



Cessna Citation X

Pre-owned Update

In the last two years, the market for pre-owned jets and turboprops has flourished, as buyers clamored for late-model pre-owned aircraft rather than waiting several years for the manufacturers to work through their backlogs. This year, demand has abated somewhat, which perhaps reflects a rationalization rather than a slowdown.

Business Jets

2006 saw a rebalancing of the jet market

by Bryan Comstock

At the beginning of this year there was an eerie silence in the pre-owned aircraft market, as if the music had stopped rather suddenly. As the year unfolded, it became clear that the inactivity amounted to a breather, a quick recovery period after a nearly two-year sprint that drove inventory down to a multiyear low, despite an ever-increasing jet population worldwide. The lack of transactions early on was due perhaps partially to the anticipation of and reaction to the introduction of the Cape Town Treaty boondoggle. This year quickly established itself as a year of rebalancing both in terms of inventory and pricing, and by mid-year the influx of market entrants began to equal to the outflow of used aircraft.

As new factory orders seem to push delivery dates farther into the future, those who can't or won't wait have opted to pay premiums to position holders of aircraft whose delivery dates are near at hand. Typical premiums, the price between the factory's contract price and what the contract/position holder is willing to accept, can range from a small six-figure re-

turn for something along the lines of a CJ3, to a seven-figure return for a G550. The alternative is to pay far less but wait anywhere between a year and four years until one of these most sought commodities delivers. Without any ramp up in production and based on current backlogs, sellers can expect to command premiums for the foreseeable future.

Speaking of G550s, there is one for sale right now, and it carries an asking price of \$49,995 million. The factory will sell you a 2010 delivery position in the \$45 million range (depending on how it's equipped), so there are sizeable returns for anyone holding a position that delivers sooner.

Positions typically command higher premiums at two distinct intervals. The first is just before the spec date, which allows the position buyer to incorporate his own tastes into color and fabric selection, as well as an opportunity to add more options. The second juncture is approximately 30 to 60 days from delivery. While few, if any, changes can be made at this point, the imminent delivery fuels premiums.

While manufacturers as a group have largely discouraged position sales, they have at least tolerated the practice. Many buyers now have an LLC purchase the position, and the sole asset of the LLC hap-

pens to be the aircraft position. The seller then sells his LLC and the asset thereof, circumventing contract language restricting contract assignment.

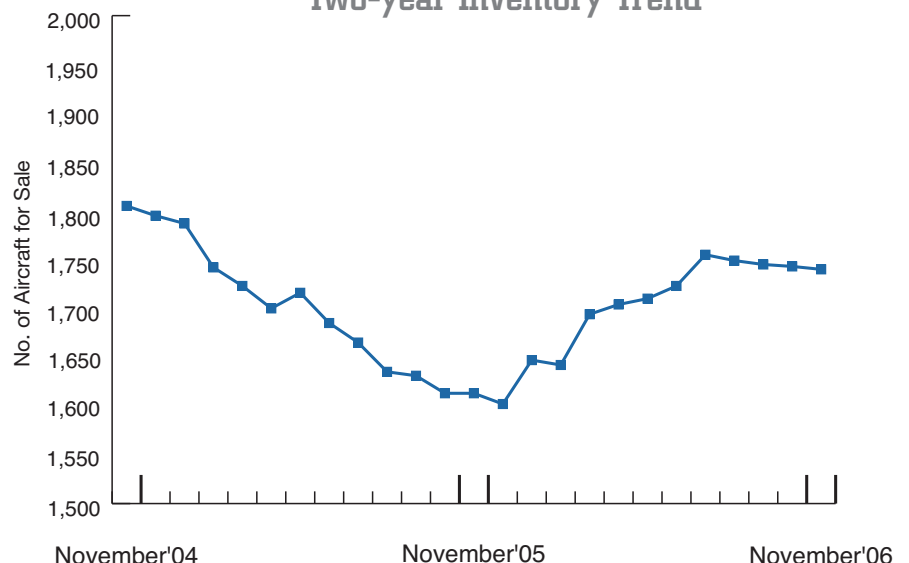
In addition to the CJ3, two other Citations—the Sovereign and the Citation X—are drawing buyer attention. Now approaching a fleet of nearly 100, the Sovereign appears to be in high demand, with asking prices set in the upper-\$15 million area for used variants and spilling above \$17 million for a 2007 delivery position. Although the Citation X has been around since the late 1990s, it is also actively trading, with only 15 of its 266 fleet for sale at present. Pricing in this segment runs from about \$11 million to \$19 million.

About 100 Challenger 300s were in operation at the beginning of last month and only one deliverable aircraft is available for sale on the used market. Two 2007 delivery positions are available. The single operational aircraft, a 2005 model, carries an asking price of just below \$20 million and has accrued fewer than 500 hours.

Market Tightens for Some Models

The super-midsize G200 continues to gain market acceptance. Two years ago 20 used choices filled this market segment at a time when the fleet size was just crossing 100. There are now seven for sale, and the fleet now totals 150 aircraft. In percentage terms that's a drop from 20 percent to less

Two-year Inventory Trend



Source: Jetnet, Utica, N.Y.

than 5 percent availability in 24 months, undoubtedly a testament to Gulfstream's involvement with the program. Pricing today runs from the \$13 million to low-\$19 million range.

The predecessor to the G100 nameplate, the Astra SPX, offers 10 of the 59 in its fleet for sale, which equates to 17 percent. Pricing runs from a low of \$6.995 million for a 1998 model to \$8.75 million for a 2000 model. Out of the 22 G100s built, five are listed for sale on the used market, one of which has a sale pending, and are priced in the high \$9 million to mid-\$10 million area.

