent, CLT with 96 percent, and 87% with PHL.

Delta made up 99 percent of ATL as well as significant portion of other destinations such as DCA with 85 percent, and DTW with 100%.

Despite the smaller presence of UA at XXX, their hubs such as ORD and DEN had higher shares with 59 percent and 70 percent, respectively.

Unsurprisingly, markets with G4 such as SFB, PIE, and PGD were 100 percent, while other markets such as FLL and LAS still had high shares.

Table 2.7 Airlines Used at XXX

Rank	Destination	Airline Share %				Total Passengers
		AA	DL	UA	Other	
1	Chicago, IL (ORD)	39%	2%	59%	0%	65,785
2	Orlando-Sanford, FL	0%	0%	0%	100%	60,647
3	St. Petersburg, FL	0%	0%	0%	100%	54,118
4	Atlanta, GA	1%	99%	0%	0%	52,425
5	Fort Lauderdale, FL	14%	16%	0%	70%	51,367
6	Punta Gorda, FL	0%	0%	0%	100%	49,583
7	Dallas/Fort Worth, TX	91%	7%	2%	0%	44,854
8	Las Vegas, NV	20%	21%	5%	54%	44,781
9	Denver, CO	16%	14%	70%	0%	36,523
10	Orlando, FL	41%	56%	3%	0%	31,363
11	Washington-National, DC	15%	85%	0%	0%	29,494
12	Philadelphia, PA	87%	13%	0%	0%	26,331
13	Charlotte-Douglas, NC	96%	4%	0%	0%	26,435
14	Los Angeles, CA	44%	42%	14%	0%	23,086
15	Tampa, FL	45%	53%	2%	0%	21,153
16	New York-La Guardia, NY	54%	38%	8%	0%	20,058
17	San Diego, CA	43%	46%	11%	0%	18,758
18	Phoenix, AZ (PHX)	50%	39%	11%	0%	18,641
19	Austin, TX	52%	43%	5%	0%	17,910
20	Houston-Intercontinental, TX	51%	28%	21%	0%	17,854
21	Detroit, MI	0%	100%	0%	0%	17,190
22	San Antonio, TX	46%	46%	7%	0%	16,583
23	San Francisco, CA	38%	40%	22%	0%	15,565
24	New Orleans, LA	42%	55%	3%	0%	15,580
25	Raleigh/Durham, NC	63%	37%	0%	0%	15,110
Total Airline Share		**34%**	**34%**	**9%**	**23%**	**1,500,401**

Airlines Used at CVG

Table 2.8 shows the airline share at CVG for the year ending March 31, 2025, for Total Market passengers. American was the largest airline at CVG for leaking passengers from the XXX catchment area, carrying 31 percent of total passengers. While AA is the second largest overall airline at CVG, they garner a higher share of leaking passengers from XXX due to high leakage numbers to their hub markets such DFW, BOS, DCA,PHX, MIA, and PHL. Delta was the second largest airline for leaking passengers from XXX, carrying 28 percent, followed by Frontier at 13 percent, United at 9 percent, Allegiant at 4 percent, and all other airlines combining for the remaining 13 percent.

LGA was the largest destination from the XXX catchment area using CVG, with AA having 45 percent, DL 26 percent, F9 with 21 percent and the other airlines at around 9 percent.

DFW was XXX catchment area largest destination in terms of total market size and was the second largest destination for leaking passengers using CVG from the XXX catchment area. AA had 79 percent of the share, while F9 had 21 percent of the share. The larger capacity at CVG to DFW with AA, and F9 in the market which causes lower fares is why 35,923 passengers leak from XXX to CVG despite the nonstop service at XXX.

