

# Manchester-Boston Regional Airport Expansion Serves As Catalyst For Growth

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When Alfred Testa, Jr. took over as Manager of New Hampshire’s Manchester-Boston Regional Airport (MHT) in the early 1990s, he envisioned the airport spearheading an economic boom for the local economy. Not everyone, including Manchester city officials, shared Testa’s vision, but they are believers now. Just over ten years after the current terminal’s construction, the number of airlines has increased, the number of flights has more than doubled, and the resulting flow of new passengers has created a snowballing effect impacting business, leisure activities, and the lodging industry.

Further expansion of the airport’s terminal space is in the works. “During the master plan process for the new terminal, we met with the various stakeholders to discuss the impact, including the hospitality industry,” said J. Brian O’Neill, Deputy Airport Manager. “We need to improve the facilities to create an opportunity for more businesses to come here. More passenger use at Manchester Airport creates new opportunity for hotel development.”

The Manchester area is the fastest-growing market area in New England, according to a 2006 report by the Federal Aviation Administration (FAA). Once the airport’s major runway extensions and related airfield improvements are complete, Manchester will be well-positioned to meet the needs of a more extended range of airlines and passengers. These improvements will allow for nonstop service to the west coast and to select North American and North Atlantic international markets. Capacity for international travel would be a huge boom for the area, presenting potential travelers through Boston’s Logan International Airport with an alternate, less-expensive gateway to New England.

According to the FAA report on the New England region, passenger growth through MHT is expected to increase annually by 3.9% to nearly 7,123,000 passengers in 2020; the report also notes the potential for passenger growth to expand by 5.5% per year, which would bring the total number of passengers up to 9,221,000 by 2020. The movement of so many people means an increasing demand for hotel rooms. The following table shows how closely growth in the hotel industry is tied to increased travel through the airport:

Manchester Airport Traffic and Hotel Growth			
Year	Air Passengers	Hotel rooms	Room Nights
1992	840,361	1,535	560,275
1993	794,134	1,535	560,275
1994	919,914	1,535	560,275
1995	893,326	1,535	560,275
1996	984,130	1,535	560,275
1997	1,108,216	1,535	560,275
1998	1,938,089	1,750	638,750
1999	2,809,089	1,820	664,300
2000	3,169,301	1,997	728,905

## Summary

Heightened activity at New Hampshire’s Manchester Regional Airport creates greater occupancy, spurring the construction, renovation, and expansion of Manchester hotels.

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2001	3,233,555	2,042	745,330
2002	3,366,834	2,142	781,830
2003	3,601,661	2,470	901,550
2004	4,003,307	2,470	901,550
2005	4,329,478	2,470	901,550
2006	3,896,532	2,595	947,175
2007	1,291,339	2,644	965,060
2008		2,802	1,022,730

*Source: Manchester-Boston Regional Airport  
and Smith Travel Research*

The number of passengers traveling through MHT tripled between 1997 and 2006, and twelve new hotels were constructed in response, adding a collective 1,109 hotel rooms to the market. In the next year, an additional 158 hotel rooms are scheduled to go online in the Manchester area, not including the hotel component proposed as part of the Cabela's development in Hooksett, just north of Manchester.

The Courtyard by Marriott, which opened in 1998 with 90 rooms, added another 49 to its inventory following a complete renovation of the hotel this year. Prior to its expansion, the hotel was sold out Monday through Thursday, said James Conner, Director of Operations. Since the addition opened in June, the hotel is still selling out nearly four nights a week and achieving occupancy levels of 80% or higher. The same is true for the other hotels closest to the airport, Conner said.

Occupancy in Manchester is not oversaturated, said Michelline Dufort of the New Hampshire Lodging and Restaurant Association. While other areas in New Hampshire have built faster than the projected growth, Manchester lodging facilities have remained in pace with growth in air travel, tourism, and business. Occupancy has thus remained in the 65% to 70% range for most hotels, with hotels closest to the airport realizing occupancy levels from the upper 70s to the mid-80s.

