

The Economic Impacts and Contributions of Dallas Love Field Airport

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Economic and Policy Analysis

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Executive Summary

Dallas Love Field is a key transportation asset supporting business development and attracting economic activity to the city and neighboring communities. In the following, we report the findings of our assessment of the economic impacts and contributions associated with the airport and examine its contributions to overall growth in the regional economy. Even with reduced levels of travel activity caused by the COVID-19 pandemic, new investments in airport facilities continued apace, ensuring long-term support for a growing Dallas economy. As discussed below, Dallas Love Field generates substantial economic activity for the City of Dallas and its residents. Key findings of our analysis include:

- Budgeted capital expenditures for the airport’s Capital Improvement Program (CIP) approached \$464 million in Fiscal Year 2020-2021. This spending boosted regional economic activity by more than \$611 million and supported over 2,900 jobs which increased total labor income in the city by \$231 million. (See table ES1).
- The current Dallas Love Field Capital Improvement Program expects to spend almost \$1.1 billion over several years increasing total economic activity in the city by \$1.4 billion and sparking the creation of more than 7,900 job-years* of employment that will pay more than \$594 million in salaries, wages, and benefits.
- Our impact estimates are based on the IMPLAN economic input-output model. The model provides estimates of indirect (business supply chain) effects and induced (employee’s household spending) effects based on the level of direct spending. The IMPLAN model is widely used in academic and professional research.

Table ES1: Economic Impacts of Dallas Love Field’s Current Capital Improvement Program (City of Dallas)

| Description | Impact | |
|-------------------------|----------------|------------------|
| | FY 20-21 | Total CIP |
| Spending | \$ 463,808,000 | \$ 1,095,305,000 |
| Output | \$ 611,377,000 | \$ 1,439,994,000 |
| Value Added | \$ 321,221,000 | \$ 777,430,000 |
| Labor Income | \$ 231,178,000 | \$ 594,393,000 |
| Jobs (job-years) | 2,941 | 7,934 |
| City Revenues | \$ 1,628,702 | \$ 3,712,000 |

Sources: City of Dallas Aviation Department; IMPLAN; Weinstein, Clower, and Associates

- Dallas Love Field supports thousands of permanent jobs. This includes city staff, other government workers and contractors, employees of airlines and related support services, fixed base operators (FBO) who provide a wide range of services to the general aviation community, concession workers, and employees of businesses located on airport grounds or in close proximity to the airport. The economic activity that supports these jobs flows across a wide range of industry sectors in the city. For Fiscal Year 2020-2021, the most

* When spending occurs over multiple years, a job-year is the most accurate way to describe employment impacts. A job-year is one job lasting for one year. The number of jobs working on CIP projects will vary based on the project and intensity of activities in any given year.

recent full year of operations, business activity at Dallas Love Field contributed almost \$3.9 billion to the city's economy, boosted gross product by \$1.9 billion, and increased labor income by more than \$1 billion through a total of 12,600 direct, indirect, and induced jobs. (See Table ES2). This level of activity provided over \$37 million in tax-related revenue for the city.

- In addition to the business activity occurring at the airport, the airport brings in millions of visitors each year for business and personal travel. Visitor spending by airport patrons exceeded \$245 million in FY2020-2021, supporting thousands of jobs in sectors of the economy that were otherwise devastated by the pandemic. Naturally, this spending was substantially lower than pre-pandemic norms when estimated DAL-related visitor spending was running at an annual pace of about \$635 million.
- When visitor spending effects are added to those related to airport business operations, total economic contributions from recurring airport operations exceeded \$4.2 billion, added \$1.2 billion to labor income, and created over 17,000 jobs in Fiscal Year 2020-2021.
- Even though impressive, FY2020-2021 contributions are notably below pre-pandemic levels. In the fiscal year prior to the emergence of COVID-19, the economic contributions of Dallas Love Field included almost \$5 billion in economic activity supporting over 25,000 jobs that paid \$1.5 billion in salaries, wages, and benefits, and contributed to \$45 million in tax and related revenues for the city.

