



Flying Together: The Southern Ontario Airport Network

May 2017



**SOUTHERN ONTARIO
AIRPORT NETWORK**

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INTRODUCTION

Southern Ontario is set to experience significant growth over the next three decades and is one of the fastest growing regions in North America. Not surprisingly, demand for air travel across the region will follow suit, rising to approximately 110 million passengers over the same timeframe. This growth presents significant opportunities for the region, local communities and their airports.

As growth comes to Southern Ontario it is critical that we are ready for it. By working together, our region's airports will be better placed to support local economic development, and in doing so increase the competitiveness of the region, the province and the country. Successful cities and regions around the world have reaped the benefits of a network approach to supporting air service needs, and by better using the available airport infrastructure in Southern Ontario, our region can benefit as well. This approach will ensure that Southern Ontario is well placed to keep the jobs and economic benefits of growth in air service demand in the region.



UNPRECEDENTED AIR TRAVEL DEMAND IS COMING TO SOUTHERN ONTARIO

As the most densely populated and economically productive region in Canada, Southern Ontario is an engine of the Canadian economy. The region is Canada's export powerhouse, accounting for 37 per cent of the Canadian economy overall, 39 per cent of the goods exports and 48 per cent of the services exports. The region is also home to several Fortune 500 companies, 28 universities and colleges, and an innovation corridor that features the second-largest concentration of tech companies in North America.

It is no surprise this region has become a destination for people to live, work, play and invest, and the outlook for the region over the next several decades is strong. By 2043, the region's population is expected to grow to more than 15 million people. At the same time, the region's GDP is expected to double, reaching upwards of \$1.1 trillion. Driven by increased population, productivity gains and continued demand for Southern Ontario's exports, this growth will translate into a substantial increase in air passenger demand. It is estimated that more than 110 million passengers and over 1 million tonnes of cargo will flow through Southern Ontario's airports in 2043, compared to 49.1 million passengers and more than 470,000 tonnes of cargo today.

This expected growth in population, economic activity and air service demand presents challenges for which Southern Ontario must acknowledge and prepare.

First, a single airport alone cannot meet all the region's diverse demands. Based on current terminal capacity, the regional air travel capacity across all airports in Southern Ontario is currently estimated at 89 million passengers per year. The implications are sobering: By the late 2030s, regional air travel demand is likely to outpace the current capacity of the region's airports, making it more and more difficult to accommodate the needs of passengers and aviation stakeholders. If nothing changes, by the mid-2040s there could be an excess passenger demand of around 20 million passengers per year. These passengers could face crowded and congested facilities in Southern Ontario, or may even leave the region to have their travel needs met. The economic impact of those passengers not being served in Southern Ontario could reach as high as \$15 billion in GDP.

88 per cent of Southern Ontario's population lives in the metropolitan areas of the Greater Toronto Area, Hamilton, Kingston, Kitchener-Waterloo, London, Barrie/Simcoe County region, Niagara Falls/St. Catharines region, Oshawa/Durham region, Peterborough and Windsor.



Around the world, mega hub airports provide long haul, global connectivity and regional airports offer a range of important air travel services for the region. Services include flights to short and medium haul and/or leisure destinations; general aviation including, business aviation and flight training; provincial air services such as medevac and police services; processing of air cargo; establishing economic clusters to facilitate on-airport maintenance, repair and overhaul (MRO); and providing sites for aircraft and component manufacturing or R&D facilities.

Second, as the population and economy of Southern Ontario grow, so too will traffic congestion. Automobile travel times to Toronto Pearson are expected to rise 25–30 per cent on average, meaning passengers will need to leave earlier than ever before for their flights. Passengers throughout Southern Ontario will face worsening commute times to Toronto Pearson for travel.

Southern Ontario is not the first region to face this kind of growth and level of air service demand—the region can learn from the experiences of other regions around the world, particularly those that have mega hub airports. These regions rely on a network of regional airports to meet a range of air travel services that cannot all be accommodated at one airport alone. London, Paris, Los Angeles and New York all have a number of airports that support the diverse aviation needs of their region. In these regions, passengers and businesses are served by various airports, allowing overall air service capacity to be optimized to best meet the needs of the region as a whole.

