

# MARKETLINE

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NEWSLETTER

## Dealers Brace for Busy Summer

But rising fuel costs remain  
a key concern

*By Paul Wyatt, Managing Editor,  
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The used aircraft market seems to be taking a short breather as outside temperatures warm up.

Available inventory in all segments has crept up slightly and the number of aircraft sold dropped in the first quarter. Are we seeing a market adjustment after two spectacular years of recovery? Most dealers and brokers agree that this softening is minor and short-lived despite crude oil hitting \$75 per barrel.

This is because American companies are on a spending spree, which translates into airplane purchases. Businesses increased equipment spending in the first quarter of 2006 by an annual rate of 16.4 percent; this was three times the rate at which they spent in the fourth quarter of last year and was the largest increase in six years. From this, one can surmise that businesses are extremely confident and optimistic about the remainder of 2006.

The OEMs are running at full capacity and in many cases cannot come close to keeping up with demand. Backlogs are once again bursting at the seams, which send buyers into the waiting arms of used aircraft dealers and brokers.

### Jet

#### Bluebook-at-a-glance

<i>Increased</i> .....	138
<i>Decreased</i> .....	141
<i>Stable</i> .....	468

While competition for many late model long-range jets is fierce, the overall jet inventory is at its highest point in a year. The 1,700 jets currently on the market (according to Amstat) are nowhere near the high water mark of 2028 seen during 2003, but they do indicate a pause in market activity.

In addition, the 466 jets that found new homes during the first quarter were the fewest sold since 2004.

The age of those 1,700 available aircraft is also skewed toward older offerings. "Days on market" for some older Lears, Sabreliners, Jetstars, etc, sometimes reaches 1,000 days while the newer planes find a buyer within weeks, so inventory numbers often do not give the entire perspective.

In the light jet category, the Beech 400A market continues to be strong with another \$50,000 gain for later models. Citation IIs are still on the rebound with adjustments of \$30,000. S-IIs are showing renewed interest and were up \$50,000. Citation 525 activity is extremely strong, but only the CJ2 and

CJ3 were up. Citation Vs are hot and spiked up \$100,000.

The Citation I was down \$30,000 for most year models along with the Learjet 31A (down \$50,000).

In the mid-sized jet arena, the Citation Ex-cels continue to cook (up \$100,000), and the Lear 40 jumped up \$100,000 as well. Astra SPXs and the G-100s are moving well and went up \$100,000. The Citation X is back on the scene with an impressive \$700,000 jump for 2001 models.

The Hawker 800A and XP market has cooled a bit with many losing \$75,000 in value. Falcon 20/200 series dropped \$50,000 again. Lear 60s were down \$200,000 and a glut of Lear 45s resulted in a similar drop.

Several late-model, large cabin aircraft are being quietly traded without ever actually being put on the market. So while it may seem as though there is no activity for some models, the prices are still rocketing up. The Falcon 900A, B and C and EX models were all up anywhere from \$300,000 to \$1,000,000. The Falcon 2000 received a million dollar nod as well.

Available Challenger 300s are nowhere to be found and subsequently their stock went up \$1.5 million. While the 604s remained flat this quarter, the 601-3A and 3R got a modest bump (by comparison) of only \$100,000.

Gulfstream G-IVSPs may have peaked earlier this year and late model examples (99 and newer) were off by \$500,000.

## **Turboprop**

### **Bluebook-at-a-glance**

<i>Increased</i> . . . . .	111
<i>Decreased</i> . . . . .	15
<i>Stable</i> . . . . .	468

Just like the jets, the turboprop market may have paused for a moment to catch its breath. According to AMSTAT. Only 332 used examples were sold during the first quarter of 2006, the least since early 2004.

Inventory levels remain tight, however, and the newer well-equipped models are still selling quickly. Finding inventory to sell remains a common complaint among dealers.

The King Air 300 and 350 are very much in demand and both models saw an increase of

\$50,000. Most later models of the B200 King Air were flat, but earlier BB serial numbers were up \$50,000. Almost all iterations of the 90 series King Air got a boost with the C90SE getting the largest increase of \$50,000.

Cessna Conquest Is and IIs have seen more activity and experienced a \$50,000 jump for many year models. The Pilatus PC-12 continues to climb and later models were up \$100,000.

## **Multi**

### **Bluebook-at-a-glance**

<i>Increased</i> . . . . .	58
<i>Decreased</i> . . . . .	76
<i>Stable</i> . . . . .	525

Different quarter, same story: insurance rates and high fuel burn continue to pummel the piston twin market. Just how much longer some of these older twins can maintain an “economically useful life” as they say in the real estate business, is anyone’s guess.

However, there are bright spots. One dealer mentioned that late model twins over \$500,000 (read “Baron”) were being snapped up quickly. These late model 58 Barons saw a Bluebook increase of up to \$20,000 per year-model.

One older twin that experienced a \$5,000 boost in value was the Piper Chieftain, still a good value in the \$200,000 to \$300,000 range. The Navajo C/R was up \$5,000 as well.

Demand did not rub off on earlier models of the Beech 58 Barons (down as much as \$10,000 for the pressurized incarnations). The Beech Duke continues its love-hate relationship with buyers and saw a similar loss in value (\$10,000).

