THE INFLUENCE OF INTERNATIONAL AIRPORTS ON REGIONAL ECONOMIC GROWTH

prepared for the

CINCINNATI/NORTHERN KENTUCKY INTERNATIONAL AIRPORT

by the

ECONOMICS RESEARCH GROUP
CENTER FOR ECONOMIC EDUCATION
UNIVERSITY OF CINCINNATI
PO BOX 210223
CINCINNATI, OH 45221-0223
513-556-2948

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Project Director
George Vredeveld, Ph.D.

Principal Investigator
Marie A. Haney

Contributors
Pooja Sharma
Anthony Apostolides, Ph.D.

EXECUTIVE SUMMARY
THE INFLUENCE OF INTERNATIONAL AIRPORTS ON REGIONAL ECONOMIC GROWTH

In this report, *The Influence of International Airports on Regional Economic Growth*, we analyze the importance of the Cincinnati/ Northern Kentucky International Airport's direct international flights on the Greater Cincinnati economy.

Our analysis of the Airport's influence on economic development, export strength, and time savings has led us to the following conclusions.

International flights are important to new business growth in the region as evidenced by the location decisions of Greater Cincinnati businesses

- Nine foreign-owned Northern Kentucky companies cited air service as an important factor in their location decision, including International Thomson Publishing, Sachs Automotive of America, and Toyota Motor Manufacturing North America, Inc. These nine companies employ a total of 1,470 people in Northern Kentucky.

- Access to direct international flights has been a factor in making the final decision to locate in Southwest Ohio for many international companies including HAAG-Streit AG, Valeo, and Buriot.

- The Ohio Department of Development maintains that Cincinnati has business location advantages over other Ohio cities because of the airport's direct international flights. Furthermore, access to international transportation is one of the most important site characteristics global companies are looking for in new locations.

- Most cities that offer direct international flights are large metropolitan areas with high costs of living. Greater Cincinnati's low cost of living and high quality of life is a welcome option for many companies needing direct international flights.

The Cincinnati region has larger export volume compared to similar sized cities

- Greater Cincinnati has the highest level of exports among Charlotte, Columbus, Indianapolis, Kansas City, and Orlando. Compared to these metropolitan areas, Greater Cincinnati also has the highest levels of exports per capita and the greatest share of regional economic activity devoted to exports.

The Cincinnati region has slower growth in exports compared to similar sized cities

- Greater Cincinnati's real export growth is not as high as that of similar cities. Furthermore, Greater Cincinnati's per capita exports and regional economic activity devoted to exports are below the national average.

The impact of direct international flights on a region's export strength is not as powerful as other economic factors

- This analysis did not identify a clear causal relationship between export strength and the presence of international flights in a region. The final destination of a region's exports and the type of goods the region exports explain the export trends more than the presence of international flights.

- The sluggish growth in Greater Cincinnati exports in recent years may be partly explained by Greater Cincinnati's focus on European export destinations. Exports to Europe have been experiencing lower volume and slower growth than NAFTA and Asian destinations in recent years. Indianapolis and Kansas City have regional advantages in NAFTA and Asian export destinations.

- Slow export growth in Greater Cincinnati compared to Kansas City may also be associated with Greater Cincinnati's concentration on exporting manufactured products and Kansas City's concentration on non-manufactured exports. Exports of manufactured goods in the U.S. grew 13 percent in 1995, compared to 20 percent growth for non-manufactured exports.

The direct international flights of the Airport allow people in the region to save time, a factor that enhances the regional quality of life

- The time savings that result from direct international flights are significant. Using a time value of $25 an hour, each person on a direct international flight from the Cincinnati/Northern Kentucky International Airport saves an average of $77 to $147 in time savings compared to a non-direct international flight.

- In addition to the savings in flight time that direct international flights offer, people in Greater Cincinnati also save time by not needing to travel to another airport that offers direct international flights.

For additional information contact the Economics Center for Education & Research, email Econeduc@uc.edu.
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