

# *Economic Benefit Update 2019*

## **Scottsdale Airport**

Scottsdale Airport is an important economic asset for the City of Scottsdale and the entire region. The airport is home to 463 based aircraft, including more than 168 corporate jets, supporting businesses and economic development in the Scottsdale Airpark and throughout the Greater Phoenix metropolitan area. The Scottsdale Airpark, the second largest employment center in Arizona, surrounds the airport and features taxilane access to the airport from private facilities through secured gates.

### *HIGHLIGHTS*

#### *Economic Benefit Analysis*

#### **Scottsdale Airport**

##### **Total Economic Benefits of Scottsdale Airport/Airpark**

- **Aviation activity at the Airport and in the Airpark created \$688 million total economic benefits for the region in FY 2019**
- **Aviation activity supported 3,979 total jobs with incomes of \$241 million**
- **Aviation activity added \$37 million to local and state tax revenues**
- **Economic benefits of \$1.9 million are created daily**
- **Catalytic (spin-off) non-aviation Airpark activity added benefits of \$10 billion**

##### **Economic Benefits on the Airport**

- **The 70 private employers on the airport had revenues of \$162 million**
- **There are 801 aviation jobs on the airport with incomes of \$63 million**
- **Airport firms and agencies paid out \$42 million to local suppliers**
- **There are 485 aircraft arrivals and departures on an average day**

##### **Economic Benefits on the Airpark**

- **The 63 aviation-related Airpark firms reported revenues of \$202 million**
- **The 903 aviation-related jobs on the Airpark create incomes of \$65 million**
- **Airpark aviation-related firms paid out \$65 million to local suppliers**
- **There are 150 aircraft based in the Airpark, primarily business jets**

##### **Air Visitors to Scottsdale Airport**

- **Visitors arriving at Scottsdale Airport spent \$54 million in the region**
- **Air visitor spending supported 577 tourism industry jobs in the area**
- **On an average day, air visitors inject \$149,000 into the local economy**
- **An overnight visiting travel party arriving by private jet will spend an average of \$6,237 during their stay in the Scottsdale area**

## Scottsdale Airport/Airpark Economic Benefits

In collaboration with the Aviation Department, researchers at the W. P. Carey School of Business at Arizona State University have identified the total economic benefits created by Scottsdale Airport, including private aviation-related businesses in the Airpark and air visitors, to be \$688 million of output, supporting 3,979 jobs in the regional economy. The total economic benefits of Scottsdale Airport consist of direct benefits plus multiplier or secondary benefits. Direct benefits represent the output, employment, and income related to aviation activity. Multiplier benefits are created as initial direct spending recycles in the regional economy. Direct benefits, multiplier benefits, and total benefits are shown in the accompanying table.

<b>Summary of Economic Benefits: 2019</b>			
<b>Scottsdale Airport</b>			
<b>On-Airport Benefits</b>	<b>Output</b>	<b>Income</b>	<b>Employment</b>
<b>On-Airport Direct Benefits</b>	<b>\$161,917,000</b>	<b>\$62,931,000</b>	<b>801</b>
<b>Multiplier Benefits</b>	<b>\$101,693,000</b>	<b>\$ 35,341,000</b>	<b>665</b>
<b><i>On-Airport Total Benefits</i></b>	<b>\$ 263,610,000</b>	<b>\$98,272,000</b>	<b>1,466</b>
<b>Airpark Benefits</b>	<b>Output</b>	<b>Income</b>	<b>Employment</b>
<b>Airpark Direct Benefits</b>	<b>\$202,068,000</b>	<b>\$64,943,000</b>	<b>903</b>
<b>Multiplier Benefits</b>	<b>\$132,321,000</b>	<b>\$44,669,000</b>	<b>803</b>
<b><i>Airpark Total Benefits</i></b>	<b>\$334,388,000</b>	<b>\$109,612,000</b>	<b>1,706</b>
<b>Air Visitor Benefits</b>	<b>Output</b>	<b>Income</b>	<b>Employment</b>
<b>Air Visitor Direct Benefits</b>	<b>\$54,228,000</b>	<b>\$21,652,000</b>	<b>577</b>
<b>Multiplier Benefits</b>	<b>\$35,434,000</b>	<b>\$12,001,000</b>	<b>229</b>
<b><i>Air Visitor Total Benefits</i></b>	<b>\$89,662,000</b>	<b>\$33,653,000</b>	<b>806</b>
<b>Overall Benefits</b>	<b>Output</b>	<b>Income</b>	<b>Employment</b>
<b>All Direct Benefits</b>	<b>\$418,212,000</b>	<b>\$149,526,000</b>	<b>2,281</b>
<b>All Multiplier Benefits</b>	<b>\$269,448,000</b>	<b>\$92,011,000</b>	<b>1,698</b>
<b><i>Combined Total Benefits</i></b>	<b>\$687,660,000</b>	<b>\$241,538,000</b>	<b>3,979</b>