Piper twins on the way down this time included all versions of the Seneca models (off as much as \$10,000).

## **Single**

### **Bluebook-at-a-glance**

<i>Increased</i> . . . . .	234
<i>Decreased</i> . . . . .	192
<i>Stable</i> . . . . .	1916

It is difficult to discuss the single piston market as a whole. No other market segment

spans so greatly from ultra-cheap to draw dropping expensive. Also, aircraft described by the name “single engine piston” contain planes that have been built continuously more than 100 years.

This is the segment that defines “general aviation” and when spoken about as a group, it has been a remarkably value-steady bunch of airplanes. From a \$12,000 Ercoupe to a \$700,000 Bonanza, the single market has been protected from the swinging price fluctuations brought on by an often unstable economy.

As \$5 avgas looms on the horizon, owners have happily embraced their singles and do not mind arriving there an hour (or three) later than the piston twin counterparts.

Dealers report that activity is once again brisk in the high performance single category. Small business owners, professionals, entrepreneurs and other members of the “moderately wealthy” are seeing their paychecks increase as the economy continues to click. They are either re-entering the aviation game, or moving up from their trainers.

Cessna turbo 182RGs fall into this group and mid ‘80s examples are selling for \$170,000 after a \$2,000 increase in the Bluebook average retail.

Other singles still on the way up include the 172 Skyhawk, which despite many being for sale, continues to appreciate. Models from 1956 to 1973 were up \$1,000 to \$2,000. Early 1970’s Cessna 180s are approaching the \$100,000 mark and were up \$5,000.

The venerable Piper Cherokee Six inched up \$1,000 and the Piper Dakota was up \$5,000 for most year models.

On the down side, the Beech B36TC slipped \$10,000. The Mooney M20M (TLS/Bravo) fell as much as \$5,000.

oil industry and air ambulance business has continued to fuel the recovery in the wake of last year’s hurricane season.

Helicopter dealers and brokers expect continued price improvement particularly on ships less than 5 years old. Anything 5 to 15 years old should be relatively flat, while demand for older helicopters is fading regardless of condition or component times.

Models of note that experienced increases include the Bell 206B-III (up \$50,000 across the board) and the Bell 206 L-III and L-4 (up an impressive \$100,000 for most year models). Several Bell 212s are trading above the two million mark and all year-models benefited with a \$100,000 increase. Bell 412s were up as much as \$200,000 for late-model HP versions. The Bell 407s experienced the largest increase with late models appreciating over \$300,000.

Most models of Enstroms saw healthy gains of \$10,000 each. Activity for used Robinsons was reported to be healthy, but prices remain flat.

*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.