Table ES2: Economic Contributions of Dallas Love Field Operations (City of Dallas)

| Description | Impacts | |
|-------------------------------------|------------------|------------------|
| Airport Operations | | |
| | FY18-19 | FY20-21 |
| Output | \$ 4,126,784,000 | \$ 3,869,577,000 |
| Value Added | \$ 2,077,379,000 | \$ 1,946,436,000 |
| Labor Income | \$ 1,159,060,000 | \$ 1,083,281,000 |
| Jobs | 13,233 | 12,624 |
| City Revenues | \$ 39,604,000 | \$ 37,468,000 |
| Visitor Spending | | |
| Output | \$ 872,054,000 | \$ 337,315,000 |
| Value Added | \$ 508,662,000 | \$ 196,723,000 |
| Labor Income | \$ 354,736,000 | \$ 137,214,000 |
| Jobs | 12,043 | 4,658 |
| City Revenues | \$ 6,189,000 | \$ 2,393,784 |
| Total Economic Contributions | | |
| Output | \$ 4,998,838,000 | \$ 4,206,892,000 |
| Value Added | \$ 2,586,041,000 | \$ 2,143,159,000 |
| Labor Income | \$ 1,513,796,000 | \$ 1,220,495,000 |
| Jobs | 25,276 | 17,282 |
| City Revenues | \$ 45,792,000 | \$ 39,861,784 |

Sources: City of Dallas Aviation Department; Tourism Economics; FAA; IMPLAN; Weinstein, Clower, and Associates.

- For Fiscal Year 2020-2021, the total economic contributions from capital expenditures, operations, and related business and traveler spending created by Dallas Love Field reached \$5.6 billion in economic activity, boosted labor income by \$1.7 billion paid through more than 28,000 local jobs. (See Table ES3.) Total revenues to the City of Dallas from taxes, fees for licenses and permits, and other revenues exceeded \$47 million.

Table ES 3: Economic Contributions of Dallas Love Field Capital Spending and Operations in Fiscal Year 2020-2021, City of Dallas

| Description | Impact |
|----------------------|------------------|
| Output | \$ 5,610,215,000 |
| Value Added | \$ 2,907,261,000 |
| Labor Income | \$ 1,744,974,000 |
| Jobs | 28,217 |
| City Revenues | \$ 47,421,000 |

Sources: City of Dallas Aviation Department; IMPLAN; Weinstein, Clower, and Associates

- The importance of Dallas Love Field to broader growth and development opportunities for the city has been important and is growing. Area business and real estate experts cite Dallas Love Field, particularly after restrictions on commercial air travel operations ended, as a key contributor to major growth nodes emerging near downtown including:
 - Stemmons biotech corridor that includes Pegasus Park, the former Mobil Oil complex that is emerging as a biotech hub and healthcare-focused business accelerator, and Harry Hines medical center complex;
 - Lemmon Avenue development and revitalization;
 - Residential, mixed-use, and commercial growth and redevelopment near and *in* downtown Dallas;
 - Bryan Tower,
 - Santander Tower,
 - Trammel Crow Center,
 - Portman Holdings new offices and residential units on Ross Ave.,
 - J.W. Marriott hotel at Energy Plaza and others.
 - and the city’s ability to attract new convention business to a renewed Dallas Convention Center.
- Economic development experts also note Dallas Love Field’s contributions in making the City of Dallas, and its suburbs, among the most competitive areas in the nation for company relocations.

A brief history of Dallas Love Field Airport

Dallas Love Field began life during World War I when it was used for pilot training by the Army Signal Corps. After the War, the Love Field Development Corporation acquired the airport from the U.S. Government and converted it for commercial use. In 1927, the City of Dallas purchased the facility and added improvements over the succeeding decade, including the paving of runways. By 1939, Love Field was supporting 21 daily departures by American, Delta, and Braniff airlines. Twenty-five years later, in 1964, Love Field was the busiest commercial airport between Atlanta and Los Angeles.

In the early 1960s, the Federal Aviation Administration (FAA) determined that Dallas' Love Field and Fort Worth's Greater Southwest International Airport would be unable to accommodate the growing demand for air travel in the Dallas-Fort Worth metropolitan region. This led to an agreement between the two cities in 1968 to build DFW Regional (later International) Airport which began operations in January of 1974 with nine airlines who had agreed to shift all their operations from the two existing commercial airports to the new facility.

