



MARKETLINE

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NEWSLETTER

U.S. Stock Jitters Ripple Through Global Markets

Aircraft Values Remain Strong

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Aircraft Bluebook-Price Digest



If there were any question that a mergence of a global economy is a reality, one would only have to look at the impact U.S. markets had on global markets during the second week of August. The jitters experienced in U.S. markets with noticeable declines in a wide range of stocks set a rippling effect into world markets. While negative speculation created a wave of sell-off frenzies, the seasoned investor, like a professional pilot flying through unexpected turbulence, remained steady knowing their knowledge, expertise and skills would see them through into calmer air.

Behind every cloud is a silver lining. As markets recover from a case of jitters, it is a proven fact a global market does exist even though each market is an independent entity. The good news is products and services remain strong, and the opportunity for economic growth is limitless.

No wonder late-model, large cabin-volume, long-range aircraft continue to increase in value at record pace. The investment in these aircraft is well rewarded in the corporate portfolio's economic growth. The jet market is like mid-August weather in the Midwest: It's hot!

Mid-range corporate jets are no slackers either. Values currently reflect more traditional depreciation curves. Inventories remain steady with backlogs for new aircraft extending outward past a year-and-a-half or more.

Light-range jets, including the Cessna CJ series, Hawker 400XPs and Premier, remain active as well. Interest in the upcoming VLJ market has added new interest to these light jets with most that are properly priced on the resale market finding new homes in eight months or less. The ratio of aircraft on market for resale and total inventory remains manageable.

Older jets manufactured prior to 1990 are enjoying the contrails of their later-model relatives. Depreciation in values has shown some signs of slowing. Factory-authorized modifications to airframe, engines and avionics have added new life and value to these aircraft.

Jet

Bluebook-at-a-glance

Increased	151
Decreased	254
Stable	380

Corporate aviation is the efficient action of time and resources that creates growth in our economy. This is a simple insight with a huge impact. With all of this opportunity for growth, corporate aviation has met the challenge to bring people together that makes businesses grow.

Turboprop

Bluebook-at-a-glance

Increased	196
Decreased	67
Stable	349

The turboprop market remains competitive. Increases in value have outweighed de-

creases while the rest of the models tracked by Aircraft Bluebook remain stable. While new technologies are focusing on the jet market, the tried and true workhorse has not found its match or replacement for that matter.

For the late model years, the Beechcraft family of King Airs enjoyed a stable if not positive value increase. Pilatus and the venerable PC-12 continued to show strong market support with increased values. Cessna Caravans were in the plus column for yet another quarter. Socata TBM 700 experienced increases of \$100,000 across most of its model years. The Piper Meridian market remained stable.

Earlier-model turboprops — those older than 20 years — mostly experienced positive increases when compared to the previous Bluebook quarter. In all, no jitters were found in the confidence of the turboprop market.

Multi

Bluebook-at-a-glance

<i>Increased</i>	109
<i>Decreased</i>	315
<i>Stable</i>	241

The average composite score of the multi-engine market defined by Aircraft Bluebook continues to trend slightly downward. No, the sky isn't falling, and the market is not falling apart. Aside from aircraft in this category being less exposed to business use versus private, it is more vulnerable to the affects of outside economic forces such as the cost of 100LL and insurance.

The Piper Chieftain did not follow the normal trend of its multi-piston brethren. Chieftains experienced a significant increase over the previous quarter. Although Bluebook is only reporting "history," it is interesting nonetheless to see what other stimuli are contributing to the upward value trend. One such factor is Mike Jones Aircraft Sales, which specializes in the total refurbishment of select Chieftains and Navajos. Restoration includes new Colemill Panther engine conversions, airframe restoration and modifications along with new avionics. Completed aircraft are selling in the \$1 million range.

Although these restored aircraft are in a niche market, the average PA31 has experienced stronger values in sales, which do affect Bluebook values.

Single

Bluebook-at-a-glance

<i>Increased</i>	579
<i>Decreased</i>	964
<i>Stable</i>	820

The single market continues to be an active market. According to FAA data, there were approximately 4000 transactions in the previous quarter. Like the multi-piston market, fuel, insurance and mission have indirectly impacted this market. Late-model singles follow the standard depreciation curve while early-model singles for the most part remain steady.

There has been interest and discussion regarding these older single-engine aircraft and what will happen to their values. The answer has been proven in the market and it is quite simple: Reconditioned, modified aircraft are holding value. The affordability of these aircraft has a wider audience with values generally less than \$100,000. With the FAA's diligence in monitoring airframe fatigue factors, these Fifties and Sixties vintage aircraft are a long way from becoming obsolete.

