



Investor spotlight

Landrum & Brown



Mark Perryman and Douglas Goldberg explain why the company is a long-term investor in the aviation industry.

What is the appeal of airports and the aviation industry?

The aviation industry is unique in its ability to connect people and commerce around the world in a way that promotes cultural understanding and acceptance. The aviation market, of course, is also a growth market. Regardless of any major world crisis, the aviation industry has a track record of bouncing back quickly, while sustaining upward growth patterns.

Predictions have been made that in the next 20 years aviation will typically grow at a faster rate than the general economy, so much so in fact that forecasters are claiming that passenger numbers will almost double between now and 2025. With so much growth potential and the continuous need for change and improvements, we are proud to be uniquely positioned, as we have

been in the past, to be a catalyst in helping our industry move forward as it responds and evolves to ever changing demands for safe, efficient and reliable air transportation. We enjoy the challenges of this industry which is why after 60 years we're still around.

When and where did the company make its first airport investment/get its first contract?

L&B was founded by Charles Landrum and John F Brown in January 1949 to provide planning and financial services to US airport owners/operators. The firm's first client was the City of St Louis Lambert Field, followed thereafter by Detroit's Willow Run and numerous other major metropolitan airports, when the aviation market was still in its infancy.

What services do you provide for airports?

L&B's multi-disciplinary team offers clients excellence in all aspects of airport-related planning. Our planning division focuses on improving efficiency and maximising the use of existing airport facilities. Assignments include developing new airfield and airspace systems; developing concepts for new and remodelled terminals and concourses and adjacent airside and landside interfaces. It is also responsible for developing solid aviation activity forecasts and financial feasibility studies to support airport capital improvement financing. The firm's services range from detailed simulation analysis of airspace, airfield and terminal operations to the design and layout of runways, taxiways, terminal areas, air



cargo analysis and ground access systems.

Our environmental services division assists airports in meeting legal, regulatory and community requirements to ensure responsible sustainability and protection of natural resources, which is increasingly important to airport operations and communities in the US and around the world.

The group has earned a reputation in the United States for expertise in airport noise management and air quality. We believe that the group is an expert in the preparation of Environmental Impact Statements, Environmental Assessments and aircraft noise compliance studies in accordance with Federal Aviation Administration (FAA) and US Environmental Protection Agency (EPA) standards.

How many airports do you count as clients?

As one of the world's oldest aviation planning consultancy firms, it is difficult to enumerate the number of airports we have served in our nearly 60-year history. Our clients include all of the top 50 airports in the United States. In the last 10 years, L&B has expanded its global reach to provide leading edge planning services to airports in all parts of the world, with particular emphasis on the dynamic and rapidly growing aviation markets in Greater China, Asia, India, Australasia and the Middle East.

We are actively involved with clients from such diverse locations as Chicago, Cleveland, Los Angeles, San Diego, Shanghai, Hong Kong, Sydney, Melbourne, Bogota, Mumbai and Jeddah. Our

knowledge is not limited to large hub airports though as we have experience at smaller US airports, as well as literally dozens of other airports throughout the US and overseas. In addition, we have a proven track record at island airports, including Puerto Rico, American Samoa and the US Virgin Islands.

What is L&B's understanding of the term 'airport city'?

Generally the term airport city is applied to areas of collateral land use development adjacent to airport access roadways or in close proximity to airport terminal complexes. The label has also been applied loosely to any airport related concentration of collateral revenue producing uses that may be functionally interconnected to the airport and its access routes.



To the extent that from a planning standpoint, the 'city' concept should encompass, to some degree, each major land use type (residential, commercial, industrial, recreational, and institutional) the term airport city as applied is often a misnomer.

Although many airports have some combination of associated land uses, the majority of uses are primarily retail or industrial in nature and are intended to complement the aeronautical-related mission of the airport. At a stretch it is possible to consider hotels and serviced apartments as residential, paid entertainment venues as recreation, parkways as open space and the airport authority's offices as institutional uses. In newer markets, where remotely located airports provide staff housing and community scale land uses for those employees, the term airport city is more appropriately applied.

Have you been directly involved in any airport city projects to date?

The concept of the airport city is gaining increasing currency worldwide as a component of airport planning as a way to maximise the economic value of airport resources. The land side areas within airport property boundaries and the areas surrounding the airport should be planned for compatible land uses that will enhance the economic benefits of the region as a whole while not unnecessarily constraining the future airport expansion needs.