Love Field traffic declined rapidly after the opening of DFW Regional Airport. The airport, once boasting more than 70 gates, shut down several of its concourses and reduced most of its operations. But one airline, Southwest, did not agree to move to the new airport and instead relocated its headquarters from San Antonio to Dallas Love Field where it had been operating intrastate flights since 1971. After several lawsuits in the early 1970s, Southwest won the right to continue flying from Love Field, though its operations were restricted to flights within Texas.

With the deregulation of air travel in the late 1970s, Southwest sought to expand its service beyond Texas. Due to opposition from DFW supporters, the so-called "Wright Amendment" to the International Air Transportation Act of 1979 was passed that restricted flights by any commercial carrier operating out of Love Field to destinations within Texas and the four surrounding states: New Mexico, Oklahoma, Arkansas, and Louisiana.

By the early 2000s, the economic and aviation landscape had changed markedly. Dallas-Fort Worth had become the fastest-growing major metropolitan area in the country, and a consensus evolved that the region could easily accommodate two commercial airports with no perimeter restrictions. With the assent of the cities of Dallas and Fort Worth, along with DFW Airport, American Airlines, and Southwest, the Wright Amendment was repealed in 2006, though the perimeter rules remained in place until 2014. The parties also agreed that the number of gates at Love Field would be limited to 20 and that no international flights would be allowed.

Since the expiration of the perimeter rules in 2014, Love Field traffic has grown exponentially and major renovations to the terminal have taken place. In 2013, the airport enplaned about four million passengers. By 2019, before the COVID-19 pandemic, Love Field recorded more than eight million enplanements. With the pandemic receding and the demand for air travel soaring, 2022 should be a record year for passenger enplanements at Love Field.

Aviation and regional economic competitiveness

Commercial airports like Love Field are a critical component of Dallas-Fort Worth's transportation infrastructure and catalyze economic growth and regional competitiveness. Not only do airplanes move people, but many industries could not survive without access to reliable air transport services to move their products.

Airports have become vital logistics and distribution centers as well as major employment clusters. They can also spur market-driven real estate development such as offices, hotels, and warehouses. This has certainly been the case at DFW International Airport since it opened, and similar development is now occurring near Love Field, especially along Mockingbird Lane. By making regions like Dallas-Fort Worth more accessible, airports are also an important driver of the convention and tourism industries.

With eight million residents, and growing faster than any other large metropolitan area, Dallas-Fort Worth is now the nation's fourth-largest urban area and is projected to pass Chicago by the end of the decade. Located in the middle of the country, and lacking a water port, Dallas-Fort Worth could not have become a major population, employment, and industrial hub were it not for its aviation industry. What's more, the "liberation" of Love Field has been an economic boon to the City of Dallas and has helped bring about the revitalization of its downtown (see discussion below).

According to Mike Rosa, senior vice president for economic development with the Dallas Regional Chamber, the removal of the perimeter rule at Love Field has given Dallas a leg up in the competition for business relocations and expansions because most of the areas that compete with Dallas don't have two airports with nationwide route systems. Mr. Rosa also believes the expansion of Love Field has helped shift the Metroplex's economic center of gravity more toward the City of Dallas and especially Downtown and Uptown. Having both airports relatively close to each other, with easy access from downtown Dallas, is a big selling point for the Dallas Chamber.

Economic and fiscal contributions of Dallas Love Field

In this section, we describe the economic contributions enjoyed by the City of Dallas from capital and operations spending at Dallas Love Field (DAL), related spending by airport tenants and other businesses located in close proximity to the airport, and visitor spending by travelers arriving through the airport. Data to support this analysis comes from the City of Dallas Aviation Department, Tourism Economics, Federal Aviation Administration, and the JobsEQ database from Chmura Economics. Estimates of the economic value of this combined spending are based on the IMPLAN economic input-output model developed by MIG, Inc.

The IMPLAN model is widely used in academic and professional research. It provides estimates of the flow of money that is sparked by new or existing spending categorized as direct, indirect, and induced effects. Direct effects reflect the spending by the subject organization, which in this case includes the airport administration, businesses that are located on airport grounds (tenants), aviation-related businesses located adjacent to the airport (through-the-fence) or near the airport, and spending by out-of-area visitors who arrive in Dallas on DAL flights. The airport operations

include commercial aviation and general aviation activities. We include employment at Southwest Airlines headquarters given the longstanding connection between the airport and its largest carrier. Other large tenants or nearby businesses include CAE Simuflite, Gulfstream, Rochester Gauges, Icarus Jet, and fixed-base operators (FBOs) who provide fuel and services to the aviation community at Dallas Love Field. The business spending of all these firms is captured as direct effects.