Note: On-Airport benefits include private firms, public agencies and capital improvement projects. Airpark benefits include Airpark firms with taxilane access or producers of aviation-related goods and services. Air visitor benefits include expenditures and job creation from general aviation, air taxi and military travelers. Multiplier benefits computed from IMPLAN input-output model with Maricopa County coefficients.

Direct benefits are particularly useful in measuring the economic contribution of the airport and aviation, since the direct benefits represent actual output, employment, and income figures obtained by the ASU research team from surveys, telephone follow-up, on-site visits, and other available sources of economic data from aviation-related employers.

### **Scottsdale Airport Direct Economic Benefits**

Analysis of Scottsdale Airport records identified 70 private businesses located on airport property, with 690 employees. The largest category of firms included 27 businesses involved primarily in aircraft repair, maintenance or servicing. There were four public agencies with a combined total of 50 employees. In addition, the Aviation Business Center Redevelopment Project accounted for an average of 61 construction industry jobs during the past five-year period. Direct private and public sector employment on the airport summed to 801 workers in FY 2019, producing output of \$161.9 million. Income to workers and proprietors of businesses was \$62.9 million. Of all combined jobs on the airport, 94 percent were in the private sector.

### **Scottsdale Airpark Direct Economic Benefits**

Many Airpark businesses have access to Scottsdale Airport through a system of taxilanes and secured gates. Other businesses in the Airpark do not have taxilane access but produce aircraft parts or equipment or provide services such as aviation insurance or aircraft management. Airpark businesses with taxilane access were regarded as “aviation-related” for this study without regard to the type of business as long as their business utilized aircraft. For example, land development firms or medical providers using aircraft in their business were included as aviation-related. The combined aviation-related firms in the Airpark employed 903 workers, producing direct output of \$202.1 million. Income to Airpark workers and proprietors of businesses was \$64.9 million.

### **General Aviation Visitor Direct Economic Benefits**

Tourism is a dynamic component of the Scottsdale economy, creating an annual economic impact exceeding \$3 billion, according to *Scottsdale Visitor Statistics*, October 2019. The Scottsdale Airport contributed to the tourism sector with more than 44,000 itinerant general aircraft arrivals, 33,700 aircraft flying on instrument flight rules and 7,700 air taxi arrivals bringing visitors to the area in 2019. Air visitors spent an estimated \$54.2 million, creating 577 direct tourism industry jobs, with income to workers and proprietors of \$21.6 million.

### **Catalytic Benefit of Scottsdale Municipal Airport**

Airports are increasingly recognized as catalysts of “spin-off” growth for the overall economy and not just aviation. Scottsdale Airport has a particularly strong influence on the Scottsdale Airpark. The Airpark is contiguous to the airport and through zoning, branding, and access related to the airport, the Airpark has grown to become a major commercial and industrial center. Colliers International estimates the Scottsdale Airpark has over 59,000 employees and 3,233 companies. Applying the IMPLAN model, the non-aviation output of the Airpark was estimated as \$10 billion (based on output/worker of \$168,716), an estimate of catalytic or spin-off benefits of the airport to the entire regional economy.

## **Comparison of 2019 and 2014 Economic Benefits**

An analysis completed in 2014 found Scottsdale Airport/Airpark had total economic benefits of \$536.4 million of output, total employment of 3,462 workers and income of \$186.2 million. Between 2014 and 2019, total output increased by 28.2 percent (to \$688.7 million), employment rose by 14.9 percent (to 3,979 jobs) and income grew by 29.7% (to 241.5 million).

