MARQUETTE SAWYER REGIONAL AIRPORT

Passenger Demand Analysis

YEAR ENDED JUNE 30, 2023

Mead & Hunt

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INTRODUCTION

Achieving air service success requires thoroughly understanding the market and the needs of local stakeholders, airlines, and trends impacting the aviation industry. Air service development efforts are most effective when they follow a plan consistent with industry trends, the air service needs of the community, and specific strategies of target airlines for additional air service. Marquette Sawyer Regional Airport (MQT) is subject to several trends that impact air service efforts:

- The years prior to 2020 included major airline consolidation, fleet renewal with larger aircraft, and rapid growth by ultra-low-cost carriers (ULCCs). The pandemic had an unprecedented, worldwide impact on the airline industry. Airlines significantly reduced capacity as passenger demand dropped 90 percent in April 2020.
- Prior to the pandemic, the industry was enjoying record profits due to lower fuel prices and strong demand. The pandemic created the need for massive financial aid for the airlines; however, by 2022, the industry was back in the black, albeit at significantly lower profit margins. On the whole, U.S. airlines were profitable in 2023, and recent data shows a continuation of the strong demand that has been driving profits. An International Air Transport Association (IATA) survey indicated that one-third of travelers said they were traveling more than pre-pandemic and expected to travel more in the next 12 months than they did in the previous 12 months.
- Costs have recently been on an upward trajectory, which could affect capacity growth and airlines' appetite for risk. November 2023 jet fuel prices, the latest available, were 50 percent higher than November 2019. In addition, recent labor agreements for pilots and others have resulted in higher labor costs for several carriers.
- Pilot retirements during the pandemic and insufficient training pipelines left the industry struggling to support schedules as the airlines attempted to ramp up seat capacity in 2022 and 2023. While recruitment and training programs have developed, the demographics of the pilot workforce indicate that pilot supply will remain a factor over the next decade. The impact is particularly difficult for the regional airlines that provide access to most of the smaller communities around the U.S. In 2023, seats offered by U.S. airlines on regional aircraft were down 27 percent compared to 2019.

- Low-cost carriers (LCCs) and ULCCs, as a group, are growing faster than the majors, but they also are struggling to support capacity growth with constrained pilot resources. In the most recent quarter (third quarter 2023), several carriers in this category reported weaker demand and lower fares.
- Incentives for new service continue to be important to airline decision-making. Several recent new routes have been supported by significant incentive packages, provided by a range of sources from the local to the state level as well as by the federal government through the Small Community Air Service Development Program.

With these trends in mind, the airports must constantly monitor their market and be proactive with their air service development efforts, especially when performance issues develop. When service improvements or new service is sought, airports and communities must know and understand their market, and the *Passenger Demand Analysis* is a critical tool in helping communities do so. It provides objective air traveler data, compiled from industry accepted sources using standard methodologies.

OBJECTIVES

The objective of the *Passenger Demand Analysis* is to develop information on the travel patterns of airline passengers who reside in the MQT catchment area. The report provides an understanding of the MQT situation and formulates strategies for improvement. This analysis includes an estimate of total airline passengers in the catchment area and related destinations as well as an assessment of the air service situation at MQT.

METHODOLOGY

The *Passenger Demand Analysis* combines Airline Reporting Corporation (ARC) ticketed data and U.S. Department of Transportation (DOT) airline data to provide a comprehensive overview of the air travel market. For the purposes of this study, ARC data includes tickets purchased through travel agencies by passengers in the MQT catchment area (**Exhibit 3.1**, page 5). It does not capture tickets issued directly by airline web sites (e.g., www.aa.com, www.united.com) or directly through airline reservation offices. The data used include tickets for the zip codes in the catchment area, but not all tickets. As a result, ARC data represents a sample to measure the air travel habits of catchment area air travelers. Although limitations exist, ARC data accurately portrays the airline ticket purchasing habits of a large cross-section of catchment area travelers. A total of 2,099 tickets for the year ended June 30, 2023, were used in this analysis. Adjustments were made for Southwest Airlines and ULCCs since they have limited ARC representation.

EXECUTIVE SUMMARY

DATA SOURCE/ CATCHMENT AREA

The *Passenger Demand Analysis* includes 2,099 ARC tickets from the MQT catchment area for the year ended June 30, 2023. The catchment area has an estimated population of 76,012 in 2023 and 21 zip codes. In addition to ARC data, Diio Mi origin and destination data and schedule data is used throughout the analysis.

DEPARTURES AND AVAILABLE SEATS

American Airlines provided service to MQT for the year ended June 30, 2023, to Chicago O'Hare International Airport (ORD). In addition, Delta Air Lines provided service to Detroit Metro Airport (DTW). In total, MQT had 865 departures and 46,538 outbound seats. Departures and seats were down 41 and 37 percent, respectively, year-over-year.

AIRPORT USE

Forty-eight percent of catchment area travelers used MQT, while 15 percent diverted to ORD, 11 percent to Green Bay's Austin Straubel International Airport (GRB), 10 percent to Appleton International Airport (ATW), and 17 percent to other airports. In a comparison of domestic versus international itineraries, 50 percent of domestic travelers and 30 percent of international travelers used MQT.

TRUE MARKET

MQT's total air service market, called the true market, was estimated at 153,143 annual origin and destination passengers. Domestic travelers accounted for 137,972 of the total true market (90 percent). International travelers made up the remaining 15,171 passengers (10 percent).

DESTINATIONS

Fifty-eight percent of travelers were destined to or from one of the top 25 markets. DTW was the number one destination with 11 percent of passengers, and MQT retained 64 percent of those passengers. The next largest markets were Fort Lauderdale, Phoenix-Sky Harbor, ORD, and Orlando-International, with retention rates of 15, 46, 85, and 46 percent, respectively. Seven of the top 25 markets had retention of 60 percent or greater, while six markets had retention of 40 percent or lower.

REGIONAL DISTRIBUTION

Twenty-four percent of travelers were destined to the Southeast region. Eighteen percent traveled to the Great Lakes region, and another 15 percent traveled to the West region. MQT's highest retention occurred to the Great Lakes region at 61 percent, the East region at 57 percent, and the Southwest region at 56 percent. The lowest retention occurred to international destinations at 30 percent and the Southeast and West regions, both at 43 percent.

For international travelers, the top three regions were Europe, Mexico and Central America, and Canada with respective retention rates of 32, 22, and 32 percent. Europe comprised 47 percent of the total international travelers, while Mexico and Central America made up 27 percent and Canada 12 percent.

AIRLINES USED

When using MQT (based on U.S. DOT data), Delta served 54 percent of travelers for the year ended June 30, 2023, while American served 45 percent. Codeshare carriers served 1 percent of travelers. Diverting passengers to ORD, GRB, ATW, and other airports were estimated using an approximation of carrier share with ARC data. An adjustment was made for Southwest Airlines and ULCCs. Carrier shares of diverting catchment area passengers were Delta with 33 percent, followed by American with 20 percent, United Airlines with

15 percent, Allegiant Air with 12 percent, and Southwest with 9 percent. Spirit Airlines served an estimated 3 percent of passengers, while other airlines combined accounted for the remaining 8 percent of passengers.

PASSENGER ACTIVITY

From the year ended June 30, 2014, through June 30, 2023, MQT's origin and destination passengers (as reported by airlines to the U.S. DOT) decreased at a compound annual rate of 1.7 percent compared to a compound annual growth rate (CAGR) of 2.5 percent at ORD, a CAGR of 0.7 percent at GRB, and a CAGR of 7.0 percent at ATW. Since the year ended June 30, 2022, MQT's passengers were down 31 percent compared to ORD's passengers increasing 10 percent, GRB's increasing 1 percent, and ATW's increasing 6 percent.

DOMESTIC AIRFARES

For the year ended June 30, 2023, the one-way average domestic airfare for MQT was $305. MQT's fare was $109 higher than ORD's average fare, $19 higher than GRB's average fare, and $97 higher than ATW's average fare. MQT's fares were higher than ORD's fares in all markets and were as much as $191 higher to Salt Lake City and $186 higher to Denver.

Compared to GRB, MQT's fares were lower in five markets, with the largest fare differences at $60 lower to DTW and $212 higher to Denver. MQT had a lower fare than ATW in three of the top 25 markets; however, the highest fare differences were to Denver and Nashville with MQT fares more than $200 higher than ATW one-way.

AVERAGE FARE TREND

From the year ended June 30, 2014, through the year ended June 30, 2023, the average domestic airfare increased by a CAGR of 2.2 percent at MQT and 1.2 percent at GRB. At ORD and ATW, the average domestic airfare decreased by a compound annual rate of 0.1 percent and 1.5 percent, respectively. MQT's fare over the last decade was consistently higher than ORD and ATW. Compared to GRB, fares were lower at MQT from 2015 to 2019 but have been higher from 2020 to 2023. The fare gap to each comparison market was the highest in 2023 since 2014.

NONSTOP SERVICE

For the year ended June 30, 2023, with service limited to ORD and DTW, MQT offered nonstop service to two of the top 25 destinations. ORD had nonstop service to 24 of the top 25 destinations with more than 2,200 average weekly departures, while GRB had service to eight of the top 25 markets with 96 weekly departures. ATW had 107 average weekly departures to nine of the top 25 destinations.

MQT served two destinations overall compared to 257 at ORD, 13 at GRB when special trips added for football games are counted, and 16 markets at ATW.

AIR SERVICE OPPORTUNITIES

For the remainder of 2023, American and Delta continued the use of larger regional jets and provided an average of two to three daily departures. As the incumbent airlines at MQT, American and Delta are the most likely providers of additional capacity. Of the two, Delta is the more likely to provide service to a new destination, with Minneapolis being a nearby hub for Delta and the 18th largest true market for MQT.

United also operates a hub at ORD. Service on United to ORD could be an opportunity for MQT but may dilute the local market with competition by two carriers while adding limited benefits in terms of new connections.

Other possible new entrant carriers include LCCs and ULCCs; however, the large aircraft flown by these carriers and/or their point-to-point model of service could limit their ability to effectively serve MQT.

