

Business Jet Buyers, Sellers Don't Agree on Values

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Aircraft Bluebook – Price Digest



What else can be said that hasn't already been analyzed, scrutinized and editorialized with regard to the state of the U.S. economy and business jet sales? Nothing! To sum up, jet sales are no longer in a cool-down mode. This industry has been pickled.

While President Obama seeks a silver bullet for the economy, there aren't any hand-outs in store for aircraft OEMs. Unlike its automotive brethren, the business jet segment has not been offered an economic recovery parcel. There is not even a crash cart with paddles waiting. We're on our own.

Looking at the few jet sales that occurred in the final three months of 2008, it is interesting to attempt to identify the types of transactions. Are the sale prices considered fair market values, or are they more along the lines of distressed liquidation values? It depends on the side of the bargaining table. For the seller, chances are the distress in the negotiated sale price has to do with some urgency to liquidate the asset. On the other hand, the buyer who is the end user will argue the sale price is fair market value because he would not be willing to pay more for the aircraft.

With too many buyers and sellers still riding the fence, it is hard to know what to call the sale. One thing is certain: If the present economy is our OK Corral, it is getting close to high noon. With the showdown at hand, one side or the other will be the first to break leather. After the smoke clears, everyone will know who the winner is. Time will tell.

Jet

Bluebook-at-a-glance

<i>Increased</i>	0
<i>Decreased</i>	563
<i>Stable</i>	262

Little surprise for the jet market tracked by Aircraft Bluebook: No aircraft in this category experienced gains in value. Most models of every jet manufacturer experienced yet another quarterly loss. Large-cabin jets such as the Bombardier Globals, Falcons and Gulfstreams continued the downward trend. Even before the ink dries, values of some models continue to fall.

The Cessna Citation X and Sovereign were examples of the few jets that, for the most part, had no decreases in values when compared to the previous quarter. This was the case for select Hawkers and Learjets as well.

Turboprop

Bluebook-at-a-glance

<i>Increased</i>	6
<i>Decreased</i>	209
<i>Stable</i>	415

Socata and Pilatus generally kept the turboprop market stable for another quarter. Most of the decreases in value for other turboprop manufacturers were kept to a modest 3 to 5 percent reduction when compared to the winter 2008/2009 Bluebook. The turboprop market might have received a slight bounce from jet operators scaling back to jet-prop-driven power.

Multi

Bluebook-at-a-glance

<i>Increased</i>	1
<i>Decreased</i>	178
<i>Stable</i>	494

Late-model twins continued to bleed off value while the majority of early-model aircraft remained stable. Late-model Beech Barons and Piper Senecas were down in excess of \$30,000. Well-equipped reconditioned aircraft, such as the Lock & Key Piper Chieftain, still command a respectable value when returned to the resale market.

Single

Bluebook-at-a-glance

<i>Increased</i>	163
<i>Decreased</i>	512
<i>Stable</i>	1786

Ag planes kept a positive note in the single category. Select models experienced modest increases. Late-model aircraft generally experienced decreases in value. Beech Bonanzas were down 4 percent, and Cirrus experienced a 3 percent loss when compared to the previous reporting period. For the most part,

20-year-old or older aircraft remained unchanged when compared to winter 2008/2009 Bluebook values.

Helicopter

Bluebook-at-a-glance

<i>Increased</i>	4
<i>Decreased</i>	174
<i>Stable</i>	814

Helicopter values appear to have reached a plateau. With only a minor increase in early-model Eurocopters, the majority of values remained stable when compared to the previous quarter. Most piston-powered ships as well as some single-engine turbines were in the loss column.

