



## South Central airport

**The Business:** Are your entrepreneurial dreams ready to take flight? Then consider this state-of-the-art airport, well positioned near a rapidly growing metropolis in the South Central region of the country. Boasting nearly 30,000 take-offs and landings annually, the airport doesn't charge fliers for departures and arrivals. Rather, it profits by selling fuel, repairing aircraft, and renting hangars to local companies as well as individuals. The facility's assets include a 5,000-by-100-foot runway, 275 acres of as-yet-undeveloped land (175 of them already zoned for commercial use), and a small commercial office complex that's ripe for expansion. The current owner, who acquired the property in 1991 (soon after the airport was built), has plans to concentrate on another aviation venture, but his staff

of six would probably stay aboard if a new pilot took the controls.

**Price:** \$12 million

**Outlook:** With the right new owner (meaning someone with a lot of growth capital to invest), this company could

FINANCIALS		
	Gross Revenues	Recast Earnings*
1997	\$566,128	\$245,182
1998	\$686,903	\$373,464
1999	\$742,255	\$407,061

\*Before interest, taxes, depreciation, and owner's compensation.

soar. Thanks to an excellent location convenient to several thriving commercial centers, there's strong demand for its 150 hangars, which currently rent below market rate at prices ranging from \$139 to \$315 monthly. Although it doesn't make financial sense to build any more runways, a new owner could extend the existing one, making it accessible to larger aircraft. Another option: the waiting list for hangar space averages 20% above capacity, which suggests that new hangars could be added and

prices raised. Additionally, there's more than enough acreage—and local demand—to add commercial office space or even a conference facility.

**Price Rationale:** Flying this high could make anyone woozy. As the owner himself is the first to acknowledge, no one could justify this deal on the basis of current cash flow or revenues. But the facility recently received an independent appraisal pegging its value at \$18 million. With a deal like this one, it makes sense for prospective buyers to take comfort from that number but base their bids on their financing realities and the projected cost of all anticipated renovation and expansion.

**Pros:** Given the strength of the local economy, the demand for aviation services, and all that undeveloped land, this is clearly no fly-by-night opportunity.

**Cons:** With a price tag so high that it's practically in outer space, a new buyer could crash and burn if the South Central commercial boom runs out of gas.

—Jill Andresky Fraser

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