



Airport & Aviation Appraisals, Inc.

KCPT Cleburne Regional, Cleburne TX - Longest Runway: 6,002

Unimproved Airside Land Rental Rate: \$0.25 psf

Comments: Cleburne is in the process of negotiating with a handful of smaller tenants for limited size sites that are located in the vicinity of the terminal area at the airport. Cleburne is right on the edge of the Dallas-Fort Worth Metroplex aviation market, but there has been a lot of growth South of Spinks, and this may have some effect on demand. However, the demographic at Denton is superior.

KRDB Dallas Executive Airport, Dallas TX- Longest Runway: 6,451 CT

Unimproved Airside Land Rental Rate: \$0.30 psf

Comments: This is a ground rental for a speculative hangar facility built by a third-party developer. It is to go into effect next year and was stepped up from \$0.14 per square foot, which was what the going rate at Dallas Executive was for many years. The airport has changed dramatically over the last decade in the City of Dallas is promoting the facility heavily. Most of the larger sites are found across the airport from the lion share of development. The extension of the runway in 2015-2016 has increased the capability of the facility for larger turbine aircraft. The City of Dallas would like to grow general aviation at Executive due to the increase of air carrier activity at Love Field since the Wright Amendment stopped being applied in 2013.

KAUS Addison Airport, Dallas Texas, TX- Longest Runway: 7, 203 CT

Unimproved Airside Land Rental Rate: \$0.48 -\$0.65 psf

Comments: Because of Addison's history as a private airport that was acquired by public entity, and had a number of through the fence deals pre-existing, sites available for development have mostly been absorbed, and assembling any sizable amount of airside land is difficult, expensive and time-consuming. Small sites that support development occasionally present themselves the marketplace. The airport is superior in almost every respect to Denton.

KDTO Denton Municipal, Denton, TX - Longest Runway: 7,002 CT

Unimproved Airside Land Rental Rate: \$0.30 -\$0.33 psf

Comments: These two rental rates represent to transactions that were done in the first half of 2019. One involved a fairly sizable corporate type hangar that is currently for lease, and the other transaction related to a smaller corporate facility for use by a corporate flight department. Both of the transactions were in excess of 1 acre and represent typical users for Denton. As a practical matter, this represents good absorption and also exhibits a demand which is reflective of the good demographic around Denton, and the demand for hangar facilities to house sophisticated aircraft.

One of the facets of the recovery from the effective the 2020 Covid 19 lockdown in the aviation business is a perception among airport managers that since nearly all forms of commercial and industrial land has increased in value and is generating higher sales prices, the same concept applies to airside land available for lease from what are mostly governmental entities. Although some airports have a legitimate inventory scarcity that might make this true, the market for aviation applications as much smaller, and land leases have a different dynamic than the sale of fee simple property.

There is another factor that has a strong impact on airport land prices and that is the dramatic escalation and supply chain problems that applies to the construction industry and the prices that are charged for improvements of all kinds. Steel has increased in price, and frankly there is a lot of gouging going on as of the date of the appraisal with regard to



Airport & Aviation Appraisals, Inc.

pre-engineered steel building suppliers and other trades necessary to create airside improvements. Currently, potential developers are waiting for the prices to come down for steel, concrete etc. The net effect of higher prices of construction are particularly sensitive for aviation applications due to the small-market, and also that in the case of some staple airside developments, the rental rate structure will not support current prices. This is particularly true for third-party developers, and Sponsors that want to build a common improvement like T hangars.

In the section of the report that develops rental values for the open bay hangars specified by the client, and the T hangars on Denton Airport we will explain how the high cost of new construction is benefiting the marketplace for existing improvements offered for rent.

We will now discuss each parcel of land to be analyzed and develop an appropriate rental rate for each. Based on the information provided by airport management, and the documentation that relates to various plans and delineations relating to the airport, we have been provided with estimations of the approximate size of each parcel. It should be recognized that these sizes are estimations, and while we believe them to be reasonably representative of each particular site, a formal survey may produce different estimations of aggregate size from those provided in this report.

Site 7B:

<u>Parcel</u>	<u>Acres</u>	<u>Square Feet</u>
Site 7B	1.70	74,000

Highest and Best Use:

In aggregate, this site is still appropriate for applications that require larger supporting assemblages of land. Medium-sized aircraft maintenance operations and more T hangars and executive hangars could be potentially located on this property. The site represents the balance of the larger parcel, and the most westerly portion was a site which consists of approximately 75,000 square feet and leased for \$0.33 per square foot. The main limitation is that the taxiway which serves the property has clearances to the north and south that are approximately 100 feet. This limits the size of the aircraft that could be operationally viable for the site. It is one of the larger contiguous parcels available on the airport as of the date of the appraisal. It is also served with all utilities and other necessary airport infrastructure.

