

## World Events do Little to Slow Aircraft Purchases

**Business-use aircraft still selling quickly, but planes most often used for personal use are softening**

*By Paul Wyatt, Managing Editor, Aircraft Bluebook Price Digest*

All aircraft purchasers fall under these three categories: companies that purchase aircraft for business use, individuals who purchase aircraft for combined personal and business use and individuals who purchase aircraft strictly for the joy of flying.

While buyers of corporate-use aircraft are still snatching up used aircraft at a record pace, it appears individual buyers are postponing purchases until a few outside economic influences play out. The escalating trouble in the Middle East could send fuel prices even higher and that certainly affects the owner-pilot more substantially than the corporate flight department.

In fact, corporate purchases of aircraft show that these companies have evaluated the business climate and found it strong enough to part with millions. These buyers agree the economy seems headed for a "soft landing" as inflation stays in check and unemployment remains low.

The world stock markets, which generally mirror the state of the business aviation climate, have logged an impressive performance in spite of rising interest rates, rising fuel costs, war and terrorism. In the past, the decision to replace or upgrade a corporate aircraft was one of the first ideas shelved if dark economic clouds were seen in the distance. It is encouraging that so many deci-

sion-makers believe the economy can ride out the speed bumps that seem to appear weekly.

### Jet

#### Bluebook-at-a-glance

<i>Increased</i> .....	146
<i>Decreased</i> .....	119
<i>Stable</i> .....	483

Although the second quarter saw a record 516 pre-owned jets change hands, prices have firmed in most segments of the jet market. Only the long-range late model jets continue their climb as many backlogs for new airframes now stretch out until 2008 or beyond.

Available inventory (1,718 airframes are available according to AMSTAT) is the highest since 2004 and that has kept prices in check for the remainder of the fleet.

Of course, demand is still the greatest for newer jets, while many offerings more than 15 years old continue to languish on the market, sometimes for years. Values for these older aircraft (particularly non-RVSM equipped planes) continue their irreversible slide.

Starting with the light jet category, the Beech 400A market is active but prices were unchanged. Citation Ultras continue to attract attention and were up \$50,000, but Encores were down \$100,000. The Cessna 525

series has cooled with earlier CitationJets off \$50,000 and CJ2 down \$100,000 for most year models. The Falcon 10 continues to lose ground and fell by \$100,000

The available inventory of the prolific Lear 35A has grown, but a resurgence continues and prices were up \$50,000.

The current star of mid-size jets, the Citation Excels, are still hot and sometimes trading in excess of their prices when new; they were up \$200,000. The Lear 40-series remained unchanged. Astra SPXs and the G-100s continue to climb in value and went up \$100,000.

Buyers continue to rediscover the hot-rod Citation X with many year models up \$300,000.

The Hawker 800XP market has turned around with a \$100,000 gain. Falcon 20/200 series remained steady along with the Lear 55/60.

In the heavy jet arena, the Falcon 900B and EX models were all up half a million as was the Challenger 300 (if you could find one). Challenger 604s slipped \$200,000 while the 601-3R got a modest decrease of \$100,000.

Gulfstream G-IVSPs peaked earlier this year and prices remain flat, however, the older G-IVs lost \$500,000 for 1986 through 1992 models.

## Turboprop

### Bluebook-at-a-glance

<i>Increased</i> .....	82
<i>Decreased</i> .....	97
<i>Stable</i> .....	415

The turboprop market is extremely healthy, with an impressive 422 planes selling in the second quarter alone. Available inventory is the lowest in recent memory, however, overall prices are trending flat.

The King Air 350 remains in high demand and saw an increase of \$100,000. The B200 and earlier straight 200s continue to sell quickly but prices are stable. The C90A was up \$30,000 along with early examples of the C90B, which were up the same amount.

The Cessna Conquest I and II are flat as are all Piper Cheyennes. The Pilatus PC-12 continues to sell extremely well but prices have stabilized for the time being.

## Multi

### Bluebook-at-a-glance

<i>Increased</i> .....	150
<i>Decreased</i> .....	291
<i>Stable</i> .....	217

Here is the equation: insurance rates + maintenance issues + \$5.00 dollar avgas = a dead market. One dealer lamented, "I've seen buyers who begin shopping for a twin and end up going straight up to a turboprop, skipping the traditional step-up method. It just makes more sense to them to avoid the headaches."

Beech 58 Barons were typical of the slide and lost \$5,000 in value for most year models. Dukes were down as much as \$10,000. Cessna 340s and 414s were down slightly, losing only \$1,000 in value.

Piper twins of all shapes and sizes were down. The Senecas lost \$1,000 to \$3,000 for nearly every year of production from 1972 to the present.

On the bright side, Cessna 310s inched up \$1,000. Well-equipped 421s in excellent condition are selling and are shoring up values; early 421s were up \$2,000 and the 421C was up \$5,000. The Navajo Chieftains and Navajo C/Rs were also up \$1,000.

## Single

### Bluebook-at-a-glance

<i>Increased</i> .....	329
<i>Decreased</i> .....	830
<i>Stable</i> .....	1185

Many dealers have commented that the single piston market is now comprised of two entirely separate "generations." Although this group includes all manufacturers, the two generations are commonly defined by planes older than 1986 and planes newer than 1997. These are the milestone years that Cessna ceased and then resumed piston production. Obviously, other manufacturers continued production of piston singles through the years between, however, production numbers were often very low.

