

MARKETLINE

Vol. 18 No. 1

NEWSLETTER

Activity Strong in all Segments

Although some prices firming at top of ladder

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A small bit of air was released from the bubble as prices at the top-end of the used aircraft heap may have peaked. Buyers have finally balked at a few over-optimistic asking prices for late model, large cabin jets.

However, this has not affected the overall used aircraft market. Those large planes in question are still selling quickly (just not with stratospheric prices). Used turboprops are hotter than ever, helicopter prices have been jolted from a slumber and a strong single-engine market has resulted in a deliriously happy bunch of used airplane folks.

Still, dealers report that buyers are taking their time. The feeding frenzy is not as intense as during the second quarter of 2005. The economy is still chugging despite several hurdles (hurricanes and fuel prices) and backlogs from the OEMs are now stretching two and three years. However, buyers know that any number of changes on the world stage can upset the precarious balance needed for sustained economic health.

But for now, things look good. Just two years ago dealers were scrambling to make ends meet in another one of general aviation's famous cyclical downturns. The gloom was widespread. Are the late '90s back? No, but in many ways that is good. The used aircraft market did not recover overnight, and

many agree that the slow, steady recovery will be far more sustainable.

Jet

Bluebook-at-a-glance

<i>Increased</i>	96
<i>Decreased</i>	93
<i>Stable</i>	548

Obviously, the use of "business" jets relies on "business" being good. And if available inventory of business jets is any indicator, factories and offices are very busy indeed.

Only 1,650 jets are available for sale right now, down from a high of 2,034 in the fourth quarter of 2002. According to Amstat, 1,937 used jets traded hands in 2005, a new record.

Light jets on the way up include late model Citation CJ1s and CJ2s that experienced another \$100,000 rise in price. The Beechjet market continues to surprise with several late models up \$50,000. The Lear 35 market is active, but prices have firmed.

In the mid-sized jet arena, the Hawker 800 market continues to experience solid activity levels and prices were up \$100,000. All the IAI Astra SPs had an identical jump of \$100,000. Citation Excels continue to attract attention and were up \$200,000.

Prices for a few late-model, large cabin business transports may be taking a break. Numbers for the Global Express firmed de-

spite a two-year backlog on new models. After several quarters of huge increases, prices paid for Falcon 2000s and Challenger 604s remained steady as well. Falcon 900EXs continued upward with another \$1,000,000 increase. Gulfstream G-IVSPs and G-Vs rose \$500,000.

On the downside the Falcon 20 series and the Lear 60 fell \$100,000. The Gulfstream G-200 (formerly the Galaxy Business Jet) received a downward adjustment of \$200,000.

Turboprop

Bluebook-at-a-glance

<i>Increased</i>	91
<i>Decreased</i>	56
<i>Stable</i>	446

With the exception of elite ultra-long range jets, the turboprop market is the hottest in the land. Prices for many models are back to levels not seen since 1999.

According to AMSTAT, during the fourth quarter of 2005, just under 400 pre-owned turboprops traded hands, bringing the year's total to 1,570.

The number of turboprops sold has increased about 10 to 15 percent annually since 2001, and many dealers see no reason for that not to occur in 2006 as well.

But as always, there are two sides to every story. Activity levels (and prices paid) are higher for aircraft that currently are still being built new. Often these models have more credence among bankers and insurers. A higher comfort level seems apparent when the manufacturer still has new examples rolling out the door.

Cessna Conquest Is got a boost of \$25,000 and some Conquest II prices jumped \$75,000. Piper Cheyenne IIs saw a gain of \$25,000.

With the exception of the E-90 (up \$30,000), the 90-series King Airs have taken a break and remained flat. The King Air 200s and B200s were up anywhere from \$20,000 to \$100,000 and are nearing levels unseen since 1999.

Older turboprops, such as the Fairchild Metro series and the Gulfstream G-I, continue to slip each quarter.

Multi

Bluebook-at-a-glance

<i>Increased</i>	320
<i>Decreased</i>	95
<i>Stable</i>	245

It seemed the multi piston-engine category had begun a non-recoverable dive during the past year. Most of these airplane's complex systems are not aging well, and insurance rates are still skyrocketing. Add record-breaking fuel prices to the equation and a stray spar AD here and there, and it does not look good.

It is also believed that this will be the hardest hit segment of general aviation when the VLJ market gears up. Obviously, this refers to the late model Barons much more than Piper Apaches.

However, almost half of all year-models increased in this segment. Certainly, this half is almost all comprised of 20-year-old and newer airframes, but the trend is still encouraging for the segment.

The good news is reflected in the adjustment for the Cessna 421C that once again saw an increase of \$4,000. The Cessna 340 saw a bump of \$2,000. All models of Aerostars inched up \$1,000. Beech Dukes are up as much as \$3,000.

Several versions of the Piper PA-31 saw modest gains; almost all Chieftains, Navajos, and even Mojaves inched up slightly (\$2,000 to \$4,000).

Models that slipped included early models of Beech 58 Barons (down \$3,000) and their smaller brethren, the 55 series Barons, many of which were off slightly (\$1,000 to \$2,000).

