

# Make it Count - Estimating Market Values for Small Airports

October 29, 2020

**@NASEMTRB**  
**#TRBWebinar**

## Learning Objectives

- Identify key airport characteristics that affect market value
- Discuss practices for establishing and adjusting market rent

# Make it Count - Estimating Market Values for Small Airports

October 29, 2020



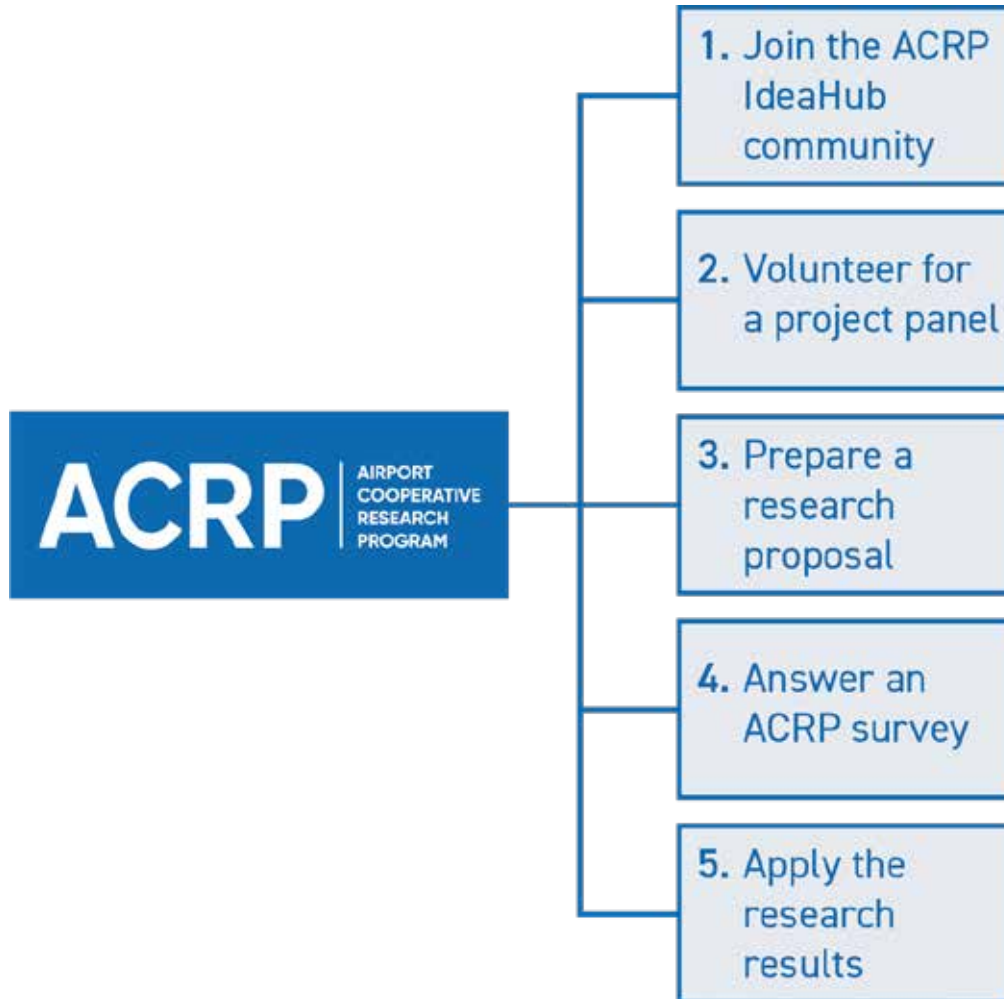
# Carlos Ruiz-Coll, A.A.E.

## Greenville-Spartanburg Airport District

- Director of Commercial Business
  - § Commercial Facilities
  - § Concessions
  - § Advertising
  - § Land Development
- Former Business Development Manager at GA Reliever Airport
- Accredited Airport Executive
- ACRP Panel Chair 01-38



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# Today's Speakers

David Benner and Brandon Borne  
Aviation Management Consulting Group

Presenting

ACRP Report 213  
Estimating Market Value and Establishing  
Market Rent at Small Airports

## A Guidebook for Estimating Market Value and Establishing Market Rent at Small Airports

David Benner, C.M.  
Brandon Borne, C.M., ACE

# David C. Benner C.M.

- 15 years experience
- B.S. in Business Administration
- MBA in Airport Management
- Commercial Pilot with  
Instrument and Multi-Engine  
Rating
- Certified Flight Instructor