AIRPORT USE

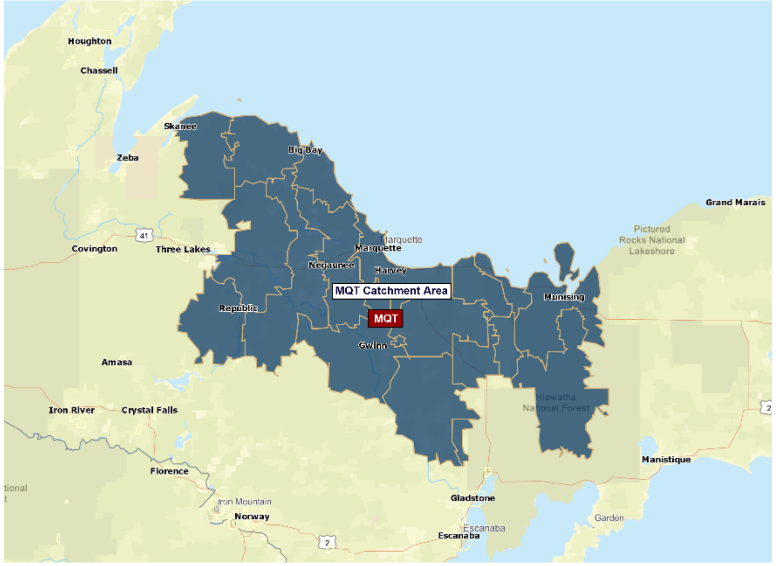
To understand airport use, it is important to understand the relative size of the catchment area, current air service, and passenger activity. MQT's use was determined using the year ended June 30, 2023, ARC data for the zip codes from the catchment area.

AIRPORT CATCHMENT AREA

An airport catchment area, or service area, is a geographic area surrounding an airport where it can reasonably expect to draw passenger traffic and is representative of the local market. The catchment area contains the population of travelers who should use MQT considering the drive time from the catchment area to competing airports. This population of travelers is MQT's focus market for air service improvements and represents most travelers using the local airport.

Exhibit 3.1 identifies the MQT catchment area. It is comprised of 21 zip codes within the U.S. with a population estimated at 76,012 in 2023[1].

EXHIBIT 3.1 MQT CATCHMENT AREA



[1] Source: U.S. Census Bureau, Woods & Poole Economics, Inc.

With two destinations served in 2023 versus three destinations in 2022, seat capacity was down 37 percent for the year ended June 30, 2023, compared to the prior year.

AIR SERVICE

Table 3.1 provides MQT's departures and seats for the year ended June 30, 2023. MQT had service by American Airlines to ORD and by Delta Air Lines to DTW. Each market was served approximately once daily, with some months having two daily trips. In total, departures were down 41 percent and seats were down 37 percent year-over-year. In the prior year, Delta had served Minneapolis, which ended in January 2022. Capacity to the remaining markets was down, with slightly higher average seats per departure somewhat offsetting the declines in departures in both markets.

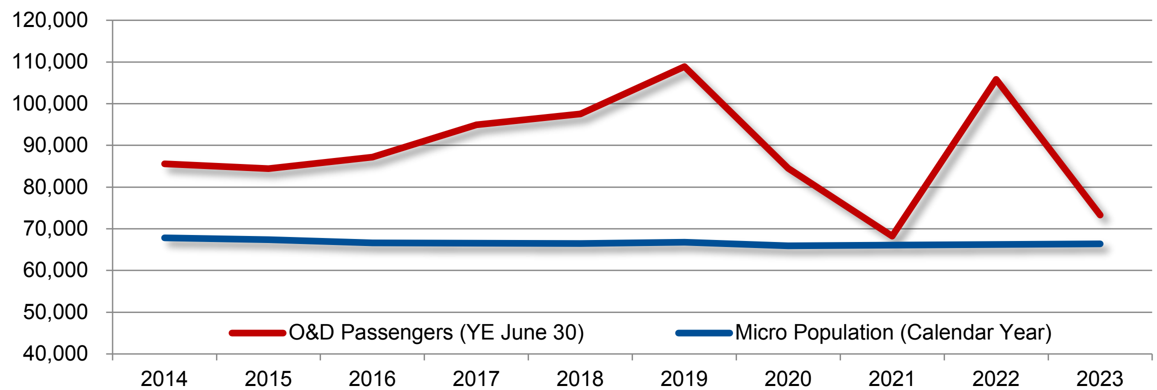
TABLE 3.1 DEPARTURES AND SEATS BY AIRLINE AND DESTINATION - YE JUNE 30

DESTINATION	MARKETING CARRIER	TOTAL DEPARTURES			TOTAL SEATS		
		2023	2022	% CHANGE	2023	2022	% CHANGE
Chicago, IL (ORD)	American	408	578	(29%)	20,850	28,900	(28%)
Detroit, MI	Delta	457	699	(35%)	25,688	34,950	(28%)
Minneapolis, MN	Delta	0	193	(100%)	0	9,650	(100%)
Total		**865**	**1,470**	**(41%)**	**46,538**	**73,500**	**(37%)**

PASSENGER AND POPULATION TRENDS

Exhibit 3.2[2] plots origin and destination passenger trends from 2014 to 2023 compared to population trends at MQT. The Marquette, MI Micropolitan Statistical Area (Micro) was used as a surrogate for the growth trend of the MQT catchment area population. Over the 10-year period, population decreased at a compound annual rate of 0.2 percent. Over the same period, origin and destination passengers decreased at a compound annual rate of 1.7 percent.

EXHIBIT 3.2 PASSENGERS AND POPULATION TRENDS



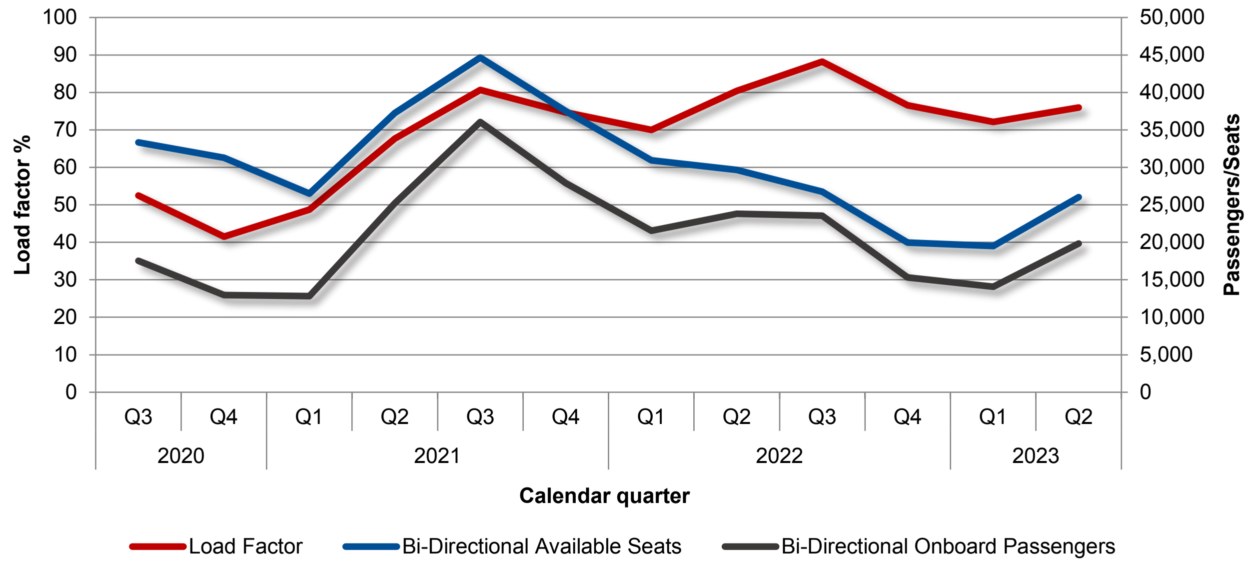
[2] *Source: Diio Mi; Woods & Poole Economics, Inc.*

LOAD FACTOR, AVAILABLE SEATS AND PASSENGERS

Exhibit 3.3 shows MQT's bi-directional available seats, bi-directional onboard passengers, and load factors for arrivals and departures by quarter from the third quarter of 2020 through the second quarter of 2023. Load factors hit a 12-quarter low in the fourth quarter of 2020 at 42 percent due to the impacts of the pandemic. The 12-quarter high was in the third quarter of 2022 at 88 percent. In the second quarter of 2023, load factors declined by 4 points compared to the second quarter of 2022.

Over the three-year period, available seats were at the 12-quarter low of 19,508 in the first quarter of 2023 and peaked in the third quarter of 2021 at 44,656. Seats were down in every quarter for the year ended June 30, 2023, compared to the same quarters in the prior year. The low for onboard passengers at MQT through the three-year span was in the first quarter of 2021 at 12,822, and the high for onboard passengers was 36,055 in the third quarter of 2021. Like seats, onboard passengers were down in every quarter for the year ended June 30, 2023, compared to the prior year.

EXHIBIT 3.3 LOAD FACTOR, AVAILABLE SEATS AND ONBOARD PASSENGERS



MQT retained 48 percent of its catchment area passengers in total, with a 50 percent domestic passenger retention and 30 percent international passenger retention.

AIRPORT USE

Exhibit 3.4 shows the airports used by MQT catchment area travelers. Forty-eight percent of air travelers used MQT; 15 percent diverted to ORD, 11 percent diverted to GRB, while 10 percent diverted to ATW. Seventeen percent used other airports, including Escanaba, Milwaukee, Minneapolis, and Iron Mountain.

Table 3.2 shows passengers by domestic and international itineraries. Fifty percent of domestic and 30 percent of international travelers used MQT. An estimated 11 percent of MQT catchment area domestic and 47 percent of international passengers diverted to ORD. Ten percent of domestic and 13 percent of international passengers diverted to GRB. Ten percent of domestic and 3 percent of international passengers diverted to ATW. Other airports captured 18 percent of domestic and 7 percent of international travelers.

EXHIBIT 3.4 AIRPORT USE

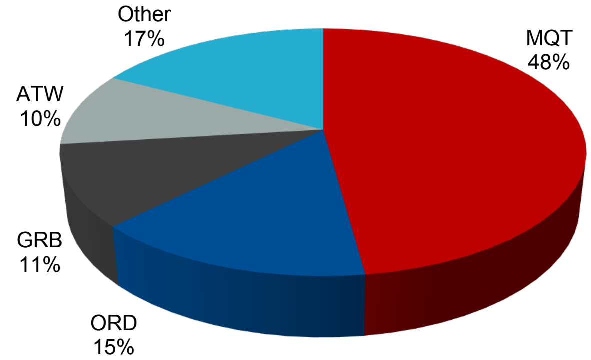
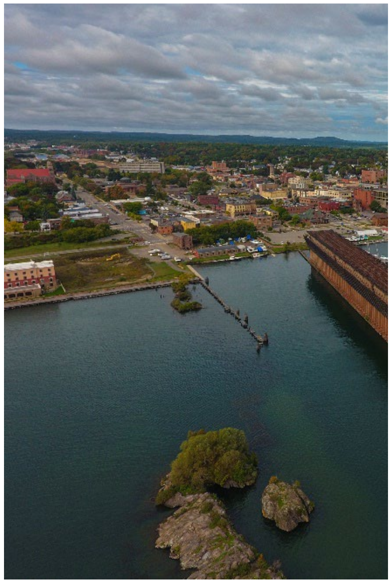


TABLE 3.2 AIRPORT USE - DOMESTIC & INTERNATIONAL COMPARISON

RANK	ORIGINATING AIRPORT	AIRPORT USE PAX	AIRPORT USE %
Domestic			
1	MQT	68,822	50
2	ORD	15,215	11
3	ATW	14,410	10
4	GRB	14,210	10
5	Other	25,313	18
Subtotal		**137,972**	**100**
International			
1	ORD	7,205	47
2	MQT	4,481	30
3	GRB	2,030	13
4	ATW	394	3
5	Other	1,060	7
Subtotal		**15,171**	**100**
Domestic and International			
1	MQT	73,303	48
2	ORD	22,420	15
3	GRB	16,241	11
4	ATW	14,805	10
5	Other	26,374	17
Total		**153,143**	**100**

Note: Percentages may not sum to 100 due to rounding.



