

MARKETLINE

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BLUEBOOK PERSPECTIVES

THUMPS & BUMPS IN THE PRE-OWNED MARKET

By Carl Janssens, ASA

Optimists see the silver lining behind the cloud while the pessimist only sees the cloud. Optimism continues to be the silver lining in the pre-owned aircraft market. However, reality of the dark cloud dictates an awareness and calculated approach. Such are the conditions in the current ever-evolving pre-owned market. For the most part, the glory days of aircraft values being treated as premium investment opportunities are now nothing more than a faded memory. Knowledgeable buyers and sellers are keenly aware of this. Change of ownership continues at a slow to steady pace while values for the most part show continued depreciation. The exceptions are late model long range executive business jets.

So, why haven't values had some sort of rally? The answer still remains in the old school of supply and demand. While inventories for pre-owned aircraft are continuing to deflate ever so slightly, the abundance of low time, well maintained business aircraft available in the open market have an economic impact on what the market will bear on any given aircraft sale price. Throw in more financial regulations on behalf of the lender and the result is a not-so-much-room to rally premium sale prices.

Other economic indicators are pointing to limited domestic growth in the near future. Some predictions include another recession in the coming months, concerns for Homeland Security and the impact it will have on corporate aviation along with the cost of energy (fuel). While all of this is really pessimistic, the reality still remains that this is the environment the pre-owned business aircraft market operates in. It's our bubble inside the big bubble, so to speak.

The marquis referencing Bluebook-at-a-glance changes on the right is the reality of an average pre-owned market. For machinery and equipment, which aircraft are classified as, depreciation is the norm rather than the exception. For whatever the cause, the effects are recorded as +/- in the average retail column as it relates to the previous (Spring 2012) values of Aircraft Bluebook – Price Digest. In this market, it is important to remember that transactions between buyers and sellers are more important than actual values. Without movement, there is no market.

In the Jet category, there were no aircraft that increased in average retail value in the Bluebook. Most of the decreases were a reflection of weaker sold prices reported. A number of jets did remain unchanged. Most were in the long range late model class of jets.

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BLUEBOOK-AT-A-GLANCE

JET

INCREASED	0
DECREASED	674
STABLE	284

TURBOPROP

INCREASED	2
DECREASED	102
STABLE	512

MULTI

INCREASED	32
DECREASED	117
STABLE	517

SINGLE

INCREASED	65
DECREASED	267
STABLE	2247

HELICOPTER

INCREASED	49
DECREASED	181
STABLE	869

For the Turboprop category, the 2006 & 2007 King Air C90GT reported modest increases in average retail. For the most part, values remained unchanged. Decreases in reported average retail in this category were merely another reflection of market activity when compared to the previous quarter.

Much was the same for the Multi and Single piston category. Increases in retail value were reported to include legacy models, those manufactured in the 20th century. Stability in pricing when compared to the previous quarter dominated these market segments.

In the Helicopter category, most models remained stable. Component life and condition play a major role in sale prices. Helicopters that reported an increase in average retail included the Eurocopter AS350 series. For the most part, values were unchanged when compared to the previous quarter.

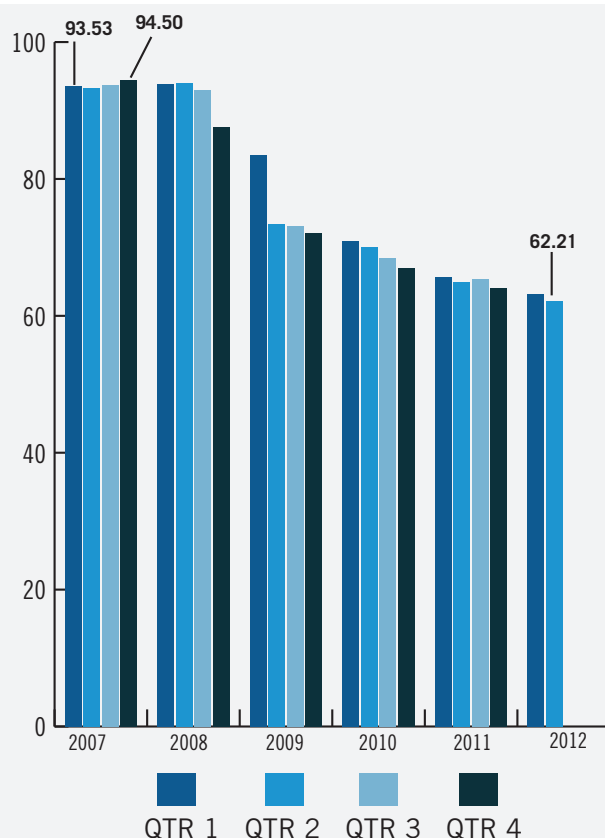
CURRENT MARKET STRENGTH

CMS represents an aircraft's current strength in the market. An A+ rating indicates the aircraft is enjoying a very firm market. Prices for an A+ aircraft are steadily rising, and holding times are very short or nonexistent. At the opposite end of the spectrum, a C- aircraft is one experiencing a very soft market. Its price is commonly discounted, and it often sets on the ramp in excess of eight months before selling. It is important to remember that Current Market Strength is not a forecast. It is valid only at Marketline's effective date of release. *See chart below.*

MARKETLINE CHARTS

All of the listed aircraft have a composite score that is presented in the Used Aircraft Market graph. Data points are represented in relationship to the respective new delivered historical price that is equal to 100%. The measure of change is reported in the actual percentage of value in relation to new. The delta between reporting periods can be concluded as the percentage of change.

