



Abbotsford Airport Economic Impact Study

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The Economic Impact of Abbotsford Airport

Executive Summary:

This report is the third in a series of studies on the economic impact of Abbotsford Airport, and provides an interesting measure of the airport's growing contribution to the regional economy. Since 1997, passenger traffic at Abbotsford Airport has increased by almost 300%. The airport served more than 300,000 passengers in 2001, and is the fifth busiest passenger airport in B.C., following Vancouver, Victoria, Kelowna and Prince George. Air Canada Regional/Jazz and Helijet International introduced new scheduled services at Abbotsford during 2001; a year which also saw the demise of Canada 3000. A number of new tenants set up operations at Abbotsford Airport during the year, including Van Isle Avionics, Environmental Mapping Canada, and the UCFV Aircraft Structures Program.

In addition to employment sustained by the day to day operations of the airport and its tenants, various construction projects also contributed to short term employment at Abbotsford Airport in 2001. These included the new Coastal Pacific B747 simulator, the Runway 07/25 rehabilitation, a project to rehabilitate Apron 1, and groundside road and parking improvements. This short term employment is not included in the estimates produced by the econometric model.

Cascade Aerospace, with a high proportion of U.S.-based commercial airline customers, faced significant challenges following the tragic events of September 11, 2001. Total employment fell to a low of 400 employees during the year. By May 2002, however, Cascade had announced a return to a growing demand for its services, and anticipates hiring 100-150 employees in the near term.

A summary of the economic impact of Abbotsford Airport from 1999 to 2001 is presented below.

	Revenues (\$millions)	Employment (FTEs)
1999	\$176.4	1,180.0
2000	206.3	1,384.9
2001	214.9	1,600.8



The Economic Impact of Abbotsford Airport

Methodology

This study has been commissioned by the Abbotsford Airport Authority to measure the total contribution of the airport to the provincial economy in terms of gross revenues and employment during the year 2001. This report updates the economic impact estimates prepared for Abbotsford Airport in June, 2001, and also includes a summary of the economic impact of the airport since 1999. (See Executive Summary, on page 1)

For this analysis, Abbotsford Airport's economic impact has been estimated using a model originally formulated by the Transport Institute of the University of Manitoba. The model consists of two econometric formulas and was developed by comparing the results of more than forty detailed economic impact studies performed at Canadian airports. It has been used to calculate the economic impact of airports across Canada, and when compared to the results obtained for airports using a detailed survey approach, the model was found to produce fair and reasonable estimates of an airport's impact on the provincial economy.

The outputs of the model are estimates of the total revenues, or economic output, and employment generated throughout the province by the commercial activity conducted by the airport operator, its tenants and others at the airport.



An Overview of the Abbotsford Area

Location: The fifth largest city in British Columbia, Abbotsford is located 72 kilometres east of Vancouver, just 3 kilometres north of the United States border. Centred in the heart of the Fraser Valley, the City is conveniently situated along the Trans Canada Highway, and surrounded by some of the richest agricultural land in Canada. The primary and secondary markets for the airport extend throughout the Fraser Valley from Surrey to Hope and into other communities located east of Vancouver. For more than 1.3 million Lower Mainland residents, Abbotsford Airport is less than an hour's drive.



Source: Microsoft Encarta



Population :

The population of Abbotsford has more than doubled since 1981. Although the rate of growth has slowed somewhat in recent years, the city's population increased by 9.5% between 1996 and 2001, and Abbotsford remains one of the fastest growing communities in Canada. By the year 2021 the population is expected to reach 192,292.

Abbotsford Population:					
1981	1986	1991	1996	2000	2001
56,513	68,778	89,300	105,403	115,032	115,436

Source: Statistics Canada, 2001 Census

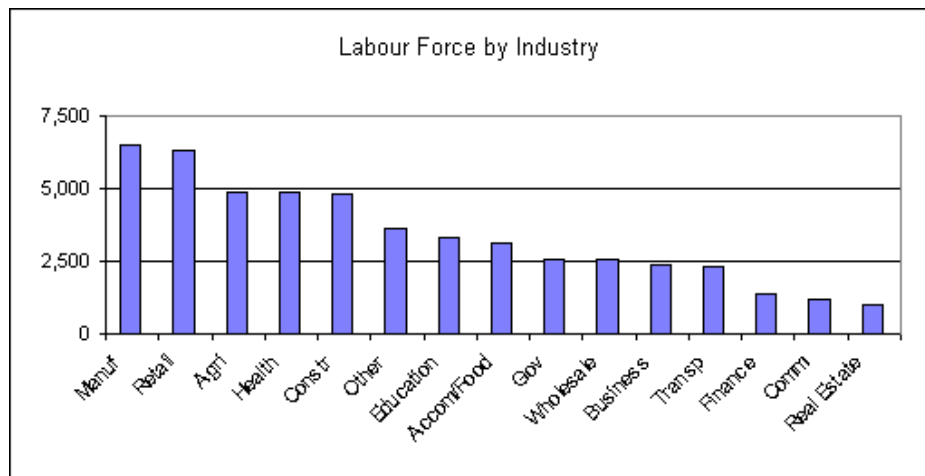
B.C.'s Five Largest Cities:	
City	2001 Estimate
Abbotsford	115,436
Richmond	164,345
Burnaby	193,954
Surrey	347,825
Vancouver	545,671