Single

Bluebook-at-a-glance

<i>Increased</i>	817
<i>Decreased</i>	380
<i>Stable</i>	1130

Piston singles have remained strong throughout 2005, and dealers are seeing no slowing of activity in 2006. Condition is still the deciding factor when buyers finally open

their wallets. The planes have to be ready for sale; not too many shoppers are interested in making a hobby of restoring an airplane.

The late model used singles have continued to be hot as buyers snap them up as an alternative to new. However, several dealers have reported a renewed interest in the most inexpensive aircraft.

“Anything under \$60,000 that is in good to excellent shape is selling quickly. It’s the best entry-level market in years,” commented one dealer who has sold several planes under that threshold in the last few months.

Almost all American Champion models were up \$1,000 to \$3,000. Beech Sundowners and Sierras were up \$1,000. The older 35 series Bonanzas were up \$2,000 to \$3,000. The Cessna 150/152 was up \$500 to \$1,000 for all model years.

Often called the “working class” of piston singles, the Cessna 180 and 185 were up \$1,000 and \$2,000 respectively. The Cessna 207 Skywagon was up \$3,000 as was the 206 Stationair (\$5,000 for turbocharged models).

Cessna 210 Centurions are cooking again with \$3,000 increases for both normally aspirated and turbo models.

On the down side, Beech A36 Bonanzas slipped \$2,000. The Mooney MSE fell as much as \$5,000, as did the 252TSE. Mooney ovations fell slightly (a \$2,000 decrease). The Piper Saratoga II was off \$5,000 for late models.

Helicopter

Bluebook-at-a-glance

<i>Increased</i>	213
<i>Decreased</i>	69
<i>Stable</i>	600

The used helicopter market took off in the last half of 2005 and many values have been climbing upward. Many attribute the awakening to one event: Katrina. The hurricane boosted usage to record levels for rescue and air ambulance, and in addition, the oil business increased flight hours substantially for offshore rig repair and new exploration.

OEMs are contributing to the renewed market activity by adding customers to the backlog list for new ships. Two- to three-year

waits are not uncommon for turbine models, and on the piston side, Robinson and Enstrom customers are waiting as well. Impatient buyers are once again looking at used alternatives.

As new demand for new helicopters ebbed during the last few years, the manufacturers reduced output significantly; this now translates into fewer used opportunities for buyers, and prices are up for several late year-models.

Models of note that experienced increases include the Eurocopter AS350D (up as much as \$20,000), the Bell 206 B-III (also up \$20,000), the Bell 206L-3 and L-4 (up \$20,000 and \$30,000 respectively) and the Bell 212 (an increase of \$20,000 across the board). Still on the move, the Bell 412s saw increases of \$25,000.

Most models of Enstroms saw modest gains of \$2,000 to \$3,000 each.

The Eurocopter BO-105s were down \$10,000. The Bell 430s received a substantial adjustment with a loss of \$50,000 to \$100,000.

A note about our Marketline graphs

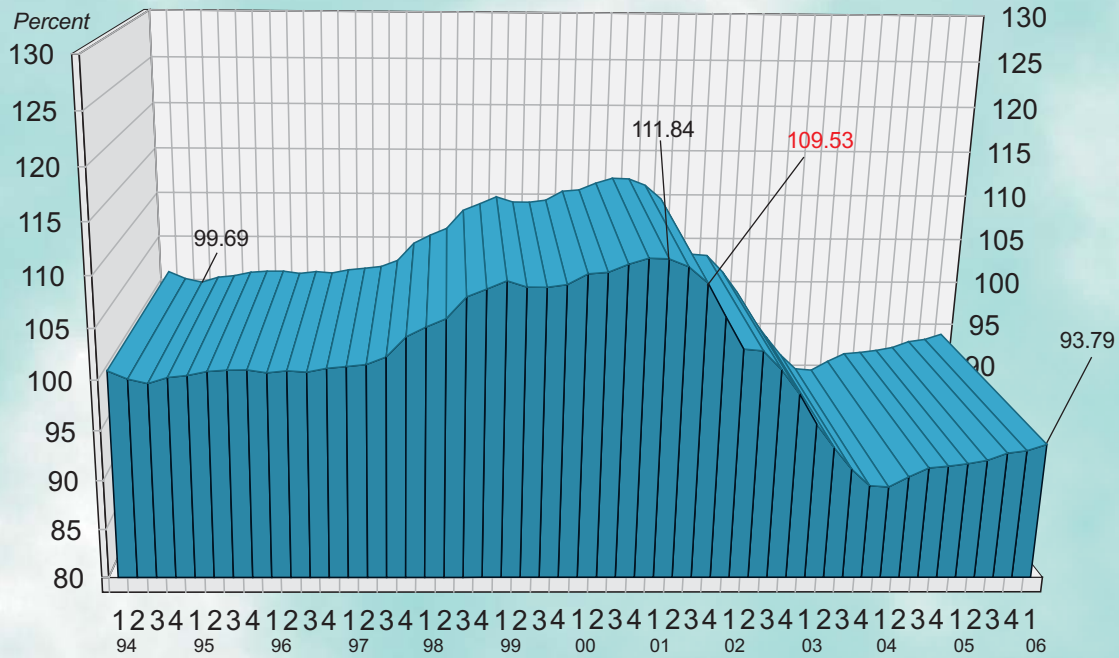
Since 1989, the Aircraft Bluebook Marketline has included graphs that depict price trends for each individual market segment (jet, turboprop, multi, single and helicopter). The individual market data is then combined for a graph titled “Used Aircraft Market.”

