Aviation
Management
Consulting
Group

Airport Rent Study

City of Hayward

Hayward Executive Airport

T-HANGARS AND EXECUTIVE HANGARS

March 29, 2017

Aviation Management Consulting Group

March 29, 2017

Doug McNeeley
Airport Manager
Hayward Executive Airport
20301 Skywest Drive
Hayward, California 94541

RE: Airport Rent Study

Dear Mr. McNeeley:

This summary report conveys Aviation Management Consulting Group's (AMCG) opinion of market rent for certain improvements located at Hayward Executive Airport which are currently being leased or available for lease from the City of Hayward.

AMCG is pleased to have been called on to conduct this study and provide an opinion of market rent. Please contact me if you have any questions pertaining to this analysis or the conclusions reached.

Sincerely,

David C. Benner
Managing Consultant

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I. LIMITING CONDITIONS

This report is subject to the following conditions and to other specific and limiting conditions as described by Aviation Management Consulting Group (AMCG) in this report.

1. AMCG assumes no responsibility for matters legal in nature affecting the Subject Properties, nor does AMCG render any opinion as to the title of the Subject Properties, which are assumed to be good and marketable. The Subject Properties have been analyzed as though free and clear and held under responsible ownership and competent management.
2. Information, estimates, and opinions furnished to AMCG and contained in this report were obtained from sources considered to be reliable and are believed to be true and correct. However, AMCG assumes no responsibility for their accuracy.
3. Although dimensions were taken from a source considered reliable, this should not be construed as a land survey. A licensed engineer or land surveyor should verify the exact land size and legal description.
4. Unless noted in this report, the rental rate conclusions do not include contributory value of any personal property, furniture, fixtures, equipment, or on-going business value.
5. It is assumed that the utilization of the improvements is within the boundaries or property lines of the Subject Properties and that there is no encroachment or trespass unless noted in this report.
6. This report is prepared for the sole, exclusive use of the client. No third parties are authorized to rely on this report without the prior written consent of AMCG and the client.
7. It is assumed that all applicable zoning and use regulations have been complied with unless non-conformity was stated, defined, and considered in this report.
8. It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or federal government or private entity or organization have been or can be obtained or renewed for any use on which the rental rate conclusions are based.
9. Full compliance with all applicable federal, state, and local environmental regulations and laws is assumed unless noncompliance is stated, defined, and considered in this report.
10. In this assignment, AMCG does not have any knowledge of the existence of potentially hazardous material, gases, toxic waste, and mold, which may or may not be present on the Subject Properties, was not. To AMCG's knowledge, the presence of potentially hazardous waste, materials, or gases has not been detected, or if detected, it has been determined that the amount or level is considered to be safe according to standards established by the Environmental Protection Agency (EPA). However, AMCG is not qualified to detect such substances and does not make any guarantees or warranties that the Subject Properties have been tested for the presence of potentially hazardous waste, gases, toxic waste, or mold and, if tested, that the tests were conducted pursuant to EPA-approved procedures. The existence of any potentially hazardous waste, gases, toxic waste, or mold may have an effect on the rental rate conclusions.

11. The American with Disabilities Act (ADA) became effective January 26, 1992. AMCG has not made a specific compliance survey and analysis of the Subject Properties to determine whether or not the Subject Properties are in conformity with the various detailed analysis of the requirements of the ADA. It is possible that a compliance survey of the Subject Properties together with a detailed analysis of the requirements of the ADA could reveal that the Subject Properties are not in compliance with one or more of the requirements of the ADA. If so, this fact could have a negative impact on the market rent conclusion. Since AMCG has no direct evidence relating to this issue, possible noncompliance with the requirements of the ADA was not considered in the rental rate conclusions.

12. AMCG assumes there are no hidden or unapparent conditions of the Subject Properties or subsoil that would render the Subject Properties more or less valuable. AMCG assumes no responsibility for such conditions or for engineering that might be required to discover such factors.

13. No requirements shall be made of AMCG to give testimony or appear in court by reason of this report, unless arrangements have been made previously. If any courtroom or administrative testimony is required in connection with this report, additional fees and expenses shall be charged for those services.

14. Possession of this report, or copy hereof, does not carry with it the right of publication nor may it be used for any purpose whatsoever by any entity but the client without the prior written consent of AMCG and the client.

15. Neither all nor any part of the contents of this report shall be disseminated to the public through advertising media or public means of communication without the prior written consent of AMCG and the client.

II. EXECUTIVE SUMMARY

Airport: Hayward Executive Airport
20301 Skywest Drive
Hayward, California 94541

Scope of Work: This summary report conveys Aviation Management Consulting Group's opinion of market rent for certain improvements (Subject Properties) located at Hayward Executive Airport which are currently being leased or available for lease from the City of Hayward.

Subject Property: The components of the Subject Properties include: Small T-Hangars, Standard T-Hangars, Large T-Hangars, Storage, and Executive Hangars.

Date of Report: March 29, 2017

Effective Date: March 22, 2017

Methodology: An opinion of market rent for the Subject Properties was developed based on an analysis of the information and data obtained for similar properties from national, regional, comparable, and competitive airports (which is summarized in Section VII. Study Findings).

Rental Rate Conclusions: The following table identifies the recommended rental rate for the Subject Properties.

Rental Rate Conclusions

Component	Identification	Size (per unit)	Market Rent Opinion
Small T-Hangar	Row A	810	$330.00
Standard T-Hangar	Rows B-P	912	$515.00
		1,058	$575.00
Large T-Hangar	Row Q	1,288	$715.00
Storage	Small T-Hangars	Various	$4.30
	Standard and Large T-Hangars		$4.75
Executive Hangar	Small	2,401	$4.45
	Standard	3,300	$4.90
	Large	3,600	$4.90

T-Hangars are "per unit per month" (pu/mo)
Storage and Executive Hangars are "per square foot per year" (psf/yr)

III. INTRODUCTION

A. Scope of Work

This summary report conveys Aviation Management Consulting Group's (AMCG's) opinion of market rent for certain improvements (Subject Properties) located at the Hayward Executive Airport (Airport) which are currently being leased or available for lease from the City of Hayward (City).