Bombardier's Global Express choices have dwindled from last summer, when six were up for grabs, to two out of a fleet of 150. This year the trading range has been in the \$38 million to \$48 million range. Surprisingly, one of the 20 Global 5000s currently in operation (of 38 produced), surfaced on the used market in the middle of last month. That particular aircraft has fewer than 250 hours total airframe time and is being sold for \$41.5 million—by Dassault.

The Falcon line is perennially in low supply, and it remained that way this year. Out of nearly 600 Falcon 50EX/2000/2000EX/900C/900EXs in operation, only 20 are for sale. The breakdown is as follows: Falcon 2000s, 900EXs and 50EX, six each; Falcon 900C, two. There is about a \$2 million spread in 50EX pricing, from \$16.5 million to \$18.5 million. Falcon 2000s can run from \$17.6 million for a single-digit serial number 1995 model to \$21.9 million for a triple-digit 2002 offering. Falcon 900Cs hover in the \$25 million to \$27

million range, while Falcon 900EXs climb to the high \$20 millions and spill into the low \$30 millions. Two in the last group have sales pending, and one is offered as a 2007 delivery position.

In January of this year a lone Airbus A319CJ arrived on the used market and is still available at \$39.5 million. Its competitor, the Boeing BBJ, is also in scarce supply, with three available at present. One of the three BBJs is currently under deposit.

The CJ3 fleet recently surpassed 100 aircraft and remains in low supply, with only three flyable aircraft for sale, as the others are in various stages of completion. Of the five available delivery positions for sale, two are already spoken for. Delivery-position asking prices are in the low- to mid-\$7 million area.

As a greater number of CJ3s have made their way into the operational fleet, there has been a corresponding increase in CJ2 inventory to levels not visited before. There are currently 25 CJ2s for sale, about 10 percent of the fleet—up from 11 for sale last December. Pricing currently falls between the mid-\$4 million range and the mid-\$5 million area and has not fluctuated as much as one might expect considering the jump in increased availability.

The original CJ supply has wavered between 25



Dassault Falcon 2000EX

and 34 aircraft during the last year and is currently at the top end of that spectrum. Pricing ranges from the low- to high-\$2 million area. The successor CJ1, introduced in 2000, picks up in the high-\$2 million area and carries to the low \$4 millions for a 2004 model. Eighteen of the nearly 200 are currently available for sale.

In early fall the ranks of used Hawker 800XPs reached a high but have since inched back down to 30, with another two labeled as "sale pending." This

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Gulfstream G200



Cessna Citation Sovereign

Source: Amsstat, Tinton Falls, N.J.

