

Airport City Pioneers

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The conceptual origins of the contemporary airport city phenomenon may be traced to H. McKinley Conway's 1977 book, *The Airport City and the Future Intermodal Transportation System*. Conway, the founder of *Site Selection* magazine, described how aviation-linked commercial development would evolve at and around airports, including logistics facilities, office parks, retail complexes, and residential airparks.

From an airport development perspective, Shannon (Ireland) International was a precursor Airport City when it established the world's first free trade zone in the early 1960s. By offering extensive duty-free shopping, Shannon was able to capture considerable expenditures by passengers on refueling "stop-over" flights between Europe and the U.S. during the 1960s and early 1970s.

Dubai International followed suit in the 1980s with a similar strategy, establishing world-class duty free shopping to tap the wallets of transit passengers between Asia and Europe. It later offered innovative marketing techniques, such as raffles for luxury BMWs and Mercedes automobiles, to attract shoppers from around the globe.

The local commercial draw and broader economic impact of airports was recognized by Schiphol, leading it to implement and brand its multimodal, airport-linked "Mainport" concept in the 1980s. Mainport's objective is not only to attract business and employment to the airport and

its immediate environs but also be a major driver of the Dutch economy. Schiphol succeeded on both counts.

It wasn't until the 1990s, however, that contemporary Airport City principles made their way into the terminals and beyond in a significant way. One of the terminal pioneers was Pittsburgh International Airport with the opening of its BAA-managed AirMall in 1992, building on BAA's successful retail experience at Heathrow. By funneling virtually all passengers through a central shopping area containing higher-end brand stores such as Clinique, Jos. A. Bank Clothiers, and Victoria's Secret, AirMall spawned the modern era of airport retail. Pittsburgh's AirMall also introduced "street pricing" with product charges comparable to those at regular malls and downtown.

With the introduction of brand shops and street pricing, retail sales per passenger tripled, encouraging airports around the world to follow suit. By the mid-1990s, most had substantially diversified and expanded their terminal retail offerings utilizing brand-name shops and street pricing. They also began to offer a variety of services to passengers, airport employees, and meeters and greeters such as leisure, entertainment, and cultural venues.

Among the leaders were Frankfurt (Fraport) and Schiphol whose airside and landside terminal areas became replete with specialty retail, gourmet food shops, and a full range of restaurants, café and service offerings. Both Fraport and the Schiphol Group also expanded commercial development beyond the terminal with large connected office buildings, conference and exhibition centers, and business-class hotels.

The Schiphol Group was the first airport to actually brand itself as an Airport City in 1998 under the trademark “AirportCity”. Its real estate arm (Schiphol Real Estate) continued to develop a range of properties on the airport under the AirportCity brand as well as export its considerable experience and expertise to airport commercial development around the world.

In the United States, Dallas-Ft. Worth was an early entrant to airport city development. Blessed with 18,000 acres of property, DFW established a real estate division in the mid 1990s to plan and develop 5,000 of these acres following the airport city model. In addition to a world-class Grand Hyatt hotel connected to its international terminal, DFW boosted its retail offerings and commenced processes to create six airport commercial zones, most with distinct property mixes.

Asia’s Airport City pioneers include Hong Kong (discussed in some detail in Chapter 1) Kuala Lumpur, and Singapore. Kuala Lumpur International, which opened in 1998, was designed to be not only the aviation foundation but also a commercial anchor for Malaysia’s Multimedia Super Corridor stretching from the city of Kuala Lumpur to the airport some 50 kilometers south of Kuala Lumpur. Its innovative terminal layout and 10,000 surrounding hectares of palm tree fields were envisioned from the start as an airport city composed of retail, hotel, office blocks, and recreation zones.

Singapore Changi has been a pioneer in innovative terminal commercial development since its opening in 1981. Branding Singapore and providing a pleasant, memorable passenger experience have been its twin objectives. More than 200 retail outlets, many with Singaporean and S.E. Asian themes, populate its three terminals as do entertainment and leisure venues, including “green areas” containing scenic waterfalls and a butterfly park.

The clear pioneer in the Middle East has been Dubai. In addition to Dubai International Airport's being ranked among the world's leaders in duty free (with 2008 sales expected to reach US\$1 billion), it developed one of the most successful airport free zones. The Dubai Airport Free Zone provides 1.2 million square meters containing offices, logistics and distribution facilities, and light manufacturing for over 300 companies.

With aeronautical growth at Dubai International Airport projected to outstrip capacity, the emirates leaders have designed a major aerotropolis, called Dubai World Central, around its soon-to-open Al Maktoum Airport (JBX). This \$33-billion complex spanning some 140 square kilometers consists of a number of mini-cities featuring logistics, finance, high technology, retail, office buildings, hospitality, education, recreational and residential development. Dubai World Central sets an extraordinarily high bar for its airport city and Aerotropolis development that constitutes the most ambitious model going forward in terms of vision and scale.