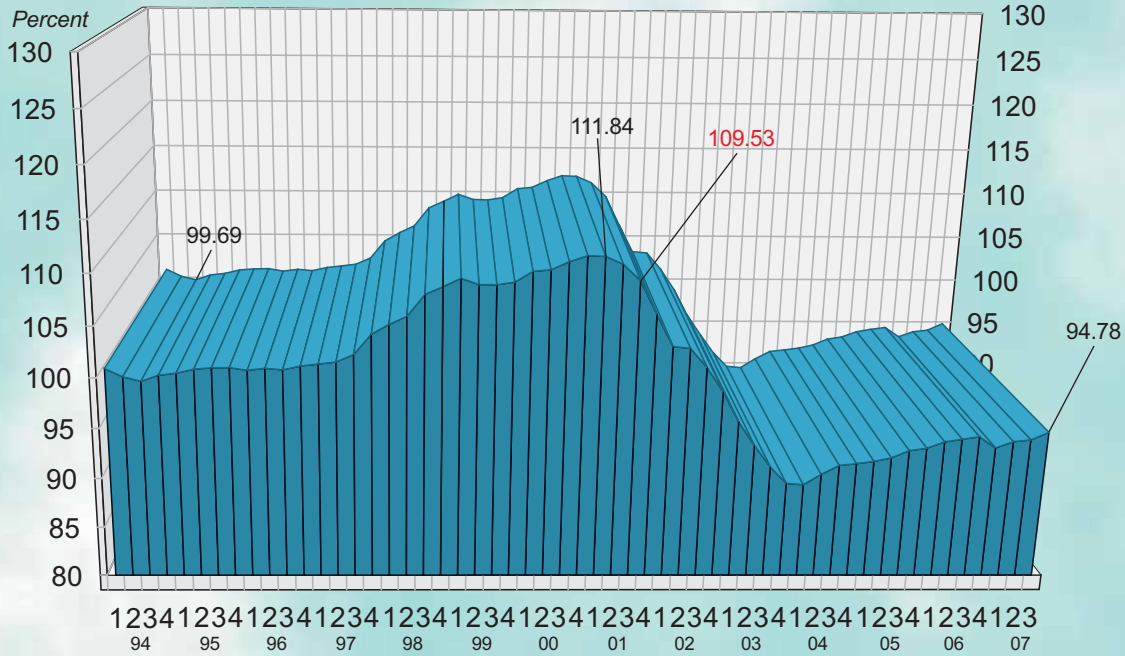
Helicopter

Bluebook-at-a-glance

<i>Increased</i>	491
<i>Decreased</i>	65
<i>Stable</i>	360

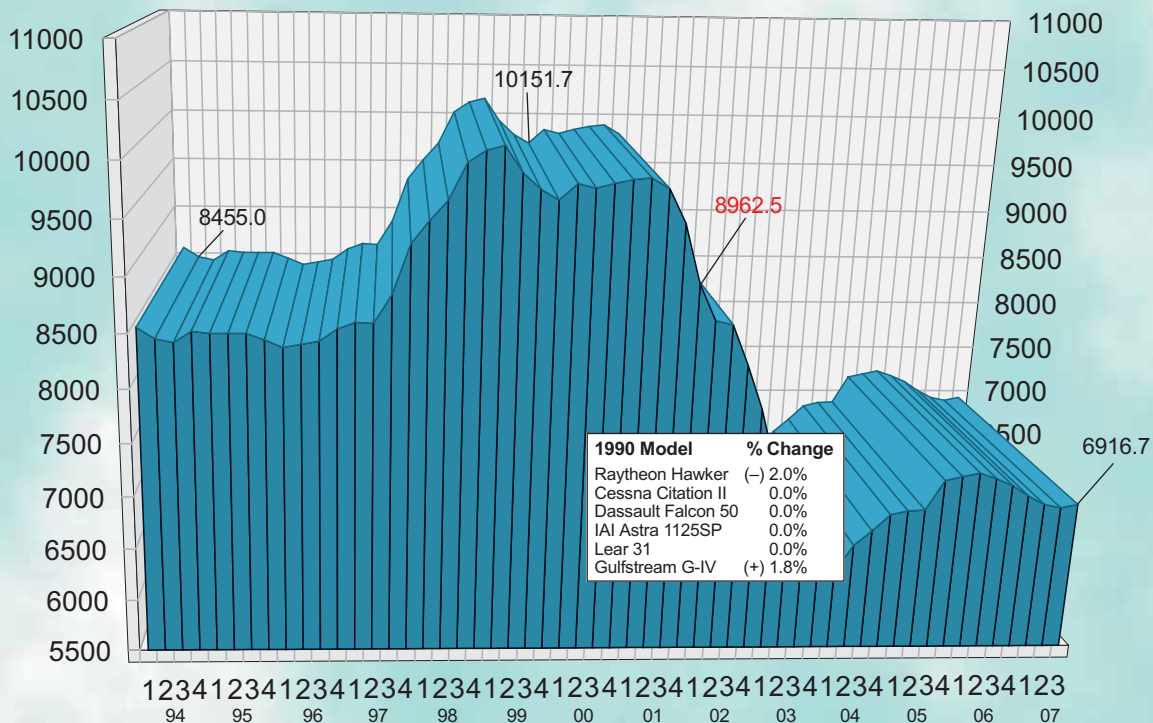
The helicopter market continues to flex its muscle with positive growth in values. Late-model single and twin-turbine helicopters are in great demand. Like oil, the global need is far greater than the available resources of these ships. All of the helicopter manufacturers in Aircraft Bluebook experienced shared stability in values with current in-production models. Because of specific distinct missions associated with this market, values will no doubt continue to hold strong.

