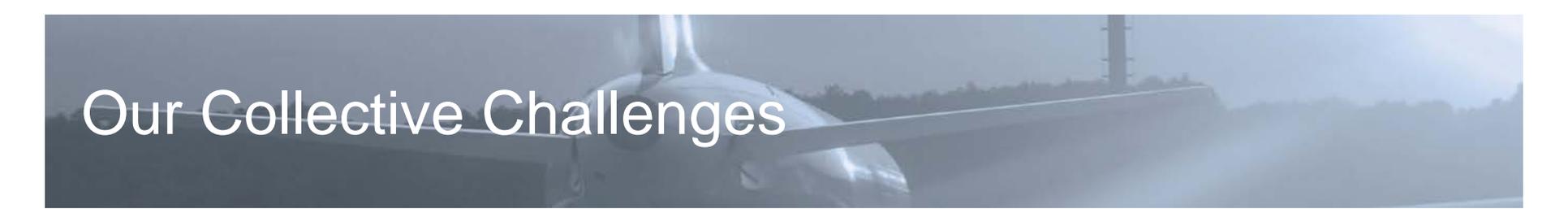


REGIONAL MUNICIPALITY OF DURHAM

Pickering

Airport Study

Why Invest in Pickering?

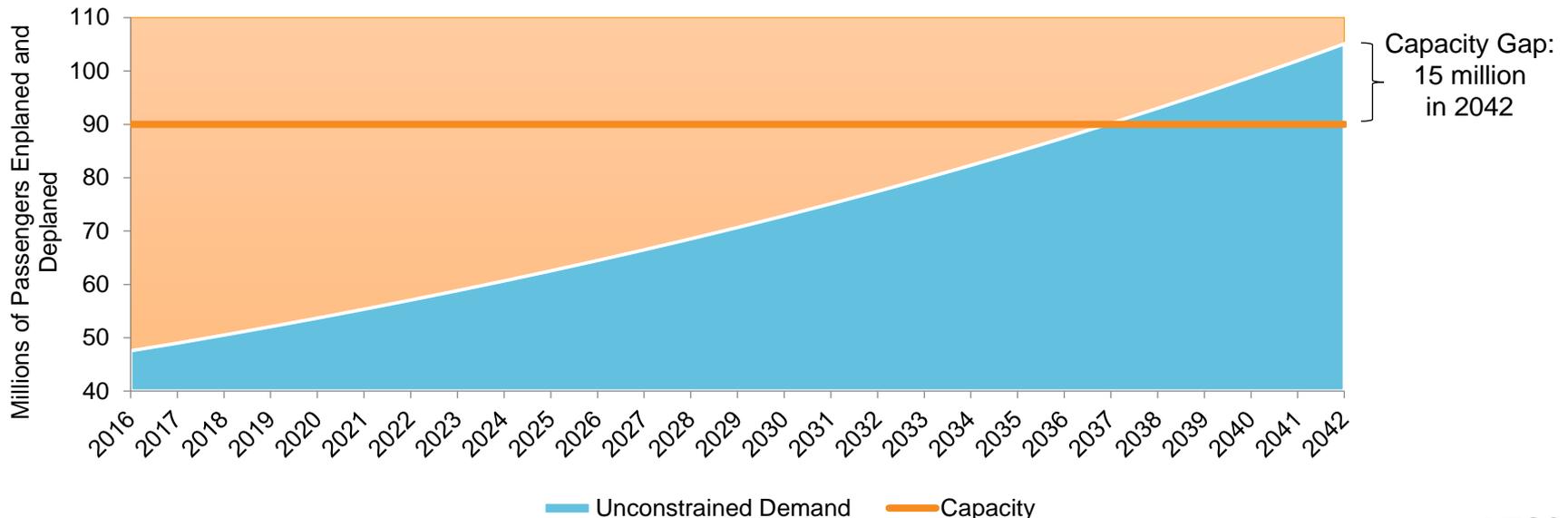


Our Collective Challenges

- Southern Ontario's airport network facing capacity shortfall by early 2040s
- Two courses of action :
 1. Maintaining the status quo
 2. Developing an integrated, multi-airport system
- Study articulates the **strategic rationale** for proceeding with a **Pickering airport investment** as a secondary airport for Southern Ontario and **highlights the urgency of taking action**

