

MARKETLINE

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NEWSLETTER

Disparate Pre-Owned Aircraft Markets Emerge

In Good, Bad and Confused Market,
What Goes Around Comes Around

Story by Carl Janssens, ASA

Graphs by Chris Reynolds, AM



Aircraft Bluebook – Price Digest

Pick your adjective.

A wide disparity exists in today's pre-owned business aircraft market, and just about any adjective will accurately describe some part of the market.

Great can be used to describe late-model large-cabin global business jets, which include models such as the Global XRS, Dassault Falcon 7X and Gulfstream G550.

Then there is the awful when dealing with a legacy business jet punching through its 30th anniversary of service.

For a while now, there have been at least two distinct markets. This scenario is not news, yet many in this industry seem puzzled about market dynamics.

Why does the pre-owned market appear to be good, bad and confused? The answer is the closed traffic pattern around the economy. As the recovery stumbles along, confidence remains shaky. We can't break out of the pattern. To make matters murkier, the preseason presidential election rallies are in full swing with the all-out campaigns next. Oh joy.

For this edition of Marketline, I could not find an angle that hasn't already been explored by someone else. I went to the Bluebook archives and pulled out an Aircraft Bluebook Marketline from 1992 for inspiration, and I think I have

found a good way to predict what's next in the economy. Even in this lethargic economic recovery, what goes around comes around. Historically, there has always been an economic recovery followed by a peak and then another slow down.

Marketline has done a pretty good job at reporting trends. The pre-owned market knows its position in this cycle. Someone out there is bound to make the calculated decision to buy now rather than later realizing the upswing is on the way.

Jet

Bluebook-at-a-glance

Increased.....	9
Decreased	353
Stable	561

The jet segment experienced few positive moves. Early Citation Sovereigns edged upward. The Gulfstream G550 saw the greatest value increase — by more than \$2 million.

Decreases affected all categories. The majority of the jet market was reported as stable, though.

Turboprop

Bluebook-at-a-glance

Increased.....	23
Decreased	74
Stable	508

The turboprop market continued to demonstrate signs of stability, which are good signs of an economic recovery in progress. Turbine-pow-

ered ag planes continue to be nearly nonexistent in the resale market. Late-model twins, such as the Beech King Air 350i and the B200GT, likewise are nearly unavailable. Inventories available for sale held in check or slightly increased when compared to the previous quarter.

Multi

Bluebook-at-a-glance

<i>Increased</i>	58
<i>Decreased</i>	17
<i>Stable</i>	582

Single

Bluebook-at-a-glance

<i>Increased</i>	144
<i>Decreased</i>	225
<i>Stable</i>	2174

The piston segment has had the least amount of price change activity. Even though sale prices were stationary when compared to last quarter, transactions were on the rise. (Refer to the graphs that follow.) Bargain hunters also appeared to have given up their quest for the deal of the day and have taken their place on the fence to wait and see. Wait too long, and it might cost more to buy tomorrow.

Helicopter

Bluebook-at-a-glance

<i>Increased</i>	65
<i>Decreased</i>	92
<i>Stable</i>	910

Helicopters are continuing to show some signs of stabilization. Reported values for the majority of this segment remained unchanged when compared to the previous quarter. The Robinson R44 and R22 continued to edge upward about \$8000 to \$9000 in retail value.



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Please contact Aircraft Bluebook if you have any specific concern in a particular aircraft market. We will be happy to share with you the most up-to-date information available for your market segment. Call us toll-free at 877-531-1450 or direct at 913-967-1956.

Used Aircraft Market Value

Year	Percent
1994	99.69
2001	111.84
2002	109.53
2011	67.37

Jet

1990 Model	% Change
Hawker 800	0.0%
Cessna Citation II	-7.7%
Dassault Falcon 50	-4.8%
IAI Astra 1125SP	0.0%
Lear 31	0.0%
Gulfstream G-IV	0.0%