Aircraft Bluebook – Price Digest here for you

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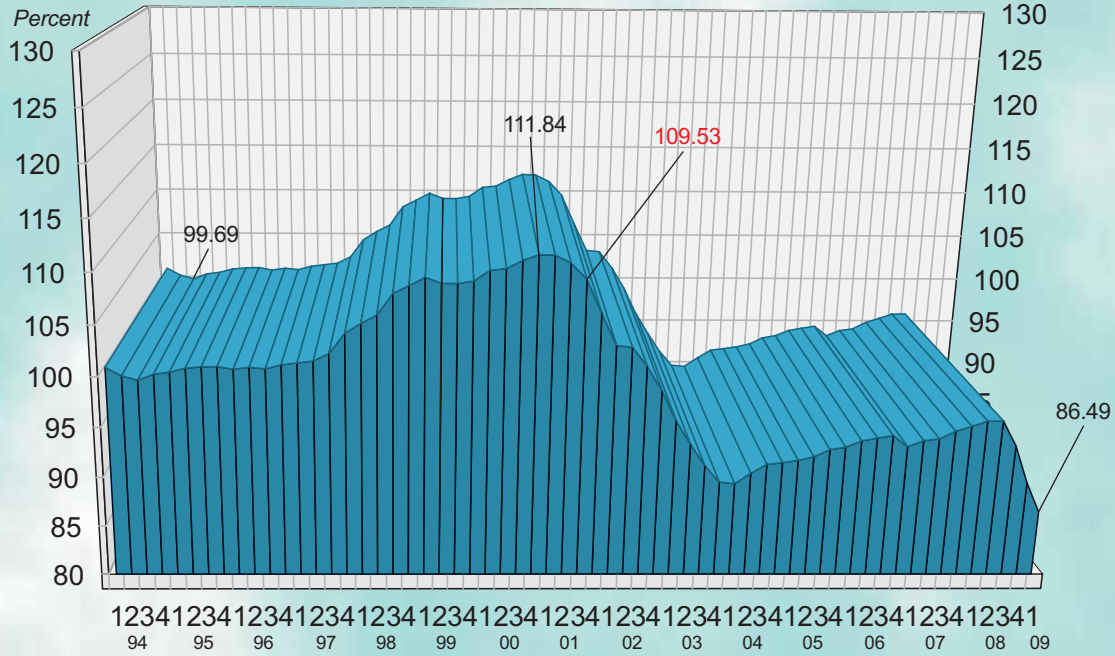


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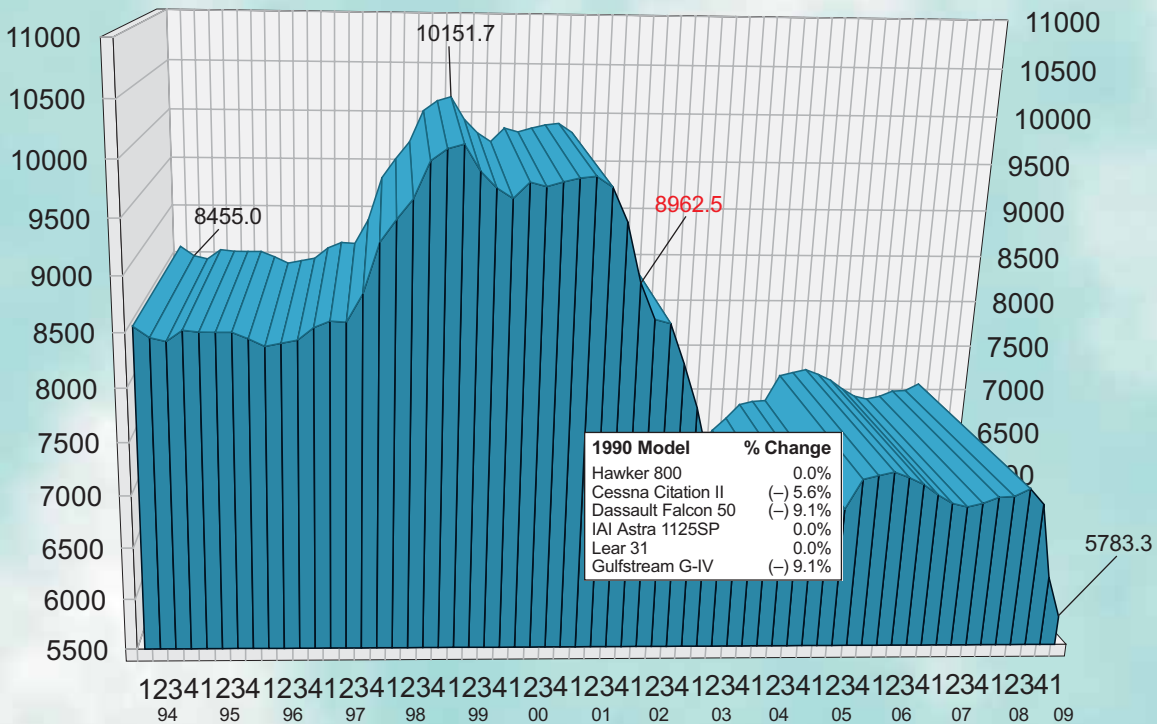
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USED AIRCRAFT MARKET VALUE