THE SOUTHERN ONTARIO AIRPORT NETWORK

Each member of the Southern Ontario Airport Network believes it is essential to prepare for growth by better using the available capacity of these airports and the transportation options that link them in order to keep the region connected and support local economies in a sustainable and responsible way. The network consists of eleven of the most significant commercial airports in the region, which vary greatly in scale and service profile, and share the goal of supporting the needs of Southern Ontario communities and helping develop economic opportunities. These airports are:

- **Toronto Pearson Airport**
- **Billy Bishop Toronto City Airport**
- **Hamilton John C. Munro International Airport**
- **Kingston/Norman Rogers Airport**
- **Lake Simcoe Regional Airport**
- **London International Airport**
- **Oshawa Executive Airport**
- **Niagara District Airport**
- **Peterborough Airport**
- **Region of Waterloo International Airport**
- **Windsor International Airport**

While each airport will continue to develop its business and make independent strategic decisions based on local business drivers and community needs and acceptance, the Southern Ontario Airport Network provides a forum to discuss how to understand the opportunities and constraints to air service development in the region in a comprehensive way.



Together, the members of the Southern Ontario Airport Network have a clear vision for Southern Ontario and the benefits they can deliver over the next 30 years, which is set out in the graphic below:

The Southern Ontario Airport Network’s Vision

Short Term 0 to 5 years 49-63 Mpax/yr	Medium Term 5 to 15 years 63-72 Mpax/yr	Long Term 15 to 30 years 70-110 Mpax/yr
<ul style="list-style-type: none">• The Southern Ontario Airport Network helps attract greater tourism, trade and foreign direct investment to the region’s communities.• Increased scheduled passenger and charter air service from Southern Ontario communities provides better regional connectivity.• There is region-wide recognition of the importance of general aviation—from business aviation to medevac services.• Future labour, security and customs screening, technology and ground transportation needs to support aviation growth are understood.• Southern Ontario airports employ best in class strategies for responsible and sustainable airport growth.	<ul style="list-style-type: none">• There is a network of routes into and out of airports across Southern Ontario.• Toronto Pearson realizes its vision of becoming North America’s next mega hub airport.• Recognition of the benefits of general aviation and land development results in increased service and development at network airports.• Investments in transit solutions to airports and throughout the region provide passengers with better groundside connectivity.• Niche economic development at airports throughout Southern Ontario supports local needs and markets.	<ul style="list-style-type: none">• The Southern Ontario Airport Network supports the aviation needs of the region.• Southern Ontario is a premier location for aviation business and investment.• General aviation activity has grown throughout the network and the resultant labour needs are being supported.• Greater ground transportation connectivity to and between network airports reduces congestion and greenhouse gas emissions in the region.• Aviation growth is managed responsibly in collaboration with local communities.

The members of the Southern Ontario Airport Network believe the best way to support the region is through open discussion about the opportunities and challenges that growth presents—not only for airports, but also for their surrounding communities; however, airport operations and growth have impacts on local communities, such as noise, and these communities expect airports to grow responsibly and operate in a sustainable manner. The members commit to remain engaged with their communities and develop in ways that are considerate of the surrounding communities. Doing so will support the region’s growth and keep the social and economic benefits associated with growth in Southern Ontario.

The Region of Waterloo International Airport recently updated its 20 year Master Plan. This long-term growth strategy was the result of extensive consultation with local residents and the business community including numerous community information sessions, an online feedback portal and public speaking opportunities. The widely supported \$375 million plan pursues a “just-in-time” approach to infrastructure investment that is tied to passenger traffic so that as the community and its need for connectivity grow, so too will the airport.



SOUTHERN ONTARIO AIRPORTS CAN PROPEL THE REGION'S ECONOMY

Southern Ontario's airports are drivers of connectivity and economic activity; they promote economic development both directly and indirectly, and generate significant economic impact through catalytic effects on other industries. These airports are enablers of tourism, trade, investment and improved productivity.

All airports in the network offer economic benefits to the region and their respective communities, and all have unique specialties, capabilities and demand drivers. Each airport supports its surrounding community by amplifying the strengths and capabilities that already exist locally, and by supporting three fundamental air transport sectors:

1. Scheduled/charter passenger and cargo air service
2. Airport-based businesses that support industry operations (e.g., aircraft maintenance, repair and overhaul, aircraft and components manufacturing, logistics and supply centres, fuel depots, etc.)
3. General aviation (e.g., flight training, corporate aviation, medevac flights, etc.)

Mega hub airports support overall regional and national economic growth and international connectivity, which drives up economic opportunity, tourism and other air travel demand. Southern Ontario airports benefit from the increased economic opportunity and air travel demand generated by the mega hub, while accommodating

air transportation operations that may no longer represent the "highest and best use" of capacity at the mega hub airport. The relationship between airports is synergistic. For example, additional international connectivity at Toronto Pearson facilitates trade, investment and tourism that support jobs in communities throughout the region, including our network airport communities, which in turn stimulates the demand for air travel from those airports.