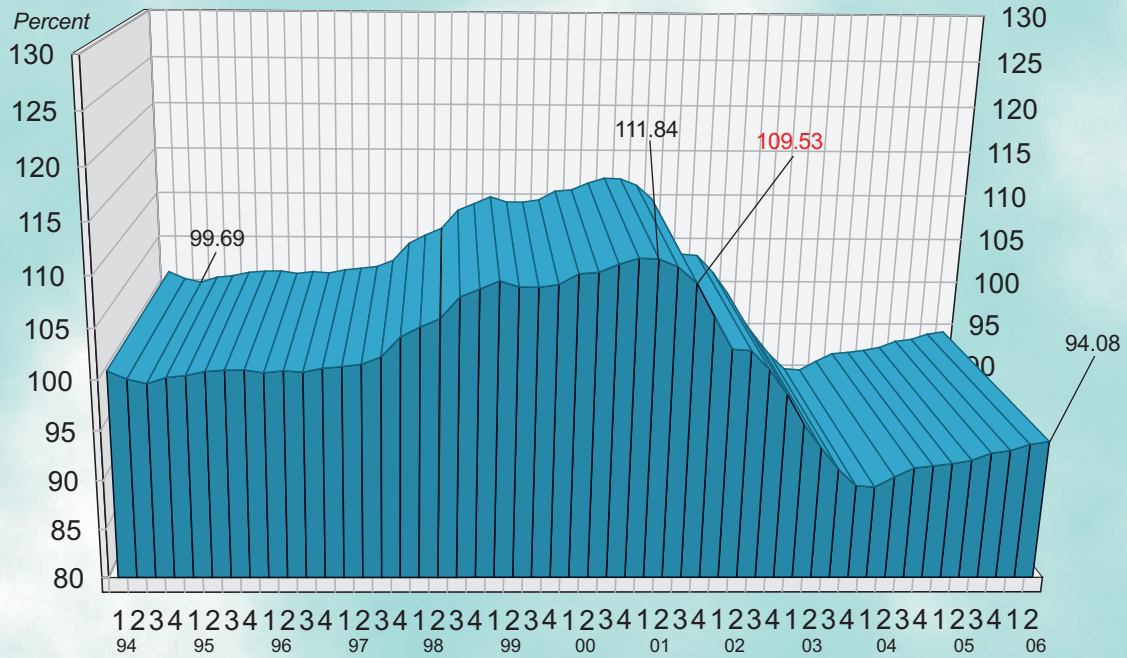
**Helicopter**

**Bluebook-at-a-glance**

<i>Increased</i> .....	168
<i>Decreased</i> .....	20
<i>Stable</i> .....	694

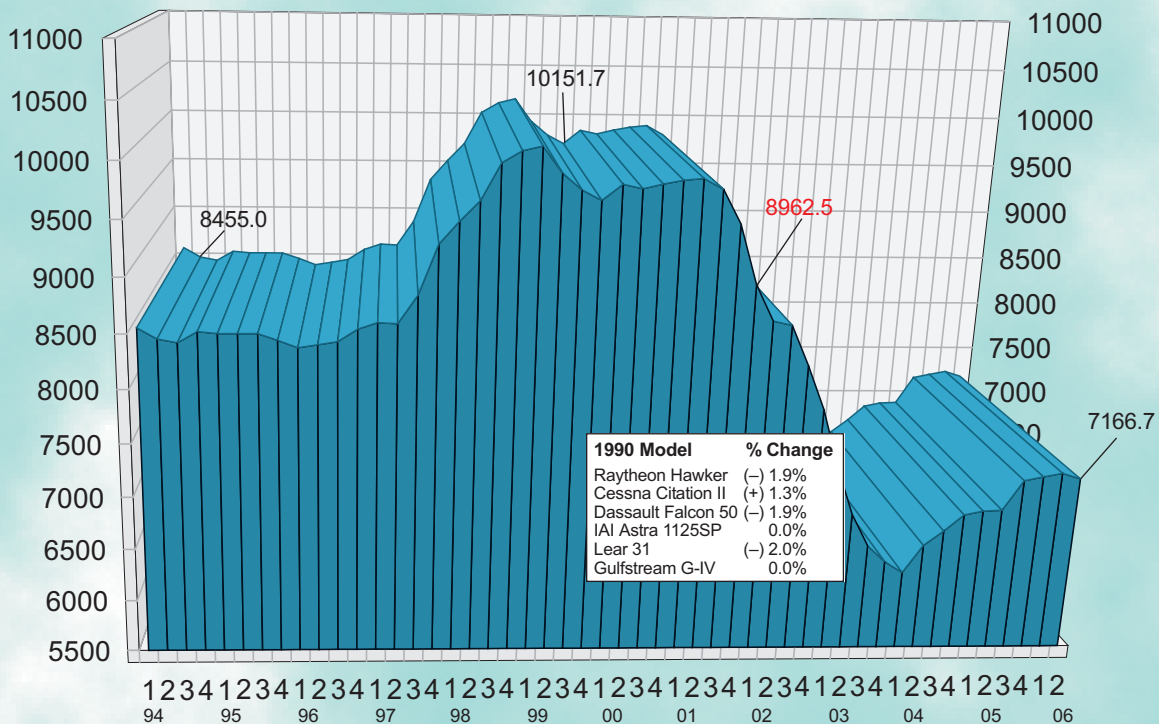
Late model used helicopters continue to be in short supply and have experienced a price surge in the last 6 months. Demand from the

