Notable Changes in Air Service at the Largest 30 Airports in the LAC Region

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The rapid growth of aviation in emerging-economy regions such as Latin America-Caribbean and Asia-Pacific is a widely documented and often repeated trend. Yet, this generalization tends to mask a more nuanced reality—just as the region's economies have grown at different speeds in recent years, so too have their aviation markets.

Changes in air service at airports are driven by a variety of factors, including the performance of regional economies, airline fleet availability, airline network strategy, and slot/facility availability, among others. Looking at schedule data for the Top 30 Latin America and Caribbean (LAC)

airports for the year ended February 2015 compared to the previous year demonstrates the interplay of these factors across the region.

The accompanying chart shows the LAC's 30 largest airports in terms of passengers according to two measures of air service—change in the number of destinations served and change in average weekly flights. The size of each airport's circle corresponds to the number of destinations served by the airport. Put together, the region's top airports have performed across a wide spectrum, although the majority has seen growth of both destinations and flights in the last year.

Percent Change in Weekly Flights and Number of Destinations at the Top 30 Airports in the LAC, by Traffic

Source: Innovata
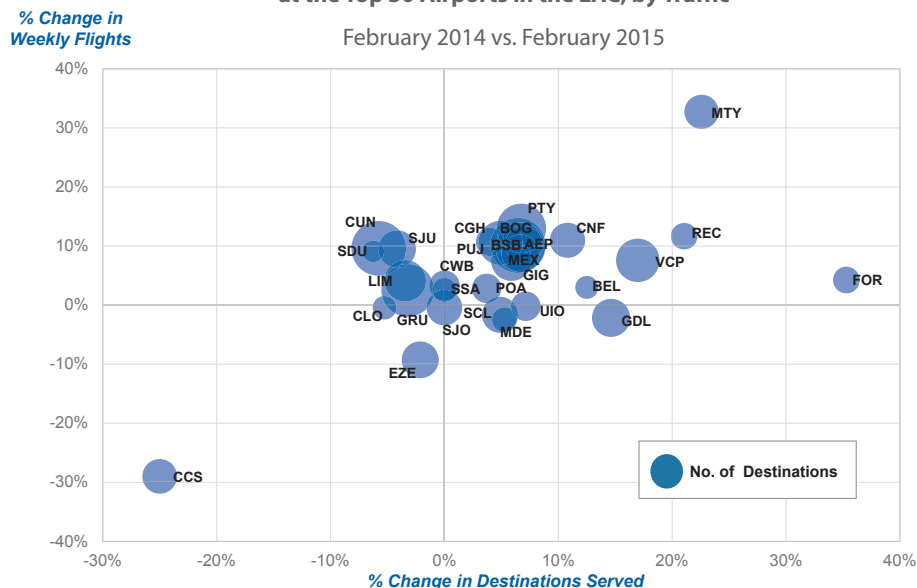
First, let's review the airports that have suffered both destination and frequency loss (lower left quadrant). The most apparent case is Caracas (CCS) which has seen significant change in the last year, undoubtedly brought on by faltering economic conditions in Venezuela and the currency controls that were put into effect last year. Caracas lost service in 13 city pairs and gained service in only two city pairs, one domestic service and one international service to Cancun.

Buenos Aires' Ministro Pistarini International Airport (EZE) lost service in five city pairs, including the very visible markets of Sydney and Johannesburg. However, losses for the city of Buenos Aires at EZE were partially offset by gains at Aeroparque (AEP), the in-town airport, albeit to closer destinations.

Now, let's look at the win-win quadrant (upper right), where 19 of the 30 largest airports qualify. Mexico City (MEX) continued to increase its international profile with new service to Rio de Janeiro, Managua, Munich, Salt Lake City and Fort Lauderdale. Only service to Austin, Texas was cancelled. Mexico City is now the LAC region leader in nonstop destinations with a total of 99, followed by Cancun (CUN) with 98 and Sao Paolo (GRU) with 90. In fourth place is Bogota (BOG) at 80, then Panama City (PTY) with 79 destinations.

The global media has paid much attention to the stagnating Brazilian economy, which ordinarily might be accompanied by a slippage in air service. However, the "win-win" quadrant on our graph reveals impressive growth— with Fortaleza and Recife surging ahead dynamically and other Brazilian airports maintaining growth. Sao Paulo's in-town airport (CGH), Brasilia (BSB), Rio de Janeiro (GIG), Belo Horizonte (CNF), Viracopos (VCP), Salvador (SSA), Porto Alegre (POA), Curitiba (CWB), and Belem (BEL) are all experiencing growth in both frequency and destinations.

The Monterrey, Mexico (MTY) airport has also seen healthy growth in both destinations and service. Some service is domestic but nonstop international service has been added to New York and Los Angeles. A somewhat artificial data point is included for MTY in the form of a one way flight to Tokyo twice a week. This is effectively a technical stop on a Mexico City–Tokyo flight. Mexico's booming second city, Guadalajara (GDL), has added six destinations for a total of 47, including Orlando, Fort Lauderdale, Denver and Portland, with domestic destinations comprising the remainder. While frequencies are down slightly, weekly seats are up, meaning bigger aircraft on the GDL routes.

In Ecuador, the new Quito airport (UIO) continues to enjoy growth at its uncongested location, with nonstop service added to Fort Lauderdale, New York and Santiago. In Panama, the strong growth of flights and destinations at Panama City is driven by the hub strategy of Copa Airlines, which continues to expand its network throughout the Americas to destinations including Denver, Viracopos, Guyana and Lisbon, in addition to small local destinations.

Finally, some airports lost destinations but gained air service (upper left quadrant). Not all Brazilian airports fared as well as the double-winners discussed earlier. Sao Paulo (GRU) suffered a small percentage loss in destinations, primarily in Brazilian domestic markets along with Aruba and the US Airways hub of Charlotte. Gains were made in local markets and in Cancun. Mexico's Cancun (CUN) lost a few destinations but gained strongly in air service, including Sao Paolo, Helsinki, Seattle and Las Vegas. The most visible losses occurred in domestic Mexican markets and Moscow. In Puerto Rico, San Juan

(SJU) suffered a reduction in destinations but a healthy jump in service, meaning a consolidation is taking place. Losses at SJU were in Caracas, Providenciales and the Florida cities of Jacksonville and Palm Beach. A strong win is noted for SJU with service to Madrid.

Our quick review of air service in the LAC's largest airports has revealed a region growing at different speeds. A range of factors are shaping the development of air service in each country, from the momentum of the aviation industry in Brazil to the fallout of politics and economic planning in Venezuela to Mexico's continued growth and popularity. Also notable are the airports that are growing slowly or losing visible and important service, such as Buenos Aires (EZE).

Readers are invited to see the detailed annex to this article (included below) to understand the air service changes in greater detail.

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Jared Harckham joined ICF in 2002 after 22 years of experience with major airlines in the United States and Mexico. He has experience in the areas of airline strategy, network and fleet planning, alliances, and marketing as well as air service development and forecasting for airports.

Mr. Harckham previously worked in commercial aviation; he held a series of planning positions at TWA, and he was the senior vice president of commercial planning at Aeromexico where he directed strategy, scheduling, planning, forecasting, pricing, revenue management, distribution, government affairs, and alliance efforts for Mexico's largest airline. He also participated in the founding and design of the Skyteam alliance.

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