According to the Consumer Price Index of the U.S. Bureau of Labor Statistics, the rate of inflation between 2014 and 2019 was 7.5 percent. After adjusting output and income to remove the effects of inflation, total output increased by 20.7 percent and income rose by 22.2 percent. Inflation-adjusted increases are often referred to as “real increases,” and are often preferred as a measure of the increases in output and income created by the airport. Employment changes are not affected by inflation since they measure the number of jobs.

<b>Growth in Economic Benefits: 2019 vs 2014</b> <b>(Inflation-Adjusted Percent Change)</b> <b>Scottsdale Airport</b>			
<b>Economic Benefits</b>	<b>Output*</b>	<b>Income*</b>	<b>Employment</b>
<b>On-Airport Direct Benefits</b>	<b>13.0%</b>	<b>50.3%</b>	<b>36.2%</b>
<b>Airpark Direct Benefits</b>	<b>27.4%</b>	<b>24.3%</b>	<b>10.4%</b>
<b>Air Visitor Direct Benefits</b>	<b>16.3%</b>	<b>35.9%</b>	<b>27.7%</b>
<b>All Multiplier Benefits</b>	<b>21.9%</b>	<b>4.8%</b>	<b>5.9%</b>
<b><i>Total Benefits</i></b>	<b>20.7%</b>	<b>22.2%</b>	<b>14.9%</b>
<b>*Inflation adjusted growth in output and income based on Consumer Price Index, CPI-U, U.S. Bureau of Labor Statistics</b>			

The largest component of real growth in the table is the increase in income of 50.3 percent by on-airport workers. Since the number of on-airport workers rose by 36.2 percent, the change in income due to higher wages is 14.1 percent. This is consistent with recent mandated changes in the Arizona minimum wage, along with strong labor markets in recent years. Scottsdale Airport total real output increased by 20.7 percent while total employment increased by 14.9% between 2014 and 2019.

The analysis calculated the 2019 spin-off or catalytic benefit of the airport to be output of \$10 billion for the entire non-aviation portion of the Airpark, an increase of 22 percent over the 2014 figure of \$8.2 billion (a 14.5 percent increase in 2019 dollars).

### **Economic Benefit Methodology**

Airport economic benefit analysis focuses on key performance indicators including output (the dollar value of revenues or sales), the number of jobs created, and income received by workers and business proprietors. The methodology was standardized in the publication by the Federal Aviation Administration, *Estimating the Regional Economic Significance of Airports* (1992).

Economic benefits flow from both on-airport and off-airport economic activity. For Scottsdale Airport, the economic benefits are created not only by airport activity, but also by aviation-related activity within the Scottsdale Airpark, as well as spending and job creation from general aviation business and tourism travelers arriving at the airport.

Total economic benefits are the combined sum of direct and multiplier benefits. Direct benefits measure the initial output, employment, and income associated with the presence of the airport. The airport and Airpark direct benefits occur when aviation businesses and agencies on the airport and in the Airpark generate sales and revenues, hire workers, and make payments to employees. Off-airport direct benefits result when visitors that arrive by air spend for goods and services such as lodging, restaurants, auto rental, or retail items, creating business revenues, jobs and income for workers.

Multiplier benefits are created when initial direct spending circulates and recycles along airport and Airpark supply chains and through the economy. To produce direct output, airport and Airpark businesses purchase intermediate goods and services from suppliers and vendors, creating indirect benefits with additional output, jobs, and income in the area. Meanwhile, employees of aviation firms, Airpark companies, and supplier firms spend their earnings for consumer goods and services in their home communities. Activity by employees as consumers creates induced benefits of output, jobs, and income in the general economy.

Indirect and induced multiplier benefits for the 2019 and 2014 studies were estimated through application of the IMPLAN input-output model, frequently used across the nation for studying the economic contribution of airports. The model was based on multiplier coefficients specific to Maricopa County derived from statistically-established linkages from the direct output, employment and income sources to the broader regional supply chain.

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