



**Before You Take Off:**

**Issues in Arbitration and Litigation Involving  
Airport Properties**

**SOUTHERN CALIFORNIA CHAPTER OF THE APPRAISAL INSTITUTE**

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**56<sup>th</sup> Annual Litigation Seminar – Cerritos, CA**



**CUSHMAN &  
WAKEFIELD**

## Arbitration and Litigation Opportunities:

- Bankruptcy Cases
- Eminent Domain and Airports
- Fair Market Rent Disputes
- Property Air Right Disputes (Avigation Easements)
- Securities Fraud
- Real Estate Tax Appeals (Possessory Interest)
- Title Disputes (Pipeline Easements, Other Utility Easements)

## Appraisal Misconceptions:

- “Outside the Fence” vs. “Inside the Fence”
- “If You Build It...” – Functional Obsolescence Issues
- It’s a Warehouse? – Airport Hangar Uses
- Alphabet Soup – Too Many Acronyms!

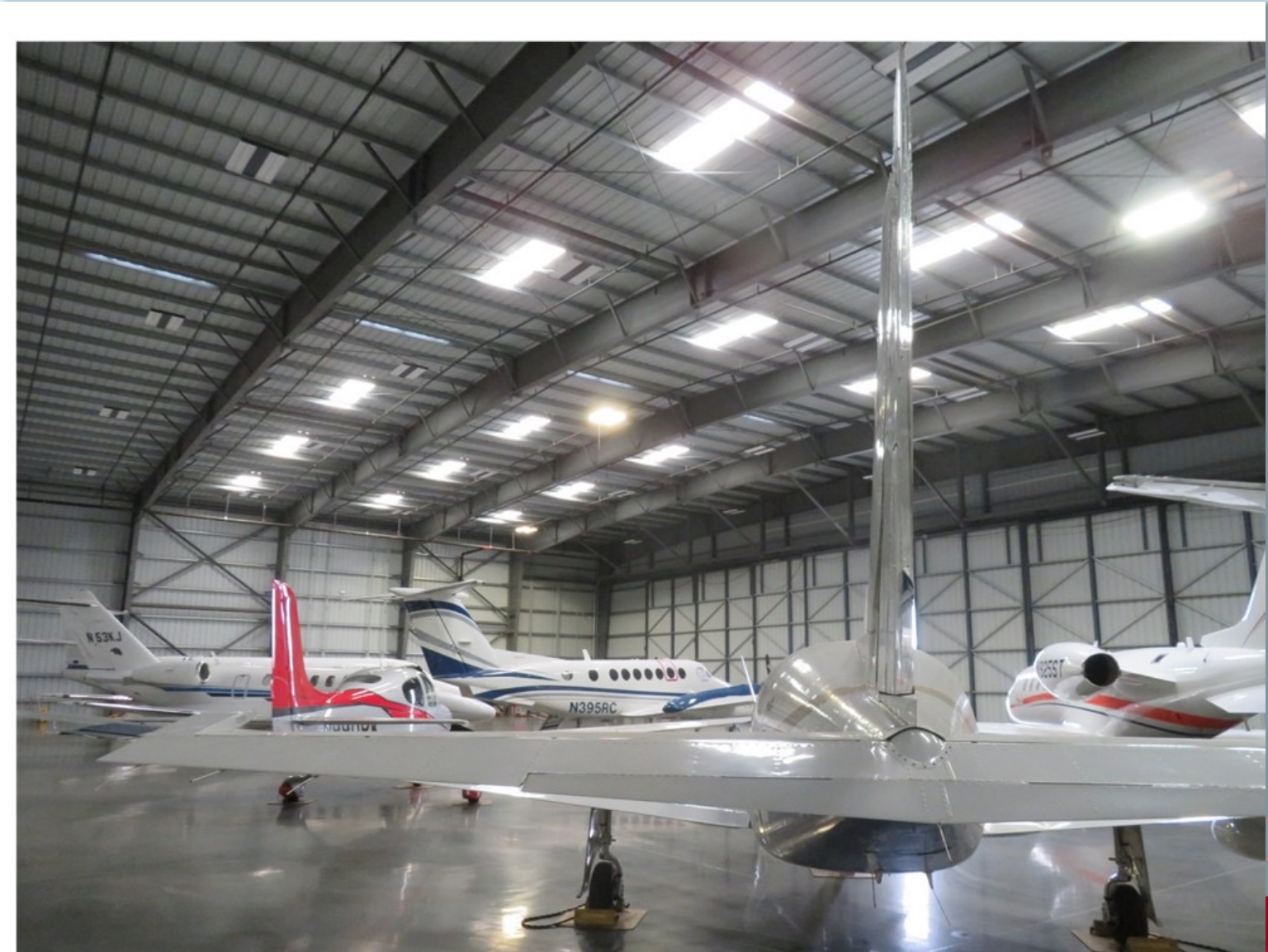
# Special Purpose Aviation Space – General Electric Jet Engine Facility



