

## PRICE PERSPECTIVES

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On average, five – seven percent of the available fleet on the resale market is considered ‘normal.’ Should the percentile lean more in the 10 – 20 percent range, we then tend to see some severe price cutting as was the case with the Challenger 604 in 2013, where we saw 47 transactions and average selling prices drop from 9.5M in 2012 to an average of 7.2M in 2013. We should also expect seven percent of the available fleet trade hands during the course of a ‘normal’ year.

WHEN WE CONSIDER YEAR-OVER-YEAR PRE-OWNED BUSINESS JET SALES, TOTAL ANNUAL TRANSACTIONS ARE UP EACH YEAR SINCE 2008, AND MORE THAN 50 PERCENT WHEN COMPARING THE 2008 RESULTS WITH THOSE OF 2013!

When we consider year-over-year pre-owned business jet sales, total annual transactions are up each year since 2008, and more than 50 percent when comparing the 2008 results with those of 2013! In some circles that could be construed as a successful rebound; however, whether we review current production aircraft or out-of-production, selling prices are down more than 50 percent when comparing the results of 2008 with year-end 2013 and continue a downward trend with the start of 2014.

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### BLUEBOOK-AT-A-GLANCE

#### JET

INCREASED	0
DECREASED	571
STABLE	448

#### TURBOPROP

INCREASED	15
DECREASED	95
STABLE	528

#### MULTI

INCREASED	10
DECREASED	332
STABLE	342

#### SINGLE

INCREASED	75
DECREASED	796
STABLE	1793

#### HELICOPTER

INCREASED	2
DECREASED	700
STABLE	481

## OUT OF PRODUCTION AIRCRAFT - 6 YEAR SALES TREND

	2008	2009	2010	2011	2012	2013
<b>Lear 60</b>						
Percentage on Market	18.5%	26.4%	24.8%	22.0%	23.2%	11.8%
Total Sold*	14	22	16	20	21	22
Average Sale Price**	7.1	4.2	3.9	3.1	2.7	2.8
<b>Hawker 850XP</b>						
Percentage on Market	9.3%	21.7%	26.7%	15.8%	18.3%	6.7%
Total Sold*	0	5	12	7	10	13
Average Sale Price**		8.3	7.6	6.9	5.9	4.8
<b>Citation X</b>						
Percentage on Market	9.6%	12.0%	15.4%	13.4%	9.8%	7.3%
Total Sold*	12	3	14	13	14	18
Average Sale Price**	13.6	10	9.1	6.5	5.8	5.3
<b>Gulfstream G200</b>						
Percentage on Market	14.4%	17.5%	16.0%	12.4%	20.0%	8.1%
Total Sold*	9	7	12	8	27	15
Average Sale Price**	16.4	9.5	10.1	8.6	8.2	8.3
<b>Challenger 604</b>						
Percentage on Market	2.7%	11.5%	10.2%	11.0%	14.8%	8.2%
Total Sold*	23	14	18	21	27	47
Average Sale Price**	21	12.1	11.4	9.8	9.5%	7.1
<b>Falcon 2000</b>						
Percentage on Market	9.6%	15.2%	19.1%	16.1%	16.1%	10%
Total Sold*	6	9	11	11	14	11
Average Sale Price**	21.6	12.3	9.2	9.2	19	7.1
<b>GIVSP/G400</b>						
Percentage on Market	16.1%	19.0%	16.1%	15.1%	16.4%	10.9%
Total Sold*	16	27	27	18	19	16
Average Sale Price**	26.5	13.9	12.9	12.4%	11.7	8.7
<b>Gulfstream GV</b>						
Percentage on Market	9.9%	14.1%	11.5%	13.1%	14.7%	7.8%
Total Sold*	7	11	11	17	12	13
Average Sale Price**	38.2	23.5	21.3	22.6	21.8	18.9
<b>Global Express</b>						
Percentage on Market	12.2%	20.9%	19.6%	20.3%	20.9%	12.8%
Total Sold*	3	6	8	13	8	9
Average Sale Price**	46.9	24.6	25.1	24.1	21.9	17.9
<b>Total Sold Overall</b>	<b>90</b>	<b>104</b>	<b>129</b>	<b>128</b>	<b>152</b>	<b>164</b>
<b>Percentage on Market</b>	<b>11%</b>	<b>18%</b>	<b>18%</b>	<b>15%</b>	<b>17%</b>	<b>9%</b>

\* Pre-owned Sales

\*\*USD - Millions

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If you consider an aircraft has a useful life of 30 years and apply the effects of major maintenance events and age-based depreciation through the end of life (aka salvage value), we then have a fairly predictable course for determining value at any given point (minus inflationary effects). However, when we incorporate the instabilities and uncertainties of the overall aircraft market and global economic factors, our once predictable course becomes uncharted. When taking these latter points into account, it becomes apparent that our once stable markets are now reflecting selling prices 30 percent under what could be deemed a normal course of events. From another perspective, perhaps this present course is our 'new normal'.

Reflecting on the results of 2013, the average days on the market are hovering around the 300 mark and/or 10 months. As well, on average there's a 9 percent difference between the ask price (at time of sale) and sell price. If the aircraft is priced commensurate with the market, buyer/seller expectations stay in check and the number of aircraft on the market continues below 10 percent of the available fleet, perhaps we can better define the 'new normal' in 2014.

Aircraft	Total Sold - 2013 -	% of Fleet	Avg. Ask	Avg. Sell	% difference	Avg. DOM
Lear 45XR	14	7%	5.5	4.9	11%	347
Citation XLS	19	3%	6	5.5	8%	263
Hawker 900XP	16	9%	6.9	6.2	10%	259
Citation Sovereign	20	6%	8.7	8.3	5%	304
Falcon 50EX	9	9%	6.7	6.3	6%	276
Gulfstream G200	15	6%	9.2	8.3	10%	239
Falcon 2000	11	5%	7.9	7.1	10%	244
Challenger 604	47	13%	8.3	7.2	13%	370
Falcon 900EX	12	10%	15.7	14.1	10%	257
Gulfstream GIVSP	16	3%	10.1	8.7	14%	281
Gulfstream GV	13	7%	20.2	18.9	6%	272
Global Express	9	6%	19.5	17.9	8%	454
Global XRS	7	4%	36.6	32.4	11%	252
<b>Total</b>	<b>208</b>	<b>7%</b>			<b>9%</b>	<b>294</b>