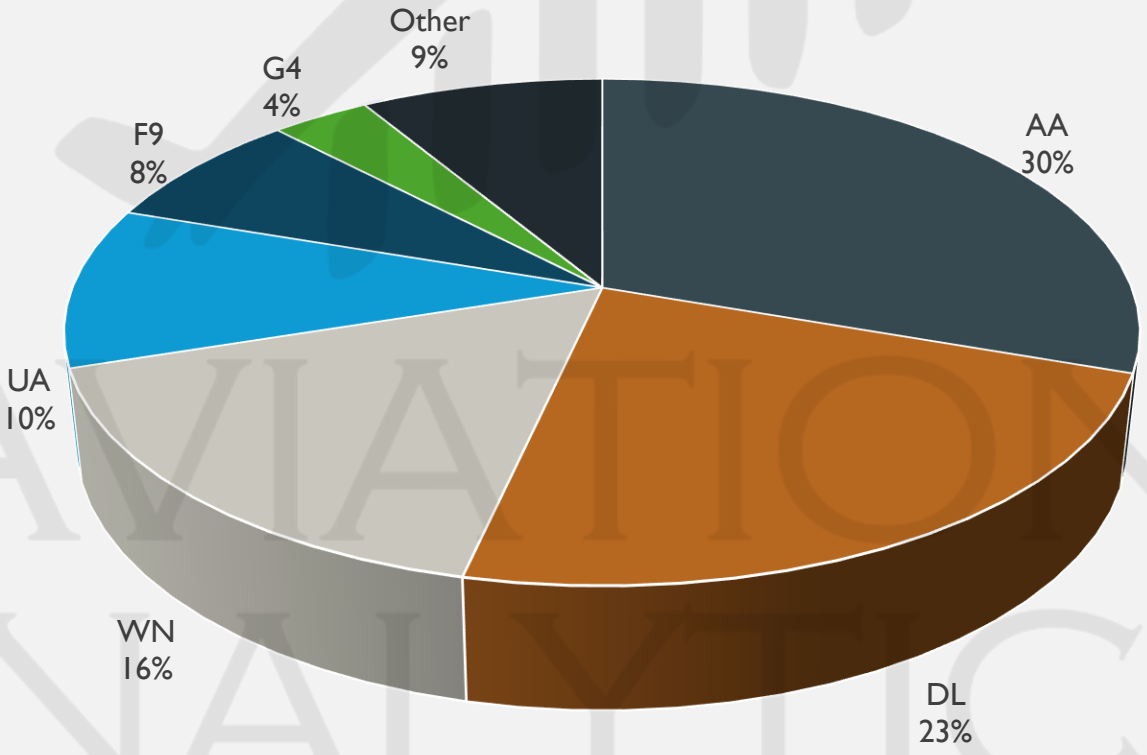
Table 2.7 Airlines Used at CVG

Rank	Destination	Airline Share %						Total Passengers
		AA	DL	F9	UA	G4	Other	
1	New York-La Guardia, NY	45%	26%	21%	0%	0%	9%	36,843
2	Dallas/Fort Worth, TX	79%	0%	21%	0%	0%	0%	35,923
3	Orlando, FL	11%	38%	45%	0%	0%	5%	32,290
4	Boston, MA	57%	28%	10%	1%	0%	4%	26,859
5	Seattle, WA	5%	47%	2%	3%	0%	43%	21,933
6	Denver, CO	4%	23%	22%	36%	1%	13%	20,813
7	Washington-National, DC	45%	52%	0%	0%	0%	4%	16,713
8	Houston-Intercontinental, TX	12%	4%	16%	67%	0%	1%	15,335
9	Phoenix, AZ (PHX)	51%	11%	26%	1%	0%	11%	15,305
10	Minneapolis/Saint Paul, MN	4%	87%	3%	2%	0%	4%	15,156
11	Las Vegas, NV	16%	46%	23%	1%	9%	5%	14,350
12	New York-JFK, NY	49%	34%	0%	0%	0%	17%	13,925
13	Miami, FL	57%	3%	39%	0%	0%	1%	13,473
14	New York, NJ	2%	42%	0%	29%	13%	13%	13,342
15	Philadelphia, PA	76%	3%	17%	0%	0%	3%	12,295
16	Tampa, FL	11%	34%	53%	0%	0%	1%	11,565
17	Atlanta, GA	5%	71%	21%	3%	0%	0%	11,278
18	Los Angeles, CA	20%	51%	6%	9%	9%	5%	9,684
19	Chicago, IL (ORD)	18%	1%	0%	69%	0%	11%	9,021
20	Washington-Dulles, VA	4%	2%	0%	88%	0%	6%	8,650
21	Salt Lake City, UT	11%	72%	8%	4%	0%	5%	8,395
22	Fort Lauderdale, FL	7%	51%	17%	0%	22%	2%	7,869
23	Fort Myers, FL	10%	39%	50%	0%	0%	1%	6,365
24	San Francisco, CA	20%	49%	5%	1%	0%	25%	6,015
25	Key West, FL	23%	9%	0%	0%	66%	1%	5,294
Total Airline Share		**31%**	**28%**	**13%**	**9%**	**4%**	**13%**	**569,487**

Airline Usage for Leaking Passengers

Exhibit 2.4 shows leaking passengers' airline usage from the XXX catchment area when they choose to fly from an airport other than XXX. American gets the largest share of leaking passengers at 30 percent, followed by Delta at 23 percent, Southwest at 16 percent, United at 10 percent, Frontier at 8 percent, and Allegiant at 4 percent. All other airline combined for the remaining 9 percent of leaking passengers.

Exhibit 2.4 Airline Usage for Leaking Passengers



Section 3: Factors Affecting Air Service

In general, there is a multitude of factors that may affect air service, especially for an airport the size of XXX. Often the largest reason for low retention and leakage to other airports is service and frequency difference. With significantly less service, it forces potential passengers to drive and use other airports to get to the destinations they want to go to. When nonstop options or convenient flight times are lacking, even loyal local travelers may choose to book from larger airports that offer better flexibility or direct access to key hubs and alternate airlines. This creates a vicious cycle that's difficult to repair as passengers divert, local demand appears lower, which can make it harder to attract or sustain additional flights.