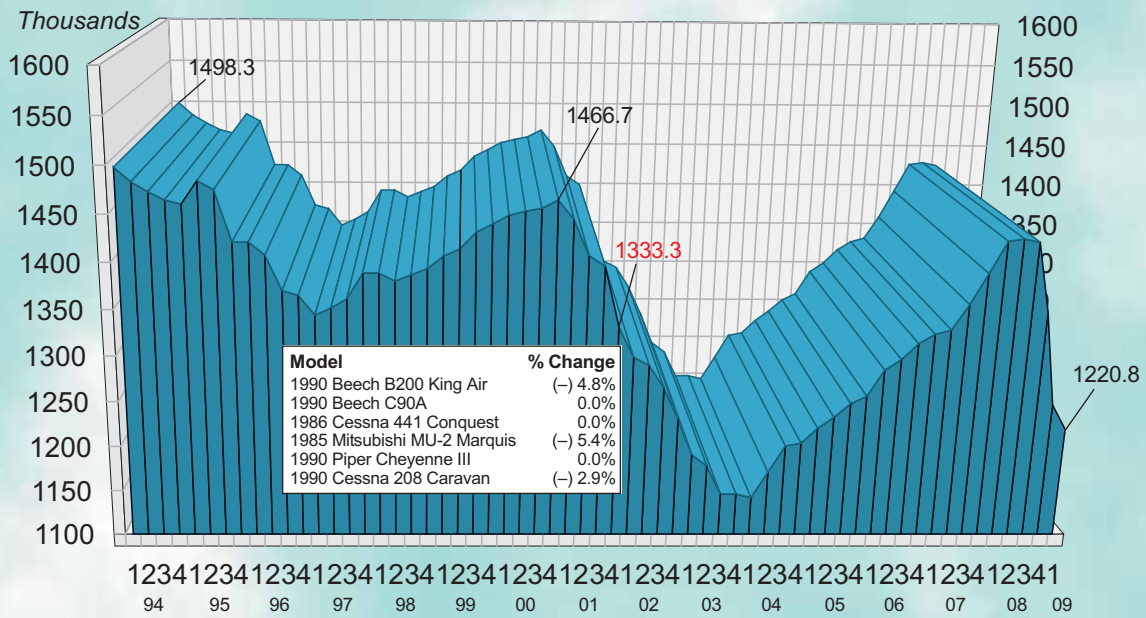
Used Aircraft Market. This chart displays each model's quarterly value in relationship to its average equipped price at the inception of the aircraft. The study begins in the Spring quarter of 1994 and includes the Jet, Turboprop, Multi, Piston and Helicopter. For all charts, the red number indicates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

JET



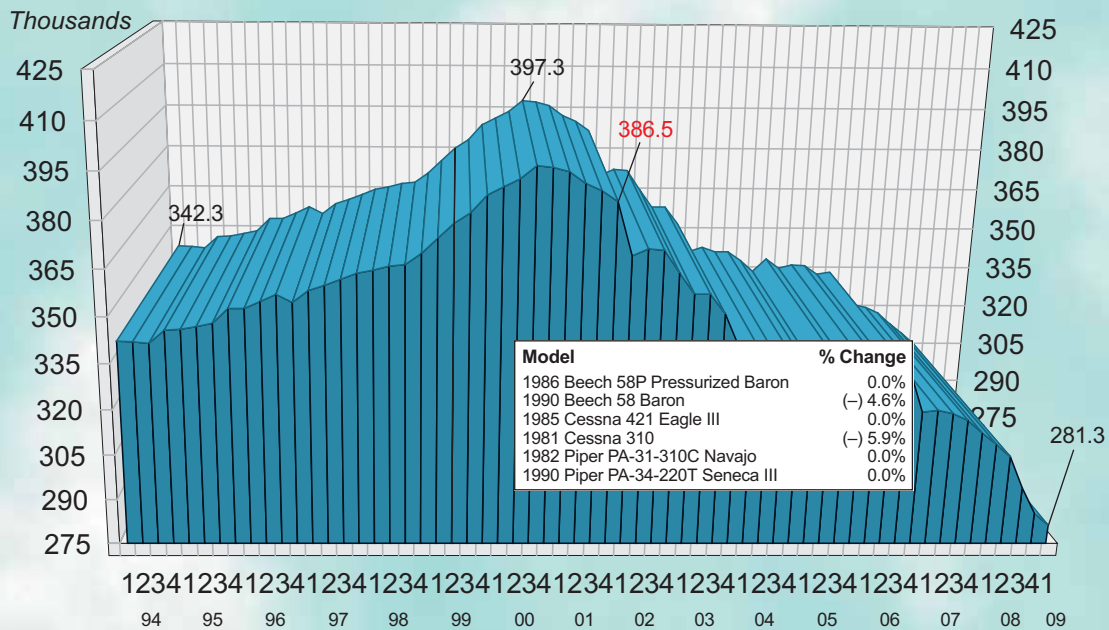
Jet. The jet chart depicts the average price (in thousands) of the six 1990 jets listed in the box.