As the roles of airports in Southern Ontario grow and evolve, network airports will provide enhanced, customized mixes of services from the three sectors according to their individual strategic plans and the strategic plans of their surrounding communities, and Toronto Pearson will continue to focus on long haul international traffic that connects the region and North America to the world.

Jobs throughout Southern Ontario are made possible by the global connectivity provided through Toronto Pearson. As a result, demand for air travel—both for business and leisure—is generated throughout the region.



A mega hub airport generates economic benefits for the region and Canada

Toronto Pearson provides world-class connectivity and economic benefits to Canada. It connects Southern Ontario to the rest of Canada, and Canada to 67 per cent of the world's economies. Toronto Pearson has experienced unprecedented growth in recent years, reflecting the region's growth in demand for air services, and it has established itself as North America's second-busiest airport by international passenger volumes. The airport's global connectivity facilitates roughly 330,000 jobs in communities all over Ontario.

To support the needs of the region and the country, Toronto Pearson is pursuing a vision to become North America's next mega hub airport. Mega hub airports are highly connected to a large portion of the world's economies and benefit from a high proportion of international connecting passengers. This connectivity is a potential competitive advantage for the region and brings with it economic benefits through the facilitation of greater trade, tourism and foreign direct investment. Specifically, Toronto Pearson's evolution to a mega hub is expected to connect Canada to 80 per cent of the world's economy, boost the airport's GDP contribution, and facilitate additional jobs.

To realize these benefits and support economic development and growth in Southern Ontario, the region must better use the available capacity at network airports. This will spread the economic benefits of growth across the region.

Toronto Pearson Global Hub, 2016

- 44 million passengers
- 330,000 jobs facilitated
- 6.3% of Ontario GDP
- Connected to 67% of global

Toronto Pearson Mega Hub, 2035

- 80 million passengers
- 700,000 jobs facilitated
- 8.5% of Ontario GDP
- Connected to 80% of global economies

Windsor International Airport has seen 42 per cent growth over the last three years due in large part to increased demand from the Windsor area and Americans utilizing the connection to Toronto Pearson for their national and global air travel needs.



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Airports can support greater economic opportunities throughout Southern Ontario

There is a clear opportunity for our airports to enhance their economic performance by accommodating a greater volume and variety of air service demand. Currently, each airport has available capacity for additional air service or related operations:

- London, Windsor, Waterloo, Hamilton and Kingston airports all have the ability to substantially expand current operations as they have available capacity.
- Peterborough, Niagara and Lake Simcoe airports have the capacity to start charter or scheduled service and expand current general aviation operations.
- Oshawa airport has capacity for additional general aviation activity.
- Billy Bishop Airport continues to optimize its scheduled air service and general aviation operations while moving to add US Customs and Border pre-clearance services, upgrading terminal facilities and can support new regional services from their fixed based operators.

In consultation with its local community, stakeholders and government, each airport will determine how best to enhance its own operations or economic impact by augmenting the air services it provides and/or leveraging its land development opportunities.

Untapped air travel demand exists in Southern Ontario

Many of the network airports have the capacity to support additional air service. There are also clear indications that there is market demand to match. Today, the catchment area around each of the five non-Toronto airports with scheduled service generates roughly 45 per cent of Southern Ontario's GDP, but only 5 per cent of scheduled passenger flights pass through these airports. Introducing new or enhanced scheduled service could present significant economic benefits for airport communities.

Although it is ultimately an airline's business decision to determine where to grow or establish service, local passengers are increasingly searching for flights to several leisure and business destinations from communities throughout Southern Ontario that have airports. For example, in 2015, these passengers bought more than 1.4 million tickets on just one flight search website (www.skyscanner.com). Although the majority of these flights originated from Toronto Pearson, the demand is clearly originating in network airport communities. As the population increases across Southern Ontario, this demand will only grow in tandem.

The available capacity at network airports presents an opportunity to develop passenger service based on local market demands, providing more choice to passengers and businesses. In doing so, network airports can grow to cater to their local areas better than Toronto Pearson can for domestic and local-driven leisure service. Recent examples demonstrate that airports throughout the region can support new scheduled air services for untapped markets.



Seasonal summer flights from Hamilton to Vancouver will double in 2017, jumping from three times weekly in 2016 to seven times weekly in 2017. This represents more than 100 per cent growth in capacity over last year and will provide Southern Ontario passengers more frequent service to Canada's west coast.

