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PRE-OWNED AIRCRAFT SALES TRENDS

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## **Pre-Owned Aircraft Sales Trends Time to come out of the bunker...**

It was a summer spent fishing – bottom fishing. Buyers searched for the bottom, while sellers just tried to snag a fish – preferably a fish that didn't require financing.

The good news is that the fishing trip was largely successful, no lie. Activity is up marginally in nearly every segment. Can the worst recession in history be fading in less than a year? Just a few months ago, some were predicting Great Depression II.

### **PISTON SINGLES**

Much of the piston single market appears to be bottoming. We are finally seeing the better airplanes bringing closer to what they deserve – no longer confused with the multitude of mediocrity out there. The Vref Light Single Index lost only 1% in value during the past quarter. Complex singles fell only 1.6%.

Turnkey is the name of the game. No one wants a squawk list to fix. The list of airplanes with no price change in the past two or more quarters is very long. The Beech Sierra, most Bonanzas, most Cessna Skyhawks, Cardinals, Skylanes, Cessna 210s, Piper Warriors, Archers, Dakotas, Cherokee Sixes, most Arrows and most Saratogas were all unchanged through two of the darkest quarters in aviation history. To us that tells of good ongoing demand and long-term viability for general aviation.

Indeed, recent innovations - like synthetic vision and an auto land system for the Beech Bonanza - point to some very forward thinking... forward to a time when our children (or grandchildren) will board a light, single-engine jet in Kansas City and say, "Phoenix please."

Many half-century-old airplanes will eventually become extinct, finding their way to the salvage yard. These dinosaurs will be replaced by Cessna Columbia 400s, Cirrus SR22s and Piper Malibus, which will have morphed into jets - with autopilots on steroids.

### **PISTON TWINS**

Not so much good news here. The Vref Light Twin Index dropped 2.5% in the recent quarter. The Pressurized Twin Index fell 1.5%. Those are relatively small changes. Most piston twins are ridiculously cheap, yet some are still a tough sell. Operating

costs and a troubled economy continue to be a drag on this market. It takes a special buyer to appreciate the added safety compared to a single, and the thriftiness compared to a turboprop. [

### **TURBOPROPS**

Overall, this segment was down only 1.6% during the recent quarter. This drop is due in large part to the King Air 200, an airplane that seemed to launch all turboprops into orbit during the bull market between 2003 and 2007 (see the Vref Turboprop Index at VrefOnline.com). Now there are more than 250 for sale, and prices slipped nearly 10% in just the last quarter.

There is a lot of price compression, and this is apparent in older jets like Citations, Lears, Westwinds as well as turboprops. The oldest models can't go much lower because they are nearing salvage value. This seems to put 1979-80 models in about the same price range as 1982-83 models. At present, Cessna Conquests and Piper Cheyennes have stabilized after losing ground early this year.

### **JETS**

Buyers, if you jump in now you might be able to touch bottom. The jet market - ravaged by the recession - remains price driven, but is showing signs of stability. Inventory levels are flattening out, and prices are, too.

This cautiously proffered good news comes at a time when the Jet market is normally vacation quiet. For some airplanes – Challenger 300s, Citation Excels, early CitationJets, GIV-SPs, and later model Hawker 800XPs - there is pricing traction or a base. For example, the last one that sold brought about the same as the one before.

This is not to say that some airplanes are not still settling. Gulfstream III asking prices continue to fall as owners try to unearth a buyer. It is difficult to predict where G200s, early GIVs or Cita

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