The conventional wisdom used to hold that if you could find a low time, good condition single from the 1970s, you could install a

panel mount GPS and essentially have the same flying experience as the new planes offered. With glass panels on new and late-model singles from most of the current manufacturers, that is no longer the case and the price for older singles is softening. High maintenance costs and poor fuel economy are adding to the problem for older complex singles, particularly the turbo-charged models.

With Cessna preparing to manufacture a new LSA (light sport aircraft) and possibly a new replacement for the venerable 172/182, even more owners may be trading their older singles for new.

Among the singles falling in value were the Bonanza F33 which slipped as much as \$5,000 per model-year for mid 1980s models. Late models of the A36 were down \$10,000.

Cessna 172s remain flat with the exception of those late model “first generation” aircraft produced in the mid 1980s. They received a modest negative adjustment of \$2,000. A \$15,000 premium still remains to jump up to a 1997 model, which many consider a small amount to pay for an 11-year difference.

Cessna 210s suffered again and were down as much as \$4,000 for normally aspirated models and \$3,000 for turbos. Late model Commanders (both 114s and 115s) slipped as much as \$20,000. Several Mooney models received slight downward adjustments in the \$1,000 to \$2,000 range.

Piper Archer, Archer IIs and IIIs were down \$5,000 to \$10,000. The Malibu Mirages were off a similar amount. Most models of Piper Arrows were down \$9,000 for turbo-charged versions and \$8,000 for non-turbos.

Older V35 Bonanzas bucked the overall trend for singles and were up slightly (\$2,000) for 1960s and 1970s models. The workhorse Cessnas (180, 185, 206 and 207) were up \$1,000 across the board.

## Helicopter

### Bluebook-at-a-glance

<i>Increased</i> .....	212
<i>Decreased</i> .....	24
<i>Stable</i> .....	653

Rising energy prices continue to fuel a continued recovery for the used helicopter market. Demand for new and late model turbine helicopters is climbing as exploration compa-

nies rush to drill new offshore wells in search for oil and natural gas. While the rest of the country bemoans the price of gas, used helicopter dealers and brokers are staying busy as the activity is filtering down to all newer (and relatively new) turbine units in all market segments: the oil industry, corporate use, air ambulance and law enforcement.

Again, helicopter dealers report continued price improvement particularly on units less than 5 years old.

The models that experienced increases included the Eurocopter AS 350A (up \$20,000), the Agusta A109C (up a strong \$200,000), the Bell 205 A-1 (up an unprecedented \$300,000) and the Bell 206 L-III (up an impressive \$100,000 for most year-models). Older Bell 212s are trading above the two million mark and all year-models again benefited with a \$100,000 increase. Bell 412s were again up as much as \$200,000. The Bell 407s experienced a gain of \$200,000.

### *A note about our Marketline graphs*

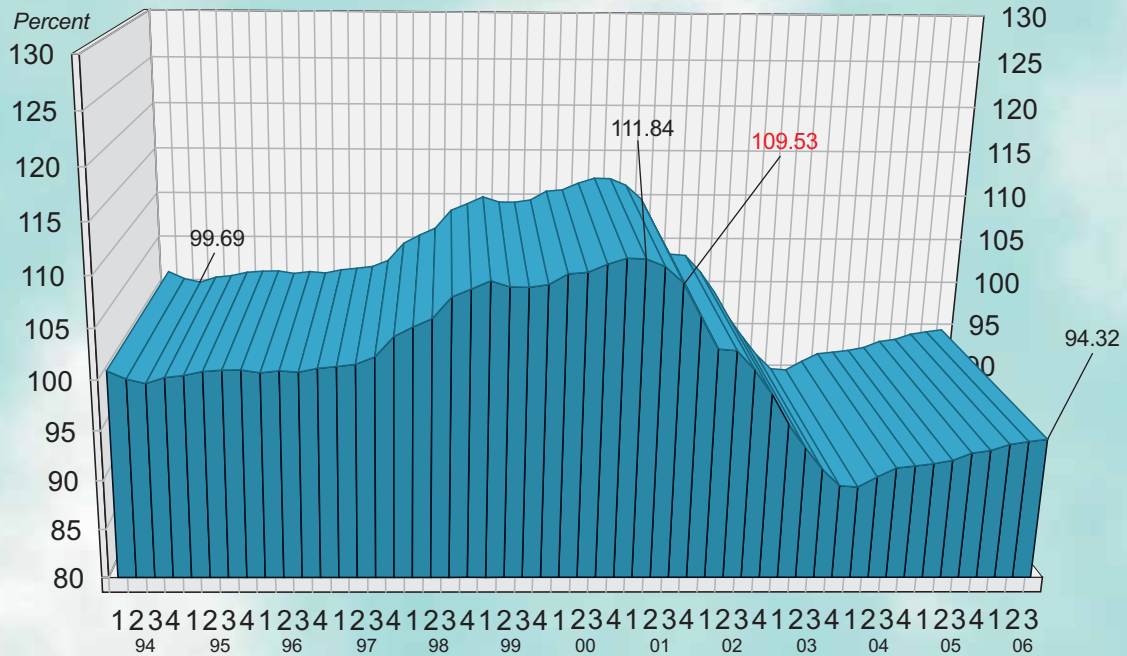
Since 1989, the Aircraft Bluebook Marketline has included graphs that depict price trends for each individual market segment (jet, turboprop, multi, single and helicopter). The individual market data is then combined for a graph titled “Used Aircraft Market.”