# Brandon K. Borne, C.M., ACE

- 8 years experience
- B.S. in Public Policy and Administration
- Masters of Public Administration
- Private Pilot
- ACE - Airfield Operations



# ACRP Report 213 Team Members

Aeroplex Group Partners (Long Beach, California)

Decker Associates (Littleton, Colorado)

DKMG Consulting (Chicago, Illinois)

Hangar Network (Centennial, Colorado)



# ACRP Report 213 Oversight Panel

Carlos E. Ruiz-Coll, Greenville-Spartanburg International Airport

Kerry L. Ahearn, IEM

Gary P. Mascaro, City of Scottsdale – Scottsdale Airport

Winthrop Perkins, Airport & Aviation Appraisals, Inc.

Jennifer R. Pyatkov, Jacobsen Daniels Associates

John Rostas, Armstrong Consultants, Inc.

Amy J. Walter, FAA Liaison

Paul J. Eubanks, Airport Council International

Christine Gerencher, TRB Liaison

# Introduction

## Session Overview

- Introduction
- Findings
- Airport Property Characteristics
- Negotiation of Agreements
- Closing Thoughts

# Introduction

## Setting the Stage

- Purpose Statement: to assist in airport development efforts and contribute towards the sponsor's obligations under the Airport Sponsor Assurance by outlining methodologies for establishing and adjusting market rent, identifying pertinent characteristics, approach for developing leasing policies, and best practices for negotiation.
- Who is responsible for managing property and lease agreements at your airport?
- How are land and property rental rates established and adjusted?

# Introduction

## Audience – Parties with Direct Interest



# Introduction

## Audience – Types of Developers and Lessees

Government	Commercial Aeronautical	Non-Commercial Aeronautical	Commercial Non-Aeronautical	Non-Commercial Non-Aeronautical
Federal	Fixed-base operators	Corporate aircraft storage and offices	Car rental companies	Charitable organizations
State	Specialized aviation service operators	Business/recreation aircraft storage	Ground transportation companies	Quasi-governmental entities
Local	Commercial hangar developers	Flying clubs	Hotels and restaurants	
	Air carriers	Museums	Gas stations and convenience stores	
	Air cargo companies	Civil air patrols	Museums	

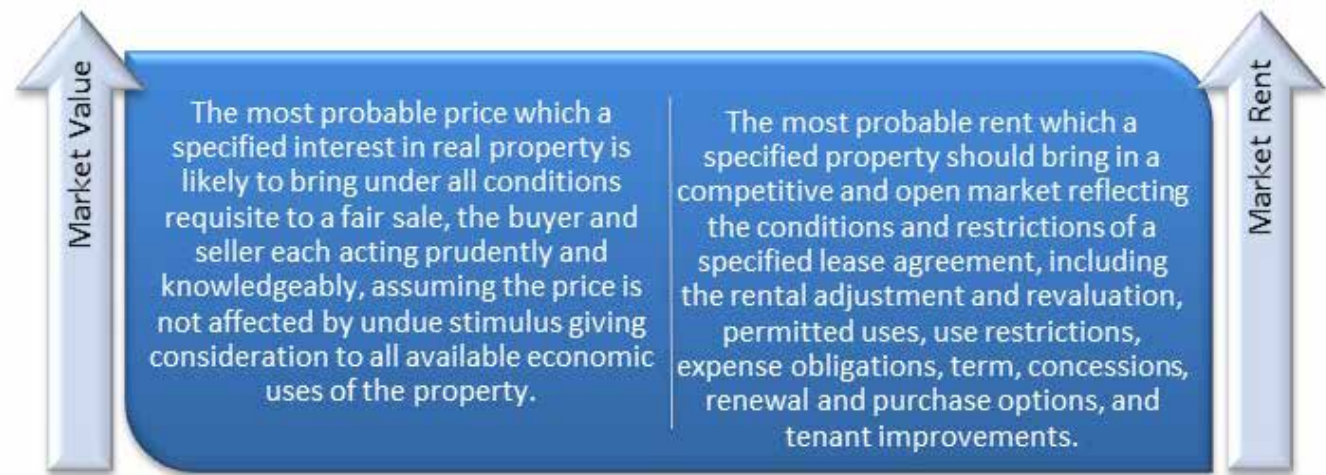
# Introduction

## Market Value Definition

- Represents price to “buy” an asset – what is the property worth?

