

December 5, 2022

TRAFFIC FORECASTS AND ROUTE DEVELOPMENT SUPPORT – HAUGESUND AIRPORT

This short report examines the forecasting of traffic development at Haugesund Airport in Norway and outlines the critical role of active route development in securing new seat capacity in regional areas.

AUTHOR: BRETT WEIHART, CEO REGIONAL AIRPORT PARTNERS

Transparency disclosure: In my current positions I am either directly responsible or support Route Development at 10 different regional airports in Sweden & Norway. This report is based upon current roles and past experience in these markets. Roles have included CEO Scandinavian Mountains Airport, Sälen/Trysil, Group Aviation Director Swedavia – Swedish Airports, CEO at Malmö Airport, CFO and Deputy CEO at Göteborg Landvetter Airport, Aviation Director Göteborg Landvetter, Säve and Malmö Airport, Senior Network Consultant for City Airlines, Göteborg. I have been a part of more 50 routes launches over the years with more than 25 different carriers across all segments.

PASSENGER FORECASTING – HAUGESUND AIRPORT

BACKGROUND

Traffic forecasts for airports are always difficult and have not become easier post COVID. For large airports the appearance or disappearance of an airline and or destination goes largely unnoticed but at smaller airports such changes can have a significant impact on both traffic numbers and the financial position of an airport and even a region in the case where there is significant inbound travel. There are many components which are in play when it comes to forecasting future growth and these do not include exclusively economic indicators.

TRAFFIC FORECAST HAUGESUND

The traffic forecasts of Haugesund are based upon local expectations of traffic growth which have been calculated based on a number of factors such as the economy, airline discussions and the use of traffic analysis programs such as OAG Traffic Analyser. Thereafter the local forecast has been tested in combination with looking at external forecasts from other regional airports within both Norway and internationally. At the highest level are the short-term and long-term forecasts produced by the International Air Transport Association (IATA) and at the other end of the scale local forecasts produced by HAU. Traffic numbers at the end of October 2022 at a number of Norwegian Airports indicate similar growth to HAU for the period January – October 2022 in comparison to the same period 2019.

Airport	Haugesund	Stavanger	Bergen	Kristiansand	Ålesund	Oslo OSL
JAN-OCT 22	81%	81%	92%	68%	80%	78%

The following table demonstrates the passenger forecast numbers through to 2025 in comparison to 2019.

FORECASTS (%2019)	2021	2022	2023	2024	2025
IATA – Global	47%	83%	94%	103%	111%
IATA - Europe	40%	86%	96%	105%	111%
AVINOR – Norway	41%	83%	92%	98%	103%
HAU – local forecast	41%	82%	93%	101%	106%

The passenger forecasts produced by HAU are in line with other forecasts over the coming years and indicate a level slightly above the AVINOR forecast for Norway but lower than the European IATA Forecast. With the additional new routes starting in 2023 the HAU local forecast is very credible.

THE IMPORTANCE OF PROACTIVE ROUTE DEVELOPMENT

BACKGROUND

Route Development Activities carried out by Airports in pitching to airlines is extremely competitive as more and more airports compete for the capacity that exists. Airports and Airlines meet regularly in forums such as Routes Europe, Routes World, Connect, Airline Total Networking and IATA Slots Conference where the onus is on Airports to demonstrate the value of their region to airlines.

Smaller airports/regions are always at a disadvantage in terms of visibility and hence these forums are essential. I have attended more than 40 of these these conferences since 2005 and more and more airports understand the necessity of attending in order to lift the profile of the region/airport.

CURRENT SITUATION

The current economic climate with a strong USD, high level of inflation, high jet fuel prices and lower demand with the economic downturn is adding to the burden placed on airlines and the first destinations that they remove are the regional routes to the smaller cities. Since COVID-19, regional airports have lost a dramatically higher percentage of their capacity in comparison to larger airports. This trend is the same whether looking at Europe, the USA or Australasia. One of the underlying factors currently is the shortage of airline pilots which is forcing airlines to focus on their larger aircraft where they can make more money. Once the routes are lost it is extremely difficult to get them re-instated and hence the necessity to be very active in dialogue with current and potential airline partners. When regional routes are closed or reduced it makes it difficult in terms of accessibility to regions and there is also upward pressure on ticket prices.

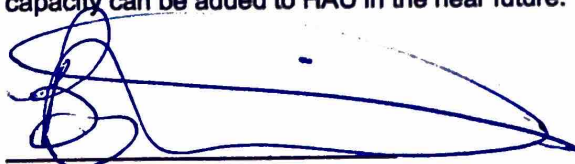
In the case of Haugesund which is in the shadow of both the Avinor Airports of Stavanger and Bergen Airports it is essential to be lifting and promoting the message of the Haugesund region. There is currently significant surface leakage to both Stavanger and Bergen and developing new routes and capacity at Haugesund will be of an economic benefit to both the local region and the airport. Haugesund Airport is active in this role and this has led to 2 new routes with Norwegian and 2 new routes with SAS for summer 2023.

COMPARISON - HAUGESUND AND SKELLEFTEÅ

A very good comparison can be made with Haugesund and Skellefteå in Sweden. Haugesund was part of Avinor and Skellefteå part of Swedavia which is the Swedish equivalent of Avinor. Skellefteå is just like Haugesund halfway between two bigger cities. Umeå is 90 minutes south and Luleå 90 minutes north. Both airports have always been much bigger than Skellefteå but since the Airport was taken over by the Council 10 years ago it has been able to focus on its own development and development for the region securing new industries. Together with Regional Airport Partners, Skellefteå Airport have managed to elevate the position of Skellefteå significantly and the traffic growth at Skellefteå has since 2015/2016 always been the top 3 in Sweden and after COVID-19 has had the fastest growth in Sweden. Without this route development focus this growth would have not occurred.

SUMMARY

Haugesund Airport has significant potential to increase its growth going forward engaging with airlines and thereby achieving its forecasted passenger numbers. Regional Airport Partners is supporting Haugesund Airport in its role to increase its importance in the region through active dialogue with airlines and stakeholders and the extensive use of traffic databases and search engines to determine where more capacity can be added to HAU in the near future.

A handwritten signature in blue ink, appearing to read "Brett Weihart", written over a horizontal line.

Brett Weihart