PRE-OWNED BUSINESS JET PRICES AND SALES

| | | NUMBER FOR SALE | ASK LOWS | ASK HIGHS | ASK AVGS | SALES 2006 | SALES 2005 | SALES 2004 | SALES 2003 |
|-------------------|----------------|-----------------|------------|------------|------------|------------|------------|------------|------------|
| Airbus | A319CJ | 1 | 39,500,000 | 39,500,000 | 39,500,000 | 0 | 1 | 2 | 0 |
| Astra | 1125 | 5 | 4,100,000 | 4,495,000 | 4,316,250 | 6 | 3 | 8 | 6 |
| | 1125SP | 5 | 5,350,000 | 5,350,000 | 5,350,000 | 2 | 8 | 8 | 10 |
| | 1125SPX | 9 | 7,395,000 | 7,995,000 | 7,680,000 | 6 | 11 | 7 | 0 |
| Beechjet | 400 | 14 | 1,300,000 | 2,000,000 | 1,761,250 | 12 | 13 | 17 | 14 |
| | 400A | 31 | 2,195,000 | 4,550,000 | 3,389,615 | 44 | 47 | 54 | 53 |
| Boeing | 727-100 | 10 | 5,800,000 | 5,800,000 | 5,800,000 | 7 | 3 | 6 | 6 |
| | 727-200 | 3 | N/A | N/A | N/A | 11 | 6 | 5 | 6 |
| | 737-200 | 4 | N/A | N/A | N/A | 2 | 2 | 0 | 1 |
| | 767 | 1 | N/A | N/A | N/A | 19 | 2 | 0 | 0 |
| | BBJ | 4 | N/A | N/A | N/A | 4 | 8 | 9 | 3 |
| Bombardier | Global Express | 4 | N/A | N/A | N/A | 12 | 17 | 17 | 22 |
| Challenger | 300 | 3 | N/A | N/A | N/A | 7 | 5 | 3 | 0 |
| | 600 | 26 | 4,800,000 | 6,000,000 | 5,484,285 | 14 | 16 | 21 | 11 |
| | 601-1A | 14 | 7,495,000 | 9,750,000 | 8,548,333 | 12 | 11 | 11 | 7 |
| | 601-3A | 15 | 9,600,000 | 9,600,000 | 9,600,000 | 18 | 22 | 12 | 25 |
| | 601-3R | 7 | 12,400,000 | 12,950,000 | 12,675,000 | 1 | 6 | 9 | 5 |
| | 604 | 18 | 17,500,000 | 21,750,000 | 18,916,666 | 42 | 33 | 39 | 36 |
| Citation | 500 | 73 | 490,000 | 1,450,000 | 867,693 | 53 | 48 | 58 | 50 |
| | 525 | 34 | 2,195,000 | 2,750,000 | 2,481,428 | 66 | 60 | 56 | 75 |
| | Bravo | 28 | 2,800,000 | 5,050,000 | 4,176,764 | 31 | 44 | 24 | 29 |
| | CJ1 | 19 | 2,995,000 | 4,150,000 | 3,317,916 | 30 | 36 | 27 | 21 |
| | CJ2 | 25 | 4,750,000 | 5,495,000 | 5,077,500 | 34 | 49 | 22 | 7 |
| | CJ3 | 3 | N/A | N/A | N/A | 12 | 6 | 0 | 0 |
| | Eagle II | 3 | 2,750,000 | 2,750,000 | 2,750,000 | 9 | 3 | 3 | 0 |
| | Encore | 7 | 6,250,000 | 7,000,000 | 6,566,666 | 15 | 10 | 7 | 9 |
| | Excel | 20 | 8,750,000 | 9,600,000 | 9,175,000 | 33 | 58 | 32 | 22 |
| | I | 6 | 695,000 | 1,110,000 | 881,666 | 2 | 3 | 3 | 2 |
| | II | 93 | 1,100,000 | 2,925,000 | 1,824,185 | 85 | 101 | 98 | 83 |
| | III | 37 | 2,795,000 | 4,795,000 | 3,643,794 | 29 | 42 | 24 | 31 |
| | I/SP | 49 | 695,000 | 3,200,000 | 1,251,928 | 38 | 46 | 51 | 48 |
| | II/SP | 12 | 1,350,000 | 2,400,000 | 1,816,666 | 9 | 13 | 9 | 9 |
| | S/II | 23 | 1,900,000 | 2,850,000 | 2,318,500 | 34 | 22 | 22 | 18 |
| | Sovereign | 5 | N/A | N/A | N/A | 9 | 8 | 1 | 0 |
| | V | 26 | 3,150,000 | 4,695,000 | 3,807,727 | 31 | 40 | 40 | 38 |
| | V Ultra | 15 | 4,295,000 | 4,595,000 | 4,456,000 | 30 | 37 | 37 | 16 |
| | VI | 4 | 5,295,000 | 5,295,000 | 5,295,000 | 3 | 7 | 9 | 6 |
| | VII | 16 | 5,695,000 | 7,500,000 | 6,698,750 | 15 | 20 | 17 | 7 |
| | X | 17 | 12,695,000 | 17,300,000 | 15,120,714 | 15 | 26 | 9 | 21 |
| | XLS | 6 | 11,650,000 | 11,650,000 | 11,650,000 | 6 | 8 | 1 | 0 |
| Embraer | Legacy | 2 | 19,950,000 | 19,950,000 | 19,950,000 | 8 | 2 | 2 | 1 |
| Falcon | 10 | 33 | 895,000 | 2,195,000 | 1,442,187 | 24 | 27 | 24 | 25 |
| | 100 | 7 | 2,400,000 | 3,000,000 | 2,700,000 | 2 | 4 | 4 | 1 |
| | 200 | 11 | 2,850,000 | 4,795,000 | 3,388,333 | 2 | 10 | 8 | 5 |
| | 2000 | 8 | 17,300,000 | 20,500,000 | 19,287,500 | 21 | 22 | 20 | 14 |
| | 2000EX | 1 | N/A | N/A | N/A | 8 | 5 | 2 | 0 |
| | 20-5 | 16 | 3,395,000 | 6,495,000 | 4,968,333 | 22 | 16 | 19 | 8 |
| | 20D | 4 | 1,350,000 | 1,350,000 | 1,350,000 | 3 | 3 | 3 | 1 |
| | 20E | 3 | 1,200,000 | 1,200,000 | 1,200,000 | 3 | 3 | 1 | 0 |
| | 20F | 14 | 1,000,000 | 3,000,000 | 1,721,111 | 7 | 7 | 6 | 7 |
| | 20S | 11 | 500,000 | 995,000 | 698,750 | 8 | 9 | 7 | 7 |
| | 50 | 22 | 5,650,000 | 12,000,000 | 8,968,750 | 37 | 36 | 36 | 51 |
| | 50EX | 6 | 16,100,000 | 18,500,000 | 17,517,500 | 4 | 8 | 10 | 11 |
| | 900 | 0 | N/A | N/A | N/A | 1 | 1 | 2 | 6 |
| | 900B | 11 | 16,300,000 | 25,500,000 | 20,400,000 | 24 | 24 | 24 | 24 |
| | 900C | 1 | 29,995,000 | 29,995,000 | 29,995,000 | 0 | 4 | 2 | 4 |
| | 900EX | 4 | N/A | N/A | N/A | 10 | 16 | 4 | 12 |
| Gulfstream | G100 | 3 | N/A | N/A | N/A | 2 | 1 | 3 | 19 |
| | G200 | 9 | 15,400,000 | 15,400,000 | 15,400,000 | 17 | 22 | 17 | 17 |
| | G450 | 4 | N/A | N/A | N/A | 2 | 3 | 0 | 0 |
| | G550 | 1 | 49,995,000 | 49,995,000 | 49,995,000 | 6 | 3 | 1 | 1 |



► Continued from preceding page

represents 6 percent of the fleet of nearly 450 produced during this decade. Prices range from \$6.895 million to the mid-\$11 million level. Its predecessor, the Hawker 800A, at 36 choices currently for sale, is up from a year ago, but below the 44 reached in June. The current stock represents 15.5 percent of the Hawker 800As in operation. Pricing runs from about \$4 million to \$6.4 million.