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).

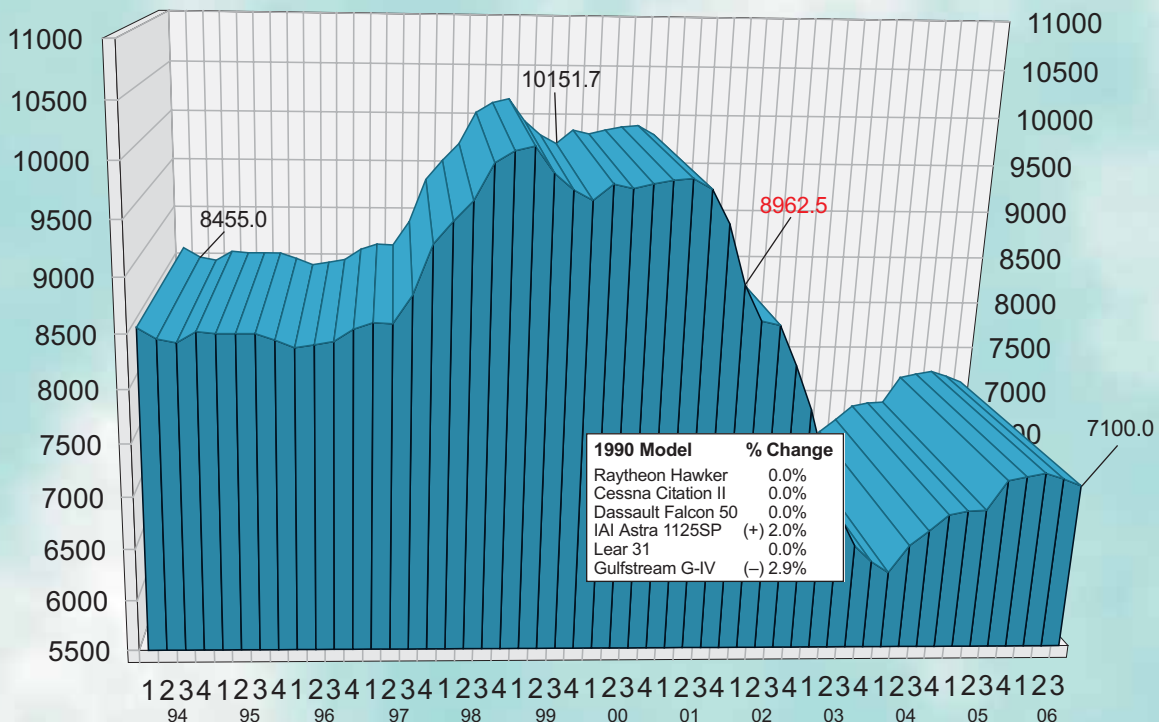
We feel that aircraft of this vintage more accurately portray “average” age aircraft now being bought and sold, and that our graphs will now more accurately inform readers about the current health of the used aircraft business.

# 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.*

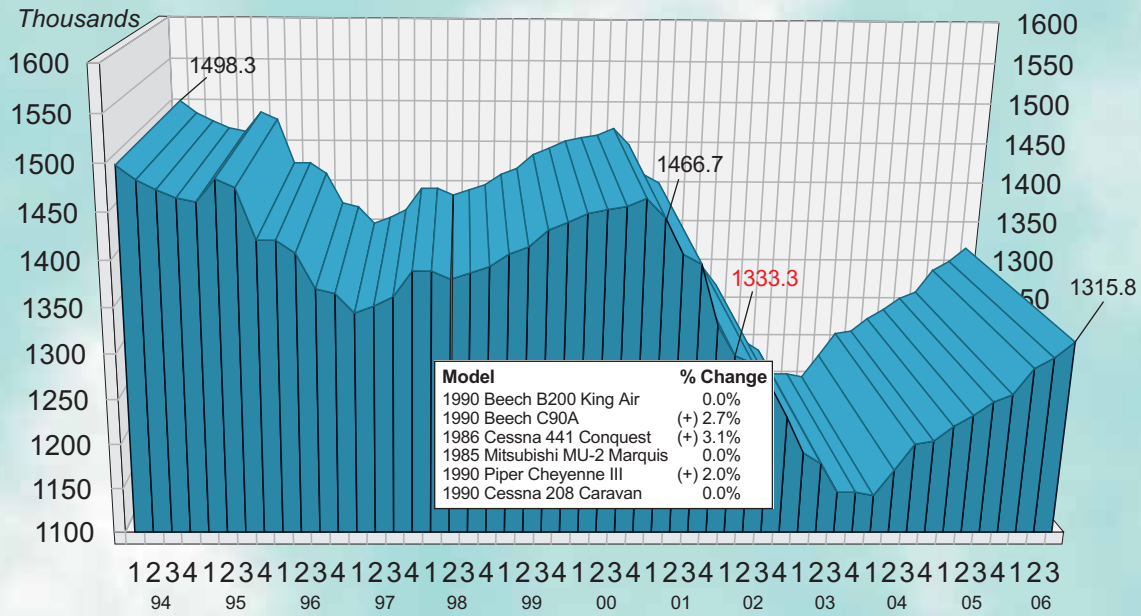
# JET



1990 Model	% Change
Raytheon Hawker	0.0%
Cessna Citation II	0.0%
Dassault Falcon 50	0.0%
IAI Astra 1125SP	(+) 2.0%
Lear 31	0.0%
Gulfstream G-IV	(-) 2.9%