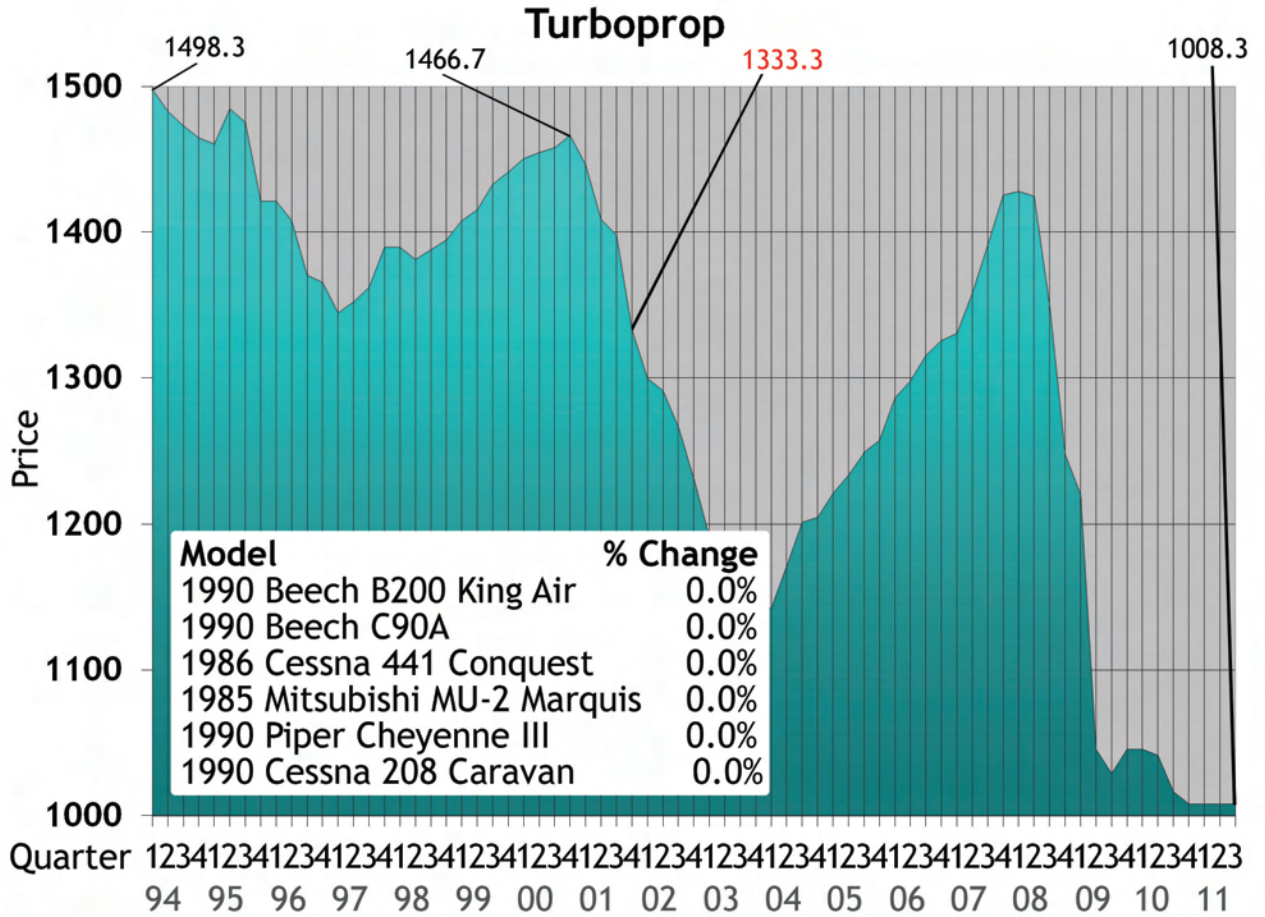
Price

Quarter

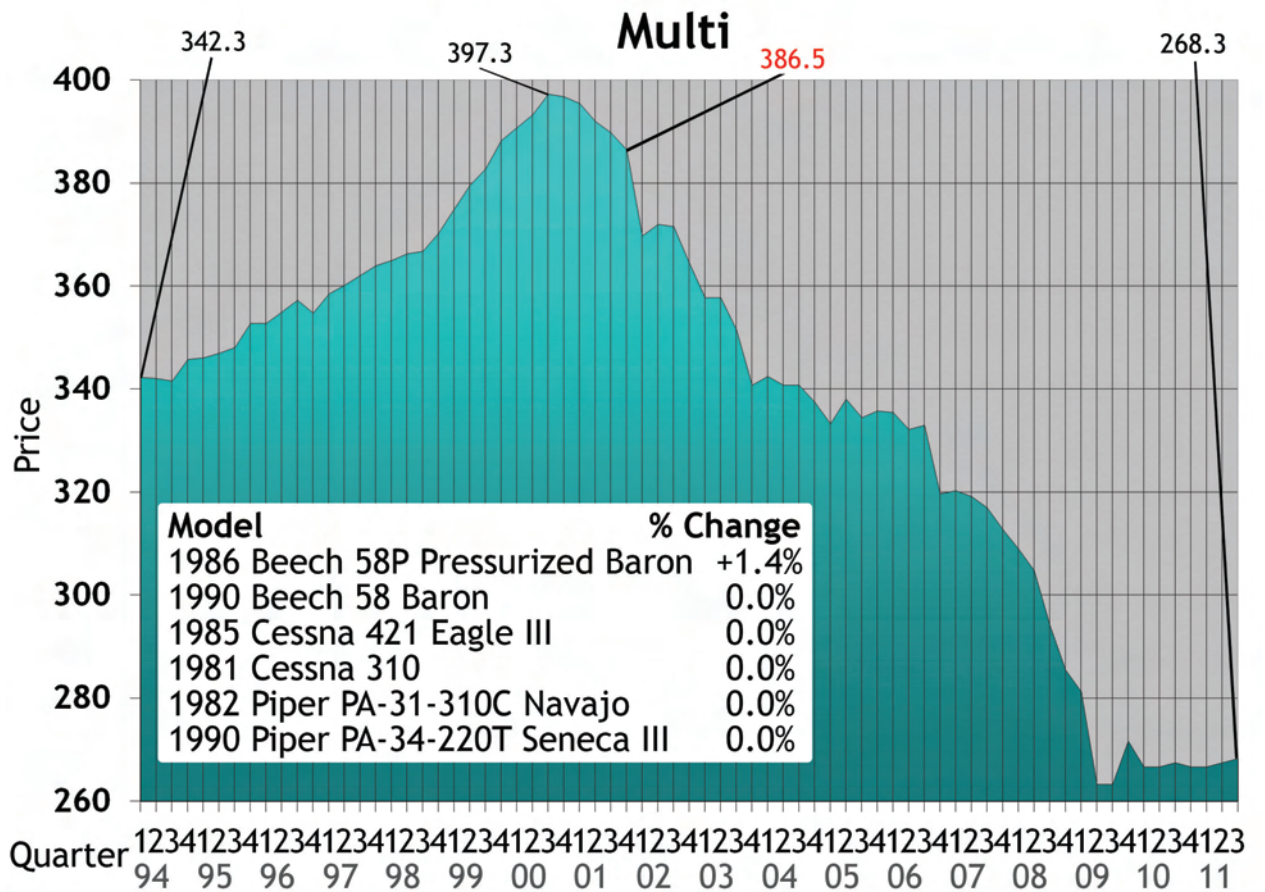
1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011

8455.0 10151.7 8962.5 2900.0

