



Economic Impact

PREPARED BY:
Mead&Hunt



About Blue Grass Airport

Blue Grass Airport (LEX) is central Kentucky's main commercial service airport. It provides scheduled airline and private aviation services to residents and businesses in the region. The airport focuses daily on fulfilling its vision of providing a welcoming approach connecting Kentucky and the world. It is a vital gateway for air travel in Kentucky.



The airport is governed by a 10-member airport board of directors representing Lexington-Fayette Urban County and is self-funded through revenue generated by the varied activities of airlines, service providers, tenants and passenger use. Major construction projects are typically funded through bond issues and federal grants.

Four airlines—Allegiant, American Airlines, Delta Air Lines and United Airlines—offer non-stop flights to key destinations throughout the U.S. and more than 380+ one-stop destinations worldwide. With a focus on passenger experience, Blue Grass Airport continuously works to enhance its facilities and services. Over the years, it has seen numerous expansions and upgrades to accommodate increasing passenger traffic and enhance safety and security.

This economic impact study quantifies the economic benefits the airport provides in terms of employment, payroll and economic output and accounts for economic activity related to the airport's day-to-day operation, capital improvement projects undertaken by the airport and on-airport organizations, and visitors coming to the region by airline or general aviation aircraft.



An Economic Engine

For more than 75 years, Blue Grass Airport has served as central Kentucky's epicenter for commercial airline travel. The airport also provides extensive private and corporate aviation services that have steadily grown over the years, resulting in a regional asset contributing significantly to Kentucky's economic health and development. This economic impact study quantifies the important economic impacts that Blue Grass Airport generates using three measures—employment, payroll and output.



Employment



**4,745
Jobs**

Employment is based on the total number of full-time jobs plus part-time jobs, where two part-time positions are equivalent to one full-time position.

Payroll



**\$180
Million**

Payroll represents the costs associated with the annual salary, wages and benefits earned by all employees and business owners, which are included under the employment measure.

Output



**\$709
Million**

Output is the quantity of goods and services generated annually by an airport, along with its associated activities and businesses, expressed in dollars. Output is estimated using an organization's annual sales or operating costs, assuming that its output is approximately equivalent to what it spends.

Positively Impacting the Region

Established in 1942, Blue Grass Airport is named after the famous Bluegrass region it serves, known for its picturesque landscapes and Thoroughbred horse farms. The airport is the primary gateway to the Horse Capital of the World. This title comes from Lexington's long history with the equine industry, which includes being home to Fasig-Tipton Company and Keeneland Association, Inc., two world-renowned Thoroughbred auction houses. Central Kentucky also hosts prestigious equine events such as the Kentucky Three-Day Event, Keeneland's spring and fall race meets, and the Breeders' Cup World Championships, drawing enthusiasts and competitors from around the globe.



The bourbon industry is a cornerstone of Kentucky's economy, producing 95 percent of the world's bourbon. Blue Grass Airport is a convenient gateway for tourists starting their bourbon adventure. The Kentucky Bourbon Trail showcases this legacy with acclaimed distilleries like Woodford Reserve, Jim Beam and Maker's Mark, offering visitors an immersive bourbon-making experience.

The University of Kentucky, with over 30,000 students and 3,200 faculty and staff, is in Lexington. Blue Grass Airport's services are crucial for the university and its healthcare system, as students, faculty and medical staff routinely travel. Alumni and athletic teams also use the airport to attend sporting events. The University of Kentucky is one of several central Kentucky educational institutions, including Eastern Kentucky University, Centre College and Transylvania University.

The business community benefits from Blue Grass Airport, especially those with headquarters in Lexington, such as Lexmark, Link-Belt Cranes, Tempur-Sealy International and Valvoline. Toyota also has its largest manufacturing plant in neighboring Georgetown, Kentucky and employs over 8,000 team members.

In 2023, more than 1.3 million passengers flew to and from Lexington using one of the four commercial airlines that operate from Blue Grass Airport. Visitors to Lexington came from nearly every state in the union, with a sizeable number coming from Florida, Georgia, Texas and California.



The Economic Model

This study used the Impact Analysis for Planning (IMPLAN) input-output model to estimate the impacts that follow from the direct impacts, which are called multiplier impacts. Using the direct impacts as the input, the IMPLAN model produces multiplier impacts as output.

Multiplier impacts result from the re-spending and re-circulation of direct impacts within the economy. This re-spending of money can occur multiple times by individuals and businesses until it leaks beyond the boundaries of the study area and thus no longer benefits the inhabitants of that region.

For example, airport employees spend their salary on items like housing, food and utilities, which circulate through the economy, resulting in increased spending, payroll and employment in the region. The IMPLAN economic model uses Kentucky-specific parameters to estimate the leakage effect associated with these multiplier impacts.

DIRECT AND MULTIPLIER ECONOMIC IMPACTS



Multiplier Impact Category	Employment	Payroll	Output
On-Airport	923	\$37,106,000	\$136,779,000
Capital Improvement Projects	141	\$4,585,000	\$24,960,000
Commercial Service Visitors	783	\$28,962,000	\$120,256,000
General Aviation Visitors	30	\$1,746,000	\$4,866,000
All Multiplier Impacts	1,877	\$72,399,000	\$286,861,000

Source: Mead & Hunt and IMPLAN

When the multiplier impacts are added to the direct impacts, the total impacts attributed to Blue Grass Airport are calculated.