# Aviation Space – Functional Obsolescence



# Aviation Space – Multiple Aircraft Storage (FBO Operation)



# Aviation Space – Multiple Aircraft Storage



# Aviation Space – Temporary Cargo Hangar (Fabric Exterior)





# Self Storage or Aircraft Storage?



# Airport Services – Aviation Fueling





# Issues In Arbitration



# ISSUES IN ARBITRATIONS

- Where to get comps?
  - ❖ Inside v Outside the Fence
  - ❖ Large v Medium Hub airports and impact of Municipal Airports
  - ❖ National v State v Regional

# OPSNET : Airport Operations : Standard Report

From 01/2022 To 12/2022

Rank	Code	Common Name	Itinerant					Local			Total Operations
			Air Carrier	Air Taxi	General Aviation	Military	Total	Civil	Military	Total	
1	ATL	Atlanta	673,472	43,819	6,601	253	724,145	0	0	0	724,145
2	ORD	Chicago O-Hare	555,512	151,489	4,460	100	711,561	0	0	0	711,561
3	DFW	Dallas Ft Worth	591,660	58,888	5,974	154	656,676	0	0	0	656,676
4	DEN	Denver	510,345	101,753	3,467	169	615,734	0	0	0	615,734
5	LAS	Las Vegas	370,552	155,635	43,717	11,212	581,116	0	0	0	581,116
6	LAX	Los Angles	513,421	28,565	14,390	535	556,911	2	0	2	556,913
7	CLT	Charlotte Douglas	408,390	62,700	26,956	991	499,037	0	0	0	499,037
8	MIA	Miami	416,304	26,252	15,401	521	458,478	0	0	0	458,478
9	JFK	Kennedy New York	434,255	8,523	10,247	371	453,396	0	0	0	453,396
10	PHX	Phoenix	360,304	32,706	23,823	2,023	418,856	0	0	0	418,856
11	EWR	Newark	384,988	10,923	12,426	270	408,607	0	0	0	408,607
12	SEA	Seattle	395,997	3,926	1,373	55	401,351	0	0	0	401,351
13	IAH	George Bush Houston	328,987	63,447	8,378	153	400,965	0	0	0	400,965
14	BOS	Boston	314,865	55,741	13,247	441	384,294	0	0	0	384,294
15	MCO	Orlando International	334,471	14,438	15,649	349	364,907	0	0	0	364,907
16	LGA	La Guardia New York	346,390	5,333	4,187	171	356,081	0	0	0	356,081
17	SFO	San Francisco	301,830	41,215	9,030	2,927	355,002	0	0	0	355,002
18	FFZ	Falcon Field Mesa, AZ	25	84,445	59,862	1280	145,612	194,808	17	194,825	340,437
19	SNA	John Wayne	96,480	27,840	106,930	370	231,620	95,436	94	95,530	327,150
20	SLC	Salt Lake City	221,957	47,109	49,142	3,043	321,251	690	0	690	321,941
21	LGB	Long Beach	31,781	8,059	111,418	523	151,781	165,055	6	165,061	316,842
22	HNL	Daniel Inyoue Honolulu	145,511	102,365	52,279	16,550	316,705	27	0	27	316,732
23	MSP	Minnieapolis- St. Paul	260,303	39,641	8,333	1,958	310,235	0	0	0	310,235
35	DVT	Phoenix Deer Valley AZ	12	38,834	55,252	44	94,142	180,933	78	181,011	275,153
25	MYF	Montgomery-Gibbs San Diego	3	4,259	112,059	1,493	117,814	189,310	86	189,396	307,210
26	GFK	Grand Forks North Dakota	1,231	113,923	11,786	159	127,099	174,593	2	174,595	301,694
27	APA	Centennial Englewood CO	126	44,922	120,144	3,326	168,518	131,571	469	132,040	300,558
28	DAB	Daytona Beach FL	5,646	133,945	40,880	934	181,405	116,515	10	116,525	297,930
29	DCA	Ronald Reagan Arlington VA	291,501	1,764	2,198	1,536	296,999	0	0	0	296,999
30	FLL	Fort Lauderdale	218,785	30,387	35,707	922	285,801	380	0	380	286,181
31	DTW	Detroit	248,170	31,613	4,693	130	284,606	0	0	0	284,606
32	PHL	Philadelphia	215,574	53,509	14,468	590	284,141	0	0	0	284,141
33	VNY	Van Nuys	139	35,193	139,175	415	174,922	102,633	60	102,693	277,615
34	ANC	Anchorage Intl	131,006	69,556	64,704	4,003	269,269	7,852	0	7,852	277,121