In 2016, Greater Toronto Airways introduced twice daily, 12-minute flights between Billy Bishop Airport and Niagara District Airport in Niagara-on-the-Lake, providing a high-speed service connecting the city to the popular tourist destination.



Additional passenger service from network airports would deliver the following benefits:

- Passengers would enjoy faster, more convenient airport access from home and work, and faster processing times.
- Airports would realize the financial benefits of increased passenger service.
- Local communities would experience economic growth in terms of jobs and tourism.
- The region would increase its overall passenger volume capacity by using its airport infrastructure and resources more efficiently.
- Air carriers could support traffic demands throughout Southern Ontario while using Toronto Pearson's capacity as a mega hub airport.

Air passenger growth can benefit all of Southern Ontario's airports and their surrounding communities, but only if the region's air and ground transportation infrastructure is proactively enhanced to accommodate the surge in demand.

Airports are critical for general aviation and the future of the air travel sector

In addition to enhancing commercial passenger service, network airports are well positioned to expand their role in providing general aviation services which may migrate to alternative, less congested airports given that they can provide greater options for departure and arrival times. General aviation refers to all civilian flying except scheduled passenger and cargo services. This includes corporate aviation, recreational aviation, medevac and flight training on all non-military aircraft.

Network airports already play an important role in supporting general aviation in Southern Ontario, and many are hubs for these activities and have already prioritized general aviation in their future planning. Southern Ontario has the potential and local demand to successfully pursue growth opportunities in this space.

Airports provide facilities for important and life-saving provincial aviation services including police and medevac operations. Last year, Southern Ontario Airport Network airports supported more than 11,000 medevac movements.

Advanced education and training are critical to the success of the region's air industry and connectivity. As the region's air service demand increases, the aviation industry will need to attract and train new employees. Pilots are in heavy demand globally, and when more than 50 per cent of pilots in North America retire in the next 15 years, the demand for pilots—and the flight schools that train them—will climb even higher.

Establishing and enhancing flight schools can bring significant economic benefits to airports and their surrounding communities, and many Southern Ontario airports are investing in flight schools to fuel their own success and ensure the continued success of the regional air sector.



In 2016, Oshawa Executive Airport accommodated just over 70,000 movements supporting corporate aviation, medevac and flight training activities

Seneca College's Peterborough Aviation Campus, accessed by 150 students and 50 faculty, is expected to result in \$13 million in local economic benefit annually.



Airports can leverage their land holdings to establish new economic clusters

Many network airports have the ability to develop their airport lands for a variety of aviation and non-aviation uses. Outside of Toronto, network airports have considerable land available for development (more than 2,000 acres in total), much of which already has airside access or can be zoned accordingly.

Developing airport land at network airports can help attract valuable airport-related uses such as MRO facilities, flight training centres, fixed-base operators to provide general aviation services and aircraft manufacturing facilities.

As Southern Ontario's GDP increases, so will opportunities to develop airport land and establish high-value clusters of these airport-related uses. These aviation-related clusters would not only generate rental revenues for the airports, but also allow them to establish value-added economic zones within their communities, attract investment, businesses and jobs, and increase demand for air travel.

The following are some existing industry-leading examples of aviation-related clusters:

- Alma, Quebec's unmanned aerial services cluster, with 19 related firms on the airport's premises
- Wichita, Kansas' aircraft manufacturing cluster, including facilities for major manufacturers such as Beechcraft, Bombardier and Cessna
- Daytona Beach, Florida's flight training cluster, which is home to Embry-Riddle University and seven other flight schools

Airport clusters unrelated to aviation are also possible, given the quantity of land that many airports have available for development. For example, Windsor, Indianapolis and Thunder Bay airports have large solar farms, and Lake Simcoe will soon have a solar farm of its own.

Over the past 24 months, the Lake Simcoe Regional Airport has generated over \$9 million in private investment for commercial aviation facilities that support the airport's 2,500 jet/turbine aircraft movements annually.



London International Airport is home to more than 50 aviation businesses, including maintenance, charter, training and manufacturing operations. The airport cluster employs more 1,300 individuals and ranks in the top 10 employers in the London area, and it has an economic impact to the area in excess of \$357 million annually.

