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Market Rent Analysis
Hangar III, Bisbee-Douglas International Airport (BDI)
Prepared by: Cochise County
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1. Purpose of Analysis

This Market Rent Analysis supports the lease agreement between Cochise County and Rancho Relaxo Films, Inc. for the non-aeronautical use of Hangar III at Bisbee-Douglas International Airport (BDI). The analysis ensures the proposed lease rate is consistent with FAA Grant Assurance #24 (Fee and Rental Structure) and #25 (Airport Revenue Use) and reflects fair market value.

2. Property Overview

- Facility: Hangar III
- Location: Bisbee-Douglas International Airport (FAA LOCID: DUG)
- Estimated Size: 12,500 SF
- Use Type: Primarily non-aeronautical (movie studio and sound stage); however, *the LESSEE* also intends to utilize the indoor hangar space for the following accessory uses, specifically for instruction in the use of drones in film production, as well as educational training to prepare individuals for FAA Part 107 certification as commercial drone pilots; such drone instruction and use shall be conducted strictly within the enclosed indoor area of Hangar III
- Condition: WWII-era metal structure; functional but requires upgrades including insulation, electrical, plumbing, and various cosmetic interior work, see photos below.





3. Comparable Market Data

Facility	Location	Size (SF)	Use Type	Rate SF/mo	Notes
Benson Municipal Airport	Benson, AZ	7,000	Light aircraft hangar	\$0.55–\$0.75	Basic steel hangar with power
Douglas Municipal Airport	Douglas, AZ	5,000	Mixed use/storage	\$0.50–\$0.65/SF/mo	Older structure, non-climate controlled
Willcox Municipal Airport	Willcox, AZ	6,500	General aviation	\$0.30–\$0.45	High demand area, newer hangar
Cochise College Hangar	Douglas, AZ	7,000	Aviation School	\$0.35–\$0.45	Education-related lease with public benefit offset
Coolidge Municipal Airport	Coolidge, AZ	10,000	Storage (non-aeronautical)	\$0.25–\$0.35	WWII hangar, similar condition, tenant-funded improvements permitted

4. Proposed Lease Terms

- Lessee: Rancho Relaxo Films, Inc.
- Quarterly Rent: \$3,750
- Annual Rent: \$15,000
- Rate per SF: \$0.10/SF/month
- Adjustments: Adjusted annually on the anniversary date based on the Consumer Price Index (CPI)
- Tenant Improvements: Tenant is responsible for substantial improvements; County may offset approved improvements against rent subject to the limitations of Section IV of the lease agreement.

5. Analysis & Justification

While the proposed rate is slightly below regional averages, it is justified based on:

- The age and condition of the hangar
- The non-aeronautical use, which generally demands lower rates

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- The significant tenant investment in building improvements
 - The public benefit of reactivating an underutilized airport facility
 - The County retains all improvements at lease end, enhancing asset value

6. Conclusion

Hangar III's proposed rate of \$0.10/SF/month is reasonable due to its age, lack of amenities, and non-aeronautical purpose, and deteriorated condition. This rate maintains FAA compliance while supporting community revitalization goals. Tenant improvements and economic development goals further support a discounted rate, aligning with FAA expectations for underutilized facilities at general aviation airports.