USED AIRCRAFT MARKET VALUE



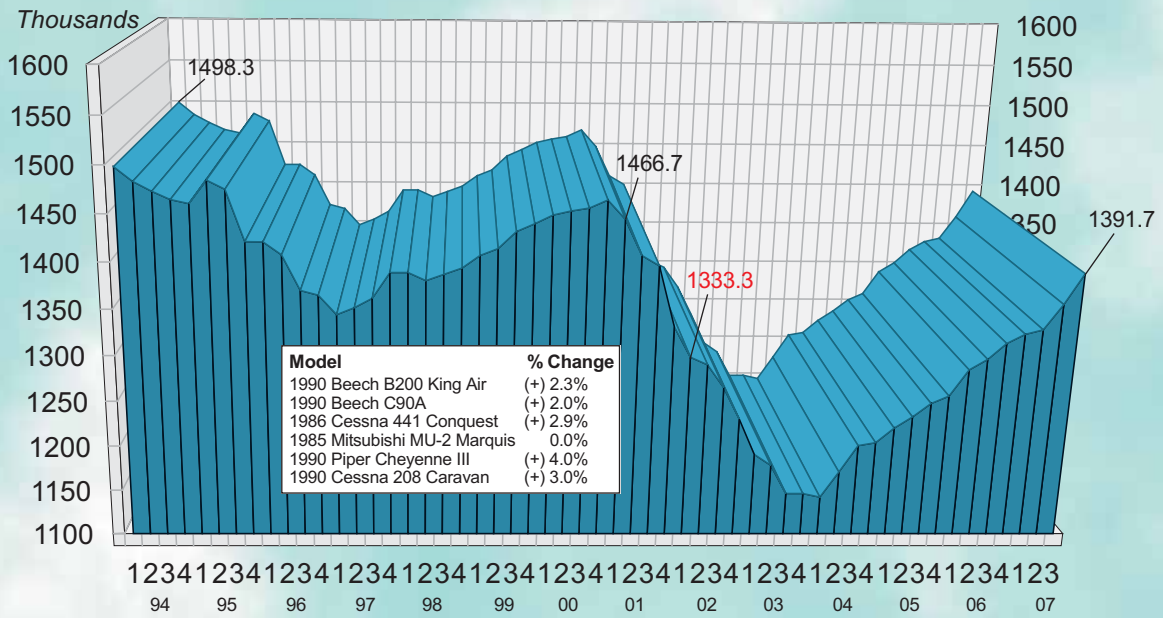
Used Aircraft Market. This chart displays each model's quarterly value in relationship to its average equipped price at the inception of the aircraft. The study begins in the Spring quarter of 1994 and includes the Jet, Turboprop, Multi, Piston and Helicopter. For all charts, the red number indicates the first reporting date after 9-11.