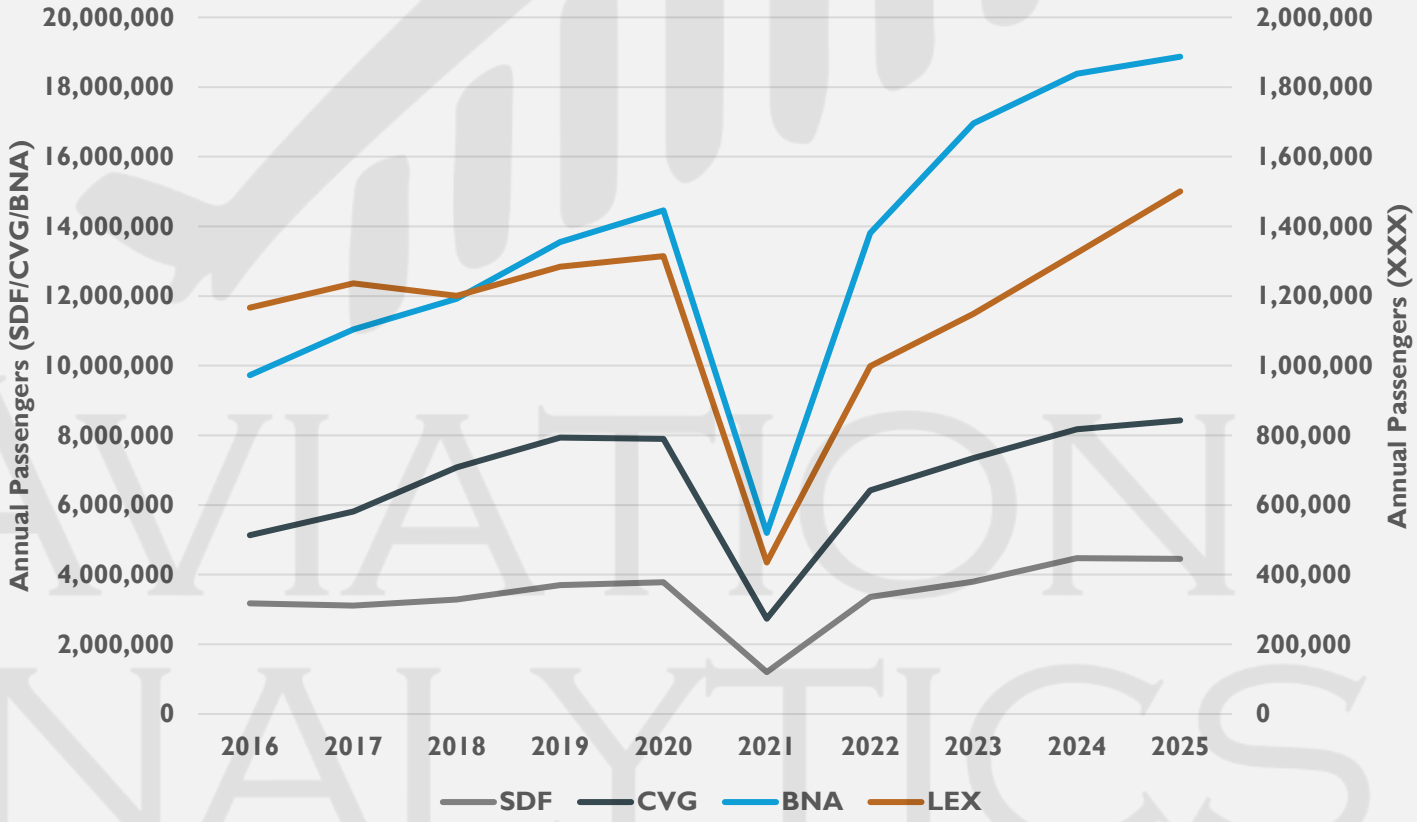
In markets where airports do have service, two of the most influential factors are airfare and flight frequency. If flights are infrequent, operating only a few days per week or at inconvenient times, travelers are less likely to choose the local airport, even if the destination is technically available. Similarly, while XXX is often competitive on pricing for its nonstop markets, even small fare differences can drive passengers to book from alternate airports. Maintaining affordable fares and improving flight frequency on existing routes are critical to improving retention.

Ten Year Traffic Trends at XXX & Alternate Airport

Exhibit 3.1 (next page) shows the traffic trends at XXX and those of the alternate airports for the year ending March 31, 2016, through the year ending March 31, 2025. Overall, passengers at XXX grew at a Compounded Annual Growth Rate (CAGR) of 3 percent from 2016 to 2025, increasing from 1,166,402 passengers to 1,500,401. For XXX, the year ending March 31, 2025, was the year with the most annual passengers and XXX is up 14 percent in 2025 compared to 2019.

For comparison markets, CVG had a positive CAGR over the ten years from 2016 to 2025, increasing at a 5 percent CAGR from 5.1 million to 8.4 million. CVG's top year for passengers was in 2025, which saw a 7 percent increase over 2019. SDF's CAGR increased at 3 percent and saw 2024 as the highest passenger count over the ten-year period, with an 18 percent increase over 2019. BNA was the largest peer airport in terms of passengers, increasing at a 7 percent CAGR, with 2025 as the highest passenger count. Since 2019, BNA grew 31 percent, the most of any peer airport.