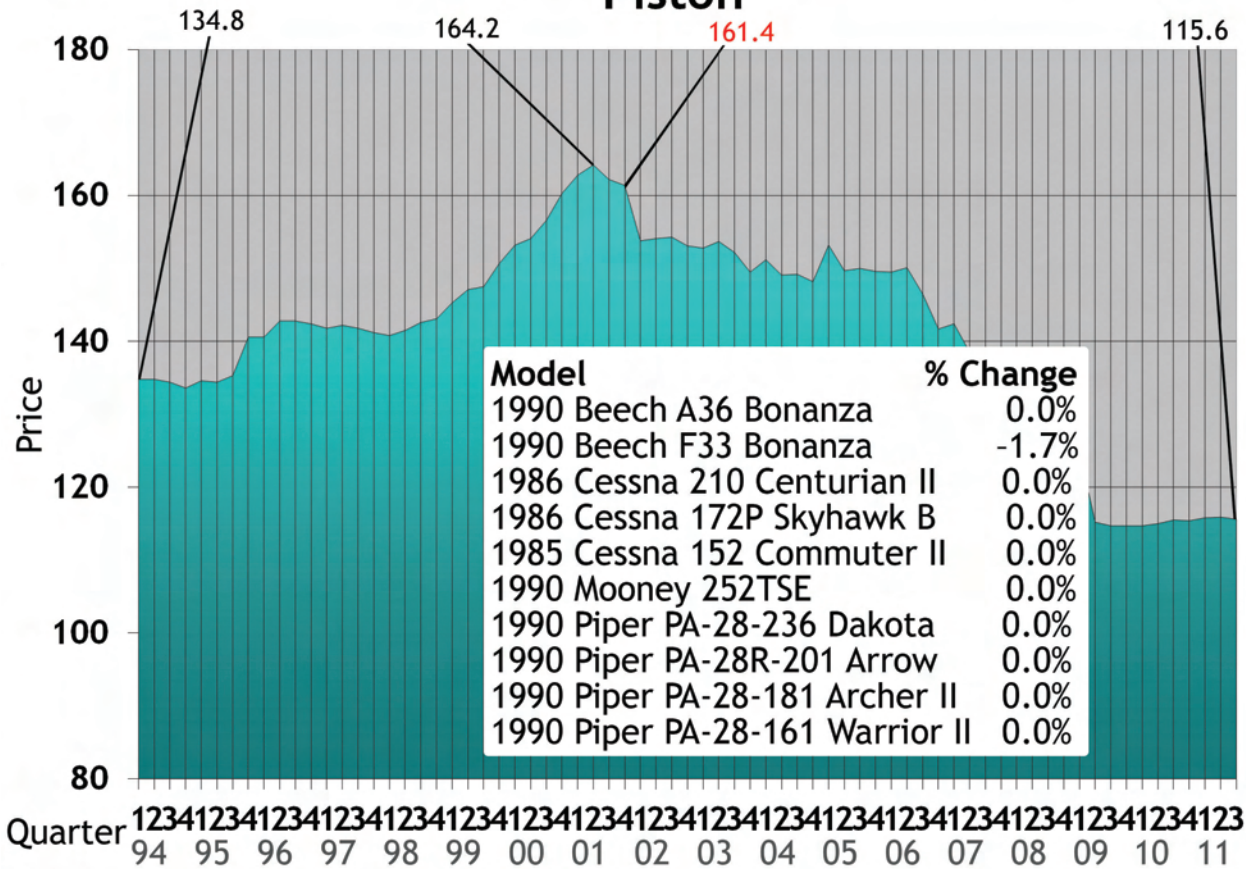
The turboprop chart depicts the average price (in thousands) of a 1985, 1986 and four 1990 turboprops listed in the box.