## Market Rent Definition

- Represents price to “lease” (or rent) an asset – what is the price to use the property for a specified period of time (e.g., monthly or annually)?





# Findings

## Research Process

- Literature Review
- Interviews
- Survey
- Industry Review

# Findings

## Assurances

Assurance 5  
Preserving Rights  
and Powers

Assurance 22  
Economic  
Nondiscrimination

Assurance 24  
Fee and Rental  
Structure

Assurance 38  
Hangar  
Construction

## Orders

Order 5190.6B  
*Airport Compliance  
Manual*

## Policies

*Policy and  
Procedures  
Concerning the  
Use of Airport  
Revenue*

*Policy on the Non-  
Aeronautical Use  
of Airport Hangars*

*Policy Regarding  
the Establishment  
of Airport Rates  
and Charges*

## Advisory Circulars

AC 150/5190-7  
*Minimum  
Standards for  
Commercial  
Aeronautical  
Activities*

## Other Guidance Materials

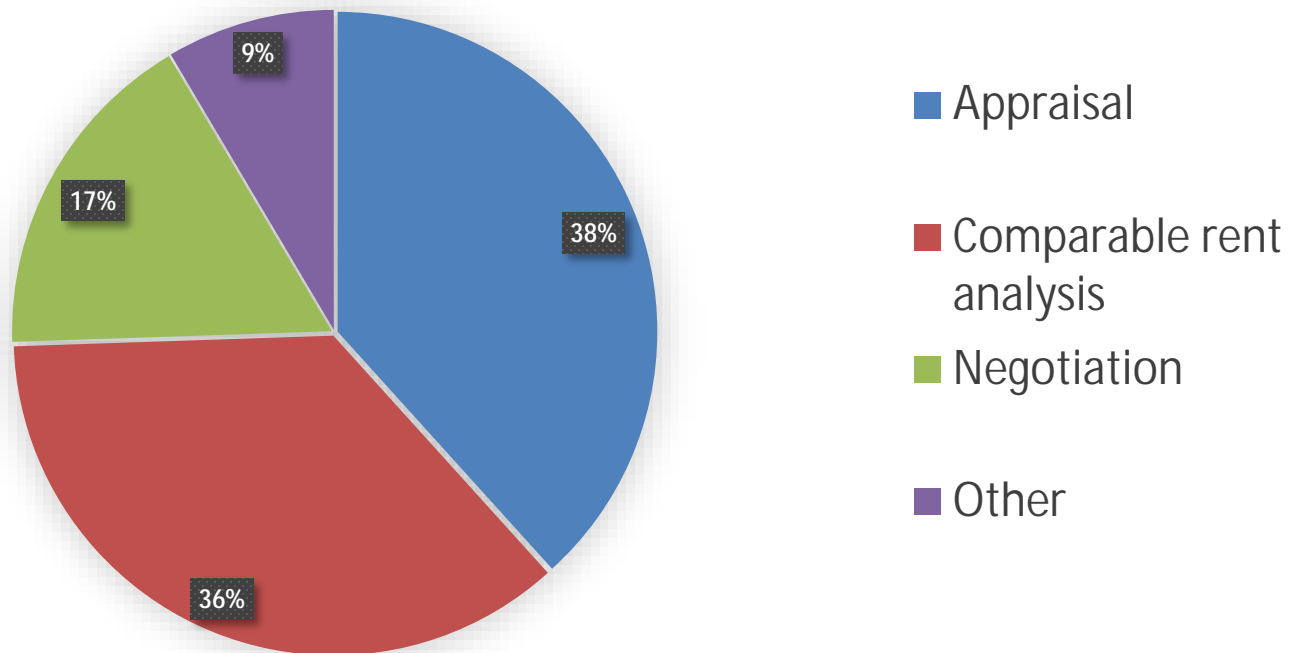
*Uniform Appraisal  
Standards for  
Federal Land  
Acquisitions*

Compliance  
Guidance Letter  
2018-3, *Appraisal  
Standards for the  
Sale and Disposal  
of Federally  
Obligated Airport  
Property*