Exhibit 3.1 Ten Year Passenger Trend For XXX & Alternate Airports



2024 Air Service Comparisons

A major contributing factor to passenger retention rates for airports is the amount of service at its airport and the alternate airports. **Table 3.1** shows the service comparison of the combined XXX and each alternate airport. XXX had 10,032 departures, significantly less than SDF, CVG, and BNA. SDF had more than double as many destinations and roughly three times as many seats in the most recent 12 months compared to XXX. CVG had more than three times as many destinations, and more than five times as many seats than XXX.

Table 3.1 YE Q1 2025 Service Comparison

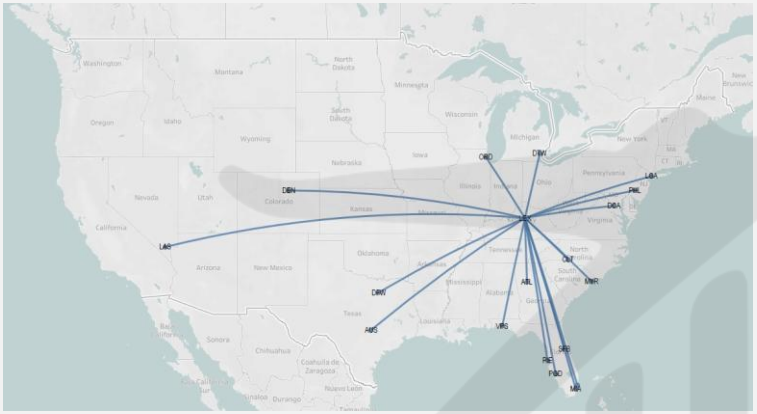
Airport	Departures	Seats	Seats/Departure	Number of Destinations
Nashville, TN	102,876	11,942,364	116.1	110
Cincinnati/Covington, KY	44,353	4,387,030	98.9	58
Louisville, KY	26,198	2,281,749	87.1	40
XXX	10,032	765,318	76.3	18
Total Market Size	**187,954**	**19,692,501**	**104.8**	**-**

Table 3.2 Top 25 Domestic Markets Frequency

Rank	Destination	XXX	CVG
1	Dallas/Fort Worth, TX	1,046	1,846
2	Orlando, FL	0	1,767
3	Chicago, IL (ORD)	2,196	3,719
4	Las Vegas, NV	90	707
5	Fort Lauderdale, FL	121	951
6	New York-La Guardia, NY	2	2,606
7	Atlanta, GA	2,198	2,804
8	Denver, CO	365	1,682
9	Orlando-Sanford, FL	212	349
10	Washington-National, DC	300	1,879
11	St. Petersburg, FL	191	374
12	Boston, MA	0	1,902
13	Punta Gorda, FL	168	331
14	Phoenix, AZ (PHX)	0	571
15	Philadelphia, PA	398	1,659
16	Tampa, FL	0	895
17	Houston-Intercontinental, TX	0	1,179
18	Los Angeles, CA	0	376
19	Seattle, WA	0	700
20	Austin, TX	2	587
21	Miami, FL	15	1,183
22	New York, NJ	0	2,307
23	Charlotte-Douglas, NC	2,038	2,297
24	Minneapolis/Saint Paul, MN	0	1,512
25	San Diego, CA	0	54
Total Destinations Served Top 25		15	25
Total Destinations Served		**18**	**58**

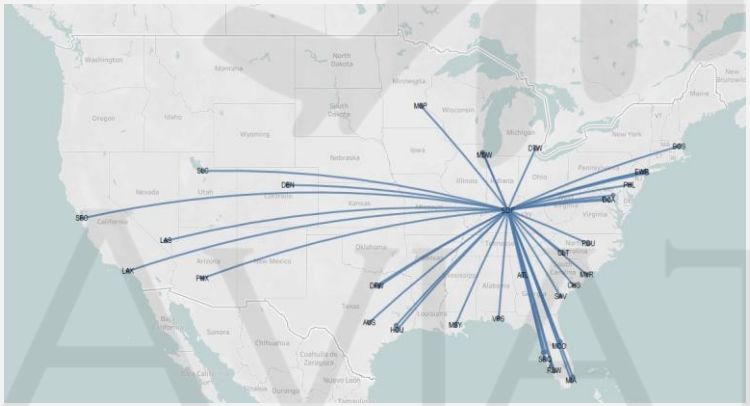
Table 3.2 shows the number of departures for XXX and CVG for the year ending March 31, 2025, for the top 25 domestic markets. XXX had/has service to fifteen of the top 25 domestic markets. Not included in the top 25 domestic markets but XXX has service to is DTW, MYR, and VPS. CVG had service to all of the top 25 destinations. In all markets that both markets served, CVG had the higher frequency.