While 12 Hawker 1000As for sale might not sound like many, only 44 were produced, making it one of the softer markets, with availability at 27 percent. A great number of these served a role in NetJets' fractional program and are now making their way onto the used market.

Beechjet 400As are holding steady at their year-ago level of 30, which represents 8.5 percent of the fleet. Examples can be found as low as \$2 million and as high as \$5 million.

Gulfstream IV choices have doubled from 15 last December to 30 today. Prices are adjusting and currently run from slightly less than \$15 million to nearly \$20 million. As a result of the recent downward price movement, a number of current market offerings are reported to be under contract.

The stage-two predecessor model, the GIII, reached as high as 50 offerings at its peak, but similar price adjustments coupled with a market recovery rekindled buyer interest and brought inventory down to half that figure by mid-year, only to see it rise to its current level of 32. Posted asking prices sit between \$5 million and \$8.395 million.

The supply of Falcon 50s is getting back to where it was last December, when offerings stood at 21. Right now there are 23, but with two sales pending. Pricing runs from the mid-\$6 million range up to \$11 million.

Eleven Premier Is, out of a possible 134, are for sale on the market at present, and pricing runs from the low-\$4 million range and into the very low-\$5 million area. The model is a relative newcomer to the pre-owned market, and none of the aircraft has more than 800 hours.

Another light jet, the Learjet 31A, has seen its selection ratchet down slightly from a year ago, when in-

ventory stood at nearly 30, or roughly 14 percent of the active fleet. Now at 20 for sale, it is a tick below 10-percent availability, a benchmark often cited to describe an average supply.

The Learjet 45 is back on the road to recovery after experiencing a dramatic rise in inventory two years ago. During a 12-month period choices quadrupled, but the market has since stabilized. The current stock stands at 20 for sale, placing the model squarely at its 12-month moving average and representing about 7 percent of the fleet (excluding the later XR derivative). Prices run from the low-\$6 million range to \$11 million.

The Learjet 60 supply is just shy of 40, a few ticks above its 12-month moving average. Since the model entered service in 1993, more than 300 Learjet 60s have been manufactured and the current stock amounts to about 12 percent of the fleet. Prices run from \$5.25 million to \$11.8 million.

Coming soon to an airport near you are the fledgling VLJs. As this new segment evolves, delivery positions have already surfaced and trading has begun. Four Cessna Mustangs and 11 Eclipse 500s are being

offered at the moment. None of the Mustang positions has an asking price, but \$2.395 million seems to be the base on early positions, with the expectation that they have the potential to command low six-figure premiums. The asking prices for the Eclipse 500 are running from \$1.27 million to \$1.595 million.

The pre-owned market this year experienced the traditional seasonal ebb and flow that had been absent for the previous two years, a period of unabated buying. The rebalancing early this year came as no surprise: low inventory had been pumping prices beyond what most market participants were willing to pay.

The current gain in offerings over the same period last year is surprisingly small, given that the overall worldwide fleet is on an upward trajectory as new aircraft continue to deliver. For the past few months there has been a reasonable balance of aircraft passing through the used market, and that appears likely to continue through year-end. Looking ahead to the New Year, many of the elements that contributed to making the last few years so active remain in place and could sustain the current run. [Data source: Jetnet.] □

