



Bankstown Airport - aviation hangar project Demand and Market Analysis

Supplementary Memorandum

Disclaimer

This work has been prepared as per the agreed project scope as per the Engagement Letter between KPMG and Bankstown Airport Pty Limited, dated 14th November 2023. The services provided in connection with this engagement comprise an advisory engagement, which is not subject to assurance or other standards issued by the Australian Auditing and Assurance Standards Board and, consequently no opinions or conclusions intended to convey assurance have been expressed.

The findings in this study are based on an analysis of publicly available data and existing forecasts conducted by Landrum & Brown Aviation Consulting (L&B) for KPMG in 2021. While KPMG has used its expertise and diligence in preparing this work, the accuracy and completeness of the information, data, and analysis provided by the client is not warranted or guaranteed by KPMG. KPMG accepts no liability for any losses or damages that may result from the client's use of this work. No warranty of completeness, accuracy or reliability is given in relation to the statements and representations made by, and the information and documentation provided by Bankstown Airport Pty Limited as part of the process.

KPMG have indicated within this memorandum the sources of the information provided. We have not sought to independently verify those sources unless otherwise noted within the report.

This memorandum provides a summary of KPMG's findings during the course of the work undertaken for Bankstown Airport Pty Limited under the terms of the engagement letter dated 14th November 2023. The contents of this memorandum do not represent our conclusive findings, which will only be contained in our final detailed report.

KPMG is under no obligation in any circumstance to update this work, in either oral or written form, for events occurring after the work has been issued in final form.

The findings in this work have been formed on the above basis.

Third party reliance

This memorandum has been prepared at the request of Bankstown Airport Pty Limited's in accordance with the terms of KPMG's engagement letter dated 14th November 2023 and is not to be used for any other purpose or distributed to, or relied upon by, any other party without KPMG prior written consent.

Other than our responsibility to Bankstown Airport Pty Limited, neither KPMG nor any member or employee of KPMG undertakes responsibility arising in any way from reliance placed by a third party on this report. Any reliance placed is that party's sole responsibility.

Acknowledgement of Country

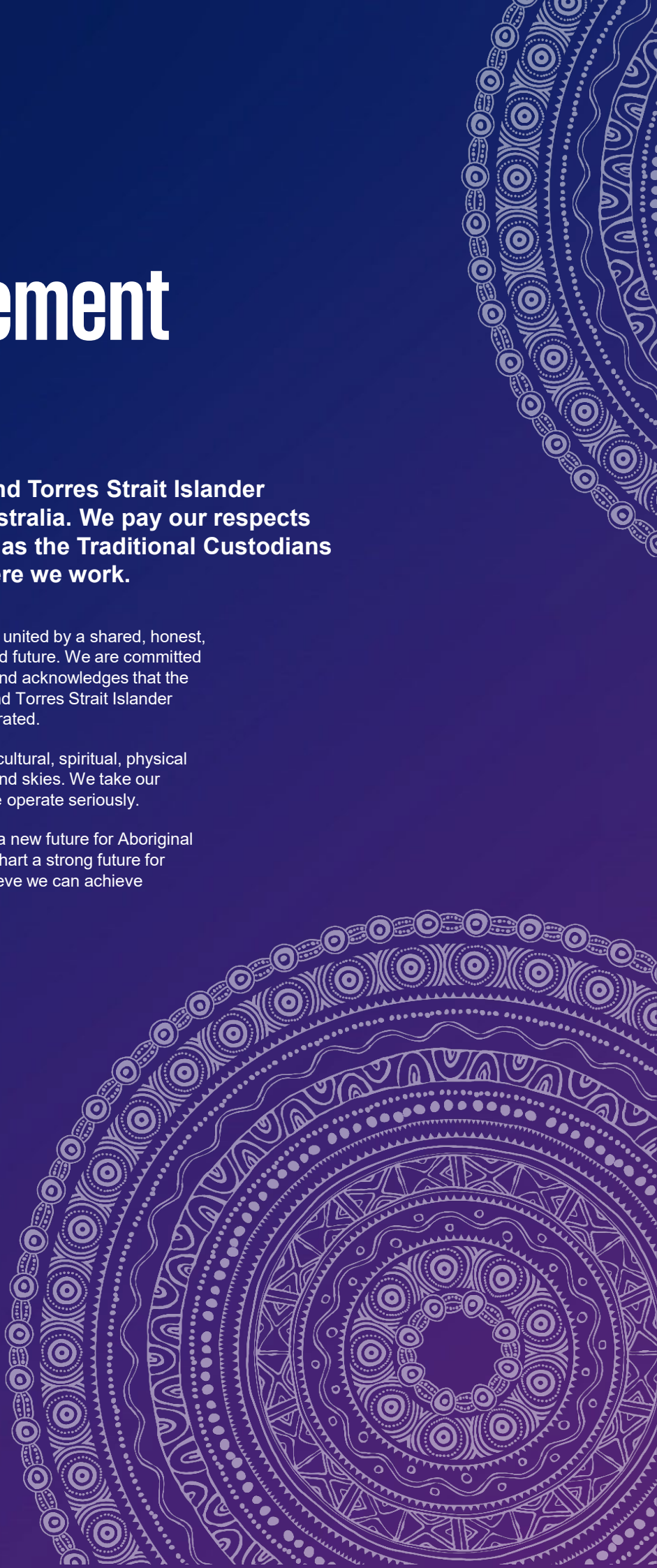
KPMG acknowledges Aboriginal and Torres Strait Islander peoples as the First Peoples of Australia. We pay our respects to Elders past, present, and future as the Traditional Custodians of the land, water and skies of where we work.