2024 XXX Destinations Served

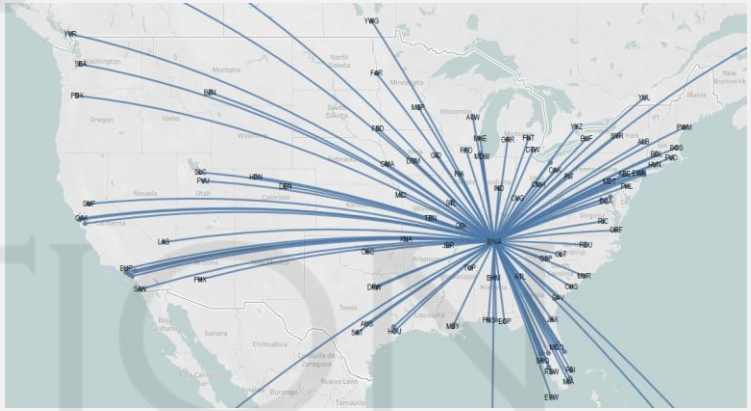


2024 CVG Destinations Served

2024 SDF Destinations Served



2024 BNA Destinations Served



These maps help show and demonstrate the disparity between the markets around XXX as of YE Q1 2025. SDF is the smallest of the peer markets yet has 22 more destinations than XXX. CVG serves just about every major hub in the United States as well as major leisure markets, but CVG also has international destinations. BNA had 110 destinations, significantly more than XXX.

Average Fares

Table 3.3 shows the average one-way fare (excluding taxes and fees) for XXX and alternate airports for the year ending March 31, 2025. XXX's average fare across all domestic markets was $257, which is around 23 percent higher than CVG's $208 average fare.

Of the top 25 destinations, XXX only had one that was the lowest fare, with 9 of the top 25 domestic destinations more than a $90 difference and 3 of the top 25 with more than a $110 difference. Markets with the most competitive fares were those that XXX had nonstop service with.

Like mentioned before Dallas is the major outlier due to the larger capacity and F9, with XXX being $133 more than CVG despite the nonstop from XXX. XXX's fare to PHL was $111 higher than the cheapest alternative (BNA), but was $24 lower than SDF and $48 higher than CVG.

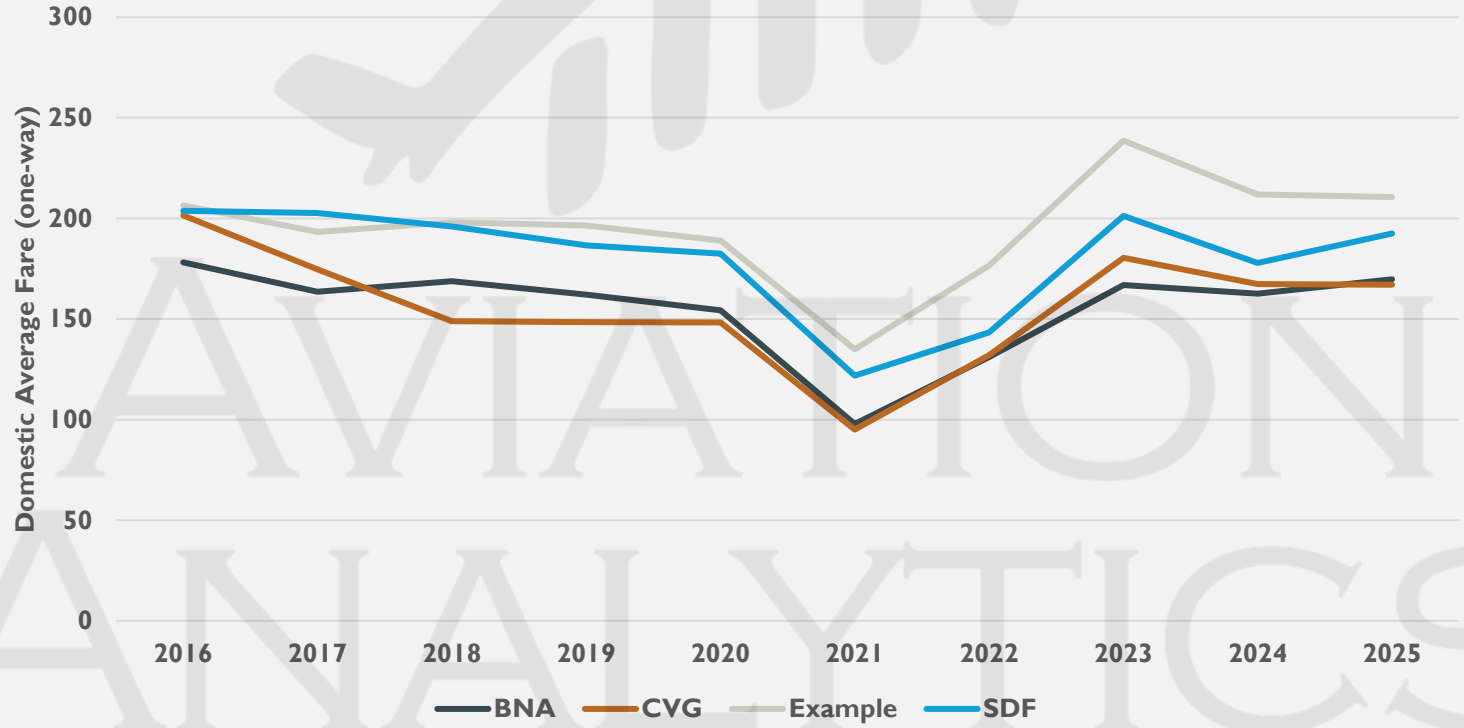
Table 3.3 Top 25 Domestic Markets Air Fare