Indirect effects occur as spending flows through the supply chains of firms' direct spending, creating additional economic activity in the city. For example, a corporate jet arrives at Dallas Love Field and engages the services of an FBO who provides aviation fuel and other goods and services. The FBO hires employees and purchases goods and services to support their business, including hiring a local accounting firm for bookkeeping. The accounting firm, in turn, hires workers, rents office space, and retains a janitorial service to clean the office. The janitorial company employs janitors, purchases equipment and cleaning supplies, and so on. The IMPLAN model adjusts for spending that leaves the subject study area, in this case, the City of Dallas. The aviation fuel sold at the airport is not refined or distilled in Dallas, and thus only a part of that spending (local transportation, profits, etc.) stays in Dallas.

The final type of effect measured in the economic input-output analysis is the induced effect, which captures the economic activity associated with spending by employees of all these companies for goods and services in the local economy. Even with the adjustment for "economic leakage" that leaves the city, the sum of the direct, indirect, and induced effects is greater than the initial direct spending, which is the multiplier effect.

By convention, the economic benefits deriving from the airport and related business and traveler spending are termed as economic "contributions." The more recognized term, economic "impacts" refers to the economic consequences of adding a new business or industry to the city. One of the important aspects of Dallas Love Field is that it has been contributing to economic activity in Dallas for almost 100 years.

The IMPLAN model provides estimates of economic output, value-added, labor income, employment, and government revenues. Economic output, which we also call economic activity, is the value of business transactions. Value added is equivalent to the gross domestic product or gross regional product and is a subset of economic output. Labor income includes salaries, wages, and benefits paid to employees. Employment is the number of headcount jobs supported by economic activity. Government revenues include property and sales tax receipts, fees for permits and licenses, and other sources of local government revenue. For this analysis, government revenue does not include net proceeds realized through the operation of the airport as a government enterprise.

In performing this contribution analysis, we separate capital improvement program (CIP) spending from operations spending. Capital spending is specified for discreet projects that are, by definition, temporary in nature. If you are building or re-building an aircraft taxiway at the airport, there is new direct spending. When the project is done, so is the spending and therefore the economic contributions. Any net new activity supported by expanding the airport's infrastructure is assumed to be recurring in nature and thus is counted as ongoing operations spending. The temporary nature of capital spending creates a caveat in how we label job counts resulting from that spending. While temporary, those jobs often last multiple years. Capital projects, like expanding the taxiway, can take several years to complete. The estimates of the economic contributions towards employment

of total project spending are over the whole project period. If the project supports 400 jobs over four years, we call that 400 job-years of employment where a job-year is one job lasting for one year. The average job impact in any year during the project would be 400 job years divided by four years equals 100 jobs each year. Of course, in most construction programs the job count is not the same across all project years. As noted, operations spending is continuous, so the annual economic contributions are based on the aggregated total of spending for the study period, usually a calendar or fiscal year. The fiscal year for the City of Dallas runs from October to September, so the impacts of spending in Fiscal Year 2020-2021 capture the effects of spending that occurred from October 2020 through September of 2021. For any given year, one can examine the sum of the direct, indirect, and induced effects of both capital and operating expenditures.

Economic contributions of capital spending

Based on budget documents provided by the City of Dallas, capital expenditures for the airport’s CIP approached \$464 million in Fiscal Year 2020-2021. This included spending on several projects with some being under active construction while others are in planning and engineering phases. Some projects included renovating and upgrading systems, such as fire protection systems in parking garages, performing major maintenance and rehabilitation of concrete surfaces in aircraft areas, upgrading terminal amenities, stormwater management projects, and other investments to improve operations and enhance user and visitor safety and comfort. These capital expenditures boosted regional economic activity by more than \$611 million and supported over 2,900 jobs that increased total labor income in the city by \$231 million. (See Table 1).