TURBOPROP

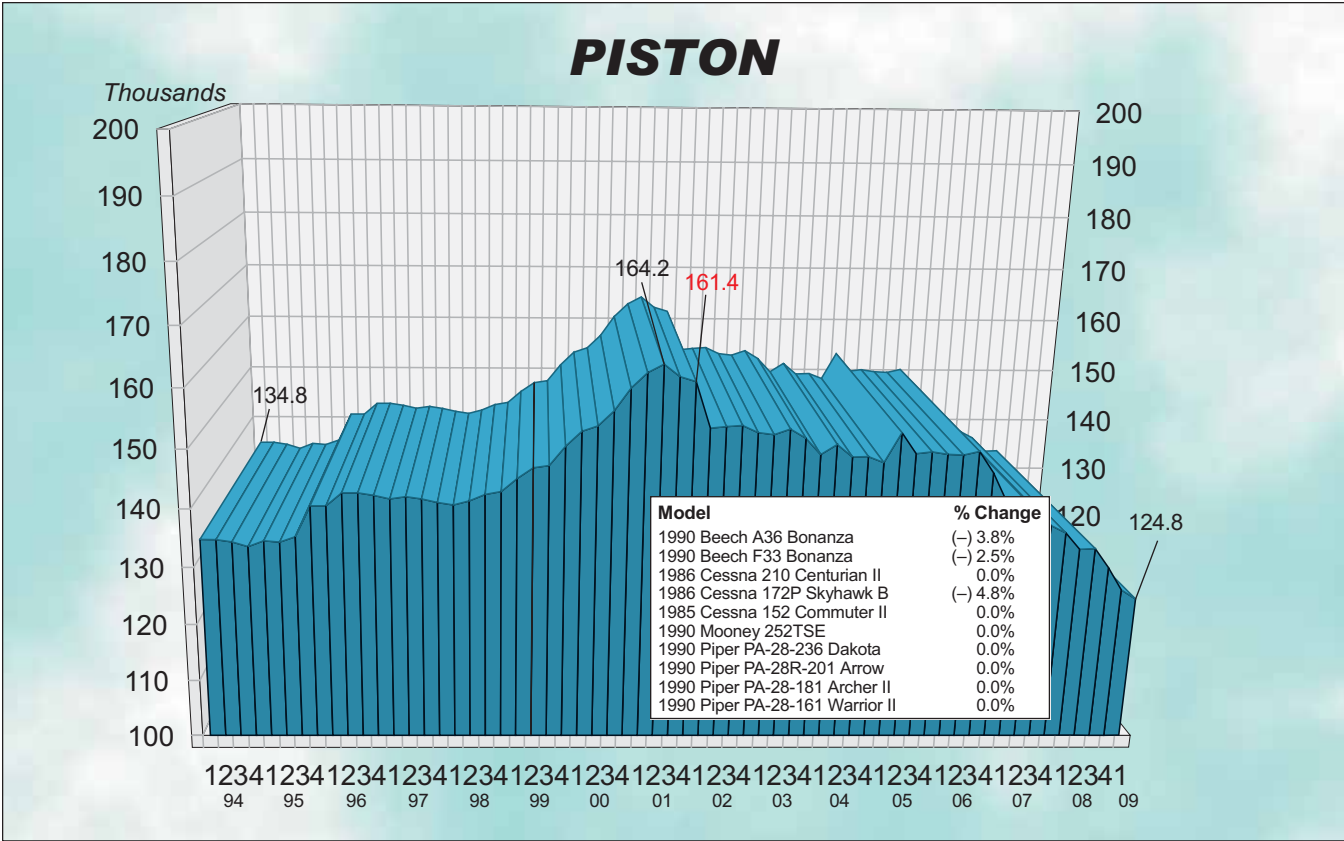


Turboprop. The turboprop chart depicts the average price (in thousands) of a 1985, 1986 and four 1990 turboprops listed in the box.