JET



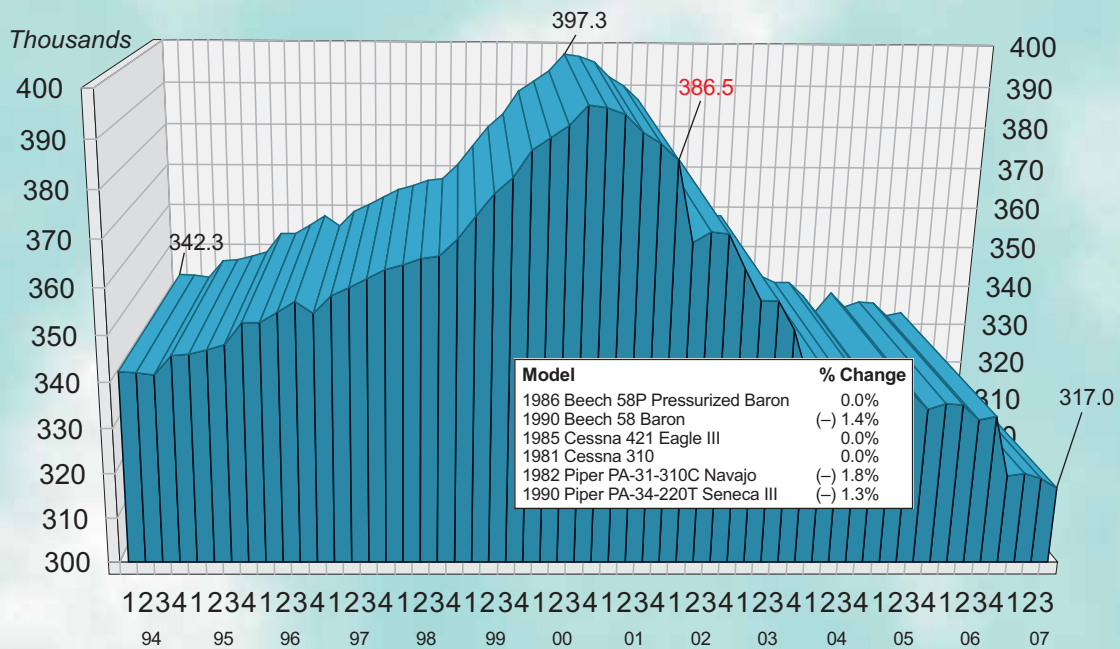
Jet. The jet chart depicts the average price (in thousands) of the six 1990 jets listed in the box.

TURBOPROP



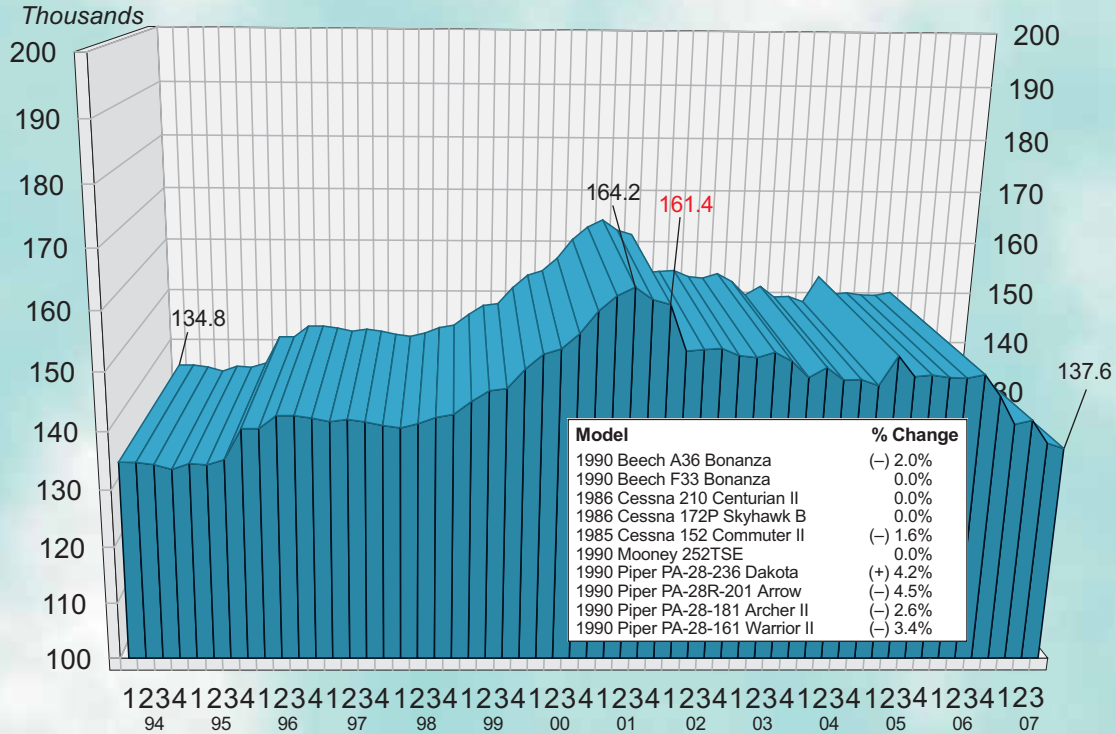
Turboprop. The turboprop chart depicts the average price (in thousands) of a 1985, 1986 and four 1990 turboprops listed in the box.