This site has limited visibility from the operational surfaces but is in a portion of the airport where there is considerable development. Leased in its entirety, we believe that the appropriate square foot rental value would be \$0.35 per square foot. This is consistent with well-located parcels in the Dallas-Fort Worth metropolitan area. Slightly higher per square foot rental rates would be appropriate if the site were subdivided. The physical nature of the subdivision would come into play, but both the hangar that was built on the western portion of the site, and also a smaller corporate hangar built on a part of Site 5, indicate that proximity to the main flightline may not be as much as a factor



Airport & Aviation Appraisals, Inc.

with regard to corporate type applications. All estimations of subdivided parcels in this appraisal are dependent on the configuration, and the appraiser reserves the right to revise his estimations of value. The overall rental for the various possibilities is as follows:

Site 7B

	<u>Per SF</u>		<u>SF Allocated</u>			<u>Annual Rent</u>	<u>Acres Allocated</u>
Primary Airside Land:	\$0.35	x	74,000	Sq. Ft.	=	\$25,900	1.699
Two Separate Equal Parcels:	\$0.37	x	37,000	Sq. Ft.	=	\$13,690	0.849
Three Separate Equal Parcels:	\$0.39	x	18,500	Sq. Ft.	=	\$7,215	0.425

Site 9:

<u>Parcel</u>	<u>Acres</u>	<u>Square Feet</u>
Site 9	2.30	100,000

Highest and Best Use:

The overall shape of this parcel of land is rectangular. It is located immediately adjacent to the large parallel taxiway which serves the main runway and offers ingress and egress to virtually all points on the airport. It's visibility and access are excellent. We understand it is served with all utilities. Because it is adjacent to a large main taxiway, the site could serve intercontinental business jets. It is the only site under appraisal that offers a desirable combination of an excellent location on the airport, an overall size that supports the gamut of general aviation aircraft and straightforward development potential. The site could also be subdivided into two smaller parcels to support individual hangars, but we believe that the assemblage of the aggregate size encompassed by the site in its entirety represents the optimum deployment. This is particularly true when Denton's capacity to support high performance turbine aircraft in the operational phase is considered. It is an ideal corporate hangar site, and could be used for the support of open bay hangars for maintenance purposes or aircraft management.

This site is also located in this section of the airport where there is considerable development. Based on the capabilities of the supporting system of the main taxiway that can be accessed along the entire western border of the site, we have allocated a per square foot rental of \$0.40 per square foot. Subdivision of the parcel could potentially higher rental rates. Because of the sites prime location, and the generous apron that could possibly be added by developing to the west of the main site, we would not recommend dividing this into more than two separate parcels. An argument could be made that the site should be held for lease in its entirety. The main parallel taxiway would require connectors in order to provide aircraft ingress and egress into the site from the airport's operational surfaces. In the case of the user that would use the site in its entirety and probably incorporate land to the west of the delineated area as shown in our illustration presented earlier site you user would likely be of the size and scope that we believe these connectors do not warrant a discount. If the site was subdivided into two, north and south parcels, the northern parcel would require a road to connected with the vehicle road located to the south of the parcel. That would not only require the investment in the pavement etc., and it would also require a right of way to be allocated on the southern



Airport & Aviation Appraisals, Inc.

portion of the aggregate site. This would slightly diminish the available land on the parcel to the south. We would recommend that this area be leased to the tenant on the north parcel. We don't recommend any credit for the road. The parcel should be priced in the terms formulated to discourage subdivision of the master parcel, because of its unique location and size. As was expressed with regard to Site 7, the layout and position of the sites that were ultimately developed in this case, have an effect on a subdivided value, and we reserve the right to change our value conclusions based on the specifications pertinent to the size and location of a subdivided element of the site. The overall rental for the site under this scenario is as follows:

Site 9

	<u>Per SF</u>		<u>SF Allocated</u>			<u>Annual Rent</u>	<u>Acres Allocated</u>
Primary Airside Land:	\$0.40	x	100,000	Sq. Ft.	=	\$40,000	2.296
Two Separate Equal Parcels:	\$0.41	x	50,000	Sq. Ft.	=	\$20,500	1.148

Site 10:

<u>Parcel</u>	<u>Acres</u>	<u>Square Feet</u>
Site 10	1.22	53,000

Highest and Best Use:

The location of this property in the same general region of Site 9, but is setback and oriented to the south, and is not immediately adjacent to the main taxiway. This general area of the airport has four similar types of sites with regard to configuration and orientation. The site is well-suited for a small to medium-size corporate hangar facility and/or maintenance hangar. It is served with all utilities, and other airport infrastructure.