Pre-owned Update report continued on page 24

PRE-OWNED BUSINESS JET PRICES AND SALES

| | | NUMBER FOR SALE | ASK LOW\$ | ASK HIGHS | ASK AVG\$ | SALES 2006 | SALES 2005 | SALES 2004 | SALES 2003 |
|---------------|-----------|-----------------|------------|------------|------------|------------|------------|------------|------------|
| Gulfstream | II | 41 | 2,195,000 | 4,500,000 | 3,067,352 | 25 | 24 | 17 | 31 |
| | II B | 14 | 2,950,000 | 5,200,000 | 3,783,333 | 3 | 3 | 7 | 8 |
| | III | 29 | 4,995,000 | 8,995,000 | 6,975,000 | 20 | 39 | 23 | 44 |
| | IV | 29 | 14,575,000 | 19,900,000 | 16,762,000 | 13 | 38 | 37 | 41 |
| | IV-SP | 21 | 22,500,000 | 28,250,000 | 25,090,000 | 21 | 26 | 27 | 31 |
| | V | 7 | 33,950,000 | 33,950,000 | 33,950,000 | 19 | 23 | 17 | 21 |
| Hawker | 1A | 3 | 145,000 | 450,000 | 297,500 | 2 | 2 | 2 | 6 |
| | 1A-731 | 1 | 595,000 | 595,000 | 595,000 | 3 | 6 | 2 | 3 |
| | 3A/RA-731 | 1 | 795,000 | 795,000 | 795,000 | 0 | 0 | 0 | 0 |
| | 3B | 1 | 500,000 | 500,000 | 500,000 | 1 | 1 | 0 | 3 |
| | 400-731 | 19 | 900,000 | 2,750,000 | 1,624,166 | 11 | 12 | 7 | 10 |
| | 400A | 2 | 395,000 | 395,000 | 395,000 | 3 | 7 | 3 | 5 |
| | 400B | 2 | 470,000 | 470,000 | 470,000 | 2 | 1 | 1 | 2 |
| | 400XP | 5 | 4,900,000 | 5,195,000 | 5,047,500 | 8 | 4 | 4 | 0 |
| | 600-731 | 7 | 1,789,000 | 1,789,000 | 1,789,000 | 1 | 1 | 4 | 2 |
| | 600A | 4 | 985,000 | 1,300,000 | 1,142,500 | 3 | 6 | 7 | 7 |
| | 700A | 41 | 1,995,000 | 3,100,000 | 2,520,357 | 20 | 35 | 30 | 25 |
| | 700B | 4 | 2,900,000 | 2,950,000 | 2,916,666 | 2 | 6 | 3 | 3 |
| | 800A | 33 | 4,195,000 | 6,450,000 | 5,476,250 | 33 | 53 | 36 | 35 |
| | 800B | 8 | 4,950,000 | 5,300,000 | 5,086,250 | 5 | 6 | 6 | 10 |
| 800XP | 29 | 6,895,000 | 11,995,000 | 9,923,333 | 33 | 51 | 49 | 38 | |
| 1000A | 9 | N/A | N/A | N/A | 3 | 8 | 7 | 2 | |
| 1000B | 0 | N/A | N/A | N/A | 2 | 5 | 1 | 1 | |
| Jet Commander | 1121 | 2 | 100,000 | 150,000 | 125,000 | 0 | 1 | 0 | 1 |
| | 1121B | 3 | 125,000 | 525,000 | 325,000 | 1 | 6 | 0 | 4 |
| JetStar | 731 | 8 | 650,000 | 1,495,000 | 1,072,500 | 1 | 4 | 8 | 2 |
| | II | 15 | 1,595,000 | 2,400,000 | 1,985,000 | 4 | 8 | 3 | 2 |
| Learjet | 23 | 3 | N/A | N/A | N/A | 0 | 4 | 5 | 2 |
| | 24 | 15 | 75,000 | 695,000 | 368,033 | 3 | 4 | 6 | 3 |
| | 24A | 0 | N/A | N/A | N/A | 0 | 1 | 0 | 0 |
| | 24B | 7 | 200,000 | 750,000 | 405,000 | 2 | 2 | 2 | 10 |
| | 24D | 20 | 295,000 | 625,000 | 459,857 | 6 | 6 | 7 | 13 |
| | 24E | 4 | 395,000 | 395,000 | 395,000 | 3 | 2 | 3 | 4 |
| | 24F | 2 | 980,000 | 980,000 | 980,000 | 0 | 1 | 0 | 0 |
| | 25 | 6 | 375,000 | 495,000 | 435,000 | 1 | 5 | 5 | 8 |
| | 25B | 24 | 100,000 | 2,025,000 | 680,625 | 4 | 10 | 9 | 8 |
| | 25C | 5 | 595,000 | 650,000 | 622,500 | 5 | 3 | 4 | 1 |
| | 25D | 39 | 395,000 | 2,500,000 | 1,067,428 | 17 | 24 | 22 | 22 |
| | 25G | 2 | N/A | N/A | N/A | 0 | 1 | 2 | 1 |
| | 28 | 2 | 950,000 | 950,000 | 950,000 | 0 | 1 | 0 | 0 |
| | 31 | 12 | 2,150,000 | 3,000,000 | 2,431,250 | 2 | 4 | 2 | 5 |
| | 31A | 20 | 2,995,000 | 4,650,000 | 3,553,000 | 26 | 37 | 38 | 34 |
| | 35 | 12 | 650,000 | 1,800,000 | 1,394,285 | 4 | 4 | 6 | 11 |
| | 35A | 76 | 500,000 | 4,399,000 | 1,994,341 | 54 | 65 | 64 | 56 |
| | 36 | 0 | N/A | N/A | N/A | 0 | 1 | 1 | 0 |
| | 36A | 4 | 1,600,000 | 1,600,000 | 1,600,000 | 5 | 3 | 4 | 4 |
| 40 | 4 | 6,895,000 | 8,400,000 | 7,583,333 | 3 | 2 | 0 | 0 | |
| 45 | 19 | 6,185,000 | 6,995,000 | 6,516,000 | 27 | 16 | 28 | 23 | |
| 45XR | 1 | 10,500,000 | 10,500,000 | 10,500,000 | 0 | 7 | 1 | 0 | |
| 55 | 23 | 2,375,000 | 4,250,000 | 3,389,285 | 12 | 13 | 22 | 20 | |
| 55B | 1 | 3,150,000 | 3,150,000 | 3,150,500 | 5 | 1 | 1 | 0 | |
| 55C | 1 | N/A | N/A | N/A | 2 | 2 | 2 | 1 | |
| 60 | 32 | 5,695,000 | 11,850,000 | 7,387,647 | 44 | 54 | 61 | 26 | |
| MU/Diamond | IA | 18 | 875,000 | 1,650,000 | 1,235,400 | 15 | 20 | 14 | 12 |
| Raytheon | Premier I | 12 | 4,100,000 | 5,050,000 | 4,647,000 | 19 | 20 | 12 | 10 |
| Sabreliner | 40 | 2 | 199,000 | 199,000 | 199,000 | 2 | 4 | 3 | 5 |
| | 40A | 6 | 100,000 | 375,000 | 198,750 | 6 | 7 | 5 | 4 |
| | 60 | 19 | 255,000 | 1,650,000 | 655,555 | 7 | 15 | 11 | 18 |
| | 65 | 17 | 1,900,000 | 2,800,000 | 2,365,000 | 7 | 11 | 15 | 14 |
| | 75A | 13 | 250,000 | 695,000 | 513,333 | 5 | 7 | 6 | 5 |
| Westwind | 1123 | 3 | 650,000 | 650,000 | 650,000 | 3 | 2 | 1 | 2 |
| | 1124 | 13 | 995,000 | 1,900,000 | 1,460,833 | 4 | 11 | 9 | 4 |
| | I | 22 | 1,495,000 | 2,300,000 | 1,832,916 | 13 | 16 | 17 | 19 |
| | II | 16 | 1,695,000 | 2,895,000 | 2,346,999 | 15 | 20 | 15 | 16 |

Source: Amstat, Tinton Falls, N.J.