MULTI



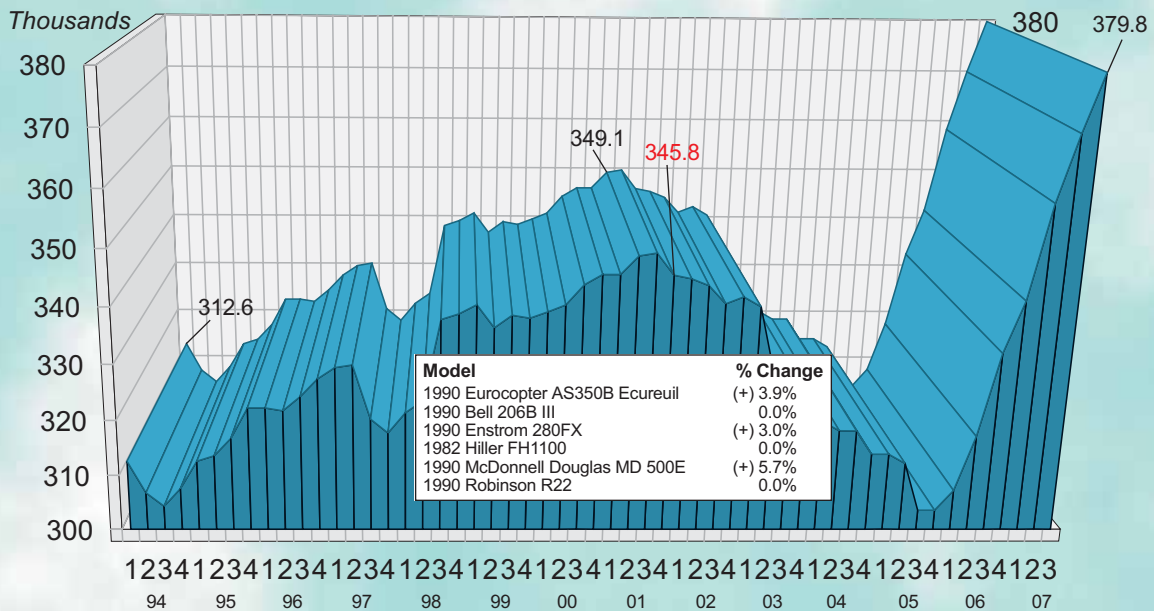
Multi. The multi chart depicts the average price (in thousands) of the six multi models listed in the box. Each model's year will precede the name of the aircraft.

PISTON



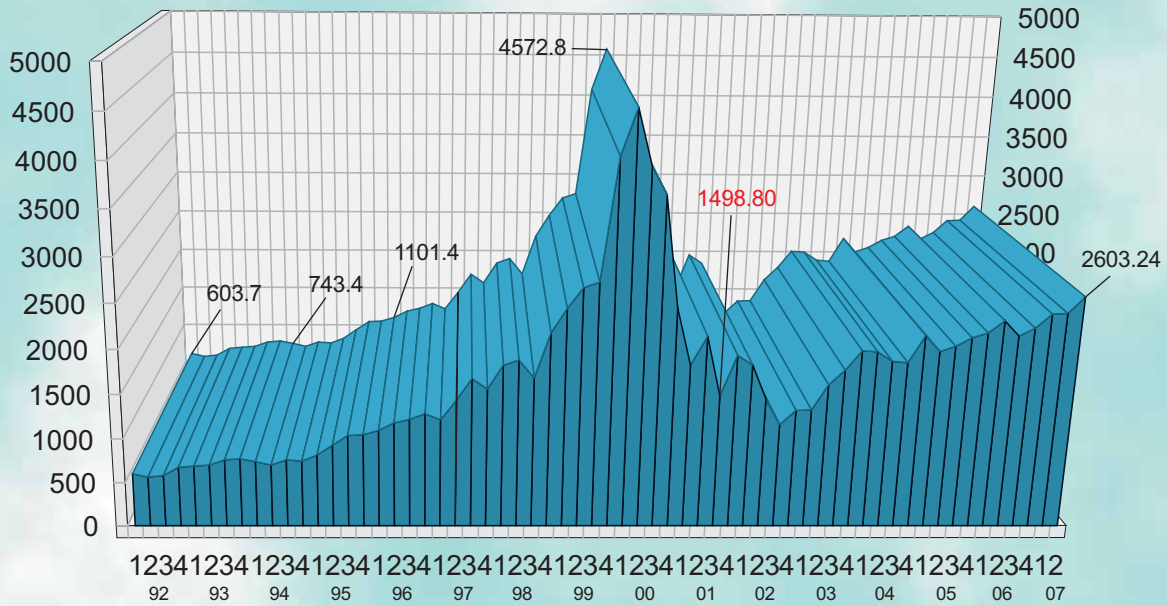
Piston. The piston chart depicts the average price (in thousands) of the 10 pistons listed in the box. Each model's year will precede the name of the aircraft.