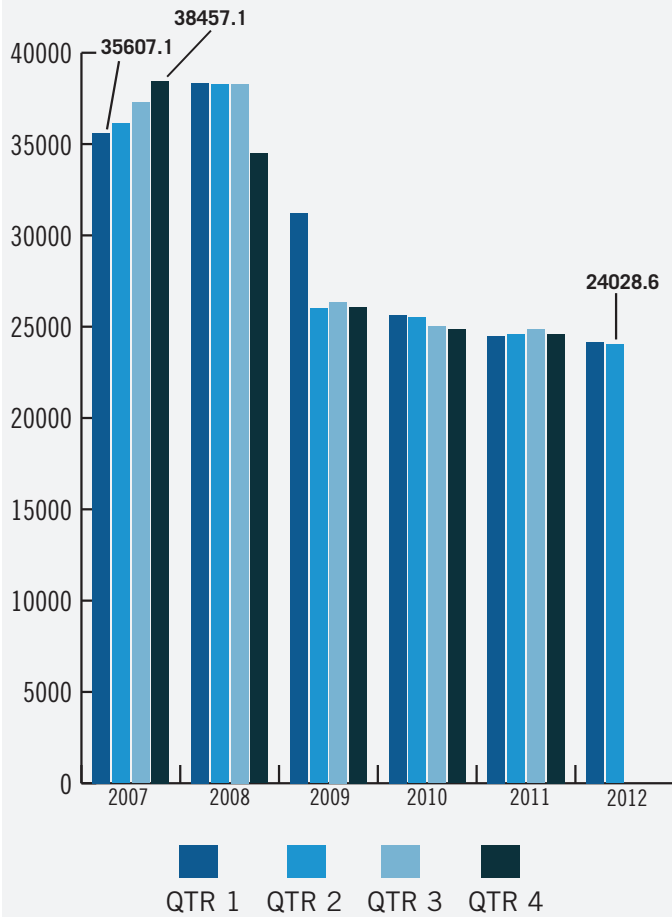
USED AIRCRAFT MARKET



CURRENT MARKET STRENGTH (CMS)

2007/2008 Model	CMS	2007/2008 Model	CMS	2007/2008 Model	CMS
Beech Premier 1A	B	Gulfstream G200	B	Cirrus SR22-G2	B+
Bombardier Global XRS	A	Gulfstream G150	B	Cirrus SR20-G2	B
Bombardier Challenger 604	B	Hawker 800XP	B	Diamond DA40-180XLS Star	B
Bombardier Challenger 300	A	Hawker 400XP	C	Diamond DA20-C1 Eclipse	B
Bombardier LearJet 60XR	B	Beech King Air 350	A	Mooney M20TN Acclaim	B
Bombardier LearJet 45XR	B	Beech King Air B200	A	Mooney M20R Ovation	B
Cessna Citation X	B	Beech King Air C90GT	A	Piper PA46-350P Mirage	B
Cessna Citation XLS	B	Cessna 208B Grand Caravan	A	Piper PA34-220T Seneca V	B
Cessna Citation CJ3	B	Piaggio P180	B	Piper PA28R-201 Arrow	B
Cessna Citation CJ2	B	Pilatus PC-12/47	B	Piper PA28-181 Archer III	B
Dassault Falcon 900EX Easy	A	Piper PA46-500TP Meridian	B+	Evektor Sportstar (LSA)	B
Dassault Falcon 50EX	B	Socat TBM 850	B	Flight Design CTLS (LSA)	B
Dassault Falcon 2000EX	A	Beech 58 Baron	B+	Agusta A109 Grand	A
Embraer EMB-135 Legacy	A	Beech A36 Bonanza	B	Bell 206 L-4	A
Embraer Phenom 100	A	Cessna T206H Stationair	B	Eurocopter AS350-B3	A
Gulfstream G550	A	Cessna 182T Skylane	B	Robinson R44 Raven II	A
Gulfstream G450	A	Cessna 172S Skyhawk	B	Sikorsky S-76C++	A

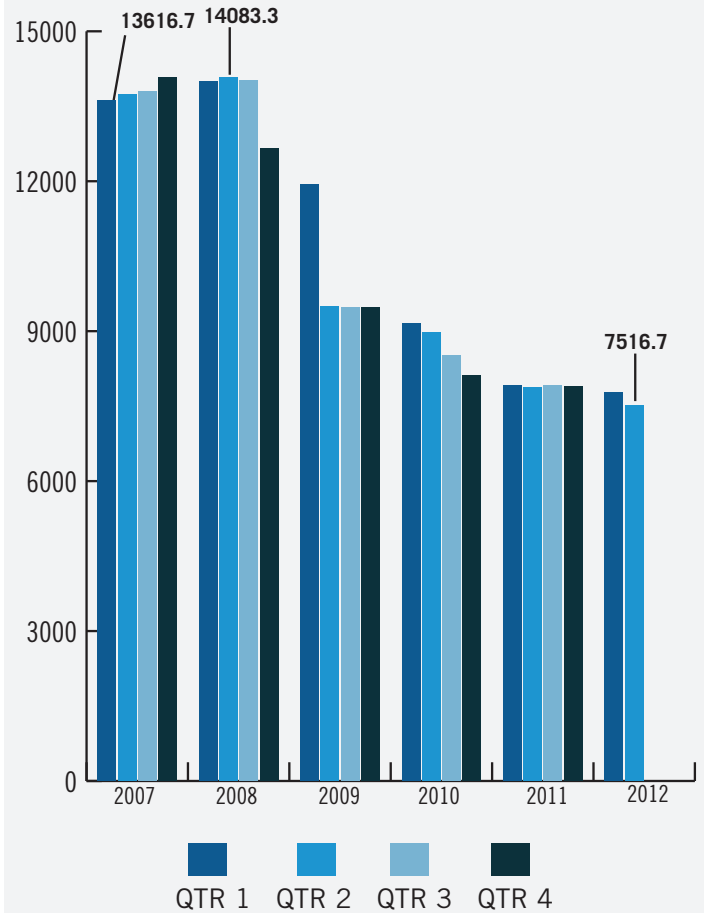
LARGE JET



The Large Jet chart depicts the average price (in thousands) of the seven jets listed. Each model's year will precede the name of the aircraft.