At KPMG, our future is one where all Australians are united by a shared, honest, and complete understanding of our past, present, and future. We are committed to making this future a reality. Our story celebrates and acknowledges that the cultures, histories, rights, and voices of Aboriginal and Torres Strait Islander People are heard, understood, respected, and celebrated.

Australia's First Peoples continue to hold distinctive cultural, spiritual, physical and economical relationships with their land, water and skies. We take our obligations to the land and environments in which we operate seriously.

We look forward to making our contribution towards a new future for Aboriginal and Torres Strait Islander peoples so that they can chart a strong future for themselves, their families and communities. We believe we can achieve much more together than we can apart.

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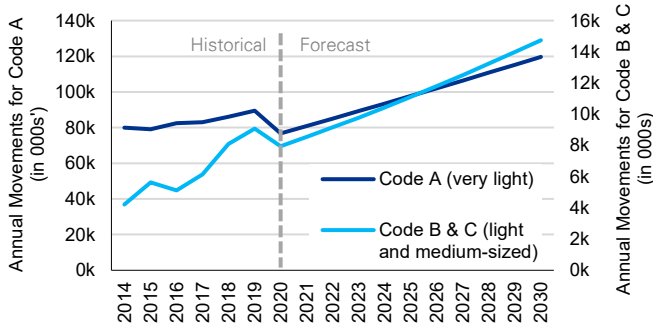
Supplementary Memo of the Bankstown Airport Aviation Hangar Project - Demand and Market Analysis

KPMG was engaged by Bankstown Airport Pty Ltd to conduct a demand and market analysis in December 2023 to review the trends in aviation demand and key drivers for General Aviation (GA) activities. The study identified strong evidence indicating a need for additional hangars with capacity up to Code C (medium-sized) aircraft to support the forecasted growth in demand at Bankstown Airport (BA or the Airport). This memorandum summarises the key findings supported by the assessment methodology noting potential limitations.

A strong demand increase is expected at BA

A strong growth in demand at BA has been identified for almost all aircraft types (Figure 1). Code A (very light) aircraft accounted for the majority of the traffic historically and are expected to increase by 4.5% per year from 2020 to 2030. While Code A aircraft are predominant in volume, Code B (light) and C (medium-sized) aircraft collectively are anticipated to have the highest growth rate with a growth rate of 6.4% per year from 2020 to 2030.

