The Aerotropolis and Global Competitiveness

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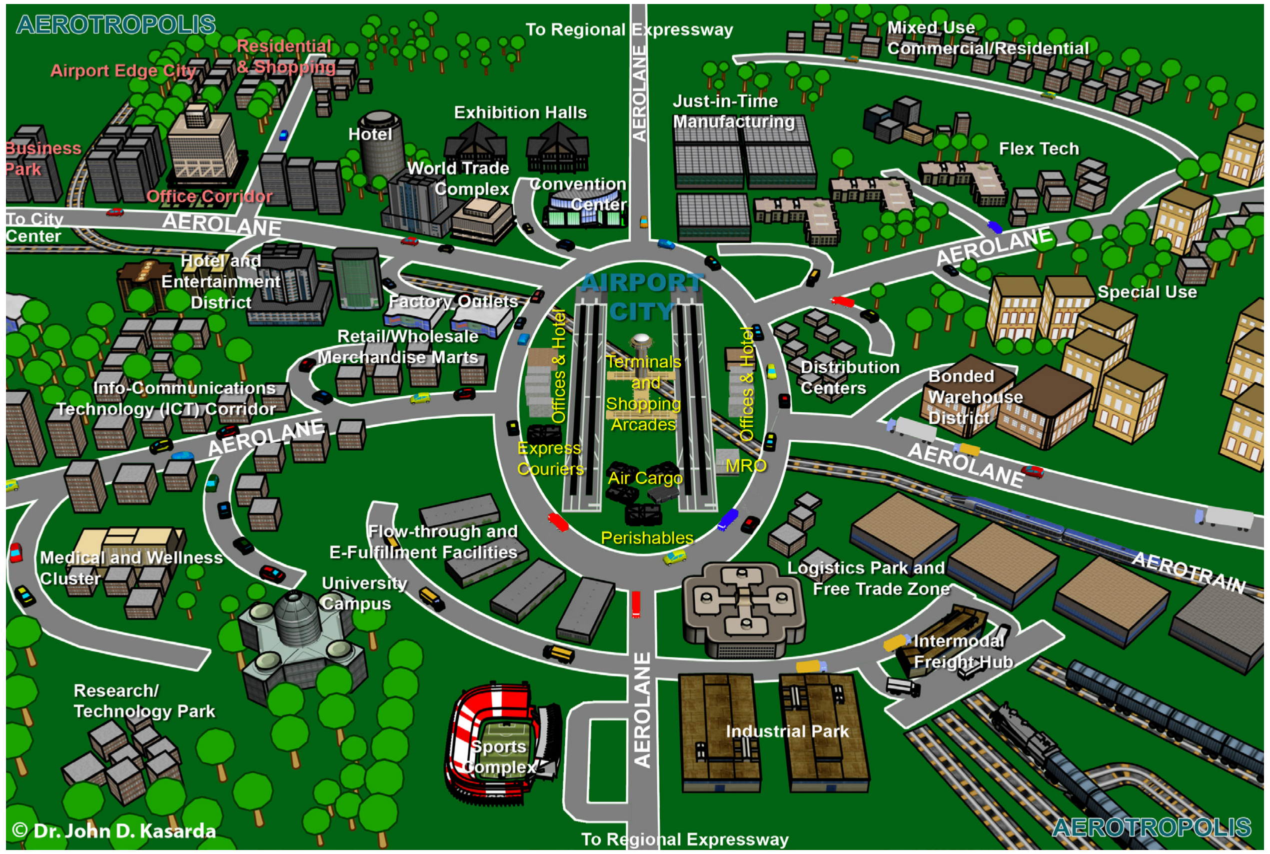

Aerotropolis Schematic. Image courtesy of Dr. John Kasarda.

A new urban form is emerging worldwide that is shaping the competitiveness of metropolitan regions and nations. It is the aerotropolis, a city built around an airport which offers aviation-oriented firms speedy connectivity to their suppliers, customers, and enterprise partners nationally and worldwide. These firms, many in the high-tech and high-value service sectors, are often more dependent on distant suppliers and customers than on those located in their own region.

The aerotropolis also contains the full set of commercial facilities that support such firms and the millions of air travelers who pass through the airport annually. Included here, among others, are office, hotel, convention and exhibition complexes, shopping, dining, and recreation venues, and logistics and distribution facilities. As increasing numbers of firms cluster around airports and outward along their highway corridors, the aerotropolis emerges where air travelers and locals alike work, shop, meet, exchange knowledge, conduct business, eat, sleep, and are entertained without going more than 15 minutes from the airport.