HELICOPTER



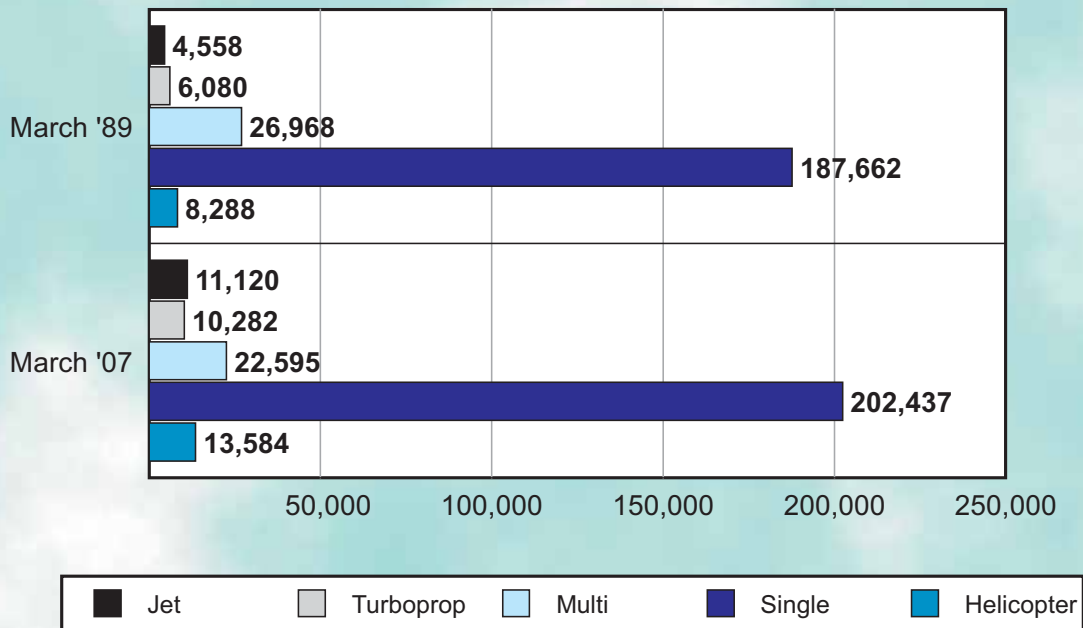
Helicopter. The helicopter chart depicts the average price (in thousands) of the six helicopters listed in the box. Each model's year will precede the name of the aircraft.

NASDAQ



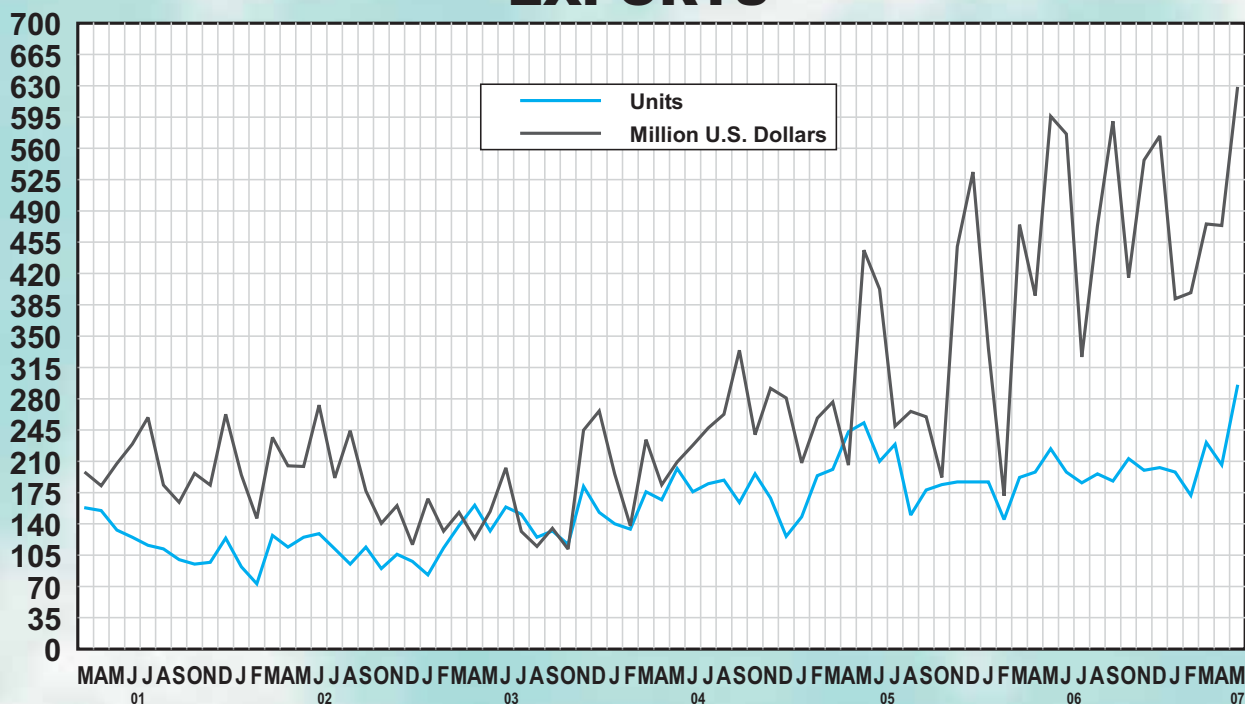
NASDAQ: This ratio scale chart depicts the change for the NASDAQ daily average from quarter to quarter beginning at the end of the first quarter of 1992. Each data point represents the closing daily average on the last trading day of each quarter. This study originates in the first quarter of 1971.