# 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.

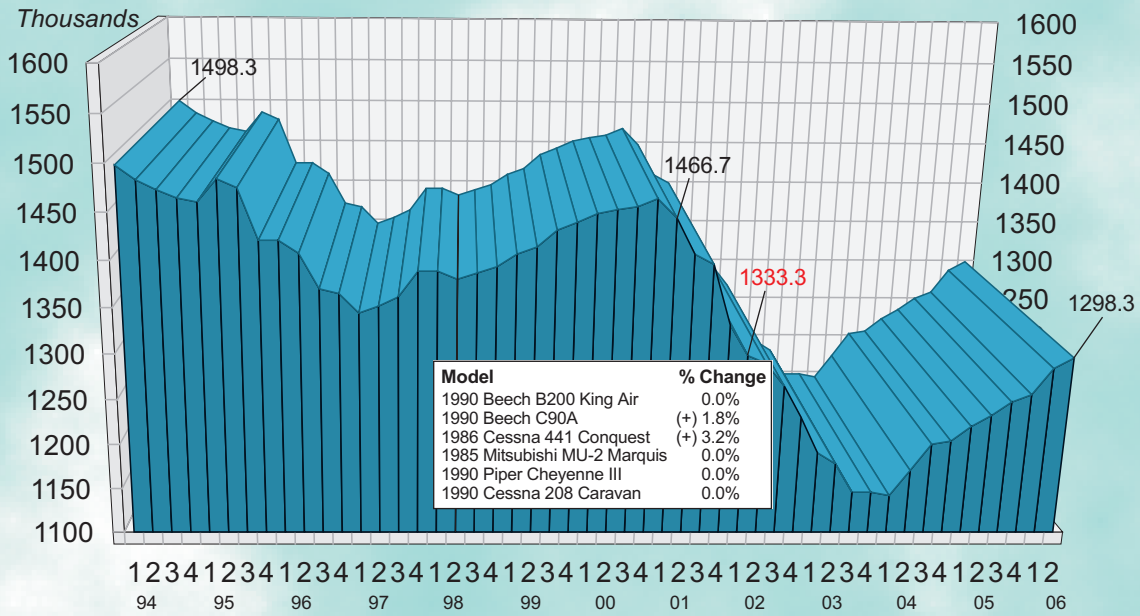
# JET



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

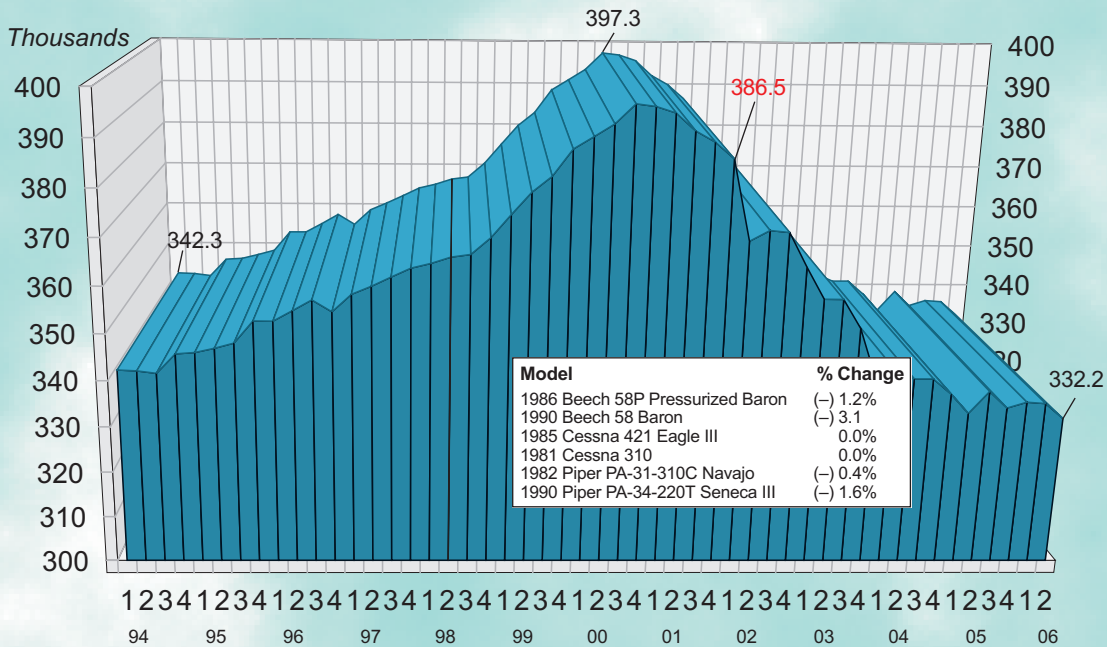


# TURBOPROP

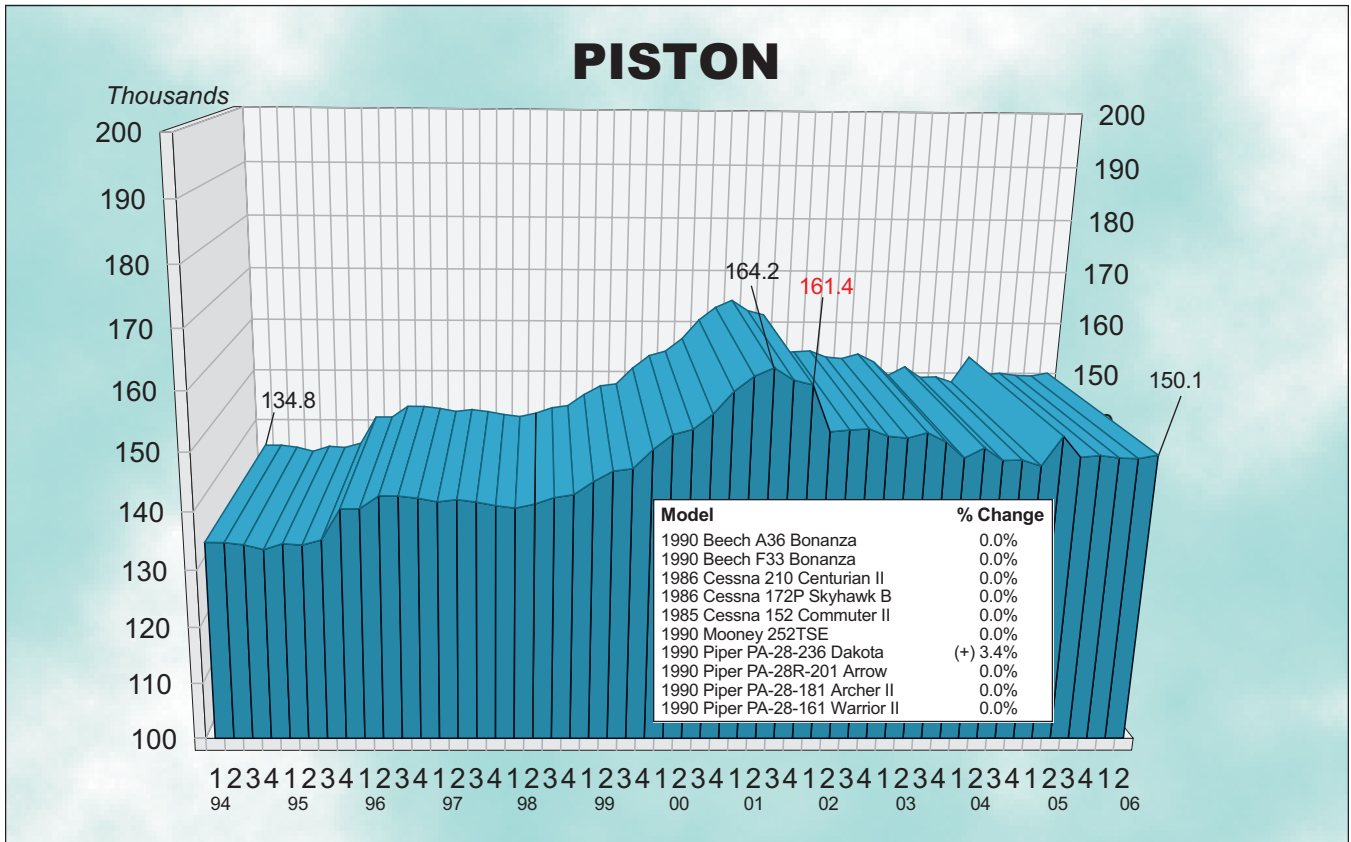


**Turboprop.** The turboprop chart depicts the average price (in thousands) of a 1985, 1986 and four 1990 turboprops listed in the box.