Figure 1: Forecast Growth in GA Demand by Aircraft, 2014-2030



Source: KPMG report (L&B, 2020)

Note: Figure 1 is based on the L&B (2020) Average Case Scenario, projecting a 4.1% total annual traffic growth with a range of 3.2% to 5.2% (Lower to Upper Case). Heli demand is not included in the chart. The projected forecast scenarios were cross-checked against the latest airport movements using data reported by Airservices Australia.² The actual BA figures place activity in 2022 at the level of the lower-case forecast. This reaffirms the forecast and supports the case for growing GA demand at BA.

Additional hangar space is needed to enable BA to respond to the projected demand growth

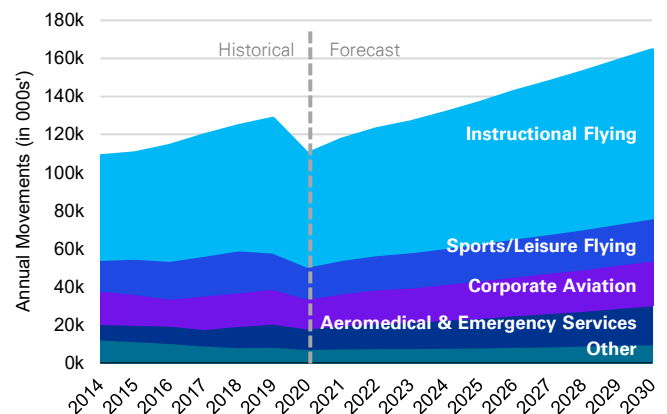
Additional hangar spaces are needed to respond to this consistent and growing demand, as well as to enable the decanting and upgrading of existing hangar facilities. Hangars are a vital component in supporting aircraft operations, providing essential storage, repair, and maintenance services. The forecasted increased demand from GA will lead to an increased demand for hangar space. However, BA's ability to meet this increased demand is constrained by limited spare hangar capacity. The immediate leasing of a refurbished hangar facility in nearby Miles Street upon its release to the market, combined with the current and sustained full occupancy of all hangars at BA demonstrates a strong and imminent demand for similar facilities at BA.

Almost all GA sectors are forecasted to have a steady increase in activity primarily driven by the top four sectors

The forecasted growth at BA is primarily driven by the continuing dominance of Instructional Flying followed by Sport/Leisure Flying, Corporate Aviation, and Aeromedical & Emergency Services (A&ES) sector activities (Figure 2). These top four sectors account for just under 95% of the total movement. Instructional Flying and Sports/Leisure Flying account for the majority of the Code A (very light) aircraft activity. A&ES also uses Code A along with Code B (light) aircraft. Corporate Aviation is reported to use aircraft of all three types, ranging from Code A to Code C (medium-sized).

The proposed development of additional hangar spaces that support up to Code C aircraft closely aligns with the projected demand.

Figure 2: Annual Movement Forecast at BA by Sector, 2014-2030



Source: KPMG report (L&B, 2020)

Note: The 'Other' category presented in Figure 2 includes Aerial Work, Freight, Maintenance Repair and Overhaul, and other flying sectors. These sectors aggregate account for approximately 5% of the total forecasted movement at BA.

Limitations of the analysis:

This study focuses on the demand-side assessment noting the airport is facing supply-side limitations such as constraints in existing facilities and developable lands, capacity, and availability in aircraft movements along airside pavements. This report is based on an analysis of publicly available data and existing forecasts conducted by Landrum & Brown Aviation Consulting (L&B) for KPMG in 2020. Activity data provided by BA is up to 2020.

Footnotes: 1. Sourced from existing forecasts conducted by L&B for KPMG in 2020. 2. KPMG analysis of Airservices Australia's *Movements at Australian Airports* report data, 2023



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