



Airports have long been recognized as hubs of economic activity, bringing jobs, development, vitality, and an expanding tax base to communities. Huntsville International Airport in Alabama is one such economic growth engine.



One of Rick Tucker's childhood memories is of riding in the back of a car for what seemed like an eternity on a small, two-lane road out of Huntsville, Alabama, to watch an air show at the newly built Huntsville Jetport, about 12 miles out of town. Tucker is now grown up and the executive director of that airport built in a 3,000-acre field about midway between Huntsville and Decatur, Alabama. He has been with the organization since 1978 and executive director since 1994, and the airport he remembers from his childhood has grown into a bustling international inland port that ranks 14th in the nation for the transport of international air cargo.

With more than 1.2 million passenger boardings annually, in addition to its critical cargo services, Huntsville's airport is considered a primary commercial service airport by Federal Aviation Authority (FAA) standards. A 2008 report on the airport estimated that it had a total multiplied economic impact of nearly 25,000 jobs and \$942.8 million in payroll. Clearly, Huntsville International Airport is no fly-by-night operation.

Additional figures from the report, researched and written for the airport by Niles Schoening, emeritus professor of economics at the University of Alabama in Huntsville, include those on

direct employment at the airport (761 jobs) and employment by tenants of the Jetplex Industrial Park (6,334 jobs), as well as employment resulting from construction projects (597 jobs) and from commercial passengers passing through the area (5,314 jobs). It also looks at the total tax impact, estimated to be \$241 million in 2008. The airport—along with an intermodal center and the Jetplex Industrial Park, a 4,000-acre site hosting more than 54 companies from seven countries—is collectively referred to as the Port of Huntsville. The International Intermodal Center has a customs port of entry, which means the airport can bring in cargo directly from overseas, without first bringing it through customs in New York, say, or Miami.

Policymakers, aviation authorities, politicians, economic developers, and others have long affirmed that airports—whether they're general aviation airports located in rural areas, or small-hub commercial service airports like Huntsville's, or commercial mega-airports like Atlanta's Hartsfield International Airport, arguably the busiest airport in the world—benefit the communities where they are based because they bring jobs and money to the area. "In the same way that the engine is the beating heart of an aircraft, an airport is the economic growth engine for communities large and small in today's global economy," writes Randy Pope in a report on airports' economic impact for the engineering consulting firm Burns & McDonnell.

Economic impacts of airports in the United States and Southeast

The Economic Impact of Commercial Airports in 2010, an analysis from the Airports Council International–North America, also supports this belief in the value of airports. This report concludes that the total economic output tied to 490 U.S. commercial airports in 2010 was \$1.2 trillion. The U.S. gross domestic product (GDP) that year was \$14.5 trillion, so the impact of commercial airports amounted to about 8 percent of the country's total GDP. Similarly, the report counts 10.5 million workers associated with commercial airports and their related activity—more than 7 percent of the total U.S. workforce, which was about 139 million at the end of 2010.



Table 1
Direct Economic Impacts of Commercial Airports in the United States

Impact Measure	On-Airport	Capital Improvement Projects	Visitors	U.S. Total
Employment	1,244,380	72,290	3,554,600	4.9 million
Payroll	\$58 billion	\$2.7 billion	\$79.6 billion	\$140.3 billion
Output	\$227 billion	\$15.4 billion	\$217.5 billion	\$460.2 billion

Source: Airports Council International—North America, *The Economic Impact of Commercial Airports in 2010*

Table 2
Multiplier Impacts of Commercial Airports in the United States

Impact Measure	On-Airport	Capital Improvement Projects	Visitors	U.S. Total
Employment	2,983,290	187,220	2,455,650	5,626,160
Payroll	\$113.2 billion	\$4.3 billion	\$107.6 billion	\$225 billion
Output	\$361.4 billion	\$26.3 billion	\$331.1 billion	\$718.8 billion

Source: Airports Council International—North America, *The Economic Impact of Commercial Airports in 2010*

Tables 1 and 2 lay out these numbers by category and source. *Direct economic impacts* reflect payroll, capital expenditures, operating and maintenance costs, taxes, and fees incurred by all service providers at the airport. These providers include airport operators, fixed-based operations (providing fuel and other support for private aircraft), air carriers, freight haulers, concessionaries, government installations, educational institutions, military facilities, flight schools, maintenance operations, and others. *Multiplier impacts* consider secondary economic benefits associated with the users of airport services (also known as *indirect impacts*) and the additional local economic impact generated specifically because of the airport's presence, including related employment, payroll, and employer expenditures (also known as *induced impact*).

Charts 1 and 2 show the number of airport jobs and payrolls by southeastern state.

Finally, table 3 on page 21 shows the total economic impact, which includes direct and indirect employment as well as multiplier effects, by state and for the United States as a whole.

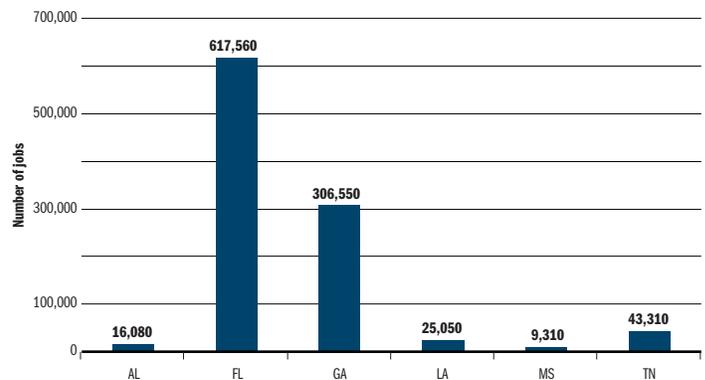
Commercial airports in the Southeast

Two southeastern states are among the top five commercial airports with the most economic impact. Interestingly, research findings from economist Richard Florida, director of the Mar-

tin Prosperity Institute at the University of Toronto, and two colleagues from Sweden's Jönköping International Business School suggest that larger airports tend to be found in climates with warmer winters—and, incidentally, near cities with a vibrant arts culture. (More information on the report is below. In Florida's statistical analyses, he dubs the cultural factor the "Bohemian Index." He has also written a book, *The Rise of the Creative Class*, about the importance of this culture in economic development.)