AIRPORT USE BY COMMUNITY

Airport retention rates by community are an important aspect to understanding the overall MQT catchment area. In total, the Marquette community generated the highest number of true market passengers, with 88,314 annual passengers, 58 percent of the total. The Ishpeming community generated more than 20,000 passengers, while the Negaunee community generated nearly 15,000 passengers. Communities with below average retention at less than 35 percent included the Munising, Republic, and Big Bay communities and the communities combined in “other”. The highest retention of 57 percent was in the Ishpeming community, followed by the Marquette and Gwinn communities at 50 percent each.

TABLE 3.3 AIRPORT USE BY COMMUNITY

COMMUNITY	% AIRPORT USE					TRUE MARKET PASSENGERS
	MQT	ORD	GRB	ATW	OTHER	
Marquette	50	16	10	6	18	88,314
Ishpeming	57	11	16	7	9	20,290
Negaunee	49	7	11	19	15	14,550
Munising	31	23	14	7	25	6,919
Skandia	48	9	11	27	5	6,171
Gwinn	50	4	1	32	12	5,468
Republic	30	4	0	28	38	2,386
Big Bay	32	8	18	0	41	1,764
Other	21	28	5	15	30	7,281
Total	**48**	**15**	**11**	**10**	**17**	**153,143**

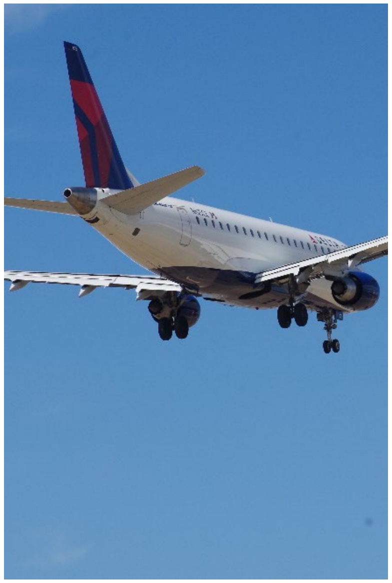
TRUE MARKET

The true market portion of the *Passenger Demand Analysis* provides the total number of passengers in the catchment area; specifically, it analyzes the portion of passengers diverting from the MQT catchment area. This section investigates destinations associated with travel to and from the catchment area. In addition, destinations are grouped into geographic regions to further understand the regional flows of catchment area air travelers.

TRUE MARKET ESTIMATE

The airport catchment area (**Exhibit 3.1**, page 5) represents the geographic area from which the airport primarily attracts air travelers. Domestic airlines report origin and destination traffic statistics to the U.S. DOT on a quarterly basis. Used by themselves, these traffic statistics do not quantify the total size of an air service market. By combining ARC tickets with passenger data contained in the U.S. DOT airline reports, an estimate of the total air travel market by destination was calculated. The total air travel market is also referred to as the “true market”. Passengers were estimated for domestic and international markets on a destination basis. Adjustments were made to account for Southwest Airlines and ULCCs, which are under-represented in ARC data.

The ARC data used in this report includes information on initiated passengers ticketed by air travelers in the MQT catchment area. This enables the identification of passenger retention and diversion. According to U.S. DOT airline reports for the year ended June 30, 2023, 49 percent of MQT origin and destination passengers initiated air travel from MQT, and the other 51 percent began their trip from another city (e.g., Denver, Dallas or Phoenix). For the purposes of this analysis, travel patterns for MQT visitors are assumed to mirror catchment area passengers.



TOP 25 TRUE MARKET DESTINATIONS

The top 25 destinations for MQT (shown in **Table 4.1**) accounted for 58 percent of the travel to/from the MQT catchment area. DTW was the largest market with 16,295 annual passengers (22.3 passengers daily each way [PDEW]) and accounted for 11 percent of all catchment area travel. Fort Lauderdale, Phoenix-Sky Harbor, ORD, and Orlando-International made up the remaining top five markets.

TABLE 4.1 TRUE MARKET ESTIMATE - TOP 25 DESTINATIONS

RANK	DESTINATION	MQT REPORTED PAX	DIVERTED PAX	TRUE MARKET	PDEW
1	Detroit, MI	10,435	5,860	16,295	22.3
2	Fort Lauderdale, FL	753	4,163	4,916	6.7
3	Phoenix, AZ (PHX)	2,210	2,619	4,829	6.6
4	Chicago, IL (ORD)	3,813	654	4,466	6.1
5	Orlando, FL (MCO)	1,995	2,349	4,344	6.0
6	Denver, CO	1,884	2,268	4,152	5.7
7	Los Angeles, CA	1,706	2,407	4,113	5.6
8	San Francisco, CA	1,405	2,252	3,657	5.0
9	Boston, MA	1,349	2,221	3,570	4.9
10	Las Vegas, NV	1,413	2,068	3,482	4.8
11	Charlotte-Douglas, NC	1,729	1,381	3,110	4.3
12	Dallas, TX (DFW)	1,981	1,029	3,010	4.1
13	Nashville, TN	1,157	1,757	2,915	4.0
14	Washington, DC (DCA)	1,716	1,145	2,861	3.9
15	Tampa, FL	1,648	1,111	2,759	3.8
16	Seattle, WA	1,042	1,367	2,409	3.3
17	New York, NY (LGA)	1,402	962	2,363	3.2
18	Minneapolis, MN	0	2,233	2,233	3.1
19	Austin, TX	919	1,248	2,167	3.0
20	Cancun, Mexico	239	1,853	2,092	2.9
21	Atlanta, GA	1,351	696	2,047	2.8
22	Philadelphia, PA	1,109	888	1,997	2.7
23	Portland, OR	698	1,181	1,879	2.6
24	Salt Lake City, UT	942	933	1,875	2.6
25	Raleigh/Durham, NC	1,017	824	1,841	2.5
Top 25 destinations		**43,913**	**45,467**	**89,380**	**122.4**
Total domestic		**68,822**	**69,150**	**137,972**	**189.0**
Total international		**4,481**	**10,690**	**15,171**	**20.8**
All markets		**73,303**	**79,840**	**153,143**	**209.8**

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Seven markets had retention of 60 percent or greater, including the DTW, ORD, Dallas-Fort Worth, Washington-National, Tampa, Atlanta, and San Diego markets.

TOP 25 DOMESTIC DESTINATIONS

Table 4.2 shows the percentage of passengers by market and originating airport for the top 25 domestic destinations. Fifty-one percent of passengers used MQT for travel to the top 25 domestic markets. Overall, the highest retention rates by market at 60 percent or greater were the DTW, ORD, Dallas-Fort Worth, Washington-National, Tampa, Atlanta, and San Diego markets. The lowest retention rates at 40 percent or less included the Fort Lauderdale, San Francisco, Boston, Nashville, Minneapolis, and Portland markets.

TABLE 4.2 TOP 25 DOMESTIC DESTINATIONS BY ORIGINATING AIRPORT

RANK	DESTINATION	ORIGIN AIRPORT %					TOTAL PAX
		MQT	ORD	ATW	GRB	OTHER	
1	Detroit, MI	64	0	0	0	36	16,295
2	Fort Lauderdale, FL	15	19	19	31	15	4,916
3	Phoenix, AZ (PHX)	46	32	0	7	15	4,829
4	Chicago, IL (ORD)	85	0	1	13	1	4,466
5	Orlando, FL (MCO)	46	11	4	13	26	4,344
6	Denver, CO	45	5	21	9	20	4,152
7	Los Angeles, CA	41	35	0	6	17	4,113
8	San Francisco, CA	38	19	15	19	8	3,657
9	Boston, MA	38	22	0	11	30	3,570
10	Las Vegas, NV	41	0	38	9	12	3,482
11	Charlotte-Douglas, NC	56	10	4	12	18	3,110
12	Dallas, TX (DFW)	66	4	0	7	23	3,010
13	Nashville, TN	40	13	35	0	12	2,915
14	Washington, DC (DCA)	60	40	0	0	0	2,861
15	Tampa, FL	60	10	11	8	11	2,759
16	Seattle, WA	43	30	0	3	24	2,409
17	New York, NY (LGA)	59	12	0	24	5	2,363
18	Minneapolis, MN	0	0	25	31	44	2,233
19	Austin, TX	42	11	19	24	5	2,167
20	Atlanta, GA	66	6	15	5	8	2,092
21	Philadelphia, PA	56	10	4	12	18	2,047
22	Portland, OR	37	24	0	19	21	1,997
23	Salt Lake City, UT	50	7	7	0	35	1,879
24	Raleigh/Durham, NC	55	10	4	12	19	1,875
25	San Diego, CA	76	12	0	8	4	1,841
	Top 25 Domestic	**51**	**12**	**8**	**10**	**20**	**89,380**
	Total Domestic	**50**	**11**	**10**	**10**	**18**	**137,972**

TOP 10 DOMESTIC DESTINATIONS BY ORIGINATING AIRPORT

Table 4.3 shows the top 10 markets when passengers exclusively fly out of MQT as well as the top 10 markets when passengers fly exclusively from ORD, ATW, GRB, and the other airports combined. Only one of MQT's top 10 markets, Orlando, was also in the top 10 markets for ORD, ATW, and GRB, when both Orlando airports (Orlando-International and Orlando-Sanford) are counted. On a total passenger basis, DTW, Fort Lauderdale, Phoenix-Sky Harbor, Los Angeles, and Orlando-International were the top passenger diversion markets.