Rank	Destination	XXX	CVG	SDF	BNA	XXX vs The Lowest
1	Dallas/Fort Worth, TX	$311	$178	$224	$173	$138
2	Orlando, FL	$214	$111	$135	$140	$102
3	Chicago, IL (ORD)	$169	$178	$179	$144	$25
4	Las Vegas, NV	$159	$172	$193	$205	($13)
5	Fort Lauderdale, FL	$103	$117	$91	$118	$12
6	New York-La Guardia, NY	$211	$140	$169	$134	$77
7	Atlanta, GA	$231	$174	$193	$207	$58
8	Denver, CO	$217	$144	$208	$148	$73
9	Orlando-Sanford, FL	$49	$50	$43	$37	$12
10	Washington-National, DC	$221	$152	$184	$147	$74
11	St. Petersburg, FL	$48	$54	$46	$41	$7
12	Boston, MA	$297	$203	$205	$158	$139
13	Punta Gorda, FL	$55	$57	$70	$42	$13
14	Phoenix, AZ (PHX)	$299	$197	$245	$213	$102
15	Philadelphia, PA	$248	$200	$272	$137	$111
16	Tampa, FL	$205	$103	$152	$150	$102
17	Houston-Intercontinental, TX	$234	$178	$242	$205	$56
18	Los Angeles, CA	$301	$257	$215	$229	$86
19	Seattle, WA	$322	$222	$284	$227	$100
20	Austin, TX	$231	$187	$192	$136	$94
21	Miami, FL	$214	$148	$195	$152	$66
22	New York, NJ	$216	$159	$190	$155	$61
23	Charlotte-Douglas, NC	$241	$193	$225	$175	$66
24	Minneapolis/Saint Paul, MN	$254	$192	$214	$149	$105
25	San Diego, CA	$273	$224	$262	$227	$50
Overall Average Fare		**$257**	**$208**	**$227**	**$193**	**$64**

Ten Year Domestic Average Fare Trends

Exhibit 3.2 shows the trend for domestic average fares for XXX compared to alternate airports for the year ending March 31, 2016, through the year ending March 31, 2025. Every year XXX had the highest domestic fares compared to peer markets except for year ending March 31, 2017. The lowest domestic average fare for XXX was in 2021 due to the pandemic, like all the peer airports, while the highest average fare was in 2023. The highest average fare for the peer markets were all 2016.

Exhibit 3.2 Ten-Year Domestic Average Fare Trend For XXX & Alternate Airports



Retention Rate Sensitivity

Table 3.5 shows the retention rate sensitivity for XXX and the effect of improved retention rates for the top 25 markets. A 20-percentage point improvement in retention rate at XXX would add more than 503,000 additional passengers overall to XXX or 689.5 PDEW.

Table 3.5 Retention Rate Sensitivity

Rank	Destination	XXX Flown	Retention %	Retention Rate Improvement		
				5%	10%	20%
1	Dallas/Fort Worth, TX	44,854	44%	49,989	55,125	65,396
2	Orlando, FL	31,382	37%	35,654	39,927	48,471
3	Chicago, IL (ORD)	65,805	82%	69,842	73,878	80,731
4	Las Vegas, NV	44,791	60%	48,539	52,288	59,785
5	Fort Lauderdale, FL	51,654	71%	55,288	58,923	66,191
6	New York-La Guardia, NY	20,058	28%	23,591	27,123	34,188
7	Atlanta, GA	52,425	74%	55,953	59,481	66,536
8	Denver, CO	36,523	52%	40,008	43,493	50,463
9	Orlando-Sanford, FL	60,647	95%	63,582	63,582	63,582
10	Washington-National, DC	29,804	51%	32,706	35,609	41,414
11	St. Petersburg, FL	54,118	95%	56,842	56,842	56,842
12	Boston, MA	11,834	22%	14,469	17,105	22,375
13	Punta Gorda, FL	49,583	95%	52,194	52,238	52,238
14	Phoenix, AZ (PHX)	18,641	40%	20,985	23,329	28,016
15	Philadelphia, PA	26,641	58%	28,937	31,233	35,825
16	Tampa, FL	21,162	47%	23,425	25,688	30,214
17	Houston-Intercontinental, TX	17,878	40%	20,108	22,337	26,796
18	Los Angeles, CA	23,086	57%	25,119	27,151	31,217
19	Seattle, WA	12,362	31%	14,379	16,396	20,431
20	Austin, TX	17,930	48%	19,788	21,646	25,361
21	Miami, FL	15,084	41%	16,916	18,748	22,412
22	New York, NJ	11,544	35%	13,190	14,835	18,126
23	Charlotte-Douglas, NC	26,435	83%	28,035	29,635	31,997
24	Minneapolis/Saint Paul, MN	9,489	31%	11,004	12,520	15,550
25	San Diego, CA	18,808	64%	20,273	21,739	24,671
Total Market Size		**504,311**	**60%**	**630,139**	**755,967**	**1,007,623**