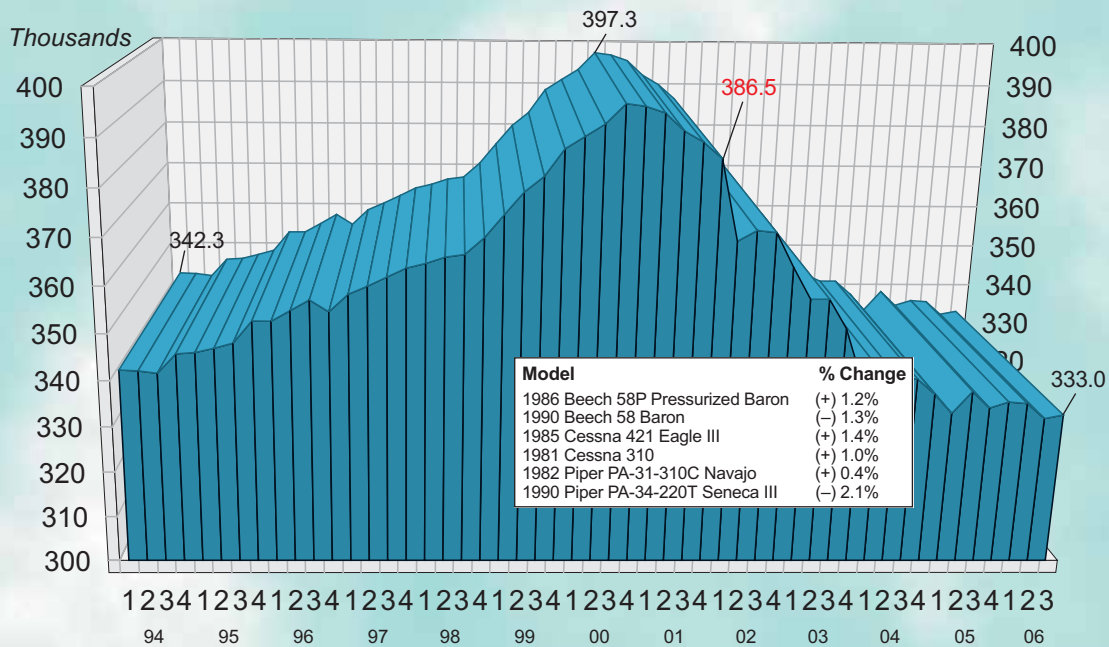
*Jet. The jet chart depicts the average price (in thousands) of the six 1990 jets listed in the box.*