B. Market Rent Defined

Market rent is defined as the rent a property (land or improvement) will most likely command in the open market.

C. Project Approach

To achieve the scope of work, AMCG completed the following work plan:

1. developed a profile of the Airport;
2. identified comparable and competitive airports utilizing the profile of the Airport;
3. obtained rental rates (and related information) from the Airport and comparable and competitive airports identified;
4. analyzed the data obtained from the Airport and comparable and competitive airports identified;
5. analyzed national and regional data; and
6. developed an opinion of market rents for the Subject Properties based on the analysis of the Airport, comparable and competitive airports, as well as national and regional data.

In drawing opinions of market rent for the Subject Properties, consideration was given to those factors that typically affect market rents for on-airport, aeronautical properties (e.g., property use, attributes, restrictions, limitations, etc.). Beyond this, AMCG's opinion of market rent for the Subject Properties has been formed based on a comparative analysis of current rents for on-airport, aeronautical properties at national, regional, comparable, and competitive airports and the Airport. It is significant to note that the rental rates currently being charged for the Subject Properties were not included in the national, regional, comparable, and competitive market rents but were utilized as a point of reference to derive the opinion of market rent conveyed in this summary report.

Additionally, market rents for off-airport, non-aeronautical properties were not utilized, as this approach is highly problematic. It is very difficult, if not impossible, to make a judgment regarding the adjustment that should be applied to unencumbered off-airport, non-aeronautical rental rates given the constraints imposed by the Federal Aviation Administration (FAA), the airport owner/operator, and/or others pertaining to the development and/or use of on-airport, aeronautical properties. The adjustment would have to reflect the fact that on-airport, aeronautical properties do not exhibit the same bundle of rights as off-airport, non-aeronautical properties.

When rendering an opinion of market rents for on-airport, aeronautical properties, the cost of the real property (land and/or improvements) and desired rates of return are not typically considered. While these factors may be considered when rendering an opinion of market rents for off-airport, non-aeronautical properties or may be considered by real estate investors, these factors are not generally consistent with the realities of the prevailing market for on-airport, aeronautical properties. Therefore, AMCG's opinion of market rents was not derived based on the cost of real property or desired rates of return.

D. Key Underlying Assumptions

It is significant to note that the market rent opinions conveyed in this summary report are based on the lessee having full (unrestricted) and continued access (from the Subject Properties) to the Airport's airside infrastructure. Additionally, it is important to note that the analysis was based on an evaluation of triple net lease rates (wherein the lessees pay maintenance, utilities, insurance, and taxes associated with the Subject Properties).

Market rents are driven by the amount a willing buyer (lessee) pays to a willing seller (lessor). To the extent that local economic factors affect rental rates at the national, regional, comparable, and competitive airports, these economic factors will be reflected in the rental rate conclusions. To derive the market rent opinions for the Subject Properties, AMCG has identified and analyzed (on a comparative basis) the rents being charged (and paid) for similar properties (by component) at a cross-section of airports (and markets) that are considered most comparable to the Airport (and the market).

AMCG recognizes that there are differences between the Airport and the comparable airports. Some of the comparable airports exhibit superior characteristics and some exhibit inferior characteristics. In an effort to identify airports that were considered most comparable to the Airport and to draw conclusions that reflect the conditions at the Airport, the comparable airports were compared with the Airport using a number of aeronautical activity and infrastructure indicators.

It is AMCG's experience that aeronautical activity and infrastructure indicators at airports typically run parallel to local market (economic) indicators. Therefore, it is reasonable to assume that the airports identified as being comparable to the Airport (based on the selection criteria) will be located in communities (markets) that have economic and demographic characteristics that are similar to the subject community (market). As such, a separate analysis of local market (economic) related activity indicators at comparable airports was not deemed necessary (or performed) in this case.

The following report summarizes AMCG's findings and opinions.

