

airports and regions:

THE ECONOMIC CONNECTION

By Leslie Ensign



Southgate Plaza, the new landmark at the south entrance of Dallas/Fort Worth International Airport, is the first mixed-use development on the airport. Restaurant sites are part of this development anchored by a Hyatt Place hotel, the DFW Airport Headquarters, and the U.S. Post Office.

Airports can create distinct economic advantages for the regions they serve and greatly benefit businesses within those regions. In the Dallas-Fort Worth region, the fourth largest and fastest growing region in the United States, business and leisure travelers have the benefit of the global super hub in Dallas/Fort Worth International Airport (DFW). Some have said that DFW Airport, and its worldwide access, is largely the reason for the region's continued growth. For many years, DFW Airport has been con-

sidered the economic engine of the North Central Texas region, and a new study, *Economic, Fiscal, and Developmental Impacts of Dallas-Fort Worth International Airport*, completed in September 2013 by the Center for Economic Development and Research at the University of North Texas, has confirmed this position. The study shows that DFW generates an annual economic impact of \$31.6 billion.

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THE ECONOMIC IMPACT OF DALLAS/FORT WORTH INTERNATIONAL AIRPORT PROVIDES A MODEL CASE STUDY FOR THE SIGNIFICANT CONTRIBUTIONS OF THE AIRPORT TO THE NORTH TEXAS REGION

The North Texas region is the fourth largest and fastest growing in the nation, thanks in a large part to Dallas/Fort Worth International Airport's role as connector, facilitator, and home to local, domestic, and global business for the past 40 years. A study by the University of North Texas explores why the airport is such an integral part of the region's economy, providing an annual impact of \$31.6 billion, as well as hundreds of thousands of jobs. DFW's strategic location, significant cargo capabilities, and international reach, as well as its unique zoning and commercial land development opportunities, are all factors behind this regional economic engine.

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A KEY DRIVER OF ECONOMIC SUCCESS

The biggest difference between the 2013 study and previous studies is the inclusion of regional business activity supported by air cargo operations at DFW Airport. Air cargo is a key economic driver for both the airport and the region, with economic activity at \$16.7 billion every year, the study found. The impact of air cargo is significant due to the region's sizeable concentration of high-tech and aerospace manufacturing, which are also considered to be of high value.

Besides business activities that support air cargo, researchers considered a number of other factors to determine the DFW's direct, indirect, and induced economic impacts that characterize the regional economic landscape. This analysis captured the economic activity generated by recurring activities, such as the operations of air carriers, concessionaires, and tenants located on

airport property, along with visitor spending by passengers. Researchers ascertained direct and indirect employment and wages, as well as revenue generated for local taxing jurisdictions and the value of other activities, such as capital improvement projects.

Of critical importance to the region is the study finding that revealed DFW played a key role in creating and maintaining jobs during a relatively slow economy. The study states that DFW Airport and its associated business activities provided more than 143,000 permanent jobs, which paid in excess of \$9.4 billion in annual salaries and benefits. Additionally, capital improvements at DFW produced another \$5.8 billion in economic impact to the region from fiscal years 2005 to 2013 and supported 42,400 person-years of employment.

It is important to note that capital improvement projects persisted during a time when the national economy had weakened. These capital projects, such as the \$2.3 billion Terminal Renewal and Improvement Program (TRIP), new DART Station construction,

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Over the last three years, DFW has experienced tremendous growth in air service with more than 200 destinations worldwide, including the addition of Qantas Airways' nonstop flight to Australia. In September 2014, the airline will begin flying the Airbus A380, the largest passenger jet in the world, on route to Sydney six days a week.



The award-winning Grand Hyatt DFW in International Terminal D received the AAA Four Diamond Award in 2014 and the 2013 Certificate of Excellence from TripAdvisor, among other accolades.

Terminal A Parking phase 1, and numerous other projects, helped the North Texas economy weather the downturn more effectively than the region might have otherwise.

"It's clear that Dallas/Fort Worth International Airport is a key driver of economic success for North Texas," said Dr. Terry Clower, director of the Center for Economic Development and Research at the University of North Texas. "In an increasingly global economy, this critical component of the region's transportation infrastructure supports business activity through easy access to markets around the world and enhances the quality of life for North Texas residents."

LOCATION, ACCESSIBILITY, AND SPEED

Tenants at DFW cross a multitude of business sectors, such as aviation and aerospace, transportation and logistics, warehousing, manufacturing, durable medical equipment, and more; and they appreciate the easy access to multiple transportation methods from their airport locations. In fact, the study indicates that DFW Airport's business tenants (not including concessionaires located in the terminals) generate almost \$1.6 billion in regional economic activity each year, while supporting more than 6,400 jobs. Many of these tenants need access to the services available at DFW Airport, such as air cargo. If not for this easy-access to air cargo, many would simply need to locate elsewhere, according to the UNT study.