Impact Type	Employment	Payroll	Output
Direct Impacts	2,868	\$107,433,000	\$422,133,000
Multiplier Impacts	1,877	\$72,399,000	\$286,861,000
Total Impacts	4,745	\$179,832,000	\$708,994,000

Source: Mead & Hunt

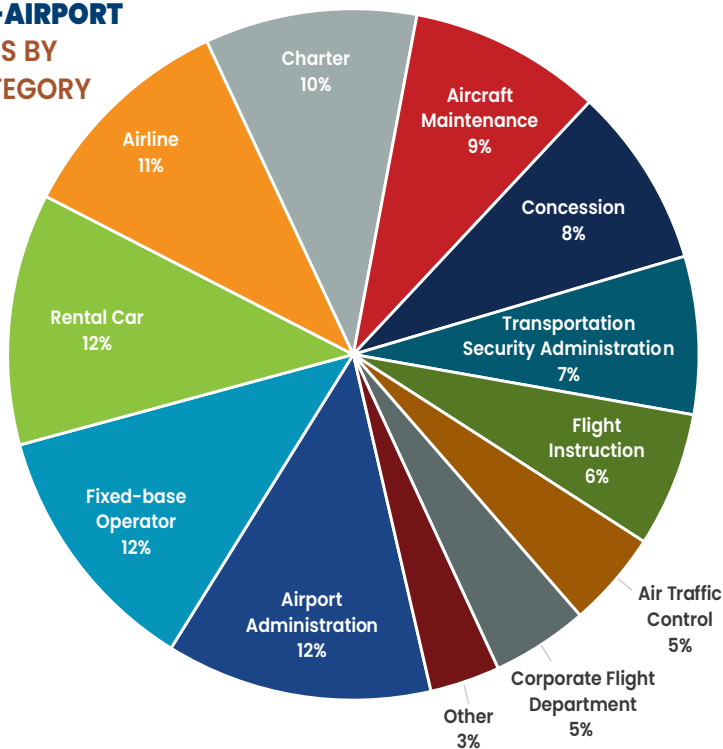
Direct Impacts by Category

The initial economic impacts from Blue Grass Airport are the direct impacts, which come from the categories listed below. As is typical with commercial service airports, most jobs come from the commercial service visitor category. The pie chart demonstrates how well diversified the industry base is among the on-airport tenants by showing that no single classification has a concentration greater than 12 percent.

Direct Impact Category	Employment	Payroll	Output
On-Airport	889	\$53,113,000	\$201,952,000
Capital Improvement Projects	148	\$6,165,000	\$30,122,000
Commercial Service Visitors	1,748	\$45,972,000	\$183,960,000
General Aviation Visitors	83	\$2,183,000	\$6,099,000
All Direct Impacts	2,868	\$107,433,000	\$422,133,000

Source: Mead & Hunt and IMPLAN

ON-AIRPORT JOBS BY CATEGORY



Most capital improvement project impacts, which were an average of the four past years of capital projects to smooth out the variability in capital investments, came from projects undertaken by the airport administration. These included the construction of an aircraft rescue and firefighting facility, improving runway safety areas and rehabilitating the airport's primary runway, which was recognized with a 2022 *Airport Business* Project of the Year award.

On-airport activity includes airport tenants with employees, such as airlines, maintenance facilities, concessionaires, charter outfits, air traffic control facilities, flight departments and flight schools.

Capital improvement projects are undertaken by airports to improve or maintain their property and facilities, such as runway rehabilitation or terminal improvements. In addition, businesses and other agencies also undertake capital improvements. These projects employ people in jobs such as construction, architecture, engineering and consulting.

Visitor impacts result from expenditures by non-local people arriving via commercial airlines or private/corporate aviation aircraft. Visitor spending supports jobs in the region, predominately in the hospitality industry.

Beyond the Economic Value

The benefits of Blue Grass Airport go beyond the jobs and economic output attributed to it. In many ways, the airport's services are more valuable than its economic impact, especially on an individual level. Three case studies were explored to better understand the airport's wide-ranging impact to the people in the region.

Healthcare Use of Aviation

Lexington is home to multiple hospitals and medical facilities, and Blue Grass Airport plays a crucial role in supporting air ambulance services for these institutions. Due to its proximity to the hospitals, medical helicopters frequently refuel at the airport, and aircraft use the airport when weather conditions prevent the use of hospital helipads.

Lexington houses the region's sole Comprehensive Stroke Center, emphasizing the importance of swift medical attention for stroke patients to avoid permanent disabilities. While most medical flights involve helicopters, there are also patient transport flights, including the University of Kentucky's organ transplant program, which utilizes Blue Grass Airport for transporting over 150 organs annually to Lexington-area hospitals for life-saving procedures.

Aviation Career Development

Blue Grass Airport and its on-site partners serve as a training ground for the future aviation workforce, offering formal programs such as flight school instruction and aircraft maintenance as well as informal programs such as volunteer opportunities at the Aviation Museum of Kentucky and internships between the airport and Eastern Kentucky University.

The study's full report details how Blue Grass Airport helped guide the journey of one aviation aficionado, transitioning from pilot to naval aviator.



"...when that stroke takes place in, for example, Pikeville, Kentucky, the patient is two and a half hours away by ground transport, but only 45 minutes by air ambulance and that time difference is often crucial for the patient outcome."

Ryan Stanton, MD

*Fellow of the American College
of Emergency Physicians*



Honor Flight Kentucky

Blue Grass Airport collaborates with Honor Flight Kentucky, an organization dedicated to providing military veterans with a complimentary visit to the memorials in Washington, D.C.

The full report highlights the airport's role through the eyes of Captain Linda Cunningham, a veteran volunteering for Honor Flight Kentucky. Captain Cunningham explains how the airport provides an engaging experience between veterans and the community.

These three case studies are available for viewing at bluegrassairport.com.



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Prepared in 2024 by Mead & Hunt with Wisser Strategies.