The current Dallas Love Field capital improvement program includes over forty specific projects and expects to spend almost \$1.1 billion over several years, increasing total economic activity in the city by \$1.4 billion and sparking the creation of more than 7,900 job-years of employment that will pay more than \$594 million in salaries, wages, and benefits.

Table 1: Economic Contributions of Dallas Love Field’s Current Capital Improvement Program (City of Dallas)

| Description | Impact | |
|-------------------------|----------------|------------------|
| | FY 20-21 | Total CIP |
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| Output | \$ 611,377,000 | \$ 1,439,994,000 |
| Value Added | \$ 321,221,000 | \$ 777,430,000 |
| Labor Income | \$ 231,178,000 | \$ 594,393,000 |
| Jobs (job-years) | 2,941 | 7,934 |
| City Revenues | \$ 1,628,702 | \$ 3,712,000 |

Sources: City of Dallas Aviation Department; IMPLAN; Weinstein, Clower, and Associates

While we characterize capital spending and its resulting economic contributions as temporary, readers should recognize that modern commercial airports are in a constant state of capital spending. Programs within the airport’s CIP overlap and effectively become an ongoing source of economic activity in the host community. The magnitude of these economic contributions will vary notably across years.

Economic contributions of airport operations

Airport operations include administration of the airport by the Aviation Department of the City of Dallas, airline and other aircraft operations including general aviation, business activities by airport concessionaires, tenants, and other related businesses, and local spending by visitors arriving through the airport. The economic activity that supports these jobs flows across a wide range of industry sectors in the city. For Fiscal Year 2020-2021, the most recent full year of operations, business activity at Dallas Love Field contributed almost \$3.9 billion to the city's economy, boosted local gross product by \$1.9 billion, and increased labor income by more than \$1 billion through a total of 12,600 direct, indirect, and induced jobs. (See Table 2). This level of activity provided over \$37 million in revenue for the city.

In addition to the business activity occurring at the airport, the airport brings in millions of visitors each year for business and personal travel. The number of visitors arriving is based on our estimates of non-local travelers among the total passengers represented in data reported by the Federal Aviation Administration (FAA). Total enplanements at Dallas Love Field have been severely affected by the COVID-19 pandemic and related restrictions on travel and activities. For example, in the calendar year, 2019 over eight million passengers boarded flights at DAL. The following year, which saw the emergence of travel restrictions in late March and early April, that figure dropped to fewer than 3.7 million, which caused businesses across all elements of the aviation travel industry to suffer. We must point out that federal support programs helped to mitigate the lost business activity. Our estimates of economic contributions are based on the best models of economic interaction among industries available at this time. It is reasonable to assume that as we look back and analyze the national, state, and local economies during the pandemic in the years to come, we will find the need to revise input-output model frameworks like those used in this analysis. However, the pandemic has also shown how businesses and individuals can respond to challenges. For example, the flow of induced effects through retail trade includes more transportation spending for deliveries and less spending on renting brick and mortar store locations, but the total level of spending remains comparable.

Using data from the most recent published study of visitor spending in Dallas by the firm Tourism Economics, and adjusting for inflation since that 2016 study, we estimate total visitor spending by airport patrons at more than \$245 million in FY2020-2021, supporting thousands of jobs in sectors of the economy that were otherwise devastated by the pandemic – restaurants, hotels, retailers, entertainment venues, and others. Of course, this spending was substantially lower than pre-pandemic norms when total annual airport visitors exceeded eight million. Based on FAA data, total enplanements for Fiscal Year 2018-2019 reached 8.3 million, which we estimate resulted in annual visitor expenditures in the city of about \$635 million. Table 2 shows that even the reduced levels of arrivals at DAL still supported over \$330 million in economic activity that maintained over 4,600 jobs and contributed \$137 million to labor income in the city for FY 2020-2021. With the past as prologue, the promise of future contributions can be seen in the recent past. As we return to more normal travel activity levels, Dallas Love Field will return to or exceed, pre-pandemic levels of tourism contributions that added \$872 million in economic output, \$354 million in wages, salaries, and benefits, and supported over 12,000 local jobs in FY 2018-2019.

