

PRE-OWNED A/C SALES TRENDS

Good economic news produces growing supply of buyers. by Fletcher Aldredge

SYNOPSIS:

Aircraft with no 'issues' have hit bottom – and bounced. No longer can low-time, no-damage, squawk-free airplanes be found at fire sale prices. Between 2001 and 2003, each sale price tended to be below the last. Now, there is genuine upward pressure, especially on the good airplanes. Buyers - don't tarry.

Reports from the marketplace continue to be diverse. While everyone is enjoying the increased activity, many are concerned about the 'what ifs.' What if stronger prices bring more airplanes onto the market, creating another glut? What if there is another terror attack? To some degree, the first concern is already happening. Many sellers who gave up on the market a year ago, are back in. The difference – now there is a market. Airplanes are selling and amazingly, many of the customers are dealers.

No doubt about it, most segments of the market continue to be price driven. Years of distressed sales and the worst market in memory will not go away overnight. Buyers still approach each aircraft smaller than a G-IV with the idea of getting a deal. While there remain plenty of airplanes to choose from, good economic news has produced a growing supply of buyers.

PISTON SINGLES:

The strongest parts of the market are the very top end (long range jets) and the light singles. At least one dealer reported that he is able to sell the better Cessna 172s before he actually gets them home. Demand for well-maintained Warriors, Cherokee 180s and just about any other fixed gear, unpressurized, normally aspirated single is good. This demand is gradually spreading to the complex singles. Prices for upgraded, early Mooney 201s and Piper Arrows edged up this quarter.

PISTON TWINS:

There is activity – more than we've seen in a long time, but it's got to be priced right, or loaded, or both. We compared May 2004 availability levels on several twins to November of 2003, and there is



BOMBARDIER
CHALLENGER 604

little change. According to Jetnet, 12% of the 58 Barons were for sale in May of 2004, and 12.1% were available in November 2003. The 58P market had cleaned up slightly, going from 15% to 13.9%. This had not changed prices. The Cessna 421B market is also flat – 14% for sale in November of last year and 14% in May. 421Cs are also about the same – 19% in November of last year and six months later it was 18.6%.

In the light twin market, there is some upward pressure on values. It seems that all things considered (fuel burn, insurance and purchase price) airplanes like Senecas and Twin Comanches were best buys – and prices moved up.

TURBOPROPS:

King Airs are leading the recovery in this segment. Prices are clearly up for C90As and C90Bs. The number available dropped from 10% in November 2003 to 9% in May of this year. The B200 is probably the most remarkable propeller-



FALCON
900EX

driven market. Prices have jumped more than \$200,000 on some models during the last two quarters. B200 availability has not changed much, hovering just above 7%. This progress has moved some later model straight 200s off the bottom. Actually, it has turned the entire turboprop market around.

There has been little or no change in inventory levels (10%) of Cessna Conquest IIs during the November-May timeframe, yet there is some upward pressure on prices. The Cheyenne II market has cleaned up slightly, going from 14% for sale in November to 12% in May. This has stabilized values. There were more Twin Commander 690Bs

available during May (13.8%) than in November, but prices were moving North anyway.

JETS:

Trickle down economics works very well in the jet market. It all started with the big iron, Gulfstream IVSPs, Falcon 900EXs and Challenger 604s. These markets dried up significantly. Numbers for sale went way down (below 5%) and prices – way up. Many jets saw big price increases this quarter. Falcon 50s and GIVs jumped \$400k to \$700k depending on year model. Falcon 900Bs and GIVSPs gained between \$1million and \$2million.

It is important to note that the jet market is very dynamic. For example, the GIV market stats may show a slight increase in availability. However, about a third of those airplanes are in pre-buy – they've been sold.

The word 'hot' was frequently used when discussing the GIV, IVSP and GV markets. We haven't heard that in years. To complicate matters, prices have been strong enough to attract new sellers, people who had formerly given up on the market. Will this dampen the recovery? It's too early to tell.