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.

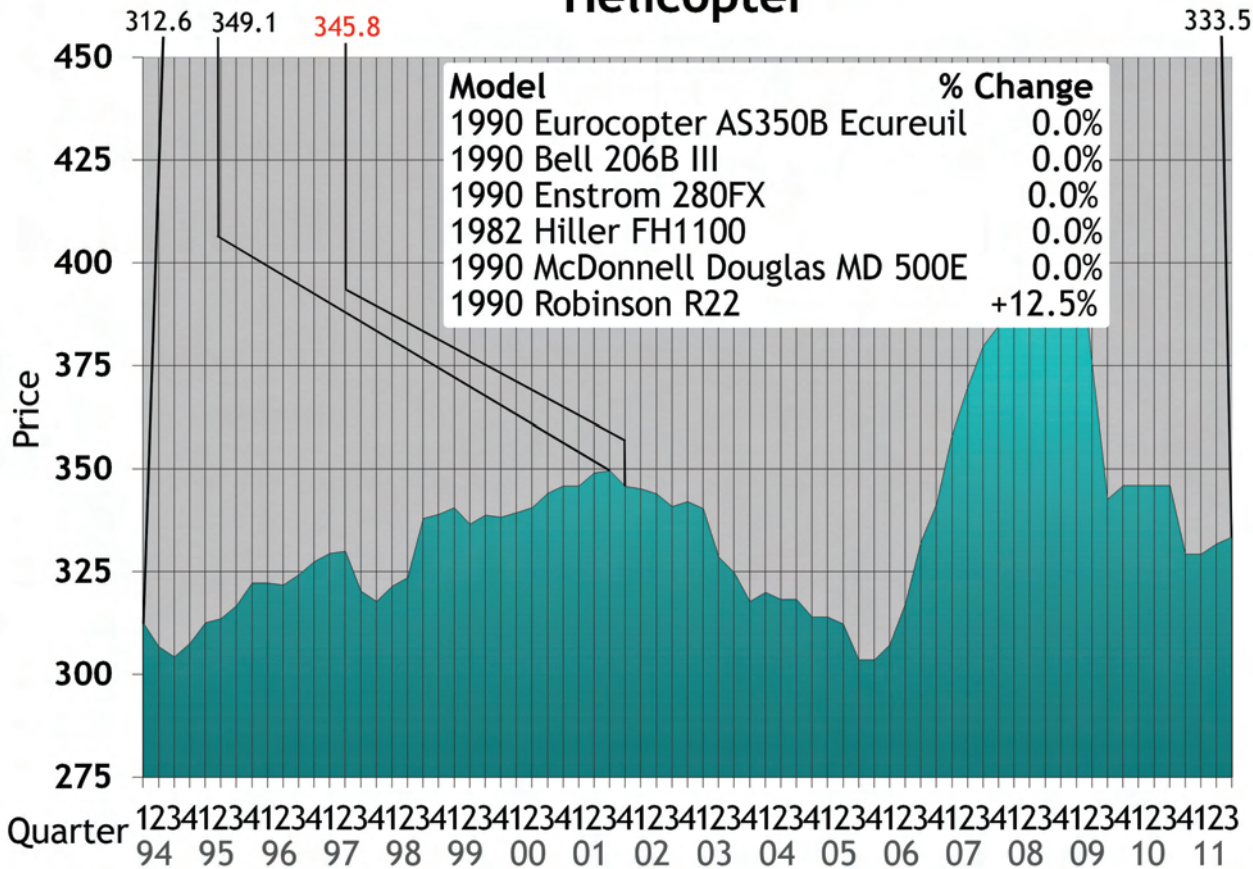


Piston



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