

Economic Impact

Nashville International Airport (BNA)
and John C. Tune Airport (JWN)

Executive Summary

June 2019

MARTIN ASSOCIATES
941 Wheatland Ave., Suite 203
Lancaster, PA 17603
(717) 295-2428
www.martinassoc.net



Executive Summary



Commercial airports are vital engines of economic growth for the regions they serve. They provide services fundamental to business and commerce, while boosting the growth of jobs, business revenue, payroll and taxes. Airport activity contributes to the local and state economy by generating business revenue for local and national firms providing air passenger service, air cargo service, and support services to the airport and the airlines. These firms then provide employment and income to individuals and pay taxes to state and local governments. Similarly, airports foster tourism and related economic activity by facilitating visitors into the region to spend money, which in turn creates jobs in the hospitality industry and beyond.

Nashville International Airport (BNA) contributes to and supports the regional economy by the movement of domestic and international passengers as well as air cargo through its terminal. BNA is located in the southeastern section of Nashville-Davidson County, just miles from downtown Nashville, the capital of Tennessee, serving more than 540 daily flights and providing air travel to more than 71 non-stop destinations.

John C. Tune Airport (JWN) is the largest general aviation airport in the state and is located just eight miles west of downtown Nashville.

Economic Impact of Nashville International Airport (BNA) & John C. Tune Airport (JWN)

The Metropolitan Nashville Airport Authority retained the services of Martin Associates to measure the economic impact of airport activity generated by Nashville International Airport and the general aviation activity at John C. Tune Airport in calendar year 2018. **The purpose of the study is to quantify the economic impacts generated by passenger, air cargo, and general aviation activity at both airports.** In order to measure the impacts in the most defensible manner possible, the methodology utilized is based on detailed tenant and service provider interviews, local economic data, and airport statistics — in other words, *direct measurement*.

Economic Impacts of Nashville International Airport (BNA) and John C. Tune Airport (JWN) in 2018

Impacts	BNA-Site Generated & Visitor Industry	JWN-Site Generated & Visitor Industry	2018 Total Impacts	2012 Total Impacts	% Increase 2018-2012
Jobs					
Direct	33,639	156	33,795	20,096	68.2%
Induced	13,607	79	13,686	8,418	62.6%
Indirect	<u>20,185</u>	<u>92</u>	<u>20,278</u>	<u>9,406</u>	<u>115.6%</u>
Total Jobs	67,431	327	67,759	37,921	78.7%
Personal Income (\$ Millions)					
Direct	\$1,017.3	\$6.9	\$1,024.1	\$548.8	86.6%
Re-spending/Consumption	\$1,134.1	\$8.5	\$1,142.6	\$547.4	108.7%
Indirect	<u>\$676.5</u>	<u>\$3.9</u>	<u>\$680.4</u>	<u>\$277.4</u>	<u>145.3%</u>
Total Income	\$2,828.0	\$19.2	\$2,847.1	\$1,373.6	107.3%
Business Revenue (\$ Millions)	\$5,948.8	\$26.8	\$5,975.6	\$2,996.1	99.4%
Economic Activity (\$ Millions)					
Business Revenue	\$5,948.8	\$26.8	\$5,975.6	\$2,996.1	99.4%
Re-Spending/Consumption	<u>\$1,134.1</u>	<u>\$8.5</u>	<u>\$1,142.6</u>	<u>\$547.4</u>	<u>108.7%</u>
Total Economic Activity	\$7,082.9	\$35.3	\$7,118.2	\$3,543.5	100.9%
Local Purchases (\$ Millions)	\$1,188.2	\$7.5	\$1,195.8	\$532.6	124.5%
State and Local Taxes (\$ Millions)	\$167.9	\$1.3	\$169.2	\$90.6	86.8%
Federal Government Aviation-Specific Taxes (\$ Millions)	\$223.9	\$0.5	\$224.5	\$121.4	84.9%

