



ARE OPERATORS READY TO GO CONDO?

Aircraft cluster around newly completed Weatherwise hangar



Is Canada's general aviation community ready to purchase rather than rent hangar space? Peter Waters thinks so. As director of Weatherwise Aviation, Waters has been the driving force behind a local airport development project that represents a new twist on traditional condominium ownership. If successful, Weatherwise will likely spur a new round of airport development as local operating authorities use ownership as a carrot to lure airplanes from rented space at larger FBOs.

"Operators will embrace change if it impacts positively on their pocketbook," Waters predicted. "Typically, aviation has been monopolized by the FBO or whoever has the bucks to buy a position at the airport. We're giving the smaller operator the chance to buy that position and capitalize on those facilities by building up equity on the balance sheet."

Waters will soon get the chance to test his assumptions. Weatherwise is about to open the aviation industry's first hangar and maintenance condominium units at Lake Simcoe Regional Airport (just outside of Toronto) later this spring. The first 33,000-square-foot hangar features

two 60-foot by 20-foot doors and a larger 120-foot by 30-foot. The design allows Weatherwise to parcel the building for three separate tenants on a buy, lease or rent-to-own basis. "We're telling customers that we can help you take ownership," Waters added.

Ultimately, phase one of the two stage development will include 150,000 square feet of hangar space, a 30,000 square foot office complex, industrial lands and neighbourhood of T-hangars also for purchase.

A critical factor in the success of all airport condominiums will be land ownership. Smaller operators have traditionally found financing expensive or difficult to secure for land-lease transactions. Weatherwise purchased the land from the three municipalities that own the airport, which makes similar projects at any of Canada's larger air transport hubs unlikely.

But for Canada's smaller regional and local airports, shared ownership with operators and aviation service providers could be the boost authorities are looking for to increase revenues and attract new businesses. For its part,

Lake Simcoe Regional Airport is already positioned to draw corporate traffic away from neighbouring Hamilton, Buttonville and Pearson. The airport provides international clearing for both passengers and freight and can accommodate aircraft up to a Boeing 727. The airport is an Esso branded dealer with two 25,000-litre tanks dispensing both 100LL Avgas and Jet A-1 fuel.

"Economically, a project of this size does deliver a snowball effect," Waters said. "If you locate a \$2-million or \$30-million airplane at the airport, you are going to have to service them." Indeed, the master plan already includes dedicated industrial lands for businesses that will not need direct access to the airside.

For the time being, the Weatherwise hangar will stand empty. The company was hesitant to get operators to buy into such a concept without a functioning model up and running. "We didn't see any benefit on trying to sell people something that they wouldn't see for two years. Plus, we wanted to lay down the format so we would have continuity as we move forward," Waters said.

Weatherwise expects to have the first phase of the development occupied within the next 24 to 36 months with work also progressing on the next stage. As for projects at other airports, Waters said the company has stirred up interest, but is moving cautiously. "There has definitely been a niche carved for ourselves in the market. And there are other airports who want to bring a similar service on line."

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