The airport city has come of age, providing an opportunity to re-evaluate land uses on- and off-airport and the airport’s role in regional economic development.

The “airport city” concept is not new. Its visionaries include commercial artist Nicholas DeSantis in the 1930s; renowned aeronautical engineer H. McKinley Conway in the 1970s; and University of North Carolina Professor John Kasarda since the 1990s. Meanwhile, various elements of the concept have appeared at airports, reflected in retail shopping venues with “market pricing,” restaurants featuring regional cuisine, and in-terminal hotels.

The airport city has come of age in recent years because of changes in the global economy. In developing countries, the airport city concept is being used as an urban planning tool to accommodate strong economic and population growth. In the United States, the airport city concept is viewed as a means of increasing nonairline revenues amid the uncertainty of federal funding, as well as promoting economic development and job creation. This focus piece examines U.S. applications of the airport city concept. For a discussion of the airport city in the developing world, please see our November 2012 compendium “Adapting to a Changing Global Economy” available on our website.

All Roads No Longer Lead to Rome
Global cities are greater in number and more geographically dispersed today than 20 years ago.

The idea that global trade relies on one hub such as Rome or a handful of megacities such as New York, London, and Tokyo is outmoded. Today, more than 500 global cities with populations of 1 million or more have an active role in the global economy. Megacities are often the focus of business investment, but midsize global cities with populations of 2 million to 5 million, such as Brasilia, Denver, Guayaquil, Hanoi, Manchester, Nairobi, Seattle, and Vancouver, are experiencing the fastest economic growth. Midsize cities are emerging as key drivers of global growth, with the Gross Domestic Product (GDP) of these cities collectively forecast to increase an average of 9% per year through 2017, according to a 2012 Economist Intelligence Unit study, Benchmarking Global City Competitiveness.
C is for Connectivity

Connectivity is key to the continued growth of global cities and emergence of airport cities.

Although there is no industry-standard metric of connectivity, recent research by the MIT International Center for Air Transportation defines airport connectivity as a function of the frequency of scheduled flights and the quantity and quality of destinations served nonstop and with connecting service. In the MIT study, the overall connectivity of an airport is higher if there is airline service to large hubs and international gateways where there are more opportunities for connecting service to a large number of destinations. For example, a small-hub airport’s overall connectivity rating would increase more with airline service to a large hub than it would with service to another small hub.

Deconstructing the Airport City

Elements of an airport city are present at many U.S. airports.

In the United States, elements of an airport city have been developed incrementally with the addition of restaurants and specialty retail, hotels, business office complexes, free trade zones, leisure and fitness facilities, and cultural attractions such as museums and art displays. In-terminal hotels with conference centers and meetings rooms are located at 11 U.S. airports; a 12th is under construction.

 Already global business is beginning to plan strategy from a city, rather than a country, perspective.

The Economist Intelligence Unit
Benchmarking Global City Competitiveness, 2012

Sources:
at Denver International Airport. U.S. airports feature displays of aviation memorabilia and regional art such as the Aviation Museum and terminal exhibits at Las Vegas’ McCarran International Airport. In 2012, San Francisco International Airport opened a post-security yoga room that is available to all ticketed passengers.

**One Size Does Not Fit All**

*Applications of the airport city concept will be affected by physical, competitive, political, and financial considerations.*

In recent years, airport city projects have been launched at a number of U.S. airports, including the airports located in Atlanta, Dallas/Fort Worth, Dayton, Denver, Detroit, Greensboro, Indianapolis, Memphis, and Pittsburgh. The scale varies, depending on the amounts of available land, private capital, existing infrastructure, and regional airport competition. Applications of the airport city concept range from large-scale development of a greenfield site (primarily outside the United States), to development of large tracts of available land at an existing airport, to incremental development of business parks on airport property.