IV. COMMUNITY OVERVIEW

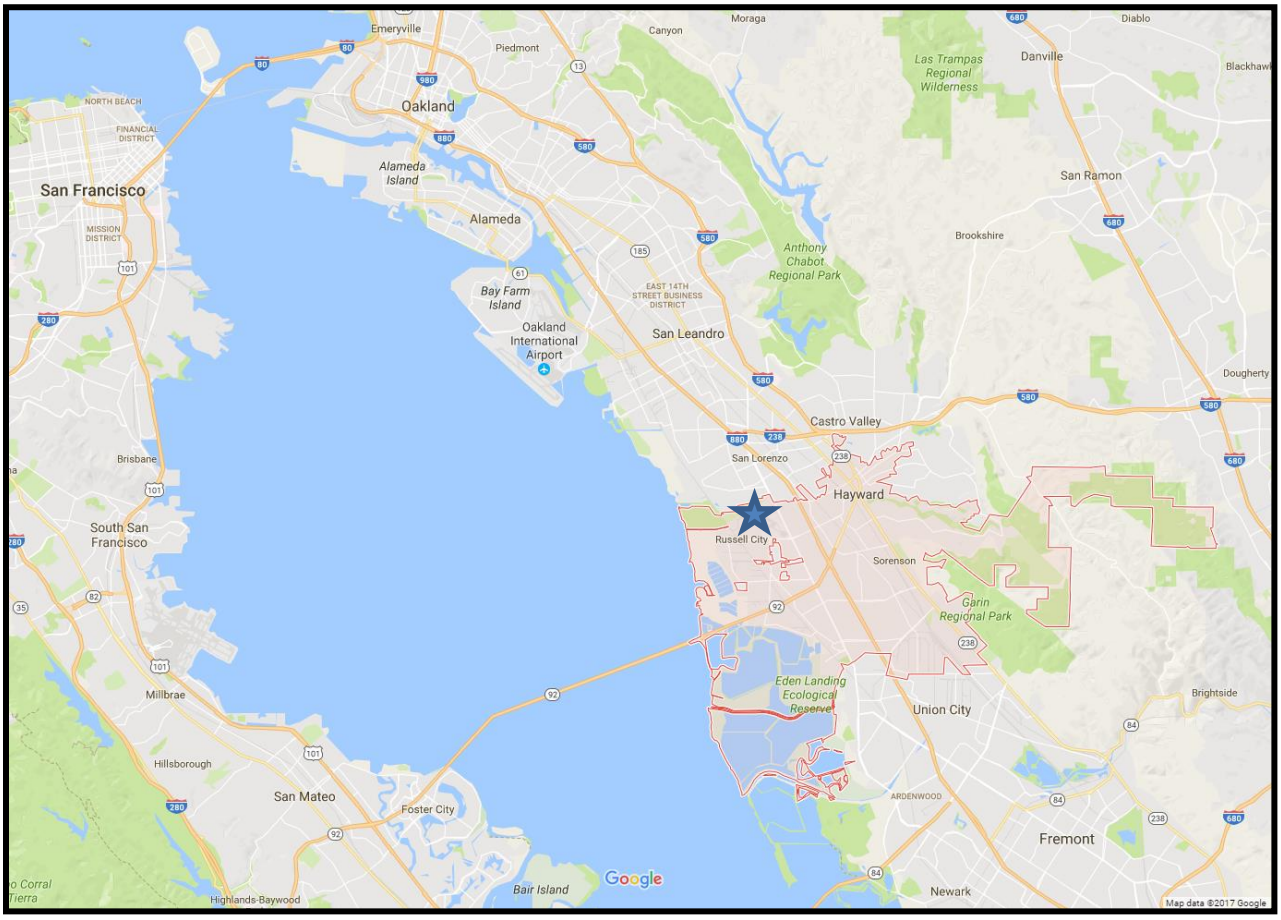
A. Airport Sponsor

The Airport is owned and operated by the City and is overseen by the Public Works – Engineering and Transportation Department. The Airport is governed by the Council Airport Committee which consists of three members that meet on a quarterly basis.

B. Geographic Location

The Airport is located in the East Bay sub region of the San Francisco Bay area and approximately 30 miles southeast from San Francisco. The Airport is situated in the San Francisco-Oakland-Hayward Metropolitan Statistical Area (MSA) and is approximately ten miles south of Oakland International Airport.

Figure 1 – Geographic Location



C. Demographics

The MSA consisting of five counties (San Francisco County, Alameda County, Marin County, Contra Costa County, and San Mateo County) is considered to be the 11th most populated MSA in the United States. The MSA population was 4,335,560 in 2010 and has increased to 4,656,132 in 2015 (U.S. Census Bureau estimate) which represents a total increase of 7.4% or a compounded annual increase of 1.8%.

The Airport is located in Alameda County (County) where the population has increased a total of 8.5% or a compounded annual increase of 1.6% from 1,510,271 in 2010 to 1,638,215 in 2015 (U.S. Census Bureau estimate).

The population of the City has increased a total of 9.8% or a compounded annual increase of 1.9% from 144,186 in 2010 to 158,289 in 2015 (U.S. Census Bureau estimate).

D. Business and Industry

The largest employment sectors in the County are educational, health, and social services; professional, scientific, management, and administrative and waste management services; and manufacturing. On a combined basis, these employment sectors account for approximately 49.9% of employment in the County.

The largest employment sectors in the City are educational, health, and social services; professional, scientific, management, and administrative and waste management services; manufacturing; and retail trade. On a combined basis, these employment sectors account for approximately 54.7% of employment in the City.

E. Economic Factors

In general, the labor force of the City has increased from 75,577 in 2010 to 81,811 in 2015 (U.S. Census Bureau) which represents a total increase of 8.2% or a compounded annual increase of 1.6%. The labor force of the County has increased from 782,797 in 2010 to 848,232 in 2015 (U.S. Census Bureau) which represents a total increase of 8.4% or a compounded annual increase of 1.6%.

As identified by the U.S. Census Bureau of Statistics, the unemployment rate in the City was approximately 5.7% (as of January 2017) which is higher than the U.S. national unemployment rate which was approximately 4.8% (as of January 2017). The County was lower than both the City and the U.S. national unemployment rate at approximately 4.1% (as of January 2017).

V. SUBJECT AIRPORT OVERVIEW

A. Airport Description

The Airport, which consists of approximately 543 acres of land, has two runways, as follows:

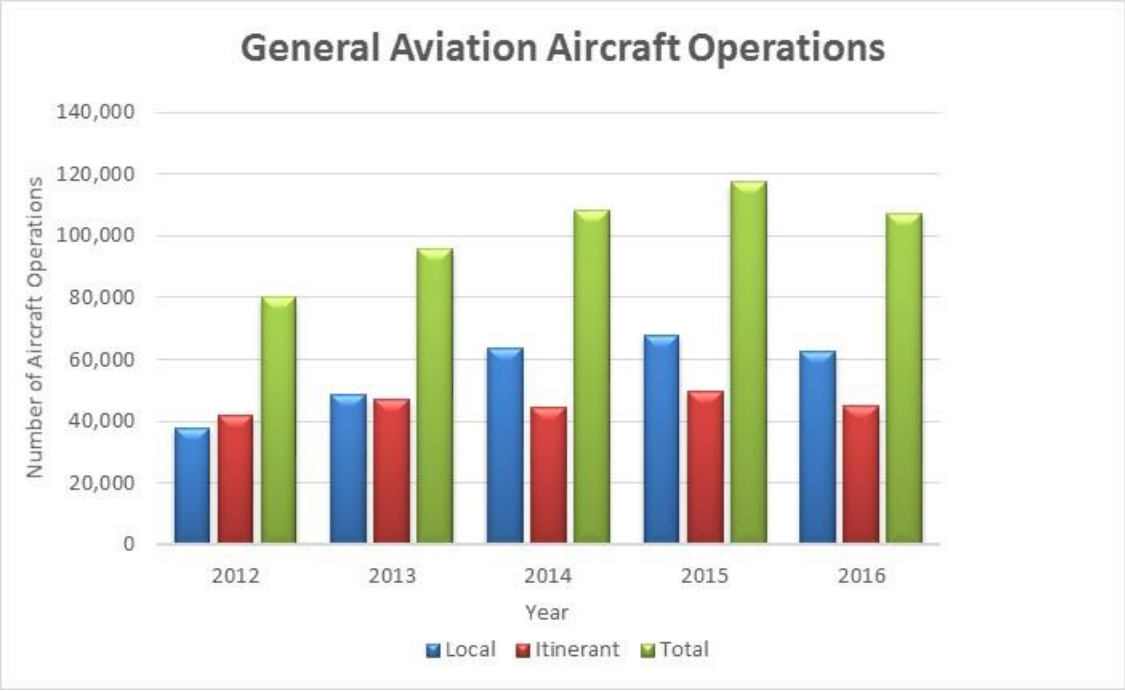
- Runway 10L/28R: 3,107 feet long and 75 feet wide, asphalt in good condition.
- Runway 10R/28L: 5,694 feet long and 150 feet wide, grooved asphalt in fair condition.

The Airport has an Air Traffic Control Tower (which operates from 7:00 a.m. to 9:00 p.m.) and is served by multiple non-precision approaches (LOC/DME, RNAV – GPS, and VOR/DME). The Airport is designated a Reliever Airport in the National Plan of Integrated Airports System (NPIAS) and a National Airport in the FAA General Aviation Airports: A National Asset study.

B. Aircraft Operations

Figure 2 depicts the general aviation aircraft operations (by category – local, itinerant, and total) at the Airport from 2012 to 2016, as reported by Air Traffic Activity System (ATADS).

Figure 2 – General Aviation Aircraft Operations



As shown in the following table, total general aviation aircraft operations at the Airport have increased from 80,034 in 2012 to 117,557 in 2015. This represents a total increase of 46.9% and a compounded annual increase of 13.7%. Since 2015, total general aviation operations have decreased to 107,242 representing a total decrease of 8.8%.

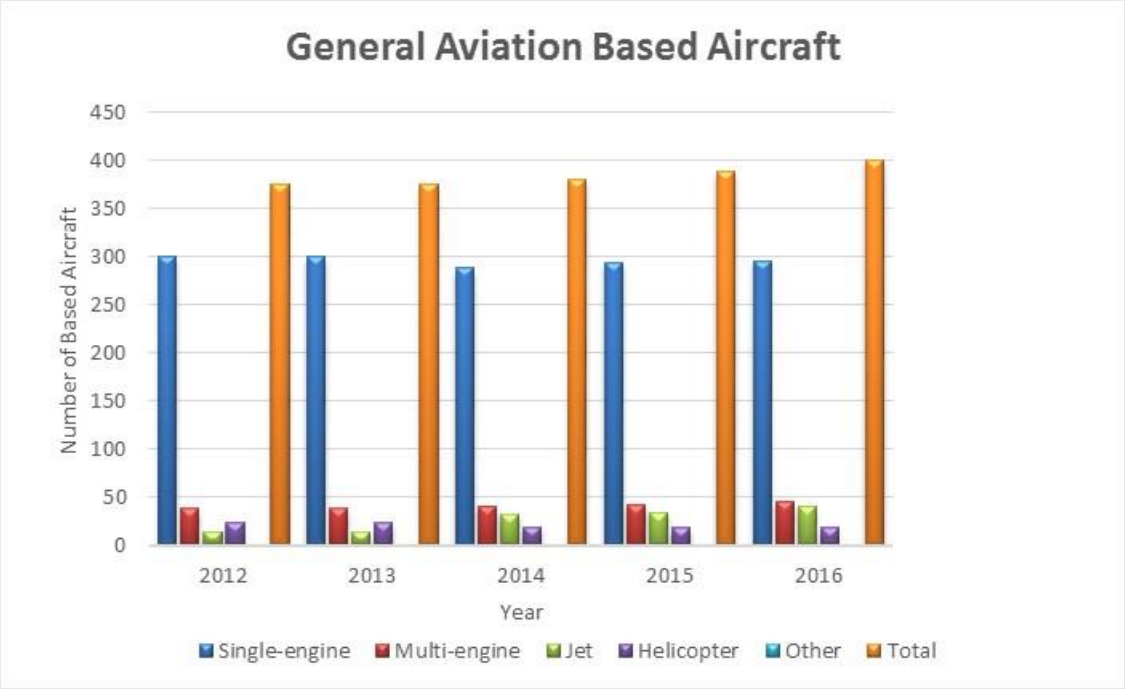
Table 1 – General Aviation Aircraft Operations

General Aviation Aircraft Operations				
Year	Local	Itinerant	Total	% Change
2012	37,915	42,119	80,034	N/A
2013	48,420	47,244	95,664	19.5%
2014	63,695	44,610	108,305	13.2%
2015	67,874	49,683	117,557	8.5%
2016	62,506	44,736	107,242	-8.8%

C. Based Aircraft

Figure 3 illustrates the number of based aircraft at the Airport from 2012 to 2016, as reported by the Master Record 5010.

Figure 3 – General Aviation Based Aircraft



As shown in Table 2, 401 aircraft are currently based at the Airport. From 2012 to 2016, the number of total aircraft based at the Airport increased a total of 6.9%, or a compounded annual increase of 1.7%.