Totals may not add due to rounding

As is clear from the chart, the vast majority of the impacts are generated by Nashville International Airport. In 2018, BNA served **16 million passengers** and handled 105.4 million pounds of air cargo (freight and mail). This passenger and air cargo activity generates substantial economic impact benefits throughout the Nashville metropolitan area. In addition to these airport-generated impacts, it is estimated that 52,736 direct, induced, and indirect jobs were generated in the Nashville visitors industry due to expenditures by the 4.4 million visitors to the region who arrived via Nashville International Airport. The impacts of the visitors are estimated from the results of an in-terminal passenger survey conducted by Tennessee Connections as part of this study. These visitors, who include both domestic and international travelers, spent approximately \$2.9 billion on area hotels, restaurants, retail stores, and entertainment establishments, which in turn, generated jobs in the Nashville visitor industry. As a result of visitors arriving via BNA, \$101.7 million of state and local tax revenues were generated. Total economic activity generated by the Nashville visitor industry is \$3.6 billion.

Overall, the economic impacts of the passenger and air cargo activity at Nashville International Airport in calendar year 2018 generated the following:

- **67,432 jobs** in the Nashville area;
- **\$2.8 billion** in direct, induced, and indirect personal income;
- **\$6 billion** in business revenue;
- **\$168 million** in state and local taxes;
- **\$224 million** in Federal aviation-specific taxes; and
- **\$7.1 billion** in total economic impact (combines business revenue [\$6 billion] and the re-spending/consumption impact [\$1.1 billion])

Nashville International Airport (BNA)

The economic impacts on the Nashville metropolitan area are quantified in terms of:



- **Employment**
- **Business Revenue**
- **Personal Income**
- **Tax Payments**

I. BNA Employment Impacts

Passenger and air cargo activity at Nashville International Airport supported 67,432 direct, induced, and indirect jobs in the Nashville metropolitan area.

- **Airport-Generated Employment Impacts**

In calendar year 2018, passenger and airport activity at Nashville International Airport generated 7,601 direct jobs, of which the majority were employed directly with the fixed base operators, including the airline maintenance firms, fuel operators, and service companies serving the airlines at BNA. Approximately 93% of the direct jobs are held by residents of the Nashville metropolitan area.

Because of the local purchases by the 7,601 directly employed, an additional 3,903 induced jobs were supported in the local economy. The majority of these induced jobs are supported in the local and state government, and professional and personal services sector of the economy, followed by local grocery stores and restaurants, the local housing and real estate sector, and the health sector.

As a result of \$329.7 million of local purchases by airport-dependent firms, an additional 3,102 indirect jobs were supported in local office supply firms, retail and wholesale outlets, telecommunications firms, and machine and parts firms.

- **Visitor Industry Employment Impacts**

In 2018, of the 8 million passengers boarding flights at Nashville International Airport, 4.4 million were visitors to the Nashville metropolitan area. An in-terminal departing passenger survey was conducted as part of this study to develop visitor profiles of expenditure activity while in Nashville, length of stay in the area, purpose of the trip to Nashville, and whether the passenger is a foreign resident or a resident of the United States.

The majority of these 4.4 million visitors to the Nashville metropolitan area in 2018 are domestic passengers (99%, or 4.3 million), while the remaining 24,610 are international visitors to the Nashville metropolitan area.

The 4.4 million visitors spent \$2.9 billion in the Nashville visitor industry in 2018 for food, lodging, entertainment services, retail purchases, and transportation services. These \$2.9 billion of visitor industry purchases supported 26,038 direct jobs in the Nashville metropolitan area visitors industry.

As a result of local purchases by these 26,038 employees of the Nashville visitor industry, an additional 9,614 induced jobs were supported in the local economy. Furthermore, as the result of \$858.5 million of local purchases by the firms dependent upon the Nashville visitor industry, an additional 17,083 indirect jobs were supported, for a total visitor industry impact of 52,736 direct, induced, and indirect jobs.

II. BNA Business Revenue Impacts

The passenger and air cargo activity at Nashville International Airport generated \$6 billion in business revenue to firms providing services at the airport and to local visitor industry firms.