Rank	Airport Name	Airport Code	Total Passengers	% Change 2022-2021
1	Hartsfield-Jackson Atlanta International Airport	ATL	93,699,630	23.8
2	Dallas Fort Worth International Airport	DFW	73,362,946	17.4
3	Denver International Airport	DEN	69,286,461	17.8
4	Chicago O'Hare International Airport	ORD	68,340,619	26.5
5	Los Angeles International Airport	LAX	65,924,298	37.3
6	John F. Kennedy International Airport	JFK	55,287,711	79.6
7	Harry Reid International Airport	LAS	52,964,312	32.5
8	Miami International Airport	MIA	50,684,396	35.9
9	Orlando International Airport	MCO	50,178,499	24.4
10	Charlotte Douglas International Airport	CLT	47,758,605	10.3

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35	DVT	Phoenix Deer Valley AZ	12	38,834	55,252	44	94,142	180,933	78	181,011	275,153
36	IAD	Dulles Intl	164,895	75,925	31,535	534	272,889	0	0	0	272,889
37	AUS	Austin Intl	189,285	23,672	50,787	4,732	268,476	202	152	354	268,830
38	HWO	North Perry Airport	0	190	65,538	17	65,745	197,414	50	197,464	263,209
39	BJC	Rocky Mountain Metro Broomfield CO	117	10,814	95,768	1,039	107,738	153,295	1,315	154,610	262,348
40	IWA	Phoenix Gateway	13,194	34,883	47,206	3,114	98,397	154,139	1,795	155,934	254,331
41	BNA	Nashville Intl	182,699	29,654	36,503	2,587	251,443	3	0	3	251,446
42	FRG	Farmingdale New York	140	25,018	94,382	1,000	120,540	118,082	133	118,215	238,755
43	DAL	Dallas Love Field	130,063	48,880	50,697	889	230,529	0	0	0	230,529
44	TMB	Miami Executive	147	4,756	119,676	159	124,738	104,431	25	104,456	229,194
45	RVS	Tulsa Riverside Tulsa OK	0	37,890	40,083	227	78,200	141,849	48	141,897	220,097
46	BWI	Baltimore/Washington Intl	189,242	17,041	12,042	951	219,276	0	0	0	219,276
47	MDW	Chicago Midway	156,978	28,773	28,347	329	214,427	0	0	0	214,427
48	OAK	Oakland	116,746	28,082	31,833	477	177,138	36,144	388	36,532	213,670
49	MEM	Memphis	180,137	14,287	17,647	1,347	213,418	0	0	0	213,418
50	TPA	Tampa International	164,141	19,798	28,356	700	212,995	0	0	0	212,995
51	SAN	San Diego Intl	180,915	15,951	12,046	1,338	210,250	9	4	13	210,263
52	CHD	Chandler Municipal Airport	0	11,785	59,436	95	71,316	134,728	54	134,782	206,098
53	CNO	Chino Airport Chino CA	77	502	64,065	1,586	66,230	137,247	1,105	138,352	204,582
54	LVK	Livermore Municipal Livermore CA	23	3,487	65,923	125	69,558	127,589	89	127,678	197,236
55	IND	Indianapolis Intl	128,297	47,792	16,664	989	193,742	0	0	0	193,742
56	HOU	Houston William Hobby	108,214	28,701	52,916	653	190,484	0	0	0	190,484
57	RDU	Raleigh-Durham Intl	115,030	15,867	52,415	3,751	187,063	741	296	1,037	188,100
58	SFB	Orlando Sanford Intl	17,612	41,508	26,449	512	86,081	101,318	89	101,407	187,488
59	CMA	Camarillo	0	3,220	79,760	488	83,468	103,490	118	103,608	187,076
60	TOA	Torrance Municipal Airport Torrance CA	0	548	70,398	52	70,998	114,800	8	114,808	185,806
61	JRF		0	0	25,648	6,670	32,318	136,635	14,730	151,365	183,683
62	VGT		9	9,598	47,738	1,662	59,007	122,124	277	122,401	181,408
63	FXE		46	23,846	110,299	255	134,446	46,097	8	46,105	180,551
64	CRG		0	2,468	74,920	1,070	78,458	101,158	41	101,199	179,657
65	FTW		190	11,878	71,742	1,947	85,757	92,852	806	93,658	179,415
66	PDK		45	26,474	95,540	553	122,612	54,339	32	54,371	176,983
67	PDX		137,897	20,664	12,914	2,655	174,130	2,365	12	2,377	176,507
68	SDF		146,560	16,169	10,352	1,921	175,002	435	202	637	175,639