FAA  
Reauthorization Act  
of 2018

# Findings

## Preferred Methodology to Determine Rent



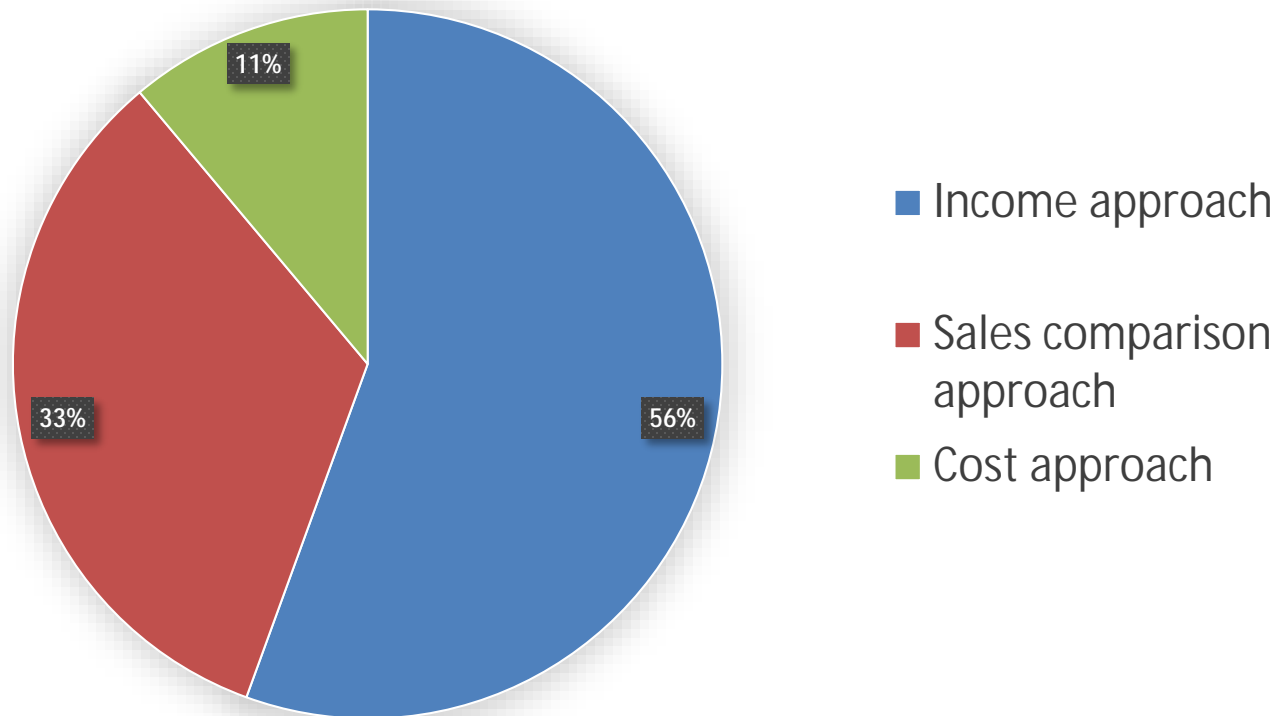
# Findings

## Competitive Process

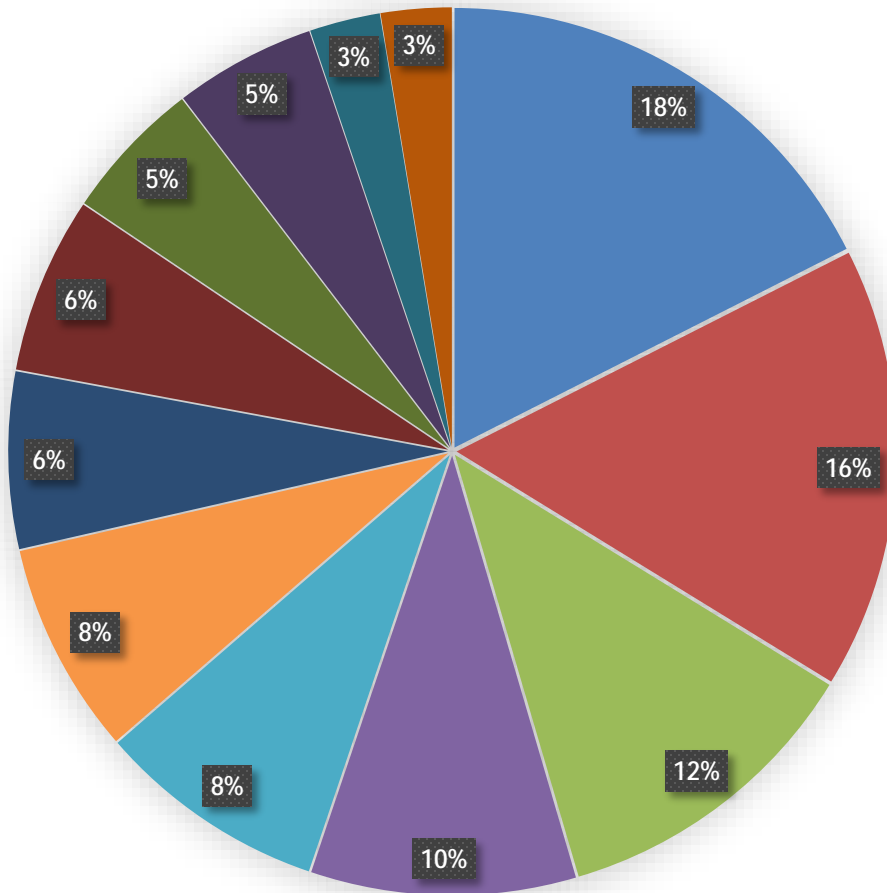
- RFI, RFQ or RFP
- While not directly identified by the FAA in the *Policy Regarding the Establishment of Airport Rates and Charges*, a competitive process utilizes direct market forces through a proposal to determine the demand in the market and ultimately as a methodology to establish market rent.

# Findings

## Preferred Appraisal Approach

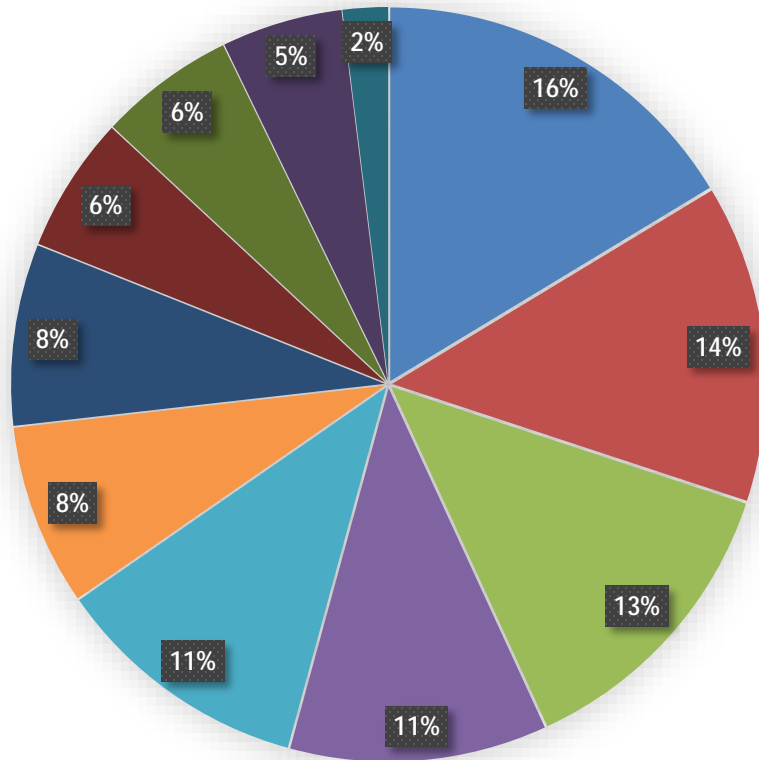


# Findings



- Proximity to major metropolitan area
- Runway length
- Aircraft operations
- Presence/absence of an air traffic control tower (ATCT)
- Presence/absence of a precision instrument approach
- Based aircraft
- Size (acreage) of airport
- Annual general aviation fuel volumes
- Other
- Number of Fixed Base Operators (FBOs)
- Number of Specialized Aviation Service Operators (SASOs)
- FAA NPIAS/FAA General Aviation Airport Asset Study classification

# Findings



- Land type (landside access, airside access, presence of utilities)
- Demand
- Use (aeronautical vs. non-aeronautical)
- Condition (age and economic life)
- Improvement type (hangar, office, shop, storage, etc.)
- Access
- Amenities
- Size
- Use (air carrier vs. general aviation)
- Use (commercial vs. non-commercial)