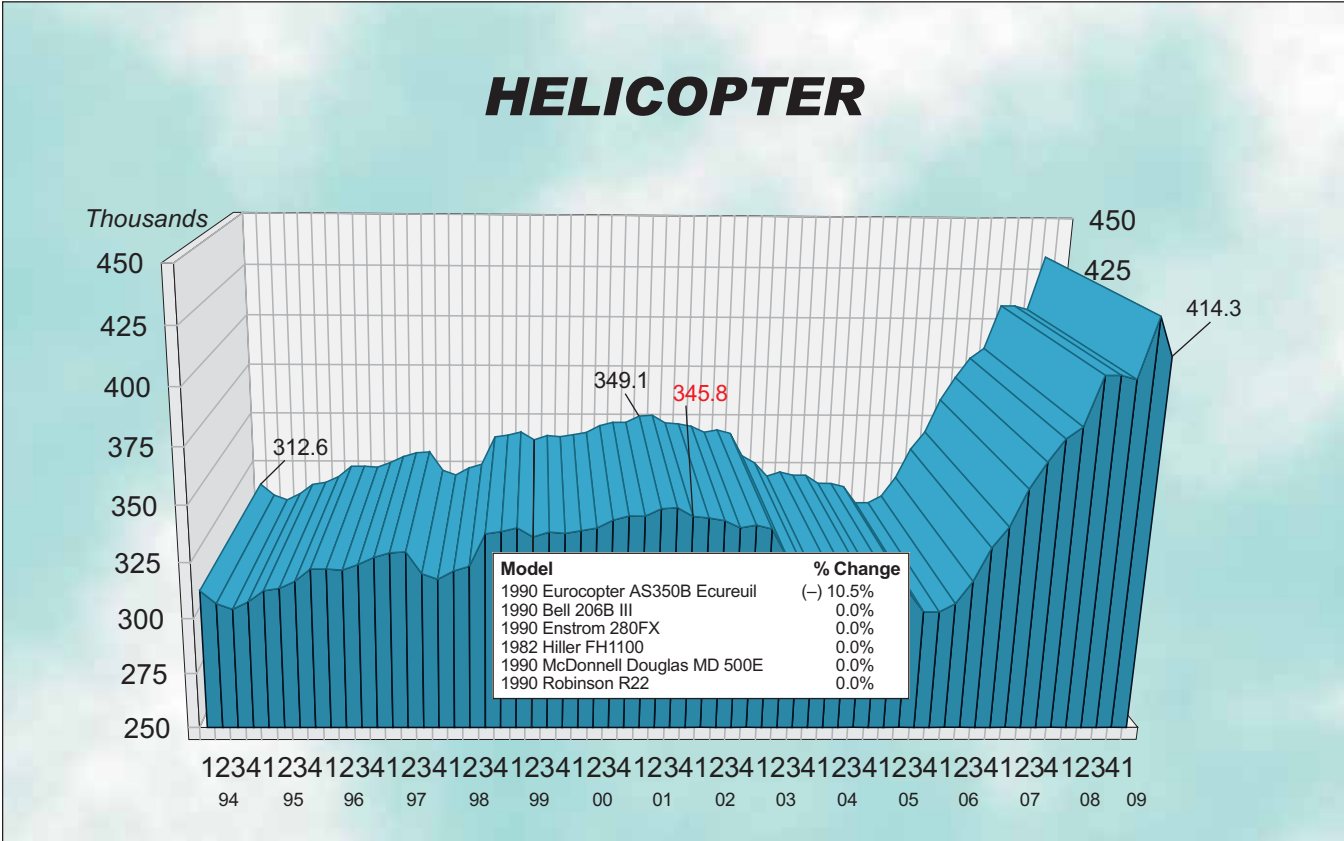
MULTI



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.

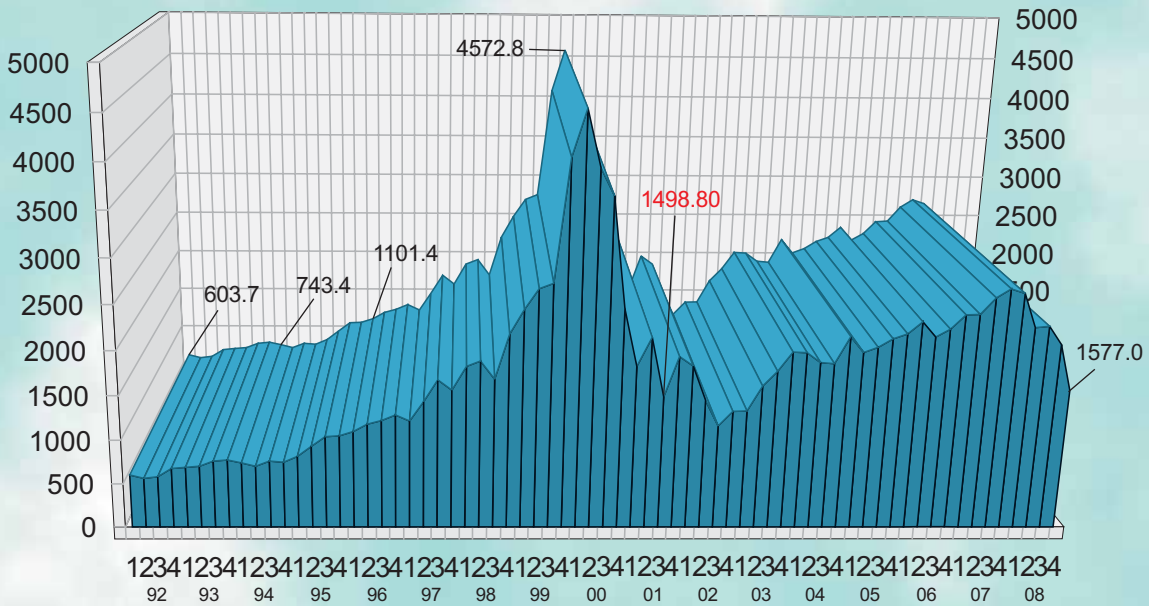


Piston. The piston chart depicts the average price (in thousands) of the 10 pistons listed in the box. Each model's year will precede the name of the aircraft.



