

# The impact of airport noise and noise abatement policies

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# The Problem

Weniger Fluglärm: DLR Wissenschaftler testen neue Methode der aktiven Lärminderung  
24.09.2012 [10:30] :: Wissenschaftler des Deutschen Zentrums für Luft- und Raumfahrt (DLR) haben ein neues Verfahren zur Minderung von Triebwerkströmen entwickelt. Es basiert auf dem gezielten Einblasen von Druckluft in das Flugzeugtriebwerk direkt hinter dem Hauptrotor.

**Bundesweite Proteste: Tausende demonstrieren gegen Fluglärm**  
Allein in Berlin kamen laut dem Veranstalter etwa 10.000 Menschen zusammen: An mehreren Standorten in Berlin, Frankfurt, München - Tausende protestieren gegen Fluglärm

## Fluglärm lässt Immobilienpreise um bis zu ein Drittel sinken

Berlin - Der erwartete Fluglärm in der Nähe des neuen Großflughafens Berlin-Brandenburger kommt Immobilienbesitzer nach einer Studie des Deutschen Instituts für Wirtschaftsforschung (DIW) teuer zu stehen. Durch die künftige Lärmbelastung sinke der Verkaufspreis von Häusern und Wohnungen um bis zu ein Drittel.

**Verfassungsbeschwerden wegen Fluglärm liegen vor**  
Rechtsstreit um Frankfurter Flughafen

**Wenn Fluglärm krank macht**  
Ihre Region > Dortmund-Ost > Politik > Wenn Fluglärm krank macht

**Laute Flieger über Rheinhesen**  
SÜDMFLIEGUNG FLUGLÄRM  
Von HELMUT OESTERWINTER



**Anwohner wehren sich gegen Fluglärm einer 3. Bahn**  
Flughafen München

## Fluglärm: Schutzinteressen der Bürger werden weiter missachtet



[Main-Kinzig-Kreis] Die Menschen im Main-Kinzig-Kreis weiterhin unverändert unter Fluglärm leiden. Anhebung des Gegenanfluges wird allenfalls in Niederdorfelden und Schöneck verbessern können. Landrat Erich Pipa. Für die Orte im Kinzigtal bei Hanau und Maintal bleibt es bei der bisherigen Situation. Damit ist vom so genannten „Lärmgipfel“ der für den Main-Kinzig-Kreis nichts übrig. „Es wir



- Airport Noise as a typical externality
- In particular relevant for capacity expansion programs
- Intensive public discussions; Court hearings
- In the past:
  - Aircraft noise certification (ICAO Chapters)
  - ICAO (2001): Balanced approach
- In general: Aircraft noise decreased in the past (Girvin, 2009)
  - But: Still great problems

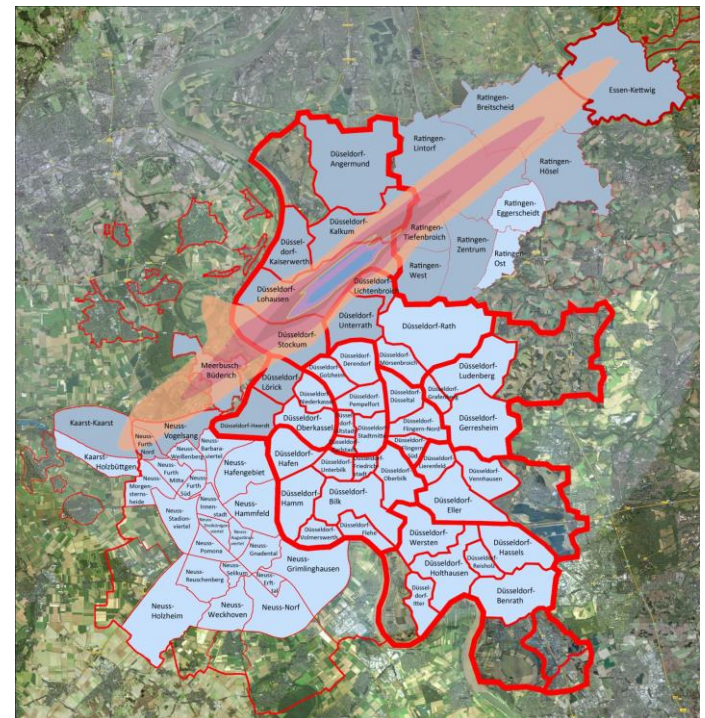
- In addition in the EU: Directives 2002/30/EC and 2002/49/EC
- 2002/30/EC: EU-wide process (from ICAO) for noise management
- 2002/49/EC: Noise maps

In particular for noise maps: Harmonized calculation for different noise indicators (e.g.  $L_{den}$  and  $L_{night}$ )

As a result:

In general, four sources of noise:

1. Air
2. Rail
3. Street
4. Industrial



- Here: Economic Impact (no medical impact)
- In particular: Monetary Valuation (WtP for 1 dB less noise; WtA for 1dB more Noise)
- Importance:
  - For SMC Pricing
  - CBA of environmental protection measures
  - Priorization of such measures
  - For monetary compensations (see Salvi, 2008)

