

BUSINESS DAY

Stewart Airport Adopts a New Identity: New York Area's Budget Flight Hub

Square Feet

By CHRISTINE NEGRONI APRIL 17, 2018

NEW WINDSOR, N.Y. — As the baggage claim area at New York Stewart International Airport filled with passengers arriving from Dublin last month, the airport's manager of business development, Michael Torelli, shook his head with delight.

“Awesome,” he said of the crowd.

Just two years earlier, the airport, 67 miles north of Manhattan, had 275,000 passengers, its slowest year since the Port Authority of New York and New Jersey began running it 11 years ago. This year, passenger volume is projected to more than double that as the region rediscovers an airport with more land than Newark Liberty International Airport and just a tiny fraction of its passenger volume.

“Where are you going to get the space to build a new airport now?” Ed Harrison, the general manager of Stewart Airport, asked during a lengthy drive around the airport property in Orange County.

The grounds include woodlands and a reservoir, giving the airport a rural feel. But the property, formerly a military airport, also contains an industrial park, a United States Department of Agriculture animal inspection center, three air cargo

operators, an Air National Guard base and a runway long enough to handle the largest jetliners.

Mr. Harrison and Mr. Torelli said that they expected more business from two commercial developments nearby: a ^{\$15.99}\$500 million Lego theme park scheduled for completion in 2020 and the \$1.2 billion Resorts World Catskills casino, which opened in February.

“We have 2,500 acres that are strategically located at the intersection of I-84 and 87, that now we’re advertising with access to New York City by bus for \$20,” Mr. Harrison said, referring to a shuttle service outside the passenger terminal. “The sky is the limit.”

Some of the optimism about the airport’s future is attributable to Norwegian Air International, a low-cost carrier based in Ireland that offers flights to the United States with one-way fares that often dip below \$100. The domestic budget airline Allegiant Air offers four daily flights to Florida and South Carolina.

Allegiant and Norwegian Air are seen as trailblazers to officials at the Port Authority, because if their service succeeds, it will encourage other airlines to offer flights at Stewart.

“Stewart has enormous potential to be a real gateway airport to the New York area,” said Rick Cotton, the authority’s executive director. The agency has spent \$200 million over the past decade to improve the airport, and an additional \$30 million has been set aside for the construction of a 20,000-square-foot hall for international arrivals. When complete in 2019, the hall will be able to process 400 passengers an hour.

By focusing on a low-cost carrier identity, Stewart is part of a growing trend among airports in the United States. It is following a pattern established in Europe and Asia, where budget airlines have reinvigorated smaller airports on the outskirts of major cities, said Matthew J. Cornelius, vice president of air policy at Airport Council International, an industry group.

“They’ve had the ability to strengthen their power, and now the Europeans are coming across the Atlantic,” Mr. Cornelius said, adding that the international

airlines were seeking smaller airports like Stewart, as well as those in Hartford and Providence, R.I. "They're used to operating at secondary airports, so it's a natural."

This attracts passengers like Gavin Bamford of Northern Ireland, who arranged to visit family in Pennsylvania after finding a \$364 round-trip ticket to Stewart Airport on Norwegian Air's website. Before he returned to Belfast, he said that if fares remained low, he would come back to Stewart, rent a car and drive 400 miles to see relatives in Toronto.

"Stewart was not just about New York City for us," said Anders Lindstrom, Norwegian Air's director of communications for North America. "We see a lot of customers from upstate New York who will drive for hours to get there, as well as from northern New Jersey and Connecticut."

Several former military airports on the periphery of large metropolitan areas in the United States have been repurposed. Their prime location, along with assets like long runways and underlying infrastructure, can help communities keep up with increasing demand for air travel.

Traffic jams are frequent on the sole highway leading to Seattle Tacoma International Airport, which has grown over the past few years to become one of the nation's busiest airports. Sea-Tac, as it is known, served nearly 47 million travelers in 2017, a 25 percent increase over five years.

But about 37 miles north in Snohomish County, away from the congestion on Interstate 5, a former military airfield called Paine Field was being used by Boeing for test flights and general aviation. It was ripe for commercial flights, said Brett Smith, chief executive of Propeller Airports in New York, which is developing a passenger terminal at the airport with county officials.

The Alaska Airlines subsidiary Horizon Air, United Airlines and Southwest Airlines have announced that they will offer multiple daily flights at Paine Field while continuing service at Sea-Tac.

"The fact they're splitting their operation shows how much Seattle needs this," Mr. Smith said. The airlines are not shifting business, but they "are adding capacity

to the market in Seattle,” he said.

Like Seattle, Phoenix had an opportunity to alleviate congestion at Sky Harbor International Airport, Arizona's busiest airport. In 2007, a former Air Force base 30 miles southeast of the city was renamed Phoenix-Mesa Gateway Airport, and Canada's WestJet and Allegiant began offering flights.

Gateway's master plan calls for an investment of \$722 million to accommodate growth. The plan relies in part on federal money set aside for the repurposing of joint-use or no-longer-in-use military airfields.

“Twenty, 30 years ago, we were a military base on the outskirts of civilization, but the growth has continued to move east,” said J. Brian O'Neill the airport's executive director and chief executive. “We anticipate this market will continue to grow and will require service from two full-service airports.”

This is not the first time municipalities have pegged commercial and economic development plans to the business decisions of airlines. In the 1990s, Texas-based Southwest Airlines favored smaller airports, choosing to fly into Providence over Boston and Baltimore over Washington. Customers traveled to these secondary airports to take advantage of Southwest's lower fares. The term “Southwest effect” is still used in the airline industry, but now it could also be called the Norwegian or Allegiant effect.

Still, in his job monitoring airports around the world, Mr. Cornelius of the Airport Council said communities needed to be cautious that capital and time-intensive airport development did not hinge too heavily on airlines.

Not only can airlines be fickle in their route planning, but bad publicity can have an impact on travelers' confidence. Allegiant was the subject of a “60 Minutes” report this month that showed the airline had a higher rate of safety events than other American carriers. Now, three senators are calling for an investigation into the airline, which could affect passenger numbers at the airports where Allegiant operates.

“If you build it, they won’t necessarily come,” Mr. Cornelius said. There has to be a need.

“You have to have the traffic to sustain all those elements at the airport, to fund the concessions, to create a parking lot,” he said. “You have to have the demand.”

Correction: April 20, 2018

An earlier version of this article misstated the distance between Seattle Tacoma International Airport and Paine Field. They are about 37 miles apart, not 12.

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