Looming Airport Capacity Constraints

- Demand for air travel has grown rapidly (6.6% p.a. between 2010 and 2016 from 32.4 to 47.6 million passengers: with Pearson handling over 93% of the traffic)
- Annual demand expected to exceed 100 million passengers in early 2040s
- But the airport system is only set to handle about 90 million passengers per year at that time, resulting in a 15 million passengers shortfall by 2042



Influencing Factors (Capacity Constraints and Timing)

- ▶ Peak period congestion
- ▶ Short-haul flights shifted out of Pearson
- ▶ Growing incidence of climate change

- ▶ U.S. border airports
- ▶ Technological advances
- ▶ Future alternative surface transit systems

Options Considered



STATUS QUO

- No major investment in airport capacity
- Excess demand suppressed or redistributed
- Airport system suffers losses in air traffic demand and global air connectivity
- Local businesses suffer losses in competitiveness
- Travellers face seat scarcity, crowded facilities, delays and higher fares

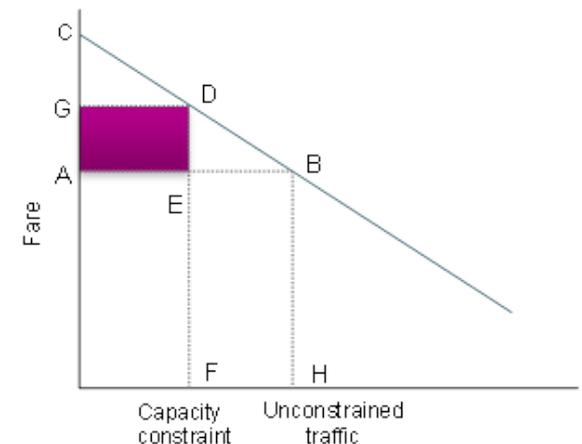
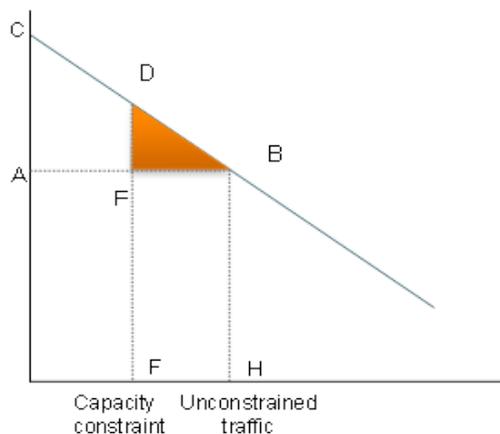
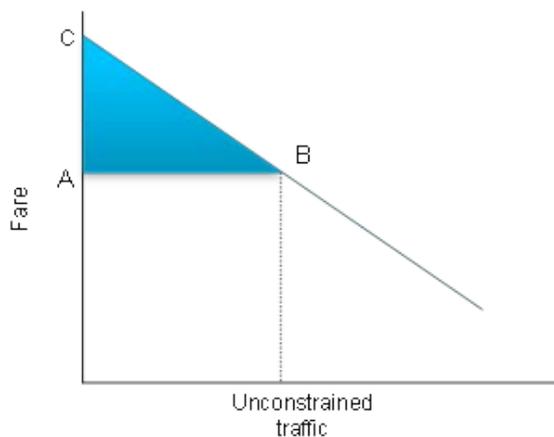
INTEGRATED, MULTI-AIRPORT SYSTEM

- Pearson remains the primary airport
- Secondary airport emerges to provide additional capacity
- Improved service quality, frequency and lower fares improve the competitiveness of local businesses in the region
- Pickering presents clear advantages as a potential secondary airport by virtue of its size and location

Status Quo Could Cost \$2.6B Annually

Under the status quo, Southern Ontario could face economic losses as early as 2037. By 2042, annual losses to reach \$2.6 billion.

1. Under unconstrained conditions, most travellers value their flights in excess of what they pay for them (**consumer surplus**).
2. Demand exceeds capacity by 15 million pax in 2042, leading to losses of \$200 million.
3. Excess demand provides airlines with opportunity to raise airfares. Remaining 90 million travellers now worse off by \$2.4 billion.