When visitor spending effects are added to those related to airport business operations, total economic contributions of recurring airport operations exceeded \$4.2 billion, added \$1.2 billion to labor income, created over 17,000 jobs, and added almost \$40 million to city revenues in Fiscal Year 2020-2021. By comparison, and in anticipation of the near future, in FY 2018-2019, the total economic contributions of Dallas Love Field on the city's economy reached almost \$5 billion in economic activity, supported over 25,000 jobs that paid \$1.5 billion in salaries, wages, and benefits, and contributed \$45 million in tax and related revenues for the city.

Table 2: Economic Contributions of Dallas Love Field Operations (City of Dallas)

| Description | Impacts | |
|-------------------------------------|------------------|------------------|
| Airport Operations | | |
| | FY18-19 | FY20-21 |
| Output | \$ 4,126,784,000 | \$ 3,869,577,000 |
| Value Added | \$ 2,077,379,000 | \$ 1,946,436,000 |
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| Labor Income | \$ 354,736,000 | \$ 137,214,000 |
| Jobs | 12,043 | 4,658 |
| City Revenues | \$ 6,189,000 | \$ 2,393,784 |
| Total Economic Contributions | | |
| Output | \$ 4,998,838,000 | \$ 4,206,892,000 |
| Value Added | \$ 2,586,041,000 | \$ 2,143,159,000 |
| Labor Income | \$ 1,513,796,000 | \$ 1,220,495,000 |
| Jobs | 25,276 | 17,282 |
| City Revenues | \$ 45,792,000 | \$ 39,861,784 |

Sources: City of Dallas Aviation Department; Tourism Economics, FAA, IMPLAN; Weinstein, Clower, and Associates

Combining the economic contributions of the airport and related business operations, visitor spending, and capital improvement program spending for Fiscal Year 2020-2021, total economic contributions created by Dallas Love Field reached \$5.6 billion in economic activity, boosted labor income by \$1.7 billion paid through more than 28,000 local jobs. (See Table 3.) Total revenues to the City of Dallas from taxes, fees for licenses and permits, and other revenues exceeded \$47 million.

Table 3: Economic Contributions of Dallas Love Field in FY 2020-2021, City of Dallas

| Description | Impact |
|----------------------|------------------|
| Output | \$ 5,610,215,000 |
| Value Added | \$ 2,907,261,000 |
| Labor Income | \$ 1,744,974,000 |
| Jobs | 28,217 |
| City Revenues | \$ 47,421,000 |

Sources: City of Dallas Aviation Department; IMPLAN; Weinstein, Clower, and Associates

How Love Field contributes to the current economic boom in the Dallas-Fort Worth region and the revival of downtown Dallas

As mentioned above, the Dallas-Fort Worth area has led the nation both in population and job growth over most of the past two decades. But recent years have witnessed a boom in regional population growth and economic activity. For example, despite the pandemic, the region added 158,000 residents in 2020 and 97,000 in 2021, making DFW the nation's leader in population growth. Many of these new residents emigrated from other parts of the U.S. According to the Federal Reserve Bank of Dallas, net migration to the Dallas-Fort Worth region from ten other large metropolitan areas topped 33,000 last year.

Employment in Dallas-Fort Worth grew by almost 200,000 jobs in 2021, second only to Los Angeles-Long Beach. Job expansions were widely spread across all industries. DFW was the nation's top home construction market in 2021, with 58,000 single-family home starts and 46,000 new home sales. The region also leads the nation in new apartment building, with 40,000 rental units completed last year or currently under construction.

With 50 million square feet currently under construction, Dallas-Fort Worth is the nation's strongest industrial building market with much of this new activity centered in southern Dallas County. The region ranks third in the nation in terms of office leasing activity, with 1.2 million square feet absorbed in the fourth quarter of 2021, and the Metroplex currently ranks fifth in new office construction. The value of all construction activity across the Dallas-Fort Worth region—commercial, industrial, and residential—totaled \$16.9 billion in 2021, second only to Greater New York City, and up 45 percent from 2020.

Twenty-one companies relocated their corporate headquarters to Dallas-Fort Worth last year and, according to the Dallas Regional Chamber, more than one hundred other companies are considering relocations or expansions in the Metroplex this year. Many of these companies cite the proximity to airports as a key factor in their decision to relocate.

