StageGate Concluding Report Iteration 3 2025

1.1 This report concludes the third iteration of the StageGate process for 2025. This cycle focused on the StageGate 1 assessment of **(i) T1 Retail Redevelopment** CIP 20.03.013, the StageGate 1 assessment of **(ii) Level 4 and 5 Office Upgrade and Refurbishment** CIP.20.07.010 and the StageGate 1 assessment of **(iii) Hangar 7 Apron Extension** CIP.20.03.036.

StageGate Process

1.2 The 2019 Determination on the maximum level of Airport Charges at Dublin Airport introduced a new process for certain large scale capex projects, known as StageGate. Initially, 17 projects were identified for inclusion in the process. This was increased to 27 projects in the Interim Review of the 2019 Determination in relation to 2023-2026 ("2022 Review Decision").[1]

1.3 StageGate is a rolling iterative process intended to add flexibility for the scope and/or cost of the StageGate projects to develop over the regulatory period. A key component of the process is the Independent Fund Surveyor (IFS) which provides independent expert views on any such developments to inform airport users and the Irish Aviation Authority (IAA). The IAA has appointed Steer as the IFS.

1.4 The 2019 determination (and subsequently the Interim Review of the 2019 determination in relation to 2023-2026) provided initial allowances for each of the StageGate projects; these are termed the StageGate 0 allowances. When a project has reached a sufficiently detailed level of design and is ready to be progressed, the project is advanced to StageGate 1. At this stage Dublin Airport provides an up-to-date costing, together with supporting detail, to the IFS for assessment. The IFS then assesses the Dublin Airport proposal, and if it considers the project to be reasonably costed and effectively scoped, it will agree with the proposal.

1.5 There are two factors which drive the decision on the StageGate 1 allowance: the IFS conclusions on technical scope/cost efficiency, and the views of airport users.

1.6 Following the completion of the StageGate 1 phase, the project enters StageGate 2. This phase allows for ongoing consultation as the project is being delivered. Any stakeholder may submit material for IFS consideration during this phase, which the IFS will report on in the subsequent iteration of the process. In the absence of any further developments being highlighted to the IAA and the IFS, no further assessment will be conducted.

1.7 The outcome of the StageGate process drives the final level of remuneration for the project over its asset life. When reconciling actual expenditure against the allowance in the subsequent determination, the IAA's starting point will be the StageGate 1 allowance. The IAA will also consider any developments which may have occurred and been consulted on during the StageGate 2 phase.

2025- Third Iteration

1.8 Three projects were included for StageGate 1 assessment in the third iteration StageGate

[1] https://www.iaa.ie/docs/default-source/car-documents/1c-economic-regulation/final-decision-on-the-maximum-levels-of-airport-charges-at-dublin-airport-2023-2026.pdf?sfvrsn=6b8110f3_1

Cycle in 2025:

- T1 Retail Redevelopment.
- Level 4 and 5 Office Upgrade and Refurbishment.
- Hangar 7 Apron Extension.

1.9 There was no StageGate 2 projects included in this iteration.

1.10 The final IFS report on these projects was circulated on **26th of August 2025**. A videoconference was then held on **3rd of September 2025** with presentations from the IFS and Dublin Airport.

1.11 As per the StageGate process, airport users were invited to provide written submissions, which should include an indication of whether it objected to or supported the proposed project as per the IFS recommendation.

StageGate 1

T1 Retail Redevelopment

1.12 Dublin Airport estimated a StageGate 1 cost of €34.12m for this project.

1.13 The IFS detailed its main findings at the StageGate 1 phase. These are summarised as follows:

- The IFS assesses that that the scope of the project will meet the project objectives in an effective way due to the employment of a specialist retail designer who has developed a solution to provide a state-of-the-art retail offer.
- The IFS identifies some challenges to the efficiency of the project. It finds a lack of detail on the construction of the shell units and the associated M&E services. In addition, it considers that the phasing of the construction work on site will require more detailed planning than is currently proposed.
- The IFS assess that the lack of detail provided on the interfaces between phases is of concern since the project will be taking place in a highly trafficked part of T1 which could result in delays and cost increases if not planned for adequately.
- The IFS considers that certain provisions in Dublin Airport's cost plan are excessive and has reduced them accordingly in its assessment.