TABLE 4.3 TOP 10 DOMESTIC DESTINATIONS BY ORIGINATING AIRPORT

RANK	MQT		ORD		ATW	
	DESTINATION	PAX	DESTINATION	PAX	DESTINATION	PAX
1	Detroit, MI	10,435	Phoenix, AZ (PHX)	1,526	Phoenix, AZ (AZA)	1,571
2	Chicago, IL (ORD)	3,813	Los Angeles, CA	1,460	Las Vegas, NV	1,328
3	Phoenix, AZ (PHX)	2,210	Washington, DC (DCA)	1,145	St. Petersburg, FL	1,149
4	Orlando, FL (MCO)	1,995	Fort Lauderdale, FL	952	Orlando, FL (SFB)	1,141
5	Dallas, TX (DFW)	1,981	Boston, MA	773	Punta Gorda, FL	1,085
6	Denver, CO	1,884	Seattle, WA	720	Nashville, TN	1,028
7	Charlotte-Douglas, NC	1,729	San Francisco, CA	706	Fort Lauderdale, FL	952
8	Washington, DC (DCA)	1,716	Orlando, FL (MCO)	466	Denver, CO	856
9	Los Angeles, CA	1,706	Portland, OR	443	Sarasota/Bradenton, FL	691
10	Tampa, FL	1,648	Nashville, TN	387	San Francisco, CA	562

RANK	GRB		OTHER	
	DESTINATION	PAX	DESTINATION	PAX
1	Fort Lauderdale, FL	1,506	Detroit, MI	5,860
2	San Francisco, CA	703	Orlando, FL (MCO)	1,116
3	Minneapolis, MN	699	Boston, MA	1,062
4	Chicago, IL (ORD)	581	Minneapolis, MN	977
5	Orlando, FL (MCO)	575	Denver, CO	847
6	New York, NY (LGA)	561	Fort Lauderdale, FL	753
7	Austin, TX	510	Phoenix, AZ (PHX)	739
8	Boston, MA	385	Dallas, TX (DFW)	706
9	Charlotte-Douglas, NC	385	Los Angeles, CA	685
10	Denver, CO	359	Salt Lake City, UT	661

The top three international true markets were Cancun, Mexico; London-Heathrow, United Kingdom; and Paris-De Gaulle, France.

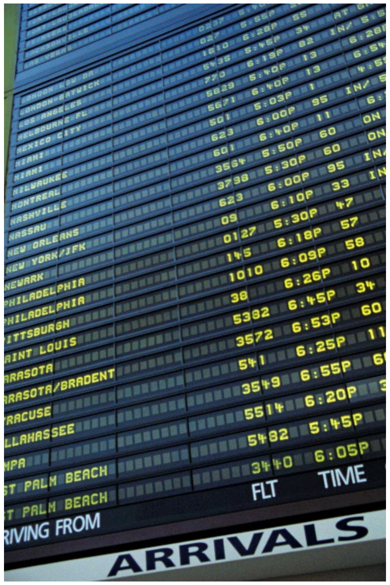
TOP 15 INTERNATIONAL DESTINATIONS

Table 4.4 shows the percentage of passengers for the top 15 international destinations by originating airport. Only the top 15 international destinations are shown due to the smaller market sizes involved with international itineraries and limited available data. MQT retained 28 percent of the catchment area passengers destined for the top 15 international markets.

Cancun, Mexico; London-Heathrow, United Kingdom; and Paris-De Gaulle, France were the top three international markets. Montreal, Canada and Madrid, Spain made up the remainder of the top five markets. Cancun had a retention rate of 11 percent, lower than the international average, with the majority of passengers, 57 percent, diverting to ORD. Most markets are shown at the average of the international markets that did not have sufficient individual market data for a determination of retention.

TABLE 4.4 TOP 15 INTERNATIONAL DESTINATIONS BY ORIGINATING AIRPORT

RANK	DESTINATION	ORIGIN AIRPORT %					PASSENGERS	
		ORD	MQT	GRB	ATW	OTHER	TOTAL	PDEW
1	Cancun, Mexico	57	11	26	6	0	2,092	2.9
2	London, UK (LHR)	46	32	11	2	8	1,402	1.9
3	Paris-De Gaulle, France	46	32	11	2	8	868	1.2
4	Montreal, Canada	46	32	11	2	8	693	0.9
5	Madrid, Spain	46	32	11	2	8	637	0.9
6	San Jose, Costa Rica	46	32	11	2	8	619	0.8
7	Toronto, Canada	46	32	11	2	8	499	0.7
8	Liberia, Costa Rica	46	32	11	2	8	452	0.6
9	Frankfurt, Germany	46	32	11	2	8	420	0.6
10	Vancouver, Canada	46	32	11	2	8	337	0.5
11	Berlin-Metro, Germany	46	32	11	2	8	309	0.4
12	Rome-Da Vinci, Italy	46	32	11	2	8	300	0.4
13	Amsterdam, Netherlands	46	32	11	2	8	298	0.4
14	Calgary, Canada	46	32	11	2	8	244	0.3
15	Athens, Greece	46	32	11	2	8	200	0.3
Top 15 International		**48**	**28**	**15**	**3**	**6**	**9,370**	**12.8**
Total International		**47**	**30**	**13**	**3**	**7**	**15,171**	**20.8**



FEDERAL AVIATION ADMINISTRATION (FAA) GEOGRAPHIC REGIONS

It is important to identify and quantify air travel markets, but it is also important to measure air travel by specific geographic regions. Airlines operate route systems that serve geographic areas. Additionally, most airline hubs are directional and flow passenger traffic to and from geographic regions, not just destinations within the region. Therefore, air service analysis exercises consider the regional flow of passenger traffic as well as passenger traffic to a specific city. Accordingly, this section analyzes the regional distribution of air travelers from the airport catchment area. For this exercise, the FAA geographic breakdown of the U.S. is used (**Exhibit 4.1**).

EXHIBIT 4.1 FAA GEOGRAPHIC REGIONS

The Southeast region was the largest traveled region, with 24 percent of passengers, followed by the Great Lakes region.

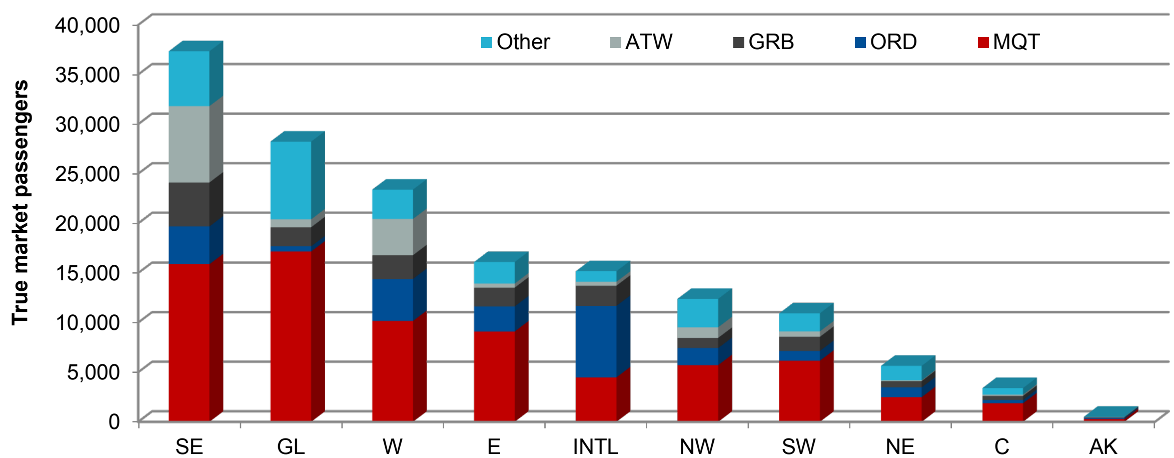
REGIONAL DISTRIBUTION OF TRAVELERS

Table 4.5 and **Exhibit 4.2** divide catchment area travel into the FAA's nine geographic regions and one catch-all international region. The Southeast region was the largest traveled region, with 24 percent of passengers. The Great Lakes region was the second largest with 18 percent of passengers, followed by the West, East, and international regions. MQT's retention rate was highest to the Great Lakes region at 61 percent and lowest to international destinations.

TABLE 4.5 REGIONAL DISTRIBUTION OF TRAVEL BY AIRPORT

AIRPORT		REGION										
		SE	GL	W	E	INTL	NW	SW	NE	C	AK	TOTAL
MQT	Pax	15,884	17,166	10,159	9,100	4,481	5,717	6,162	2,488	1,864	282	73,303
	%	22	23	14	12	6	8	8	3	3	0	100
ORD	Pax	3,804	519	4,235	2,529	7,205	1,715	982	977	332	123	22,420
	%	17	2	19	11	32	8	4	4	1	1	100
GRB	Pax	4,430	1,930	2,391	1,893	2,030	1,029	1,427	639	415	57	16,241
	%	27	12	15	12	13	6	9	4	3	0	100
ATW	Pax	7,698	792	3,657	408	394	1,069	546	78	127	36	14,805
	%	52	5	25	3	3	7	4	1	1	0	100
Other	Pax	5,526	7,837	2,960	2,169	1,060	2,864	1,821	1,456	668	14	26,374
	%	21	30	11	8	4	11	7	6	3	0	100
Total	**Pax**	**37,342**	**28,243**	**23,401**	**16,099**	**15,171**	**12,394**	**10,938**	**5,638**	**3,406**	**511**	**153,143**
	%	**24**	**18**	**15**	**11**	**10**	**8**	**7**	**4**	**2**	**0**	**100**
MQT Retention %		**43**	**61**	**43**	**57**	**30**	**46**	**56**	**44**	**55**	**55**	**48**

EXHIBIT 4.2 REGIONAL DISTRIBUTION OF TRAVEL



Europe was the largest international region, with 47 percent of MQT catchment area international passengers and retention of 32 percent.

DISTRIBUTION OF INTERNATIONAL TRAVEL

Table 4.6 shows international travelers by airport and region. Ten percent of catchment area travelers had international itineraries. Europe was the top traveled international region, with 47 percent, or 7,095 of the total 15,171 catchment area international travelers. Mexico and Central America was the second most traveled region with 27 percent, and Canada was the third largest region with 12 percent. The Caribbean was the fourth largest region followed by, in order of greatest to least, Asia, South America, Australia and Oceania, Africa, and the Middle East. Mexico had the lowest retention at 22 percent; however, most regions are shown at the average of the international regions that did not have sufficient individual market data for a determination of retention.

TABLE 4.6 REGIONAL DISTRIBUTION OF INTERNATIONAL PASSENGERS

REGION	ORIGINATING AIRPORT					TRUE MARKET	% OF COLUMN	MQT RETENTION %
	ORD	MQT	GRB	ATW	OTHER			
Europe	3,260	2,301	810	149	575	7,095	47	32
Mexico & Central America	2,138	905	772	163	166	4,144	27	22
Canada	856	604	213	39	151	1,863	12	32
Caribbean	306	216	76	14	54	666	4	32
Asia	214	151	53	10	38	466	3	32
South America	179	126	44	8	32	389	3	32
Australia & Oceania	121	86	30	6	21	264	2	32
Africa	116	82	29	5	21	253	2	32
Middle East	14	10	4	1	3	31	0	32
Total passengers	**7,205**	**4,481**	**2,030**	**394**	**1,060**	**15,171**	**100**	**30**
% of row	**47**	**30**	**13**	**3**	**7**	**100**	**-**	**-**

AIRLINES

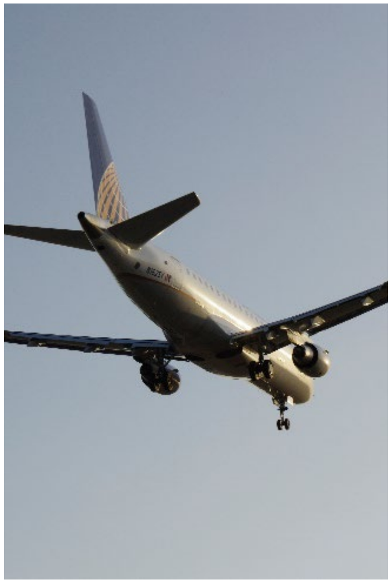
Information in this section identifies airline use by catchment area air travelers. The information is airport and airline specific. The intent is to determine which airlines are used to travel to specific destinations. The airline market share at MQT is based on U.S. DOT airline reported data. Airline market share at ORD, GRB, ATW, and other airports are based on ARC data and is an estimation of the carrier's share of diverted passengers.

