Summary of Airport Alignment Design Options Effect on Airport Revenue Production and Property Value

This discussion pertains to the Airport-owned property located between Aolele and Ualena Streets and assumes the airport fence remains where it is today. Moving the security fence to encompass additional property could reduce the value of the property because it would be less likely to command commercial market rates.

Existing Condition

- Airport property to be used for aeronautical revenue-producing purposes
- HDOT currently leases land under "general industrial" designation for $4.16 a square foot
- Assuming all property available (10.51 acres) was leased at $4.16, it would generate about $1.9 million a year
- Airport could lease land at a higher rate without "aeronautical" grant condition
- Because the land was not purchased with federal funds, FAA is less concerned about the "aeronautical" designation than the airport's ability to generate revenue for operations

Aolele Option

- Aolele Option would require the relocation of Runway 22L/4R 462 feet makai
  - The relocation clears all airport property from the 1,700' RPZ
- Would increase leasable area to 12.89 acres by removing parcels from the RPZ
- Applying market lease rate of $12/square foot, which is typical for the area, revenue could be about $7 million a year
- Proximity of the rail station at Lagoon Drive is likely to increase the value of property within one quarter mile because of improved accessibility

Ualena Option

- Ualena Option is similar to the Aolele Option but affords less leasable land (about 4.3 acres less), thus lower revenue generation potential, once property encumbered by the guideway and the 22L/4R RPZ is removed
  - Ualena Option requires dedication of portions of four airport parcels to accommodate the guideway
  - Three airport parcels 'Ewa of Lagoon Drive would remain inside the RPZ
  - Guideway located in street could impact local access, which could affect value
- Assuming similar $12/square foot commercial lease rates, the Ualena Option will generate about $4.5 million a year
- Ualena Option does not require relocation of Runway 22L/4R
- Proximity of the rail station would be a benefit

Airport Design Options Revenue Assessment

Scenario 1 (BASE CASE): No-build - Present general industrial with removal of properties in RPZ.

			HDOT Rate	Market Rate
Area Affected	10.51 Acres	457,800 s.f.		
	Base lease rent (annual)		$1,904,448	$5,493,600

Scenario 2: Aolele Option

			HDOT Rate	Market Rate
Area Affected	12.89 Acres	561,468 s.f.		
	Base lease rent (annual)		$2,335,707	$6,737,616

Scenario 3: Ualena Option - with Removal of Guideway and RPZ Parcels

			HDOT Rate	Market Rate
Area Affected	8.57 Acres	373,373 s.f.		
	Base lease rent (annual)		$1,553,232	$4,480,476

per S.F. Base lease rental rates (airport area) per year

General Industrial*	$4.16
Big airline use*	$3.13
General aviation use*	$2.08
Market rate industrial	$12.00

* based on HDOT published rates