

**MASTER PLAN SUPPLEMENT**

**ROGUE VALLEY INTERNATIONAL-  
MEDFORD AIRPORT**

**Prepared For The  
JACKSON COUNTY AIRPORT AUTHORITY**

**Prepared By  
Coffman Associates, Inc.**

**January 2001**

“The preparation of this report (document) was funded at least in part by the Oregon State Lottery through the Jackson-Josephine Region Regional Board for the purpose of promoting economic and community development.”

## **Master Plan Supplement**

### ***AIR CARGO SHIPPERS AND RESULTS***

Approximately 75 surveys were mailed to potential/current users of air shipping facilities at the Rogue Valley International-Medford (RVI) Airport. The questionnaires were designed with a specific audience in mind, and a goal of collecting the pertinent data necessary to market potential from RVI Airport.

The shipper survey's response rate was approximately 20%. While this response level was somewhat disappointing, there were enough responses to base some general conclusions related to cargo use, forecasts, and facility needs.

### **ORIGINS AND DESTINATIONS**

The companies that participated in the survey were asked to list the principal destinations of their outbound shipments and the point of origin for incoming shipments. The top five responses are listed below.

<b>Destinations</b>		<b>Origins</b>	
<i>Domestic</i>	<i>International</i>	<i>Domestic</i>	<i>International</i>
Minnesota	Canada	California	Thailand
Colorado	England	Nebraska	India
Alaska	Germany	Colorado	France
California	Switzerland	Florida	Germany
Illinois	Mexico	New York	England

### **VOLUME**

Shippers were asked to estimate the total number of pounds shipped from RVI Airport, both domestically and internationally. The response was 40.25 annual tons to domestic destinations and 36.1 annual tons to international destinations. By extrapolating the response from the 20% of shippers who responded to the survey, we can estimate a total tonnage shipped domestically of 200 tons and 180 tons internationally.

Such a low number does not accurately reflect the potential from the local market. The potential cargo market for RVI Airport reaches as far north as Portland and as far south as San Francisco. When taking this larger market into consideration, the total tonnage of cargo that could be handled through the RVI Airport could be considerably higher.

## **FACTORS**

Shippers were asked to list the most important factors in selecting a method of freight shipment. The responses are listed below.

1. Speed
2. Cost
3. Special Handling
4. Reliability

## **SERVICES AND FACILITIES**

The shippers were asked to rate a set of six separate services and facilities for their importance to the user's shipment of freight and cargo through RVI Airport. The shippers were asked to rate these factors on a scale of 1 to 10, with 10 being the most important. These factors, and their ranking are listed below.

Customs Inspection	7.4
Foreign Trade Zone	5.5
Next Day Delivery	3.4
In-Bond Warehouse	2.2
Agricultural Inspection	1.9
Refrigerated Storage	0.6

## ***REGIONAL CARGO ACTIVITY***

As previously mentioned, geographic areas between San Francisco and Portland have been identified as being in RVI Airport's potential cargo market. In addition, cargo activity for Seattle will be included for comparison.

The areas between Portland and San Francisco are most closely positioned to Medford and will most likely be the primary areas from which Medford will need to attract business. The total cargo shipped through these airports in 1999 is shown on the next page:

Total Cargo - (metric tons) - 1999			
	San Francisco	Portland	Seattle
TOTAL	842,215	311,545	449,432
Source: Airports Council International North America			

Based upon supplemental information obtained from SFO, international air cargo made up 45 percent of the total cargo moved through the airport in 1999 (no breakdown available for Asia/Pacific market but assumed at 10 percent). For Seattle, 25 percent of the total freight was international and approximately 10 percent of the total cargo was in the Asia/Pacific market. Further breakdown of the Portland total was not available, but it can be assumed that a similar percentage (10 percent) is in the Asia/Pacific market.