One of the major benefits for businesses at DFW is the airport's location – a top reason businesses consider DFW. The geography of the airport is such that it sits at a national transportation crossroads with nearby rail lines and highway systems, which create outstanding opportunities for the development of intermodal, aviation-oriented businesses in what is becoming known as an aerotropolis – where the commercial development of a region occurs with the airport as the central focus for business.

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Dallas Area Rapid Transit (DART) Rail arrives August 18, 2014, at Terminal A, ushering in a new era at DFW Airport and connecting passengers and employees to downtown Dallas.

ALL ABOARD: DFW WELCOMES LIGHT RAIL WHILE CELEBRATING MILESTONE ANNIVERSARY

Dallas/Fort Worth International Airport (DFW) celebrates its 40th year throughout 2014 and looks to a future that broadens its reach and expands its connections around the world. Recent air service growth at DFW, allowed the airport to become one of only seven in the world to serve more than 200 destinations. DFW also entered a new era in 2014 with the addition of light rail as an option for passengers and employees.

In partnership with Dallas Area Rapid Transit (DART), DFW constructed a new light rail station at Terminal A. The DART Orange Line will arrive at DFW August 18 and provide service to downtown Dallas where riders have access to the entire DART system.

The partnership between DART and DFW brought about an expansion of DART's mass transit system that represents the start of one of the airport's most significant developments for the future. For international travelers, who are already accustomed to using public transportation systems as links from airports to city centers, DART Rail brings a

familiar mode of transit to DFW. For many of the 60,000 employees who work at DFW Airport, DART Rail provides an alternate option for daily commutes. And, for others, who previously were unable to access jobs at DFW, the new rail line opens a new avenue to potential employment.

DFW is also working in partnership with the Fort Worth Transportation Authority (The T) on a major terminal on its TexRail Cotton Belt Line, a commuter rail line that will connect the airport to downtown Fort Worth. Construction is planned for the Cotton Belt Line station at Terminal B adjacent to the DART station, and thus will provide an important connection between the main business centers of Dallas and Fort Worth.

"World class airports across the globe are connected to their city centers through mass transit systems," said John Terrell, vice president of Commercial Development for DFW Airport. "DFW's partnerships with DART and The T change the dynamic of the airport for businesses in Dallas and Fort Worth as well as within the boundary of DFW."

Other factors in considering a location near an airport are accessibility and speed. DFW's growth in air service avails access to desirable new markets, domestically and worldwide. In fact, since 2011 DFW has added a record 17 new international destinations and become one of only seven airports in the world with more than 200 global destinations. With most major North American markets just a four-hour flight away, direct routes to 56 important international cities and access to 14 major cargo hubs worldwide, DFW is positioned for further growth, which points to even more opportunities for global business. The Dallas/Fort Worth area is already one of the nation's most prosperous and vital economies with a significant representation of Fortune 500 companies.

"To be successful in business today, companies have to be able to connect to the world. With increasing accessibility to important markets – not only across the country, but throughout the world – businesses respond," said Donohue. "The connectivity that our airline partners have brought to DFW has had an influence on a sizeable number of major international companies choosing the Dallas/Fort Worth region."

With quick access to the international and domestic routes that are important to business, connectivity has become a critical factor for DFW Airport as the major economic driver for North Texas. Businesses recognize the importance of international connectivity, which is why many have chosen to be near DFW Airport.



DFW International Airport has come a long way over the last 40 years, but the commitment to help North Texas and its communities remains unchanged. DFW generates more than \$31 billion in annual economic impact to the region.

CHANGING THE PATTERN OF DEVELOPMENT

"We frequently hear from companies in the course of our work in economic development at the Fort Worth Chamber of Commerce that say DFW Airport is one of the key motivations for selecting a site for business operations within the Dallas/Fort Worth region," said David Berzina, executive vice president - economic development, Fort Worth Chamber of Commerce. "Over the last 40 years, DFW's success, not only for air service, but commercial development as well, has been and continues to be a stimulus for economic growth across the region."

Another factor that pairs well with market access from DFW is the outstanding business climate within the Dallas/Fort Worth region and in the state of Texas. As airlines grow more air service at DFW, commercial

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Founders Plaza at DFW International Airport.



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Southgate Plaza, DFW's first mixed-use development, is anchored by a Hyatt Place hotel, which provides a third-tier in hotel accommodations available at the airport.

activity continues to grow as well, with companies expanding or locating within the region to take advantage of the outstanding connectivity – a demonstration of how DFW Airport drives an already strong regional economy.

Along with connectivity, companies that manufacture high-value products, such as electronics aircraft parts, and medical supplies, also seek methods to ensure their products rapidly move to their markets. With the number of cargo and passenger airlines serving DFW, the dynamics are at work to make that happen. Complementing DFW's airline services are a host of businesses nearby that also serve the airport and its customers.

Though both Dallas and Fort Worth each had its own respective regional airport, to create an airport that could facilitate the region's future growth, these neighboring cities shaped a vision around a large plot of land situated 17 miles from each city's center – a site that has become a preeminent global hub that is today's DFW International Airport.