# Findings

## Airport Property Characteristics





# Findings

## Airport Property Characteristics



# Findings

## Airport Property Characteristics



# Findings

## Off-Airport Characteristics

### ○ Economic Attributes

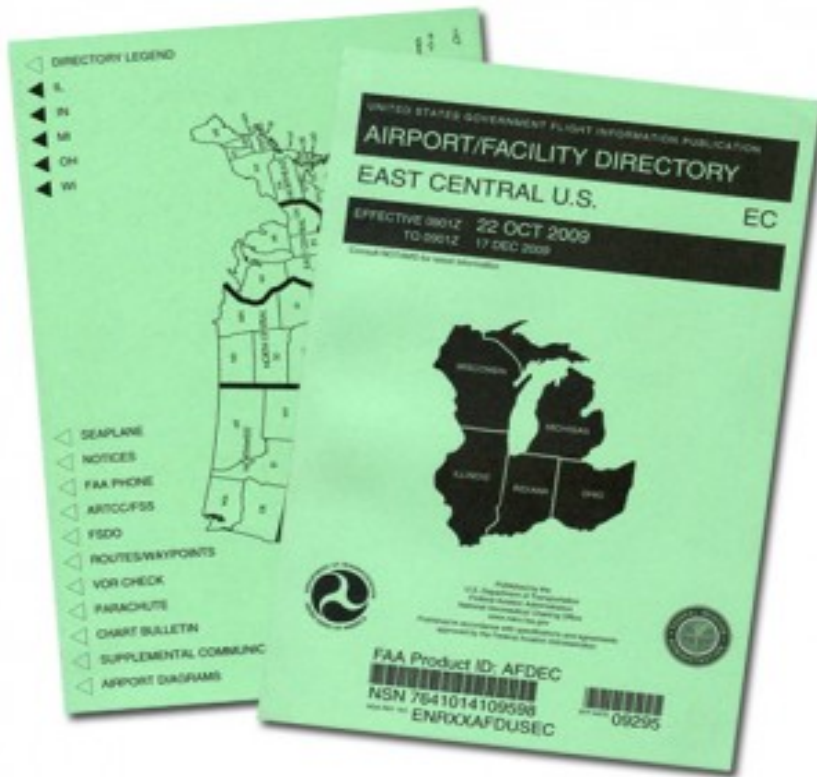
- § Population
- § Median income
- § Employment and workforce
- § Type of market

### ○ Property Attributes

- § Location of airport within community
- § Roadway size and access
- § Use limitations

# Findings

## Tools to Identify Comparable/Competitive Airports



**General Information**

Airport Name	<input type="text"/>	LOG ID (Ex. DFW, JFK, etc.)	<input type="text"/>
Associated City	<input type="text"/>	Use	(All) ▾
State or Territory	(All) ▾	Ownership	(All) ▾
FAA Region	(All) ▾	Part 135 Certified?	(All) ▾
ADO	(All) ▾	Export Contact Info?	<input type="checkbox"/> Denial <input type="checkbox"/> Manager

**FAA's National Plan of Integrated Airport Systems (NPIAS)**

NPIAS Hub Type: (N) ▾  
NPIAS Service Level:  Non-NPIAS  Commercial Service  Primary  Reliever  General Aviation

**Services & Facilities**

Fuel Avail. (Ex. Jet, 100LL, etc.)	<input type="text"/>	Control Tower?	(All) ▾
Services Avail. (Ex. Cargo, FBO, etc.)	<input type="text"/>	UNCOM	(All) ▾

**Based Aircraft & Operations**

Based Aircraft: ▾  (Single Engine + Multi-Engine + Jet)  
Total Operations: ▾

Note: Based Aircraft counts must come from [www.faa.gov](http://www.faa.gov) for the NPIAS airports that are Certified, Services, Relievers, and General Aviation.

**Runway/Helipad Information**

**NOTE:** In order to report runway information, you must provide selection criteria for at least one of the runway elements; this may be length > 5.