.

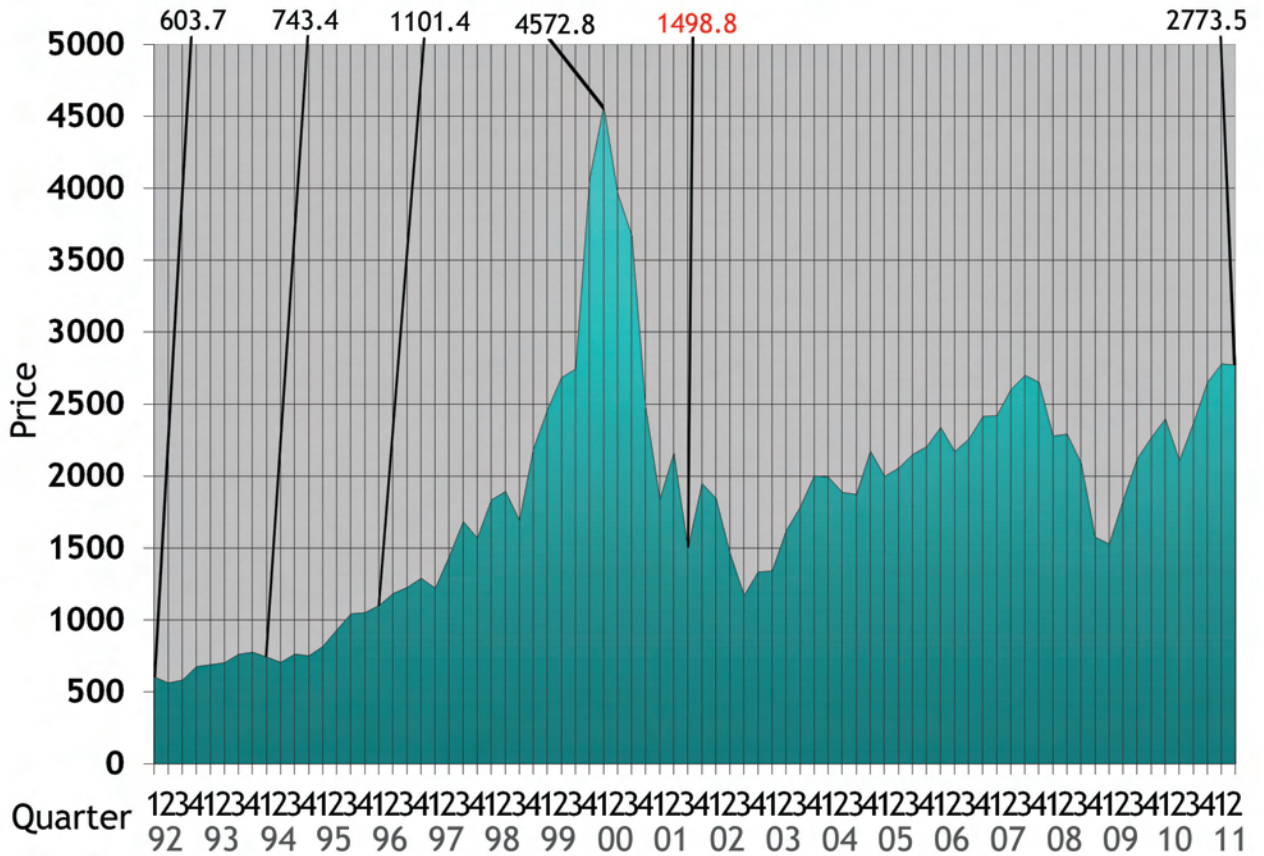
Helicopter



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.

