

Airports Commission  
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19<sup>th</sup> August 2014

## re: RiverOak's recent submission to the Commission

We are aware that RiverOak Investment Corporation LLC ("RiverOak"), a real estate company listed in Delaware, USA, was granted an extension to enable it to reply to the Commission's Discussion Paper 6. RiverOak's submission focuses on its plans to develop an airport on the former airport site at Manston, Kent.

**RiverOak is not the owner of the site. The airport at Manston has been closed for over three months, its CAA licence has been returned, and its assets are being sold at auction.**

The owner of the Manston site, Ms Ann Gloag, has stated publicly that she does not find RiverOak credible as an organisation; that she does not think that this real estate investor has any credible plans to open, develop and then operate Manston as an airport should it succeed in acquiring the site; and that she has no intention of selling to RiverOak.

Ms Gloag has said that she will be presenting her plans for the site: "*within the next few weeks*". There has been no discussion between Thanet District Council with Ms Gloag about her plans for the site beyond Ms Gloag making it clear to the Council Leader that she has no plans to reopen Manston as an airport as it was losing £10,000 per day.

Thanet District Council has indicated that it is exploring whether or not to try to acquire the former airport site under a Compulsory Purchase Order so as to sell it to a developer for that developer to reopen it as an airport. As part of the Council's consideration of this option it has commissioned a report from independent aviation experts about the viability or otherwise of a reopened airport on that site. The report by Falcon Consultancy Ltd was completed four weeks ago ([www.scribd.com/doc/237253196/Falcon](http://www.scribd.com/doc/237253196/Falcon)) and it reached the following conclusions about Manson's future:

**Passenger business** - "*Manston has no natural sustainable passenger market.*"<sup>1</sup>

The report says that the site would need an infrastructure link such as a new railway Station to be built and then a further 20 years following that station's opening before the Manston site might become a viable airport operation. The report also says that:

*"Even then the proposed Thanet Parkway station would require some additional mode of transport to connect passengers from the terminal to the station."*<sup>2</sup>

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<sup>1</sup> Viability Study of Manston Airport – Stage 1. Falcon Consultancy Ltd. 16<sup>th</sup> July 2014. Page 10

<sup>2</sup> Ibid – page 18

**Cargo** - *“The climate for cargo-only aircraft operations could not be much worse.”*<sup>3</sup>

In 2013 Manston handled just 29,000 tonnes of cargo against LHRW’s 1.423 million tonnes. The report contrasts Manston with East Midlands airport:

*“East Midlands is the UK’s most important dedicated cargo airport with nearly all its 267,000T carried on cargo aircraft. It is an important base for Royal Mail as a major overnight mail hub as does DHL, Fedex, TNT and UPS express cargo operators. A significant factor in the success of the airport is its close proximity to an excellent motorway network which ensures that 90% of the land mass of England and Wales is within a four hours truck journey from the airport. In addition twenty four hour operations also make the airport friendly for freighter operations.”*<sup>4</sup>

The report recognises that the former airport at Manston did not share these advantages.

**General Aviation** – The report concludes that:

*“On balance therefore the likelihood that the continuation of GA at Manston will be a reason to prompt the retention of the airport is slim.”*<sup>5</sup>

**In summary** *“No business plan with a credible investment plan of less than 20 years is likely to define the commitment necessary to rebuild confidence. Phase 1 investment required could be in the order of £100m with no guarantees of success. Political support will be required to attract investors and PR work will be needed to convince the airlines. There is no guarantee of success in anything that is suggested [in this report] as a possible future for the site, even if local and national government were to give the site all possible support and back it all the way.”*<sup>6</sup>

It is clear from this that Thanet District Council will find it very hard to demonstrate that, as the CPO legislation requires, there is a “compelling case in the public interest” for acquiring Manston under a CPO against the wishes of its owner. Manston airport lost money every year of its fifteen year history as a commercial airport. Four different owners have each failed to make a commercial success of it. When it closed it supported just 144 jobs, many of them part time. The likelihood of it being a successful airport in the future has just been assessed as being extremely slim. Ms Gloag has made it clear to the Council that the CPO route is an expensive one and that the Council has no guarantee of success.

Given this, it seems aspirational (to say the least) for RiverOak to submit to the Commission plans for a site that it does not own and which it is extremely unlikely to be able to acquire. The owner does not wish to sell the site to RiverOak and Thanet District Council has very little chance of persuading a public inquiry that it makes sense to acquire a loss-making venture with very little job creation history. In any event, if the Council does decide to pursue a CPO, the outcome is unlikely to be clear for some years. Given this, we suggest that the Commission puts to one side RiverOak’s late submission in response to discussion paper 6.

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<sup>3</sup> Ibid – page 21

<sup>4</sup> Ibid – page 20

<sup>5</sup> Ibid – page 24

<sup>6</sup> Ibid – page 7

Despite what RiverOak would have the Commission believe, there is considerable public support for redeveloping the former airport site for a use other than aviation. The only sensible way forward is to await the publication of the owner's plans for the site. If she can demonstrate that her plans include job creation, then her plans will prevail. In the meantime, it makes no sense for overseas real estate companies to be telling the Commission what they dream of doing with a site that they do not own, particularly when their vision contradicts the conclusions reached about the site by independent aviation experts.