The sample aircraft used were all 1980 models, which have been representative of the “average” age aircraft for sale. For the sake of continuity, these same 1980 aircraft have been used in our graphs continually for 15 years to depict a comprehensive “value over time” look at the used aircraft market.

Starting back with the Winter 2004/2005 we fast-forwarded 10 years. The sample aircraft now used in the following graphs are 1990 models (with a few exceptions where we had to go back further and use older year models of some planes that had ceased production by 1990).

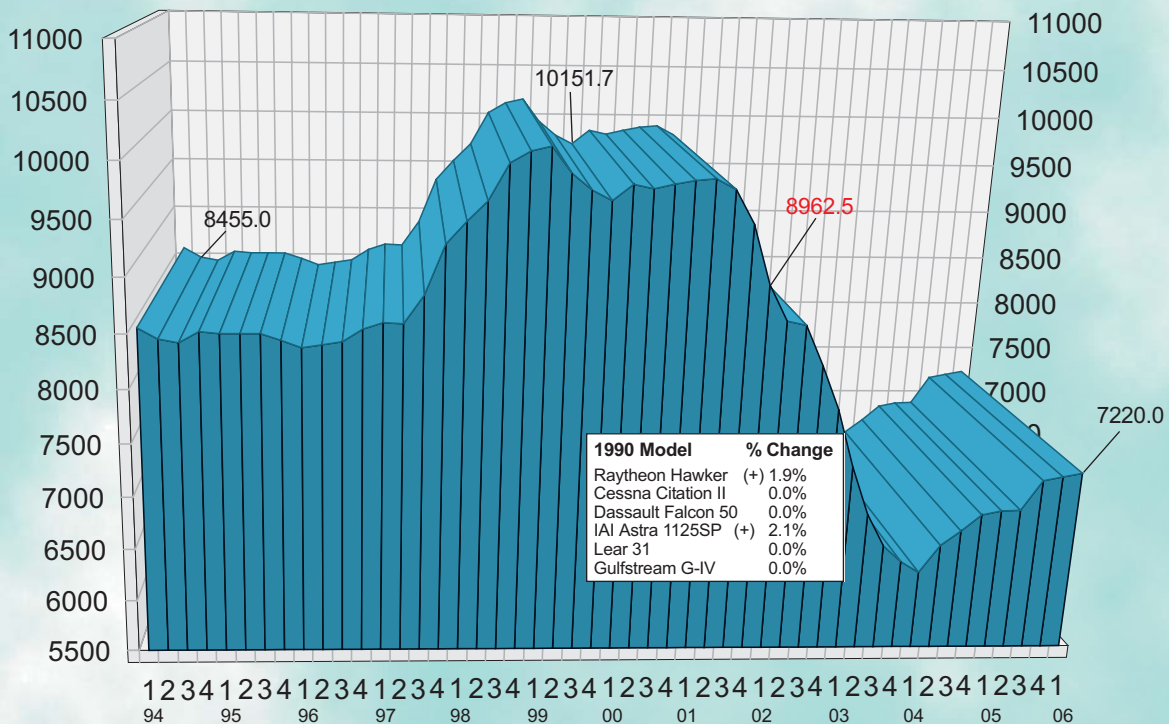
We feel that aircraft of this vintage more accurately portray “average” age aircraft now being bought and sold, and that our graphs will now more accurately inform readers about the current health of the used aircraft business.

USED AIRCRAFT MARKET VALUE



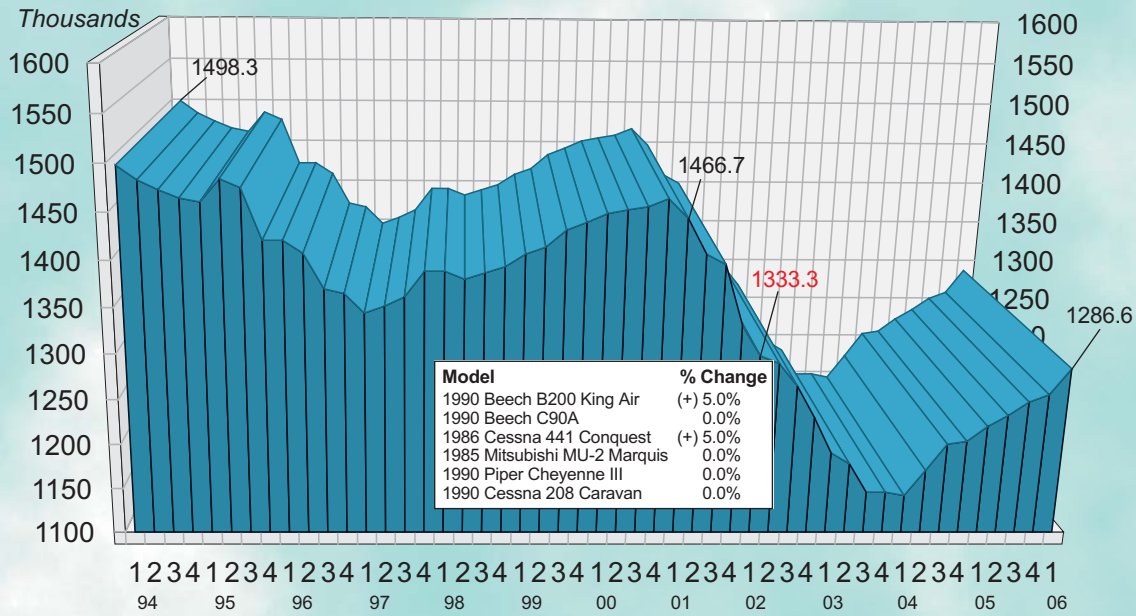
Used Aircraft Market. This chart displays each model's quarterly value in relationship to its average equipped price at the inception of the aircraft. The study begins in the Spring quarter of 1994 and includes the Jet, Turboprop, Multi, Piston and Helicopter. For all charts, the red number indicates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