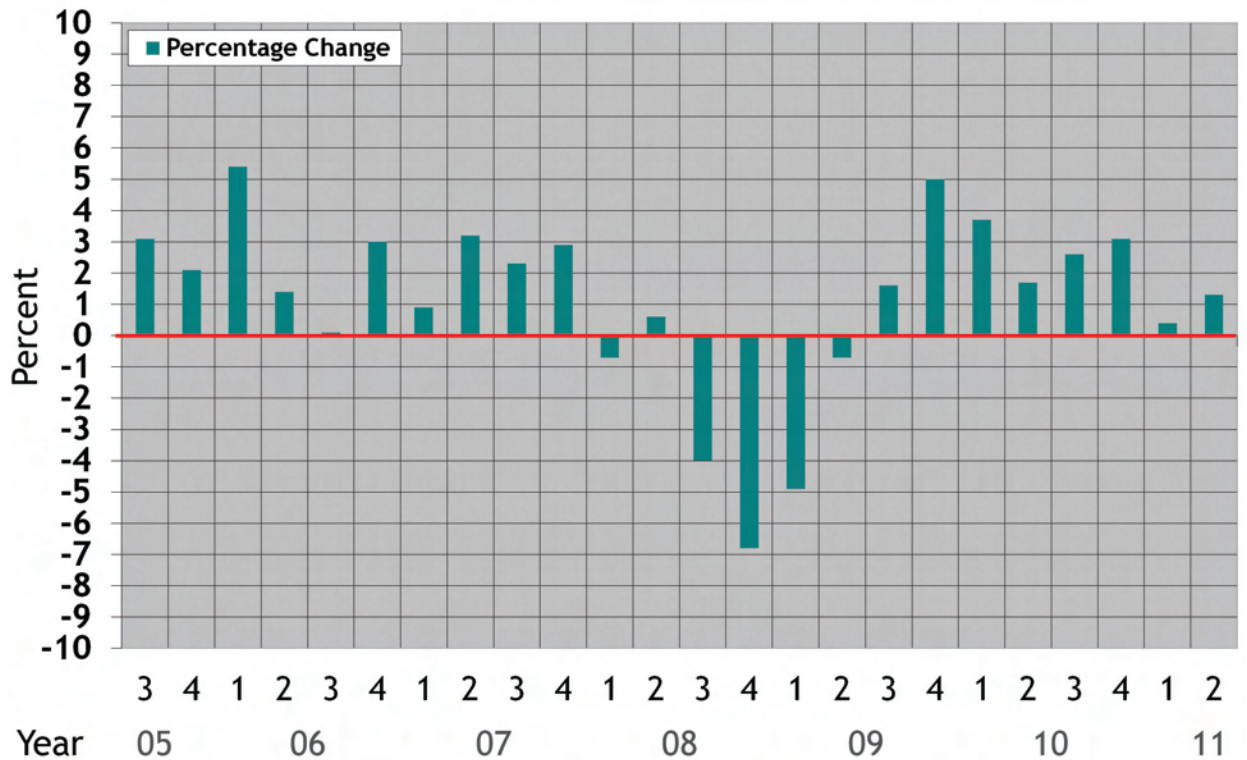
NASDAQ

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.

