

Why GAO Did This Study

GAO was asked to examine airport-centric development and the activities of airport operators and regional stakeholders to facilitate such development. In an effort to increase airports' efficiency in moving passengers and cargo while bolstering the economies of regions surrounding airports, some airport operators, government officials, and business owners are exploring opportunities to strategically develop airports and the regions around them. This report describes the factors considered and actions taken by airport operators, government officials, developers, and others to facilitate airport-centric development.

To do this work, GAO identified five factors that facilitate airport-centric development from relevant literature, interviews with experts, and observations at selected U.S. airports and their surrounding regions. GAO examined these factors by reviewing relevant documents and interviewing stakeholders, including airport officials, business owners, representatives of development organizations, and federal, state, and local government officials. GAO selected 14 airports for more in-depth study. These airports were selected based on annual passenger enplanements and cargo amounts, and experts' recommendations. The findings from these 14 airports cannot be generalized but provide insights that may be of interest to stakeholders in other regions. GAO is not making recommendations in this report. The Department of Transportation, the Federal Aviation Administration, and others provided technical comments, which were incorporated as appropriate.

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NATIONAL AIRSPACE SYSTEM

Airport-Centric Development

What GAO Found

GAO found that airport operators, government officials, real estate developers, and other regional stakeholders are taking actions consistent with five factors when pursuing airport-centric development (development on the airport property to enhance the airport's nonaeronautical revenue and development outside the airport that leverages a region's proximity to the airport).

- **Development at the airport.** Airport operators are developing or enhancing the number and types of services within airport terminals for passengers and visitors such as upscale shops and personal services; they are also developing services for passengers and businesses outside of the terminal areas but on airport property such as hotels and business centers.
- **Air and surface connectivity.** Most stakeholders GAO spoke with noted that a region's ability to connect to a variety of domestic and international destinations by air is important in attracting businesses, tourists, and cargo to the region. In addition to air connectivity, the routes taken by passengers or cargo to and from the airport may be enhanced by efficient highway, rail, and port connections. One example is the Metrorail extension, which will connect Dulles International Airport with downtown Washington DC.
- **Funding sources.** Transportation improvements for airport-centric development may entail large capital-intensive projects that generally require pooling money from different sources. The federal government has a number of programs, such as grants from the Economic Development Administration, designed to support regional transportation-infrastructure development. State and locally generated money—such as state transportation trust funds, dedicated sales taxes, and highway tolls—have been used to match federal funds. Stakeholders in Memphis, for example, were awarded a \$1.26 million grant from the Department of Housing and Urban Development, matched with \$900,000 in local funds and in-kind services, to develop a master plan for their airport-centric development efforts. The private sector may also provide funding through a public-private partnership agreement.
- **Development in the region.** Stakeholders GAO spoke with identified a variety of mechanisms to attract businesses, such as linking airport development to commercial activities in the region; identifying and leveraging unique cultural, tourist, or general qualities of the region; developing industry clusters (groups of complementary businesses); and designing policies or providing incentives to attract businesses to the region.
- **Stakeholder collaboration.** Collaboration among various stakeholders can help achieve specific airport-centric goals. Consultation with residents near the airport and with committee composed of representatives from the airport and the public and private sectors is important; the lack of such consultation can make it difficult to implement development plans. GAO found that multilateral committees representing airport, public-sector, and private-sector groups had been established to promote airport-centric development.