JET



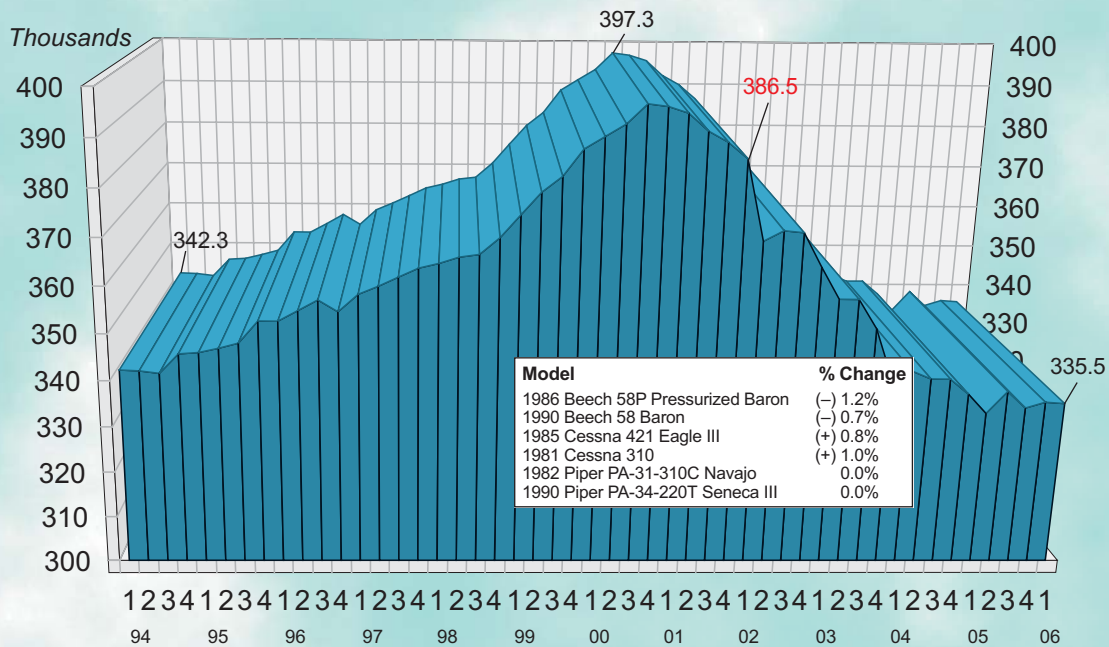
Jet. The jet chart depicts the average price (in thousands) of the six 1990 jets listed in the box.

