

## Southeast's Airports Affected by Cutbacks but Get Boost from Discount Airlines

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Middle Georgia Regional Airport  
Credit: Chris Floore, Macon-Bibb Georgia Government

As more visitors flock to the U.S. Southeast, commercial air service has declined in some smaller communities, and consumers are paying moderately more to fly.

Many airports in smaller communities around the region saw flights decrease between 2010 and 2015, in the aftermath of a spate of mergers among U.S. air carriers, according to Department of Transportation (DOT) statistics. Airfares rose, with the average U.S. ticket price increasing to \$375.62 in 2015 from \$336.55, or \$365.81 adjusted for inflation, in 2010.

A [study on airport funding](#) by the Government Accountability Office stated that U.S. airports offered 1.2 million fewer flights in 2013 compared with 2007. The 2014 report noted that flights have become more concentrated at bigger airports. In the Southeast, small and midsize airports in Mississippi and Tennessee have been most affected by flight departures in recent years, federal data show.

### Competition drives changes

Ahmed Abdelghany, a professor of operations management at Embry-Riddle Aeronautical University in Daytona Beach, said reduced competition in the wake of the mergers helps explain service cutbacks and price increases. From 2009 to 2013, there were four mergers among the biggest U.S. carriers. Now, the four major airlines that remain are continuing to revamp their routes and cut less profitable flights, a process that tends to hurt service at small, most vulnerable airports, he said. "It's just like a retailer deciding which stores are high cost and less profitable," Abdelghany said.

The news isn't all bad. Some airports, such as Louis Armstrong in New Orleans, are attracting new carriers, starting new routes, and drawing more passengers. Low-fare airlines are bringing new vigor to some of the region's airports as they expand.

### Discount airlines advance

"Consolidation has left some gaps in the marketplace that we've tried to fill, and we're hoping to grow into in the future," said Lukas Johnson, vice president of network and pricing at Allegiant Air, a Nevada-based airline that provides flights to leisure destinations. "Larger companies will focus on more business travelers and higher-fare tickets, but they can't be all things to all passengers."

The Southeast has been a prime area of expansion for Allegiant, which operates in six Florida markets as well as New Orleans and Savannah, Georgia. It announced in early January that it will open a new base for flights in Destin-Fort Walton Beach, and Johnson said the carrier plans more growth in the region.

A look at average ticket prices shows mostly fare increases, especially at regional airports. Not surprisingly, the most economical airfares tend to be available at the region's biggest airports such as Miami, Atlanta, and New Orleans, and in areas where competition thrives. Two airports in Florida—Sanford and Clearwater-St. Petersburg—saw average fares decline between 2010 and 2015.

As the industry consolidated, airports adjusted their business models and courted new carriers.

"We consciously picked a discount airport model," said Gary Patrick Quill, former executive director of the Charlotte County Airport Authority, which runs the airport in Punta Gorda, Florida. "There are very nice airports north and south of us, in Sarasota and Fort Myers, and the only basis upon which we could compete was cost."

The no-frills airport charges low fees and is primarily supported by revenue from its operations, including parking, rental cars, and facility and land leases. Historically, most airports have received their revenue from terminal rents and landing fees paid by airlines as well as nonaeronautical sources such as concessions, parking lots, and advertising.

The low-cost strategy in Punta Gorda has paid off. The airport, located in southwest Florida between Sarasota and Fort Myers, had the largest percentage-point gain in flights statewide in the most recent five-year period, with domestic departures increasing more than 10 times to 2,980 between 2010 and 2015, DOT data show. The average ticket price at Punta Gorda, which is served by discount airlines including Allegiant, came to \$110.36 in 2015.

The number of passengers at Punta Gorda swelled to more than 836,000 in 2015 from 182,423 in 2010. "We're paying our bills, we've had substantial growth, and it's helping our community," said Quill.

## Service consolidation strategy

The regional airport in Meridian, Mississippi, found a way to increase its air service by joining with nearby Hattiesburg-Laurel airport to secure shared service. After both airports had lost passengers, a consultant suggested the two team up to approach airlines.

SkyWest Airlines agreed to partner with American Airlines to provide service, allowing an arrangement under which a flight began in Hattiesburg and continued to Meridian to pick up additional passengers before heading to Dallas-Fort Worth. The new service began in November 2014.

"It was a great success story for Hattiesburg and Meridian," said Tom Williams, president and chief executive of the Meridian Airport Authority. Last year, the contract with SkyWest was changed to make the afternoon flight a nonstop between Meridian and Dallas, eliminating the stop in Hattiesburg-Laurel.

## Subsidies help smaller communities

Middle Georgia Regional Airport in Macon has had no commercial flights since 2014, but that is set to change this year. The airport gained approval in early January to offer flights to Washington, D.C., under a federal program that provides subsidies to make sure some smaller communities have a minimum level of air service. Macon had service under the program back in 2008, and flights were offered by a few carriers over time until 2014. The new grant will permit Contour Airlines, a small Tennessee-based carrier that began operations last year, to offer low-fare flights from Macon for at least two years.

Blake Roy, assistant airport manager at Middle Georgia Regional, said air travel is important to the community. A 2013 market study found that 685,000 potential air passengers live within 30 minutes of the airport, many of whom work at nearby Robins Air Force Base. As it now stands, people near Macon looking to fly "have no choice" but to drive two hours to Atlanta, Columbus, Augusta, Savannah, or Valdosta, he said. "There is a definite market for air service here," he added.



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