AIRLINES USED AT MQT

Table 5.1 provides the airline share for the top 25 MQT true markets and total share by airline at MQT. With service provided by only Delta Air Lines and American Airlines for the year ended June 30, 2023, all travelers began their trips from MQT on one of the two carriers; however, a small percentage used codeshare partner airlines when connecting to their final destination.

TABLE 5.1 AIRLINES USED AT MQT

RANK	TOP 25 TRUE MARKETS	AIRLINE %			TOTAL PAX
		DL	AA	OTHER	
1	Detroit, MI	99	1	0	10,435
2	Chicago, IL (ORD)	12	88	0	3,813
3	Phoenix, AZ (PHX)	33	67	0	2,210
4	Orlando, FL (MCO)	55	43	1	1,995
5	Dallas, TX (DFW)	37	63	0	1,981
6	Denver, CO	40	60	0	1,884
7	Charlotte-Douglas, NC	42	58	0	1,729
8	Washington, DC (DCA)	65	35	1	1,716
9	Los Angeles, CA	58	42	0	1,706
10	Tampa, FL	50	50	0	1,648
11	Las Vegas, NV	27	73	0	1,413
12	San Francisco, CA	52	48	0	1,405
13	New York, NY (LGA)	58	42	0	1,402
14	Atlanta, GA	90	10	0	1,351
15	Boston, MA	63	37	0	1,349
16	San Diego, CA	43	56	1	1,216
17	Nashville, TN	51	48	1	1,157
18	Philadelphia, PA	54	46	0	1,109
19	Seattle, WA	75	25	0	1,042
20	Raleigh/Durham, NC	51	49	0	1,017
21	Salt Lake City, UT	57	43	0	942
22	Austin, TX	48	51	1	919
23	Fort Myers, FL	59	41	0	791
24	Newark, NJ	51	49	0	789
25	Fort Lauderdale, FL	94	6	0	753
Total Top 25		**60**	**40**	**0**	**45,771**
Total All Markets		**54**	**45**	**1**	**73,303**



AIRLINES USED AT ORD

Table 5.2 shows the airlines used and top destinations when travelers from the catchment area used ORD. American had the highest share of catchment area passengers at ORD, carrying an estimated 36 percent of diverting passengers. United Airlines had the second highest share at 19 percent, followed by Delta at 12 percent, Southwest Airlines at 10 percent, and Spirit Airlines at 7 percent. All other carriers combined for the remaining 17 percent of passengers.

TABLE 5.2 AIRLINES USED AT ORD

RANK	TOP 20 TRUE MARKETS	AIRLINE %						TOTAL ORD PAX
		AA	UA	DL	WN	NK	OTHER	
1	Phoenix, AZ (PHX)	81	0	6	10	3	0	1,526
2	Los Angeles, CA	63	27	0	0	10	0	1,460
3	Washington, DC (DCA)	40	60	0	0	0	0	1,145
4	Fort Lauderdale, FL	0	0	0	2	19	79	952
5	Boston, MA	0	0	100	0	0	0	773
6	Seattle, WA	0	45	18	0	0	36	720
7	San Francisco, CA	0	0	99	0	0	0	706
8	Orlando, FL (MCO)	33	49	0	5	9	4	466
9	Portland, OR	98	0	0	1	1	0	443
10	Nashville, TN	54	27	0	18	0	0	387
11	Charlotte-Douglas, NC	100	0	0	0	0	0	308
12	Tampa, FL	86	0	0	6	8	0	289
13	New York, NY (LGA)	0	100	0	0	0	0	281
14	Austin, TX	90	0	0	10	0	0	228
15	Denver, CO	0	44	44	13	0	0	206
16	San Diego, CA	64	32	0	2	2	0	200
17	Philadelphia, PA	0	0	0	50	50	0	198
18	Raleigh/Durham, NC	0	0	0	50	50	0	182
19	Houston, TX (IAH)	23	68	0	1	8	0	166
20	Baltimore, MD	0	0	0	33	33	33	154
Total Top 20		**40**	**21**	**17**	**6**	**6**	**10**	**10,790**
Total All Markets		**36**	**19**	**12**	**10**	**7**	**17**	**22,420**

Delta Air Lines had the highest estimated share of catchment area passengers at GRB, carrying 49 percent of diverting passengers, followed by American Airlines.

AIRLINES USED AT GRB

Table 5.3 shows the airlines used and top destinations when travelers from the catchment area used GRB. Delta had the highest estimated share of catchment area passengers at GRB, carrying 49 percent of diverting passengers, followed by American and United, each with 25 percent of passengers. The remaining 1 percent of passengers were served by other carriers, such as Alaska Airlines.

TABLE 5.3 AIRLINES USED AT GRB

RANK	TOP 20 TRUE MARKETS	AIRLINE %				TOTAL GRB PAX
		DL	AA	UA	OTHER	
1	Fort Lauderdale, FL	100	0	0	0	1,506
2	San Francisco, CA	80	20	0	0	703
3	Minneapolis, MN	100	0	0	0	699
4	Chicago, IL (ORD)	0	0	100	0	581
5	Orlando, FL (MCO)	80	7	13	0	575
6	New York, NY (LGA)	17	83	0	0	561
7	Austin, TX	0	60	40	0	510
8	Boston, MA	0	100	0	0	385
9	Charlotte-Douglas, NC	0	100	0	0	385
10	Denver, CO	75	0	25	0	359
11	Phoenix, AZ (PHX)	75	25	0	0	354
12	Portland, OR	0	0	75	25	349
13	Las Vegas, NV	33	22	44	0	326
14	Los Angeles, CA	0	0	100	0	263
15	Philadelphia, PA	67	33	0	0	247
16	Raleigh/Durham, NC	33	0	67	0	226
17	San Antonio, TX	80	20	0	0	223
18	Tampa, FL	86	0	14	0	218
19	Tucson, AZ	33	67	0	0	214
20	Dallas, TX (DFW)	0	100	0	0	209
Total Top 20		**52**	**27**	**20**	**1**	**8,892**
Total All Markets		**49**	**25**	**25**	**1**	**16,241**

AIRLINES USED AT ATW

Table 5.4 shows the airlines used and top destinations when travelers from the catchment area used ATW. Allegiant Air had the highest estimated share of catchment area passengers at ATW, carrying 60 percent of diverting passengers, followed by United with 18 percent of passengers, American with 14 percent, and Delta with 9 percent.

TABLE 5.4 AIRLINES USED AT ATW

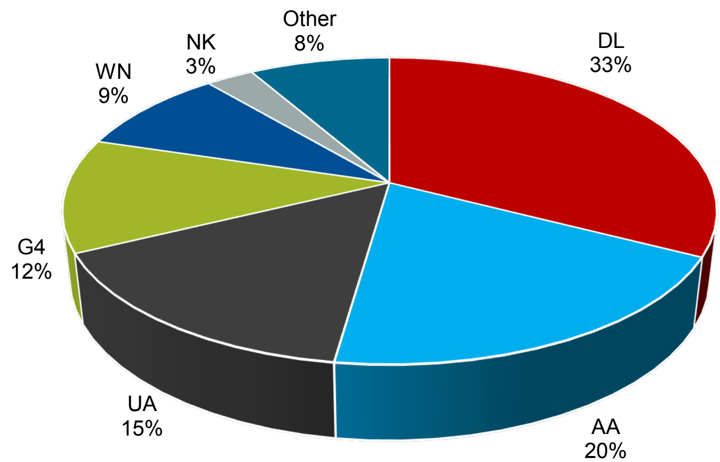
RANK	TOP 20 TRUE MARKETS	AIRLINE %				TOTAL ATW PAX
		G4	UA	AA	DL	
1	Phoenix, AZ (AZA)	100	0	0	0	1571
2	Las Vegas, NV	40	0	60	0	1328
3	St. Petersburg, FL	100	0	0	0	1149
4	Orlando, FL (SFB)	100	0	0	0	1141
5	Punta Gorda, FL	100	0	0	0	1085
6	Nashville, TN	42	0	0	58	1028
7	Fort Lauderdale, FL	41	59	0	0	952
8	Denver, CO	27	73	0	0	856
9	Sarasota/Bradenton, FL	100	0	0	0	691
10	San Francisco, CA	0	100	0	0	562
11	Minneapolis, MN	0	0	0	100	557
12	Austin, TX	0	0	75	25	408
13	Atlanta, GA	0	33	0	67	312
14	Tampa, FL	0	0	100	0	311
15	Savannah, GA	100	0	0	0	290
16	Orlando, FL (MCO)	0	0	100	0	192
17	Salt Lake City, UT	0	100	0	0	135
18	Charlotte-Douglas, NC	0	100	0	0	118
19	Philadelphia, PA	0	0	100	0	76
20	Tucson, AZ	0	0	50	50	71
Total Top 20		**59**	**16**	**0**	**12**	**12,831**
Total All Markets		**60**	**18**	**14**	**9**	**14,805**

When MQT catchment area travelers diverted to alternate airports, the largest percentage used Delta Air Lines, followed by American Airlines, United Airlines, Allegiant Air, and Southwest Airlines.

DIVERTING PASSENGER AIRLINE USE

Exhibit 5.1 shows the airlines used when travelers from the catchment area originated from ORD, GRB, ATW, and other airports. Overall, Delta carried the highest share of diverting passengers, with 33 percent, followed by American with 20 percent, United with 15 percent, Allegiant with 12 percent, and Southwest with 9 percent. Spirit Airlines served 3 percent of passengers. Other airlines accounted for the remaining 8 percent of passengers.

