

MARKETLINE

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PRE-OWNED TRANSACTIONS ON THE RISE

By Dennis Rousseau | President and Founder | AircraftPost.com

For the fifth consecutive year, pre-owned transactions for current generation business jets have shown a year over year increase. However, market inventories, expressed as a percentage of the fleet, are on the rise, while the average selling price continues a downward trend.

When we factor age-based depreciation over a 30-year lifecycle, we can garner some semblance of normalized value at any given point. However, when we consider economic events such as those over the last four years, values and selling prices can take a drastic downward turn. At the end of 2012, the average

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selling price for pre-owned, current production aircraft was reflecting a 17% decline in market value. Out of production aircraft slipped further to 33% under normalized values.

There are a number of factors contributing to the state of our market(s). The increase in transactions and current pricing suggests buyers are realizing substantial value in select aircraft. For example the G200, with its stand-up cabin, 3000 nm range and

Pro Line 4 cockpit, had a record 27 transactions in 2012, an increase of over 300% from 2011. A 2008 year model, with a list price new of \$22M, sold for \$10M in the 4th Quarter 2012, with under 800 hours total time. The same \$10M could buy a 2001 Challenger 604 or Falcon 2000 with 3500 hours, or a 2004 Challenger 300 with 7500 hours. Buyers seem to be looking more laterally with the perception of ‘how much value can I buy for the same dollar.’ Obviously, the newer aircraft open up greater financing opportunities as well.

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BLUEBOOK-AT-A-GLANCE

JET

INCREASED	0
DECREASED	808
STABLE	182

TURBOPROP

INCREASED	45
DECREASED	172
STABLE	411

MULTI

INCREASED	15
DECREASED	269
STABLE	392

SINGLE

INCREASED	232
DECREASED	783
STABLE	1605

HELICOPTER

INCREASED	47
DECREASED	287
STABLE	799

Current Production Aircraft - 5 Year Sales Trend

	2008	2009	2010	2011	2012
Lear 60XR					
Percentage on Market	9.8%	11.1%	10.5%	16.8%	21.9%
Total Sold	0	2	0	7	4
Average Days on Market		152		393	249
Average Sale Price		8.5		7.4	7.3
Citation Sovereign					
Percentage on Market	7.3%	14.1%	16.1%	12.1%	13.5%
Total Sold	1	7	14	16	12
Average Days on Market	81	212	266	481	400
Average Sale Price	14.1	12.8	11.1	10.8	9.2
Challenger 300					
Percentage on Market	9.9%	14.5%	12.9%	10.2%	13.5%
Total Sold	8	16	20	11	21
Average Days on Market	90	190	222	320	308
Average Sale Price	22.3	14.5	13.0	13.7	14.0
Challenger 605					
Percentage on Market	5.6%	14.7%	8.2%	8.2%	14.1%
Total Sold	0	6	4	4	7
Average Days on Market		98	472	396	287
Average Sale Price		21.9	19.5	23.1	19.4
Falcon 2000 EXy					
Percentage on Market	5.6%	9.3%	10.2%	11.5%	20.7%
Total Sold	3	6	5	6	20
Average Days on Market	91	181	420	246	276
Average Sale Price	31.5	20.1	18.8	19.8	19.2
Falcon 900 EXY					
Percentage on Market	4.6%	12.3%	12.6%	15.0%	16.7%
Total Sold	1	6	1	9	8
Average Days on Market	57	155	59	382	214
Average Sale Price	43	26.3	25.5	26.6	25.6
Gulfstream G450					
Percentage on Market	12.3%	14.4%	5.7%	6.1%	8.4%
Total Sold	9	10	7	5	6
Average Days on Market	60	165	164	258	204
Average Sale Price	41.6	25.5	25.4	28.5	28.2
Gulfstream G550					
Percentage on Market	7.1%	11.4%	8.2%	8.2%	8.9%
Total Sold	5	10	12	11	13
Average Days on Market	105	240	310	169	197
Average Sale Price	55.5	38.2	38.3	40.5	37.1
Total Sold Overall	27	63	63	69	91
Percentage on Market	8%	13%	9%	9%	12%

Pre-owned Sales

USD - Millions

Out of Production Aircraft - 5 Year Sales Trend

	2008	2009	2010	2011	2012
Lear 60					
Percentage on Market	18.5%	26.4%	24.8%	22.0%	23.2%
Total Sold	14	22	16	20	21
Average Days on Market	127	291	271	354	400
Average Sale Price	7.1	4.2	3.9	3.1	2.7
Hawker 850XP					
Percentage on Market	9.3%	21.7%	26.7%	15.8%	18.3%
Total Sold	0	5	12	7	10
Average Days on Market		204	316	290	287
Average Sale Price		8.3	7.6	6.9	5.9
Citation X					
Percentage on Market	9.6%	12.0%	15.4%	13.4%	9.8%
Total Sold	12	3	14	13	14
Average Days on Market	262	387	230	448	316
Average Sale Price	13.6	10	9.1	6.5	5.8
Gulfstream G200					
Percentage on Market	14.4%	17.5%	16.0%	12.4%	20.0%
Total Sold	9	7	12	8	27
Average Days on Market	177	388	483	309	283
Average Sale Price	16.4	9.5	10.1	8.6	8.2
Falcon 2000					
Percentage on Market	9.6%	15.2%	19.1%	16.1%	16.1%
Total Sold	6	9	11	11	14
Average Days on Market	154	210	245	413	562
Average Sale Price	21.6	12.3	9.2	9.2	9
GIVSP / G400					
Percentage on Market	16.1%	19.0%	16.1%	15.1%	16.4%
Total Sold	16	27	27	18	19
Average Days on Market	119	211	273	177	241
Average Sale Price	26.5	13.9	12.9	12.4	11.7
Gulfstream GV					
Percentage on Market	9.9%	14.1%	11.5%	13.1%	14.7%
Total Sold	7	11	11	17	12
Average Days on Market	70	128	290	148	215
Average Sale Price	38.2	23.5	21.3	22.6	21.8
Global Express					
Percentage on Market	12.2%	20.9%	19.6%	20.3%	20.9%
Total Sold	3	6	8	13	8
Average Days on Market	193	254	500	272	266
Average Sale Price	46.9	24.6	25.1	24.1	21.9
Total Sold Overall	67	90	111	107	125
Percentage on Market	12%	18%	19%	16%	17%
<i>Pre-owned Sales</i>	<i>USD - Millions</i>				