The Economic Impact of Lunken Airport on the Greater Cincinnati Economy

Prepared for the

Lunken Municipal Airport

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Economics Research Group
Center for Economic Education
University of Cincinnati

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Principal Investigators

Marie Haney, Associate Director of Research
Amy Merrell, Graduate Research Assistant
Jessica Palmer, Graduate Research Assistant

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Executive Summary

Lunken Municipal Airport is a general aviation airport that has provided aviation-related goods and services to the Greater Cincinnati community since 1928. The total on-going economic impact of Lunken Airport on the Greater Cincinnati economy is $235 million, which supports 3,718 local jobs. In addition, construction activities at the Airport will create a one-time economic impact that totals $30 million, supporting 351 regional jobs.

There are four ways in which Lunken Airport contributes to economic growth in Greater Cincinnati:

- The operation of the Airport and the operation of the 60 businesses housed at the Airport create direct impacts on the level of business sales, income, and employment in the region.

- Lunken Airport brings out-of-town people into the region who bring new money into the Greater Cincinnati economy, thereby creating additional economic growth.

- Lunken Airport stimulates economic development in the area immediately surrounding the Airport by making it an attractive place for aviation-related businesses or businesses that rely on aviation to locate.

- Construction activity at Lunken improves the safety of the airport as well as the business that is conducted there. In the short-run the economy will benefit from economic impacts from construction. In the long-run the economy will benefit from greater levels of economic activity at and around Lunken due to its expansion.

Lunken Airport and Related Organizations

- Lunken Airport and the 60 businesses operating there have a direct contribution of $66.9 million to the regional economy and directly employ a total of 875 regional residents.

- When we consider the direct and indirect economic impacts of Lunken Airport and related organizations, we find a total economic impact of $118 million on the regional economy. Of this, $35 million is in the form of business sales, or output, and $84 million is in the form of household earnings. In addition, 1,956 regional jobs are associated with the operations of Lunken Airport.

- The industries with the largest economic benefit from the operations of Lunken Airport and related organizations include transportation, real estate, business services, health services, and wholesale trade.

Visitors to the Region

- Lunken Airport brings out-of-town travelers into the Greater Cincinnati region. Based on a survey of businesses at Lunken, we estimate a minimum of 2,668 visitors come to the region through Lunken Airport per year and stay an average of 1.6 days.

- We estimate that these visitors will have a total economic impact of $1 million on the regional economy. Of this, $742,953 is in the form of business sales, and $329,539 is in the form of household earnings. In addition, visitors to the region support 19 regional jobs.

- The industries that benefit the most from the visitor spending impact are hotels and lodging places, retail trade, eating and drinking places, real estate, and transportation industries.

Surrounding Development

- In addition to the economic activity that takes place at Lunken, the Airport contributes to economic development by making the surrounding land attractive to businesses that rely on the Airport. Aviation-related businesses are located near the airport to take advantage of the close proximity to airport clients and airport businesses. Some businesses locate near the airport in order to take advantage of daily flights that are necessary for them to conduct their business. This proximity gives them an advantage over their competitors and makes business development in Cincinnati stronger than it would be otherwise.

- For example, Firstar chose to build a new facility in the Lunken area because the company has daily flights at Lunken for transporting checks. If it were not for Lunken Airport, Firstar would have moved this facility to Milwaukee, Wisconsin. The Firstar facility will create 37 new jobs, maintain 498 jobs, and guarantee a minimum of 1,850 jobs in the city over the next 20 years. The other organizations that are considered to be located near the Lunken site due to the presence of the airport are Aviall, which sells aircraft parts, and H.C. Nutting, a civil engineering firm.

- The total economic impact of the development occurring near Lunken totals $116 million. Of this, $43 million is created in business sales, and $73 million in earnings to households. A total of 1,743 regional jobs are directly and indirectly associated with the three organizations surrounding Lunken Airport.

- In particular, the real estate, business services, transportation, construction, and depository and nondepository institutions and brokers industries reap positive benefits from the operations of these organizations.

Construction Activity and Future Expansions

- According to our survey of the businesses and government entities housed at Lunken, minimum construction expenditures in 1998 totaled $1.9 million. Development surrounding Lunken will generate $8.1 million in construction activities. There are a number of planned expansion projects that will directly affect the regional economy as well as the future operations of Lunken Airport. These projects include construction of a fence surrounding the airport, a new taxiway, and 110 new t-hangars. The construction cost of these projects will total $4.3 million.

- The total economic impact of construction and future expansions at Lunken Airport is $30 million. Of this, $21 million in business sales is generated, and $9 million in household earnings is created. A total of 351 regional jobs are supported from the direct and indirect economic activity associated with Lunken Airport construction projects.

- A Scheduled Commercial Service Feasibility Study for Lunken Airport was recently conducted by The Boyd Group/ASRC. The Feasibility Study identified four markets that hold potential for successful Lunken service – Chicago (Midway), Cleveland, Milwaukee, and Detroit. The Boyd Group recommends that the best avenue for scheduled passenger service at Lunken Airport is to recruit a new airline to provide high frequency, low-cost service to these four markets.

- One other project that we have not included in our final results but which we did analyze is the potential construction of a new commuter rail line that would run from Lunken Airport to Lawrenceburg, Indiana. The total *estimated* cost of the commuter rail line is $231 million. We have assumed that 15 percent of the total expenditures may be associated with Lunken Airport, for a direct economic contribution of approximately $35 million. This direct impact would in turn generate a total economic impact of $73 million on the regional economy and support 850 regional jobs.

Over the past several years the strength of the general aviation industry has improved considerably, as evidenced by increases in general aviation activity at FAA air traffic facilities, increases in active fleet size, and record shipments and billings of fixed-wing general aviation aircraft. Forecasts for the industry are also optimistic. These trends and forecasts reveal that the economic well being of Lunken will continue over the next ten years.

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