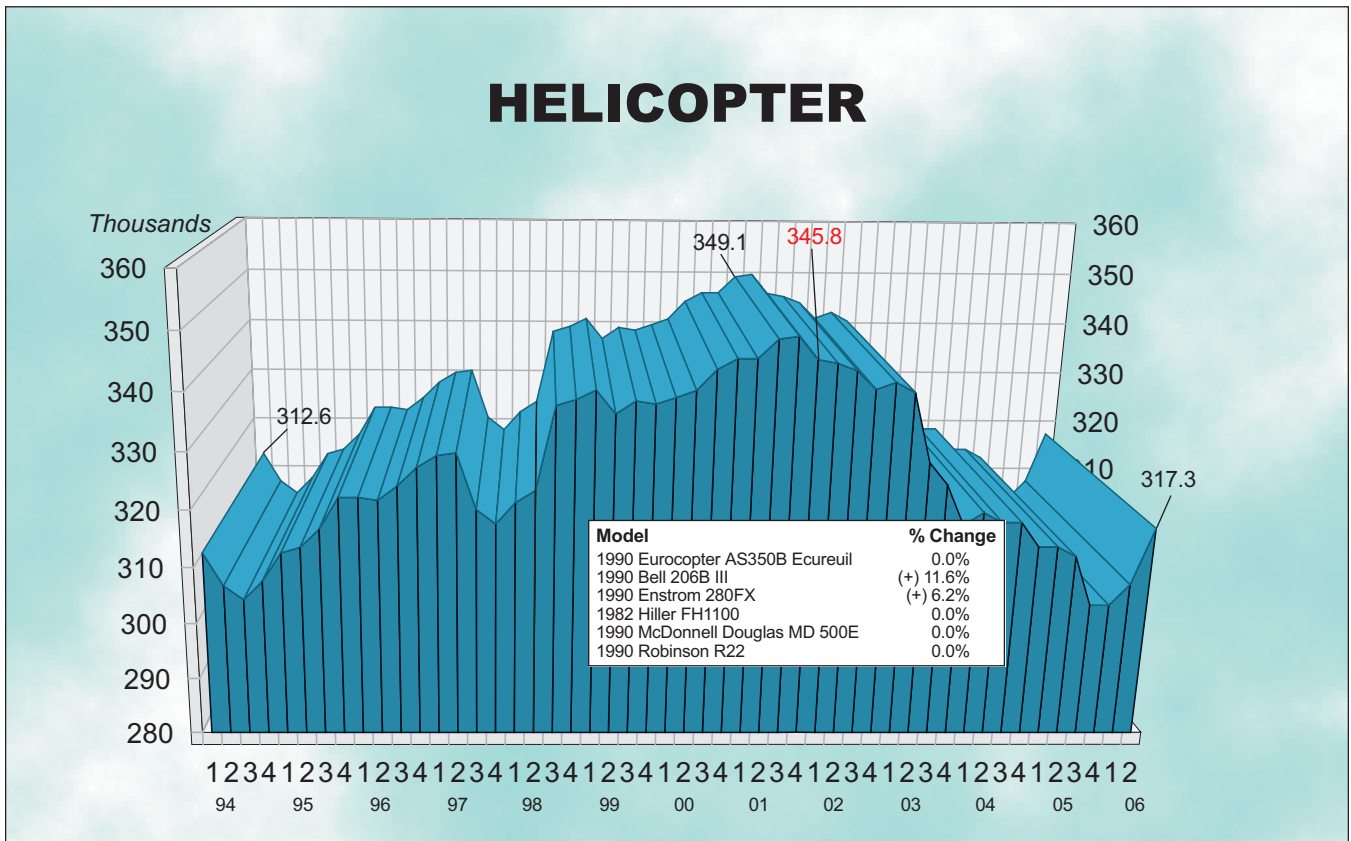
# MULTI



**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.

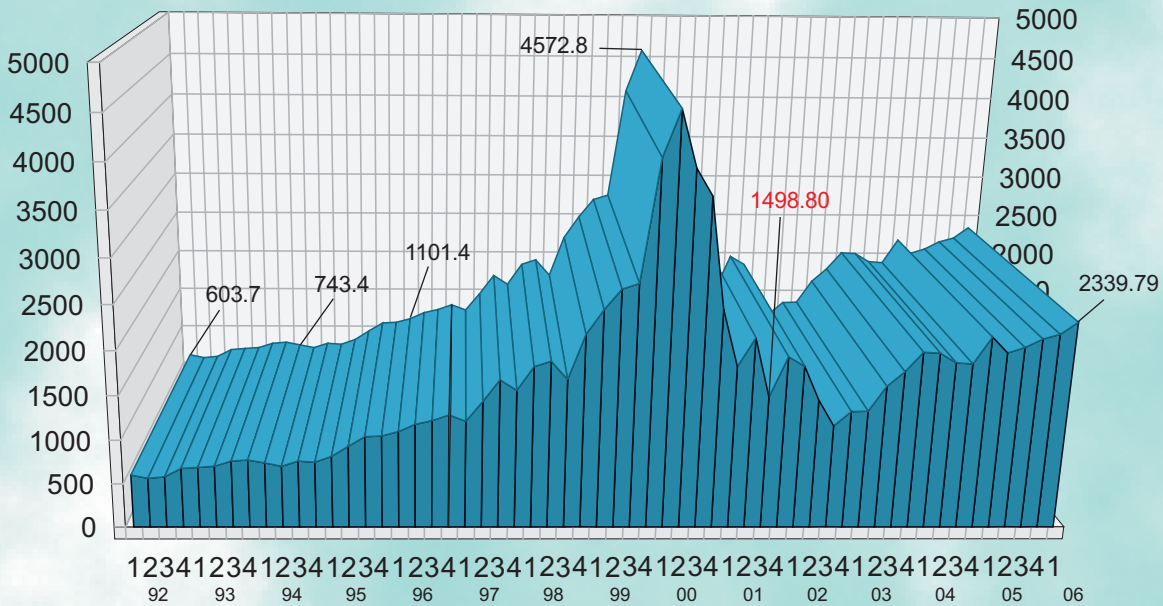


**Piston.** The piston chart depicts the average price (in thousands) of the 10 pistons listed in the box. Each model's