Section 5: Situation Analysis

The primary city is in the heart of Kentucky situated right next to CVG and SDF, and approximately a three-hour drive from BNA. XXX has service today on 4 airlines, American Airlines which offers nonstop service to Dallas-Fort Worth (DFW), Charlotte-Douglas (CLT), Miami (MIA), Chicago O'Hare (ORD), and Philadelphia (PHL). Delta Air Lines offers nonstop service to Hartsfield-Jackson Atlanta International Airport (ATL), Washington National (DCA), and Detroit (DTW). United Airlines offers nonstop service to Denver (DEN) and Chicago O'Hare (ORD). Allegiant has nonstop service to Fort Lauderdale (FLL), Las Vegas (LAS), Myrtle Beach (MYR), Punta Gorda (PGD), St. Petersburg (PIE), Orlando (SFB), and Destin-Fort Walton (VPS).

All of XXX's peer markets offer more nonstop service and destinations, with CVG offering 58 destinations and SDF offering 40, for the year ended March 31, 2025. Fewer nonstop markets can often lead to less competitive pricing, as with XXX, of the top 25 domestic destinations they offer the cheapest fares to only one destination compared to any of their peers which can lead people to choose other airports over XXX. The airports around XXX also have diverse ULCC's that have service to large hubs. ULCC at major hubs create competitive fares, like what we see with DFW at CVG compared to XXX.

Example Airport, despite being surrounded by large airports continues to grow. For the year ending March 31, 2016, to the year ending March 31, 2025, XXX has continued to grow, with a CAGR of 3 percent. Their largest year so far has been year ending March 31, 2025, growing 13 percent since 2024. As of May, XXX now has nonstop service to LGA, one of their largest destinations. By adding nonstop service to top markets, as well as increasing the capacity on current nonstop destinations, XXX can continue to grow, while shrinking the leakage to other airports.

Appendix Top 50 Domestic & International Markets

Rank	Destination	XXX Flown	Retention %	Total Market Size	Total Market PDEW	Total Diverting Passengers	Diverting %		
							CVG	SDF	BNA
1	Dallas/Fort Worth, TX	44,854	44%	102,710	140.7	57,857	35%	19%	3%
2	Orlando, FL	31,382	37%	85,446	117.0	54,064	38%	23%	3%
3	Chicago, IL (ORD)	65,805	82%	80,731	110.6	14,926	11%	6%	1%
4	Las Vegas, NV	44,791	60%	74,972	102.7	30,181	19%	19%	2%
5	Fort Lauderdale, FL	51,654	71%	72,686	99.6	21,032	11%	13%	5%
6	New York-La Guardia, NY	20,058	28%	70,648	96.8	50,589	52%	16%	3%
7	Atlanta, GA	52,425	74%	70,556	96.7	18,131	16%	9%	1%
8	Denver, CO	36,523	52%	69,701	95.5	33,178	30%	14%	4%
9	Orlando-Sanford, FL	60,647	95%	63,582	87.1	2,935	2%	3%	0%
10	Washington-National, DC	29,804	51%	58,053	79.5	28,249	29%	15%	5%
11	St. Petersburg, FL	54,118	95%	56,842	77.9	2,725	2%	3%	0%
12	Boston, MA	11,834	22%	52,703	72.2	40,868	51%	16%	11%
13	Punta Gorda, FL	49,583	95%	52,238	71.6	2,655	2%	3%	0%
14	Phoenix, AZ (PHX)	18,641	40%	46,874	64.2	28,233	33%	22%	5%
15	Philadelphia, PA	26,641	58%	45,919	62.9	19,277	27%	6%	10%
16	Tampa, FL	21,162	47%	45,258	62.0	24,096	26%	21%	6%
17	Houston-Intercontinental, TX	17,878	40%	44,587	61.1	26,709	34%	23%	3%
18	Los Angeles, CA	23,086	57%	40,656	55.7	17,570	24%	12%	8%
19	Seattle, WA	12,362	31%	40,348	55.3	27,987	54%	5%	10%
20	Austin, TX	17,930	48%	37,155	50.9	19,225	13%	13%	26%
21	Miami, FL	15,084	41%	36,641	50.2	21,557	37%	15%	7%
22	New York, NJ	11,544	35%	32,906	45.1	21,361	41%	16%	8%
23	Charlotte-Douglas, NC	26,435	83%	31,997	43.8	5,562	11%	7%	0%
24	Minneapolis/Saint Paul, MN	9,489	31%	30,305	41.5	20,816	50%	18%	1%
25	San Diego, CA	18,808	64%	29,318	40.2	10,511	18%	10%	8%
26	New Orleans, LA	15,580	53%	29,214	40.0	13,634	14%	26%	6%
27	San Francisco, CA	15,615	59%	26,521	36.3	10,906	23%	10%	9%
28	Baltimore, MD	11,843	50%	23,686	32.4	11,843	7%	43%	0%
29	Salt Lake City, UT	10,304	44%	23,513	32.2	13,210	36%	19%	1%
30	Fort Myers, FL	13,472	60%	22,546	30.9	9,074	28%	12%	0%