L&B has been involved in planning that is consistent with the concept of airport cities. We have developed airport vicinity land use plans that identified complete 'city' ranges of land uses for cities and airports as small as St George, Utah, and as large as some of the largest airports in the world being planned in the Middle East and Asia. Whether small or large, land use development decisions at airports should be consistent with general urban planning standards, be completely contextual and responsive to specific local market drivers and physical site conditions.

Would helping create an airport city be of interest to Landrum & Brown?

L&B is actively engaged in master planning of major airports around the globe – be they international gateways, domestic hubs or facilities serving primarily local O&D traffic. The land use planning components of L&B master plans include existing and future auxiliary or collateral land use areas for the purpose of enhancing non-airline revenues and/or providing additional amenities for air passengers within the airport boundary. Many of these plans also anticipate airport city type developments in districts adjacent to the airport for the purpose of leveraging the economic benefits of the community's investment in air transportation facilities. We would be pleased to put its collateral development planning experience to work for other interested clients.

What is the biggest airport project L&B has been involved in to date?

This is a hard question to answer as we have been involved with some of the largest airport projects ever conceived. L&B has been one of the primary aviation consultants for Chicago's O'Hare International Airport for over 40 years. In China, we are supporting the dynamic expansion plans of both Shanghai Pudong and Shanghai Hongqiao International Airports. Shanghai Hongqiao, located southwest of the city, is its main domestic O&D airport and is currently undergoing a \$2 billion expansion, which includes the addition of a new close parallel runway and a new passenger terminal. In a subsequent project, L&B in association with the East China Architectural Design Institute developed the conceptual design for the new 364,000sqm, 50-gate West Terminal. The facility is designed to serve over 30mppa and is being fully integrated with one of the largest road/rail inter-modal ground transport facilities in the world.

When it comes to airport planning, how much scope do you have to create something completely new and different?

There tends to be common elements to planning projects, as the process of planning is rooted in basic steps that start with understanding the situation,



considering options to achieve desired goals, and making a decision on which way to go. However, just about every project we work on is unique enough in its issues, technical aspects and cultural, regulatory and political frameworks that in most cases we have to customise our work scope for each project. In the end, it comes down to gaining the client's trust that we will deliver a quality product for a reasonable fee. Long-standing relationships with clients help achieve this trust.

What is the company doing to become more of a global player in terms of its airport portfolio?

Our commitment began with the opening of our offices in Shanghai, Melbourne and Hong Kong. We clearly recognise that aviation is a global marketplace and that L&B needs to be a global player to effectively compete and best serve our clients. It is not enough for us to understand the local market to be successful, we must also understand the aviation issues at play around the world in order to advise our clients on how best to position themselves for the realities of the future marketplace. After all, many of our clients are hoping to achieve above average growth in international service, which means we must understand the issues that are facing airlines and airports across the globe.

As a result, we have made a deliberate effort to position ourselves to become specialists in the issues that are facing airports in Asia, the Middle East, South America and Europe, and as a result, we are proud to serve clients in dozens of countries on six continents.

Aviation now more than ever before needs to show its 'green credentials'. Has this need been reflected by your customers?

Over the past year in particular, nearly every major airport planning assignment now includes elements of sustainability, as a way of doing business. Airports are becoming savvier about the need to show their progress towards environmental stewardship. Generally, airports are ahead of many industries in this regard, through their ongoing environmental best practices, as well as new initiatives. Today, airports are becoming more proactive in documenting and measuring their efforts and sharing their successes. As a result, airports are receiving the rewards and recognition for the good work they are doing.

Is the current economic slowdown and rising oil prices a concern for L&B?

Sure it is – it is for everyone. Whether you're in the aviation industry, a frequent business traveller or even just the occasional leisure passenger, the price of oil greatly affects you personally.

However, as the aviation industry faces yet another round of challenging times, it also creates interesting opportunities. Rapidly escalating fuel prices present unprecedented challenges to the nation's airlines and they have responded by cutting high-cost aircraft from their fleets and have eliminated low margin routes from their systems.

These changes to airline route networks affect our customers unequally, depending upon which airlines serve them and the mix of passengers using the airports. These airline changes will bring obvious short-term pain and not so obvious long-term opportunity. We are in a unique position to help our customers identify and capture the potential benefits of these long-term opportunities and to help them with plans that they can employ to buffer themselves during these turbulent times in the global air transportation market.

What is your ultimate ambition for L&B?

It's actually very simple. To be the most successful and respected aviation consultancy in the world, delivering quality and value to our customers.



About the authors

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