Without question, the expansions of flights at Love Field and ancillary development near the airport have been a boon to the City of Dallas and especially its downtown. One notable example is Pegasus Park, a stone's throw from Love Field. Located at the former Mobil Oil complex on Stemmons Freeway and close to UT Southwestern Medical Center, Pegasus Park has recently attracted several startup companies to its biotech hub and health care accelerator located in the complex. According to Steve Brown, long-time real estate editor of the *Dallas News*, the opening up of Love Field has contributed to the tremendous growth of both the Harry Hines medical complex and the Stemmons Freeway biotech corridor. To be clear, while the presence of Dallas Love Field is a key element in attracting investment and business operations, we do not include the economic contributions or impacts of these businesses in our economic contribution analysis.

Mr. Brown also attributes the development and revitalization of Lemmon Avenue, east of the airport, to the growth of commercial and general aviation at Love Field. In particular, he cites the \$140 million transformation of the former Braniff Airlines headquarters building into a new retail, office, and aviation complex called Braniff Centre. "No other city, except Washington, DC, has a major airport so close to the central business district. Without doubt, there has been a huge return on the City of Dallas' investment in Love Field."

Perhaps not coincidentally, downtown Dallas has witnessed an incredible rebirth since the "liberation" of Love Field. From a mere handful a decade ago, downtown Dallas now houses more

than 14,000 residents. Developments currently underway will add hundreds of new housing units while upgrading office buildings to attract new business tenants. For example, Bryan Tower is converting about half its space into apartments while developers are planning to do the same with the former Thanksgiving (now Santander) Tower, which has already converted its top two floors to a hotel.

Atlanta-based Portman Holdings recently acquired a building site on Ross Avenue where it plans to construct a combination of office and residential towers. A billion-dollar mixed-use project is planned on the north side of downtown on Field Street that will include an office tower with more than a half-million square feet along with a 300-unit residential tower. A \$125 million, 267-room J.W. Marriott hotel is also under construction on the north side of downtown. Energy Plaza on Bryan Street is being considered for a renovation that would convert part of the tower into apartments. And the Trammel Crow Center on Ross Avenue just completed a \$135 million upgrade that has helped boost occupancy to more than 90 percent. Uptown Dallas is also witnessing a surge of new investment, including a \$100 million redevelopment of the Quadrangle that will include a 335,000 square-foot office building and new retail and restaurant space.

Corporate relocations to downtown Dallas have also grown since the lifting of restrictions at Love Field. Galderma, Integrity Marketing Group, Therabody, and investment bank Estrada Hinojosa & Co. are but a few examples of last year. The FDIC, JP Morgan Chase, and other large tenants have recently renewed their downtown leases. According to Scott Goldstein of Downtown Dallas Inc., the ability to fly virtually anywhere in the U.S. from Love Field has made the central business district more attractive to corporations. “Love Field’s proximity has made downtown Dallas more desirable as a business center. It has also helped spur in-town residential development as well as convention and tourism activity.”

In that regard, the Dallas City Council recently approved the construction of a new \$2 billion convention center, another indication of the growing vibrancy of downtown. In addition to the new facility, area developers plan to build 3,400 residential units, 2.8 million square feet of office space, 370,000 square feet of retail space, and up to 2,900 new hotel rooms around the new center. “When we market Dallas to prospects, we lead with the fact that a major airport is located within 15 minutes of the convention center and downtown hotels,” says Craig Davis, President, and CEO of VisitDallas, the organization that promotes conventions and tourism for the city. “Love Field is an important ‘differentiator’ that makes us unique among most of the cities with whom we compete for business. And only a few cities can boast of two major airports that are easily accessible from downtown.”

Is it time to add capacity at Love Field?

Under the compromise reached in 2006 to repeal the “Wright Amendment,” the assenting parties agreed that the number of gates at Love Field would be limited to 20 and that no international flights would be permitted. More than 15 years later, the economic and aviation landscapes have changed, and a case can be made for increasing the number of gates at Love Field while allowing some limited international travel.

At present, Love Field is close to capacity in terms of the number of flights and the number of passengers that can be accommodated. As the DFW Metroplex continues to grow, and more people and businesses relocate to the region, the demand for air travel will expand in tandem. Twenty years ago, those arguing for retaining the perimeter rules at Love Field claimed their removal would siphon traffic away from Dallas-Fort Worth International Airport. But, clearly, this has not been the case. Both airports have thrived since the Wright Amendment was repealed, even though most residents of the Metroplex live closer to DFW than to Love. Terminal D at DFW is currently being expanded while plans are underway to build a new Terminal F. Adding new gates and passenger traffic at Love Field will in no way hinder the ongoing expansion and viability of DFW International.