ECONOMIC IMPACTS. Dozens of aerotropolises are evolving around the world, either by design or spontaneously. Among the most prominent aerotropolises are Amsterdam Schiphol, Hong Kong, Incheon (South Korea), Dubai, Chicago O'Hare, Dallas-Ft Worth, Washington Dulles, and Memphis. Each has attracted a remarkable amount of business investment to their airport areas, generating substantial job and economic impacts.

For example, more than 1,000 multinational firms have located in the Amsterdam Schiphol Airport area including the world headquarters of ABN Amro and ING banks, both located within six minutes of Schiphol's airport terminal. Likewise, five Fortune 500 world headquarters are located in Las Colinas, Texas, a ten-minute drive from Dallas-Ft Worth International Airport, while Chicago's O'Hare airport area has more office, hotel, and convention space than most city downtowns. The Washington Dulles Aerotropolis is the second largest retail market in US (just behind Manhattan) with the airport region also becoming a consulting and high-tech office mecca.

Both Hong Kong International and Incheon Airport boast world-leading logistics complexes. Hong Kong Disneyland, next to the airport, attracts Asia-wide tourists, while New Songdo City, an international business district the size of downtown Boston, is being completed near Incheon International Airport.

Dubai has emerged as a full-fledged Aerotropolis with its tourism, commercial, and finance sectors built around its rapidly expanding air hub. Dubai as well as Memphis have effectively developed global air logistics hubs and surrounding aerotropolises that have attracted substantial external investment, boosted trade, and made their economies far more competitive.

AEROTROPOLIS DRIVERS. The aerotropolis is the physical incarnation of globalization, reflecting major increases in long-haul jet aircraft connecting people, products, and enterprises world-wide. It also reflects new supply chain processes where parts and components are manufactured in a half-dozen different countries, assembled in a seventh country and distributed to a multitude of others.

The growth of world tourism has further spurred aerotropolis development, as has the expansion of aviation-intensive producer services such as consulting, finance, and marketing whose firms are increasingly gravitating to airport areas. Another aerotropolis driver is our "must have it now" consumer age where even if people can wait, they won't wait for the products they order from distant locations via the Internet.

Apropos the above, as important as the Internet is, the Web won't move a box. For every iPad order placed in Africa, Germany, or the U.S., an aircraft flies it there from China. Moreover, business remains a "contact sport." Setting up these airport-linked enterprise networks and closing the deal still typically requires face-to-face negotiations across borders.

The upshot is that airports and their surrounding areas have become magnets for time-

Apple iPhone 4 Global Supply Chain. Image courtesy of Dr. John Kasarda.

New Songdo International Business District (Near Incheon International Airport). Photo courtesy of Dr. John Kasarda.

critical businesses of all types. Already, over a third of the value of all world trade moves by air. This will only increase as global incomes rise and economies shift toward higher-value products that are smaller, lighter and more compact such as microelectronics, pharmaceuticals, medical instruments, aerospace components, and specialty perishables.

COMPETITIVE CHALLENGES. In the age of the Aerotropolis, the most competitive firms and cities will be those that connect their products and people faster and more efficiently to the global marketplace. Aviation is the 21st century physical Internet offering them speedy, long-distance physical connectivity using airports as its routers.

China, India, South Korea and other Asian nations recognize this and are investing heavily in their airports and aerotropolises as competitive tools for 21st century global commerce and trade. So are nations in the Middle East. Many of their airports are far more modern, attractive and efficient than those in the West where aviation infrastructure investment lags. For example, the World Economic Forum ranks the quality of U.S. aviation infrastructure 31st in the world, tied with Thailand and behind such nations as Malaysia, Panama, and South Africa.

The U.S. has targeted a mere US$2 billion to its airports as part of the President's $50 billion infrastructure stimulus package. China, on the other hand, plans to invest nearly US$240 billion in its airport sector during the next five years, including 56 new commercial airports. India is building 20 new airports and modernizing 58 others. The Middle East is experiencing a similar airport infrastructure boom, investing some US$104 billion over the next few years.

Asia and the Middle East take a strategic and philosophically different view of their airports compared to the U.S. and Europe. While the former treat their airports as primary infrastructure assets to compete in the 21st century, the U.S. and Europe all too often treat them as nuisances and environmental threats to be controlled. Not that there aren't problems that need to be addressed with airports, including noise, congestion, environmental, safety and capacity issues, but the critical importance of airports for 21st century competitiveness and urban prosperity must be better explained, publicized, and appreciated. [DC]

Hong Kong Sky City, Hong Kong International Airport. Photo courtesy of Dr. John Kasarda.

Amsterdam Schiphol Aerotropolis, World Trade Center, Corporate Offices and Hotels. Photo courtesy of Dr. John Kasarda.

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