# TURBOPROP

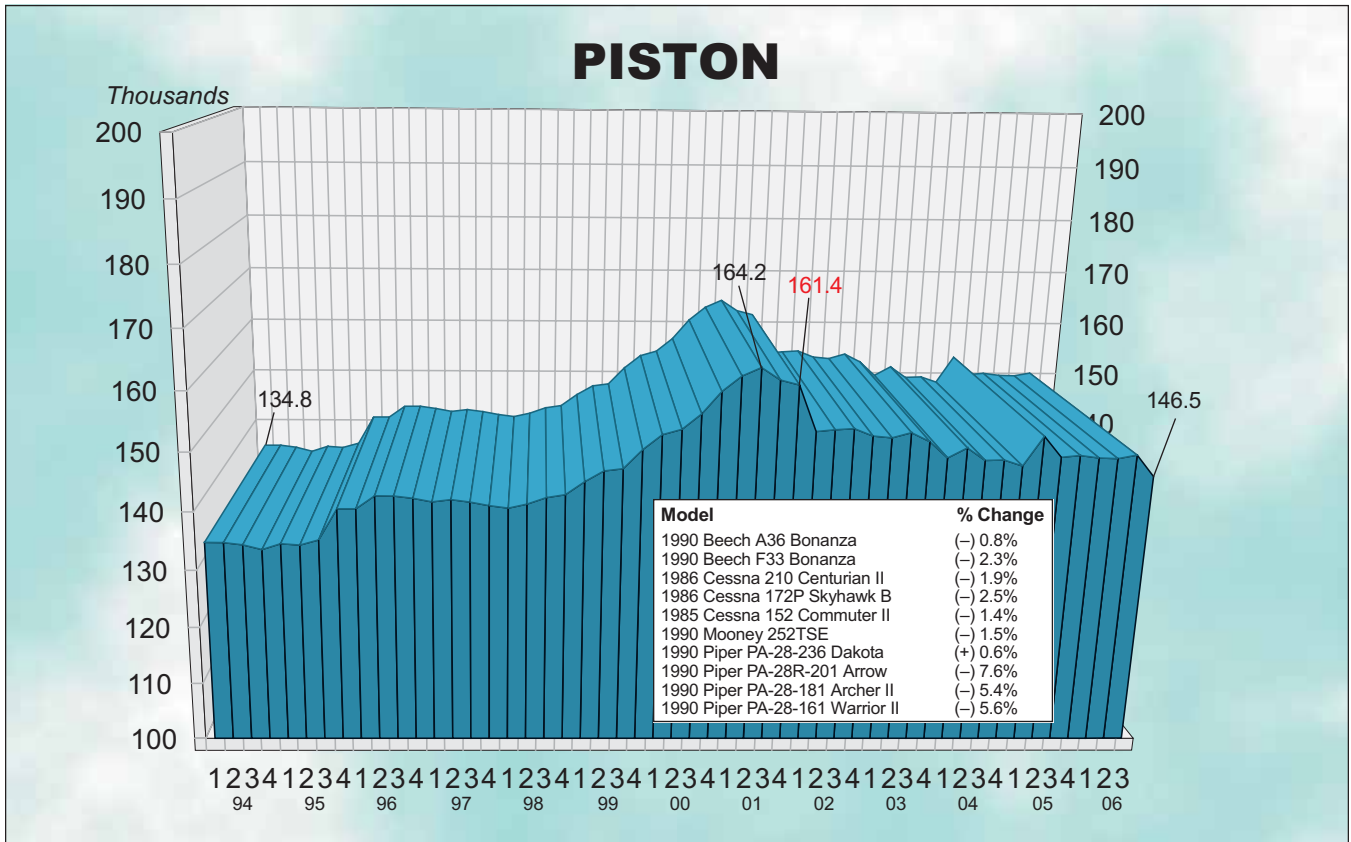


*Turboprop.* The turboprop chart depicts the average price (in thousands) of a 1985, 1986 and four 1990 turboprops listed in the box.

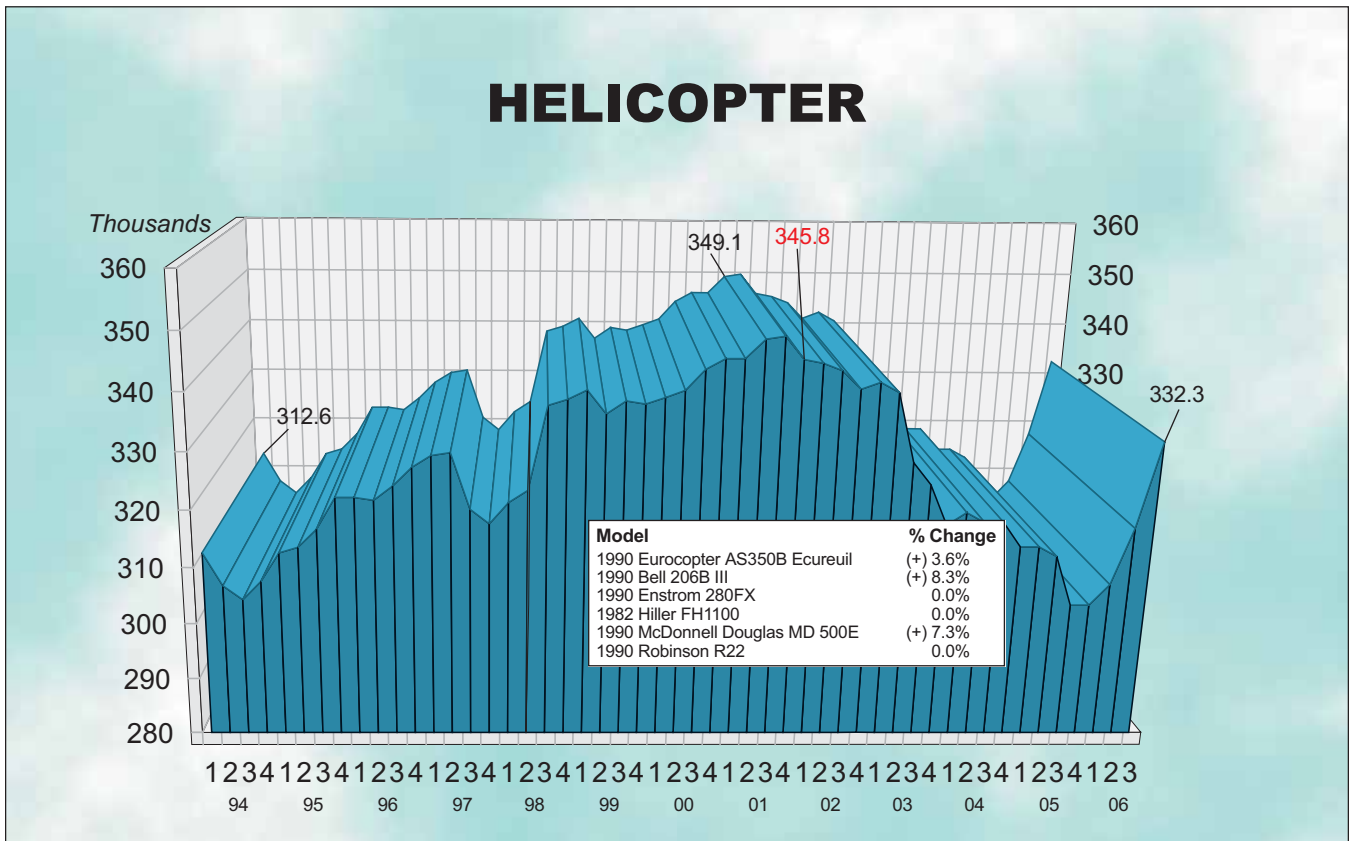
# MULTI



*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.