1.14 The IFS proposed an alternative allowance of €33.76m, which is its estimate of the efficient cost of delivering this project.

Stakeholder views

1.15 Both Aer Lingus and IATA raise concerns over what they consider to be construction phase risks. Both parties state that the temporary closure of significant space at busy periods will have negative implications for both safety and service since T1 will be approaching capacity during these months. Aer Lingus believes that proceeding with such works in peak season is highly problematic and must be reconsidered.

1.16 Both Aer Lingus and IATA ask for clarification on the removal of the staff airside/landside exit near security asking how this flow will be accommodated in the new alignment and whether it will impact airline, and other staff movement, such as PRM, in the airport.

1.17 Both Aer Lingus and IATA state that any works involving full retail fit-out beyond ARI should not be funded through regulated allowances. Both request that the projected increase in commercial revenues from this project be included in the upcoming determination under projected commercial revenues.

1.18 Dublin Airport states that it will use advanced computer modelling ahead of any changes to optimise passenger flows, and to minimise disruption to the passenger experience. This approach, it asserts will ensure that the interfaces between phases are well thought out and reduce operational impact. Dublin Airport acknowledges the IFS' assessment value and will progress the project accordingly within the proposed allowance seeking any deviations supported by evidence through the StageGate 2 process.

Level 4 and 5 office Upgrade and Refurbishment

1.19 Dublin Airport estimated a StageGate 1 cost of €48.17m for this project.

1.20 The IFS detailed its main findings at the StageGate 1 phase. These are summarised as follows:

- The IFS assesses that the project scope as outlined allows Dublin Airport to provide a modern, quality working environment with a better connection of employees across the various departments of Dublin Airport. However, the IFS also notes that with no specific plans or tenants for the future office developments on Level 4, there is no certainty that commercial revenues can be generated from this project within the assumed asset life of 15 to 20 years.
- The IFS considers the scope for office and APOC refurbishment on level 5 as well as for the APOC to TOC relocation to be efficient. However, the IFS assesses that Dublin Airport has not provided enough evidence to justify that delivering the mechanical and electrical installations at this stage is more efficient than delivering them at a later stage once there is more certainty about potential tenants.
- The IFS considers the rates for certain mechanical and engineering services in the project to be too high and has reduced the associated costs in its assessment.

1.21 The IFS therefore proposed an alternative allowance of €46.73m, which is its estimate of the efficient cost of delivering this project.

Stakeholder views

1.22 Both Aer Lingus and IATA question the justification for progressing this project in its current form if Dublin Airport intends to demolish Terminal 1 by 2050. Aer Lingus criticises what it considers to be an "excessive" cost estimate given the reduced renovation scope and lower-quality finishes. Neither Aer Lingus nor IATA find sufficient evidence to support the refurbishment of such a large area, particularly Level 4.

1.23 Both Aer Lingus and IATA raise concerns that asbestos surveys have not been completed, the results of which could materially impact the scope, cost, and risk to the project. In response Dublin Airport confirms that an asbestos survey has been completed for this project, and an allowance has been made for the management of asbestos.

1.24 Dublin Airport states that the early delivery of mechanical and electrical installations will enable safer working conditions, better access, and phased commissioning. It considers that the early delivery of M&E is the most efficient and cost-effective strategy, minimizing future disruption, rework, and inflationary cost escalation.

1.25 Dublin Airport notes there is high demand for accommodation within both Terminal 1 and Terminal 2 from 3rd party aviation related tenants. It states that commercial property occupancy levels within the terminals are currently at 100% and the availability of level 4 would provide the much-needed space, facilitating the objective of increasing commercial revenue. daa's ability to generate commercial revenues from the office space on L40 was supported by users at the consultation meeting, referencing the demand for the space among airlines/ baggage handlers.

1.26 Dublin Airport acknowledges the assessment value and will advance the project in line with the proposed budget, while also pursuing any deviations that are substantiated by evidence during the StageGate 2 process.

1.27 IATA questions why the space constraints and conditions of the APOC and TOC areas were not identified when the allowances for this project were being determined. Nevertheless, IATA emphasises the importance of uninterrupted operation of the APOC and TOC during these construction works.