Market plateaus after several years of brisk activity

by Paul Lowe

While sellers of used business turboprops have been doing what they described as brisk business, many dealers are saying that the market has cooled somewhat. Some have characterized the current status as a slowdown, but others believe the market

is simply taking a breather.

In the near term, there are questions about how the very light jets (VLJs) might cause a shift in the sales of used turboprops once used VLJs start entering the resale arena. No one can predict with any certainty what effect these small jets will have on pre-owned inventory.

Mike O'Keefe, senior v-p in charge of aircraft sales for Banyan Air Service in Fort Lauderdale, Fla., said that last year the optimism was founded and it was one of his company's best years ever. Many of his constituents in the National Aircraft Resale Association (NARA) group agreed with his assessment.

"With that said, there definitely is some slowing this year," he said. "The turboprop market, especially the King Airs, was just on fire in the last several years. And this year, for the first time in about nine or 10 consecutive quarters, the value did not go up."

According to O'Keefe, the values of the current production models—the C90Bs, the B200s, the 350s—were increasing dramatically, averaging \$50,000 a quarter. And this year, for the first quarter, they didn't.

"Many people that I talk to take that as a barometer; they are taking a wait-and-see approach to what's going to happen to fuel prices, what's going to happen to insurance rates and that type of thing," O'Keefe said. Airplanes that used to fly off the shelf now sit a little longer, he added.

For Banyan Air Service sales, the sweet spot is the midsize jets such as the Hawker down through turboprops. The company had been seeing some action with aircraft such as the Twin Commander, Cheyenne, Merlin and MU-2, but the market for those out-of-production aircraft has been soft for some time.



Piper Meridian

Many of NARA's members attended the NBAA Convention in October, and O'Keefe said everybody had positive things to say about the state of the industry and everyone felt that they did a brisk business during the past year.

"We talk about a slowdown, but I think it is not so much that as it is just a stabilizing," O'Keefe said.

Characterizing the market as more of a plateau than a softening, he said top-quality aircraft are still commanding top dollar, so nobody has to give aircraft away. This is particularly true of aircraft that

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What's It Worth?

The prices in this report (all in U.S. dollars) come from two sources widely relied upon in the industry, explaining why figures in the tables and in the text might not always agree. The figures shown in the tables on pages 21, 22 and 24 were supplied by Amstat, of Tinton Falls, N.J., and assume there is an asking price for each make and model. However, dealers and brokers often do not release this information to market-tracking organizations. Values shown, therefore, might not reflect the widest range of prices. The prices shown in the jets text were supplied by Jetnet (Utica, N.Y.). Readers should consider both sources when trying to determine the market value of an aircraft—a constantly shifting number driven by many factors that stem from the overall state of the economy. Supply, demand, the wait for a new aircraft, equipment regs, damage history, eye of newt, toe of frog, wool of bat, tongue of dog... —N.M.

