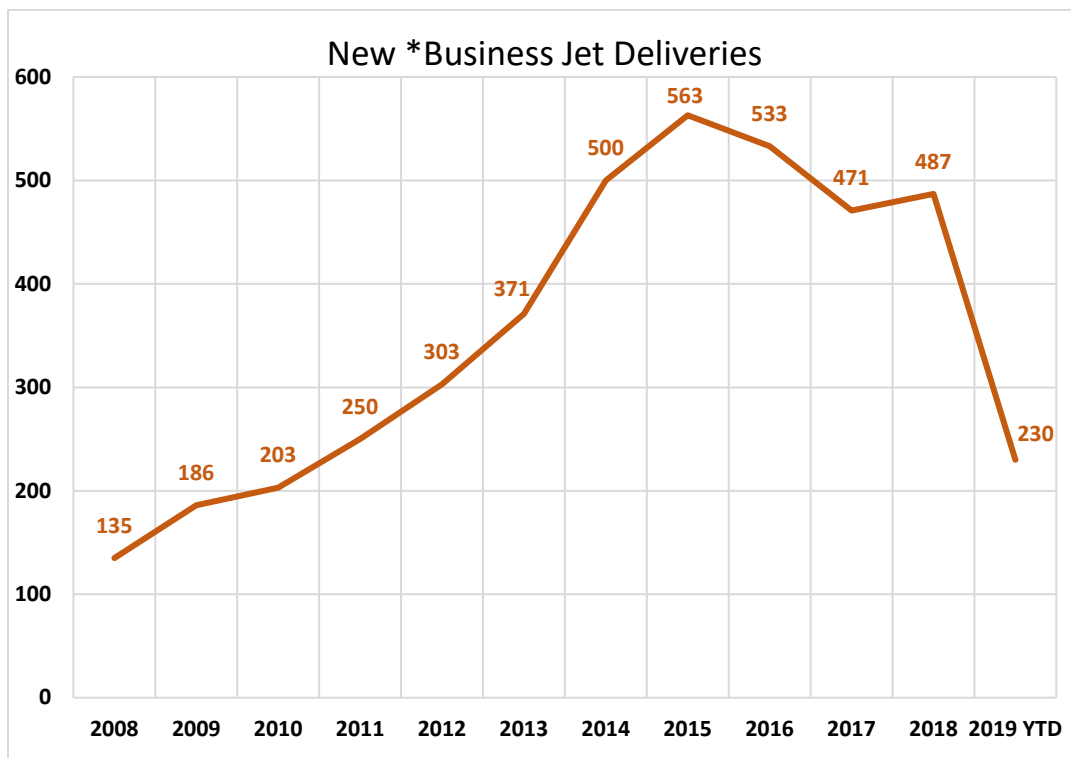


## Aircraft Bluebook Marketline

Over the last couple months, we've heard many perspectives, and in some cases hyperbole, on market conditions and inventory, most leaning in the direction of too few aircraft on the market and those that are available are too old, new, high priced, wrong equipment, color, etc. Before delving into this further, perhaps it's prudent to mention that prior to an economic downturn, our markets do in fact act erratically. As of July 2019, the US economic expansion is now the longest on record, entering its 121<sup>st</sup> month since the end of the 2009 recession and surpassing the previous 120-month record that ended with the dot com bust. Conversely, the majority of financial indices are pointing in the direction of a global recession toward the end of this year and there are many countries currently feeling the contraction. China, Japan, Germany, UK, Taiwan, S Korea, Italy and Russia are some of the countries currently experiencing a downturn. Could this have an impact on business jet transactions? Absolutely.