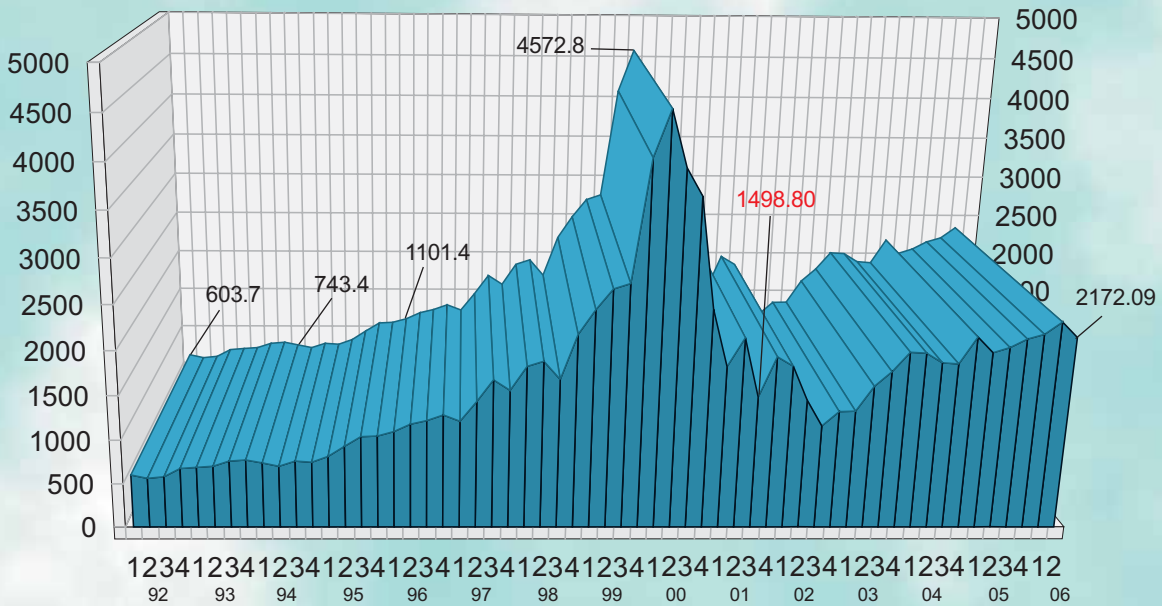


*Piston.* The piston chart depicts the average price (in thousands) of the 10 pistons listed in the box. Each model's year will precede the name of the aircraft.



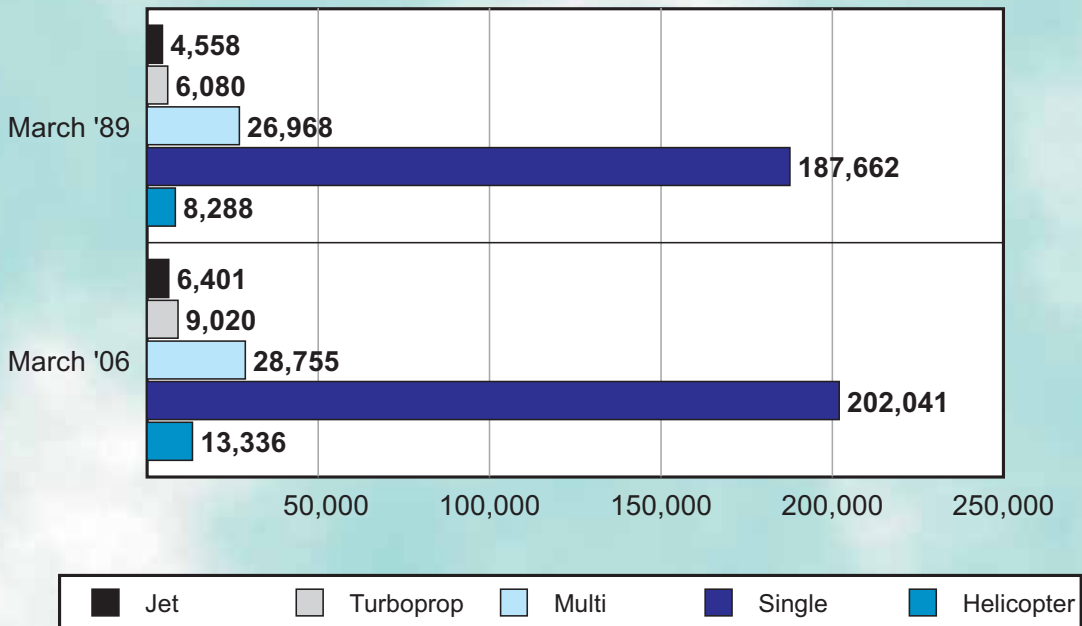
*Helicopter.* The helicopter chart depicts the average price (in thousands) of the six helicopters listed in the box. Each model's year will precede the name of the aircraft.