Status Quo Could Cost \$2.6B Annually

- Additional adverse economic impacts:
 - Loss in competitiveness for local business
 - Increased airport congestion (airside and landside)
 - Higher incidence of travel delays
 - Reduced ability to recover from weather events
 - Diversion of valuable air travel activity to other airports/hubs
 - Airlines likely to drop connection-heavy routes compromising Pearson's hub status



The Opportunity

- Existing airports cannot serve as a secondary airport
- Pickering Lands offer clear advantages
 - Facilities to accommodate 10+ million passengers
 - Proximity to market
 - Groundside access and connectivity to downtown Toronto and Pearson
 - Opportunity to build innovative and sustainable facilities
 - Limited aircraft noise impacts and curfew
- Number of alternative governance and business models could be considered

The Opportunity

- Pickering airport expected to accommodate excess traffic from Pearson
- Potential for innovative and enhanced facilities to stimulate new demand for aviation services such as:
 - New entrant carriers
 - General aviation services
 - Cargo and courier services
 - Spokes to other airline hubs
- Attraction of new traffic segments depends on :
 1. “Push factor” of Pearson traffic which cannot be accommodated due to capacity limitations
 2. “Pull factor” of traffic segments where Pickering might have a competitive advantage



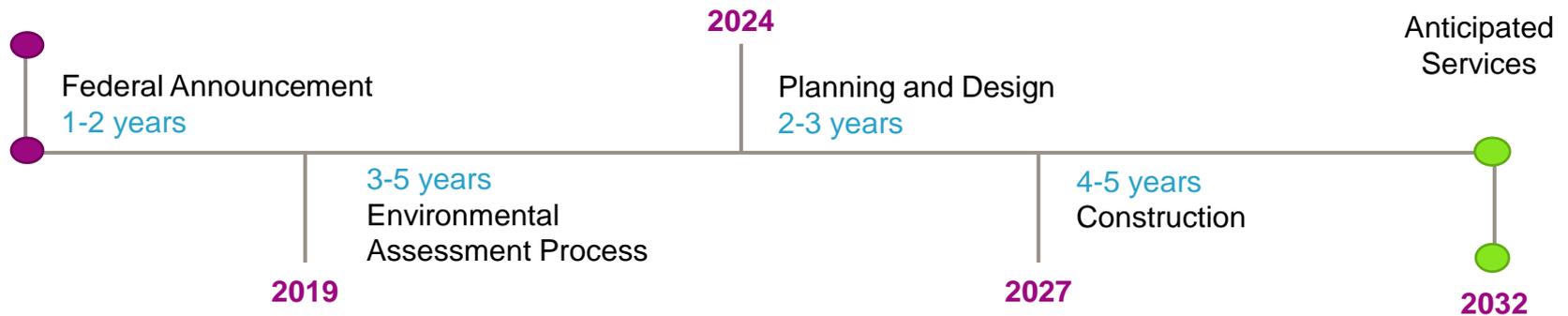


Pickering Employment and Innovation Hub

- Pickering Lands desirable location for an employment hub due to:
 - Access to low commercial and industrial land costs and lease rates
 - Extensive transportation infrastructure
 - Presence of post-secondary educational institutions
- Sectors that would benefit from the airport include:
 - Aeronautic clusters and training facilities
 - Logistics and freight forwarding
 - Agribusiness activity

Airport Development Timelines

- Failure to undertake the development of the Pickering airport amounts to a de facto acceptance of the status quo
- A planning and construction period of 15 years indicates 2032 as the earliest for start of service, but likely could well be much later based on experience for the Western Sydney airport
- Losses expected to increase year over year as demand rises over and above regional airport capacity (+3% per year)
- Early planning can also help mitigate noise impacts on communities



Conclusion and Next Steps

- Clear need for a secondary airport within the current planning horizon
- Time to initiate development at Pickering Airport is now
- Under the status quo, the capacity shortages could result in economic losses exceeding \$2.6 billion per year by the early-2040s.
- Pickering airport would not only service the demands of air travel, but will also enhance and support the growth of the Greater Golden Horseshoe as it advances as one of the leading mega regions in North America.
- While the need to relieve excess commercial passenger aircraft at Pearson is a primary concern, Pickering airport could also attract new aviation services, such as low-cost or ultra-low-cost-carriers, to Southern Ontario and potentially generate additional air traffic for the GGH.



Pickering Airport Study...Why Invest in Pickering?



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