COUNT on PEARSON to grow the regional economy and strengthen communities

Howard Eng
GTAA President and CEO

Toronto Pearson
Count on Pearson to be more than an airport

Pearson facilitates or generates:

- **$11 Billion** in Exports.
- **$17 Billion** in Imports.
- **$25 Billion** in Outward FDI.
- **$23 Billion** in Inward FDI.
- **$42 billion (6%)** of Ontario’s GDP
- **49,000** Employed at Toronto Pearson

Source: Frontier Economics
Count on Pearson to provide access to global markets

5th most connected airport in the world

<table>
<thead>
<tr>
<th>Rank</th>
<th>Airport</th>
<th>Country</th>
<th>Connectivity Index</th>
<th>Dominant Carrier</th>
<th>Share of Flights at Hub</th>
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<tbody>
<tr>
<td>1</td>
<td>LHR</td>
<td>United Kingdom</td>
<td>333</td>
<td>British Airways</td>
<td>52%</td>
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<tr>
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<td>ORD</td>
<td>USA</td>
<td>306</td>
<td>United Airlines</td>
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<td>3</td>
<td>FRA</td>
<td>Germany</td>
<td>302</td>
<td>Lufthansa</td>
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<td>Netherlands</td>
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<td>KLM</td>
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<tr>
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<td>YYY</td>
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<td>Air Canada</td>
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<tr>
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<td>Singapore Airlines</td>
<td>23%</td>
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<tr>
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<tr>
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<td>Indonesia</td>
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<td>Garuda Indonesia</td>
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<tr>
<td>11</td>
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<td>Germany</td>
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<td>Lufthansa</td>
<td>59%</td>
</tr>
<tr>
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<td>KUL</td>
<td>Malaysia</td>
<td>233</td>
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<td>40%</td>
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<td>Hong Kong (SAR)</td>
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<td>Cathay Pacific Airways</td>
<td>26%</td>
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<tr>
<td>14</td>
<td>KKI</td>
<td>Hong Kong (SAR)</td>
<td>21</td>
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</table>

Source: OAG

72% connectivity with Global GDP through a daily, year-round, non-stop flight
Today
49.5 Million
Passengers in 2018 (5%+ over 2017)
Six consecutive years of total annual passenger growth of 5% or more.
70% of global economy reached from YYZ
6.3% of Ontario GDP ($42B)
332,000 jobs facilitated

2037
85 Million
Passengers
80+% of global economy reached from YYZ
8.5% of Ontario GDP
700,000 jobs facilitated

Count on Pearson to support growth
Growth to mega hub will continue

1997-2013
10M passengers in 16 years

2014-2017
10M passengers in 4 years

2017-2037
40M passengers in next 20 years
Drivers of Growth

- Rapid growth of emerging economies
- Lower overall cost of travel
- Manufacturers focusing on 100+ seat aircraft
- Asian growth has driven air travel’s centre of gravity (i.e. where passengers originate) south and east
Based on forecasts published by Boeing and Airbus, airlines’ announced fleet plans, and expected network evolution...

- Worldwide traffic doubles every 15 years; fleet will double in 20 years (70% of orders are to grow, not replace)
- In the next 5-10 years, Canadian passenger volumes to China, India, South East Asia, Middle East, and Sub-Saharan Africa are expected to grow at 8% CAGR; US growth to these markets is at 6.5%
  - Both will see passenger volumes double by 2027, faster than global passenger growth
  - Transborder-Int’l connections expected to grow as airlines integrate networks
  - High-growth priority markets include Delhi (12% annual passenger growth in the last 5 years), Bangkok (10%), and Guangzhou (GDP growing at 8% annually)
Growth through ‘up-gauging’

Toronto’s 37% growth in the past 18 years in comparison to a collection of North American Hub Airports

In all markets except Chicago (ORD), seats per movement increased.

- **LAX**: 135 → 161 (19%)
- **YYZ**: 111 → 136 (23%)
- **ORD**: 122 → 112 (-8%)
- **DFW**: 111 → 127 (14%)
- **ATL**: 131 → 143 (9%)
Where growth is coming from

- High relative growth
- Medium relative growth
- Low relative growth
Connecting passengers *and* the region

Regional demand by 2043 is expected to reach 110 million
Building capacity to facilitate growth

**Investment in capital projects has been significant and is ongoing**

- **2014-2018**: $1.3 billion
- **Planned 2019-2023**: $2.4 billion
Capital Projects

- Terminal 1 expansion – “Pier G”
- Aircraft parking and apron expansion at Terminal 1
Capital Projects

• Check in and bag drop facilities
• Connection flow and sectorization
• “Baggage 2025”
• Terminal 3 restoration/enabling program
Becoming a mega hub airport
Closer to mega hubs than to Canadian peers

- Pearson’s passenger base is >2x the size of their Canadian peers while only 1.5x smaller than the average mega hub.
- Pearson’s flight movements are 97% of the average mega hub.
Why being a mega hub matters

• Mega hubs are emerging thanks to growing consumer demand for air travel

• This demand is creating prosperity through global connectivity that far outweighs the economic strength of the local airport’s home region.