The site possesses little visibility from the airside operational surfaces, and is also located on a capable east-west taxiway system that serves multiple sites in this area of the airport. There is also good landside access for vehicles. The site is level and presents a straightforward development proposition. In its entirety, the site is best suited for development with box hangars that take advantage of the generally long and rectangular characteristics of the parcel. There are similar hangars that have been developed by the airport, and they offer good utility for smaller type aircraft. This site could support larger box/executive hangars as large as 60 x 60. Based on the foregoing, we believe that a rental rate of \$0.35 per square foot is appropriate for this site in its entirety, and a rental rate of \$0.38 per square foot is applicable if the site were divided in half. This reflects the availability of infrastructure and the fact that this is a smaller parcel:

Site 10

	<u>Per SF</u>		<u>SF Allocated</u>			<u>Annual Rent</u>	<u>Acres Allocated</u>
Primary Airside Land:	\$0.35	x	53,000	Sq. Ft.	=	\$18,550	1.217
Two Separate Equal Parcels:	\$0.38	x	26,500	Sq. Ft.	=	\$10,070	0.608



Airport & Aviation Appraisals, Inc.

Site 11A:

	<u>Parcel</u>	<u>Acres</u>	<u>Square Feet</u>
per square foot			
Site 11B	1.73	75,500	

Highest and Best Use:

The location of this property in the same general region of Site 9. The site is under an acre and this characteristic is a major factor in its Highest and Best Use. The site is ideal for a small to medium-size corporate hangar facility. It is served with all utilities, and other airport infrastructure.

The site possesses very good visibility from the airside operational surfaces as of the date of the appraisal. It should be noted that development of Site 9 might change this parcels visibility, depending on what is constructed and where, on Site 9. It is approximately three quarters of an acre and has the advantage of being immediately adjacent to the road which offers direct access from Westcourt Road to the east. We've determined that a rental rate of \$0.37 per square foot for the site is appropriate. The overall rental for the aggregate parcel is as follows:

Site 11A

Primary Airside Land:	<u>Per SF</u>	x	<u>SF Allocated</u>	Sq. Ft. =	<u>Annual Rent</u>	<u>Acres Allocated</u>
	\$0.37		32,500		\$12,025	0.746

Site 11B:

	<u>Parcel</u>	<u>Acres</u>	<u>Square Feet</u>
Site 2	2.07	90,000	

Highest and Best Use:

This particular site is also located in the same southeast development area as the other parcels valued in this section of the report. The site is large and level, consisting of approximately 1.75 acres. It is served with all utilities and also has a capable taxiway system located to the north, and of vehicle road immediately adjacent to the south. Its configuration is long and rectangular and the depth of larger hangars that might normally go on a site of this size are an issue in value. We have been asked to consider the parcel as subdivided, to accept 70' x 70' hangars. Based on a building coverage of approximately 40% of the total site under this scenario, this would yield six sites of just over 12,500 square feet.

Based on the location and size, we have determined that an appropriate rental rate for this parcel is \$0.34 per square foot when leased in its entirety. Rental rates would be \$0.40 per square foot when marketed as small premium parcels. The overall rental for the aggregate parcel is as follows:



Airport & Aviation Appraisals, Inc.

Site 11B

	<u>Per SF</u>		<u>SF Allocated</u>			<u>Annual Rent</u>	<u>Acres Allocated</u>
Primary Airside Land:	\$0.34	x	75,500	Sq. Ft.	=	\$25,670	1.733
Six Equal Parcels:	\$0.40	x	12,583	Sq. Ft.	=	\$5,033	0.289

Site 5:

<u>Parcel</u>	<u>Acres</u>	<u>Square Feet</u>
Site 5	1.19	52,000

Highest and Best Use:

This particular parcel was the location of the other unimproved land rental in 2019. It involved a parcel of just over 1 acre, and a smaller corporate type hangar was constructed upon it. This leaves a remainder of approximately 52,000 feet located on the northern portion of Site 5. The site is still large enough to support a wide variety of general aviation applications and can be used in aeronautical-industrial capacity to support more sophisticated maintenance and manufacturing airport operations on a smaller scale. The parcel is located on the easternmost band of airside development, is not visible from the operational surfaces located to the west. It also is a long and rectangular shaped site with a configuration that has more impact on the size and the utility of hangar structure that is developed upon it.