EXHIBIT 5.1 DIVERTING PASSENGER AIRLINE USE

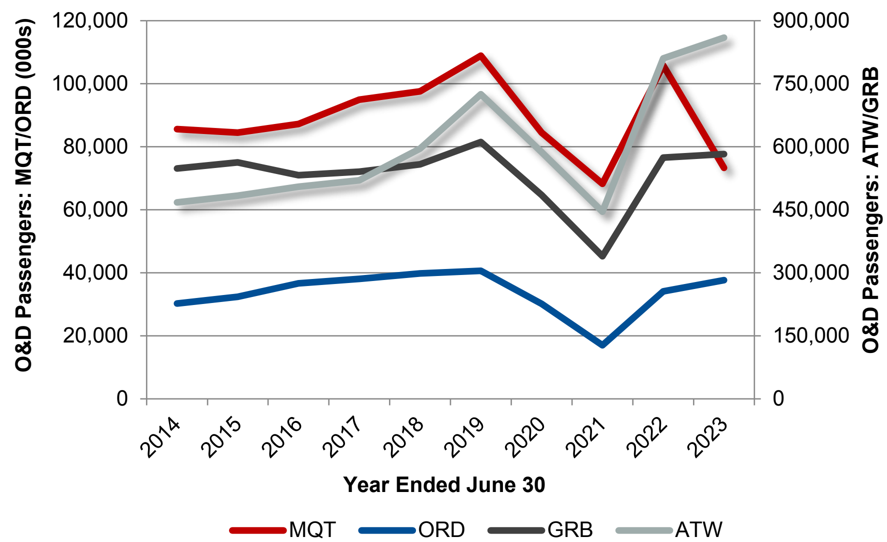


FACTORS AFFECTING AIR SERVICE DEMAND AND RETENTION

This section examines several factors that have affected and will continue to affect air service demand in the Marquette area and MQT's ability to retain passengers. The factors affecting MQT's ability to retain passengers included in this section are airfares, nonstop service availability, and the quality and capacity of air service offered at MQT, ORD, GRB, and ATW.

PASSENGER ACTIVITY COMPARISON

EXHIBIT 6.1 PASSENGER TRENDS



To better understand the changes in passenger volumes at MQT, ORD, GRB, and ATW, **Exhibit 6.1** provides a depiction of origin and destination passengers over the last 10 years by year ended June 30 passenger totals as reported to the U.S. DOT. MQT's passengers decreased at a compound annual rate of 1.7 percent over the 10-year period, with passengers down 31 percent since 2022. ORD's passengers increased at a CAGR of 2.5 percent, with passengers increasing 10 percent from 2022. At GRB, passengers increased at a CAGR of 0.7 percent and increased 1 percent from 2022. At ATW, passengers increased at a CAGR of 7.0 percent and increased 6 percent from 2022. While the pandemic impacted all three airports, MQT passengers recovered in 2022 but fell due to restricted capacity in 2023.

MQT's overall average domestic fare for the year ended June 30, 2023, was $305, $109 higher than ORD, $97 higher than ATW, and $19 higher than GRB.

AIRFARES

When a traveler decides which airport to access for travel, airfares play a large role. Airfares affect air service demand and an airport's ability to retain passengers. One-way airfares (excluding taxes and Passenger Facility Charges [PFC]) paid by travelers are used to measure the relative fare competitiveness between MQT, ORD, ATW, and GRB. Fares listed for ORD, ATW, and GRB are for all air travelers using the airport and are not reflective of the average fare paid only by catchment area travelers diverting from MQT.

Table 6.1[3] shows one-way average airfares for the top 25 catchment area domestic destinations. Average airfares are a result of many factors including length of haul, availability of seats, business versus leisure fares, and airline competition. MQT's overall average domestic fare for the year ended June 30, 2023, was $305, $109 higher than ORD, $97 higher than ATW, and $19 higher than GRB.

TABLE 6.1 U.S. DOT AVERAGE DOMESTIC ONE-WAY FARES

RANK	DESTINATION	AVERAGE ONE-WAY FARE			
		MQT	ORD	ATW	GRB
1	Detroit, MI	$178	$165	$227	$238
2	Fort Lauderdale, FL	$310	$172	$111	$326
3	Phoenix, AZ (PHX)	$328	$213	$342	$249
4	Chicago, IL (ORD)	$212	-	$156	$194
5	Orlando, FL (MCO)	$314	$147	$259	$165
6	Denver, CO	$348	$162	$135	$136
7	Los Angeles, CA	$330	$221	$359	$380
8	San Francisco, CA	$423	$287	$364	$379
9	Boston, MA	$294	$160	$278	$298
10	Las Vegas, NV	$287	$185	$162	$246
11	Charlotte-Douglas, NC	$252	$197	$243	$308
12	Dallas, TX (DFW)	$330	$191	$313	$319
13	Nashville, TN	$299	$149	$85	$274
14	Washington, DC (DCA)	$298	$167	$247	$265
15	Tampa, FL	$322	$160	$253	$266
16	Seattle, WA	$392	$217	$347	$382
17	New York, NY (LGA)	$302	$157	$254	$290
18	Minneapolis, MN	-	$158	$200	$215
19	Austin, TX	$307	$186	$260	$268
20	Atlanta, GA	$292	$142	$270	$292
21	Philadelphia, PA	$346	$183	$298	$345
22	Portland, OR	$419	$262	$306	$400
23	Salt Lake City, UT	$451	$260	$339	$363
24	Raleigh/Durham, NC	$314	$183	$276	$288
25	San Diego, CA	$391	$262	$338	$303
Average Domestic Fare		**$305**	**$196**	**$208**	**$286**
Difference		-	**$109**	**$97**	**$19**

MQT fares were higher than ORD's fares in all markets and were as much as $191 higher to Salt Lake City and $186 higher to Denver. MQT had a lower fare than ATW in three of the top 25 markets, including DTW, Phoenix-Sky Harbor, and Los Angeles. The highest fare differences were to Denver and Nashville with MQT fares more than $200 higher than ATW one-way. Compared to GRB, MQT's fares were lower in five markets, with the largest fare differences at $60 lower to DTW and $212 higher to Denver.

[3] *Note: Fares do not include taxes or Passenger Facility Charges*

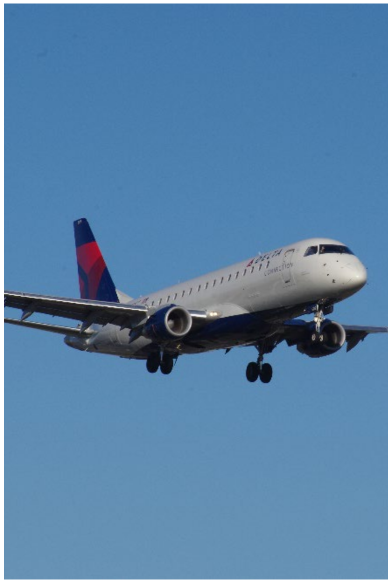
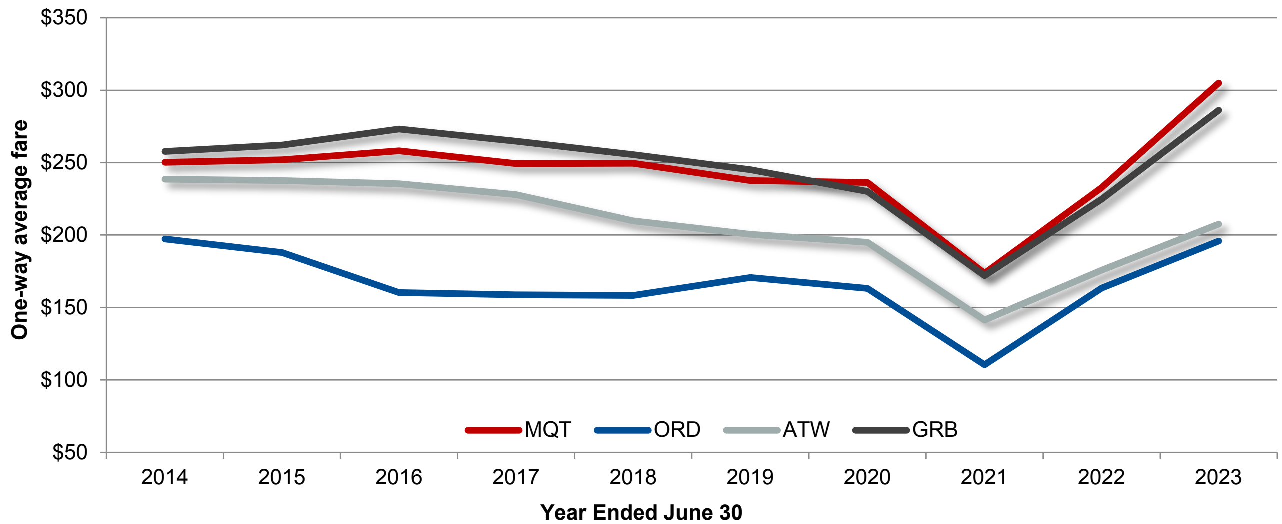


Exhibit 6.2 tracks the average fares at MQT, ORD, ATW, and GRB from the year ended June 30, 2014, through the year ended June 30, 2023. Based on U.S. DOT airline data, average fares at MQT have ranged from $174 (2021) to $305 (2023). The average fare at ORD ranged from $110 (2021) to $197 (2014). ATW's fares have ranged from $141 (2021) to $239 (2014). At GRB, fares ranged from $172 (2021) to $286 (2023). Overall, average domestic fares over the 10-year period increased at a CAGR of 2.2 percent at MQT and 1.2 percent at GRB. Fares at ORD and ATW decreased at compound annual rates of 0.1 and 1.5 percent, respectively.

The fare gap between MQT and ORD has fluctuated, with MQT consistently higher, by a minimum of $53 in 2014 to $109 in 2023. Prior to the pandemic, the fare gap had been lower but still significant, as high as $98 in 2016. The ORD fare gap increased from 2022 to 2023 by $40. Compared to ATW, the fare gap has ranged from $12 higher in 2014 to $97 greater in 2023, as ATW's average fares have generally trended downwards. Compared to GRB, the gap is much narrower, with MQT having a lower average fare in six of the 10 years (2014 to 2019). Over the last four years, MQT's fare has exceeded GRB, ranging from $2 higher in 2021 to $19 higher in 2023.

EXHIBIT 6.2 10-YEAR AVERAGE DOMESTIC ONE-WAY FARE TREND



MQT offered nonstop service to two markets, DTW and ORD, the largest and fourth largest catchment area markets for the year ended June 30, 2023.

NONSTOP SERVICE AVAILABILITY

Travelers drive to competing airports to access air service for many reasons, one of which is nonstop service availability. **Table 6.2** compares the level of air service offered at MQT with that offered at ORD, GRB, and ATW.

For the year ended June 30, 2023, MQT offered nonstop service to two markets, DTW and ORD. DTW was the largest catchment area market, while ORD was the fourth largest. ORD had service to 24 of the top 25 markets with 2,242 weekly departures on average to those 24 markets. GRB had service to eight of the top 25 destinations with 96 weekly frequencies. ATW had service to nine of the top 25 destinations with 107 weekly frequencies.