# CARGO STATISTICS

Rank	RO	ADO	ST	Locid	Airport Name	City	Svc Lvl	Hu b	2022 Landed Weight (lbs.)	2021 Landed Weight (lbs.)	% Change
1	AL	AAL	AK	ANC	Ted Stevens Anchorage	Anchorage	P	M	24,265,396,895	25,219,077,526	-3.78%
2	SO	MEM	TN	MEM	Memphis International	Memphis	P	M	23,402,185,775	24,867,472,042	-5.89%
3	SO	MEM	KY	SDF	Louisville Muhammad Ali	Louisville	P	S	18,168,215,285	17,506,400,843	3.78%
4	WP	LAX	CA	LAX	Los Angeles International	Los Angeles	P	L	11,461,211,039	14,789,239,464	-22.50%
5	SO	ORL	FL	MIA	Miami International	Miami	P	L	10,667,545,448	11,283,672,121	-5.46%
6	SO	MEM	KY	CVG	Cincinnati/Northern Kentucky	Hebron	P	M	9,236,796,404	8,478,266,612	8.95%
7	GL	CHI	IL	ORD	Chicago O'Hare International	Chicago	P	L	7,840,745,746	8,590,863,840	-8.73%
8	GL	CHI	IN	IND	Indianapolis International	Indianapolis	P	M	7,230,550,380	7,160,133,175	0.98%
9	WP	LAX	CA	ONT	Ontario International	Ontario	P	M	5,203,676,097	5,344,522,774	-2.64%
10	EA	NYC	NY	JFK	John F Kennedy International	New York	P	L	4,456,997,828	5,020,677,738	-11.23%



# ISSUES IN ARBITRATIONS

- How do you account for “extras”?
  - ❖ Fuel flowage fees
  - ❖ Activity fees
  - ❖ FBO Business fees