Source: Statistics Canada, 2001 Census



Industry and Labour Force:

Manufacturing, retail trade, agriculture, health and social services and construction are the industries which employ the greatest number of people in the Abbotsford area. While the area's economy has traditionally been dependent upon agriculture, however, the introduction of a wide range of manufacturing, value-added service and knowledge-based industries have created a more diversified employment base. A summary of employment by industry is presented below:



Manufacturing	6,515	Government	2,570
Retail	6,305	Wholesale	2,560
Agriculture	4,905	Business	2,375
Health	4,895	Transportation/Storage	2,325
Construction	4,790	Finance/Insurance	1,360
Other Services	3,610	Communications/Utilities	1,170
Education	3,335	Real Estate	1,010
Accommodation/Food	3,115		

(Source: Statistics Canada, 1996 Census)



Economic Indicators:

The average family incomes reported in 1996 for Abbotsford and the Fraser Valley were somewhat lower than the B.C. benchmark for that year. In addition, the unemployment rate in the area during that year was higher than the provincial average. The relative family income reflects the lower wages paid in the agriculture and service industries, while the higher unemployment figure is due in part to the seasonal nature of the agricultural sector and related businesses.

	Abbotsford	Fraser Valley	BC
Average family income	\$ 52,853	\$ 50,269	\$ 56,527
Unemployment Rate	9.9%	10.1%	9.6%
Average value of dwelling	\$ 197,222	\$ 188,413	\$239,745

(Source: Statistics Canada, 1996 Census)



An Overview of Abbotsford Airport

Location: Operated by the City of Abbotsford/Abbotsford Airport Authority since January 1997, Abbotsford Airport is located just north of the Canada/U.S. border. The City of Vancouver is less than one hour away by car.

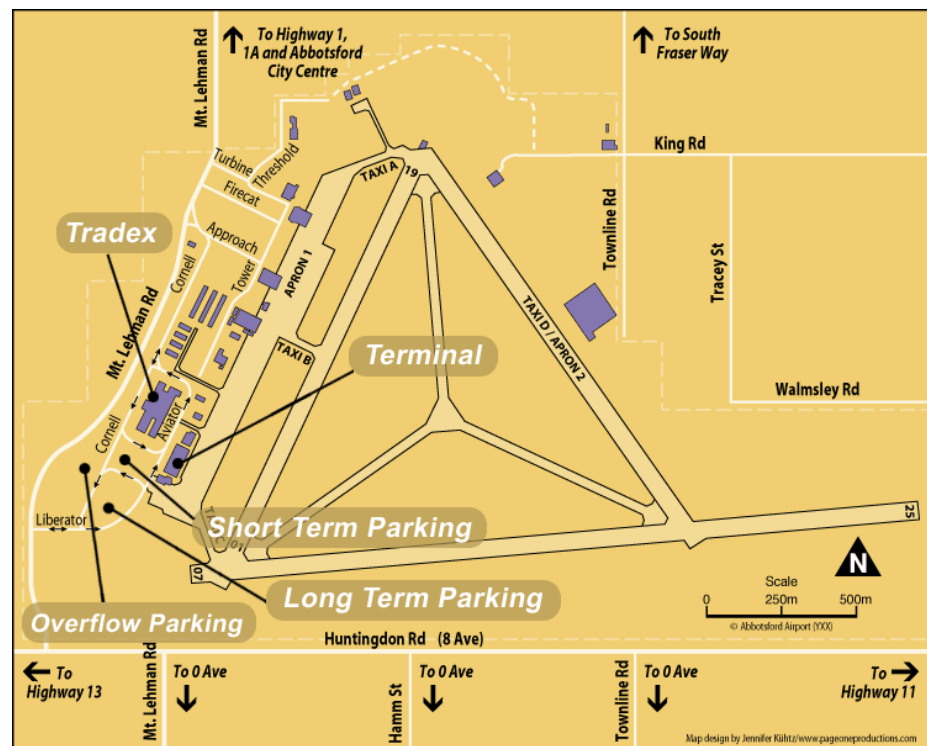
Abbotsford Airport's primary market is estimated to be 427,000, representing approximately 19% of the population of the Lower Mainland. When the airport's secondary markets of White Rock and Surrey are considered, the population potentially served by the airport totals 786,000. (*Source: Intervistas Consulting, Abbotsford Airport Aviation Forecast Update April 2001*). Divided highway connects Abbotsford Airport with virtually every other community in the Lower Mainland, and beyond. Estimated driving times between Abbotsford and other municipalities are summarized below.