YEAR/MODEL	%CHANGE
2006 Bombardier Global Express	0.0
2007 Bombardier Challenger 605	0.0
2005 Dassault Falcon 900 EX Easy	0.0
2005 Dassault Falcon 200EX Easy	-2.9
2005 Gulfstream G550	-0.0
2005 Gulfstream G450	0.0
2005 Embraer EMB135 Legacy	-4.1

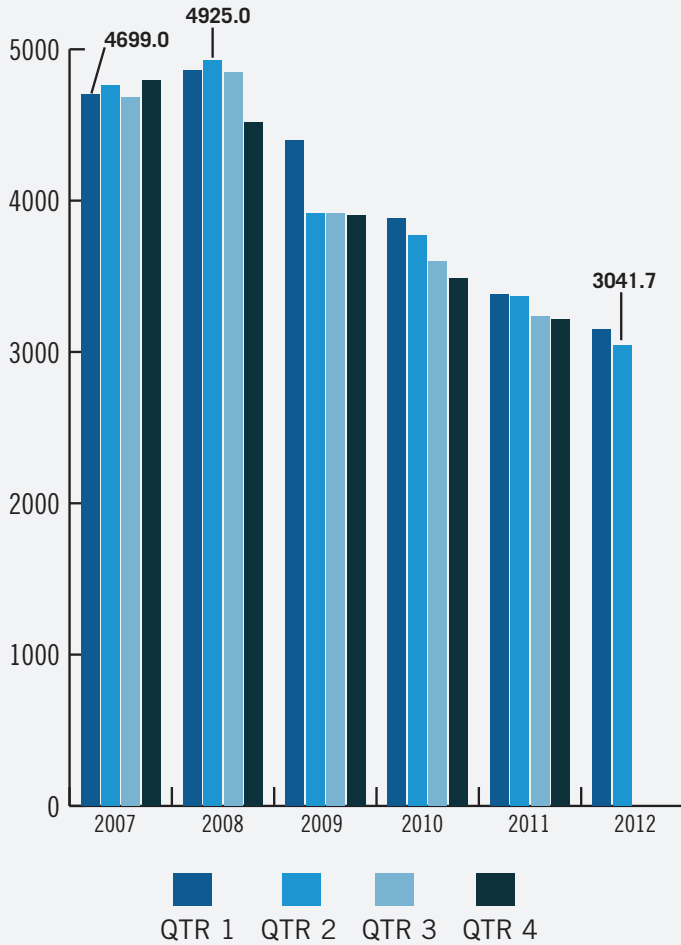
MEDIUM JET



The Medium Jet chart depicts the average price (in thousands) of the six jets listed. Each model's year will precede the name of the aircraft.

YEAR/MODEL	%CHANGE
2005 Bombardier Challenger 300	-2.3
2005 Bombardier Lear 45XR	-1.8
2005 Cessna Citation Sovereign	-5.3
2005 Cessna Citation XLS	-3.3
2006 Gulfstream G150	0.0
2005 Hawker 800XP	-7.7

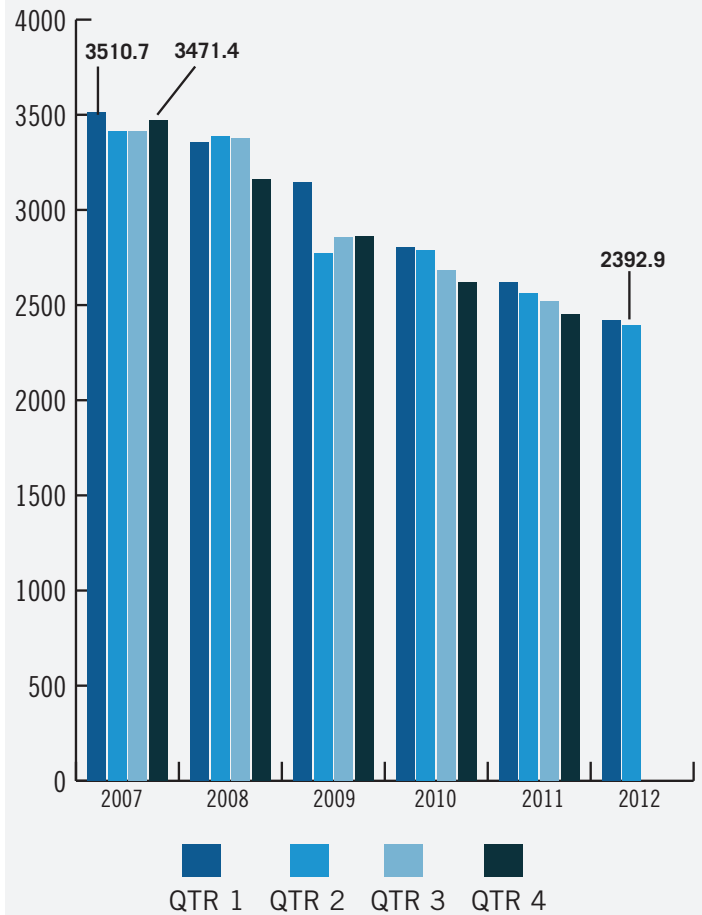
SMALL JET



The Small Jet chart depicts the average price (in thousands) of the six jets listed. Each model's year will precede the name of the aircraft.