Overall, ORD had 6,488 weekly departures to 257 markets. GRB had service to 13 destinations when special trips added for football games are counted. On a regular service basis, GRB remained at eight destinations with 96 weekly frequencies. ATW had 121 weekly frequencies to 16 markets.

TABLE 6.2 NONSTOP SERVICE COMPARISON

RANK	DESTINATION	AVG WEEKLY DEPARTURES			
		ORD	MQT	GRB	ATW
1	Detroit, MI	95	9	18	14
2	Fort Lauderdale, FL	44	0	0	1
3	Phoenix, AZ (PHX)	105	0	1	0
4	Chicago, IL (ORD)	0	8	46	51
5	Orlando, FL (MCO)	101	0	2	0
6	Denver, CO	122	0	2	9
7	Los Angeles, CA	133	0	0	0
8	San Francisco, CA	88	0	0	0
9	Boston, MA	128	0	0	0
10	Las Vegas, NV	107	0	1	3
11	Charlotte-Douglas, NC	78	0	0	3
12	Dallas, TX (DFW)	106	0	0	0
13	Nashville, TN	95	0	0	2
14	Washington, DC (DCA)	131	0	0	0
15	Tampa, FL	57	0	0	0
16	Seattle, WA	92	0	0	0
17	New York, NY (LGA)	212	0	0	0
18	Minneapolis, MN	105	0	19	16
19	Austin, TX	66	0	0	0
20	Atlanta, GA	116	0	7	7
21	Philadelphia, PA	78	0	0	0
22	Portland, OR	38	0	0	0
23	Salt Lake City, UT	52	0	0	0
24	Raleigh/Durham, NC	42	0	0	0
25	San Diego, CA	51	0	0	0
Total Top 25 Frequencies		**2,242**	**17**	**96**	**107**
Total All Markets		**6,488**	**17**	**96**	**121**
Number of Top 25 Served		**24**	**2**	**8**	**9**
Total Destinations Served		**257**	**2**	**13**	**16**

MQT offered a total of 865 departures and 46,538 seats for the year ended June 30, 2023, with all departures on regional jet aircraft.

QUALITY OF AIR SERVICE AT COMPETING AIRPORTS

The quality of air service offered by an airport is a factor in a traveler's decision when selecting from which airport to originate travel. In general, passengers prefer larger over smaller aircraft and jet over turboprops.

Table 6.3 provides MQT's, ORD's, GRB's, and ATW's total departures by aircraft type for the year ended June 30, 2023. MQT offered a total of 865 departures and 46,538 seats, with all departures on regional jet aircraft. Comparatively, ORD offered more than 337,000 departures and more than 42.6 million seats on a mix of aircraft, with regional jet aircraft representing 41 percent of departures. GRB offered 5,009 departures and more than 382,000 seats, with 86 percent of departures on regional jets and the remainder on narrow body jets. At ATW, nearly 6,300 departures and more than 531,000 seats were offered on a mix of regional and narrow body jet aircraft.

TABLE 6.3 DEPARTURES BY AIRCRAFT TYPE BY ORIGIN

AIRCRAFT TYPE	SEAT RANGE	TOTAL DEPARTURES			
		MQT	ORD	GRB	ATW
Turboprop	<10	-	3,630	-	-
	>30	-	108	-	-
Regional jet	30-50	721	72,372	2,157	3,013
	51-70	48	21,473	193	265
	71-100	96	45,809	1,953	1,492
Narrow body jet	70-125	-	6,672	141	371
	126-160	-	57,413	141	1,142
	>160	-	109,029	424	-
Wide body jet	160-240	-	1,367	-	-
	241-300	-	9,161	-	-
	>300	-	10,323	-	-
Total Departures		**865**	**337,357**	**5,009**	**6,283**
% Turboprop Departures		**0%**	**1%**	**0%**	**0%**
% Regional Jet Departures		**100%**	**41%**	**86%**	**76%**
Total Seats		**46,538**	**42,645,100**	**382,273**	**531,280**

An increase in retention of 10 percentage points would create an estimated additional 15,314 annual passengers (21.0 PDEW) for MQT.

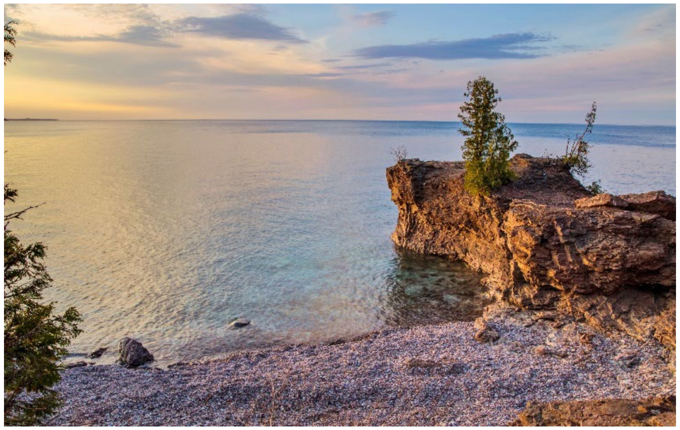
RETENTION RATE SENSITIVITY

Considering the previous factors of airfares, nonstop service, and quality of service, a retention rate sensitivity follows in **Table 6.4**. The purpose is to show how small changes in passenger retention can affect passenger volume. Passengers in total and for each of the top 25 markets are calculated using varying degrees of retention. An increase in retention of 10 percentage points would create an estimated additional 15,314 annual passengers (21.0 PDEW) for MQT.

TABLE 6.4 RETENTION RATE SENSITIVITY

RANK	DESTINATION	REPORTED PAX	RETENTION %	RETENTION IMPROVEMENT		
				5%	10%	15%
1	Detroit, MI	10,435	64	11,249	12,064	12,879
2	Fort Lauderdale, FL	753	15	999	1,245	1,490
3	Phoenix, AZ (PHX)	2,210	46	2,452	2,693	2,934
4	Chicago, IL (ORD)	3,813	85	4,036	4,259	4,466
5	Orlando, FL (MCO)	1,995	46	2,212	2,429	2,646
6	Denver, CO	1,884	45	2,091	2,299	2,507
7	Los Angeles, CA	1,706	41	1,912	2,118	2,323
8	San Francisco, CA	1,405	38	1,588	1,771	1,954
9	Boston, MA	1,349	38	1,527	1,706	1,884
10	Las Vegas, NV	1,413	41	1,588	1,762	1,936
11	Charlotte-Douglas, NC	1,729	56	1,885	2,040	2,196
12	Dallas, TX (DFW)	1,981	66	2,131	2,282	2,432
13	Nashville, TN	1,157	40	1,303	1,449	1,595
14	Washington, DC (DCA)	1,716	60	1,859	2,002	2,145
15	Tampa, FL	1,648	60	1,785	1,923	2,061
16	Seattle, WA	1,042	43	1,162	1,283	1,403
17	New York, NY (LGA)	1,402	59	1,520	1,638	1,756
18	Minneapolis, MN	0	0	112	223	335
19	Austin, TX	919	42	1,027	1,135	1,244
20	Cancun, Mexico	239	11	344	448	553
21	Atlanta, GA	1,351	66	1,453	1,555	1,658
22	Philadelphia, PA	1,109	56	1,209	1,309	1,409
23	Portland, OR	698	37	792	886	980
24	Salt Lake City, UT	942	50	1,036	1,130	1,223
25	Raleigh/Durham, NC	1,017	55	1,109	1,201	1,293
Total Top 25		**43,913**	**49**	**48,382**	**52,851**	**57,304**
Total Domestic		**68,822**	**50**	**75,721**	**82,619**	**89,518**
Total International		**4,481**	**30**	**5,240**	**5,998**	**6,757**
Total of All Markets		**73,303**	**48**	**80,960**	**88,617**	**96,275**

SITUATION ANALYSIS



Located near Marquette, the largest city in the Upper Peninsula of Michigan along the scenic shore of Lake Superior, MQT served a catchment area of more than 76,000 people in 2023. The area supports a diverse business environment and growing tourism, as well as Northern Michigan University. With long driving distances to the nearest major airports, local air service is critical to the area.

Marquette is located 176 miles (an approximate three-hour drive) from GRB and 204 miles (a three-hour and 30-minute drive) from ATW. Larger airports are even further distant, with ORD 368 miles away (an approximate six-hour drive) and Minneapolis 392 miles away (a six-hour and 30-minute drive). Because of ORD's wide array of service options, both domestic and international, most domestic and international diverting passengers from the MQT catchment area use ORD as their primary alternate airport, despite the long travel time to access it. With GRB and ATW closer in terms of distance and drive time, they too receive significant amounts of diversion from MQT.

INCUMBENT AIRLINES

For the year ended June 30, 2023, MQT had daily nonstop service on American Airlines to its ORD hub and on Delta Air Lines to its DTW hub. With reductions in service from both carriers, overall departures were down 41 percent, and seats were down 37 percent.

Throughout the year ended June 30, 2023, American's ORD schedule generally included one flight, with some months having no flights on Tuesdays. December 2022 and May 2023 had two flights on most days of the week. All flights were flown on Embraer Regional Jet (EMB)-145 aircraft until May and June, when the Canadair Regional Jet (CRJ)-200 and the EMB-170 were flown. The remainder of 2023 had two flights scheduled on most days of the week, on CRJ-200 and EMB-170 aircraft. In November through March 2024, the schedule generally has one daily flight with certain days having two. The current published schedule has two daily flights starting in April 2024. In the prior year, the schedule had two

Delta Air Lines is the most likely provider of service to additional nonstop destinations as the incumbent airline with another hub near to MQT.

daily flights more consistently, but only on single-class regional jet aircraft, whereas more recent schedules introduced the dual-class regional jet on one of the trips.

For the DTW service, two daily flights were scheduled on single-class CRJ-200 aircraft, with the schedule changing to one daily flight in October. Since then, the schedule has consistently had one daily flight, but changed to dual-class regional jets in March 2023. In the prior year, two daily flights on CRJ-200 aircraft were the norm.

For the year ended June 30, 2023, ORD load factors averaged 79 percent, with load factors as high as 89 percent in July and as low as 69 percent in January. Load factors for DTW averaged 80 percent with a high of 92 percent in August and a low of 67 percent in April. The prior period, year ended June 30, 2022, had load factors of 75 percent for ORD, 78 percent for DTW, and 76 percent for Minneapolis. These load factors, achieved when more seats were offered in the market, demonstrate that MQT can support higher levels of air service. In addition, relatively high off-season load factors are also a sign of strong demand.

Delta is the most likely provider of service to additional nonstop destinations as the incumbent airline with another hub near to MQT. A resumption of service to Minneapolis should be an air service goal, along with increasing service to DTW on Delta and ORD on American.

NEW AIRLINE OPPORTUNITIES

Several opportunities exist for new entrant airlines as discussed below.