If the economy continues to produce good news and there is no other extreme

even within the US borders, the general aviation recovery is expected to continue. It has already spread to the light jets – CJs were up for the second quarter in a row. Only the older turbojets have been bypassed. As always, it is very important to adjust for condition, times and history. Fresh overhauls, RVSM, and new paint and interior make an entirely different airplane than one with deferred everything.

ADD & DEDUCTS

There was a time when having a DME was almost a necessity. Some of us would have been lost without it, literally. Then came RNAV and Loran, and probably others that once had great value in any airplane – not anymore. The advent of GPS has been like a wonder drug for general aviation. Now, just about every new single engine airplane can be bought with a glass cockpit, TCAS, Ground Prox, weather uplink and situational awareness which any student pilot can master. DMEs, RNAVs, Lorans, ADFs and other outdated radios are not add-ons, especially on complex singles and larger.

■ More information from Vref; Website: www.vrefpub.com

PERCENTAGE OF FLEET FOR SALE

	11/03	5/04		11/03	5/04
Challenger 604 3A	.17%	.13.4%	Westwind II	.23%	.20%
Beechjet	.12%	.76%	Hawker 700A	.18%	.27%
Citation 525	.9.7%	.7.7%	Hawker 800A	.17%	.17.9%
Citation II	.17%	.19%	Hawker 800XP	.6%	.3.2%
Falcon 50	.14%	.11.4%	Learjet 35A	.16%	.16.9%
Falcon 900B	.20%	.13%	Learjet 45	.4%	.3.6%
Gulfstream III	.18%	.17.8%	Learjet 55	.22%	.19%
Gulfstream IV	.11%	.12%	Learjet 60	.11%	.9%
Gulfstream IVSP	.5%	.3%			

* Percentage of fleet for sale is per Jetnet (see www.jetnet.com)



Jets



1978 Lear 35A S/N 203
Reg N203RW, TT10950hrs, Both engines on MSP. Century III wing with Softlite, Int – Standard 8 pass in Spinneybeck Dust capone. Ext – White rk Blue & Platinum Medium Trim. Repainted Mar 99. **Price: Make Offer**

Lear 35A S/N 379
N217RT, TTAF 22,000, Fresh Engines. Collins Equipped, Century III Wing with Softlight, TR's, Ext-White w/ Royal Blue over platinum trim. (June 2001)

Turboprop

1975 Fairchild Merlin IVA S/N AT-037
Reg N202WS, TT7350.4hrs, Engines – Time since OH/CAM-LH 220, TSCAM, RH 5106 TSOH. Dual Collins Avionics, Int – 9 Pax config, Int – Leather with fabric sidewalls. Ext: Fuselage white, wings polished aluminium.

Commuters:

1983 Shorts 360SD3-60 S/N 3611
USA Reg: C-GPCE, TT32919hrs Location: TX, Cycles: 51,784 1983, Times as of: October 20, 2003, INT: 36 passenger seats, Galley & Toilet Cabin Attendant Seat, EXT: Pacific Coastal Airlines white and blue colors and logos. All offers will be considered.

1984 Shorts 360SD3-60 S/N 3633
USA Reg: C-GPCJ, TT31522hrs Location: TX, Cycles: 47,721 Engines: Pratt and Whitney PT6A-65AR TBO: 9500 HRS, Times as of: October 20 2003, INT: 36 passenger seats, Galley & Toilet, Cabin Attendant Seat, EXT: Pacific Coastal Airlines white and blue colors and logos. All offers will be considered.

Piston Twin

1973 Cessna 414 S/N 414-0361
Reg N443R, TT4430hrs, Engine SMOH – LH & RH 580hrs, Overhauled by Blueprint, Inc.

Visit our website for full details with exterior & interior photos:
www.ArmstrongAviationInc.com
 451 Masonwood Dr. Kyle, Texas 78640 USA
 Tel +1 (512)268-5338 Fax +1 (512) 268-5318 info@armstrongaviationinc.com

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