YEAR/MODEL	%CHANGE
2005 Beech Premier 1	-7.1
2005 Cessna Citation CJ2+	-2.6
2006 Cessna 510 Mustang	0.0
2008 Embraer Phenom 100	-8.0
2009 Embraer Phenom 300	-3.0
2005 Hawker 400XP	0.0

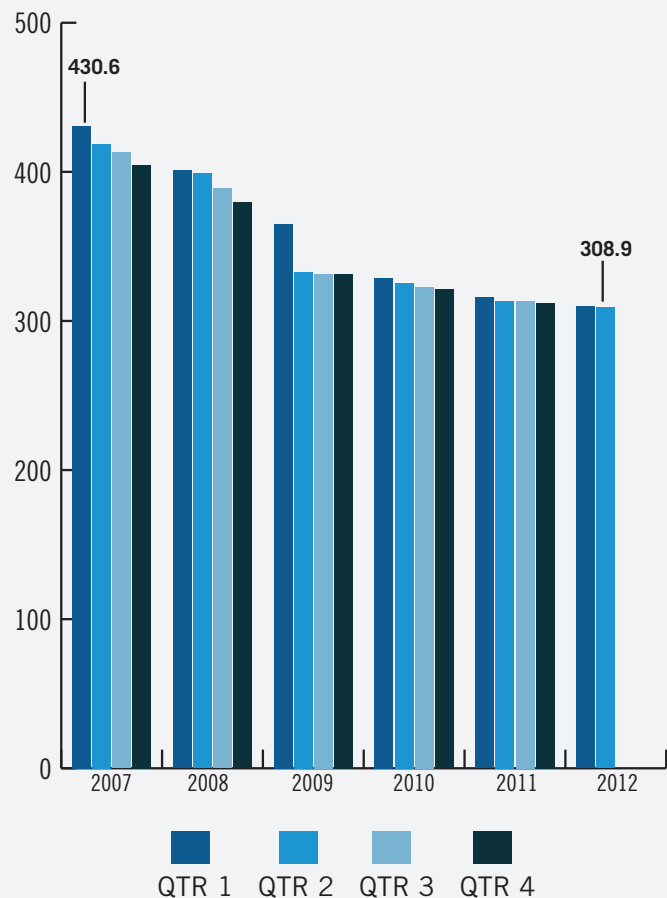
TURBOPROP



The Turboprop chart depicts the average price (in thousands) of the seven turboprops listed. Each model's year will precede the name of the aircraft.

YEAR/MODEL	%CHANGE
2005 Beech King Air350	-2.9
2005 Beech King AirB200	-3.7
2005 Beech King AirC-90B	0.0
2005 Cessna 208 Grand Caravan	0.0
2005 Piaggio AvantiP180	0.0
2005 Pilatus PC12/45	0.0
2005 Socata TBM700C2	0.0

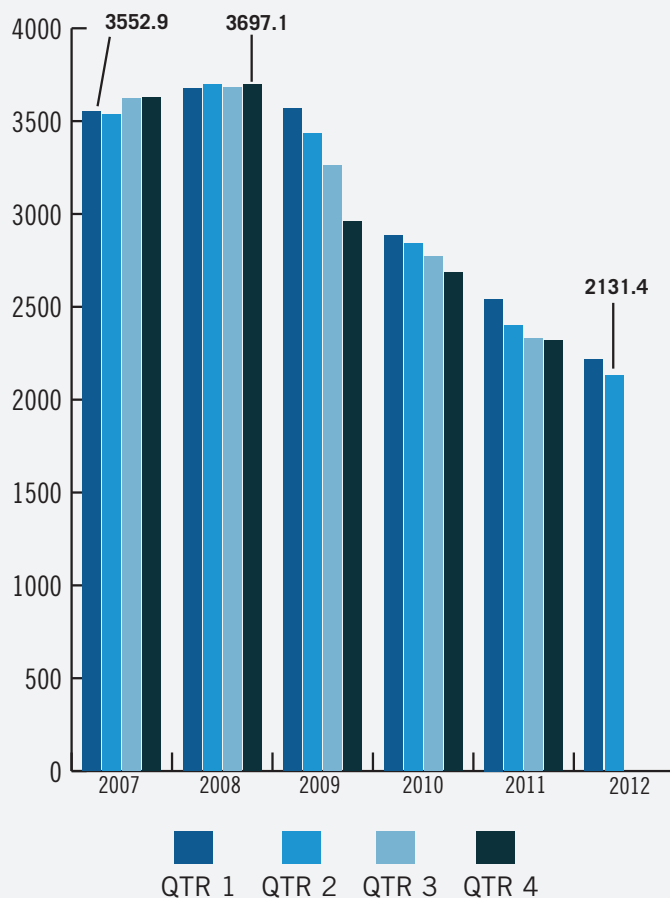
SINGLE/MULTI PISTON



The Single/Multi-Piston chart depicts the average price (in thousands) of the 11 aircraft listed. Each model's year will precede the name of the aircraft.