When DFW opened in 1974, midway between its owner cities of Dallas and Fort Worth, the airport was surrounded by farmland with potential for becoming the central business district of the region. Though both Dallas and Fort Worth each had its own respective regional airport, to create an airport that could facilitate the region's future growth, these neighboring cities shaped a vision around a large plot of land situated 17 miles from each city's center – a site that has become a preeminent global hub that is today's DFW International Airport. The airport's 17,000+ acres – an area the size of Manhattan – held latent value as a location with promise for commercial development. Over the last 40 years, the foresight of these two great cities led to the position of DFW Airport as a major facilitator of regional growth for international business.

"It wasn't that long ago when airports were built near cities with roads connecting one to the other. What we are seeing today is that air travel and expanding global business networks have changed the pattern of development," said John Terrell, vice president commercial development for DFW. "Cities are now effectively orbiting their airports. And airports, such as DFW, have become economic engines within a region."

TENANT PARTNERS

With 6,000 acres of developable land and a Foreign Trade Zone (which provides numerous tax benefits) that covers 2,500 acres, DFW is the center of a complex distribution, shipping, and logistics network, as well as



Aviall, A Boeing Company, the world's largest provider of new aviation parts and related after-market services, cited its on-airport location in International Commerce Park, as a significant factor to its operational success.

a destination for a number of business sectors. DFW can count a number of these sectors among its tenant partners who understand that access to the airport is a key piece of their success and there are plans for more:

- **Aviall, A Boeing Company**, distributor of aircraft parts, located its largest distribution center at DFW's International Commerce Park and later moved its headquarters to the same location as well. While on airport property, Aviall is located within the city limits of Irving and is a major tax-payer to that community.
- **Fresenius Medical Care**, a major provider of kidney dialysis services and renal care products, is currently building a 500,000-square-foot manufacturing facility at DFW's **Coppell Industrial District**, which is situated in the city of Coppell.
- Coming soon to the Coppell Industrial District is a **logistics center** that will include two adjacent buildings totaling more than 2 million square feet. The plan calls for the facilities to be a center for distribution, warehouse, office, assembly, and operations. DFW expects ground to break on this development in early- to mid-2014.
- DFW will soon welcome **high-end automotive** dealerships to the airport – the first within this industry to locate at DFW. These businesses, including the new Grubbs Infiniti dealership, will be within the city limits of Grapevine and will be the first businesses on-airport from the automotive sales industry. This business will be located in the **Founder's Plaza Center** development.

• New opportunities are on the horizon for mixed use in DFW's **Southgate Plaza** in the city of Euless. The development is the future home of the DFW's Consolidated Headquarters, **Hyatt Place Hotel**, and the **United States Post Office**. DFW is engaged in direct marketing efforts to develop various retail/restaurant pad sites at this new landmark at DFW's south entrance.

Plans for other developments on airport land are also being considered or are underway at DFW, including:

- **Passport Park**, a 600-acre area at the southern gateway to DFW Airport, which has the development capability of accommodating multiple big box retail anchors, junior anchors, and supporting specialty shops.
- At the northern access point to DFW Airport is **Founder's Plaza Center**, a 60-acre development site, which is ideal for future restaurant, hospitality, cultural, and educational uses. The site is conveniently positioned minutes away from airport terminals, local attractions, and entertainment venues. The **Founder's Plaza Center** site is situated on one of the most traveled highways in North Texas with approximately 200,000 vehicles per day, promoting the location as an advantageous commercial development opportunity.
- A 45-acre, master-planned development that features hospitality, convenience retail, quick-serve restaurants, and the potential for flex-office space at **Interstate 635 and Royal Lane**.

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- Quick freeway access from Grapevine Main Street and/or Texan Trail Drive make the **Northwest Logistics** development district, at the north end of the airport, an attractive possibility. The 200-acre district also has excellent visibility and accessibility from the SH121/114 frontage road. The balance of the site is envisioned as predominately industrial/warehouse.
- Another industrial district, **Walnut Hill Industrial**, has approximately 250 gross acres for development, with quick access to SH161, SH183, and SH121/114, three major highways serving the DFW Airport area.
- At the southwest end of DFW is a 1,800-acre area that will be developed into the **Bear Creek Office Park**. The plan for this site is to unite sustainable design with local, natural aesthetics by embracing the streams of Bear Creek and complementing the characteristics found in nearby Trigg Lake.

DFW has unique opportunities for business that other locations cannot offer. With an airport location, businesses benefit from the close proximity of customs, air cargo service is just a short distance away for next day deliveries, and the advantage of speed-to-market is readily available. In addition to moving products, executives and clients who travel from across the globe find the on-airport location exceptionally convenient.

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“DFW Airport is the gateway to regional, national and international destinations and continues to be one of the most active airports in the world. It’s no accident that in an economy, which is becoming more and more global, companies seek locations near airports. Connectivity, nationally and internationally, are increasingly important,” said Donohue. “As DFW Airport continues to build worldwide connections and implement planned developments on the airport, the year-over-year economic impact on the Dallas/Fort Worth region will continue to increase and be an even more significant force in the local economy.” 



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