This site connects to the operational surfaces via a taxilane that is located adjacent to the airport's T hangars developed to the southwest of the site, and the connection length is approximately 50 feet. Based on this analysis, we have determined that an appropriate rental rate for this parcel is \$0.33 per square foot. The overall rental for the aggregate parcel is as follows:

Site 5

	<u>Per SF</u>		<u>SF Allocated</u>			<u>Annual Rent</u>	<u>Acres Allocated</u>
Primary Airside Land:	\$0.33	x	52,000	Sq. Ft.	=	\$17,160	1.194

Site 4:

<u>Parcel</u>	<u>Acres</u>	<u>Square Feet</u>
Site 4	4.36	190,000

Highest and Best Use:

In aggregate, this site is appropriate for applications that require larger supporting assemblages of land. It also could be subdivided into a number of smaller parcels. The site is served with all utilities but does not have direct taxiway access as of the date of the appraisal. The client has asked us to consider the value that incorporates the assumption that the user would need to bear the expense of connecting the site to the east-west taxiway leading to the runways located to the west of the property. Discussions with airport management indicates that this process is straightforward from an administrative



Airport & Aviation Appraisals, Inc.

standpoint and anticipates that the technical characteristics of the taxiway would not be disproportionate when considered as a portion of the development costs applicable to this parcel. Airport management estimates that the taxiway connector would involve approximately 150 feet of distance and would require the closing of a portion of Skylane Road. As is the case with Site 9, the assemblage value of this parcel tends to encourage its use in aggregate. It is the largest site available with regard to total size as of the date of the appraisal. Large corporate flight departments, maintenance facilities and aircraft management firms that required large-sized hangars would all be possibilities for the site. The width of the taxiway system which would ultimately be connected to it would not allow simultaneous east-west operations, however this is a consideration that can be easily dealt with through coordinated procedures with ATC ground control.

This site has no visibility from the operational surfaces and is in a portion of the airport where there is limited development to the north and south. Leased in its entirety, we believe that the appropriate square foot rental value would be \$0.37 per square foot. This recognizes that the size and configuration of the property offers a lot of possibilities, and that because of the good levels of absorption at Denton Enterprise, there is currently a dearth of airside land in general, and very few sizable sites specifically. This is consistent with well-located parcels in the Dallas-Ft. Worth metropolitan area. The overall rental for the aggregate parcel is as follows:

Site 4

	<u>Per SF</u>		<u>SF Allocated</u>			<u>Annual Rent</u>	<u>Acres Allocated</u>
Primary Airside Land:	\$0.37	x	190,000	Sq. Ft.	=	\$70,300	4.362

Site 3:

<u>Parcel</u>	<u>Acres</u>	<u>Square Feet</u>
Site 3	1.61	70,000

Highest and Best Use:

The overall shape of this parcel of land is L-shaped. It also must be connected to an east-west taxiway which is adjacent to its northwest corner. The considerations applicable to this property mirror those applicable to Site 4. Consideration would need to be given to the size and configuration of the aircraft that would be envisioned for the development.

The site is served with all utilities but does not have direct taxiway access as of the date of the appraisal. The client has asked us to consider the value that incorporates the assumption that the user would need to bear the expense of connecting the site to the east-west taxiway located to the west of the property. Discussions with airport management indicates that this process is likewise straightforward from an administrative standpoint and anticipates that the technical characteristics of the taxiway would not be disproportionate when considered as a portion of the development costs applicable to this parcel. Airport management estimates that the taxiway connector would involve approximately 100 feet of distance. A portion of Skylane Road would also have to be closed. The site's visibility from the operational surfaces is less of a consideration for



Airport & Aviation Appraisals, Inc.

smaller size hangars, and this site has an advantage with regard to its proximity to the airport terminal area and the main FBO on the facility. This area is probably most suitable for the support of small to midsize general aviation aircraft facilities. It is also located in this section of the airport where there is considerable development. Based on the constraints of the supporting system of taxiways that may limit the type and size of development that takes place on this parcel, we have allocated a per square foot rental of \$0.35. The overall rental for the aggregate parcel is as follows:

Site 3

Primary Airside Land:	<u>Per SF</u>		<u>SF Allocated</u>		=	<u>Annual Rent</u>	<u>Acres Allocated</u>
	\$0.35	x	70,000	Sq. Ft.		\$24,500	1.607

Site 2:

<u>Parcel</u>	<u>Acres</u>	<u>Square Feet</u>	
---------------	--------------	--------------------	--

Highest and Best Use:

The configuration of the site is such that the only connection to a viable taxiway is on the south end of the site. The site also has a relatively far away position from the basic terminal area. On the other hand, there is also a fair amount of other sophisticated development in the vicinity, and we believe the Highest and Best Use for the site is for support of a maintenance or avionics operation that did not have a lot of traffic in and out of the area. This would take advantage of the size of the site, and could enable the site to have automobile parking which connects with Skylane.

This is a decent sized assemblage for one or more medium-sized open bay hangars, and in our opinion the rental rate should be \$0.32 per square foot. Due to the configuration and the ingress and egress point, we do not recommend subdividing this parcel. The overall rent for the aggregate parcel is as follows:

Site 2

Primary Airside Land:	<u>Per SF</u>		<u>SF Allocated</u>		=	<u>Annual Rent</u>	<u>Acres Allocated</u>
	\$0.32	x	90,000	Sq. Ft.		\$28,800	2.066