Table 2 – General Aviation Based Aircraft

General Aviation Based Aircraft							
Year	Single-engine	Multi-engine	Jet	Helicopter	Other	Total	% Change
2012	300	38	14	23	0	375	N/A
2013	300	38	14	23	0	375	0.0%
2014	288	41	32	19	0	380	1.3%
2015	294	42	34	18	0	388	2.1%
2016	296	46	41	18	0	401	3.4%

D. Commercial Operators

One fixed base operator (APP Jet Center) provides fueling (jet and avgas), line services, aircraft parking (hangar and tiedown), aircraft charter, aircraft appraisals, aircraft sales, aircraft management, and aircraft maintenance. Multiple aeronautical commercial operators provide, on a combined basis, aircraft charter, aircraft detailing, aircraft management, aircraft parking (hangar and tiedown), aircraft maintenance, aircraft sales, aircraft rental, and flight training.

VI. SUBJECT PROPERTY OVERVIEW

A. Subject Property

The Subject Properties consist of certain improvements located at the Airport that are leased or available for lease from the City. The Subject Properties consist of the following:

Table 3 – Subject Properties

Subject Properties		
Component	Identification	Size (per unit)
Small T-Hangar	Row A	810
Standard T-Hangar	Rows B-P	912 - 1,058
Large T-Hangar	Row Q	1,288
Storage	Small T-Hangars	Various
	Standard and Large T-Hangars	
Executive Hangar	Small	2,401
	Standard	3,300
	Large	3,600

Photographs of the Subject Properties are provided in the Appendix.

1. Small T-Hangar

There is one row of Small T-Hangars consisting of 10 total units included in the Subject Properties. The Small T-Hangars, constructed in 1951, are approximately 810 square feet and have a metal exterior and concrete interior with a wood roof and fluorescent lighting. Each hangar door creates an opening of approximately 40 feet wide and 9.5 feet high. The hangars are considered to be in average condition with good access.

2. Standard T-Hangar

There are 15 rows of Standard T-Hangars consisting of 172 total units included in the Subject Properties. The Standard T -Hangars, constructed between 1967 and 1988, range from approximately 912 square feet to 1,058 square feet and have a metal exterior and steel frame interior with concrete flooring and halide and/or fluorescent lighting. Each hangar door creates an opening ranging from 40 feet wide and 12 feet high to 41 feet wide and 12.5 feet high. The hangars are considered to be in good condition with good access.

3. Large T-Hangar

There is one row of Large T-Hangars consisting of 12 total units included in the Subject Properties. The Large T-Hangars, constructed between 1984 and 1988, are approximately 1,288 square feet and have a metal exterior and a steel frame interior with concrete flooring and halide and/or fluorescent lighting. Each hangar door creates an opening of 46 feet wide and 13.5 feet high. The hangars are considered to be in good condition with good access.

4. Storage

All T-Hangar rows have storage space available for lease. The fully subdivided storage space is located at both ends of each row.

- The Storage associated with the Small T-Hangars has a metal exterior and concrete interior with a wood roof. The Storage associated with the Small T-Hangar is considered to be in average condition with good access.
- The Storage associated with the Standard and Large T-Hangars has a metal exterior and steel frame interior with concrete flooring. The Storage associated with the Standard and Large T-Hangar is considered to be in good condition with good access.

5. Executive Hangar

There are 15 Executive Hangars included in the Subject Properties consisting of Small (1 unit), Standard (6 units), and Large (8 units). The Executive Hangars have a metal exterior and steel frame interior with concrete flooring and fluorescent lighting.

- The Small Executive Hangar is approximately 2,401 square feet. The hangar door creates and opening of 49 feet wide and 21 feet high. The Small Executive Hangar is considered to be in average condition with good access.
- The Standard Executive Hangars are approximately 3,300 square feet. Each hangar door creates and opening of 60 feet wide and 16 feet high. The Standard Executive Hangars are considered to be in good condition with good access.
- The Large Executive Hangars are approximately 3,600 square feet. Each hangar door creates and opening of 60 feet wide and 16 feet high. The Large Executive Hangars are considered to be in good condition with good access.

VII. STUDY FINDINGS

In order to derive an opinion of market rent for the Subject Properties, information and data from similar properties at the Airport and national, regional, comparable, and competitive airports was analyzed. The results of the analysis are summarized in this section. Definitions of the Minimum, Maximum, Mean, Standard Deviation, Median, and Range (utilized in the following tables) are provided in the Appendix.

A. National Data

As a supplement to the comparable airport data, rents obtained from more than 700 airports located throughout the United States were analyzed. A summary and statistical analysis of the findings for national airports is provided in Table 4.

Table 4 – National Airport Data Summary

National Airport Data Summary						
Component	Minimum	Maximum	Mean	Standard Deviation	Median	Range
Small T-Hangar	$56.60	$587.00	$219.24	$101.96	$205.00	$530.40
Standard T-Hangar	$50.00	$640.00	$278.98	$115.23	$260.50	$590.00
Large T-Hangar	$110.00	$884.21	$419.26	$175.94	$385.00	$774.21
Storage	$0.16	$6.48	$2.54	$1.57	$2.25	$6.32
Executive Hangar	$0.05	$11.04	$2.93	$1.85	$2.76	$10.99

T-Hangars are “per unit per month” (pu/mo)
Storage and Executive Hangars are “per square foot per year” (psf/yr)

B. Regional Data (FAA Western-Pacific Region)

As an additional supplement to the comparable airport data, rents obtained from more than 55 airports in the FAA Western Pacific Region (consisting of consisting of Arizona, California, Hawaii, Nevada, American Samoa, Commonwealth of the Northern Mariana Islands, and Guam) were analyzed. While American Samoa, Commonwealth of the Northern Mariana Islands, and Guam are included in the FAA Western Pacific Region, rents from airports in these territories were not included or analyzed. A summary and statistical analysis of the findings for regional airports is provided in Table 5.