YEAR/MODEL	%CHANGE
2005 Beech 58 Baron	+0.8
2005 Diamond DA42 Twin Star	0.0
2005 Piper PA34-220T Seneca V	0.0
2005 Beech A36 Bonanza	0.0
2005 Cessna/Columbia 400	-1.7
2005 Cessna 182T Skylane	0.0
2005 Cessna T206H Turbo Stationair	0.0
2005 Cessna 172S Skyhawk SP	0.0
2005 Cirrus SR22-G2	0.0
2005 Piper PA46-350P Mirage	-1.6
2005 Piper PA28R-201 Arrow	0.0

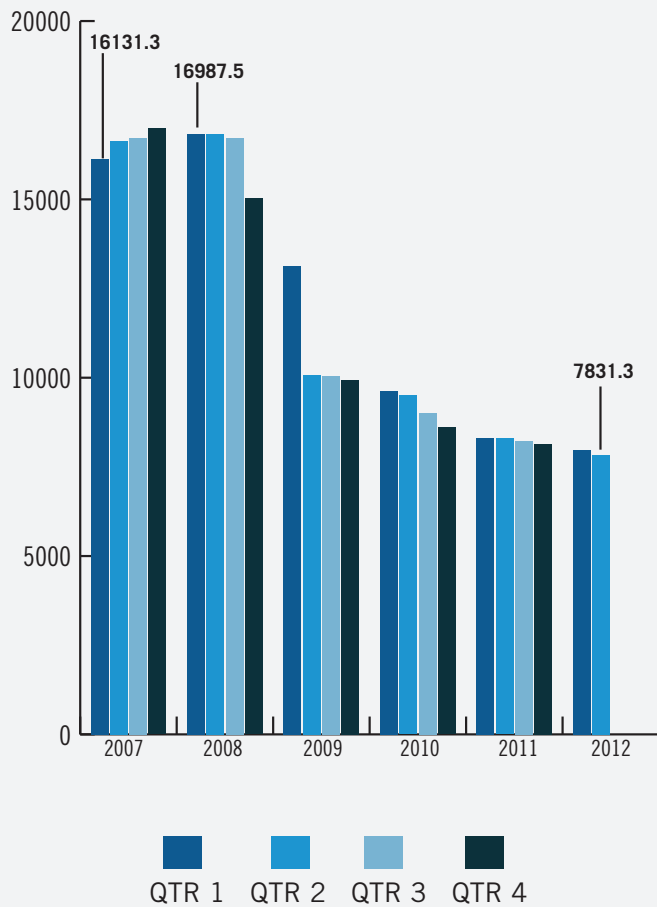
HELICOPTER



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

YEAR/MODEL	%CHANGE
2005 Agusta A109E Power	-6.3
2005 Bell 430	-6.9
2005 Eurocopter EC130B4	0.0
2005 Eurocopter AS350B-3 Ecureuil	+6.3
2004 Enstrom 280FX	0.0
2005 Robinson R44 Raven	0.0
2005 Sikorsky S-76C+	-5.4

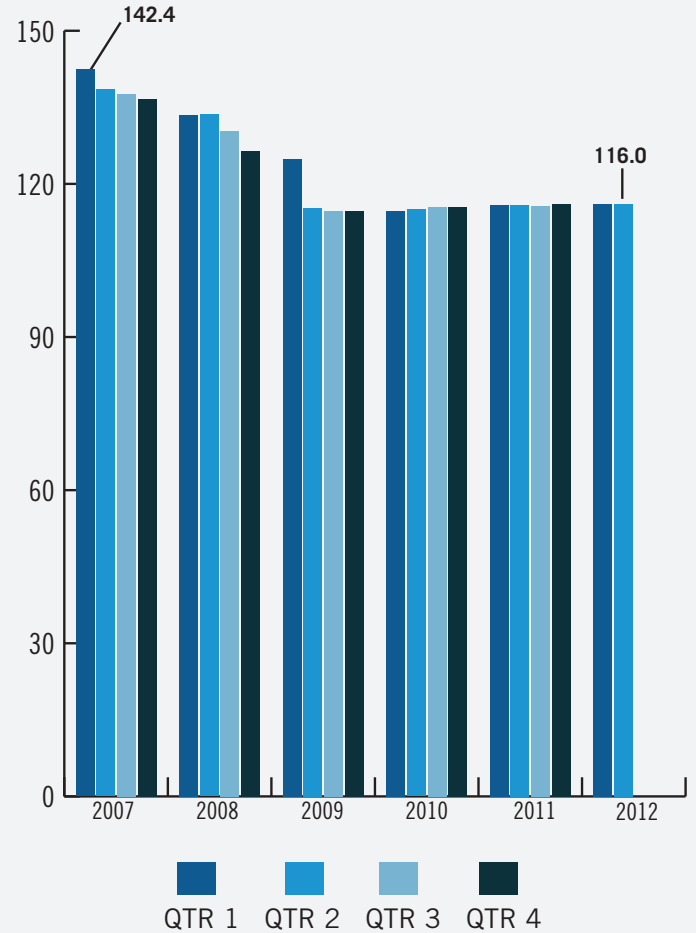
LEGACY JET



The Legacy Jet chart depicts the average price (in thousands) of the eight jets listed. Each model's year will precede the name of the aircraft. Legacy Aircraft are those produced prior to the year 2000.

YEAR/MODEL	%CHANGE
1996 Bombardier Challenger 604	-2.6
1996 Bombardier Lear 31A	-6.5
1996 Cessna Citation Ultra	-4.8
1996 Dassault Falcon 900B	-4.2
1997 Dassault Falcon 50EX	0.0
1996 Gulfstream GV	0.0
1996 Gulfstream GIVSP	0.0
1996 Hawker800XP	-6.7