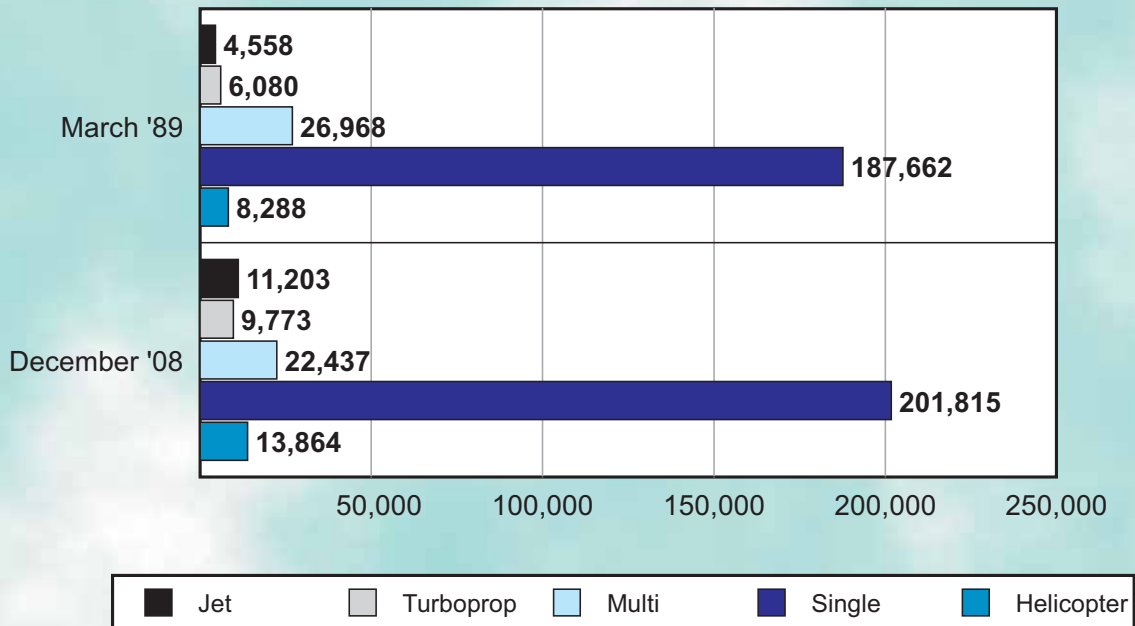
Helicopter. The helicopter chart depicts the average price (in thousands) of the six helicopters listed in the box. Each model's year will precede the name of the aircraft.