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TAKING FLIGHT: FROM CONCEPT TO REALITY

The Southern Ontario Airport Network is a forum for Southern Ontario's leading commercial airports to work together to support the region's growth and amplify the overall impact of air service to the region. This forum is the best way to identify such synergistic business opportunities and to enhance air transportation service and capacity for the region rather than on an airport-by-airport basis. Airports will continue to make their own business decisions based on their local business drivers and community input, but they will be supported by a group of airports dedicated to ensuring the economic and social benefits of the region's growth remain in Southern Ontario.



Realizing this long term vision of having all of Southern Ontario's aviation needs supported by a network of airports across the region with convenient connectivity will take decades. That is why members have prioritized the following activities in the first five years:

1. Raise the awareness and profile of airports within the Southern Ontario Airport Network as:
 - key enablers of trade, tourism and foreign direct investment (FDI) in Ontario and Canada;
 - sources of jobs in each airport community and beyond;
 - providers of diverse airport options for passengers, shippers, businesses and air carriers; and
 - enablers of Toronto Pearson's role as Canada's mega hub airport.
2. Promote Southern Ontario to attract greater tourism, trade and FDI.
3. Develop a common source of data that will allow all airports to understand the future needs of this growing region and identify future air service development opportunities. To accomplish this, network airports are committed to:
 - updating and expanding economic impact analyses to assess how airports collectively and individually support trade, tourism and foreign direct investment;
 - engaging with businesses in Southern Ontario and aviation industries, and developing an assessment of current and future aviation industry growth needs, including for labour, security screening and technology;
 - completing a catchment/demand study of the region to identify opportunities for future point-to-point growth in leisure, business aviation and passenger markets at our airports;
 - understanding the ground transportation needs in Southern Ontario and advocating for investment in ground transportation improvements that will reduce congestion and greenhouse gas emissions; and
 - developing best-in-class strategies for responsible and sustainable airport growth, including community engagement and noise management.

CONCLUSION

The members of the Southern Ontario Airport Network are pleased to launch their collective efforts to support Southern Ontario's future air travel needs. In consultation with their local communities and key stakeholders, they will continue to develop detailed action plans for each of their airports independently; however, they will do so with a view to long-term and region-wide needs.

The potential benefits of this approach are substantial. Better use of network airports' capacity will:

- increase air service choice for passengers and businesses into and out of Southern Ontario from the metropolitan areas of Southern Ontario;
- boost the economic impact of individual airports and support new economic activity in communities throughout the region;
- support better people and goods movement across the region by decreasing traffic congestion;
- support the up-take of emerging industry trends, including ultra low cost carriers;
- increase job opportunities and economic productivity for the region, the province and Canada; and
- allow Toronto Pearson to become a mega hub airport, bringing with it the extensive associated social and economic benefits.

Conversely, the cost of inaction is high. If Southern Ontario airports do not capitalize on the growth opportunities in the short, medium and longer terms and continue to plan and develop individually, the following scenarios are possible:

- Southern Ontario will miss out on the economic and social benefits of air service growth and will not be able to serve passenger demands effectively.
- Toronto Pearson will be unable to realize its full potential as a mega hub airport and passengers that use Toronto Pearson as a connection hub would bypass the airport and go to other hubs in the United States and elsewhere.
- Flight frequency to less popular destinations may decrease in favour of larger aircraft flying to more popular destinations, reducing options for Southern Ontario's passengers and opportunities for Southern Ontario businesses.
- Southern Ontario residents may be forced to take other forms of transportation to travel to short or medium-haul destinations.
- Nearby U.S. airports (e.g., Detroit, Buffalo, Niagara Falls and Syracuse) may become much more attractive to passengers leaving from or arriving in Southern Ontario.

The members of the Southern Ontario Airport Network each believe that these scenarios are unacceptable, and network airports are committed to optimizing the use of their existing assets to accommodate future growth so that southern Ontario can reap the benefits of excellent domestic and international connectivity.

The member airports look forward to continuing consultations with their communities and stakeholders, aviation partners and government to collectively advance air travel and economic prosperity in Southern Ontario.



SOUTHERN ONTARIO AIRPORT NETWORK

**BILLY
BISHOP**
TORONTO CITY AIRPORT

John C. Munro
HAMILTON
INTERNATIONAL AIRPORT

NIAGARA | DISTRICT
AIRPORT
gateway to the peninsula

LakeSimcoe
Regional Airport

London
International
start here. go *anywhere.*

Kingston
Airport
from here to anywhere™

Oshawa
Executive Airport

Peterborough Airport

Toronto Pearson
For You. The World.

YQGG

Region of Waterloo
**INTERNATIONAL
AIRPORT**

