Airport City Real Estate Development
Opportunities & Challenges

Connecting a world of opportunities

2013 AIRPORT ECONOMICS & HUMAN CAPITAL CONFERENCE
MXD’s Role

Master Planning
Market Analysis
Financial Feasibility
Landside Development Planning
Commercial Development Strategy
Marketing, Branding & Identity

Generating Non-Aeronautical Revenues Around the World
Non-Airline Revenue Target

“The Wheel of Fortune”

- Landing Fees: 32%
- Parking: 19%
- Ground & Facility Leases: 11%
- Retail, F&B & Concessions: 10%
- Energy: 10%
- Hotel: 5%
- Other Revenue: 5%

Target: 60% + Non-Aero Revenues

Non-Airline Revenue Target
<table>
<thead>
<tr>
<th>Emerging Airport Cities</th>
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<tbody>
<tr>
<td><strong>Edmonton International Airport</strong></td>
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<td><strong>Denver International Airport</strong></td>
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<td><strong>Memphis Aerotropolis</strong></td>
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<td><strong>Vancouver International Airport</strong></td>
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<td><strong>Muscat International Airport</strong></td>
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<td><strong>Belo Horizonte, Brazil</strong></td>
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Leveraging the Real Estate Assets

Airport Cities are the Gateways, Catalysts, Competitive Accelerators for Non-Aero Revenue & Economic Development.
Airport Cities & Economic Development

Gateway to Accelerate Regional Economic Development

New Urban Form
Global Supply Chain
“Physical Internet”
Airports are the Routers
Airports are more than just Aviation infrastructure
Convergence Zones
Multi-modal
Speed to Market
Real Estate Development Strategy


- How should Airport City and Aerotropolis real estate development balance these considerations?
Commercial real estate development occurs where it does for a small number of big reasons.
Airport Cities are convergence zones for economic activity.
Evolution of Airport Cities

1. Airport as Developer or Joint Venture Partner
2. Landside Commercial Planning & Ground Leasing
3. Airport Master Planning Identifying Landside Commercial Areas
4. Terminal Development & Concessions Revenue
Hierarchy of Airport Participation

- **Least Risk**: Ground Lease
- **Lower Risk**: Residual Land Value
- **Medium Risk**: Land Value + Infrastructure
- **Higher Risk**: Land, Infrastructure + Building Costs
- **Aggressive**: All Development
Paragon Outlets – Grand Prairie, Texas

Developer: Paragon

Opened: 2012

Gross Leasable Area: 417,000 SF

Number of Stores: 100

“Near Airport”
Fashion Outlets of Chicago, IL
Developer: AWE Talisman and Macerich
Opening: Late 2013
Gross Leasable Area: 530,000 SF

“Next to Airport”
Designer Outlet Center Opportunities

McArthur Glen Designer Outlet
Developer: McArthur Glen
Opening: 2015
Gross Leasable Area: 390,000 SF

"On Airport"
Stage One - Development Strategy

- Site Analysis
- Airport City Case Studies
- Economic Cluster Analysis
- Market & Revenue Assessment
- Optimal Development Program

Stage Two - Development Plan

- Concept Layout Planning
- Engineering Concept Analysis
- Financial Analysis
- Commercial Development Plan

Stage Three - Marketing Strategy

- Branding & Identity
- Target Tenants
- Marketing Materials

Political/Initiatives
Stakeholders
Implementation Plan
Denver International Airport

9,000 acres
40-year plan

Public Sector
City and County of Denver
City of Aurora
Brighton, Commerce City
Bennett, Adams County

Quasi-Governmental
Metro Denver EDC
Aurora EDC, Brighton EDC
Commerce City ED,
Adams County ED
Front Range Airport
E-470 Highway Authority
DRCOG, RTD, DTP
et al.

Land Owners
L.C. Fulenwider
LNR, A&C, Smith
The Pauls Corp.
ProLogis,
Oakwood Homes
Majestic Realty Corp.
et al.

End Users
Developers
Investors
Tenants
Customers
et al.
Denver’s Economic Clusters

Metro Denver Economic Drivers

Leading DIA Imports
By Value
- Cell Phones
- Computers & Technology
- Medicaments
- Biotech & Bioscience Equipment

By Weight
- Biotech & Bioscience
- Computers & Technology
- Machinery & Industrial Equipment
- Agri-Foods & Animal Products

Countries
- China
- Taiwan
- Germany
- Switzerland
- Australia
- India
- UK
- Italy
- Korea

Leading DIA Exports
By Value
- Aircraft Engines & Parts
- Computer Equipment & Parts
- Biotech & Bioscience Equipment
- Industrial Equipment

By Weight
- Machinery & Industrial Equipment
- Agri-Foods & Animal Products
- Plastics
- Aircraft Engines & Parts
- Computers & Technology

Countries
- Canada
- China
- UK
- Germany
- Hong Kong
- Japan
- Philippines
- Switzerland

DIA Economic Niche: Biotech & Bioscience, Computers & Tech, Machinery & Industrial Equipment
Airport City Denver & Economic Clusters

Just over 9,000 Acres of Developable Land
Development projected to phase in over 40 years
Airport City Denver – The Brand

Opportunity Connects Here
Airport City development is about implementation, not just infrastructure. It's about organizing and deal structuring.
Thank You!

MXDdevelopment.com
Airport Management/Development Models

UNITED STATES
- Governed at City/County Level
- Subject to local politics (-)
- FAA impacts/implications (+/-)
- Bonding/financing capabilities (+)
- Tax Payer sensitivity (-)

CANADA
- Quasi Private-Public
- Leased Federally Owned Property
- Autonomy from local politics (+)
- Flexibility for innovative devpt (+)
- Must Generate Non-Aero Revenues

MIDDLE EAST
- Sovereign ownership/operation
- Transcend reality - innovative
- Profitability is not only driver
- Autonomous decision making (+)
- Speed to market is fast (+)

ASIA/EUROPE
- Privatized
- Bottom line to be profitable
- Vested in Commercial Development
- High Speed Rail Links
- Embrace Mixed-Use TOD