1.28 IATA and Aer Lingus raise the potential for the project to have a negative business case based on Dublin Airport's initial submission ahead of the 2022 Determination. With reference to the increase in project cost above the StageGate 0 allowance, IATA asserts that the original business case is no longer valid and should therefore be reassessed.

Hangar 7 Apron extension

1.29 Dublin Airport estimated a StageGate 1 cost of €21.9m for this project.

1.30 The IFS detailed its main findings at the StageGate 1 phase. These are summarised as follows:

- The IFS assesses that the scope of the project meets the primary stated objective of extending the apron to provide combined access to the existing Hangar 6 and future Hangar 7. The IFS also considers that the development enables the project CIP.20.03.026 North Apron Development- Pier 1 extension (Module1) and the Apron 5H PBZ to meet its main objective of developing the North Apron Area with the construction of a new Pier 1.
- The IFS considers that opportunities to better refine airfield pavement thicknesses, and thus to reduce expenditure, exist, and it has therefore reduced the pavement thickness in its assessment, allowing only for the cost associated with the Dublin Airport Stated Minimum Thickness requirement of 1,050mm.
- The IFS finds a lack of evidence that the risks of potential soil remediation and/or disposal from the site are sufficiently mitigated. The IFS raises particular concern over the considerable discovery of PFAS at the Apron 5H site (which is directly adjacent to the H7- apron extension site), which has seen significant cost escalation because of PFAS.
- The IFS assesses that a number of the percentage allowances included in Dublin Airport's submission are excessive for a project of this nature and has therefore reduced the associated costs in its assessment.

1.31 The IFS therefore proposes an alternative allowance of €14.99m, which is its estimate of the efficient cost of delivering this project.

Stakeholder views

1.32 Aer Lingus raises concern over the efficiency and safety implications of this project. It further states that the confirmed PFAS contamination of the site introduces significant cost and health risks. Aer Lingus states that Dublin Airport must explore alternative pavement designs which could reduce excavation depth and thereby limit exposure to contaminated soil while also cutting costs. Aer Lingus emphasises the need for construction scheduling to be developed in consultation with hangar tenants who will be directly affected by the works.

Dublin Airport indicates that tenants of the existing hangar have already been consulted and that the developed phasing plan illustrates the work areas in which the contract must pull back from to ensure that access is maintained to the hangar at all times.

1.33 Dublin Airport states that in order to simplify construction and to facilitate irregular, unpredictable aircraft movements and long-term maintenance, all pavement slabs are uniformly designed to the thickness required for code E aircraft. It maintains that this approach mitigates the risk of overloading thinner pavement due to unpredictable traffic patterns.

1.34 Dublin Airport considers that with the now confirmed presence of PFAS in the site area, the IFS's proposed budget reductions to the project further constrains its ability to manage and deliver the works effectively. While Dublin Airport disagrees with the IFS' assessment value it agrees to advance the project in line with the proposed budget and will pursue any deviations with evidence as part of the StageGate 2 process.

1.35 IATA suggests that Dublin Airport explore alternative pavement designs to reduce the thickness of the pavement package given that PFAS has been confirmed. IATA proposes geogrid reinforcement which it says would reduce pavement depth and in turn, the depth of contaminated soil to be removed.

1.36 IATA asserts that the proposed pavement markings could pose risk for aircraft operations on the pavement area. It maintains that this area of the airfield is difficult to see from the control tower and suggests that it would be safer to have a single taxi lane centreline to the end area with the lead in lines to both hangars coming from this single line. Dublin Airport contends that end user operational functionality remains undefined and is yet to be agreed between parties. It notes that the lines indicated at this stage are for tender purposes only and that the design will be revised once the MOC process has concluded.

1.37 Ryanair supports the progression of this project but raises concerns over what it sees as "*daa's cost overruns and over-scoping*". Ryanair states that the development of this apron is essential for Hangar 7's functionality. Ryanair requests that the IAA exclude the €6.9m variance above the efficient level from the RAB.

Conclusions

T1 retail redevelopment

1.38 This project is being funded from CIP 20.03.013: T1 Retail redevelopment and will have a StageGate 1 allowance which is €0.36m below the Dublin Airport submission.