**Surface Type**

Hard Surface Only?	(All) ▾	Surface Treatment	(All) ▾
or		Marking Type	(All) ▾
Enter partial text of desired surface type (Ex. Conc, Asph, etc.)	<input type="text"/>	Marking Condition	(All) ▾
Surface Condition	(All) ▾	FAR 77 Category	(All) ▾
Length	<input type="text"/>	Close-In Obstruction?	(All) ▾
Width	<input type="text"/>		

# Findings

## Tools to Identify Comparable/Competitive Airports

### Airport Search

#### 1. Tell us about a nearby place

Indicating one of the choices below is enough

A city, town, or zip code:

Example: Boston or Green Bay, WI or 90210

An airport identifier:

Geographic coordinates:

Latitude:

Longitude:

North  
West

Example: 43 or 43-12-19 or 43.20528

#### 2. Tell us about the airfields you are looking for

Suitable types of fields:  
(Check at least one)

- Airports
- Balloonports
- Gliderports
- Heliports
- Seaplane bases
- Ultralight Flightparks

Airfield use  
(Check at least one)

- Public
- Private
- Military

Instrument approaches

Do you need instrument approaches?

None needed

Runway characteristics:

Enter, or leave blank if you don't care

Length: at least

Paved?  (check if runway must be paved)

Fuel types:

Not needed  
100LL AvGas  
80/87 AvGas  
Automotive (Mogas)  
Jet A  
Jet B

Click, scroll, or command to select multiple

Only where fuel prices known

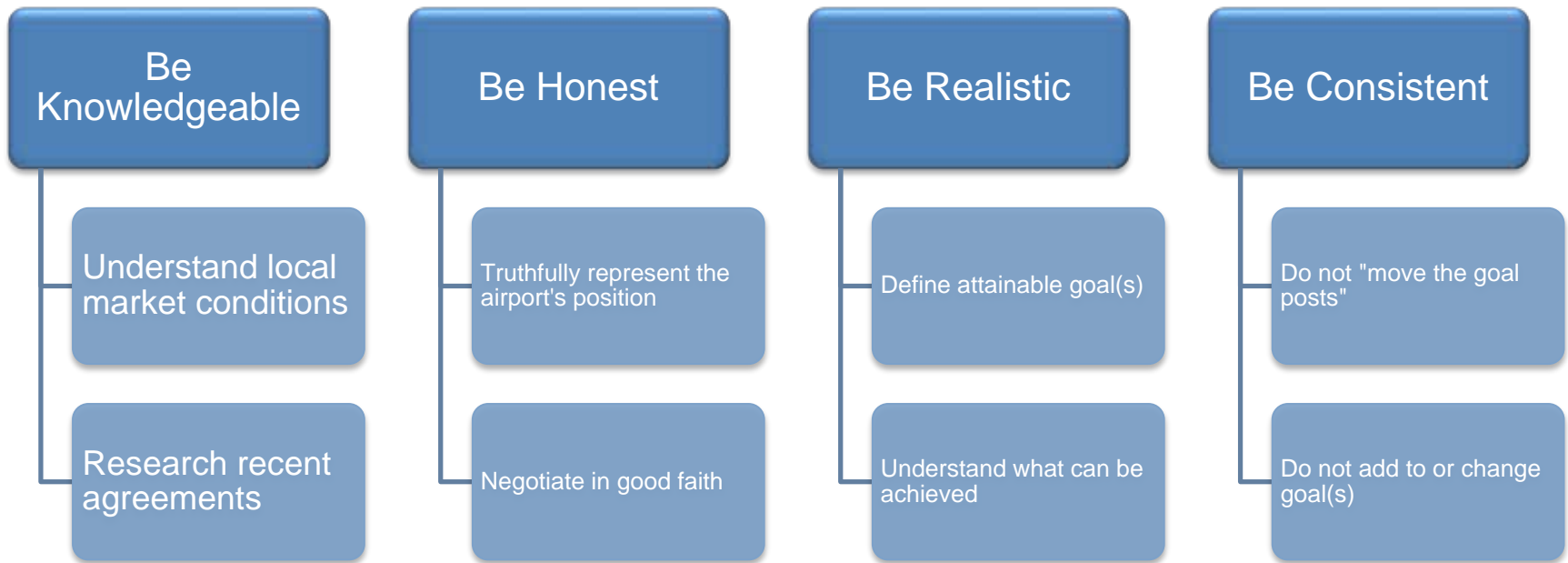
# Negotiation of Agreements

## Negotiation Best Practices

- Identify goals and desired outcomes
- Conduct homework
- Develop position perspectives
- Understand perceptions
- Create early success
- Document progress