# NASDAQ



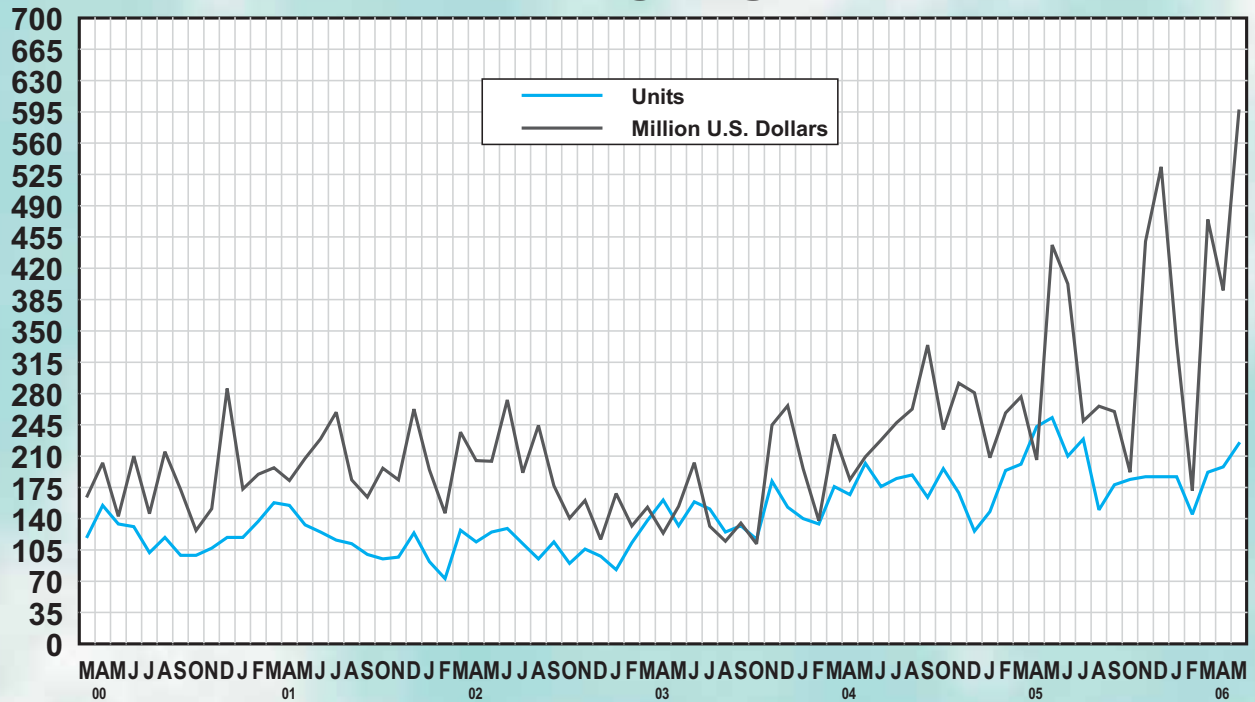
*NASDAQ: This ratio scale chart depicts the change for the NASDAQ daily average from quarter to quarter beginning at the end of the first quarter of 1992. Each data point represents the closing daily average on the last trading day of each quarter. This study originates in the first quarter of 1971.*