The state of Florida, with its large tourism industry and its appeal to international visitors and investors, has the largest number of airports with the greatest economic impact. Georgia has Hartsfield International Airport, the busiest in the world for the past 15 years. An economic impact study from the Geor-

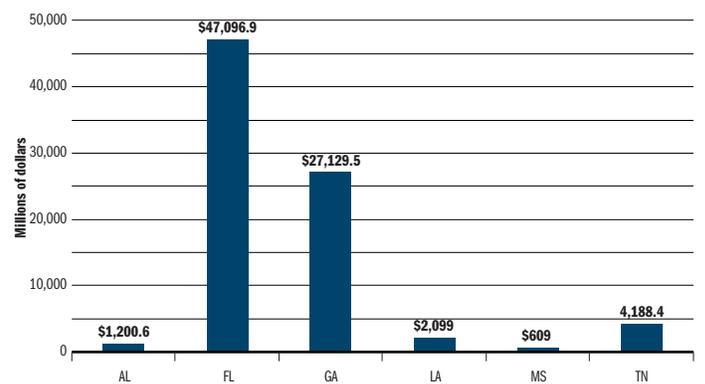
Chart 1
Direct Employment by Southeast Airports



Note: The total U.S. direct employment by airports in 2010 was almost 5 million.

Source: Airports Council International—North America, *The Economic Impact of Commercial Airports in 2010*

Chart 2
Total Airport Payroll in 2010, Southeast



Source: Airports Council International—North America, *The Economic Impact of Commercial Airports in 2010*



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considering airport projects.

In 2012, the Martin Prosperity Institute's Richard Florida and his two colleagues also took a statistical approach to looking at airports and their role in economic development. Their results corroborate Green's: "The effect of airports on regional development occurs through two channels—their capacity to move both people and cargo, with the former being somewhat more important," they write. Florida and his coauthors also note that airports are likelier to be in larger metropolitan areas with more cultural workers (the so-called Bohemians) and "airports add significantly to regional development measured as economic output per capita...and the impact of airports on regional development depends on their size."

Huntsville is a growing community

It is difficult to say whether the Huntsville airport has prompted growth in the region, or whether the airport has grown because the region has grown. Nevertheless, it has grown considerably since Tucker attended that airshow as a child. When he joined the airport in 1978, the airport had a staff of 21. The airport—whose location has expanded from the original 3,000 acres to nearly 7,000—now boasts 105 employees, and its annual budget went from \$600,000 to \$23 million.

Huntsville International Airport just completed a five-year, \$92 million capital improvement plan that culminated in a brand-new baggage claim. It has two parallel runways with enough space between them (5,000 feet) that they can operate independently. The longer runway can handle a Boeing 747-8 Freighter, the newest—and largest—commercial aircraft built in the United States. "We are one of only 12 airports in the country certified by the FAA to handle group VI aircraft," Tucker noted. Group VI is an FAA designation of the largest class of airplanes.

Meanwhile, as the airport grew, so did Huntsville's metropolitan statistical area, which includes Madison County, the home of Huntsville, and Limestone County. In 1970, the metro area had a population of more than 228,000. Thirty years later, in 2010, the population stood at almost 418,000. The 2010 figure, in fact, was a 22 percent increase from 2000's figure, which made the metro area the second largest in the state, behind Birmingham and ahead of Mobile and Montgomery.

Tucker explained that the airport has a master plan that allows for an additional three parallel runways. Hartsfield International currently has five. "Atlanta, as a result of those runways, has by some calculations become the busiest airport." He paused and said, "As a result of our ability to add more runways, with the potential ultimately to run triple simultaneous operations, we say we have unlimited growth potential." ■

This article was written by Nancy Condon, associate editor of EconSouth.

Table 3
Total Economic Impacts

State	Employment	Payroll
AL	35,910	\$1.2 billion
FL	1,209,580	\$39.9 billion
GA	637,360	\$27.1 billion
LA	72,690	\$2.1 billion
MS	21,300	\$0.7 billion
TN	90,590	\$4.2 billion
United States	10,497,430	\$365.3 billion

Source: Airports Council International—North America, *The Economic Impact of Commercial Airports in 2010*

gia Department of Transportation estimates that Hartsfield's economic impact is more than 16 times larger than Georgia's remaining commercial airports combined.

Airports as economic growth engines?

Recently, some economists have peered more closely at the direction of the relationship between airport activity and community vibrancy. Does the presence of an airport contribute to the growth of its hosting metropolitan area, or does the activity of the metropolitan area guarantee the presence of an airport? Or as University of Southern California professor and economist Richard K. Green has stated: "Airports may be a function of, as well as a cause of, growth," he said. "This is a problem of simultaneity, as it's known among economists."

Green undertook a careful economic analysis, controlling for variables that might obscure the direction of the influence, and confirmed that airports do indeed spur growth. What he found, though, is that "passenger activity is a powerful predictor of growth; cargo activity is not." In other words, the more passenger boardings (or originations) an airport has, the likelier that this activity moves out into the metropolitan area. Although cargo activity has some influence, it does not have nearly as much as passenger activity. Green cautions that his results are not conclusive, but that they are statistically significant enough that they should have some policy implications for communities