# Negotiation of Agreements

## Key Positioning Aspects



# Closing Thoughts

- Understand difference between market value and market rent
  - § Definition
  - § Approaches
- Reference policy documents
  - § FAA and other governmental guidance
  - § Airport sponsor policies (Primary Management and Compliance Documents – Leasing Policy, Rent Policy, Fee Policy)
- Conduct decision framework to identify applicable approaches
  - § Aeronautical or non-aeronautical
  - § Value or rent
  - § Component or blended approach



# Closing Thoughts

- Determine applicable characteristics
  - § Airport
  - § Property – land and/or improvements
- Identify market data
  - § Comparable and competitive airport data
  - § Off-airport data
- Prepare for negotiation
  - § Determine goals
  - § Implement best practices
  - § Develop appropriate lease agreement

# FOR ADDITIONAL INFORMATION

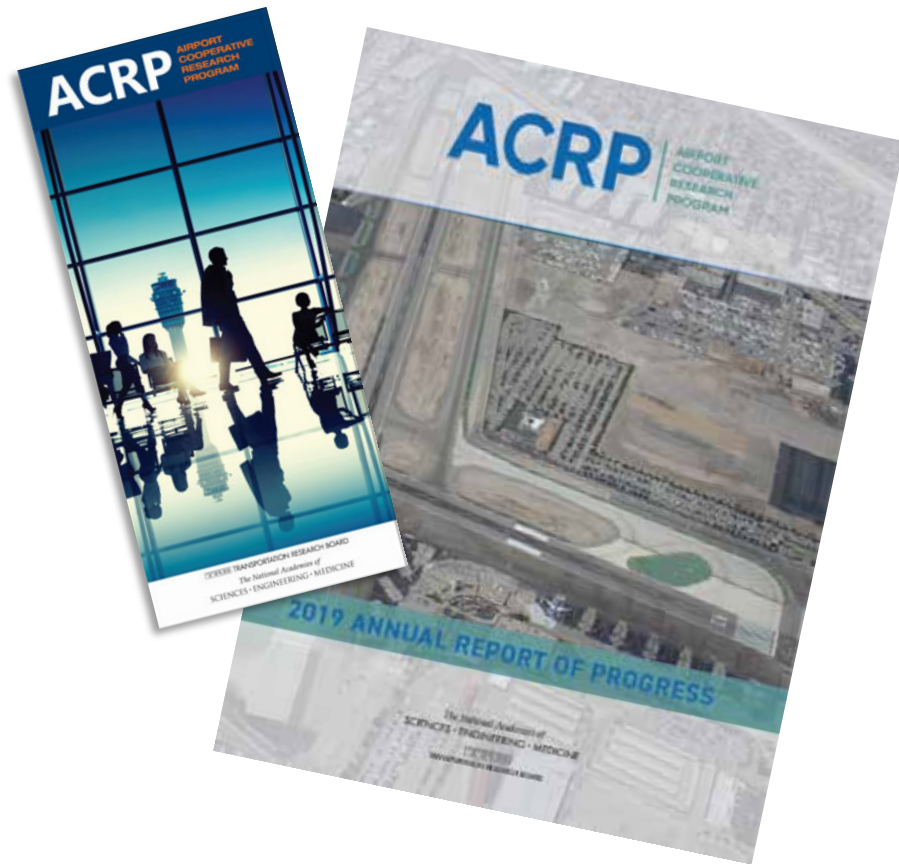


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# ACRP is an Industry–Driven Program

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- Conducts research to find solutions.
- Publishes and disseminates research results through free publications and webinars.



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# Other ACRP Research on Today's Topic

Report 47: *Guidebook for Developing and Leasing Airport Property*

Report 77: *Guidebook for Developing General Aviation Airport Business Plans*

Report 141: *Renewable Energy as an Airport Revenue Source*

Report 142: *Effects of Airline Industry Changes on Small- and Non-Hub Airports*

Synthesis 79: *Funding Industrial Aviation*

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# Upcoming ACRP Webinars

November 5  
Wetland Mitigation at Airports

# Today's Panelists

#TRBWebinar



**Moderator: Carlos Ruiz-Coll, Greenville-Spartanburg Airport District**



**David Benner, Aviation Management Consulting Group**



**Brandon Borne, Aviation Management Consulting Group**

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