year will precede the name of the aircraft.



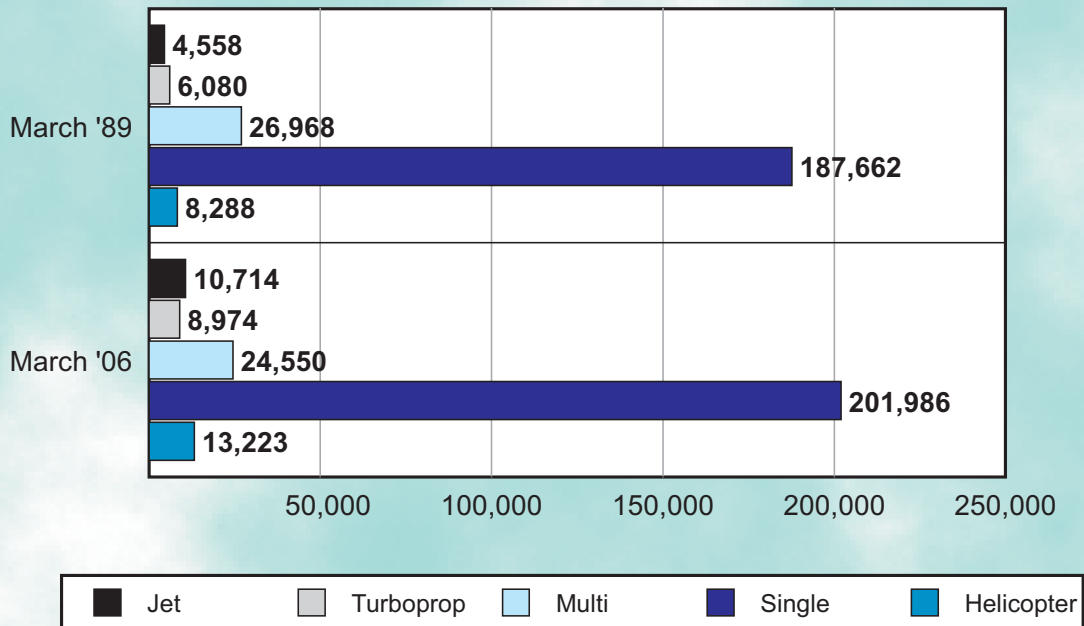
**Helicopter.** The helicopter chart depicts the average price (in thousands) of the six helicopters listed in the box. Each model's year will precede the name of the aircraft.