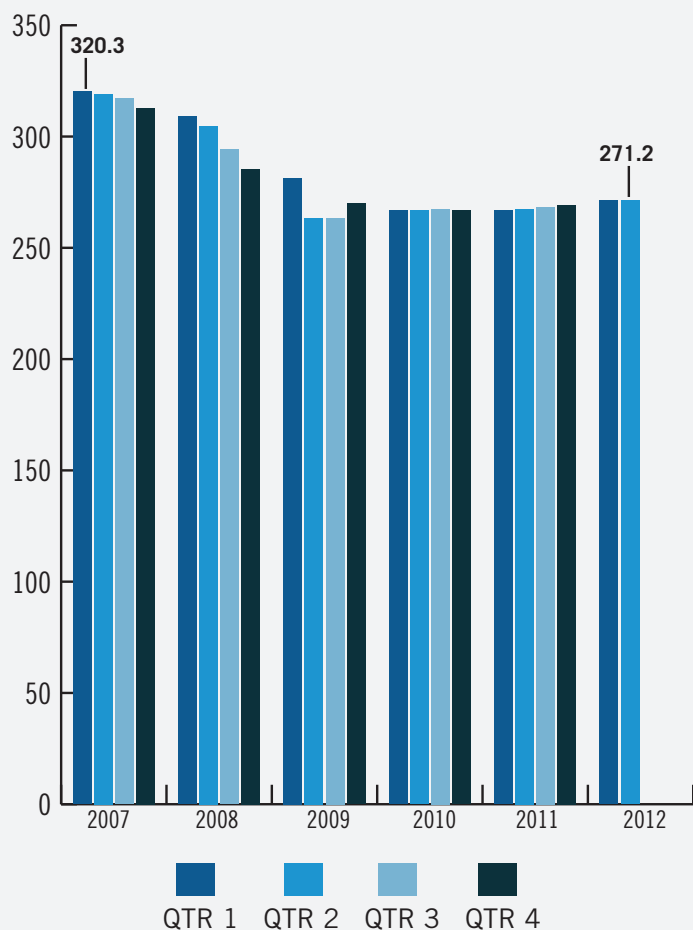
LEGACY PISTON



The Legacy Piston chart depicts the average price (in thousands) of the ten piston aircraft listed. Each model's year will precede the name of the aircraft. Legacy Aircraft are those produced prior to the year 2000.

YEAR/MODEL	%CHANGE
1990 Beech A36 Bonanza	0.0
1990 Beech F33 Bonanza	0.0
1986 Cessna 210 Centurion II	0.0
1986 Cessna 172P Skyhawk B	0.0
1985 Cessna 152 Commuter II	-1.9
1990 Mooney 252 TSE	0.0
1990 Piper PA-28-236 Dakota	0.0
1990 Piper PA-28R-201 Arrow	0.0
1990 Piper PA-28-181 Archer II	0.0
1990 Piper PA-28-161 Warrior II	0.0

LEGACY MULTI ENGINE PISTON

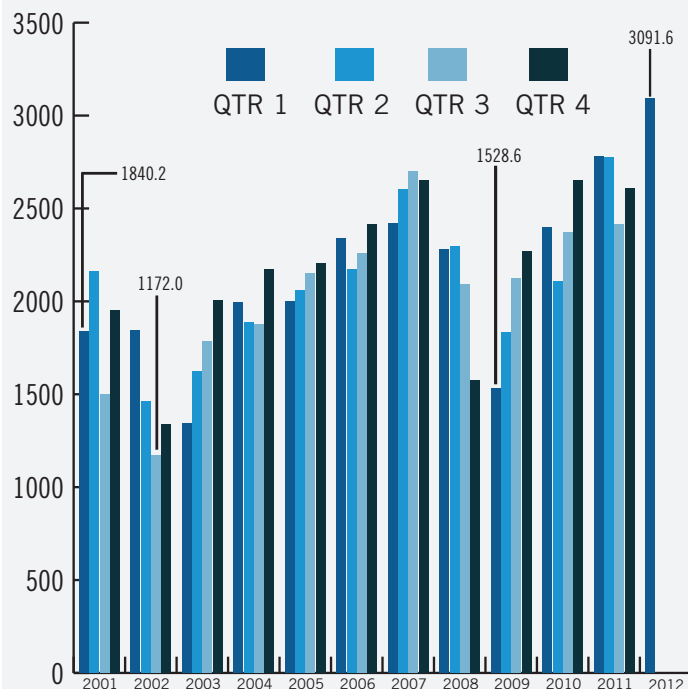


The Legacy Multi Engine Piston chart depicts the average price (in thousands) of the six aircraft listed. Each model's year will precede the name of the aircraft. Legacy Aircraft are those produced prior to the year 2000.

YEAR/MODEL	%CHANGE
1986 Beech 58P Pressurized Baron	0.0
1990 Beech 58 Baron	0.0
1985 Cessna 421 Eagle III	0.0
1981 Cessna 310R II	0.0
1982 Piper PA-310C Navajo	0.0
1990 Piper PA-34-220T Seneca III	0.0

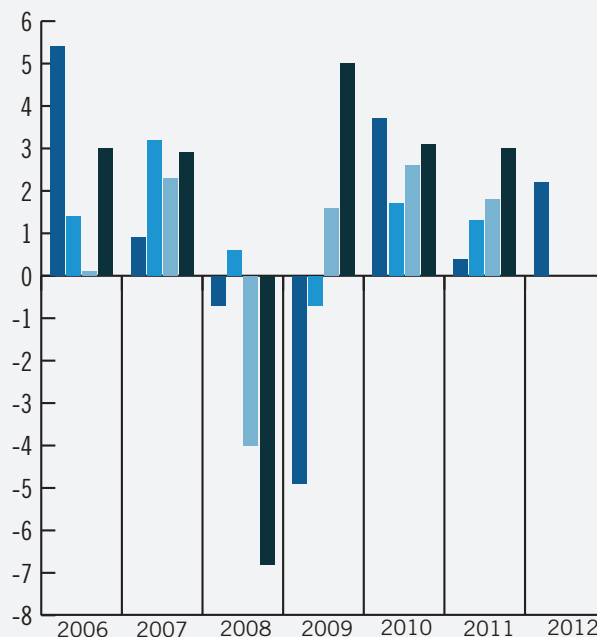
NASDAQ

Consider these graphs as crosschecks. The general aviation and business aircraft market does not operate in a vacuum but is a part of the bigger picture.