TURBOPROP

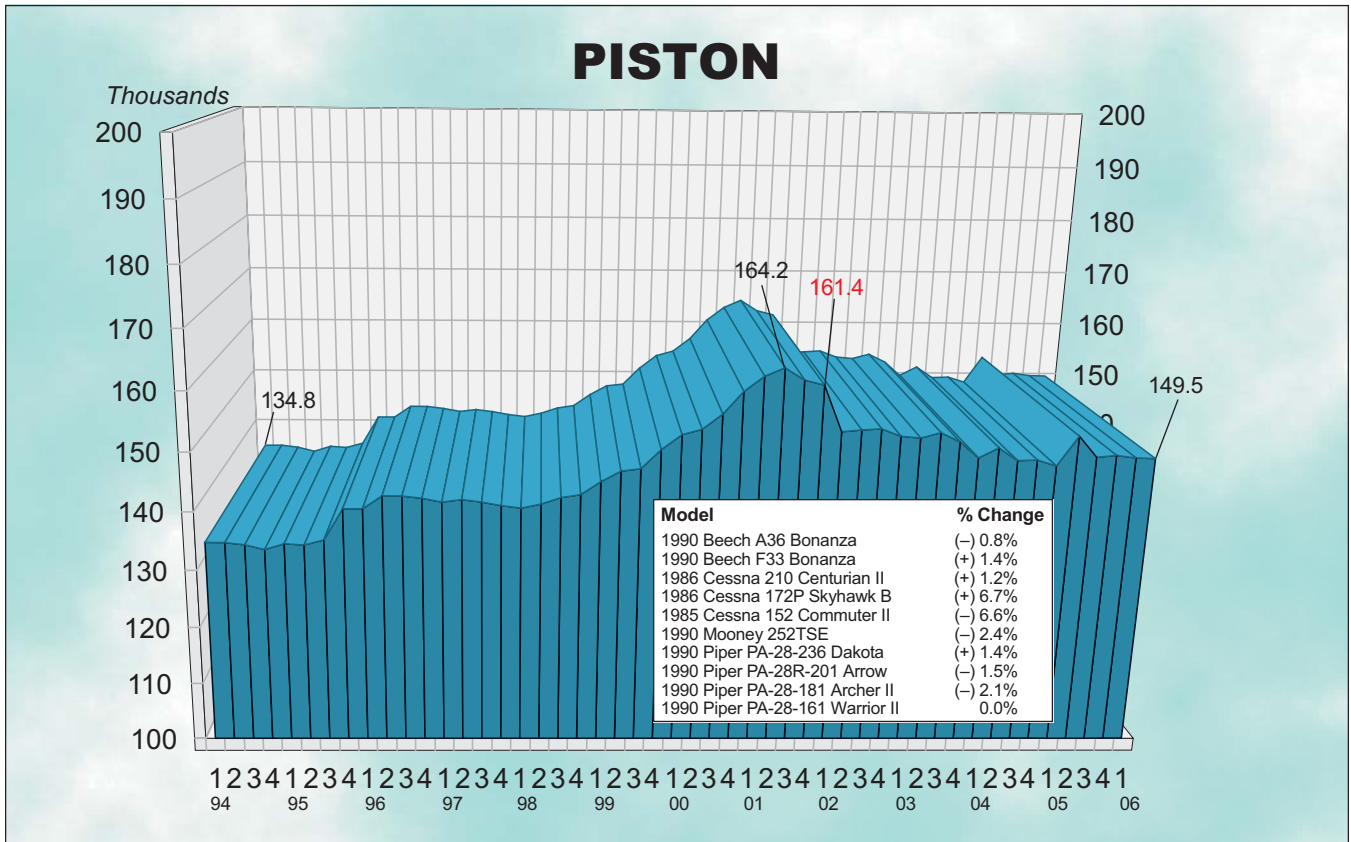


Turboprop. The turboprop chart depicts the average price (in thousands) of a 1985, 1986 and four 1990 turboprops listed in the box.

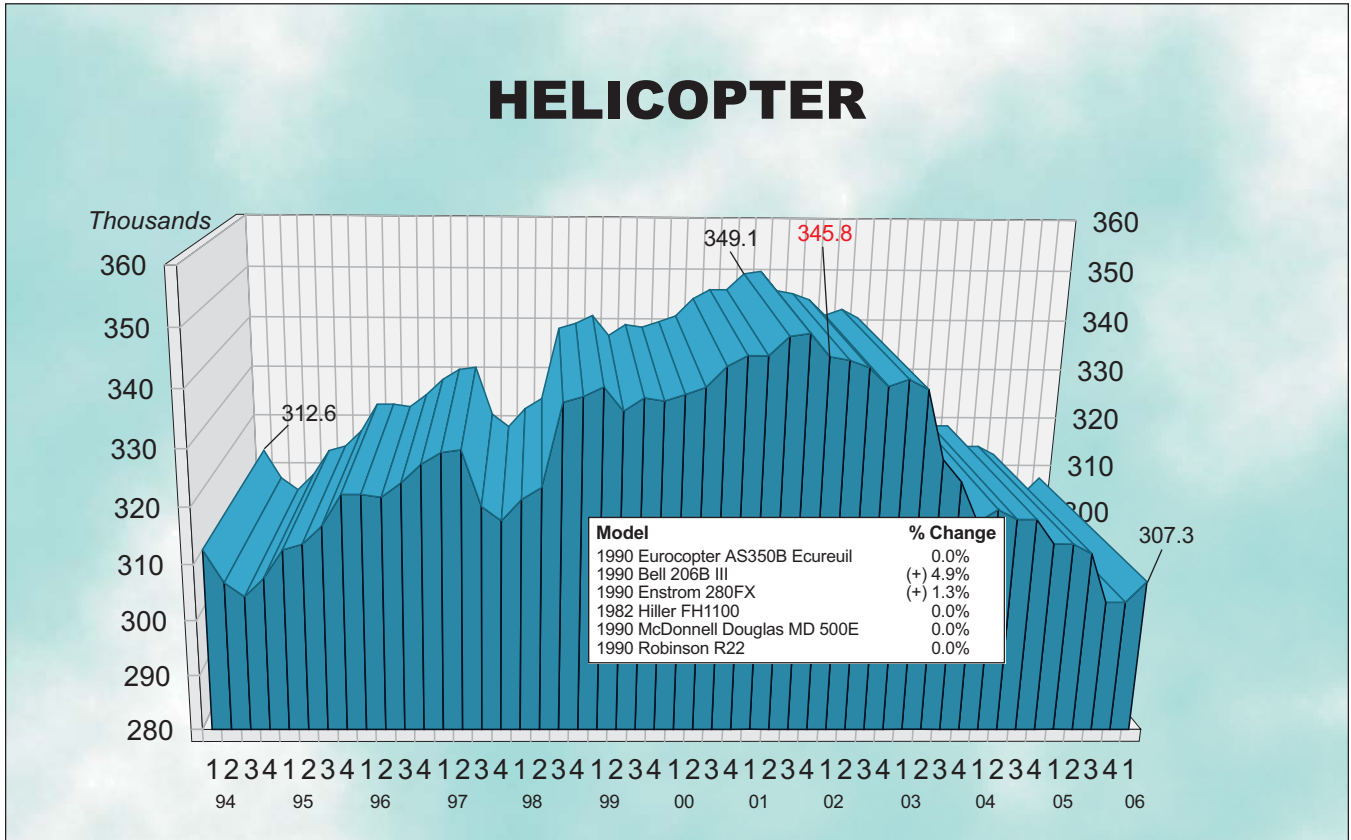
MULTI



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.