Table 5 – Regional Airport Data Summary

Regional Airport Data Summary						
Component	Minimum	Maximum	Mean	Standard Deviation	Median	Range
Small T-Hangar	$91.00	$541.50	$252.06	$97.07	$222.00	$450.50
Standard T-Hangar	$90.00	$751.00	$316.75	$113.60	$284.50	$661.00
Large T-Hangar	$200.00	$688.32	$446.32	$138.36	$425.38	$488.32
Storage	$0.16	$6.48	$2.80	$1.65	$2.82	$6.32
Executive Hangar	$0.15	$8.47	$3.25	$1.69	$3.05	$8.32

T-Hangars are “per unit per month” (pu/mo)
Storage and Executive Hangars are “per square foot per year” (psf/yr)

C. Comparable Airport Data

The first step in identifying comparable airports is developing an accurate profile of the Airport. The profile was developed based on data available from various sources, including the FAA and state and local agencies. The Airport profile provided the basis for establishing the criteria and parameters for identifying comparable airports.

The selection of comparable airports was based on a number of criteria including historic activity levels, total based aircraft, the presence of a control tower and presence/absence of a precision instrument approach, runway length, total airport acreage, and FAA NPIAS and General Aviation Asset Study classification. Parameters were then established in each of these areas to facilitate the selection process.

Rental rates and related information from 12 airports considered comparable to the Airport (identified in this section) were obtained and analyzed.

Comparable Airports		
Airport	**Identifier**	**Location**
Buchanan Field Airport	CCR	Concord, California
Camarillo Airport	CMA	Camarillo, California
Chicago Executive Airport	PWK	Heights/Wheeling, Illinois
Georgetown Municipal Airport	GTU	Georgetown, Texas
Gwinnett County Airport – Briscoe Field	LZU	Lawrenceville, Georgia
Henderson Executive Airport	HND	Las Vegas, Nevada
Martin State Airport	MTN	Baltimore, Maryland
McKinney National Airport	TKI	Dallas, Texas
Naples Municipal Airport	APF	Naples, Florida
North Las Vegas Airport	VGT	Las Vegas, Nevada
Ohio State University Airport	OSU	Columbus, Ohio
St. Louis Downtown Airport	CPS	Cahokia/St Louis, Illinois

Table 6 provides a summary and statistical analysis of the findings for the comparable airports.

Table 6 – Comparable Airport Data Summary

Comparable Airport Data Summary						
Component	Minimum	Maximum	Mean	Standard Deviation	Median	Range
Small T-Hangar	$100.00	$398.00	$239.71	$93.10	$230.00	$298.00
Standard T-Hangar	$110.00	$585.00	$401.42	$139.74	$444.00	$475.00
Large T-Hangar	$314.00	$896.22	$575.16	$168.39	$609.59	$582.22
Storage	$1.79	$4.20	$2.74	$1.09	$2.11	$2.41
Executive Hangar	$3.21	$4.66	$3.78	$0.54	$3.65	$1.45

T-Hangars are “per unit per month” (pu/mo)
Storage and Executive Hangars are “per square foot per year” (psf/yr)

D. Competitive Airport Data

Typically, an airport is considered competitive if it: (1) is located in relatively close proximity, (2) has similar infrastructure, and (3) offers similar products, services, and facilities.

For the purposes of this study, airports within 30 nautical miles of the Airport were identified as being potentially competitive airports. A total of seven airports were considered competitive to the Airport, as follows:

Competitive Airports		
Airport	**Identifier**	**Location**
Buchanan Field Airport	CCR	Concord, California[1]
Livermore Municipal Airport	LVK	Livermore, California
Metropolitan Oakland International Airport	OAK	Oakland, California
Norman Y. Mineta San Jose International Airport	SJC	San Jose, California
Palo Alto Airport	PAO	Palo Alto, California
Reid-Hillview Airport of Santa Clara County	RHV	San Jose, California
San Carlos Airport	SQL	San Carlos, California

Rental rates and related information were gathered and considered relevant and usable for this analysis from six of the competitive airports[2]. Table 7 provides a summary and statistical analysis of the findings for the competitive airports.

Table 7 – Competitive Airport Data Summary

Competitive Airport Data Summary						
Component	Minimum	Maximum	Mean	Standard Deviation	Median	Range
Small T-Hangar	$236.00	$544.50	$380.45	$116.66	$369.05	$308.50
Standard T-Hangar	$305.00	$683.00	$513.23	$142.34	$553.17	$378.00
Large T-Hangar	$437.00	$901.00	$716.12	$154.13	$739.87	$464.00
Storage	$6.00	$7.80	$6.27	$0.68	$6.00	$1.80
Executive Hangar	$3.65	$6.36	$4.78	$1.25	$4.41	$2.71

T-Hangars are “per unit per month” (pu/mo)
Storage and Executive Hangars are “per square foot per year” (psf/yr)

[1] It is significant to note that Buchanan Field Airport was identified as a comparable and competitive airport. Rental rates and related information from Buchanan Field Airport will be included in the comparable and competitive airport data which is reflective of the comparability and relative proximity of Buchanan Field Airport to the subject airport.

[2] Relevant and usable data was not obtained from Norman Y. Mineta San Jose International Airport.

VIII. RENTAL RATE SUMMARY

A. Rental Rate Conclusions (By Component)

Table 8 identifies the conclusions of AMCG's opinion of market rent for the Subject Properties. The rental rate conclusions (effective March 22, 2017) are based on the analysis of the Subject Properties and the rents being charged for similar properties at the Airport and national, regional, comparable, and competitive airports. The market rental rate conclusions are conveyed on a "per unit per month" (pu/mo) basis and a "per square foot per year" (psf/yr) basis.