United Airlines

Like many airlines across the U.S., United has been hampered by the pilot shortage. New market consideration will likely begin in 2024 as United begins to take delivery of additional aircraft. However, United would likely look to ORD first for service, which might be less beneficial for MQT as it would dilute the local market to ORD without adding significant connectivity benefits. Denver service would be higher risk for United given the longer stage length. While discussions with United are useful, new United service is unlikely in the short-term.

Other Airlines

Many carriers, like Southwest Airlines and Spirit Airlines, continue to serve markets larger in population size than the MQT catchment area. They typically serve markets with multiple daily frequencies on large mainline aircraft. For example, Spirit’s new Airbus-321 configuration has 228 seats. In addition, carriers like Spirit tend to serve point-to-point markets

that would not carry connecting traffic as a hub service would on a different carrier. It is unlikely that the MQT catchment area can support this type of service in the near future.

ULCCs with less-than-daily service, like Allegiant, could be a fit for MQT. New entrant carriers Avelo Airlines and Breeze Airways have initiated service to smaller markets over the last two to three years. Avelo began operations in 2021 and is currently expanding on the East Coast. Avelo flies larger aircraft and routinely offers less-than-daily schedules, which could be suitable for select MQT markets that have sufficient weekly demand. Breeze also began operations in 2021 and has expanded on the East Coast and the West Coast, with smaller mainline aircraft. Both carriers would require significant support to offset start-up risk. Discussions with these airlines should be initiated, when possible, as the carriers continue to expand their networks.

TOP 50 TRUE MARKETS

TABLE A.1 TOP 50 TRUE MARKETS

RANK	DESTINATION	MQT REPORTED PAX	RETENTION %	TRUE MARKET	PDEW	DIVERTING PASSENGERS			
						ORD	GRB	ATW	OTHER
1	Detroit, MI	10,435	64	16,295	22.3	0	0	0	5,860
2	Fort Lauderdale, FL	753	15	4,916	6.7	952	1,506	952	753
3	Phoenix, AZ (PHX)	2,210	46	4,829	6.6	1,526	354	0	739
4	Chicago, IL (ORD)	3,813	85	4,466	6.1	0	581	36	36
5	Orlando, FL (MCO)	1,995	46	4,344	6.0	466	575	192	1,116
6	Denver, CO	1,884	45	4,152	5.7	206	359	856	847
7	Los Angeles, CA	1,706	41	4,113	5.6	1,460	263	0	685
8	San Francisco, CA	1,405	38	3,657	5.0	706	703	562	281
9	Boston, MA	1,349	38	3,570	4.9	773	385	0	1,062
10	Las Vegas, NV	1,413	41	3,482	4.8	0	326	1,328	414
11	Charlotte-Douglas, NC	1,729	56	3,110	4.3	308	385	118	569
12	Dallas, TX (DFW)	1,981	66	3,010	4.1	114	209	0	706
13	Nashville, TN	1,157	40	2,915	4.0	387	0	1,028	342
14	Washington, DC (DCA)	1,716	60	2,861	3.9	1,145	0	0	0
15	Tampa, FL	1,648	60	2,759	3.8	289	218	311	293
16	Seattle, WA	1,042	43	2,409	3.3	720	65	0	582
17	New York, NY (LGA)	1,402	59	2,363	3.2	281	561	0	120
18	Minneapolis, MN	0	0	2,233	3.1	0	699	557	977
19	Austin, TX	919	42	2,167	3.0	228	510	408	102
20	Cancun, Mexico	239	11	2,092	2.9	1,195	538	120	0
21	Atlanta, GA	1,351	66	2,047	2.8	118	104	312	162
22	Philadelphia, PA	1,109	56	1,997	2.7	198	247	76	368
23	Portland, OR	698	37	1,879	2.6	443	349	0	388
24	Salt Lake City, UT	942	50	1,875	2.6	137	0	135	661
25	Raleigh/Durham, NC	1,017	55	1,841	2.5	182	226	69	346
26	San Diego, CA	1,216	76	1,608	2.2	200	128	0	64
27	Phoenix, AZ (AZA)	0	0	1,571	2.2	0	0	1,571	0
28	Newark, NJ	789	56	1,420	1.9	140	176	54	262
29	London, UK (LHR)	455	32	1,402	1.9	644	160	29	114
30	Baltimore, MD	660	52	1,269	1.7	154	147	45	264
31	Kansas City, MO	673	55	1,223	1.7	120	150	46	234
32	Jacksonville, FL	662	55	1,203	1.6	119	147	45	230
33	Fort Myers, FL	791	67	1,187	1.6	87	204	26	80
34	Hartford, CT	641	55	1,158	1.6	115	143	44	215

TABLE A.1 TOP 50 TRUE MARKETS

RANK	DESTINATION	MQT REPORTED PAX	RETENTION %	TRUE MARKET	PDEW	DIVERTING PASSENGERS			
						ORD	GRB	ATW	OTHER
35	St. Petersburg, FL	0	0	1,149	1.6	0	0	1,149	0
36	Orlando, FL (SFB)	0	0	1,141	1.6	0	0	1,141	0
37	Pittsburgh, PA	629	55	1,137	1.6	112	140	43	213
38	Sarasota/Bradenton, FL	245	22	1,125	1.5	44	55	691	91
39	St. Louis, MO	596	54	1,110	1.5	106	133	41	235
40	Houston, TX (IAH)	715	65	1,099	1.5	166	38	0	180
41	Punta Gorda, FL	0	0	1,085	1.5	0	0	1,085	0
42	San Antonio, TX	535	55	972	1.3	91	223	0	123
43	Miami, FL	497	54	918	1.3	101	111	34	175
44	Albuquerque, NM	482	54	888	1.2	90	107	33	175
45	Grand Rapids, MI	487	56	875	1.2	87	108	33	159
46	Paris-De Gaulle, France	281	32	868	1.2	399	99	18	70
47	Tucson, AZ	392	48	819	1.1	0	214	71	142
48	Cleveland, OH	455	56	819	1.1	81	101	31	150
49	Savannah, GA	271	35	764	1.0	49	60	290	94
50	Columbus, OH	418	55	755	1.0	74	93	29	141
Top 50 Destinations		**55,803**	**48**	**116,945**	**160.2**	**14,814**	**11,898**	**13,606**	**20,824**
Total Domestic		**68,822**	**50**	**137,972**	**189.0**	**15,215**	**14,210**	**14,410**	**25,313**
Total International		**4,481**	**30**	**15,171**	**20.8**	**7,205**	**2,030**	**394**	**1,060**
Total All Markets		**73,303**	**48**	**153,143**	**209.8**	**22,420**	**16,241**	**14,805**	**26,374**

GLOSSARY

AIRLINE CODES

AA	American Airlines
DL	Delta Air Lines
G4	Allegiant Air
NK	Spirit Airlines
UA	United Airlines
WN	Southwest Airlines

AIRPORT CATCHMENT AREA (ACA)

The geographic area surrounding an airport from which that airport can reasonably expect to draw passenger traffic. The airport catchment area is sometimes called the service area.

AIRPORT CODES

ATW	Appleton, WI
AZA	Phoenix-Mesa Gateway, AZ
DCA	Washington-National, VA
DFW	Dallas-Fort Worth, TX
DTW	Detroit, MI
GRB	Green Bay, WI
IAH	Houston-Intercontinental, TX
LGA	New York-LaGuardia, NY
LHR	London-Heathrow, UK
MCO	Orlando-International, FL
MQT	Marquette, MI
ORD	Chicago-O'Hare, IL
PHX	Phoenix-Sky Harbor, AZ
SFB	Orlando-Sanford, FL

ARC

Acronym for Airline Reporting Corporation.

AVERAGE AIRFARE

The average of the airfares reported by the airlines to the U.S. DOT. The average airfare does not include taxes or passenger facility charges and represents one-half of a roundtrip ticket.

CAGR

Acronym for compound annual growth rate, or the average rate of growth per year over a given time period.

DESTINATION AIRPORT

Any airport where the air traveler spends four hours or more. This is the Federal Aviation Administration definition.

DIVERSION

Passengers who do not use the local airport for air travel, but instead use a competing airport to originate the air portion of their trip.

FAA

Acronym for the Federal Aviation Administration.

HUB

An airport used by an airline as a transfer point to get passengers to their intended destination. It is part of a hub and spoke model, where travelers moving between airports not served by direct flights change planes en route to their destination. An airport classification system is also used by the FAA (e.g., non-hub, small hub, medium hub and large hub).

INITIATED (ORIGIN) PASSENGERS

Origin and destination passengers who began their trip from within the catchment area.

LCC/ULCC

Acronyms for low-cost carrier (LCC) and ultra-low-cost carrier (ULCC), airlines that operate with a low-cost business model and offering lower airfares than legacy carriers. Ultra-low cost carriers offer even lower fares that are unbundled, with the fare typically not including seat assignments, check-in or carry-on baggage fees, or in-flight meals.

LOAD FACTOR

The percentage of airplane capacity that is used by passengers.

LOCAL MARKET
The number of air travelers who travel between two points via nonstop air service.

MICRO
Acronym for Micropolitan Statistical Area. Micros have at least one urban cluster with a population ranging from 10,000 to 50,000 that has a high degree of social and economic integration with the core as measured by commuting ties.

NARROW-BODY JET
A jet aircraft with a single aisle designed for seating over 100 passengers.

NONSTOP FLIGHT
Air travel between two points without stopping at an intermediate airport.

ONBOARD PASSENGERS
The number of passengers transported on one flight segment.

ORIGIN AND DESTINATION (O&D) PASSENGERS
Includes all originating and destination passengers. In the context of this report, it describes the passengers arriving and departing an airport.

ORIGINATING AIRPORT
The airport used by an air traveler for the first enplanement of a commercial air flight.

PASSENGER FACILITY CHARGE
Fee imposed by airports of $1 to $4.50 on enplaning passengers. The fees are used by airports to fund FAA approved airport improvement projects.

PAX
Abbreviation for passengers.

PDEW
Acronym for passengers daily each way.

POINT-TO-POINT
Nonstop service that does not stop at an airline’s hub and whose primary purpose is to carry local traffic rather than connecting traffic.

REFERRED PASSENGERS
Origin and destination passengers who began their trip from outside the catchment area.

REGIONAL JET
A jet aircraft with a single aisle designed for seating fewer than 100 passengers.

RETAINED PASSENGERS
Passengers who use the local airport for air travel instead of using a competing airport to originate the air portion of their trip.

TRUE MARKET
Total number of air travelers, including those who are using a competing airport, in the geographic area served by MQT. The true market estimate includes the size of the total market and for specific destinations.

TURBOPROP AIRCRAFT
A type of engine that uses a jet engine to turn a propeller. Turboprops are often used on regional and business aircraft because of their relative efficiency at speeds slower than, and altitudes lower than, those of a typical jet.

U.S. DOT
Acronym for U.S. Department of Transportation.

WIDE-BODY JET
A jet aircraft with two aisles designed for seating greater than 175 passengers.

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