• The connecting passenger flows make routes viable for air carriers that local markets alone could not support.

• Such connectivity is a source of competitive advantage to the city-region in which the airport is located, and it confers economic benefits to the country as a whole.
Ground access is a challenge we’re trying to solve.
Pearson as the anchor of the Airport Employment Zone

2nd largest employment area in Canada

300,000 jobs
Congestion is a major barrier to connecting the region

- 30% average increase in driving time by 2043
- Costing an estimated $6 billion/year in lost productivity
- 6th worst commute of any major city in the world
- 1 million car trips/day in the Airport Employment Zone

Toronto Pearson

COUNT on PEARSON
Current transit connectivity

Mode Share

10% of passengers/commuters at YYZ take public transit

36% at London-Heathrow
40% at Amsterdam Schiphol
50% at Hong Kong Kai Tek
60% at Shanghai Pudong
Our vision for future transit connectivity
Transit vision anchored by “Union Station West”

Toronto Pearson has a vision for a passenger facility that could also serve as a second major ground mobility hub for the region.

Connect planned and existing lines in the airport area

Unique location at the boundary of municipalities and highways

Without passenger traffic, location still optimal
Opportunities for connections
The Northern Arc

- Nearly **twice as many** commuters from the West GTHA travel along the northern part of the city, vs downtown
- **Over 60%** of transit trips across the Northern Arc require at least one connection
- Over 20% require **two or more**
Comparing transportation hubs

90% of U.S. and Australian metropolitan areas with populations of 5 to 7 million have at least two major mobility hubs.
Better connections brings many benefits

A new multi-modal transit and mobility hub would:

• provide regional transit network connectivity
• allow for higher value, intensified employment lands
• connect people to jobs and amenities
• free up road and air assets for higher value use
• encourage more sustainable travel modes.
Schiphol airport area now commands some of the nation’s highest commercial rents, more than Amsterdam’s prime business district.

Numerous multi-national corporations are headquartered in the airport area, including ING, Philips, Microsoft and Citibank, and the rail station is located under the terminal complex.
Commercial property values near rapid transit stations

Commercial property values near new rapid transit stations
Increase by 20% in similar metropolitan areas

A study by the GTAA showed that the regional transit centre could create $500M+ in property values in the Airport Employment Zone.
Rapid transit increases employment levels

Jubilee line extension
(London UK)

- Completed in 1999
- 16km long, with 11 stations
- Connects Jubilee to all other Tube lines
- Employment in corridor grew at 17% between 1998 and 2000, compared to 8% average for Greater London
- Most new jobs were classed as “high value, high productivity”
- Incremental employment valued at $33B over coming 60 years
Northwest LRT extension
(Dallas, TX)

- Opened in 2014
- 7.5km extension of the DART Orange line
- Connects downtown Dallas with DFW airport
- Extension passes through major employment hub close to DFW
- Employment expected to increase by 83% (2000-2030), adding 60,000 jobs
- By Q3 2016, office leasing rates had improved by 30% y-o-y
Understanding today’s workforce to prepare for tomorrow’s

An estimated **49,000 people** are employed at Toronto Pearson.

We are completing analysis of an Airport Employee Transit and Demographic study to:

* Better understand commuting patterns and requirements
* Establish a baseline profile of current Toronto Pearson employees for future plans and programs
* Findings to be shared through interactive workshops and presentations
In fact, employment is on the rise at the GTAA

Full time employment at the GTAA has been steadily increasing in recent years:

• 2016 – 1,454
• 2017 – 1,529
• 2018 – 1,617
Where we’re at with Union Station West

- Designing the facility to connect to transit and meet airport requirements
- Working to understand ridership and land value opportunities
- Working with Metrolinx and governments; engaging with stakeholders
Gaining support

- Toronto Region Board of Trade published report Jan 31 endorsing Union Station West as priority infrastructure
- Ontario Chamber of Commerce published paper Dec 2018 supporting Union Station West
- Regular planning coordination with federal and provincial officials
Making the right connections

- Listening tables to engage municipal and other stakeholders in Q1/Q2 2019
- “The last mile” - Connecting to the Airport Employment Zone
- Connecting regional economic zones
- Connecting airports across the region
Your support

There has been broad support for Toronto Pearson's transit plans from residents, businesses and advocacy groups. Governments at all levels continue to assess and make decisions about the transit lines that could connect to Toronto Pearson.

We need more voices of support to help make Union Station West a reality.

TorontoPearson.com/transit
COUNT on PEARSON

Thank You