AIRCRAFT ON REGISTRY



Aircraft on Registry. The Aircraft on Registry chart depicts the number of aircraft reported in Aircraft Bluebook which are listed on FAA records and considered to be in the U.S. inventory.

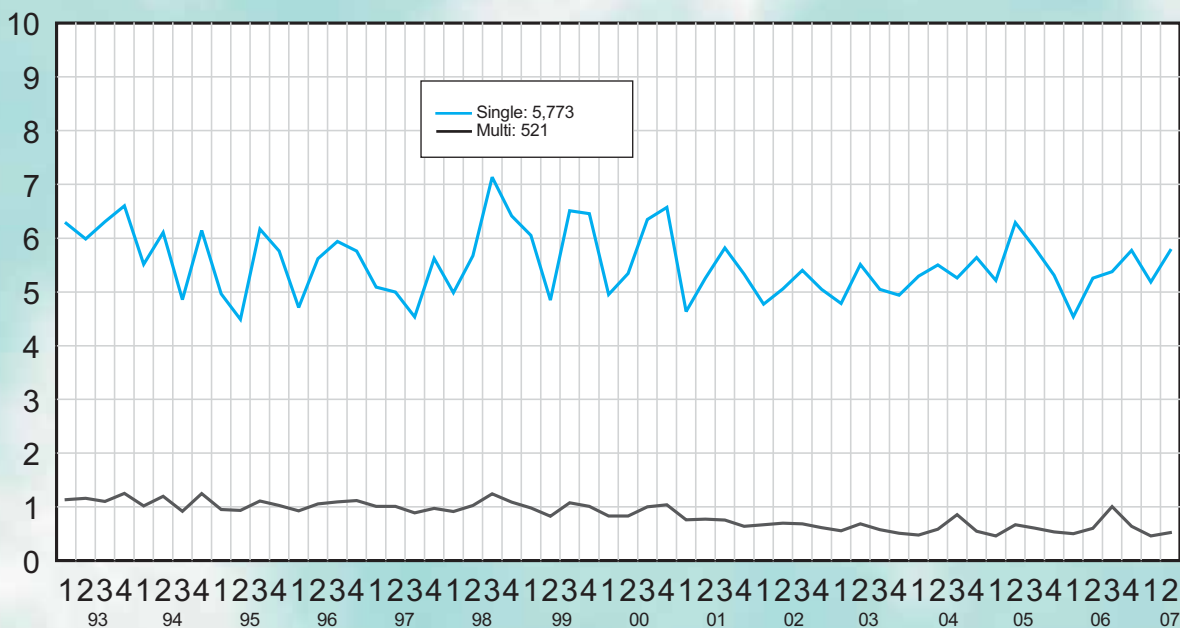
EXPORTS



Export Data. These numbers include both airplanes and helicopters. The numbers do not include aircraft that have empty weights in excess of 33,069 lbs.