- **Airport-Generated Business Revenue Impacts**

The passenger and air cargo activity at Nashville International Airport created \$3.1 billion of business revenue to firms supplying passenger and air cargo services at the airport. The majority of this revenue was received by airlines carrying the enplaning passengers at Nashville International Airport, while ground transportation operations generated 8.6 percent, construction operations generated 6.7 percent, and air cargo operations generated 4.6 percent of the \$3.1 billion in business revenue.

- **Visitor Industry Revenue Impacts**

In 2018, the local area visitors industry received \$2.9 billion in revenue from the 4.4 million visitors arriving in the Nashville metropolitan area via Nashville International Airport. These purchases were made for lodging, food, retail, entertainment, and transportation services.

III. BNA Personal Income Impacts

A total of \$2.8 billion of wages and salaries were generated as a result of passenger and air cargo activity at Nashville International Airport in 2018, including airport-generated income (direct, induced [re-spending/consumption], and indirect) as well as the visitor industry income impacts.

- **Airport-Generated Income Impacts**

In 2018, the 7,601 direct employees earned \$329.7 million in income (i.e. wages and salaries) from airport activity. Based on data from the U.S. Department of Commerce, Bureau of Economic Analysis, it is estimated that an additional \$429.1 million of personal income and local consumption expenditures were generated.

In addition, the 3,102 indirect job holders received \$148.1 million of indirect wages and salaries. Combining the direct, induced, and indirect income impact, the total local income impact of Nashville International Airport is estimated at \$906.9 million in 2018.

- **Visitor Industry Income Impacts**

The 26,038 directly generated jobs in the Nashville visitor industry received income (i.e. wages and salaries) totaling \$687.6 million. As a result of re-spending of this income, an additional \$705.0 million of income and consumption expenditures were generated. Furthermore, the 17,083 indirect job holders, supported by the \$858.5 million local purchases by Nashville visitor industry firms dependent upon the visitors using the airport, received \$528.5 million of indirect wages and salaries.

IV. BNA Tax Impacts

Passenger and air cargo activity at Nashville International Airport, as well as visitor industry impacts, generated \$167.9 million of state, county, and municipal taxes; and \$223.9 million of Federal aviation-specific taxes.

- **Airport-Generated Tax Impacts**

Direct airport activity generated approximately \$66.2 million of state and local taxes in 2018. As a result of the passenger and air cargo activity, \$223.9 million of Federal aviation-specific taxes are generated. These taxes include the domestic passenger departure tax, the air cargo tax, and taxes on departing and arriving international passengers, as well as security fees.

- **Visitor Industry Tax Impacts**

As a result of the 4.4 million visitors to the Nashville metropolitan area, \$101.7 million of state and local taxes were generated.

John C. Tune Airport (JWN)

General aviation activity at John C. Tune Airport (JWN) also contributed to the local Nashville economy. In 2018, there were an estimated 85,000 annual operations, and this activity supported the following economic impacts (on-site and visitors industry) at JWN:

- **327 jobs**
- **\$19.2 million** in direct, induced, and indirect personal income;
- **\$26.8 million** in business revenue;
- **\$1.3 million** in state and local taxes;
- **\$500,000** in Federal aviation specific taxes; and
- **\$35.3 million** in total economic impact

Summary

In summary, this analysis of impacts demonstrates the economic development contribution of Nashville International Airport and John C. Tune Airport to the Nashville regional economy. In order to continue to grow its economic contribution, it is essential that BNA continue to adjust and accommodate the growing passenger and air cargo demands with adequate facilities and services.

Nashville International Airport is addressing the dramatic increase in passengers and taking steps to facilitate the region's robust growth by implementing *BNA Vision*, a comprehensive series of capital projects that includes expansion of the terminal, a new concourse, more security screening lanes, and additional parking, among other improvements. The price tag on *BNA Vision 1.0* is approximately \$1.2 billion in construction and capital expenditures and is scheduled for completion in 2023.



Additional phases of *BNA Vision* are set to follow thereafter in an effort to meet the future market demands of Middle Tennessee. The economic impacts specifically for *BNA Vision* activities in 2018 are detailed in Chapter 5 of this study.

*A copy of the full report on the **Economic Impacts of Nashville International Airport (BNA) and John C. Tune Airport (JWN)** can be found at flynashville.com.*