

OREGON AVIATION PLAN
Economic Impact Statement
for NPIAS Airports



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OVERVIEW

The *2014 Oregon Aviation Plan Economic Impact Study (2014 OAP EIS)* is presented by the Oregon Department of Aviation (ODA) and addresses the economic contribution of aviation by Federal Aviation Administration (FAA) National Plan of Integrated Airport Systems (NPIAS) airports to the Oregon state economy, updating the most recent study, which was completed in 2007.

Airports are a key asset to Oregon commerce, providing transportation, employment and real estate for commercial and industrial development, in addition to being infrastructure essential to emergency response, medical evacuation, fire protection and freight transport. NPIAS airports contribute more than \$9.1 billion to the Oregon economy annually and provide Oregon businesses and residents with just in time shipments of the goods that keeping Oregon's businesses moving.

Other modes of transportation cannot compete with aviation's ability to move people and products to where they are most needed safely, quickly and efficiently. Airports are a key component of the state's infrastructure, allowing Oregon businesses to do business at a global scale, creating economic growth and opportunity that reaches far outside the airport property.

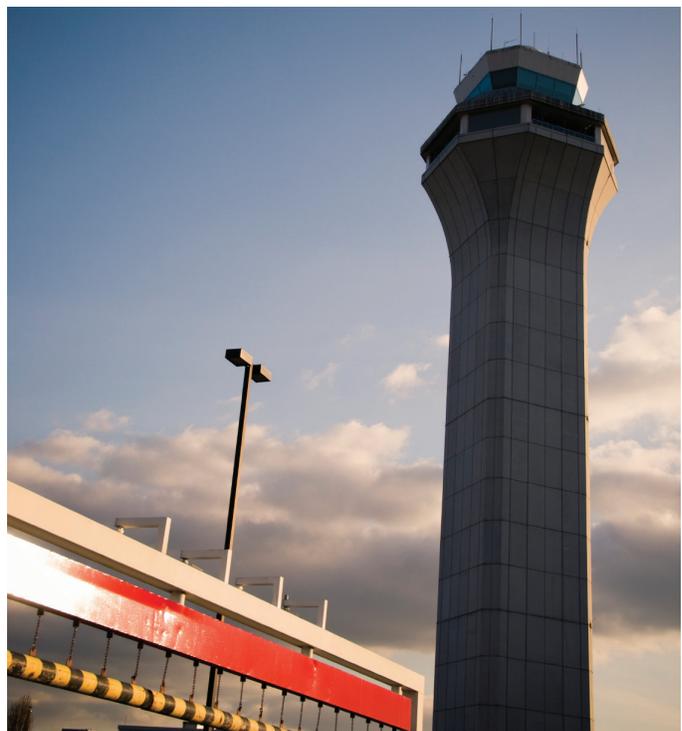
Economic impacts of airports include on-airport economic activities, as well as spending off-airport by visiting air travelers and those employed by on-airport businesses. This executive summary presents totals for the state and the five state regions as defined by the Oregon Department of Transportation (ODOT). The economic impact of individual airport studies and the methodology used to complete the analysis are presented in the complete report.

2012 ECONOMIC IMPACT OF OREGON AIRPORTS

IMPACT TYPE	JOBS	WAGES	BUSINESS SALES
DIRECT CONTRIBUTION			
On-Airport (including FBO and air related tenants)	7,677	\$494,920,000	\$1,680,058,000
Off-Airport: Visitor Spending	4,938	\$102,187,000	\$342,540,000
Subtotal: Total Direct Contribution	12,615	\$597,107,000	\$2,022,598,000
SPIN-OFF EFFECTS: SUPPLIERS AND RE-SPENDING			
Due to On Airport Aviation	11,193	\$365,742,000	\$1,351,803,000
Due to Visitor Spending	2,054	\$80,250,000	\$250,918,000
Subtotal: Spin-Off Effects	13,247	\$445,992,000	\$1,602,721,000
Subtotal: Total Aviation-Related Impacts	25,862	\$1,043,099,000	\$3,625,319,000
PORTLAND INTERNATIONAL AIRPORT*			
Airport Generated	16,308	\$922,000,000	\$3,725,000,000
Visitor Generated	35,963	\$1,020,400,000	\$1,752,700,000
Subtotal: Portland International Airport Impacts	52,271	\$1,942,500,000	\$5,477,700,000
TOTAL AVIATION RELATED IMPACTS	78,133	\$2,985,599,000	\$9,103,019,000

Sources: Airport and tenant surveys, EDR Group and Mead & Hunt analyses and IMPLAN econometric package.

* Portland International Airport totals taken directly from The Local and Regional Economic Impacts of the Port of Portland, 2011.



THE STATE ECONOMY

The 2007 and 2014 ODA studies bracketed the national economic recession that began in late 2008. From 2007 to 2012, the Oregon gross state product increased by 15 percent, but worker earnings fell by 2 percent, and the number of jobs fell by 3 percent. Together, these data indicate that productivity per job of Oregon workers has increased, meaning on average it takes more economic activity to create a job and generate wages to those who are working.

