

# Forecast Process for 2015 TAF

## Introduction

The Terminal Area Forecast (TAF) contains historical and forecast data for enplanements, airport operations, Terminal Radar Approach Control (TRACON) operations, and based aircraft. The data cover FAA towered airports, Federal contract tower airports, TRACON facilities and non-FAA airports. Data in the TAF are presented on a U.S. Government fiscal year basis (October through September).

The TAF is prepared to assist the FAA in meeting its planning, budgeting, and staffing requirements. In addition, state aviation authorities and other aviation planners use the TAF as a basis for planning airport improvements.

The airport activity data contained in the TAF consist of the following:

- **Enplanements** (*sum of originating and connecting passengers*) for air carriers and regionals;
- **Itinerant operations** for air carriers, commuters and air taxis, general aviation (GA), and military aircraft;
- **Local operations** for civil and military aircraft; and
- **TRACON operations** for aircraft operations under radar control.

## Forecast Method

The TAF assumes a demand driven forecast for aviation services based upon local and national economic conditions as well as conditions within the aviation industry. In other words, an airport's forecast is developed independent of the ability of the airport and air traffic control system to furnish the capacity required to meet demand. However, if the airport historically functions under constrained conditions, the FAA forecast may reflect those constraints since they are embedded in historical data. In statistical terms, the relationships between economic growth data and data representing growth in aviation activity reflect those constraints.

The forecasts of passenger enplanements and commercial operations at airports with more than 100,000 enplanements in FY 2014 are based on a bottoms-up approach. The domestic enplanements are forecast by generating origin and destination (O&D) market demand forecasts using the DB1B (quarterly 10% sample) data to model passenger flow on a quarterly basis. The O&D passenger demand forecasts are based on regression analysis using fares, regional demographics, and regional economic factors as the independent variables. The O&D forecasts are then combined with DOT T-100 segment data to generate passenger forecasts by airport pair and segment pair. The segment pair passenger forecasts are assigned to aircraft equipment in order to produce segment pair operation forecasts. The quarterly segment pair forecasts are aggregated to produce annual airport forecasts.

Separate models are used to forecast international passenger enplanements and operations and cargo operations. The international passenger enplanements are forecast on a quarterly basis using time series analysis and T-100 segment data. The segment pair passenger enplanement forecasts are used to generate segment pair operation forecasts. The cargo operation forecasts are also generated on a quarterly basis using time series analysis and T-100 segment data. The segment pair forecasts for international passenger enplanements and operations and cargo operations are aggregated to the market pair and airport level on an annual basis.

The short run (2 year) forecasts of passenger enplanements and operations are produced using models at the airport level. These models incorporate the use of future airline schedules.

The forecasts of passenger enplanements at FAA facilities with fewer than 100,000 enplanements in FY 2014 are based on analysis of historic trends. The commercial operations forecasts are based on the enplanement forecasts, trend analysis, and enplanements per operation. In addition the commercial forecasts for these airports may be prorated in comparison to national forecast trends by category.

Forecasts of itinerant general aviation operations and local civil operations at FAA facilities are based primarily on time series analysis. Because military operations forecasts have national security implications, the Department of Defense (DOD) provides only limited information on future aviation activity. Hence, the TAF projects military activity at its present level except when FAA has specific knowledge of a change. For instance, DOD may announce a base closing or may shift an Air Force wing from one base to another.

For non-FAA facilities, historic operations in the TAF are from the Form 5010 data. These operations levels are held constant for the forecast unless otherwise specified by a local or regional FAA official.

### **Forecast Review Process**

Initially, FAA headquarters staff and management review forecasts for airports with more than 100,000 enplanements in FY 2014 and FAA facilities with fewer than 100,000 enplanements in FY 2014. These preliminary estimates are then submitted to FAA regional and district offices for review. Suggested changes made by the FAA regional staff are reviewed and, if determined reasonable by APO staff economists, are incorporated into the TAF. Significant increases in commercial activity forecasts are normally incorporated into the TAF only where APO receives verifiable evidence of a firm commitment by an air carrier or regional airline to initiate new service.

Summary statistics presented in the TAF differ from the national totals contained in the *FAA Aerospace Forecasts*. Reasons for the differences are threefold. First, the TAF forecast methods consider airport and market specific trends. Second, the TAF and national forecast measurements vary. For example, the TAF includes facilities not serviced by the FAA in its totals. These facilities make up a large share of

total general aviation operations. In addition, the TAF includes enplanements at U.S. airports only, whereas the national forecast includes enplanements on U.S. airlines at both U.S. and foreign airports. Finally, individual forecasts are not scaled to force aggregates to equal national totals.

## **Data Sources**

The development of the TAF begins with an update of the latest historical enplanement, operation, and based aircraft statistics, using information derived from several sources. FAA's National Flight Data Center provides general airport information such as the airport name, location, and location identifier. Airport operations and TRACON (radar assisted) operations data for airports with FAA and Federal contract air traffic control services are reported by FAA air traffic and Federal contract tower staff. Operations at non-FAA airports are taken from FAA Form 5010 reports on aviation activity at the airport as estimated by FAA inspectors or information provided by airport managers, state aviation activity surveys, and other sources.

U.S. domestic and international (U.S. and foreign flag carriers) enplanements are derived from the Department of Transportation's (DOT's) T-100 database. Regional carrier enplanements are derived from DOT T-100 and 298-C data.<sup>1</sup>

The origin and destination (O&D) data are based on the Airline Origin and Destination Survey (DB1B). This is a 10 percent sample of airline tickets from carriers reporting to the Office of Airline Information at the Bureau of Transportation Statistics.

Based aircraft data are collected by FAA inspectors, airport managers, and state aviation officials and reported on FAA Form 5010. These data show numbers of aircraft, mostly general aviation aircraft, permanently based at an airport.

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<sup>1</sup> In October 2002, DOT began collecting data for all airlines using the T-100 format. This change provides more detail on regional airlines, who previously reported on Form 298-C.