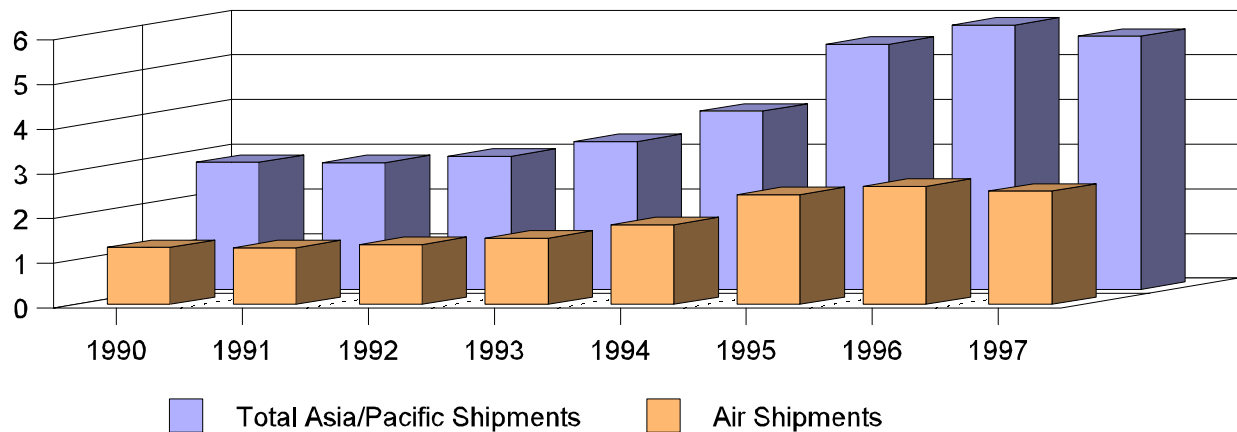
If RVI Airport were able to generate just 20% of the combined cargo movement in the Asia/Pacific market, over 32,000 tons of cargo would move through RVI Airport on an annual basis. This would equate to an average day demand of 123 tons (based on 260 working days) or 271,000 pounds. Assuming equivalent movements to/from the area, the daily lift capacity requirement would equate to two daily 747s (on a five-day per week schedule).

## OREGON EXPORTS

The following table shows total Oregon exports to the Asia/Pacific region since 1990. In the seven-year period, Oregon has posted a 9.0% annual growth rate to the Asia/Pacific region. Exports have increased from \$2.8 billion in 1990 to over \$5.6 billion in 1997. Assuming a consistent rate of growth, exports to Asia could exceed \$39 billion in 2019.

### Oregon Exports to Asia/Pacific

(billions \$)



Source: *Oregon Economic and Community Development Department*

According to the U.S. Department of Commerce 1997 Economic Census, nearly 45% of cargo leaving the United States for destinations other than Canada and Mexico were shipped via air. Using this figure, approximately \$2.5 billion worth of goods were exported via air shipping from Oregon to the Asia/Pacific region in 1997.

## INDUSTRY OUTLOOK

Air cargo is showing robust growth again after suffering through the Asian financial crisis. In 1999, world air cargo traffic grew by 5.7%. With this growth rate, it appears the world market should continue to show growth over the next few years.

Long term air cargo growth is expected to average between 5.7% and 6.4% per year over the next twenty years. Growth in markets tied to Asia will lead the industry, outpacing world air cargo growth rates. In fact, the Intra-Asian freight market is expected to grow at an annual rate of nearly 8.6%

Cargo flights between North America and Asia can be further broken down to Asia, China, and the Pacific. Growth forecasts for these areas for flights originating in North America, and for flights coming from Asia are listed below.

