

## THE PHOENIX AIRPORT SYSTEM: AN ECONOMIC SUCCESS STORY



Sky Harbor in the 1950s



Sky Harbor in the early 2000s

### A HISTORY OF GROWTH

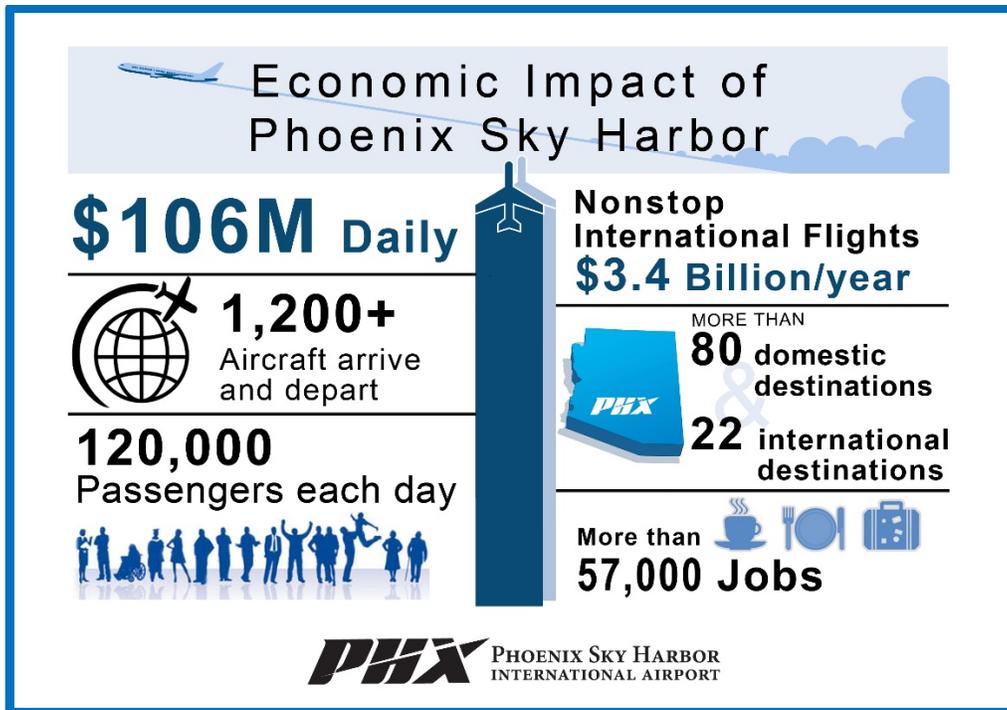
In 1950, the Phoenix area was home to approximately 330,000 people. Over the next 50 years, that population grew to more than 3 million people. **By 2016, 4.7 million people called Phoenix home making the city the fifth largest in the United States.** Metro Phoenix is now larger than its peer cities Seattle, San Diego, and Denver metropolitan areas.

**What explains metro Phoenix's spectacular population boom?** According to economic historians, this incredible expansion has been driven by three key factors:

- The advent of universal air conditioning making the year-round climate manageable
- Construction innovations that have allowed for the development of affordable large-scale housing tracts
- Growth of air transportation and the introduction of the Boeing 737 in the late-1960s which improved transportation across the country.



As Phoenix grew, so did Phoenix Sky Harbor International Airport. In 1965, Sky Harbor served 1.6 million passengers. **By the end of 2016, 43 million passengers** had arrived or departed the Phoenix area through Phoenix Sky Harbor. Sea-Tac, Boston Logan, and New York LaGuardia all now trail Phoenix Sky Harbor in passenger traffic.



One of the main advantages Phoenix Sky Harbor users enjoy is its proximity to the city center. Only 4 miles separate Phoenix Sky Harbor from downtown Phoenix. That is a 12-minute drive. Want to get to Los Angeles City Hall from Los Angeles International Airport? Expect to be on the road for about 40 minutes. In Denver, it is also 40 minutes of travel time. In New York City, that grows to over an hour of windshield time.

Phoenix Sky Harbor’s central location has also helped the metro Phoenix area regularly attract major special events like NFL Super Bowls, the College Football Playoff and NCAA basketball tournaments. According to an Arizona State University study, 75% of Final Four visitors arrived by commercial airline in 2017. Those air visitors contributed more than \$246 million to the local and regional economies.

Phoenix Sky Harbor provides outbound access to the nation and the globe for businesses and residents while facilitating the arrival of inbound visitors, goods, and services that enhance the economy. The Airport serves as a fulcrum of commercial activity and economic growth for the entire region.