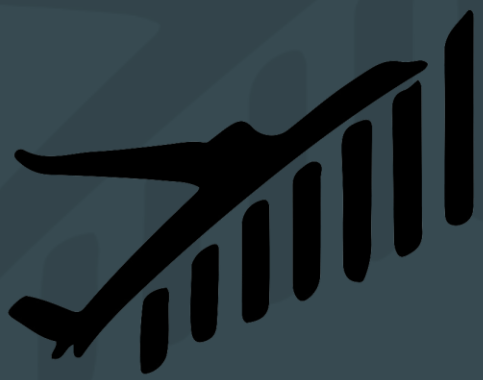
Appendix Top 50 Domestic & International Markets (Cont'd)

Rank	Destination	XXX Flown	Retention %	Total Market Size	Total Market PDEW	Total Diverting Passengers	Diverting %		
							CVG	SDF	BNA
31	San Antonio, TX	16,583	74%	22,337	30.6	5,754	6%	11%	9%
32	Detroit, MI	17,537	81%	21,583	29.6	4,046	7%	5%	7%
33	New York-JFK, NY	5,580	27%	20,888	28.6	15,308	67%	2%	4%
34	Raleigh/Durham, NC	15,298	75%	20,345	27.9	5,047	3%	10%	11%
35	Jacksonville, FL	13,259	67%	19,880	27.2	6,620	16%	10%	7%
36	Destin-Ft Walton Beach, FL	13,310	67%	19,738	27.0	6,428	16%	9%	8%
37	London-Heathrow, EN, GB	7,607	41%	18,581	25.5	10,974	51%	7%	1%
38	Washington-Dulles, VA	3,797	21%	17,967	24.6	14,170	48%	29%	2%
39	Portland, OR	9,969	61%	16,384	22.4	6,415	22%	13%	3%
40	Cancun, MX	9,957	62%	15,958	21.9	6,001	19%	13%	6%
41	Sacramento, CA	9,362	60%	15,656	21.4	6,293	12%	10%	18%
42	West Palm Beach, FL	13,005	89%	14,577	20.0	1,573	9%	1%	1%
43	Kansas City, MO	11,062	81%	13,710	18.8	2,648	8%	12%	0%
44	Charleston, SC	10,214	79%	12,992	17.8	2,778	3%	14%	5%
45	Sarasota/Bradenton, FL	7,921	63%	12,487	17.1	4,566	9%	20%	8%
46	Myrtle Beach, SC	10,671	89%	12,021	16.5	1,350	7%	4%	0%
47	Santa Ana, CA	9,711	82%	11,815	16.2	2,104	8%	9%	0%
48	Savannah, GA	9,204	81%	11,406	15.6	2,202	9%	7%	3%
49	Key West, FL	4,684	41%	11,328	15.5	6,644	47%	10%	2%
50	San Juan, PR	5,209	47%	11,075	15.2	5,866	31%	20%	2%
Total Domestic Market		**1,330,654**	**59%**	**2,244,082**	**3,074.1**	**913,428**	**22%**	**14%**	**4%**
Total International Market		**169,747**	**62%**	**272,474**	**373.3**	**102,727**	**24%**	**10%**	**4%**
Total Market		**1,500,401**	**60%**	**2,516,556**	**3,447.3**	**1,016,155**	**23%**	**14%**	**4%**

ANALYTICS

Glossary

- **Sources:**
  - Airline Reporting Corporation (ARC)
  - Diio Mi (O&D, Schedule, T-100); Air fares are one-way and excluded taxes and fees
- **Airline Codes:**
  - AA: American Airlines
  - DL: Delta Air Lines
  - F9: Frontier Airlines
  - G4: Allegiant Air
  - UA: United Airlines
- **Airport Codes:**
  - BNA: Nashville International Airport
  - CLT: Charlotte-Douglas International Airport
  - CVG: Cincinnati & Northern Kentucky International Airport
  - DFW: Dallas/Ft Worth International Airport
  - IAH: George Bush Intercontinental Airport
  - XXX: Example Airport
  - LGA: LaGuardia Airport
  - MCO: Orlando International Airport
  - ORD: Chicago O'Hare International Airport
  - PGD: Punta Gorda International Airport
  - PHX: Phoenix Sky Harbor International Airport
  - PIE: St. Pete-Clearwater International Airport
  - SDF: Louisville International Airport
  - SEA: Seattle-Tacoma International Airport
  - SFB: Orlando-Sanford International Airport
- **PDEW**: Passengers per Day Each Way



Aviation Analytics

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