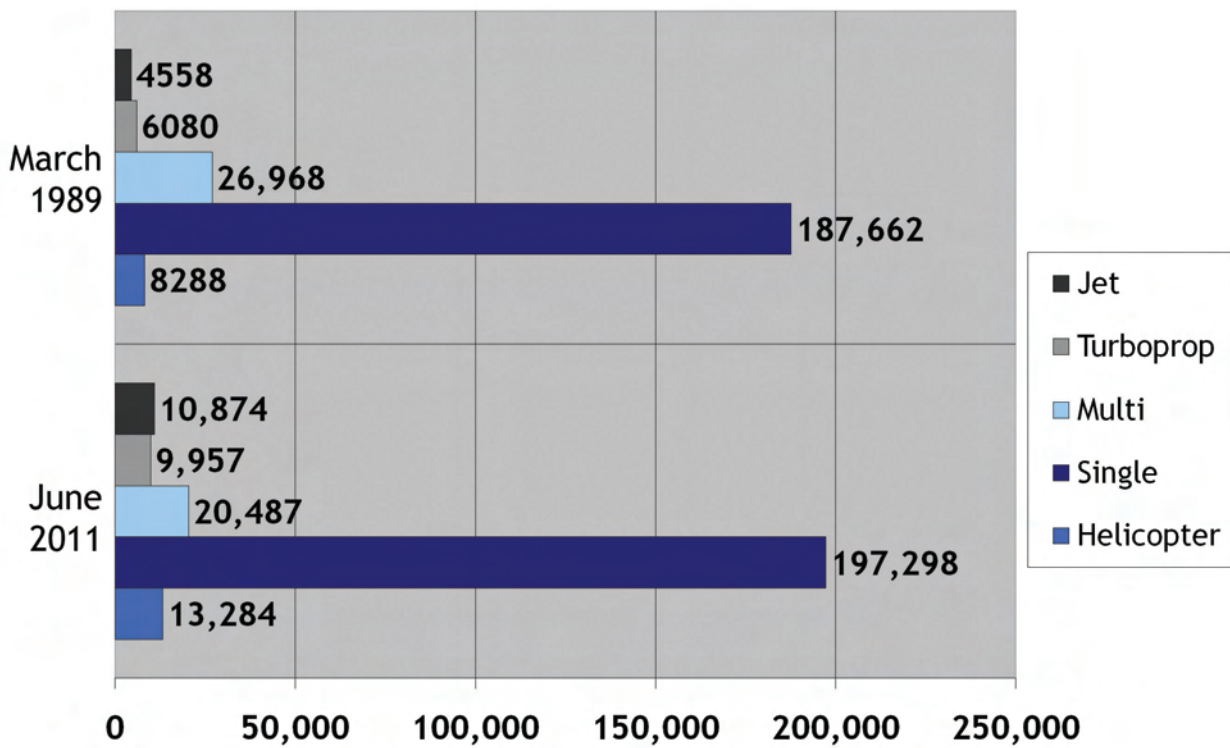


U.S. Real Gross Domestic Product

U.S. Real Gross Domestic Product. This graph represents real gross domestic product measured by the U.S. Bureau of Economic Analysis. 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 second quarter in 2005.