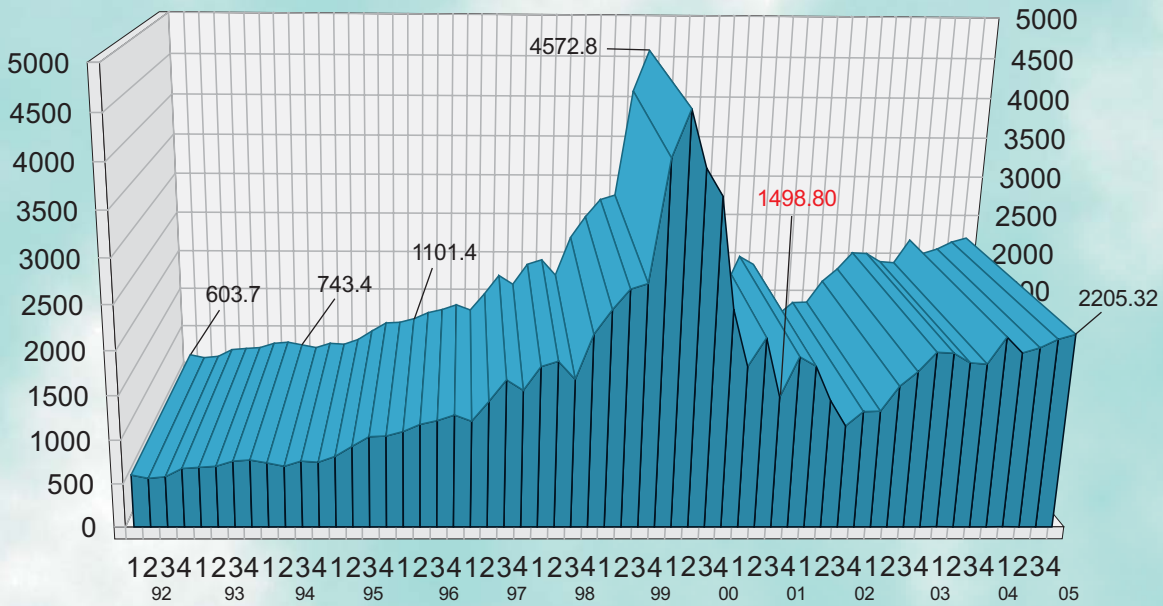


Piston. The piston chart depicts the average price (in thousands) of the 10 pistons listed in the box. Each model's year will precede the name of the aircraft.



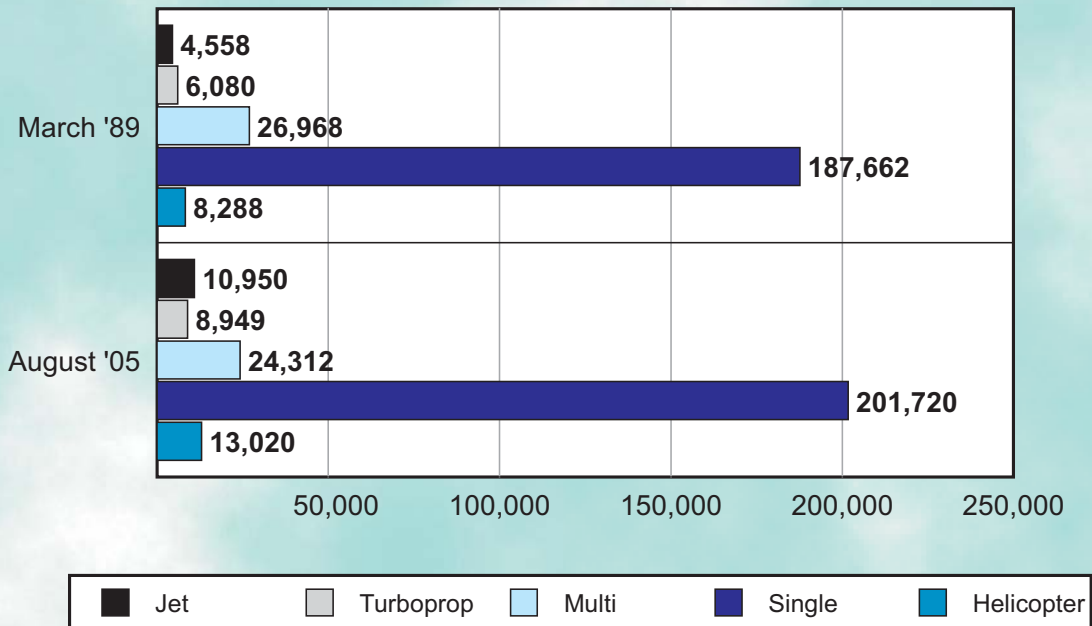
Helicopter. The helicopter chart depicts the average price (in thousands) of the six helicopters listed in the box. Each model's year will precede the name of the aircraft.