PRE-OWNED TURBOPROP PRICES AND SALES

| | | NUMBER FOR SALE | ASK LOWS | ASK HIGHS | ASK AVGS | SALES 2006 | SALES 2005 | SALES 2004 | SALES 2003 | |
|------------|------------|-----------------|-----------|-----------|-----------|------------|------------|------------|------------|----|
| Beech | 1900C | 5 | N/A | N/A | N/A | 7 | 1 | 2 | 2 | |
| | 1900C-1 | 0 | N/A | N/A | N/A | 2 | 3 | 4 | 1 | |
| | 1900D | 2 | 3,000,000 | 3,295,000 | 3,147,000 | 9 | 11 | 10 | 11 | |
| Caravan I | 208B-Grand | 31 | 875,000 | 1,800,000 | 1,394,642 | 59 | 90 | 81 | 57 | |
| | 208 | 12 | 780,000 | 1,675,000 | 1,240,000 | 28 | 28 | 35 | 23 | |
| Cheyenne | I | 13 | 469,000 | 799,000 | 610,222 | 25 | 26 | 20 | 26 | |
| | IA | 2 | N/A | N/A | N/A | 2 | 4 | 3 | 4 | |
| | II | 60 | 126,870 | 1,110,816 | 651,192 | 44 | 47 | 55 | 49 | |
| | IIXL | 7 | 995,000 | 1,100,000 | 1,038,000 | 7 | 4 | 9 | 10 | |
| | III | 10 | 695,000 | 1,150,000 | 939,166 | 7 | 11 | 9 | 5 | |
| | IIIA | 4 | 1,025,000 | 1,195,000 | 1,105,000 | 9 | 9 | 10 | 6 | |
| Commander | 400LS | 6 | 650,000 | 1,595,000 | 1,267,500 | 6 | 6 | 5 | 7 | |
| | 690 | 2 | N/A | N/A | N/A | 4 | 6 | 4 | 10 | |
| | 690A | 19 | 399,000 | 699,000 | 565,600 | 17 | 20 | 25 | 18 | |
| | 690B | 22 | 475,000 | 995,000 | 708,300 | 19 | 15 | 16 | 15 | |
| | 690B-I | 0 | N/A | N/A | N/A | 1 | 1 | 2 | 1 | |
| | 690B-II | 4 | 985,000 | 985,000 | 985,000 | 5 | 2 | 6 | 5 | |
| | 1000 695A | 6 | 1,295,000 | 1,295,000 | 1,295,000 | 6 | 4 | 4 | 6 | |
| | 1000 695B | 2 | N/A | N/A | N/A | 0 | 1 | 3 | 4 | |
| | 840 690C | 5 | 750,000 | 1,000,000 | 895,000 | 8 | 15 | 10 | 5 | |
| | 900 690D | 2 | N/A | N/A | N/A | 3 | 2 | 2 | 2 | |
| | 980 695 | 3 | 1,100,000 | 1,100,000 | 1,100,000 | 7 | 5 | 4 | 1 | |
| | Conquest | I | 14 | 300,000 | 1,550,000 | 1,028,687 | 29 | 42 | 33 | 25 |
| | | II | 16 | 500,000 | 1,795,000 | 1,445,500 | 39 | 36 | 42 | 32 |
| | Gulfstream | I | 8 | 100,000 | 400,000 | 225,000 | 10 | 5 | 10 | 10 |
| Jetstream | J31 | 16 | 335,000 | 1,150,000 | 787,727 | 14 | 7 | 11 | 8 | |
| | J41 | 5 | N/A | N/A | N/A | 6 | 1 | 0 | 0 | |
| King Air | 90 | 4 | 300,000 | 495,000 | 385,000 | 2 | 6 | 4 | 4 | |
| | A90 | 14 | 300,000 | 550,000 | 425,500 | 11 | 15 | 15 | 17 | |
| | B90 | 28 | 350,000 | 550,000 | 446,322 | 16 | 24 | 23 | 16 | |
| | C90 | 67 | 410,000 | 1,650,000 | 743,421 | 49 | 70 | 66 | 58 | |
| | C90-1 | 3 | 895,000 | 895,000 | 895,000 | 7 | 4 | 12 | 6 | |
| | C90A | 13 | 850,000 | 1,895,000 | 1,203,777 | 35 | 37 | 33 | 34 | |
| | C90B | 25 | 1,125,000 | 2,595,000 | 1,983,461 | 67 | 85 | 78 | 61 | |
| | C90GT | 2 | 2,895,000 | 2,895,000 | 2,895,000 | 3 | 0 | 0 | 0 | |
| | C90SE | 0 | N/A | N/A | N/A | 2 | 1 | 4 | 2 | |
| | E90 | 51 | 500,000 | 1,495,000 | 870,387 | 45 | 54 | 42 | 44 | |
| | F90 | 19 | 835,000 | 1,600,000 | 1,176,250 | 23 | 32 | 41 | 25 | |
| | F90-1 | 1 | N/A | N/A | N/A | 5 | 3 | 6 | 2 | |
| | 100 | 9 | 200,000 | 700,000 | 467,800 | 9 | 12 | 7 | 5 | |
| | A100 | 5 | 795,000 | 1,200,000 | 997,500 | 7 | 14 | 12 | 16 | |
| | B100 | 22 | 695,000 | 1,395,000 | 875,627 | 17 | 31 | 20 | 8 | |
| | 200 | 67 | 130,000 | 1,600,000 | 1,076,212 | 80 | 150 | 38 | 96 | |
| | 200C | 2 | N/A | N/A | N/A | 2 | 6 | 3 | 2 | |
| | 200T | 0 | N/A | N/A | N/A | 1 | 6 | 2 | 2 | |
| | B200 | 75 | 750,000 | 4,300,000 | 2,336,280 | 141 | 191 | 113 | 140 | |
| | B200C | 4 | 1,750,000 | 1,750,000 | 1,750,000 | 5 | 9 | 6 | 5 | |
| 300 | 14 | 1,400,000 | 2,350,000 | 1,919,166 | 21 | 35 | 36 | 26 | | |
| 300LW | 0 | N/A | N/A | N/A | 1 | 4 | 4 | 2 | | |
| 350 | 23 | 2,525,000 | 4,800,000 | 3,590,357 | 47 | 71 | 45 | 53 | | |
| Merlin | 300 | 3 | 1,300,000 | 1,500,000 | 1,398,333 | 0 | 2 | 2 | 2 | |
| | IIA | 1 | 125,000 | 125,000 | 125,000 | 0 | 0 | 0 | 2 | |
| | IIB | 9 | 179,900 | 485,000 | 362,975 | 6 | 9 | 7 | 4 | |
| | III | 5 | 275,000 | 590,000 | 460,000 | 7 | 7 | 2 | 3 | |
| | IIIA | 9 | 395,000 | 795,000 | 548,166 | 4 | 11 | 11 | 6 | |
| | IIIB | 10 | 495,000 | 975,000 | 767,475 | 6 | 18 | 12 | 8 | |
| | IIIC | 3 | 850,000 | 860,000 | 853,333 | 3 | 4 | 6 | 1 | |
| | IV | 2 | 175,000 | 175,000 | 175,000 | 1 | 2 | 1 | 0 | |
| | IVA | 4 | 750,000 | 850,000 | 800,000 | 5 | 1 | 2 | 0 | |
| | IVC | 5 | 800,000 | 850,000 | 825,000 | 1 | 1 | 3 | 7 | |
| Mitsubishi | MU-2B | 2 | 189,000 | 189,000 | 189,000 | 2 | 2 | 1 | 1 | |
| | MU-2F | 12 | 250,000 | 325,000 | 284,666 | 4 | 7 | 0 | 10 | |
| | MU-2G | 1 | 315,000 | 315,000 | 315,000 | 0 | 0 | 0 | 0 | |
| | MU-2J | 8 | 370,000 | 470,000 | 418,800 | 3 | 5 | 7 | 9 | |
| | MU-2K | 6 | 349,000 | 795,000 | 507,800 | 5 | 5 | 6 | 3 | |
| | MU-2L | 1 | 450,000 | 450,000 | 450,000 | 1 | 3 | 0 | 4 | |
| | MU-2M | 4 | 499,000 | 825,000 | 604,750 | 1 | 1 | 2 | 1 | |
| | MU-2N | 10 | 295,000 | 950,000 | 642,500 | 2 | 1 | 2 | 1 | |
| | MU-2P | 5 | 575,000 | 575,000 | 575,000 | 4 | 3 | 6 | 7 | |
| | Marquise | 18 | 526,000 | 1,195,000 | 804,166 | 6 | 14 | 15 | 9 | |
| Piaggio | Solitaire | 15 | 650,000 | 1,495,000 | 910,727 | 1 | 4 | 5 | 5 | |
| | Avanti | 5 | 3,095,000 | 5,200,000 | 3,996,666 | 6 | 8 | 10 | 10 | |
| Pilatus | PC-12 | 25 | 2,250,000 | 3,285,000 | 2,877,000 | 49 | 92 | 43 | 53 | |
| Piper | Meridian | 19 | 999,000 | 1,595,000 | 1,256,500 | 40 | 53 | 42 | 26 | |
| | Socata | | | | | | | | | |
| Socata | TBM 700A | 6 | 1,300,000 | 1,790,000 | 1,505,000 | 9 | 13 | 12 | 9 | |
| | TBM 700B | 11 | 1,795,000 | 2,085,000 | 1,938,125 | 15 | 9 | 13 | 19 | |
| | TBM 700C1 | 0 | N/A | N/A | N/A | 1 | 1 | 0 | 0 | |
| | TBM 700C2 | 6 | 2,150,000 | 2,435,000 | 2,292,500 | 10 | 11 | 4 | 0 | |