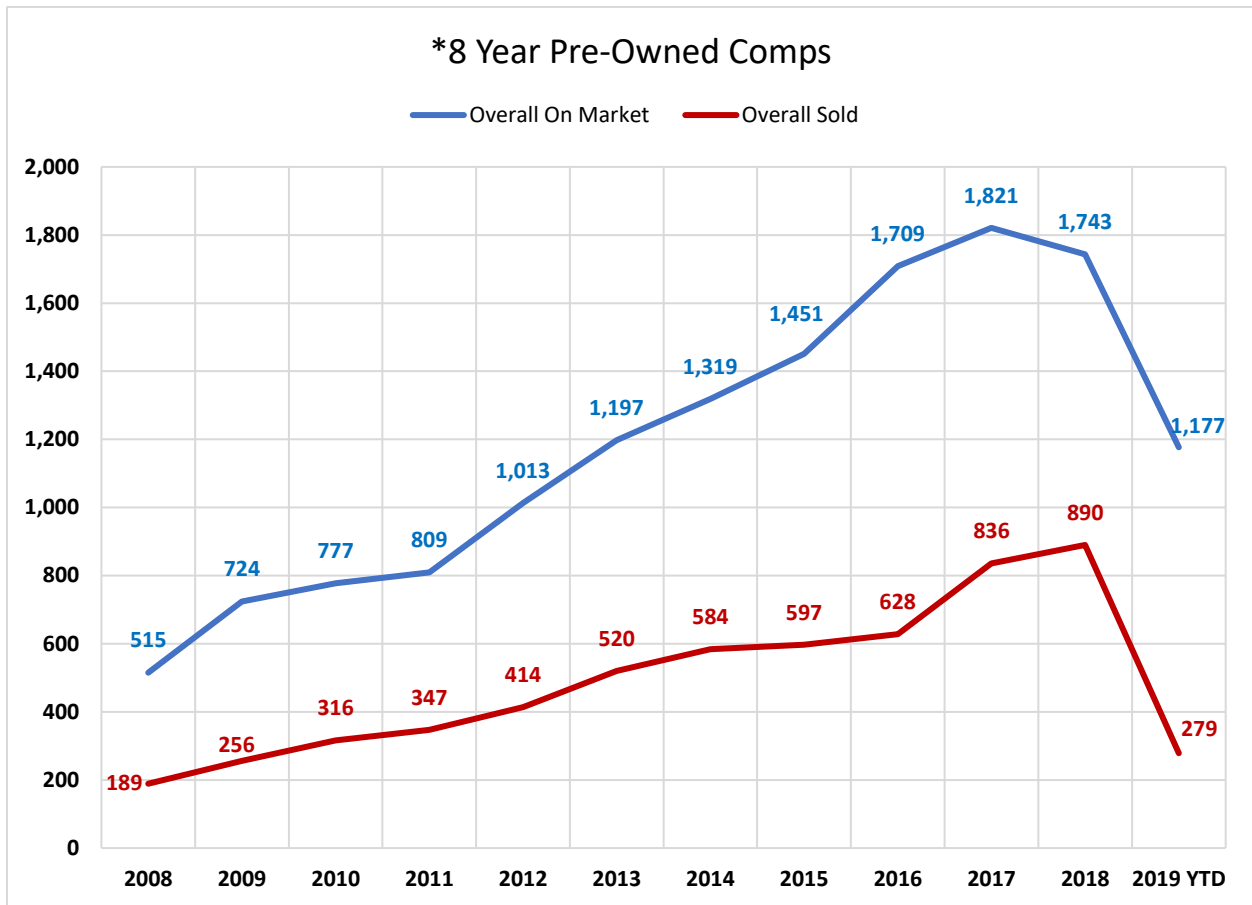
In terms of new aircraft deliveries, the height of the market was in 2015 when 563 new business jets entered service, almost double the 203 delivered in 2010. Fast forward and new aircraft deliveries have waned, dropping 13% in just 3 years. In the first 6-months of 2019 we've seen 230 new business jet deliveries and even *IF* sales and production continued on track for the year, we would still see a YOY decline. Does the decline in new aircraft sales have a direct effect on the pre-owned markets?



\* excluding VLJs and modified airliners.

Pre-owned markets tend to trail new aircraft sales results, in terms of number of units, by a couple years. The height of the pre-owned market was in 2018 when 890 business jets traded, having shown a YOY increase since 2008. Drawing the same corollary as with new deliveries, *IF* sales continued on track with the results from the first 6-months of 2019 we would still be 37% under the 890 pre-owned business jets sold for all of 2018. Over the last 10 years our pre-owned markets have averaged 13.4% of the available fleet(s) on the market, of those 42% actually trade hands and 12% of the total on the market are withdrawn. As depicted in the chart below, available inventory is on a YOY decline and transactions are following suit.

To address the market rhetoric, there are some aircraft that are in fact showing a YOY increase in selling price for the first 6-months of 2019. The Falcon 900 EASy and 7X both up 8%; Challenger 300 8%; Falcon 2000 EASy 9%; Citation XLS+ 11%, Sovereign 13%. The remaining Make/Models are showing YOY declines, the Citation CJ4 and Lear 75 down 7%; Challenger 350 down 12%; Sovereign+ down 13%; Global 6000 down 14%. Couple all the above-mentioned together and this could be indicative of an economic contraction which would lead to a decline in market value.



\* excluding VLJs and modified airliners.