Economic changes are also seen in air cargo. The International Trade Administration of the U.S. Census Bureau traces annual value and metric ton-

nage of international air exports from point of origin as well as by airport. (This data set is not available for domestic cargo shipments). Tonnage has decreased by 27 percent for goods produced in Oregon and shipped from Oregon airports (primarily Portland International Airport), while the value of Oregon generated goods has increased by 63 percent in constant value. Thus, less production is needed to sustain overall value across commodities. For domestic cargo shipments, Portland International Airport reported 127,890 tons enplaned in 2007 and 91,480 tons in 2012, a decrease of 28 percent.

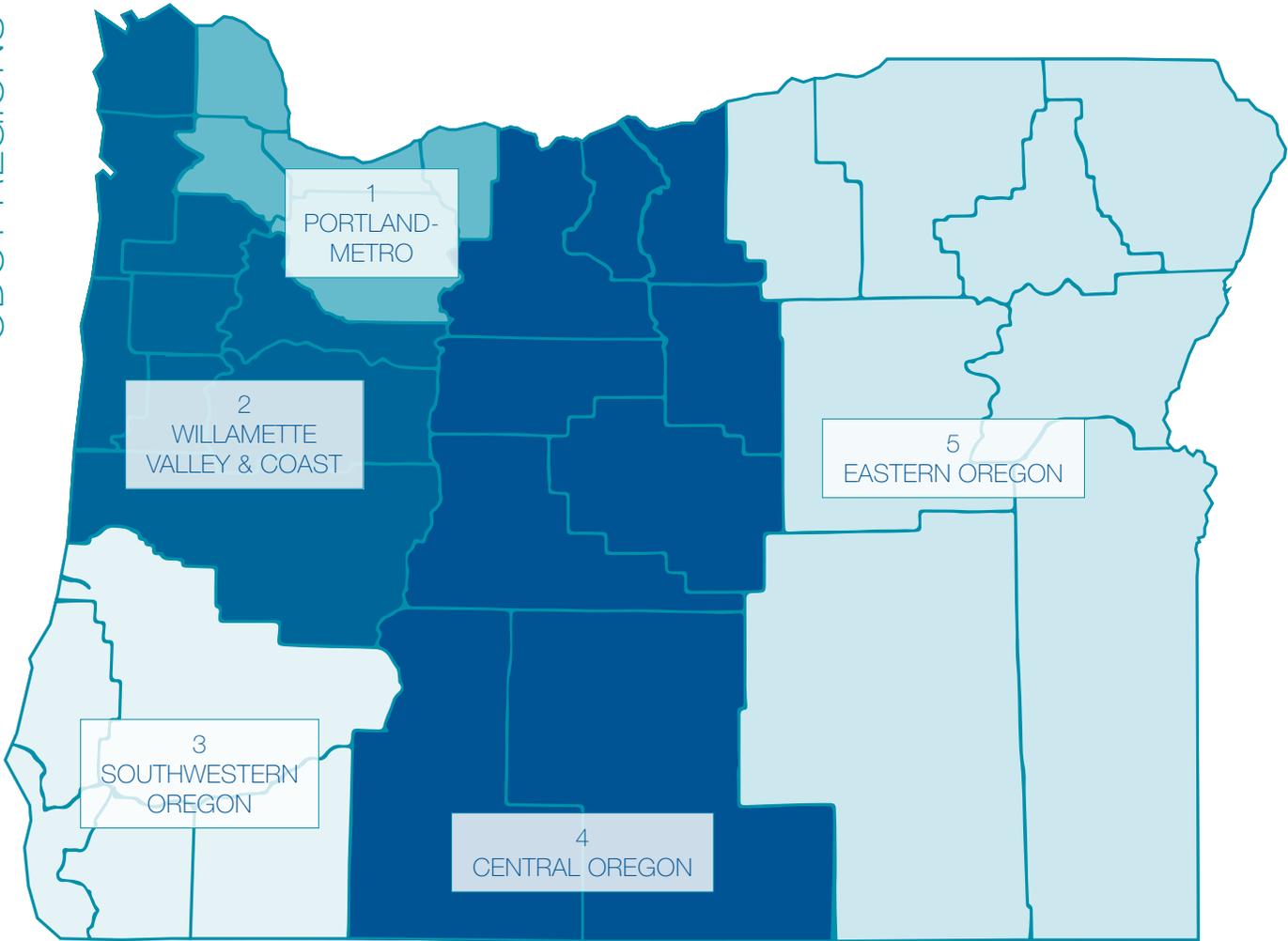


REGIONAL ANALYSIS

ODOT breaks the state into five regions. The table presented on the next page shows the economic contributions of airports to each of the five regional economies within Oregon. The contribution made by an airport to a regional economy and the state economy differ for two reasons:

- Regional impacts account for visitors from other regions in Oregon, as well as from out of state. When measuring contributions to the state economy, only travelers arriving from out of state are counted.
- Economic multipliers (spin-off effects) for the state are larger than regional spin-offs. This is because regional analyses are limited to regional borders when accounting for multiplier effects. Transactions that cross a regional border but stay within Oregon are not counted in the analyses of regional economic impacts, but are counted in the statewide context. For example, if a business or consumer purchases a computer one town over a regional boundary, that purchase would be counted in the Oregon economy, but not in the regional economy.