CREATING OPPORTUNITY IN A DOWNTURN

Compared to the rest of the nation, the Great Recession of 2008 hit Arizona and the metro Phoenix economy harder. The recovery time also took longer. While the U.S. lost 6.8% of all jobs and recovered those jobs over the next six years, job losses in Arizona and metro Phoenix exceeded 12% and took eight years to recover.

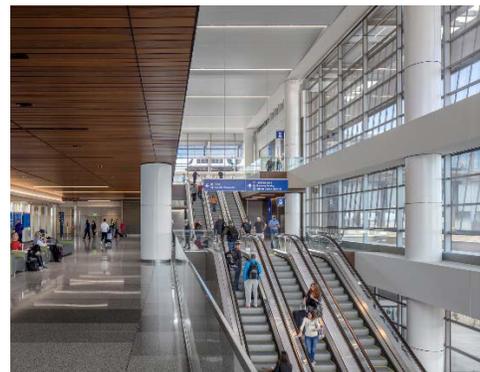
**Between 2007 and 2009, passenger traffic at Sky Harbor dipped by 10.3% and took seven years to return to pre-recession levels.** But, the downturn also presented the airport with an opportunity.

As construction costs lowered during the recession, Phoenix Sky Harbor pushed forward with critical construction projects that improved the passenger experience and the Airport’s efficiencies. Phoenix Sky

Harbor's **capital improvement investments exceeded \$474 million** and included modernization and upgrades at Sky Harbor's two largest passenger terminals and the construction of first phase of the PHX Sky Train® people mover system.



*Stage 2 of the PHX Sky Train will extend 2.5 miles to the Rental Car Center.*



*The modernization of Terminal 3 will provide travelers with a more efficient and convenient travel experience.*

## RECESSION REBOUND

Phoenix Sky Harbor has more than rebounded from the recession. Between 2011 and 2016:

- Passenger traffic increased by 6.9%
- Direct jobs created by Sky Harbor increased by 5.8% to 46,928 making the Airport the largest employer in the state
- Visitors arriving by air increased by 19%, exceeding 7.4 million

In 2016 alone, Sky Harbor's total economic impact, direct & secondary ("the ripple effect"), resulted in:

- More than 140,000 total jobs created
- \$8.3 billion total annual payroll
- \$24.4 billion total revenue created
- \$5.8 billion in visitor spending resulted in the creation of 67,000 hospitality and tourism jobs



**THE PHOENIX AIRPORT SYSTEM: PHX + DVT + GYR**

Two general aviation airports complete the Phoenix Airport System: Phoenix Deer Valley (DVT) and Phoenix Goodyear (GYR). Both contribute significantly to the local and regional economies.

**DEER VALLEY**

With 370,034 operations in 2016, Phoenix Deer Valley Airport is the busiest general aviation airport in the nation and ranks among the busiest airports in the world. The airport’s economic impact in fiscal year 2016 includes:

- 501 private sector aviation-related jobs on the airport
- 334 technology and business service jobs at the on-site industrial park
- 84 public sector jobs, including FAA, Phoenix Police, and Arizona Game & Fish
- \$196.2 million direct economic impact
- \$380.5 million total economic impact

**GOODYEAR**

Phoenix Goodyear Airport is a center for aviation education and flight training, with more than 250 resident students on site, including many from international partners such as Germany, Scandinavia, and Asia. The direct economic impact of the airport in fiscal year 2016 includes:

- 363 direct jobs on the airport
- \$67.3 million direct economic impact
- \$121.3 total economic impact

**BEYOND**

Analysts project that the Phoenix Metropolitan Statistical Area will rank among the fastest growing in the nation in the decade ahead with passenger traffic at Phoenix Sky Harbor International Airport increasing even more rapidly. Current metro Phoenix projections for 2026 are:

**Metro Phoenix Growth Projections: 2016 - 2026**

<b>Indicator</b>	<b>2016</b>	<b>% Change</b>	<b>Increase</b>	<b>2026</b>
Employment	1,972,930	19.2%	378,792	2,351,723
Population	4,661,537	20.5%	956,422	5,617,959
Passengers	43,383,528	22.6%	9,800,000	53,200,000

Sources: Employment from U. S. Bureau of Labor Statistics, *Current Employment Statistics*, and IHS Markit; Population from Arizona Office of Economic Opportunity, *Arizona State and County Population Projections - Medium Series*; Passengers from Phoenix Sky Harbor International Airport and FAA *Terminal Area Forecast Summary*, January 2017.



For more information, please visit: <https://www.skyharbor.com/About/Information/EconomicImpact>