1.39 We note Aer Lingus' support for infrastructure developments at Dublin Airport and modernising the current retail offering. We also acknowledge Aer Lingus' concerns over the impact of the timeline of the proposed development on safety and service delivery in T1 during peak times. IATA similarly queries the benefit of carrying out substantial construction of the project over the summer months.

1.40 In addressing Aer Lingus and IATA's question as to why the project is funding the full fit out of the retail units beyond ARI, Dublin Airport states that the ARI footprint has increased as part of this project and this is what is being funded.

1.41 No airport user has objected to this project. As per the StageGate 1 rules, the StageGate 1 allowance is in line with the IFS assessment of €33.76m. Dublin Airport agrees to progress the project in line with this allowance.

Level 4 and 5 office Upgrade and Refurbishment

1.42 This project is being funded from CIP.20.07.010: Office Consolidation and Refurbishment.

1.43 We note the request from Aer Lingus and IATA that any potential increases in commercial revenue arising from this project are included in the next determination. At the time of the 2022 Review Decision, we estimated both commercial revenues of approximately €0.3m per year, and also separate Opex savings, arising from this project. As part of the 2026 Determination, we expect to review possible step changes in relation to commercial revenues and interested parties can make any submissions to us which they want to make, as part of that process.

1.44 In response to IATA and Aer Lingus' comment about this cycle being the first instance that the user community were informed that Dublin Airport intends to demolish terminal 1 by 2050, Dublin Airport clarifies that no final decision has been reached concerning the future of Terminal 1. It states that a study has been conducted to evaluate two options at masterplan level of detail which includes refurbishing and expanding the current structure or completely replacing it in phases. This will be discussed during the CIP27 consultation.

1.45 In response to Aer Lingus and IATA's query about why the space constraints and asset condition that is driving the expansion and refurbishment of the APOC and TOC area were not identified at the time of the previous determination, Dublin Airport states that it decided to merge the APOC refurbishment into the more significant L50 fit out for the entire level as part of the T1 upgrade project. It states that since APOC is a mission critical function for airport operations with a need to maintain uninterrupted service connectivity, an alternative space is needed for APOC during the construction phase of the T1 upgrade. This area has been identified as TOC in T2, where an additional task is needed to extend the space. From this, Dublin Airport considers it will be able to relocate various stores needed by other entities and make the enlarged TOC room fit for purpose by a larger APOC team to move over to and maintain end user workflow.

1.46 Dublin Airport states that the variance in the cost plan relative to the CIP submission is primarily driven by a combination of design development refinements and the inclusion of additional scope. Furthermore, in addressing whether such a large space is needed for the developments works if no tenants have been confirmed, Dublin Airport states that it considers L40 to be a valuable piece of real estate asset with clear future revenue generating potential and that there is high demand for accommodation within both terminal 1 and terminal 2 from 3rd party aviation related tenants such as airlines and ground handlers etc.

1.47 Addressing Aer Lingus and IATA's comments about the potential for this project to have a negative business case should it progress in its current form, Dublin Airport states that this investment in T1 has been subject to in depth interrogation. Dublin Airport determines it is an appropriate way to give new life to an ageing building and to extend the building's usefulness for the next 15-20 years. It states that if these works are not carried out, there is significant risk of a negative impact on the terminal and wider airport functionality.

1.48 Dublin Airport asserts that cost increases above the SG0 allowance primarily reflect market volatility, inflationary pressures, and the identification of additional scope items as the design progressed. It further states that the adjustments driving the cost increases reflect the need to maintain operational continuity during construction and avoid disruption for airlines and passengers. Dublin Airport maintains that these measures deliver enduring value that offsets the short-term financial impact.

1.49 Dublin Airport estimates that approximately 30% of the proposed costs for this project relate to steel remediation works and replacement of end-of-life electrical equipment which will need to be replaced whether the office upgrades proceeds or not. In response, IATA proposes that any costs related to the general upkeep of the building and not part of the commercial project outturn should come from the asset management budget and not form part of the overall cost of this project. IATA states that such costs should undergo the same prioritization process of other asset management projects.