# NASDAQ



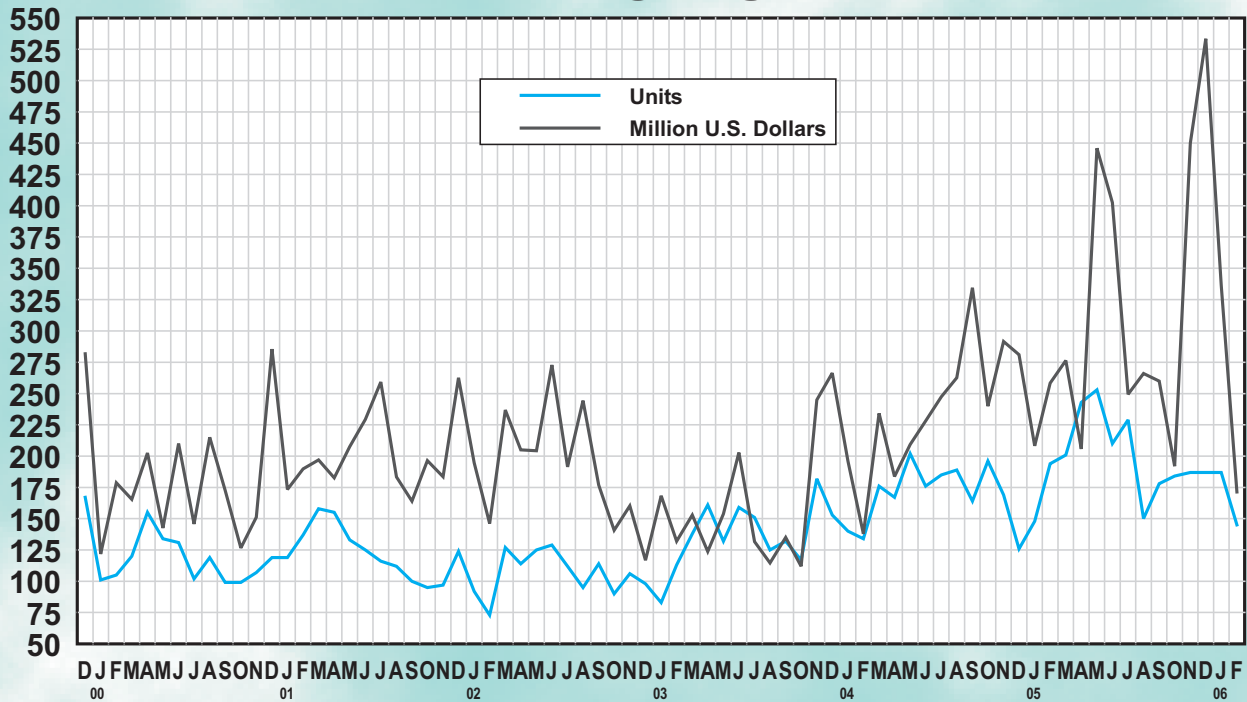
**NASDAQ:** This ratio scale chart depicts the change for the NASDAQ daily average from quarter to quarter beginning at the end of the first quarter of 1992. Each data point represents the closing daily average on the last trading day of each quarter. This study originates in the first quarter of 1971.