	Distance (kms)	Est. Driving Time
Langley	30	30 minutes
Surrey	44	40 minutes
Burnaby	57	50 minutes
Vancouver	68	55 minutes
North Vancouver	68	1 hour
West Vancouver	76	1 hour, 5 minutes
Horseshoe Bay	186	1 hour, 10 minutes
Squamish	129	1 hour, 40 minutes
Whistler	187	2 hours, 25 minutes



Infrastructure: The following facilities and services are currently available at Abbotsford Airport:

- 46,000 square foot Air Terminal Building
- 440 paved parking stalls
- 400+ unpaved long-term parking stalls
- 700+ unpaved overflow parking stalls
- Transport Canada Centre
- Flight Service Station
- Nav Canada Control Tower
- Airport Administration and Maintenance Building
- Two Asphalt Runways (longest 8000x200)
- Aircraft maintenance and storage
- Flight training
- Tradex Trade and Exhibition Centre



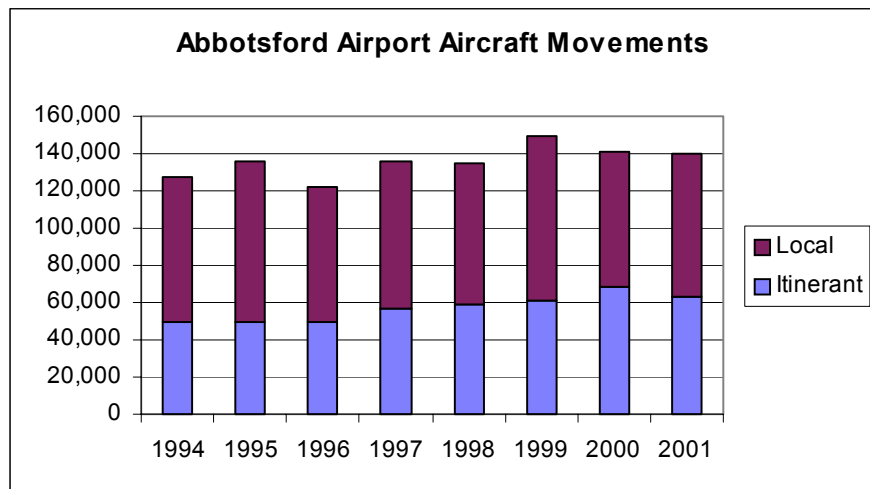
Source: www.abbotsfordairport.ca



Aircraft Movements: The fourth busiest airfield in British Columbia, Abbotsford Airport handled a total of 139,479 aircraft movements during 2001. This total represents a 1.3% decrease from the level activity in the year 2000.

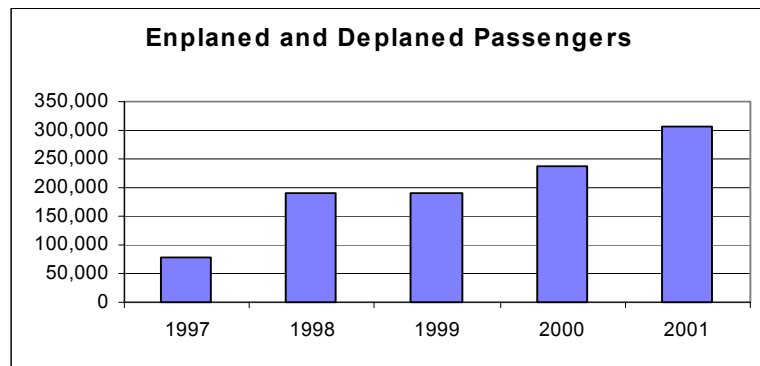
Since 1994, aircraft movements at Abbotsford Airport have risen by a total of 9.1%, with an average annual increase of 1.3% .

