

PRE-OWNED A/C SALES TRENDS

New airplane waiting list contributes to used aircraft market health. by Fletcher Aldredge

Toward the end of 2003, buyers lured by a combination of low prices and an improving economy jumped into the market. Activity was brisk, and the recovery was officially underway. Now, in early 2005 that recovery continues to be strong due in part to a waiting list for new airplanes.

Prices in some late model jet markets jumped \$1million or more seemingly overnight. There is a kind of ripple effect spreading down through the market as real buyers soak up the last bargains, from GIVs and Astrajets, down through Piper Dakotas and Cessna 182s. Even Cessna 421Cs' prices ratcheted up.

There are two main reasons for these strong prices, 1) lack of availability, and 2) top notch pedigree. Perhaps a third reason would be, a supply of qualified buyers. In the late model turbine market, all three factors are at work. Very few of these airplanes were built because demand from about 2001 and on was low. They are late models so they should be indistinguishable from new. And finally, many buyers in this improving economy have hunkered down long enough – they're buying.

Any one of these factors – scarcity, pedigree or motivated buyer – can produce an upward spike in any market. On the other hand, one too many airplanes, a long list of negatives or a desperate seller can produce a selling price that appears to be a bargain.

That brings us to the sermon of the day: The absolute cheapest Cessna 421 or Lear 25D or any airplane could actually be the most expensive because of condition, history and impending inspections. Someone recently bragged to us they had 'stolen' a Lear 25D – about \$300k below Vref. Always eager for information we quizzed the happy buyer. Both engines were near runout, airframe time was 'way under 10,000 hours' (I believe it was 9,960), and no RVSM or TAWS. As far as damage or maintenance history, he was going to check on that just as soon as the seller located and mailed the logbooks, along



BOMBARDIER
CHALLENGER 604

with the cabin seats.

Another buyer recently closed on the highest priced Falcon 900EX available. That's the important word: 'available'. He paid about 95% of what the original new price was on a nearly five-year-old airplane. It needed nothing – he was operating it even before funds were transferred. Now that was a steal! Each serial number is unique – evaluate carefully.



BEECH
KING AIR B200

PISTON SINGLES

If you are looking for stability in the used aircraft market, this is it. From the peak of the market in 2001, to the bottom in 2003, light singles (Cessna 172s, Piper Archers) only lost 8.6% of their value. These relatively inexpensive, easily insurable airplanes have already gained back 5.2% of that loss.

Complex singles such as Beech Bonanzas, Cessna 210s and Piper Saratogas have lost about 9.5% of their collective value since 2001. They appear to be at the bottom now. Activity is improving, and price increases could be on the horizon for the complex singles if economic news remains good. However,

at present, if the gear goes up prices have not.

CHANGE IN VALUE SINCE 3Q 2003

1980 Beech C23	+3.3%
1980 V35B Bonanza	0
1980 A36 Bonanza	0
1980 Cessna 172N	+5.8%
1980 Cessna 182Q	+2.8%
1980 Cessna 206G	+1.3%
1980 Cessna 210N	-1.0%
1980 Mooney M20K	-2.0%
1980 Piper Archer	+3.0%
1979 Cherokee 6-300	+2.6%
1980 Saratoga SP	-1.0%

PISTON TWINS

Something very unusual happened in this segment during the recent quarter – prices went up on some Twin Cessnas. Cessna 340s jumped from \$5k to \$9k

depending on year model. Cessna 421Cs gained between \$10k and \$18k. 340s and 421s tend to make good starter airplanes for small corporate flight departments. It is very important to remember that two airplanes of the same type and year model could be \$100k apart due to times, equipment or history. Even though a few pristine 421Cs have broken \$500k, that is the exception, not the rule. Appraise carefully.

Since the top of the twin market in 2000, pressurized twins (Twin Cessnas, Dukes, P Barons) have lost an average of 22% of their value. A few are beginning to claw their way back. Beech 58 Barons, Piper Navajos, and Chieftains are showing some strength. However, most of the twin market (Be 55s, Cessna 310s, Piper Senecas) continues to be flat with no upward pressure.

Age is also becoming more of a factor. Many of these airplanes are 30 plus years old. If you had a car that old, you'd have a special license plate and take it to shows on weekends.

TURBOPROPS

Momentum best describes this market. Between the high in 2000 and the low in 2003, the average turboprop lost 24% of

its value. However, starting in late-2003, Beech King Airs and Cessna Conquests have posted price increases almost every quarter – taking back more than 10% of that 24% loss. The gains continued this quarter. A turboprop still makes a lot of sense in most flight departments.

CHANGE IN VALUE SINCE 3Q 2003

1990 King Air C90A.....	+6.9%
1990 King Air B200.....	+17.5%
1990 King Air 350.....	+10%
1985 Conquest I.....	+7.4%
1985 Conquest II.....	+9.8%
1980 Mitsubishi Marquise.....	+1.0%
1980 Piper Cheyenne II.....	0
1978 Twin Commander 690B.....	+2.4%

JETS

Prices in 2002 and most of 2003 were low – too low. Between 1999 and 2003, the average jet lost about 38% of its value – some lost a lot more. Buyers and sellers simultaneously noticed and started correcting this toward the end of 2003.

Light jets recouped about 6% of that loss while the average mid-size jet has recovered more than 9%. (An interesting note: Sabre 65s appear to be one of the few older jets participating in this recovery.)

Large, late model jets have done even

better. Are current prices realistic? Should one pay what the last guy paid? Was that too much - or too little? During the time it takes to ask these questions (and have a series of meetings on them), some buyers have watched their first choices be sold out from under them.

Early 2005 saw prices in the jet market continue to move up though not nearly at the \$1million pace we've seen in previous quarters. Most dealers in this marketplace expect steady appreciation on the ready-right-now airplanes.

CHANGE IN VALUE SINCE 3Q 2003

1975 Citation 500.....	-2.6%
1990 Citation II.....	+1.3%
1988 Citation III.....	-1.3%
2000 Challenger 604.....	+17.3%
1975 Falcon 20F.....	-33%
2000 Falcon 50EX.....	+9.0%
2000 Falcon 900EX.....	+15.7%
1975 Gulfstream GII.....	-17.6%
2000 Gulfstream GIVSP.....	+12.3%
1990 Astra SP.....	+32.8%
1980 Lear 25D.....	-16%
1991 Lear 31A.....	+14.6%
1992 Lear 60.....	+5.4%
1980 Sabre 65.....	+17.6%

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