► Continued from page 24

are still in production, such as the Pilatus PC-12 and the King Airs.

O'Keefe said that less than 8 percent of the flying King Air fleet is available for sale on the market. An even smaller percentage of the PC-12 fleet is available. "I don't think any other aircraft can boast those numbers," he said. "It's still a seller's market in a big way but

just not crazy like it used to be."

Cary Friedman, sales manager for Bell Aviation in Columbia, S.C., said that later-model airplanes are doing extremely well. "We've sold a lot of late-model airplanes this year," he said. "We even bought a 2006 Beech King Air 200 that had only about 17 hours on it."

Friedman believes the turbo-prop market is good right now,

with a lot of buyers and a lot of activity. But he is keen to see what effect the very light jets will have on that market.

"I was one of the naysayers...when they announced the Eclipse," he admits. Initially he was skeptical, even though the original price of the Eclipse was less than \$1 million. "A lot of guys said that would just kill the market

for C90s, and my comment was, 'You know what, when they certify that airplane come talk to me then,'" Friedman recalled. He concedes now that the Eclipse, and the other VLJs expected to be certified soon, might affect the used turbo-prop market.

Skytech executive v-p Mike Fitzgerald, who deals with PC-12s, Meridians and Caravans,

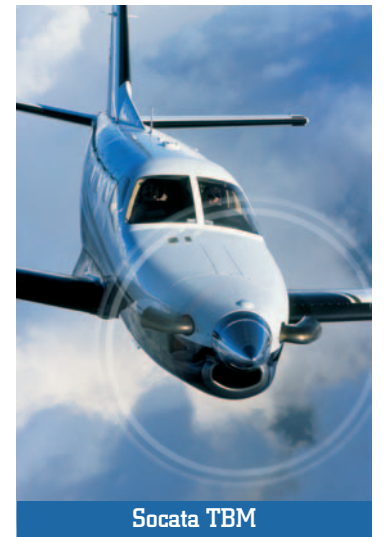
called pre-owned turboprops a product-driven market right now. "What I mean is that I don't think the airplanes are hot across the board," he said. "But Pilatus remains extremely hot both new and used, and those two marketplaces are tied together." He said the PC-12 new market has a fairly significant backlog of 12 to 24 months.

"What that has done is created a strong used market for the airplane...the strong new market has really helped the used market dramatically," Fitzgerald said. "In some cases we've seen two-year-old used airplanes [sell for] in excess of 90 percent of what they sold [for] new."

He said Pilatus's "blue book" evaluation shows that the PC-12 continues to have the highest resale value of the airplanes that Pilatus considers to be competition, such as the Meridian, Socata TBM, Caravan, King Airs and Citation CJ1s.

While some owners stay within the product line, others have been treating it as a step-up airplane and move into something else, such as the PC-12 or Caravan.

Fitzgerald said that Skytech has been successful with execu-



tive-configured Caravans up to this year, but that market has slowed this year. "However, it appears that the international market for the Caravan has gotten really pretty strong," he said.

"The economy is good for the right products," Fitzgerald said. "I think people are interested in technology these days, whether it is the new airplane technology and even for late-model used, they are focused on avionics and upgrades and just technology-related matters.

"If your airplane falls in that category, or you can even take a used model and upgrade it into that category, and it's a popular airplane, I think you'll do fine," he said. "However, clearly some of the old-technology airplanes are just not desirable anymore." □