



Year in Review

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If we ask 3 different sources how the business jet sales are faring YTD 2019, I'll guarantee 3 different answers. However, as our mantra has become 'let the markets speak for themselves', the numbers tell the story.

New business jet deliveries have seen a YOY decrease showing 489 aircraft entering service in 2018 compared to 351 YTD 2019. As always, some fare better than others. By way of example, the Cessna Citation XLS+ shows 17 deliveries for 2018 and 15 YTD; Dassault Falcon 2000 LX shows 10 and 9, respectively and Gulfstream shows 29 G280s for 2018 versus 24 YTD. Therein, with a couple exceptions, it is safe to say new aircraft deliveries and prices are down YOY.

Considering we're now 9 months into the year, we can opine that pre-owned markets are also seeing a reduction in the number of YOY transactions. With the exception of the Challenger 350 that recorded 4 preowned transactions in 2018 compared to 6 YTD, all make / models are showing a decline in the number of transactions. As a side note, this is not due to lack of inventory as we currently show an average 12% of in-service business jets on the market. The good news in all of this is the fact that YOY pricing has maintained some semblance of stability, with the exception of the Citation XLS+, Falcon 2000 / 900 EASy and 7X, which all showed moderate market price increases.

Deliveries: 2018 vs 2019 YTD

Make/Model	2018 Deliveries	2019 YTD Deliveries
Cessna Citation CJ4	29	18
Cessna Citation Sovereign +	8	5
Cessna Citation XLS+	17	15
Embraer Legacy 500	13	7
Bombardier Challenger 350	57	34
Gulfstream G280	29	8
Bombardier Challenger 650	26	8
Dassault Falcon 2000LX	10	9
Gulfstream G550	18	9
Bombardier Global 6000	36	22
Gulfstream G650	62	41

2008 vs 2009 & 2019 Sale Prices

2007 Make/Model	Avg Cost New	2008 Avg Sale Price	2009 Avg Sale Price	2019 Avg Sale Price
Challenger 300	\$18,500,000	\$22,000,000	\$16,400,000	\$8,450,000
Falcon 2000EXy	\$26,300,000	\$31,500,000	\$21,800,000	\$11,450,000
Global 5000	\$34,700,000	\$50,000,000	\$32,000,000	\$13,250,000
Gulfstream G450	\$34,800,000	\$43,000,000	\$26,500,000	\$10,400,000
Falcon 900EXy	\$35,100,000	\$43,000,000	\$29,800,000	\$15,500,000
Global Express XRS	\$45,500,000	\$55,000,000	\$40,300,000	\$16,400,000
Gulfstream G550	\$45,800,000	\$58,000,000	\$38,300,000	\$17,200,000

Considering the above-mentioned data points, historically when the number of business jet transactions decline and price points stall there's an economic downturn looming on the horizon that creates counterincentives in the markets. At the onset of the 2008 economic debacle, we experienced precipitous market prices that increased beyond their original cost new only to see drastic drops in the ensuing months. This accelerated market depreciation

followed us over the next 10-years to where today we're seeing an average value retention of only 40%!

Do we see corollaries between 2008 and 2019? If we sink into a recession near term will we experience similar market depreciation as we did 2008 / 2009? Only time will tell, however a couple things are certain, expressed as a percentage of the fleet, the number of YOY transactions are down and current pricing is stagnant.

Market Comps 2018-2019 YTD

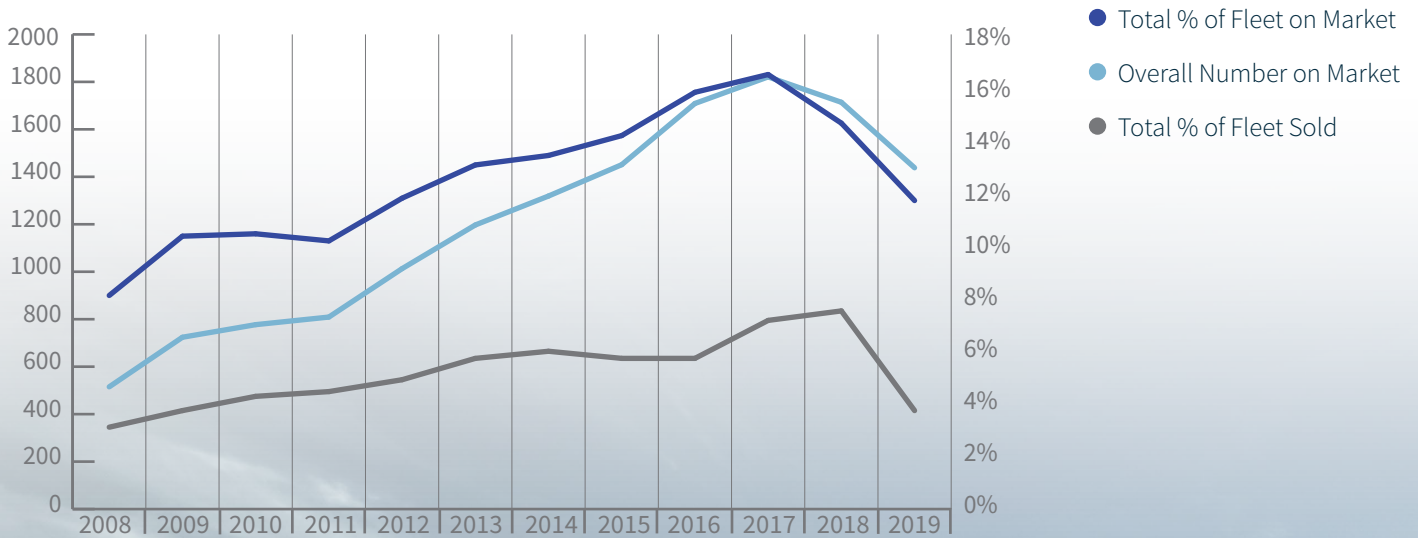


Photo courtesy Bombardier