NASDAQ



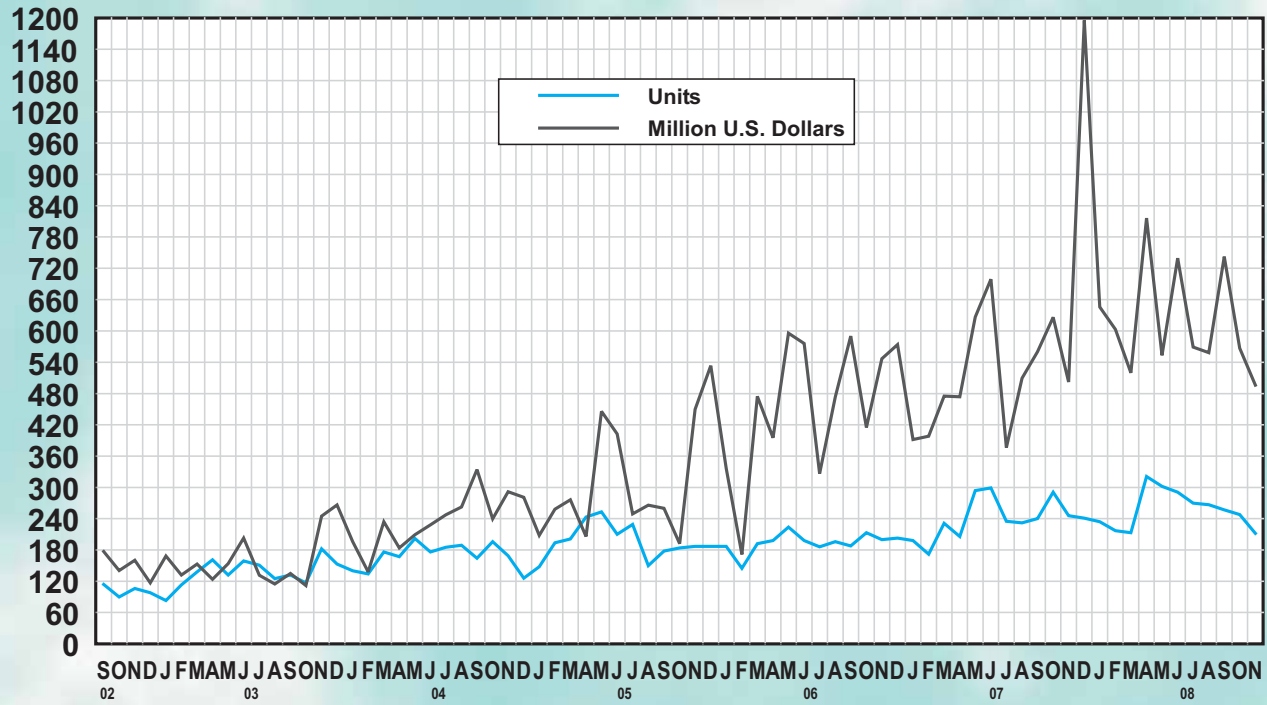
NASDAQ: This ratio scale chart depicts the change for the NASDAQ daily average from quarter to quarter beginning at the end of the first quarter of 1992. Each data point represents the closing daily average on the last trading day of each quarter. This study originates in the first quarter of 1971.

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.

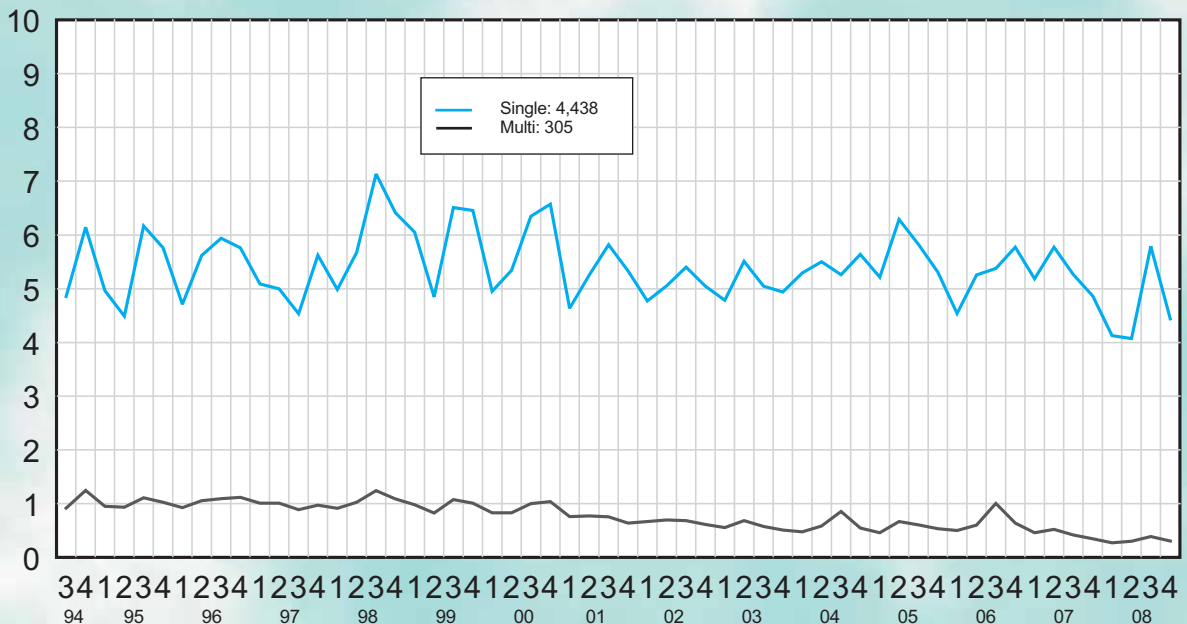
EXPORTS



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.