U.S. REAL GDP

Each data point represents the BEA's final figure or latest estimate of the quarter-to-quarter seasonally adjusted annual rates of change in real GDP "based on chained 2005 dollars." The study begins with the first quarter in 2006.

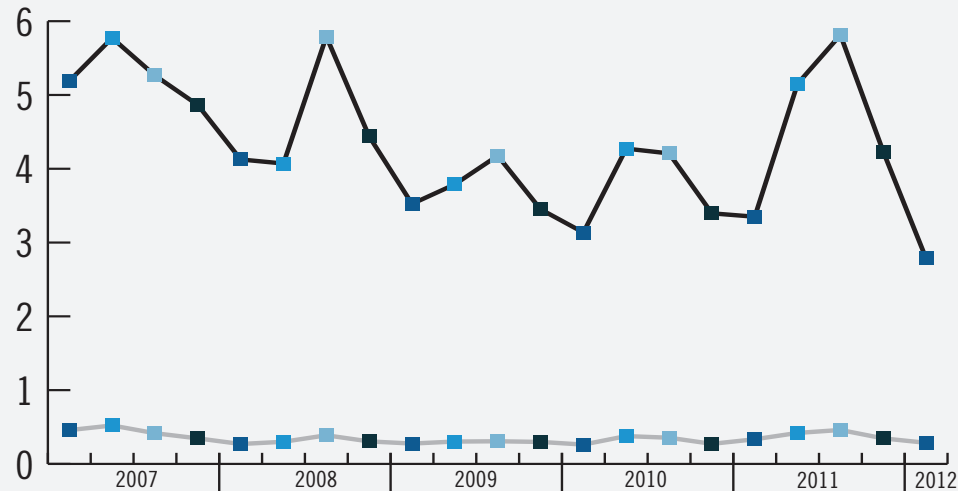


CHANGE OF STATUS: SINGLE/MULTI

The black line in the chart depicts change-of-status data for singles. The light gray line represents multi.

Single: 2784
Multi: 286

QTR 1 QTR 2 QTR 3 QTR 4

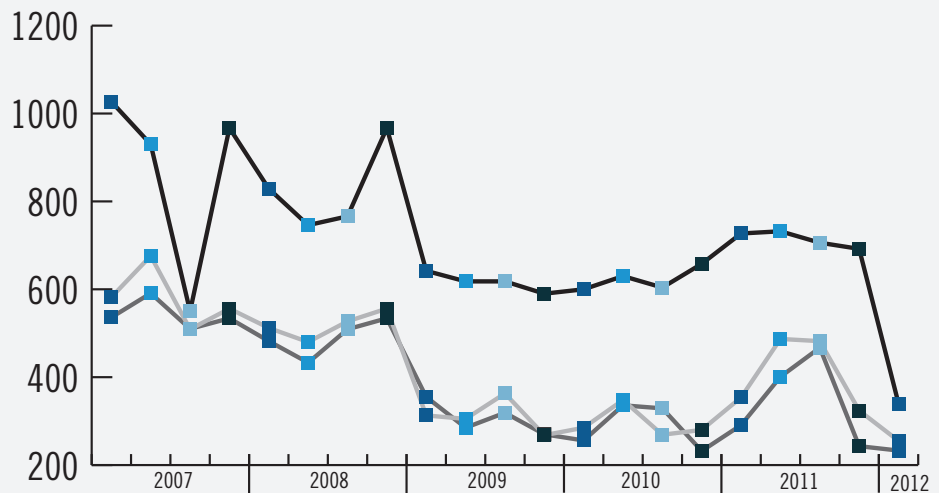


CHANGE OF STATUS: JET/TURBO/HELI

The black line in the chart represents change-of-status information for jets. The light gray line depicts turboprops, while the dark gray line represents helicopters.

Jet: 340
Turboprop: 255
Heli: 233

QTR 1 QTR 2 QTR 3 QTR 4

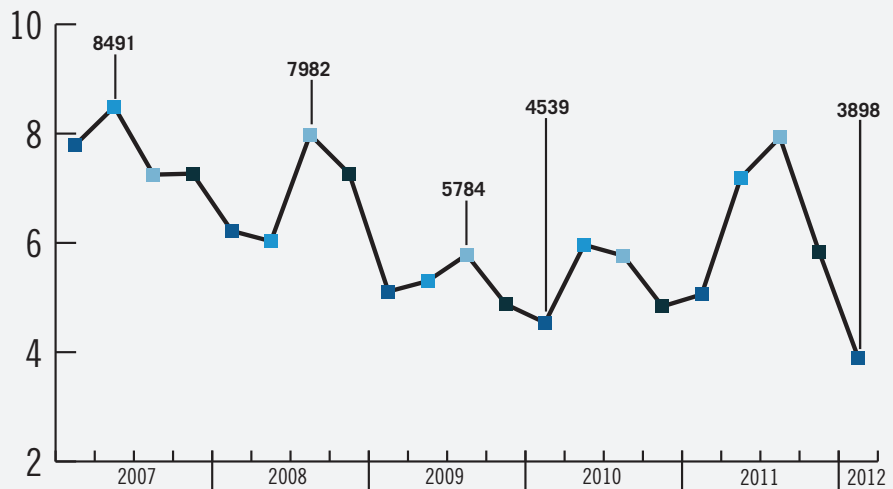


CHANGE OF STATUS: TOTAL MARKET

Depicts change-of-status 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.