Table 8 – Subject Properties Rental Rate Conclusions

Rental Rate Conclusions			
Component	Identification	Size (per unit)	Market Rent Opinion
Small T-Hangar	Row A	810	$330.00
Standard T-Hangar	Rows B-P	912	$515.00
		1,058	$575.00
Large T-Hangar	Row Q	1,288	$715.00
Storage	Small T-Hangars	Various	$4.30
	Standard and Large T-Hangars		$4.75
Executive Hangar	Small	2,401	$4.45
	Standard	3,300	$4.90
	Large	3,600	$4.90

T-Hangars are "per unit per month" (pu/mo)
Storage and Executive Hangars are "per square foot per year" (psf/yr)

It is significant to note that the Airport is located in a major metropolitan area with significant levels of activity, amenities, and attributes. Throughout the following analysis, more weight has been given to the current on-Airport rental rates (not including the current rental rates being charged for the Subject Properties) and competitive airports as the location of these airports and similar properties align with the Airport and the Subject Properties. Additionally, the comparable airports, which are reflective of the amenities and attributes of the subject Airport, were considered as well. As such, the rental rates at these airports are more reflective of relevant and useable data to establish rental rate conclusions for the Airport.

The national, regional, comparable, and competitive rental rates are representative of commercial airport properties with the following attributes (as applicable):

- average airside and landside access,
- average amenities, and
- average condition.

Each of these attributes is rated using the following descriptors: poor, fair, average, good, and excellent. Once a base rental rate was ascertained for the Airport, specific conclusions were derived for each component of the Subject Properties based on size, access, amenities, and condition (as applicable).

1. Small T-Hangar

The results of the study indicate that the average rental rates for a Small T-Hangar range from $219.24 pu/mo at national airports to $380.45 pu/mo at competitive airports. The average rental rate at comparable airports was $239.71 pu/mo and $252.06 pu/mo at regional airports.

Predicated on this analysis, a base rental rate of $3000.00 pu/mo was derived.

Utilizing the base rental rate and predicated on adjustments (as appropriate) for access, amenities, and condition, the following rental rate conclusions derived are outlined in Table 9 – Small T-Hangar Conclusions Summary.

Table 9 – Small T-Hangar Conclusions Summary

Small T-Hangar Conclusions Summary							
Subject Properties		Base Rental	Adjustments			Calculated	Market Rent
Identification	Size	Rate	Access	Amenities	Condition	Result	Opinion
Row A	810	$300.00	5%	5%	0%	$330.00	$330.00

T-Hangars are “per unit per month” (pu/mo)

2. Standard T-Hangar

The results of the study indicate that the average rental rates for a Standard T-Hangar range from $278.98 pu/mo at national airports to $513.23 pu/mo at competitive airports. The average rental rate at regional airports was $316.75 pu/mo and $401.42 pu/mo at comparable airports.

Predicated on this analysis, a base rental rate ranging from $450.00 – $500.00 pu/mo was derived.

Utilizing the base rental rate and predicated on adjustments (as appropriate) for access, amenities, and condition, the following rental rate conclusions derived are outlined in Table 10 – Standard T-Hangar Conclusions Summary.

Table 10 – Standard T-Hangar Conclusions Summary

Standard T-Hangar Conclusions Summary							
Subject Properties		Base Rental	Adjustments			Calculated	Market Rent
Identification	Size	Rate	Access	Amenities	Condition	Result	Opinion
Rows B-P	912.0	$450.00	5%	5%	5%	$517.50	$515.00
	1,058.0	$500.00	5%	5%	5%	$575.00	$575.00

T-Hangars are “per unit per month” (pu/mo)

3. Large T-Hangar

The results of the study indicate that the average rental rates for a Large T-Hangar range from $419.26 pu/mo at national airports to $716.12 pu/mo at competitive airports. The average rental rate at regional airports was $446.32 pu/mo and $575.16 pu/mo at comparable airports.

Predicated on this analysis, a base rental rate of $625.00 pu/mo was derived.

Utilizing the base rental rate and predicated on adjustments (as appropriate) for access, amenities, and condition, the following rental rate conclusions derived are outlined in Table 11 – Large T-Hangar Conclusions Summary.

Table 11 – Large T-Hangar Conclusions Summary

Large T-Hangar Conclusions Summary							
Subject Properties		Base Rental	Adjustments			Calculated	Market Rent
Identification	Size	Rate	Access	Amenities	Condition	Result	Opinion
Row Q	1,288	$625.00	5%	5%	5%	$718.75	$715.00

T-Hangars are “per unit per month” (pu/mo)

4. Storage

The results of the study indicate that the average rental rate for Storage range from $2.54 psf/yr at national airports to $6.27 psf/yr at competitive airports. The average rental rate at comparable airports was $2.74 psf/yr and $2.80 psf/yr at regional airports.

The average rental rate for Small T-Hangar located in Row A is approximately $4.89 psf/yr (or approximately $0.41 psf/mo) which is higher than national airport average which is $2.54.

Giving consideration to the above, a base rental rate of $4.00 psf/yr was derived for Storage associated with Small T-Hangars.

The average rental rate for Standard and Large T-Hangars located in Rows B-P and Row Q are approximately $6.52 – $6.81 psf/yr (or approximately $0.54 – $0.57 psf/mo) which is higher than the national airport average which is $2.54.

Giving consideration to the above, a base rental rate ranging from $4.25 psf/yr was derived for Storage associated with Standard and Large T-Hangars.

The average rental rate for Storage up to 1,499 square feet in the national database exhibits an adjustment of approximately +2.5% (based on size) compared to the national average rental rate.

Utilizing the base rental rate and predicated on adjustments (as appropriate) for size, access, amenities, and condition, the following rental rate conclusions derived are outlined in Table 12 – Storage Conclusions Summary.