# 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.

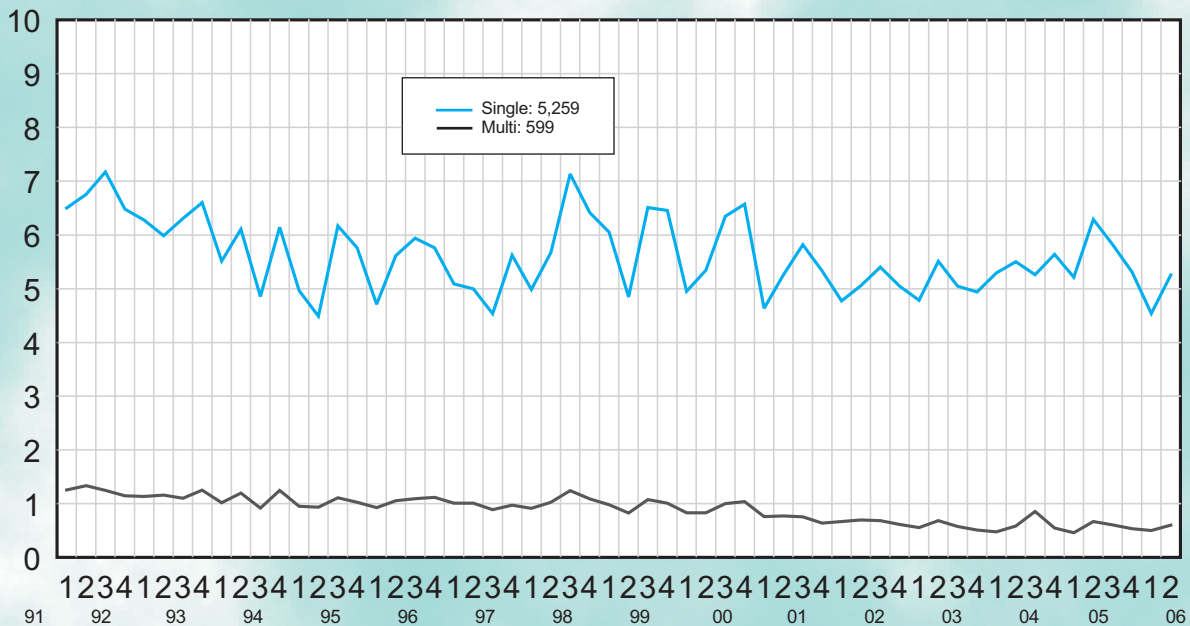
# EXPORTS



**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

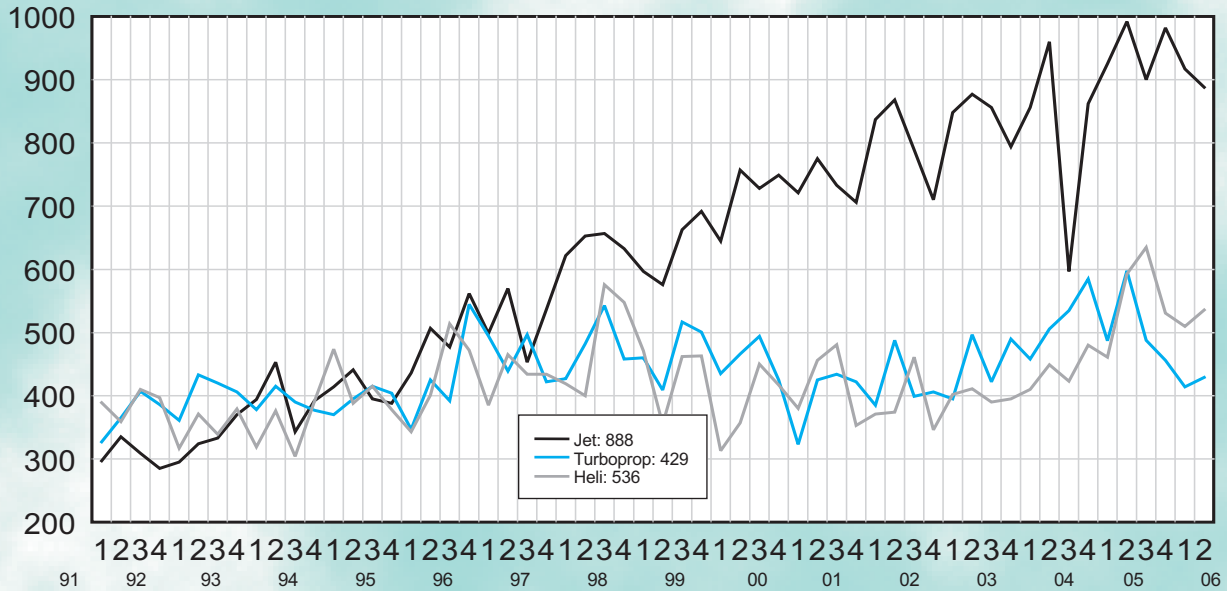
Thousands



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

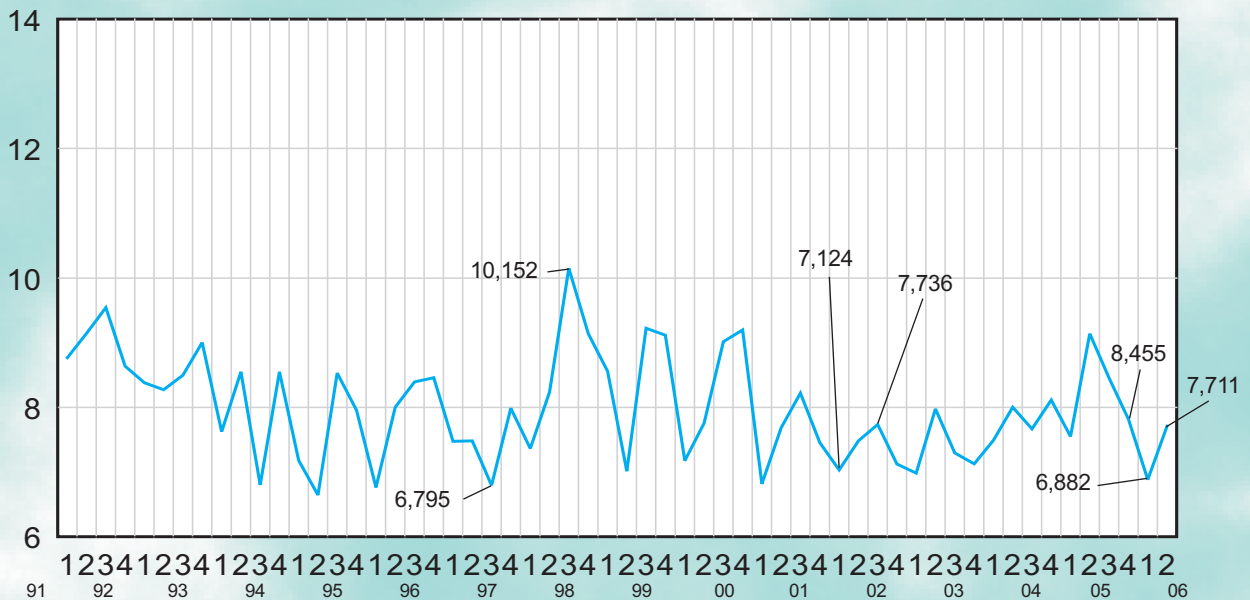


## CHANGE-OF-OWNERSHIP JET • TURBOPROP • HELI



**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.