1.50 We note that the IFS has now assessed the project in terms of cost and scope and arrived at an efficient allowance of €46.73m. Following consideration of views submitted on this project, including IATA's position that any building maintenance costs be attributed to the asset management envelope, and consequent objection to the proposed higher allowance, this means that the StageGate 1 allowance remains equal to the StageGate 0 allowance for this project for the time being. Ahead of the next determination, we will assess the appropriate updated allowance, based on the evidence and positions put forward by the various parties. It may, as suggested by IATA, be appropriate that incremental asset care costs associated with this project are instead included as expenditure within the asset care envelope- which ultimately would be equivalent to increasing the StageGate allowance in terms of the impact on the RAB.

Hangar 7 Apron extension

1.51 This project is being funded from CIP CIP.20.03.036 North Apron Development- Pier 1 extension (Module 1) & Apron 5H PBZ, which intends to develop the North Apron Area with the construction of new pier 1.

1.52 We note that while Dublin Airport disagrees with the reductions applied by the IFS in its cost assessment, it will advance with the project in line with the proposed budget, while pursuing any deviations that are substantiated by evidence during the StageGate 2 process.

1.53 In response to IATA and Aer Lingus' comments regarding the presence of PFAS and IATA's suggestion that Dublin Airport explore alternative pavement designs, Dublin Airport states that it will carry out Value Engineering at the construction stage, as is normal on a project. It will also introduce geogrids which it states will have potential savings in cut on the western side of the site.

1.54 Dublin airport confirms that it had previously assessed increasing the flexural strength of PQC concrete above 5 N/mm2 for the Apron 5H project but this option was not progressed. It asserts that the same reasoning for not progressing this option previously would also apply to this Apron extension. Risks identified include availability, reliability, and quality control of local PQC suppliers that could not guarantee higher strength (as this would be specialist material for Dublin Airport), decrease in concrete workability, requirements for hand lay only, higher risk of increased plastic cracking during curing and contractor unfamiliarity with this material. With specific reference to the Apron extension, Dublin Airport claims that economies of scale would not be achieved as there is a small area involved with multiple works zones that would require separate construction phases.

1.55 Dublin Airport believes there is an opportunity to reduce the depth of capping during construction once further SI and Contractor engagement occurs. In turn, it claims, this would reduce the amount of cut (and potential PFAS contaminated soil), but this would not result in wholesale savings across the site, as the existing ground levels vary considerably.

1.56 We note Ryanair's support for this project. We also acknowledge its criticisms of what it sees as "*cost overruns and over-scoping*" by Dublin Airport and the request to exclude the €6.9m variance relative to the IFS assessment from the RAB.

1.57 No airport user has objected to this project. As per the StageGate 1 rules, the StageGate 1 allowance is in line with the IFS assessment of €14.99m.

Summary

1.58 In Table 1 below, the column 'StageGate 0 CIP' refers to the StageGate 0 allowance for the overall CIP code. In circumstances where the CIP project is divided into sub-elements and a sub-element or group of elements have been submitted in separate StageGate 1 submissions, where possible, we present the StageGate 0 allowance relating to the specific submission in the column 'StageGate 0 current'. The StageGate 0 allowance for a project may be set at a time when the individual specifications of the project are not well developed. As a result, it is not always accurate to estimate a specific StageGate 0 allowance for each sub-element of the over CIP project.

1.59 Columns 'IFS current recommendation' and 'StageGate 1 current allowance' refer to the IFS' recommendation on the StageGate 1 submission as presented.

Table 1: StageGate 0 and StageGate1 allowances in nominal prices

CIP Code	Project	StageGate 0 CIP	StageGate 0 Current	IFS current recommendation	StageGate 1 current allowance
CIP 20.03.036	Hangar 7 apron extension	€263.8m	€18m	€14.99m	€14.99m
CIP 20.07.010 [2]	Level 4 and 5 office upgrade and refurbishment	€21.4m	€21.4m	€46.73m	€21.4m
CIP 20.03.013	Terminal 1 retail redevelopment	€43.4m	€43.4m	€33.76m	€33.76m

1.60 All three of the above projects are now considered to be at the StageGate 2 phase. Any further developments which are identified during the StageGate 2 phase will also be considered at the time of the next determination.

[2] The SG0 allowance only included the costs associated with works at Level 5.