Table 12 – Storage Conclusions Summary

Storage Conclusions Summary								
Subject Properties		Base Rental	Adjustments				Calculated	Market Rent
Identification	Size	Rate	Size	Access	Amenities	Condition	Result	Opinion
Small T-Hangars	Various	$4.00	2.5%	5%	0%	0%	$4.30	$4.30
Standard and Large T-Hangars		$4.25	2.5%	5%	0%	5%	$4.78	$4.75

Storage is “per square foot per year” (psf/yr)

5. Executive Hangar

The results of the study indicate that the average rental rates for Executive Hangar range from $2.93 psf/yr at national airports to 4.78 psf/yr at competitive airports. The average rental rate at regional airports was $3.25 psf/yr and $3.78 psf/yr at comparable airports.

Predicated on this analysis, a base rental rate of $4.25 psf/yr was derived.

The average rental rate for an Executive Hangar up to 2,999 square feet in the national database exhibits no adjustment (based on size) while the average rental rate for an Executive Hangar from 3,000 square feet to 4,999 square feet exhibits an adjustment of approximately +5.0% (based on size) compared to the national average rental rate.

Utilizing the base rental rate and predicated on adjustments (as appropriate) for size, access, amenities, and condition, the following rental rate conclusions derived are outlined in Table 13 – Executive Hangar Conclusions Summary.

Table 13 – Executive Hangar Conclusions Summary

Executive Hangar Conclusions Summary								
Subject Properties		Base Rental	Adjustments				Calculated	Market Rent
Identification	Size	Rate	Size	Access	Amenities	Condition	Result	Opinion
Small	2,401	$4.25	0%	5%	0%	0%	$4.46	$4.45
Standard	3,300		5%	5%	0%	5%	$4.89	$4.90
Large	3,600		5%	5%	0%	5%	$4.89	$4.90

Executive Hangars are “per square foot per year” (psf/yr)

IX. APPENDIX

A. Definitions and Acronyms

- Commercial - An activity undertaken with the intent to generate and/or secure earnings, income, or compensation (including exchange or barter of goods or services), and/or profit, whether or not such objectives are accomplished.
- Executive Hangar - A square or rectangular-shaped hangar designed to accommodate the proprietary aircraft operations of a single company or individual. Executive Hangars (ranging in size from 50 feet by 50 feet to upwards of 100 feet by 100 feet) are typically larger than T-Hangars, and are typically smaller than most Corporate Hangars; in many cases, they have shop, office, and storage areas located within the footprint of the hangar.
- Itinerant - Aircraft operations terminated at an airport which (1) arrive from outside the airport area or (2) depart the airport and leave the airport area.
- Local - Aircraft operations which (1) remain in the local traffic pattern, (2) execute simulated instrument approaches or low passes at an airport, or (3) operate to or from an airport and a designated practice area within a 20-mile radius of the Air Traffic Control Tower.
- LOC/DME - Localizer/distance measuring equipment.
- Median - Figure wherein half of the data points in the number series are below the median value while half of the data points in the number series are above the median value.
- Minimum - Minimum value present in the data range.
- Maximum - Maximum value present in the data range.
- Mean - Arithmetic average of all data in the data range.
- Non-Commercial - Not for the purpose of securing earnings, income, compensation (including exchange or barter of goods and services), and/or profit.
- RNAV – GPS - Area navigation-global positioning system.
- Standard Deviation - Statistical method designed to mathematically measure the variability in a set of data points. The calculated figure for standard deviation is indicative of the relative distance between the mean and every data point. For a normally distributed data range, approximately 68% of the data points would fall within one standard deviation of the mean, as illustrated by a normal bell curve. Similarly, approximately 95% of the data points would fall within two standard deviations, while approximately 99.7% of the data points would fall within three standard deviations of the mean. Assuming the data points from the airports are representative of the population and the population follows a normal bell curve, the calculated standard deviation values would illustrate the relative variability in data points (i.e., how close these data points are to the mean).
- T-Hangar - A hangar that typically has the capacity to store only one aircraft, usually not larger than a cabin class multi-engine aircraft. This type of hangar derives its name from its shape (in the form of a "T") which increases the efficiency of the design so as to accommodate the wing span and the tail section of an aircraft. T-hangars may be stand-alone structures or they may be combined and "nested" so that the tail sections of the "T" configuration interlock to form a single congruous structure.
  - Small T-Hangar - Typically less than 900 square feet which can accommodate most single-engine piston-powered aircraft (e.g., Beechcraft Bonanza; Cessna 150, 172, 182, and 210; Cirrus 20 and 22; Diamond Katana and Diamond Star; Piper Arrow, Cherokee, and Saratoga; etc.).
  - Standard T-Hangar - Typically ranges from 900 square feet up to 1,200 square feet and can accommodate most light multi-engine piston-powered aircraft (e.g., Cessna 310, Diamond Twin Star, Piper Seminole, Piper Seneca, etc.).
  - Large T-Hangar - Typically ranges from 1,200 square feet up to 2,000 square feet and can accommodate most multi-engine piston-powered aircraft and similarly sized turbine-powered aircraft (e.g., Cessna 421, King Air 90, Piper Cheyenne, Piper Malibu, etc.).
- Range - Mathematical difference between the maximum and minimum values of the data range.
- VOR/DME - Very high frequency omnidirectional range/distance measuring equipment.

B. Subject Property Identification Map

Figure 4 – Subject Properties – East Side

For reference purposes only

Figure 5 – Subject Properties – West Side

For reference purposes only

C. Subject Property Photographs

Small T-Hangars – Exterior
East Side

Small T-Hangars – Interior
East Side

Standard T-Hangars – Exterior
East Side

Standard T-Hangars – Interior
East Side

Standard T-Hangars – Exterior
West Side

Standard T-Hangars – Interior
West Side

Large T-Hangars – Exterior
West Side

Large T-Hangars – Interior
West Side

Storage Unit – Interior

Storage Unit – Interior

Executive Hangar – Exterior
Small

Executive Hangar – Interior
Small

Executive Hangars – Exterior
Standard

Executive Hangars – Interior
Standard

Executive Hangars – Exterior
Large

Executive Hangars – Interior
Large