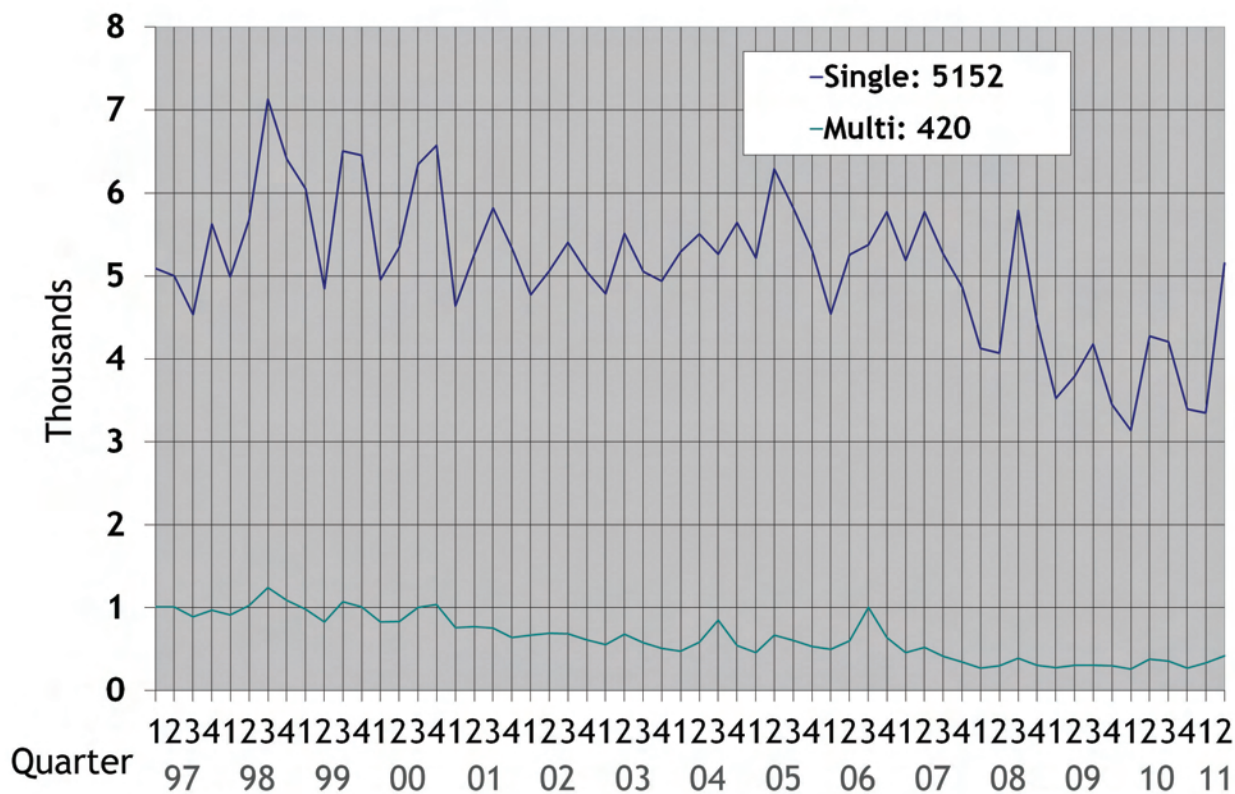


Aircraft on Registry



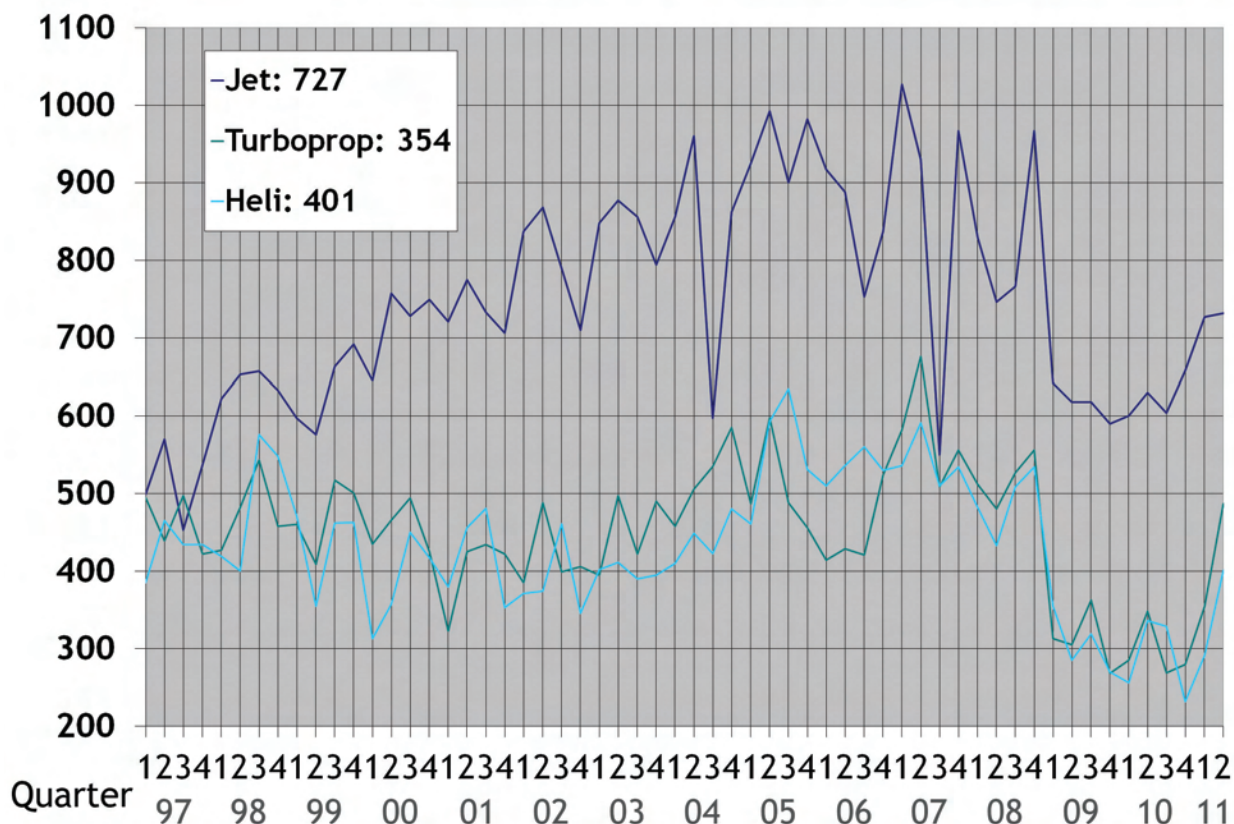
Aircraft on Registry.
The Aircraft on Registry chart depicts the number of aircraft reported in Aircraft Bluebook which are listed on FAA records and considered to be in the U.S. inventory.

Change of Status: Single/Multi



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

Jet/Turboprop/Heli. The dark blue line in the Jet/Turboprop/Heli chart represents change-of-ownership information for jets. The green line depicts turboprops, while the light blue line represents helicopters.



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.