**Airport City Denver**—In 2012, Denver International Airport (DIA) and the City and County of Denver announced their vision for “Airport City Denver” at the Global Airport Cities Conference and Exhibition hosted in Denver by DIA. A key feature of the Airport City Denver vision is to target specific economic clusters of complementary businesses including aviation, aerospace, logistics, renewable energy, bioscience and agrotech, and their supporting technologies and industries. The first phase of Airport City Denver is under way. A 519-room airport hotel is scheduled for completion in 2015, to be followed by the 2016 completion of a 22.8-mile commuter rail line connecting DIA to Denver’s Union Station. Future phases are focused on an economic development strategy that would leverage DIA’s property assets to increase global connectivity and competitiveness while generating, nonairline revenues and further stimulating the regional economy.

**VantagePort**—In July 2013, the Detroit Region Aerotropolis was rebraiden as “VantagePort” as part of a 25-year strategy to market, plan, and support development within a 60,000-acre region in and around Wayne County’s Detroit Metropolitan and Willow Run airports. Plans for an aerotropolis began in 2006; since then, nearly 2,500 new jobs have been created and more than $350 million in investment by small and large businesses. VantagePort—a public-private economic development agency consisting of four cities, three townships, two counties, the Business Leaders for Michigan, DTE Energy, and the Wayne County Airport Authority—is expected to create 64,000 jobs and $10 billion in annual economic impact by the time it is built over 20 years. Since 2011, VantagePort has attracted Inergy Automotive Systems, Lee Steel, Brose North America, Watson Engineering, and GE Aviation Group. In September 2013, VantagePort announced the redevelopment of the former Willow Run Powertrain plant for a technologically advanced connected vehicle research center.

**Aerotropolis Atlanta**—Planning for “Aerotropolis Atlanta” began in 2008 with the purchase and remediation of a brownfield site adjacent to Hartsfield-Jackson Atlanta International Airport, where the Ford Atlanta Assembly Plant was previously located. The redevelopment of the 120-acre site is privately funded and will be zoned for 6.5 million square feet of Class A office space. It will include a hotel, conference center, data center, business park, retail shopping, and a 4,000-space airport parking facility. In May 2011, Porsche Cars North America announced plans to build a new North American headquarters at the site, including a 150,000-square-foot office tower, Porsche Technical Training Center, and Porsche Customer and Driving Experience Center.

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The Hilton at Chicago O'Hare International Airport has been operating since 1973.

Access is Key

Economic development strategies are needed to promote the development of all transportation modes.

While there is often little direct synergy between airports and seaports (i.e., goods moving between the two), economic development strategies that involve both are likely to generate the greatest economic impact and number of jobs. For example, a major manufacturing business that uses seaport infrastructure will also contribute to the demand for airline service at the airport. Similarly, airport city rail links that transport passengers to the airport will also provide transportation for the employees of the seaport and other businesses. In recent years, the construction of airport rail links has facilitated airport city development.

The Era of Cities

In the 21st century, global business will be planned from a city perspective.

Global economic activity usually is defined at the country level, but cities are increasingly likely to be the focus of global business in the future. One driver of this trend is the rapid and sustained rate of global urbanization, with well over half the world’s population now living in cities and generating more than 80% of global GDP. A second driver is the increasingly global network of corporations in cities throughout the world. As a result, airport cities providing connections to the global air transportation network are likely to be part of the future landscape. If airport operators are to take advantage of these opportunities for global connectivity, their challenge will be to:

- Define an application of the airport city concept that is appropriate for the region, increases nonairline revenues, and mitigates the risk of uncertain federal funding.
- Collaborate with regional economic development agencies to pool resources and knowledge and develop a coordinated economic development plan.
- Identify the potential benefits of global connections for regional companies, and the airline service that would support those connections.
- Support airport links to regional rail and road networks to assist the movement of people and goods and create additional economic impact.
- Promote the airport as a driver of regional, national, and international economic growth.

<table>
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<th>U.S. airport</th>
<th>Hotel</th>
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<td>559</td>
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<td>Westin</td>
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