# 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.*

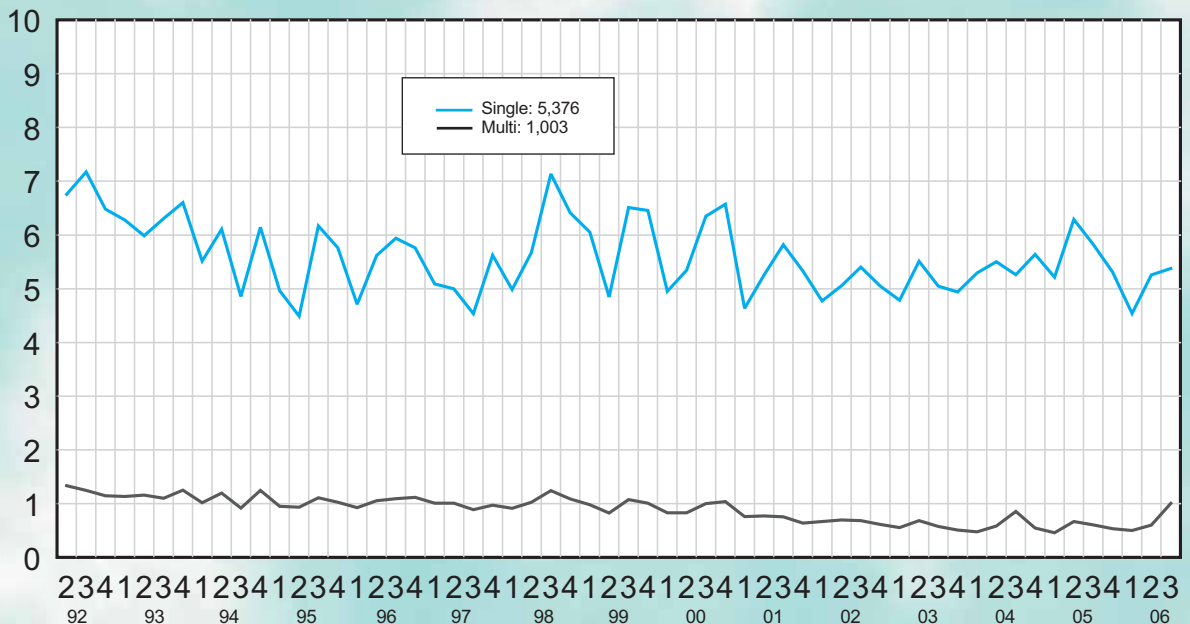
# EXPORTS



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

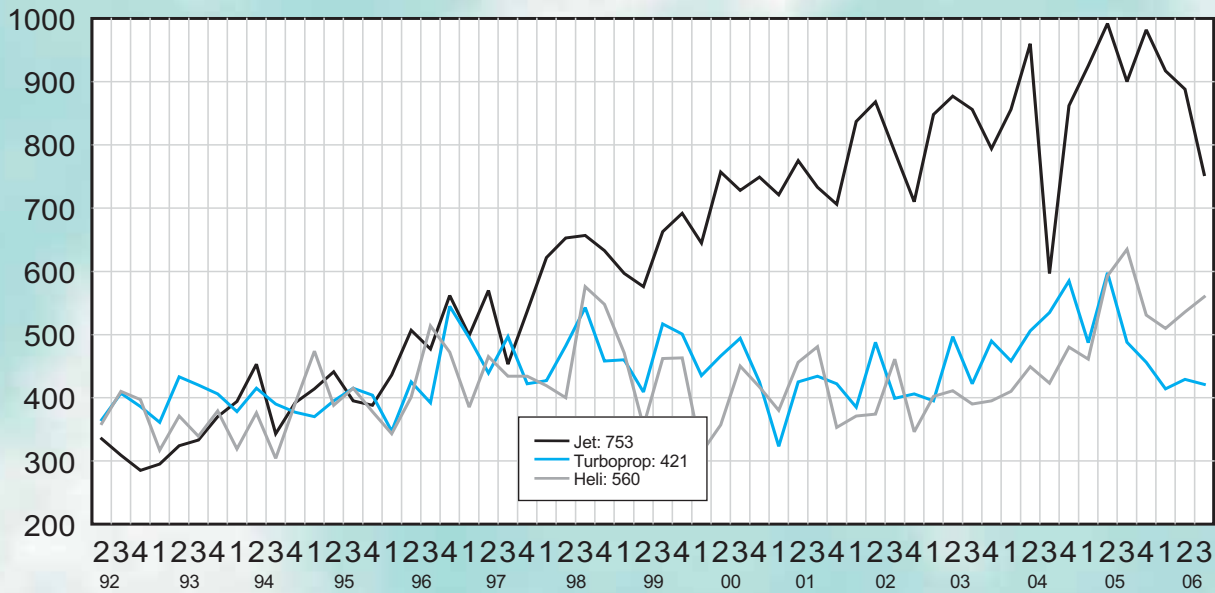
Thousands



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

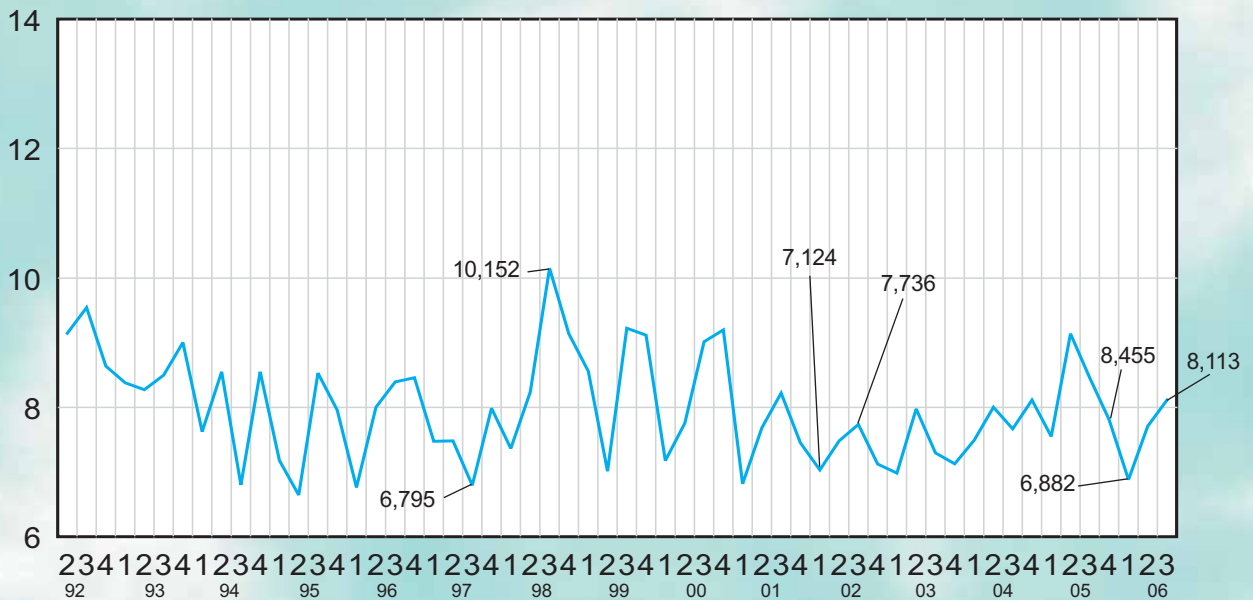


## CHANGE-OF-OWNERSHIP JET • TURBOPROP • HELI



*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.