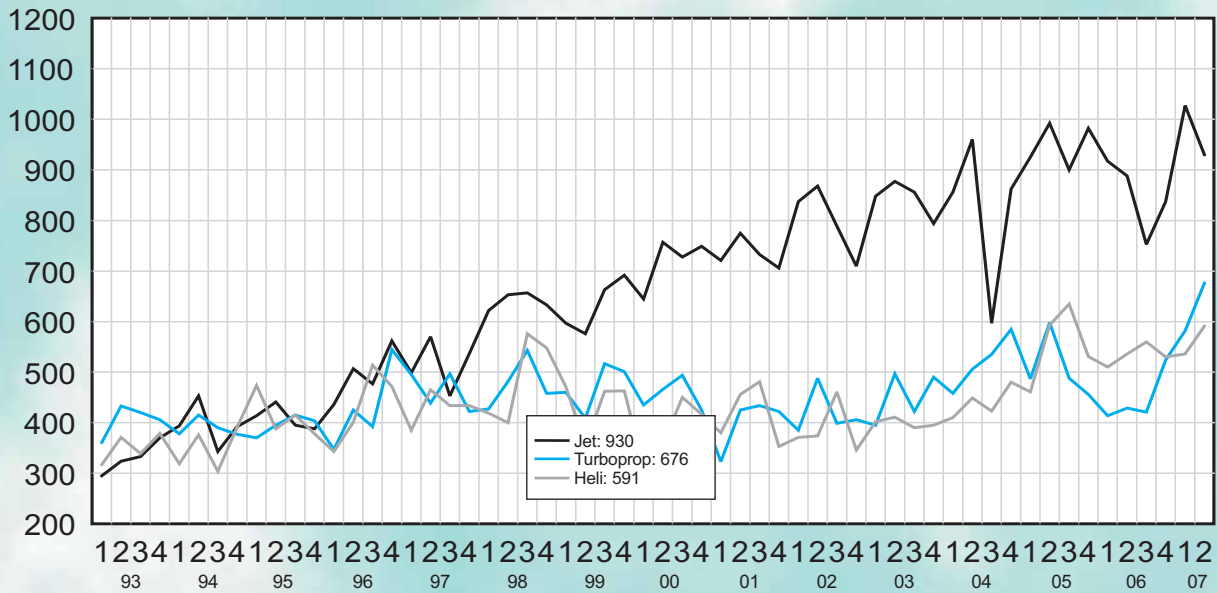
CHANGE-OF-OWNERSHIP SINGLE • MULTI

Thousands



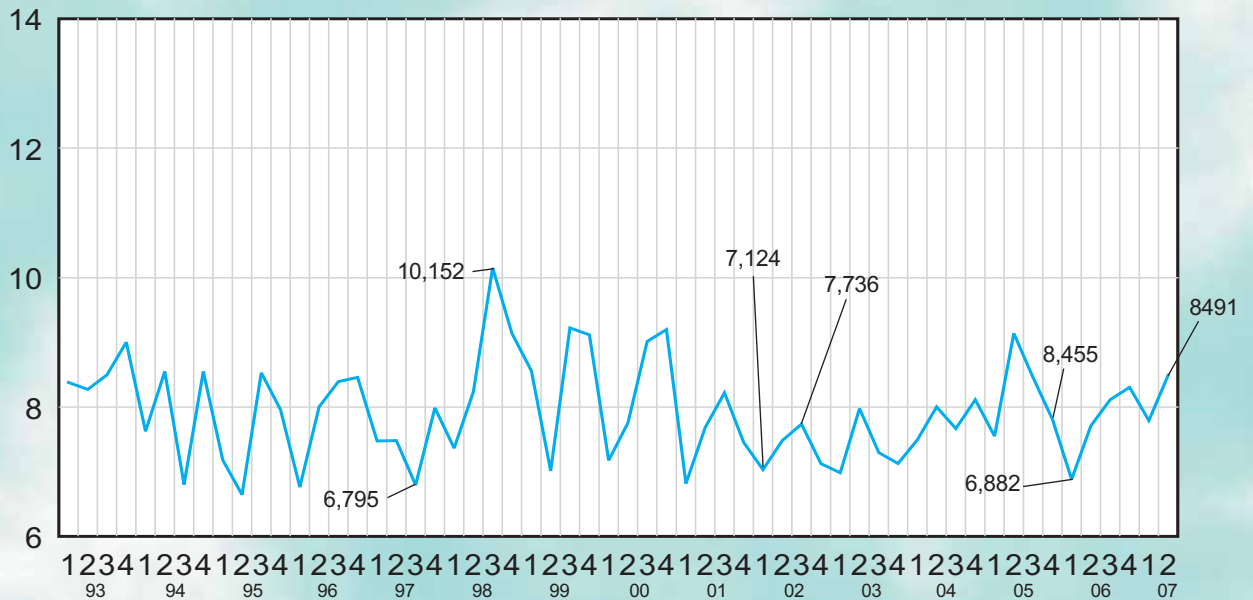
Single/Multi. The blue line in the Single • Multi chart depicts change-of-ownership data for singles. The black line represents multis.

CHANGE-OF-OWNERSHIP JET • TURBOPROP • HELI



Jet/Turboprop/Heli. The black line in the Jet • Turboprop • Heli chart represents change-of-ownership information for jets. The blue line depicts turboprops, while the gray line represents helicopters.

CHANGE-OF-OWNERSHIP TOTAL MARKET



Total Market. Depicts change-of-ownership data for all aircraft included in the Aircraft Bluebook. The numbers are from the FAA Registry. Gliders, homebuilts, airliners and other aircraft not found in the Bluebook are not included in this study.