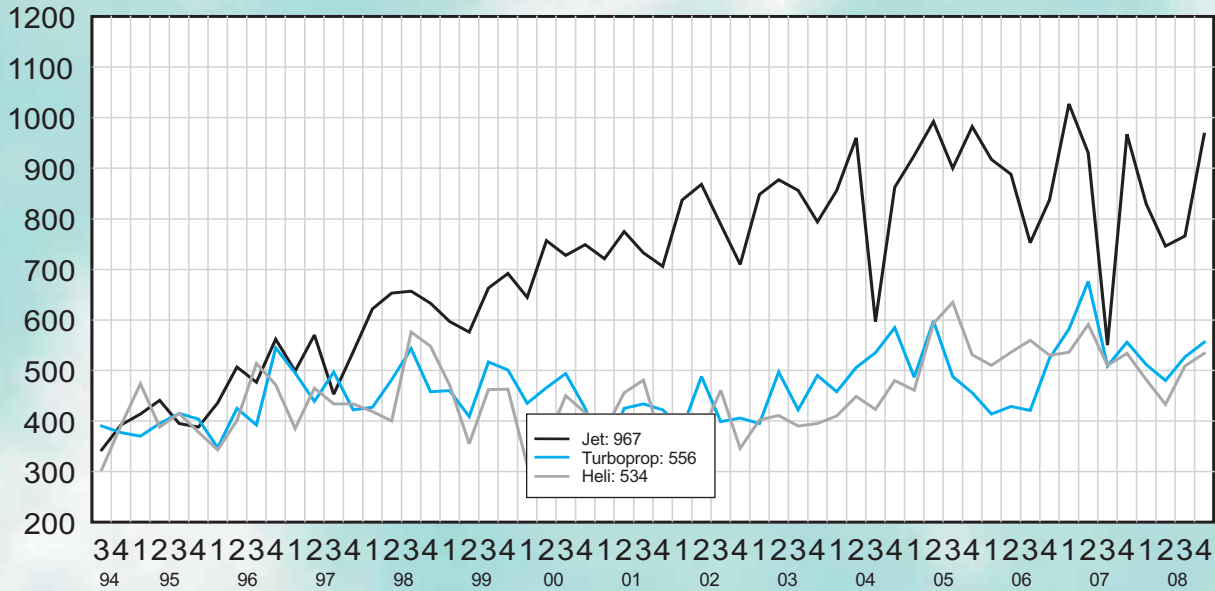
CHANGE OF STATUS SINGLE • MULTI

Thousands



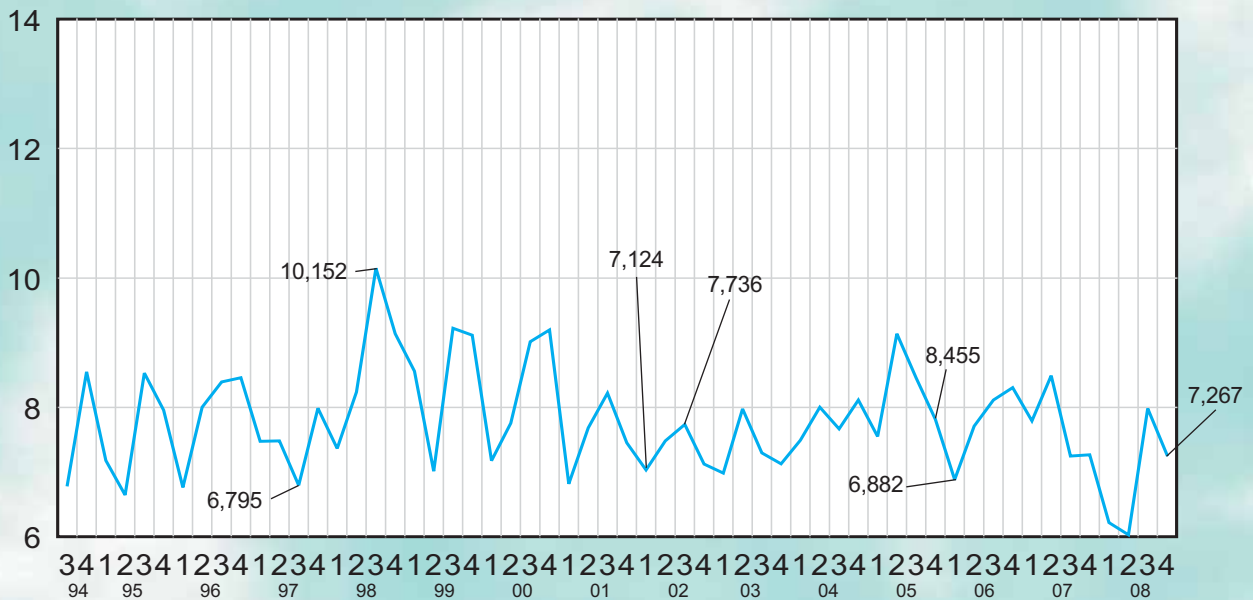
Single/Multi. The blue line in the Single • Multi chart depicts change-of-ownership data for singles. The black line represents multis.

CHANGE OF STATUS 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 STATUS 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.