ODOT REGIONS



REGIONAL IMPACT OF OREGON'S AIRPORTS					
ECONOMIC ACTIVITY	REGION 1*	REGION 2	REGION 3	REGION 4	REGION 5
Jobs	55,614	10,479	6,071	3,834	721
Payroll	\$2.1 billion	\$422 million	\$169 million	\$167 million	\$17 million
Business Sales	\$6.0 billion	\$1.5 billion	\$675 million	\$495 million	\$72 million

Sources: Airport and tenant surveys, EDR Group and Mead & Hunt analyses and IMPLAN econometric package. Totals include spin-off effects.
 * Portland International Airport totals taken directly from The Local and Regional Economic Impacts of the Port of Portland, 2011.

Before introducing the differences in the 2007 Oregon Aviation Plan (2007 OAP) and 2014 OAP EIS, it is important to put the two studies in proper context. The scope of the 2007 and 2014 ODA studies have two major differences.

The 2007 OAP included 93 public use airports in the state of Oregon, other than those operated by the Port of Portland. The 2014 OAP EIS studies 56 NPIAS airports, including three airports (Wasco State Airport, Hillsboro Airport and Troutdale Airport) that were not in the 2007 OAP.

The second difference is that on-airport impacts counted in the 2007 OAP included both aviation related and non-aviation related tenants. The 2014 OAP EIS is limited to aviation related tenants. For purposes of fair comparison, non-aviation related tenants are omitted from the 2007 OAP numbers presented below.

NPIAS AIRPORT ECONOMIC IMPACT COMPARISON: 2007 VS. 2012			
ECONOMIC ACTIVITY	2007	2012*	PERCENT CHANGE
JOBS			
Total Aviation Impacts	29,418	22,889	-22%
Reliant / Dependent Impacts	91,645	75,984	-17%
Portland International Airport**	57,911	52,271	-10%
Total	178,974	151,144	-15%
PAYROLL			
Total Aviation Impacts	\$867 million	\$886 million	+2%
Reliant / Dependent Impacts	\$4.2 billion	\$4.7 billion	+11%
Portland International Airport**	\$2.0 billion	\$1.9 billion	-5%
Total	\$7.1 billion	\$7.5 billion	+5%
BUSINESS SALES			
Total Aviation Impacts	\$2.7 billion	\$3.2 billion	+19%
Reliant / Dependent Impacts	\$17.5 billion	\$15.5 billion	-11%
Portland International Airport**	\$5.8 billion	\$5.5 billion	-5%
Total	\$26.0 billion	\$24.2 billion	-7%

*The 2014 OAP EIS did not include the non-NPIAS airports included in the 2007 study. For the purposes of this comparison, non-NPIAS airports have been removed from the 2007 study results.

**Portland International Airport base year data is 2006 and 2011.

The core metrics that form the basis of airport impacts are on-airport jobs and visitor spending, and both are subject to changes in regional, state and national economies. Aviation related jobs on airports fell 7 percent from 7,287 to 6,774, which is largely attributable to changes of tenants and closure of some large businesses across the state due to the recession.

Visitor spending is driven primarily by commercial enplanements, the percent of enplanements that are visitors, and the spending per visitor per trip. The comparisons of these metrics from the 2007 to 2014 studies are mixed. Commercial enplanements at six air carrier airports increased by 6 percent,

from 910,095 to 967,021, and the number of commercial visitors also increased by 9 percent from 368,108 in 2007 to 401,129 in 2012. Statewide, the percent of enplaned passengers who were visitors was stable, 41 percent in 2007 and 40 percent in 2012. However, spending per visitor decreased at four of six airports. Visitor spending from general aviation operations is a function of itinerant arrivals (50 percent of itinerant operations), and these operations fell by 4 percent from 314,297 to 303,084, and the number of passenger per aircraft also declined. Visitors from general aviation operations fell by 11 percent from 794,555 in 2007 to 709,212 in 2012.



- Oregon public use airports directly employ 7,677 people in aviation-related businesses, and these businesses expended \$495 million in wages annually.
- Employees of Oregon public use airports and on-airport businesses earned an average salary \$64,500 per year. These include those administering and maintaining airport facilities, maintaining aircraft, providing services to commercial airline passengers, airline crews and other airline employees.
- There are 5,500 jobs in Oregon that are directly attributed to spending by visitors to the state who came by aircraft. Visitor industry employees earned an average annual salary of \$20,700.
- Air cargo and business travel services directly contribute \$8 billion to Oregon's economy by enabling long distance sales of goods and services produced in Oregon. In-state production that is supported by aviation supports more than 23,700 jobs. In 2011, Portland International Airport shipped \$27.6 billion in air freight, supporting nearly 296,000 jobs.



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