Currently, American Airlines is by far the dominant carrier at DFW International, with about 85 percent of enplanements. At Dallas Love Field, where it controls 18 of the 20 gates, Southwest currently accounts for more than 95 percent of passenger traffic. One of the benefits of adding gates, and possibly a new terminal, at Love Field, would be an ability to attract new carriers and more competition into the local aviation market.

Houston is a good case in point. The population of the Houston metropolitan region is roughly the same as in Dallas-Fort Worth. Houston also has two large commercial airports, George Bush Intercontinental and close-to-downtown William P. Hobby Airport. In 2013, construction began on five new gates at Hobby, bringing the total to 30, and in 2015 Southwest began flying internationally from that airport. Adding gates at Hobby Airport and allowing international flights has had no impact on operations at George Bush Intercontinental but has injected more competition and passenger convenience into the Houston air travel market.

Should Love Field expand its facilities and add more flights, the economic and fiscal impacts could be substantial. The impact of construction spending alone could easily reach \$500 million while supporting several thousand jobs. And if Love Field were to operate 30 gates, instead of 20, the additional annual boost to the City of Dallas' economy would likely be in excess of \$2.0 billion and 10,000 new jobs.

Conclusion

Dallas Love Field continues its 100-year legacy of directly supporting business activity and economic development in the City of Dallas. Experts from across the city and region recognize that the airport's importance is growing and is having a significant impact on city economic activity and the revitalization of downtown and near downtown areas of the city. The current Capital Improvement Program will spend more than \$1 billion and generate new economic activity in the city exceeding \$1.4 billion, creating over 7,900 job-years of employment paying \$594 million in salaries, wages, and benefits over the next few years. In Fiscal Year 2020-2021, capital spending at Dallas Love Field exceeded \$460 million boosting city economic output by \$463 million and supporting 2,900 jobs that year. Even with passenger activity levels less than half of pre-pandemic norms, operations at the airport and closely related businesses generated \$4.2 billion in economic activity and supported over 17,000 jobs paying \$1.2 billion in labor income and adding almost \$40 million in city revenues. As evidenced by our assessment of the economic contributions of the airport and related business operations in FY 2018-2019, as travelers return in

a post-pandemic, or at least pandemic-adjusted economy, we expect total economic contributions from the airport and related business operations to reach or exceed \$5 billion per year, not including the on-going impacts of capital spending programs. However, current trends suggest that a freely competitive Dallas Love Field airport will have even more importance as a key attraction and catalyst for business and residential growth for invigorating and revitalizing the Dallas urban core. Few of the city's major metro area competitors can boast of having a convenient, accessible modern airport supporting commercial and corporate aviation operations within a few miles of downtown. This competitive advantage is now being realized through key business investments and enhances the likelihood of success for future economic and community development investments in the City of Dallas.

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Bernard L. Weinstein retired on January 1, 2021, as Associate Director of the Maguire Energy Institute and an Adjunct Professor of Business Economics in the Cox School of Business at Southern Methodist University in Dallas. From 1989 to 2009 he was Director of the Center for Economic Development and Research at the University of North Texas, where he is now an Emeritus Professor of Applied Economics.

Dr. Weinstein studied public administration at Dartmouth College and received his A.B. in 1963. After a year of study at the London School of Economics and Political Science, he began graduate work in economics at Columbia University, receiving an M.A. in 1966 and a Ph.D. in 1973. He has authored or co-authored numerous books, monographs, and articles on the subjects of economic development, energy security, public policy, and taxation, and his work has appeared in professional journals such as *Land Economics*, *Challenge*, *Society*, *Policy Review*, *Economic Development Quarterly*, *Policy Studies Journal*, and *Annals of Regional Science*. His op-eds have been published in *The New York Times*, *The Wall Street Journal*, *The Washington Times*, *Investor's Business Daily*, *The Financial Times*, *The Los Angeles Times*, *The Hill*, and a number of regional newspapers and magazines.

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