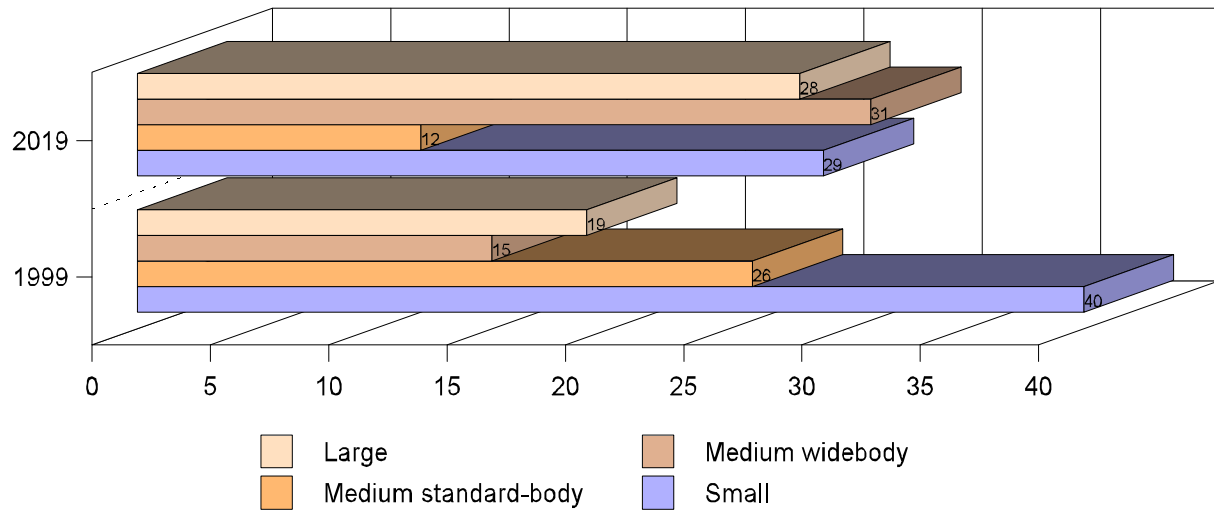
<b>Freight growth rates for selected sub-markets</b>				
Sub-Market	% of world FTK 1999	Average Annual Growth (%)		
		1999-2009	2009-2019	1999-2019
Asia - N.A.	7.31	7.4	6.1	6.7
China - N.A.	2.94	7.6	6.6	7.1
Pacific - N.A.	.34	4.4	3.7	4.1
N.A. - Asia	5.42	6.4	7.3	6.8
N.A. - China	.97	7.5	5.8	6.6
N.A. - Pacific	.83	4.6	4.0	4.3
Total World		6.1	5.3	5.7
Source: Airbus Market Forecast 2000-2019, cargo forecast results N.A. - North America FTK - Freight Tons Kilometers				

Although the forecasts listed above are for all flights coming from North America, it is safe to assume that the majority of cargo flights leaving North America for Asia are originating on the west coast due to the long distances involved. It is therefore reasonable to assume that these forecasts should hold true for the RVI Airport potential service area.

### ***WORLD AIR CARGO FLEET***

The makeup of the world's freighter fleet is currently dominated by small and medium sized aircraft. Over the next twenty years the world's fleet will undergo a massive change. Much of this change will occur as current passenger aircraft are converted to cargo use at the end of their passenger carrying life-cycle. Boeing is predicting the current fleet of 1,676 freighters will increase to 3,197 by 2019, with the highest growth in the wide-body freighters, such as the Boeing 747 and the Airbus A340 type aircraft. It is estimated that 2,600 aircraft will be added to the world's freighter fleet by 2019. With these additions, the makeup of the world's freighter fleet will include nearly 60% wide-body aircraft, up from only 34% in 1999.

## World Freighter Fleet Units (% of fleet)



*Source: Boeing World Air Cargo Forecast 2000-2001*

Markets linking to the Asia/Pacific region, namely North America and Europe, will generate much of the anticipated demand for these wide-body freighters.

For RVI Airport to take advantage of this growing cargo market to the Asia/Pacific region, two things need to happen: 1) the airfield will need to be upgraded to handle fully loaded wide-body (Boeing 747 and Airbus A340) aircraft for non-stop flights to Asia; and 2) RVI Airport will need to aggressively market their services to attract existing and future business from other regional cargo airports. To handle a fully loaded 747-400 freighter, RVI Airport would need in excess of 10,000 feet in length on the primary runway (the exact length required depends upon payload and temperature).