Year	Itinerant		Local		Total	
	Mvmts	% Change	Mvmts	% Change	Mvmts	% Change
1994	49,143		78,734		127,877	
1995	49,776	1.3%	85,829	9.0%	135,605	6.0%
1996	49,542	-0.5%	72,356	-15.7%	121,898	-10.1%
1997	56,769	14.6%	79,369	9.7%	136,138	11.7%
1998	58,615	3.3%	76,200	-4.0%	134,815	-1.0%
1999	61,465	4.9%	87,963	15.4%	149,428	11.6%
2000	68,517	11.5%	72,864	-17.2%	141,381	-1.6%
2001	63,536	-7.3%	75,943	4.2%	139,479	-1.3%
Cummulative Change		29.3%		-3.5%		9.1%
Average Annual Increase		4.2%		-0.5%		1.3%





Passenger Traffic: During 2001, a total of 306,743 enplaning and deplaning passengers were served at Abbotsford Airport. Passengers increased 27.8% from the previous year, and have risen by nearly 300% since 1997.



	Total Passengers	% Change	Cummulative Change
1997	78,100		
1998	189,392	142.5%	142.5%
1999	192,000	1.4%	145.8%
2000	238,778	24.4%	205.7%
2001	306,743	28.5%	292.8%

Changes to scheduled passenger service during 2001 are summarized below:

- Air Canada Regional began service on June 29, with three daily flights between Abbotsford and Calgary utilising the Fokker 28 (63 seats).
- Canada 3000 operated Saturday service for July and August between Abbotsford and Toronto via the Airbus 320 (174 seats).
- In October, Helijet International began three daily flights Monday to Friday between Abbotsford and Victoria, providing Sikorsky 76 service (12 seats).
- WestJet added a 5th daily Boeing 737-200 between Abbotsford and Calgary in the spring of 2001.



Tenant Operations: The following tenants and licenced operators are located at Abbotsford Airport:

- Abbotsford Fire Equipment Depot
- Abbotsford Flight Centre
- Abbotsford Flying Club
- Abbotsford International Airshow Society
- AEF Abbotsford
- Afterburner Bar & Grill
- Agriculture and Agri-Food Canada
- Air-a-Fare Cafe
- Air Canada Regional (Jazz)
- Airspeed Aviation
- ATCO Airports
- Bakerview Aviation
- BC Corps of Commissionaires
- BC Forestry Tanker Base
- Budget Car Rental
- Campbell Helicopters
- CanWest Flight Services Ltd
- Cascade Aerospace
- Chinook Helicopters
- Coastal Pacific Aviation
- Conair Aviation
- Copac Air Services Ltd
- Environmental Mapping Canada
- FAM-COR Investments Ltd
- Fraser Valley Logistics Centre
- Godspeed Aviation Ltd
- Helijet International
- Hertz Canada
- Mountain Aircraft Sales and Maintenance
- NavCanada
- Orenda Aero Tech
- Port Aircraft Interiors Inc
- Quality Log Homes
- Tradex Trade & Exhibition Centre
- Transport Canada Centre - Civil Aviation
- Van Isle Avionics
- WestJet Airlines
- Westview Aviation
- Worldwide Flight Services



Economic Impact of Abbotsford Airport

Economic Impact of Abbotsford Airport in 2001:

Employment:	1,600.8
Gross Revenues:	\$214.9 million

Employment:

During the year 2001, Abbotsford Airport supported an estimated 1,600.8 person years of employment.

Through regression analysis, the Transport Institute's comparison of economic impact studies found that a strong correlation exists between the total number of jobs sustained by airport activities, the number of passengers handled throughout the year, and the relative wealth of the community served by the airport (using average housing prices as the benchmark). A total of 306,743 passengers are estimated to have used Abbotsford Airport during 2001 and the average price of housing for the area was \$172,601. According to the model, these factors indicate that a total of approximately 1,600.8 full-time jobs were generated by the activities of the airport and its tenants during the year. This figure represents the sum of direct, indirect and induced employment.

In addition to employment sustained by ongoing operations, various construction projects also contributed to short term employment at Abbotsford Airport in 2001. These included the new Coastal Pacific B747 simulator, the Runway 07/25 rehabilitation, a project to rehabilitate Apron 1, and groundside road and parking improvements.



Gross Revenues: Total gross revenues generated by activities at Abbotsford Airport during 2001 are estimated to be \$214.9 million.

The gross revenues generated by activities at Abbotsford Airport were calculated by applying the relative wealth of the community and passenger volumes to the Transport Institute model. In addition to passenger volumes and the relative wealth of the community, the revenue formula also incorporates large aircraft movements handled by the airport (for aircraft exceeding 35,000 kg).

During 2001, the number of large aircraft increased due to flight schedule additions by: Air Canada Regional, Helijet, and WestJet. Canada 3000 operations also contributed to the rise in large aircraft activity, until they ceased operations later in the year. According to the economic impact model, Abbotsford Airport generated approximately \$214.9 million for the provincial economy during 2001. This figure represents the sum of direct, indirect and induced gross revenues.