In general: Several economic approaches:

- Contingent Valuation (for criticism see Kling et al., 2012; Hausman, 2012; Carson, 2012)
- Choice Modelling (Choice of residential location; only stated preference possible)
- Hedonic Pricing (revealed preference)

## The hedonic approach

based on Rosen's (1974) analysis and under the conditions of:

- Perfect competition
- Zero transaction costs
- Perfect information

$$P = f(\mathbf{x})$$

P: Price of the differentiated good

$\mathbf{x}$ : Vector of the good attributes



## The hedonic approach

A hedonic price function for residential properties:

$$P = f(x_S, x_N, x_A, x_E)$$

Where:

$x_S$ : Vector of property structural variables

$x_N$ : Vector of property neighbor variables

$x_A$ : Vector of property accessibility variables

$x_E$ : vector of property environmental variables

## The hedonic approach

For the linear specification:  $P = \beta_0 + \sum_{i=1}^n \beta_i \cdot x_i$

Hedonic (implicit) price of attribute i:

$$\frac{\partial P}{\partial x_i} = \beta_i = WtP$$

With respect to noise, we see often:

$$\log P = \beta_0 + \sum_{i=1}^n \beta_i \cdot x_i$$

$\beta_i$  as semi-elasticity. For noise: NDI (Noise Depreciation Index)



## The hedonic approach

Latest econometric approaches: Spatial lag and spatial autocorrelation (Anselin, 2003):

For the econometric model:

$$P = \beta X + \varepsilon$$

Spatial Error Model:  $\varepsilon = \lambda W \varepsilon + \xi$

Spatial Autocorrelation Model:  $P = \rho W P + \beta X + \varepsilon$

**W**: Spatial weights matrix:  $\left| \frac{1}{d_{ij}} \right|$

## The hedonic approach

Empirical studies (Meta-Analyses in Nelson, 2004, Schipper et al. 1998; Kopsch, 2016):

- Show a great variety of results: NDI range: 0.2 – 1.7
- Areas with high population density: Higher NDI's
- Airport noise perceived as more annoying than railway noise (Bahn-Bonus)
- Spatial econometric models: Slightly higher NDI's
- Non-linear impact of noise (Thanos et al. 2015; Püschel & Evangelinos, 2016).
- Cut-off noise values: Dekkers & Van der Straaten, 2009; Thanos et al. 2015; Püschel & Evangelinos, 2016)

## Typical Solutions to Externalities

- a) Command and Control Measures
- b) Noise Charges
- c) Cap and Trading Schemes

Ad a) Flight restrictions; Night flight bans; flight paths

- In many cases after court hearings
- Major disadvantage: Do not “hit” only noisy aircrafts
- In addition (for restrictions): Airport capacity cannot be fully utilized (Airport efficiency may drop).

## Ad b) Noise Charges

- Noise charge as a part of take-off and landing fees
- In most airports: Aircraft noise categorization according to ICAO Noise standards (ICAO chapters).

The normative approach: Impact of airport noise charges (Brueckner & Zhang 2010; Hsu & Lin 2005; Nero & Black 2000)

- Depends on the type of the assumed competition (in most cases Cournot Duopoly is assumed)

## Ad b) Noise Charges

In General: Optimally set noise charges will lead to (Brueckner & Zhang, 2010; applied to emission charges):

- Higher fares
- Lower flight frequency
- Higher load factors
- Less noisy aircrafts (More prominent in HS networks)
- Unchanged aircraft size
- Under certain conditions: PtP Networks could be preferable (similar results in Hsu & Lin, 2005)

## Ad b) Noise Charges

- The positive approach:

Consider the airline cost function:

$$C(\mathbf{q}; \mathbf{w})$$

With  $\mathbf{w}$ : input prices and  $\mathbf{q}$ : Outputs

Cost share of factor i:

$$\frac{\text{Factor}_i \text{ Price} \cdot \text{Factor}_i}{\text{Total Cost}} = \frac{x_i \cdot w_i}{C(\mathbf{q}; \mathbf{w})} = \frac{\partial C}{\partial w_i} \cdot \frac{C}{w_i} = \text{Cost Elasticity}$$

What do we know about airline input price elasticities, in particular for airport and noise related charges?

- Airport charges: 0.05 – 0.12 (depending on several factors)
- Noise charges: 10% cost share of airport charges (unofficial statements)

## Ad b) Noise Charges

- The positive approach:

Given these very low cost shares (say: 0.01): How can ever in reality noise charges show any effect at all?

Empirical analyses (Betancor 2007; Evangelinos et al. 2012) confirm this.

Possible explanations: Transaction costs; political economic considerations.



Ad c) Noise Caps (Brueckner & Girvin 2007; Girvin 2010;)

Distinguish:

1. Cumulative caps
2. Per-Aircraft noise caps

Both: Similar effects to noise charges (apart from aircraft size)

In addition: per-aircraft noise caps equivalent to optimal noise charges

Advantage: Possibility to introduce a trading scheme

Thank you for attention