The trend is to build more upscale or boutique properties, replacing many of the older, budget-conscious hotels that were a mainstay in the past. Dufort sees this as a positive sign reflecting more business-related travel to the area. The improving quality of hotels is a move in the right direction, said Glen Ohlund, Development Coordinator for the Manchester Economic Development Office. The Four Points by Sheraton recently underwent a major renovation. Some of the new hotels, such as the Hilton Garden Inn, benefit from a central downtown location, adjacent to the baseball stadium and within walking distance of Verizon Wireless Arena, whose hockey games and concerts regularly draw thousands. After the Holiday Inn at the Center of New Hampshire changed flags to become a Radisson, Holiday Inn sought a new location in Manchester. The decision to convert the Tauge Inn on Brown Avenue to a Holiday Inn paid off with a dramatic increase in business. Together with its recognizable flag, the Holiday Inn's proximity to the airport, a host of renovations and upgrades, and the addition of a 1950s-style diner proved to be a winning combination for the hotel.



So why is the airport so important to local hoteliers? Downtown Manchester's proximity to MHT has made it easier for companies to do business in Manchester. Being five to ten minutes from the airport is a huge marketing advantage, Ohlund said. The city also touts the airport's nearness when courting outside commerce for local companies or attracting businesses looking to locate in Manchester.

Earlier this year, the Comfort Inn on Queen City Avenue was designated as an airport hotel. Ashok Patel, Vice President of Operations for Jamsan Hotel Management, Inc. (which recently acquired the Comfort Inn), said this designation improves the density of the hotel's listings on key Internet search engines, thereby providing more exposure for reservations. That additional exposure translates into higher occupancy and the potential for growth in average daily rates.

One of the strengths of the airport hotels is how they cater to their customers, said Cindy Gaffney, Vice President of Corporate Events for the Manchester Chamber of Commerce. For instance, guests of an airport hotel benefit from an expanded shuttle service, Gaffney said. Many hotel shuttle services will take guests to the mall, to local companies and businesses, or to area restaurants and entertainment venues. For many business and leisure travelers, this eliminates the expense of a rental car; thus, the cost of providing the service is outweighed by the gains of repeat business from patrons appreciative of the convenience and savings.

"There's no question that the growth of the airport has been a catalyst for everything else taking place in Manchester," said Steve Morabito of the Highlander Inn. "Instead of battling the difficulty of traveling from Logan, travelers have convenience and fewer delays with Manchester. Southwest (Airlines) has been a big player by bringing a lot of business travelers to the area. They spend money at downtown restaurants, which have grown in numbers."

Increased air travel has also resulted in a new income stream for many hotels offering "park-and-fly" programs. Some park-and-fly programs require guests to stay overnight at a hotel in order to park free while on their trip, a condition that helps increase occupancy numbers. The Highlander Inn, which is located adjacent to the airport entrance, makes use of the unused land on their site as an optional parking service for MHT. The Highlander lot costs \$2-per-day less than the airport's uncovered lots, and the hotel staff will shovel cars out from the dreaded winter snow.

"There is still room for growth," said Wendell Butcher, President of Colwin Management. His firm manages the Courtyard by Marriott, TownePlace Suites, SpringHill Suites, and Homewood Suites hotels, all located within one mile of the airport. "In the future, hotel growth has to be tied with business growth. More demand has been generated in the past two years at Manchester. The market has seen good, consistent growth." City officials are currently requesting proposals for the construction of a convention center in downtown Manchester, a major venture that would draw even more travelers to Manchester and amplify the city's growing need for additional hotel rooms.

Against the backdrop of the success of Verizon Wireless Arena (in which HVS' Chicago office was a consultant) and the Palace Theatre, the expansion of the Currier Museum of Art, and the conversion of the old mill properties along the Merrimack River into office space, the potential that Alfred Testa, Jr. saw in Manchester is coming into sharp reality. "Manchester is no longer a 'drive through to another location' as it has been before," Gaffney said. "We are a destination."