NASDAQ



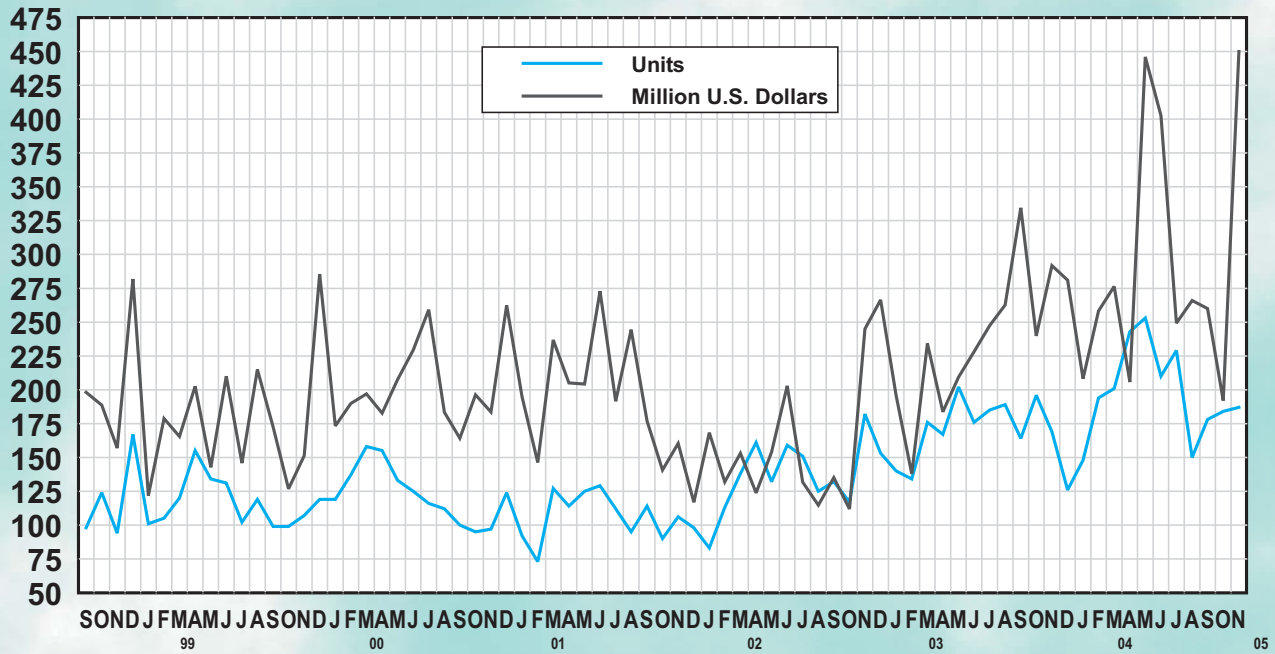
NASDAQ: This ratio scale chart depicts the change for the NASDAQ daily average from quarter to quarter beginning at the end of the first quarter of 1992. Each data point represents the closing daily average on the last trading day of each quarter. This study originates in the first quarter of 1971.

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.

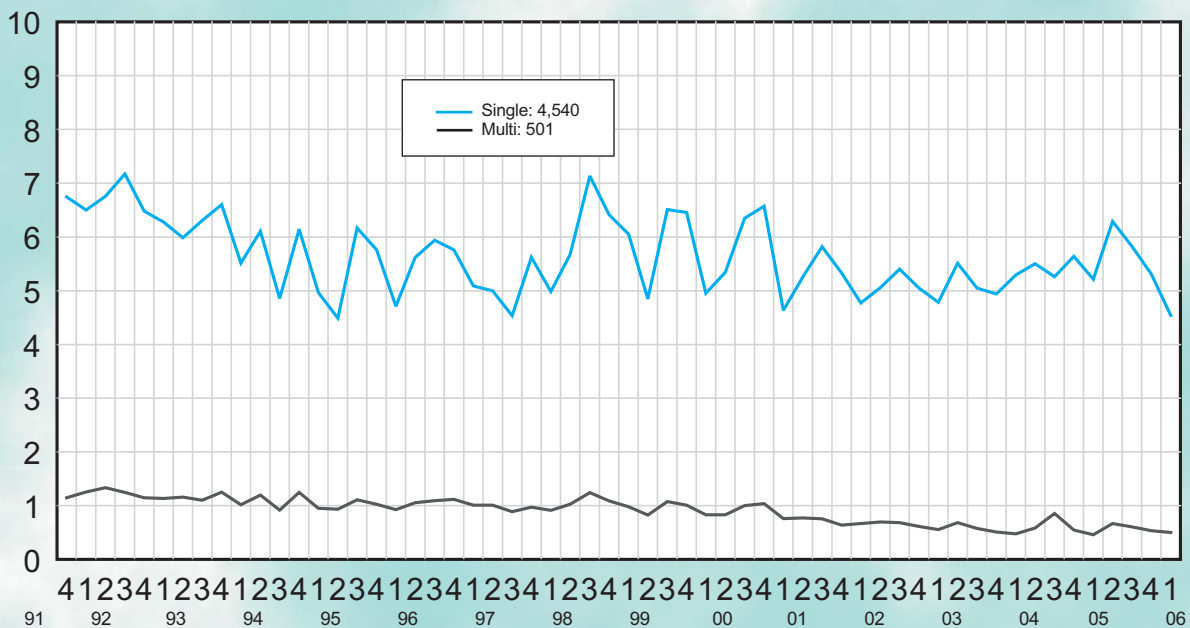
EXPORTS



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.

