

## VALUING A BUSINESS JET: AIRTIME TALKS TO EXPERT AIRCRAFTPOST

Lead: A business jet's value is influenced by a host of factors that are continuously changing. To learn more, Airtime spoke with one of the industry's leading experts and real-time digital valuation platform provider AircraftPost.

### SUPPORTING OWNERS WITH REAL-TIME INFORMATION

There was a time when putting a price on a used aircraft was based on a simple straight-line depreciation model rather than a comprehensive evaluation of all the influencing factors at play. Fortunately today, the tools and technologies have evolved thanks to companies like [AircraftPost](#) and its real-time business intelligence platform for owners and operators of business jets. This consulting group was a pioneer in tracking and calculating business jet aircraft values in real time using complex algorithms that factor in a host of key data from thousands of transactions.

"It was around 1989 that I realized there was a void in our industry," says the Albany-based company's president and founder, [Dennis Rousseau](#). "No one was providing real-time information to help aircraft owners make decisions." He recalls the case of a Learjet owner who asked three different companies to put a price on his aircraft—and got three completely different answers.

Dennis decided that needed to change, which led to him developing a successful "mark-to-market" model—a measure of the fair value of aircraft as it changes over time—and eventually starting up AircraftPost. The company helps clients—including business jet owners, operators, brokers, OEMs and lenders—make informed decisions about aircraft transactions by providing them with in-depth, fact-based intelligence and strategic advice.

Want to know how much a jet is worth right now? AircraftPost allows you to do a side-by-side comparison of a given aircraft with any other jet transacted in the previous 12 months, putting key details such as the selling price, specifications, time on the market and more at your fingertips.

"We track aircraft from the time they leave the factory floor," notes Dennis. "Customers can break down the information by everything from the model to the colour of the wood veneer in the cabin." AircraftPost currently has fleet and detailed market data for over 10,000 business jets.

## **GAINING AN EDGE IN A COMPETITIVE MARKET**

[As previously discussed in Airtime](#), the used aircraft market is growing at an unprecedented rate. But the excess supply of business jets in recent years has led to a buyer's market. "The large number of aircraft in service combined with the global economic downturn in 2008, struck a match that led to accelerated market depreciation of 10% to 20% [annually]," explains Dennis, noting that the figure is now around 6% or 7% annually.

Under these circumstances, sellers need any advantage they can find. And what he has seen over the years has convinced Dennis that having an engine [maintenance program](#) makes a real difference to an aircraft's resale value. Whenever customers ask him about investing in one, his advice is simple: get the best plan available.

[Quote 1] "99.9% of buyers in today's market are going to want an aircraft that's on a maintenance program, because that means they will be covered for any risk. Aircraft without a plan are going to take a huge hit in value." – Dennis Rousseau, President, AircraftPost

## **TOP-LINE PLANS ARE WORTH THE EXTRA EXPENSE**

What's more, according to Dennis, when choosing a maintenance plan, it's better to pay a little extra to get the best option available, such as a premium "gold" or "platinum" plan. Given that an engine represents approximately 30% of an aircraft's cost when new, keeping it healthy will add to its resale value. A first-class maintenance plan gives you the best chance of doing that, he says.

[Quote 2] "When you look at the cost difference between an entry-level plan and the best plan, it's not a big part of your operating budget. When we consult with owners, we suggest the top-line plan and tell them, 'Don't skimp—go for full coverage'." – Dennis Rousseau, President, AircraftPost

Dennis also believes preference should be given to OEM programs. Other programs cannot necessarily maintain an engine like new. For instance, if they replace a part with a used, non-OEM part, it makes a difference. While it may cost less up front, you will end up paying for it eventually, says Dennis.

## **KNOWLEDGE IS POWER**

Trend monitoring, such as [P&WC's FAST™ solution](#), is another option that is strongly endorsed by Dennis, who describes it as a “monumental step” in engine program technology. It supports proactive maintenance by providing the flight department with real-time data that can identify potential events before they happen. And it makes an aircraft more attractive to buyers because it provides more visibility on the engine's condition.

[Quote 3] “If an aircraft has a trend monitoring system, the buyer can obtain a health report before making a purchase, which gives them added confidence. They can see how the engine has been run over the past few years and know what to expect from it in the near term.” – Dennis Rousseau, President, AircraftPost

To learn more about maintenance plans and other solutions offered by P&WC, contact [servicesolutions@pwc.ca](mailto:servicesolutions@pwc.ca). For some tips on how to choose the best plan for you, read our Airtime article, [Calculating the Value of the Right Aircraft Maintenance Program](#).

### **Summary for newsletter:**

Aircraft Post helps aircraft buyers and sellers make informed decisions by providing them with in-depth, real-time intelligence. We got the inside scoop on how they calculate jet values from founder and president Dennis Rousseau.