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DIA Well Positioned to Maintain Strong Air Service Network

By Kim Day

In today's global economy, international air travel is no longer a nicety; rather, it is a necessity. International flights facilitate business as well as tourism, one of Colorado's most important industries. However, the current state of the airline industry, combined with a slowing U.S. economy, present enormous challenges to airports as they seek to attract new flights. Recent headlines have included soaring fuel costs, flight cuts, fare increases as well as the bankruptcy of Denver's hometown carrier, Frontier.

Fortunately, Denver International Airport (DIA) is well-positioned to maintain a strong air service network that will, in turn, support our region's ongoing economic development initiatives. First, Denverites exhibit a strong propensity to travel, and demand – especially for domestic travel – has soared in recent years. In addition, prudent financial management policies as well as ongoing planning by DIA's senior leadership team provide a strong foundation for our airline partners. Furthermore, Denver's central geographic location makes DIA a natural connection point for travelers. As airlines look to shorter flights that are often more economical from a fuel-cost perspective, hubbing activity becomes more important. This airline hubbing is a key factor in the success of international flights from Denver. Finally, DIA was built with the future in mind. With 53 square miles of land, DIA can grow at low incremental costs, accommodating the changing needs of a dynamic aviation industry.

Today, travelers can reach nearly 20 nonstop international destinations from DIA. In September 2008, British Airways will celebrate 10 years of service between Denver and London. Lufthansa German Airlines provides service to two cities in Germany – Frankfurt and Munich. Other airlines, including Air Canada, Frontier, Mexicana and United, operate flights to key business and tourist destinations in Canada, Costa Rica and Mexico. We estimate that each nonstop flight from Europe to Denver generates approximately \$100 million in economic benefit to the regional economy.

DIA's primary international air service goal is to maintain our existing flights, especially given the challenges of the current operating environment. Beyond that, our sights are set on securing a nonstop flight between Denver and Tokyo, Japan, within the next three years. To this end, Mayor Hickenlooper initiated the Ascent to Asia campaign earlier this year. The

campaign includes committees of interested parties in both Colorado and Japan proactively working to increase awareness and support for our efforts, especially among business travelers.

Tokyo is the natural gateway to Asia for Denver-originating travelers for many reasons. First, Tokyo is the largest market in Asia for Denver travelers, and also accounts for the largest volume of business travelers. Second, Tokyo is the most convenient location for travelers to connect to other cities in Asia, including to markets in fast-growing China. Given that both Denver and Tokyo are hubs for Star Alliance carriers, passengers can easily make connections through Tokyo's Narita International Airport. Finally, the new Boeing 787 aircraft is the right size airplane to serve the Denver – Tokyo market, and our target airline to provide the service – All Nippon Airways – will be the first airline in the world to take delivery of the Boeing 787. For these reasons, we are confident that service to Tokyo will become a reality in the coming years. Once this goal has been achieved, we will turn our focus to other markets in Asia that exhibit strong travel patterns to and from Denver.

The competition for international air service is global, and airlines consider cities around the world when they look to begin new flights. The changing dynamics of airline alliances also affects the ability of cities such as Denver to attract new flights. But the ultimate measure of whether or not an airport can sustain international flights is the demand exhibited by travelers – specifically, business travelers. Today, international passengers account for approximately seven percent of DIA's total traffic. In order to increase the number of flights offered to international destinations, increased demand for such service must be demonstrated by business travelers, both in Denver and abroad.

Air service is ultimately a partnership between airports, airlines and communities – each must contribute in order for flights to be profitable over the long-term. Denver has clearly generated support for such service as is demonstrated by the success of both British Airways and Lufthansa. Moving forward, DIA will continue to foster this partnership in order to build the international air service offerings that will support economic growth and vitality in our region.

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