

# **The Economic Impact of Memphis International Airport**

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## **Executive Summary**

Prepared for the  
**Memphis-Shelby County Airport Authority**

Prepared by  
**Sparks Bureau of Business and Economic Research/  
Center for Manpower Studies  
The University of Memphis**

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# Executive Summary

## The Total Impact of Memphis International Airport

- ✦ Total combined direct expenditures (may be thought of as sales or revenue) of FY 2004 cargo and passenger operations and construction projects and expenditures at Memphis International Airport (MEM) totaled nearly \$10.7 billion, resulting in total output in the Memphis MSA of over \$20.7 billion, earnings of nearly \$6.0 billion, and the generation of nearly 166,000 jobs.
- ✦ The impact of MEM accounted for 27.0 percent of total MSA employment in 2004, or just over 1 in 4 jobs. Both air cargo operations and air passenger operations have a substantial impact on the local economy, but the largest share of that impact comes from air cargo.

## The Impact of Cargo Operations

- ✦ The continued development of a powerful value-added air-cargo, logistics, and distribution industry in Memphis depends heavily upon air services. In 2003, Memphis International Airport ranked 37th of all U.S. airports in passenger enplanements and number 1 in cargo volume. Memphis International Airport has been the world's busiest cargo airport since 1992, and operations at the FedEx Super Hub accounted for 93.6 percent of all cargo at MEM.
- ✦ In 2004, cargo operations at MEM had a total impact of more than \$19.5 billion in output (the production of goods and services), while supporting a total of 155,872 jobs and total earnings of nearly \$5.6 billion.

## The Impact of Passenger Operations

- ✦ Passenger operations of just over \$611 million in value in 2004 are estimated to have resulted in an impact of over \$577 million in indirect expenditures. The direct and indirect impacts of passenger operations were nearly \$1.2 billion in output (the production of goods and services), a total of 9,487 jobs, and total earnings of more than \$340.1 million.

## The Impact of Construction

- ✦ In addition to the impact on the Memphis MSA economy from passenger and cargo operations, Memphis International Airport is continuously undergoing improvements and expansions.
- ✦ Direct construction and capital improvement expenditures of nearly \$31 million in 2004 were estimated to have resulted in an impact of over \$29 million in indirect expenditures, for a total impact of nearly \$60 million in output, 542 jobs, and total earnings of more than \$16.3 million.

## The Impact of Visitors

- ✦ Memphis International Airport also strongly impacts the local tourism and hospitality sectors. Without this vital connection, many of the area's tourists and business visitors might not come to Memphis. In 2004, it was estimated that 1,197,912 of the 5,193,060 enplanements at MEM were visitors to the Memphis area, both foreign and domestic. It is estimated that visitors who came to the Memphis area via MEM spent a total of over \$400 million in 2004.
- ✦ Visitors to the Memphis area who came via MEM had a total impact of nearly \$779 million on output (the production and sales of goods and services) and over \$232 million in earnings, while supporting almost 11,000 jobs.

## The Impact of the Memphis to Amsterdam Link

- ✦ Based on an alliance between Northwest Airlines and KLM, the Memphis/Amsterdam flight changed the image of Memphis and created a positive incentive for the subsequent growth of trade-related business and tourism activities in Memphis. The economic impact of the Memphis/Amsterdam flight over the last ten years was estimated to have directly and indirectly generated \$159,412,413 in output, \$47,588,986 of earnings, and supported 2,232 jobs.
- ✦ Attracting new information-age and health-care researchers from other cities may depend on the success of the community's efforts to maintain and build on the success of the Memphis/Amsterdam flight. The Memphis/Amsterdam flight is an essential first step and one that should set the stage for future flight opportunities from the Airport.

As industry conditions change, building our international flight connections would be a world-class opportunity to have a positive impact on the growth of the Memphis area.

### **Local Business Usage Survey**

- ✦ A 2005 survey of Memphis area businesses revealed that Memphis International Airport plays a critical role in the business activities of a majority of the respondents. Over 80.0 percent of business survey respondents used Memphis International Airport to transport company personnel, while more than 59.0 percent used it to transport customers and business associates. Most local business survey respondents rated the quality of passenger and cargo services at MEM as high to very high—70.9 percent for passenger services and 75.6 percent for cargo services—both probably a reflection of the benefits of MEM being home to both a passenger and a cargo hub.