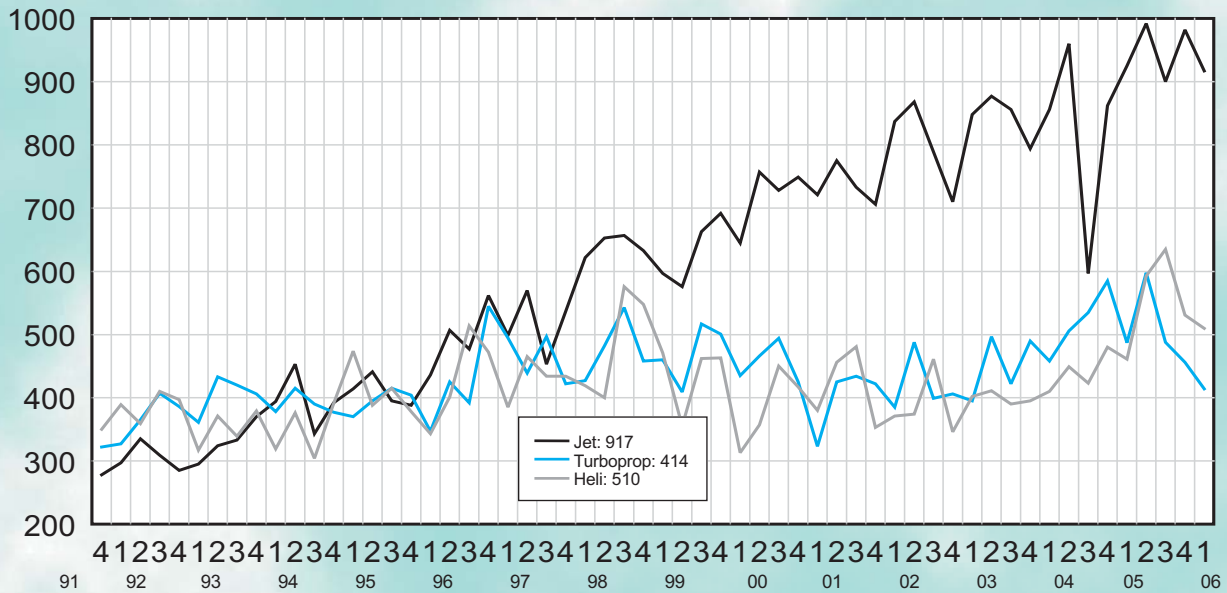
CHANGE-OF-OWNERSHIP SINGLE • MULTI

Thousands



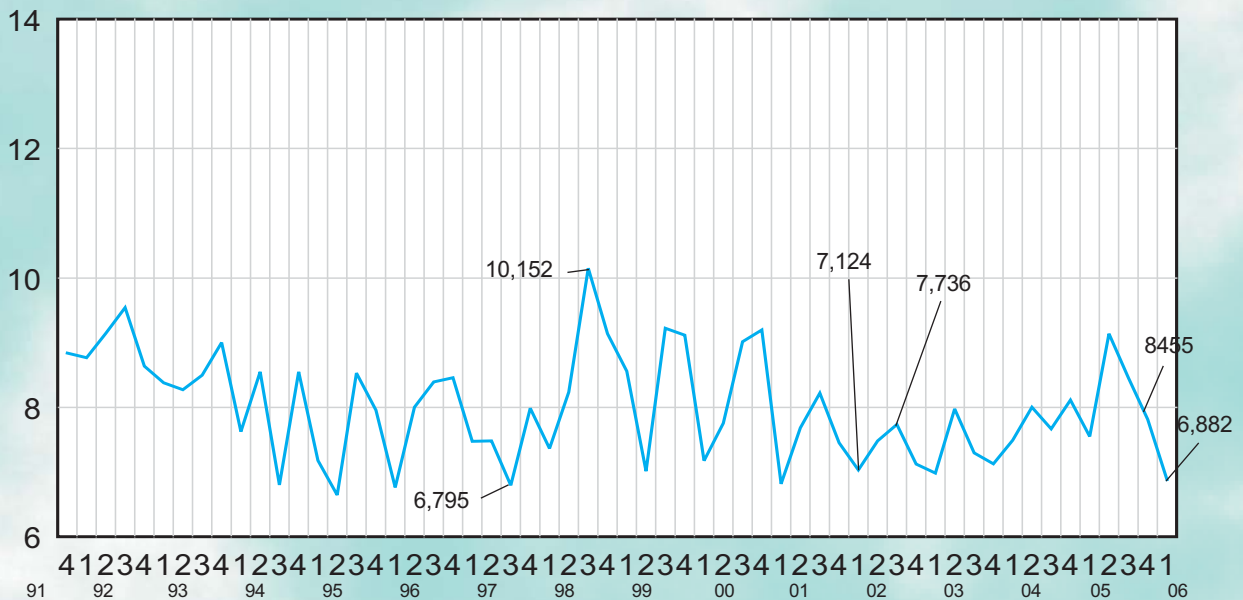
Single/Multi. The blue line in the Single • Multi chart depicts change-of-ownership data for singles. The black line represents multis.

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.