Total Market

QTR 1 QTR 2 QTR 3 QTR 4



INTO THE BLUE

12th Annual EBACE Convention Shines in Geneva

By Michele Markarian | *The Air Charter Guide*

Given the mixed economic conditions in Europe, I wasn't sure what to expect at the 12th Annual EBACE Convention this month. The only European exhibition focusing solely on business aviation, EBACE 2012 proved to be a lively and fruitful show, with more exhibits than ever before and an abundance of foot traffic representing many different regions – the Middle East, North America, Asia and Africa.

According to organizers, the number of attendees was comparable to last year's show. Final figures tallied 12,638, from an impressive 99 countries. 2012 was a watershed year in terms of exhibitors, with 2,280 booths spanning the exhibit halls of the Geneva Palexpo. The 60 aircraft on display at the static broke a record for being the largest EBACE Static Display to date.

The European Business Aviation Association (EBAA) President Brian Humphries said, "This year's show was a tremendous success. The numbers demonstrate that EBACE remains the most important European business aviation event, even in – and perhaps especially in – tough economic times in the region."

EBACE 2012 launched the debut of the African Business Aviation Association (AfBAA), a long-awaited organization to raise safety and operational standards and to create a single voice to lobby the continent's regulators. Its founding chairman, Tarek Ragheb, also was involved in forming the successful Middle East Business Aviation Association (MEBAA).

"THIS YEAR'S SHOW WAS A TREMENDOUS SUCCESS. THE NUMBERS DEMONSTRATE THAT EBACE REMAINS THE MOST IMPORTANT EUROPEAN BUSINESS AVIATION EVENT."

Gainjet Aviation, one of AfBAA's 14 founding members, housed the organization under its booth. "20-30 percent of our foot traffic was for AfBAA – which we were happy to see," said Gainjet's Marketing Director Andrew Hallak.

Recipients of the 2012 European Business Aviation Awards were David MacMillan, director general of Eurocontrol, and Don Spruston, director general of The International Business Aviation Council (IBAC). The awards were presented at a luncheon on May 14th, the opening day of the convention.

In addition to the exhibits, there was a series of interesting and enlightening EBACE education sessions, with industry experts addressing the current state of topics such as safety, illegal flights, SESAR, and business aviation across the world.

As usual, there was no shortage of wine, champagne, beer and hors d'oeuvres lining the tradeshow floor, providing the atmosphere with a light, festive feeling.

Next year's show will take place in Geneva from Tuesday, May 21 through Thursday, May 23, 2013. For more information, including Twitter feeds and a downloadable EBACE app, visit www.ebace.aero.

WHAT'S NEW IN ABB

The Marketline newsletter has been updated with new and additional graphs as well as more editorial and informative content. Also available at: www.aircraftbluebookmarketline.com.

Cessna maintenance programs were updated for 2012, they can be found in Appendix A or at Aircraftbluebook.com under the Maintenance Programs link.

Updated Airworthiness Directives available at www.Aircraftbluebook.com.

Williams maintenance programs were updated for 2012, they can be found in Appendix A or at Aircraftbluebook.com under the Maintenance Programs link.

AIRCRAFT BLUEBOOK AROUND THE GLOBE

MEBA 2012, Dubai, UAE; December 11th – 13th

Organized on behalf of the Middle East Business Aviation Association (MEBAA)

National Business Aviation Association (NBAA) 45th annual meeting & convention in Orlando, Florida; October 30th – November 1st

Founded in 1947 and based in Washington, DC, the National Business Aviation Association (NBAA) is the leading organization for companies that rely on general aviation aircraft to help make their businesses more efficient, productive and successful.

ASK AIRCRAFT BLUEBOOK

In an effort to better explain how the Aircraft Bluebook works, we have included a few more FAQs this month that are relevant to all aircraft large and small. If you have any questions about the Aircraft Bluebook-Price Digest®, please feel free to give the editorial staff a call at 1-800-654-6776 or email us, info@aircraftbluebook.com.

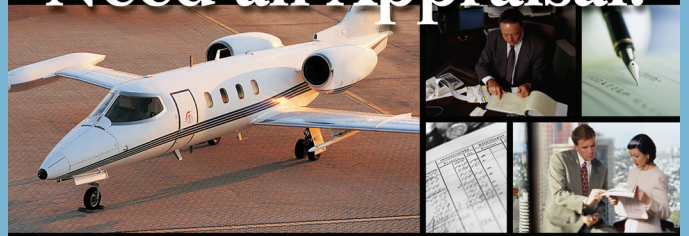
I have a run-out Lycoming IO-360 and the Bluebook says that the overhaul for this engine is \$25,000, but when I enter the 2,000 hour TBO amount for the engine time it only deducts \$12,500. Why is it not a deduction of \$25,000?

The Aircraft Bluebook prices piston aircraft with mid-life engine(s). This means that the point of reference for adjustments is from mid-life, not from zero. If an engine has a 2,000 TBO limit, then the adjustment is based on the engine's relationship from mid-life or 1,000 hours in this example. At mid-life the Bluebook has accounted for half of the engine's value being used and half of it remaining, so if the engine time is now adjusted to be run-out, all that is left to deduct is the remaining half (which in this case would be \$12,500). Conversely, a zero-time engine would get a \$12,500 credit for the same reasons just explained.

Why can't I find my kit aircraft in the Aircraft Bluebook?

Kit aircraft present a unique challenge to the Aircraft Bluebook – Price Digest. With the individual becoming the manufacturer, there is no guarantee of uniformity in the areas of quality assurance for how or who built the aircraft, where it was built and the conditions located therein, or even how long the building process has taken to complete. These aircraft are often very unique which can create dissimilar copies even when building a similar kit. For uniformity standards Aircraft Bluebook only represents aircraft that are produced and assembled by manufacturers in accordance with Federal Regulations or their permissible alternatives.

Need an Appraisal?



Carl Janssens 
Accredited Senior Appraiser

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| Diminution of Value



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