

## PRESS RELEASE

### Airport Cities – Concepts and Success Factors

#### ICME - Benchmark Study 2009

- **Airport City concepts** differ in their concepts, their contents and their implementation success. The spectrum ranges from marginal additions onsite to city quarter concepts and sustainability strategies for the City of the 21<sup>st</sup> century
- **Development paths:** The classification into stages, which ranges from the classic providing function of infrastructure to city types with international positioning and branding, allows comparison and evaluation of partners
- **Success factors:** Endogen and exogen factors such as ownership structure, spatial situation and active shareholder/stakeholder management determine the practicability and the success of the Airport City

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#### Summary

The phenomenon of the Airport Cities has kept its timeliness despite its implementation success stories which have already occurred in the 70s. The integrative approach of Airport City concept includes the design, planning and implementation of a new city type with a central airport. This core has a magnet effect on the cluster functions. The economic and social impulse of these campuses inspires not only real estate experts and city planner, but also investor and environmental groups.

#### Settings and Overall Situation

Air transport is slowly recovering from the credit crunch effects and neither discussions about climate change nor emission trade can dampen operators' optimism and their massive extension plans. The professionalisation of the business segment Non Aviation with shopping and entertainment worlds has kept its reputation as a high yield infrastructure provider and attractive investment. Cooperations with hotel groups and logistic companies has been the next logical step towards the integration of airport affine services into onsite spatial planning. But how can this implementation be managed successfully?

## **Growth Option Airport City**

The call after an integrative concept for areas close to the airport has been answered by the consequent conversion of the magnet effect of airports on both sides of the fence. It is therefore of essential importance to leverage the location profile as a logistic, intermodal platform and to position the Airport City as a win-win solution for all parties involved.

ICME continues its analysis and completes the results of the first study "Airport Cities" which took place in 2008 and takes on the resulting strategic challenges.

## **Approach and Methodology**

ICME has already undertaken a comparable international study in 2008 covering the phenomenon of Airport Cities. That study focused on European Prime and capital airports such as Frankfurt, Munich, Amsterdam etc. as well as international best practice Airports like Seoul Incheon or HongKong.

The second study was designed as the complementary analysis with focus on US American Airports and European secondary airports and their concepts as well as special cases such as YMX in Montreal. In addition, the existing models, development paths and factors have been analyzed in more depth.

**61,1 %** of the benchmark partners are located in Europe; the second largest group is represented by the North American airports with **22,2 %**, additional **11,1 %** located in Asia and an additional airport is located in Australia (**5,56 %** of the pool).

The profiles, concepts and cooperation forms of the benchmark partners have been analyzed. Aside from the aviation profile, the ownership structure and infrastructure locations have been determined. The second part focused on the interaction with the region, especially in terms of cooperation and communication forms during the planning and implementation process. The third part complements the strategic part with vision and Airport City concepts as well as their campus and platform ideas.

In addition to comprehensive research and assessment of annual reports, strategy papers and Real Estate brochures, numerous personal and phone interviews have been undertaken with representatives of airport operators, such as the head of Real Estate, PR spokespersons as well as people in charge of strategy and development. Interviews with experts from science and research complete the data.

## Results

Based on the status quo a comprehensive analysis has been executed. Looking on a strategic, tactical and operational level the following focus areas have been looked at:

- A. Models
- B. Success factors
- C. Development paths
- D. Planning dialogue

### A. Models

The classic airport elements such as terminals and cargo area as well as supportive cluster functions have been determined to compare the benchmark partners on the level of Airport City models. These elements contain hotel, office/business/conference, leisure/entertainment as well as Non Aviation affine functions such as education & research and healthcare.

The individual Airport City concepts and plans have been analyzed based on these elements. It can be stated in conclusion that a range of models exist which match and complement the first studies' results. The spectrum ranges from airports focusing on their core business with support functions provided by third parties to airports which interact on a platform level and therefore create the individualistic city type of an Aeropolis or Aerotropolis (Kasarda et. al). The sustainability aspect of already existing facilities can play an important conceptual role, for example the Montreal (YMX). The different models reach from simple marketing concepts for Non Aviation offers to the planning of city quarters, which build new conglomerates of urban elements and airport area. The sustainability aspect has been integrated in the study content for the first time to cover all phases of the life cycle of an airport.

It can be adhered, that secondary Airports „on the edge“ intend also to leverage the magnetic effect of their air traffic beyond the fence with the allocation of logistics and business parks - a concept which has already been implemented successfully at larger airports. This trend has already been identified in the first study, for example at VIE. Variations only exist in relation to planning and construction phases.

The airport in Brisbane (BNE) has included further magnet elements within its airport city, for example do-it-yourself stores and shopping cluster, following the maxim that “traffic creates traffic”. The factor infrastructure and connectedness has been identified as of central important in principle and therefore has been included as an additional element, compared to the first study. Furthermore, other relevant drivers for the practicability and the success of the airport city have been listed.

## B. Success Factors

The central question is which aspects need to be analyzed before construction start and during conception phase. Furthermore, the general consideration needs to be done, if and at which size investment projects close to the airports can be defined as airport cities.

ICME has already identified eight success factors, which are relevant for the planning and implementation. These factors have been analyzed thoroughly in their sub-aspects such as soil conditions and ownership situation and especially in their variability over time and their determinants in the second study. This showed that the respective political system and the legal framework had an immense influence on extension projects, their time horizon and indirectly even their financing. Changes of this success factor are only possible to a certain extent; moreover, high political or economic pressure might be necessary in extreme cases. Some factors are more exogen than others, as the factor leadership might be influenced relatively easy through changes in the management team.

The eight success factors and their main components are:

1. **Shareholder structure** (of airport operator/partner, city/country)
2. **Infrastructure situation** (within city/within region)
3. **Airport key functions** (aviation profile, network)
4. **Framework** (legal system, interaction with planning authorities)
5. **Leadership** (organisation/competencies)
6. **Shareholder/Stakeholder engagement**
7. **Spatial situation**
8. **Planning and development culture**

Source: ICME Benchmark study Airport Cities, 2008

The results of the second study include the individual profiling of partner as well as the evaluation of the potential for success as a result of the combination and interplay of these factors.

## C. Development Paths

The ICME analysis has covered especially development processes which airports follow from their current positioning towards their vision of the final airport city. ICME has therefore derived a pathway with individual steps from the classic airport towards a new city quarter. The five steps are:

1. Pure Airport/air traffic only and therefore focusing on the infrastructure function
2. Airport Add-On/supported Air traffic; extension in terms of supportive functions
3. Airport Development "beyond the fence"/extensions on the other side, rudimental construction and investment measures for additional uses
4. Integrated Airport City; holistic joint model between city and airport
5. Aeropolis; creation of a new cluster based city type with city and airport elements.

The airport partners have been categorized based on this classification and therefore were comparable. As a result it can be stated, that especially secondary airports cautiously drive forward

their extension programs beyond the fence, favouring the segments office and logistics. Airports, e.g. Brisbane, which support an integrated city concept, include various clusters, such as entertainment, shopping and leisure with golf courses.

#### **D. Planning dialogue**

The fourth focus "Cooperation forms during planning dialogue" looked at planning content and the involved. Thereby, the following can be stated generically: the larger the planning area, the stronger the commitment and connectedness between the partners. This fact relates to the long time horizon had large investment volume. Multiple forms of cooperation on a daily basis exist during the planning and implementation phase, for example panels, planning task forces and project.

The ICME study is based on expert interviews and data from annual reports, strategy papers, conference papers and the ICME data base (desktop research).

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