# ISSUES IN ARBITRATIONS

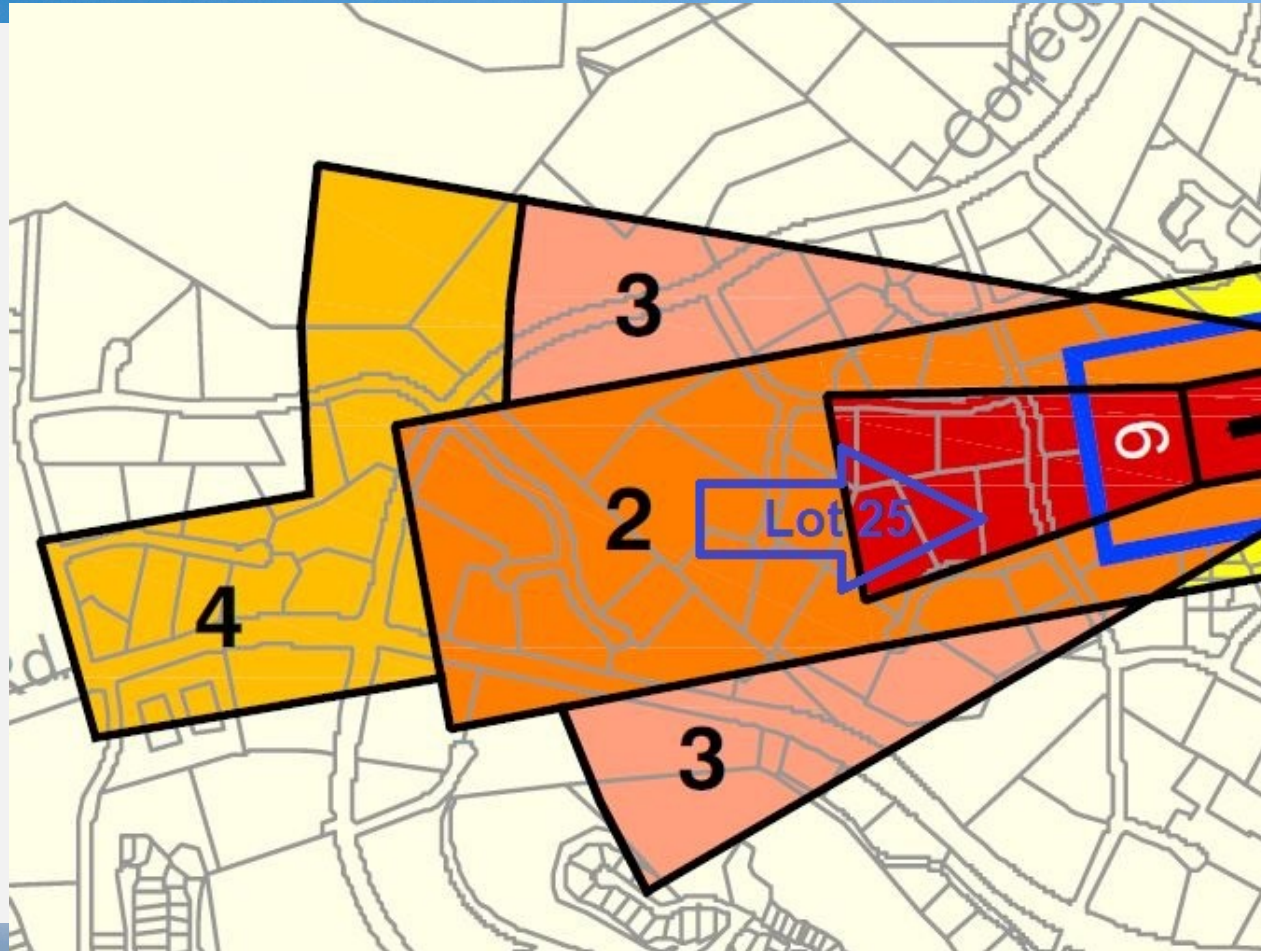
- ConRAC (Consolidated Rental Car) Facilities:
  - ❖ On- vs Off-site locations
  - ❖ Floor/Level location
- Additional fees to be considered:
  - ❖ PFC (Passenger Facility Charge – approved by the FAA; consistent by airport)
  - ❖ Concession Rent (typically 10% of gross sales revenues or a minimum annual guarantee [MAG])
  - ❖ CFC (Customer Facility Charge)
  - ❖ Facility Rent (administrative/counter space)



# Case Study #1



# AIR RIGHTS ISSUES





# Case Study #2



## Santa Monica Airport (SMO)

- Single runway reduced from 4,973 feet in length to 3,500 feet
- SMO to close December 31, 2028



# AIRPORT DATA RESOURCES

## Resources:

- General Aviation Manufacturers Association (GAMA) Annual Report
- Federal Aviation Administration
  - ❖ [faa.gov](https://www.faa.gov) - Annual Aerospace Forecasts (20 Year)
  - ❖ [appm.faa.gov](https://appm.faa.gov) - Air Traffic Activity System (ATADS)
- State of California Land Use Planning
  - ❖ [dot.ca.gov/programs/aeronautics/](https://dot.ca.gov/programs/aeronautics/)
- CA County Land Use Compatibility Plans (ALUCP)
  - ❖ Example: [planning.lacounty.gov/long-range-planning/brackett-field-airport-land-use-compatibility-plan/](https://planning.lacounty.gov/long-range-planning/brackett-field-airport-land-use-compatibility-plan/)
- [AirNav.com](https://www.airnav.com)

# Thank you.



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