



JBA Aviation Market Report

Spring 2014

“ It is good to see this kind of activity again, as it has been over 6 years since I could point to a rapidly changing marketplace like this on any aircraft make or model.”

**Toby Smith, Vice President
JBA Aviation, Inc.**

The Changing Marketplace



"I've recently been involved in two acquisitions of Falcon product. Last fall I was retained by a local client (Tulsa) to assist in the acquisition of a Falcon 900EX. We started digging into that market in October and found a total of 24 aircraft to choose from. There were several that stood out as very good options that quickly went under contract as several buyers started recognizing the value in that market.

We focused on a later model, U.S. based aircraft that was facing some big inspections in less than a year (2C & Gear overhaul). We used those pending inspections to negotiate a very good purchase price and ended up closing on that aircraft on 12/31/2013.

Today I find myself helping another customer to acquire a Falcon 2000. That market appears to be mirroring what the 900EX market did last fall.

We are currently making offers on Falcon 2000 aircraft, but a buyer does need to move expeditiously to ensure an aircraft is not bought out from under him. It is good to see this kind of activity again, as it's been over 6 years since I could point to a rapidly changing marketplace like this on any aircraft make or model."

Toby Smith, Vice President
JBA Aviation, Inc.

A look at the Last Quarter

»» 1st Quarter 2014

A Look at the Last Quarter

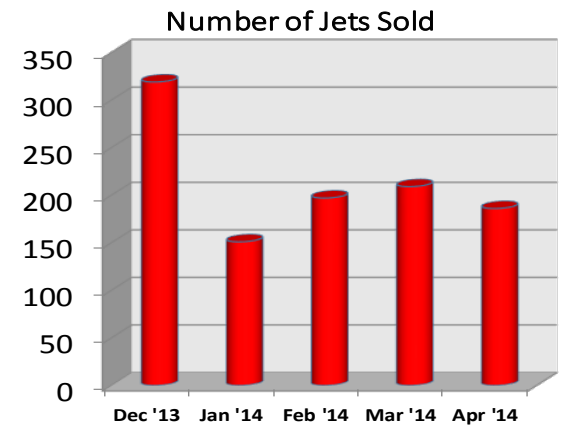
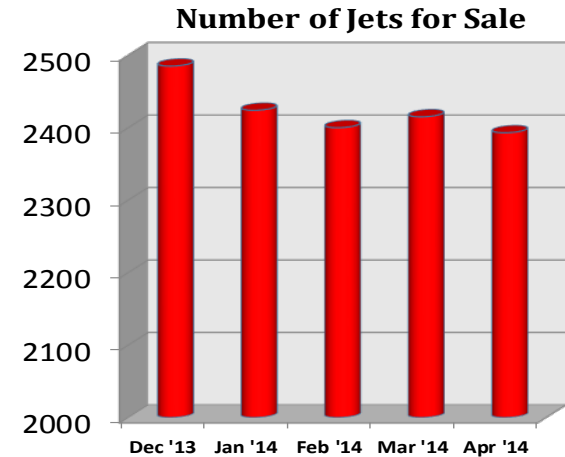
1st Quarter 2014

The number of jets for sale dropped in January, leveling out through the first quarter of 2014. There has been an explosion of activity in some markets, while others are firming up.

The month of December 2013 saw the highest number of sales in recent history. Going back ten years, only December of 2010 saw almost as many sales and still fell short of December 2013's grand total. In that month there were 542 transactions, 145 were new sales and 78 internal transactions, leaving the total of pre-owned jet sales at 319 for the month.

In 2013, sales spiked in March, June, September and as mentioned above, December, right on cue at end of the quarters. March of 2014 did not experience the end of quarter spike. Expect a slight recovery in June.

-H. Smith



A Look at the Last Quarter

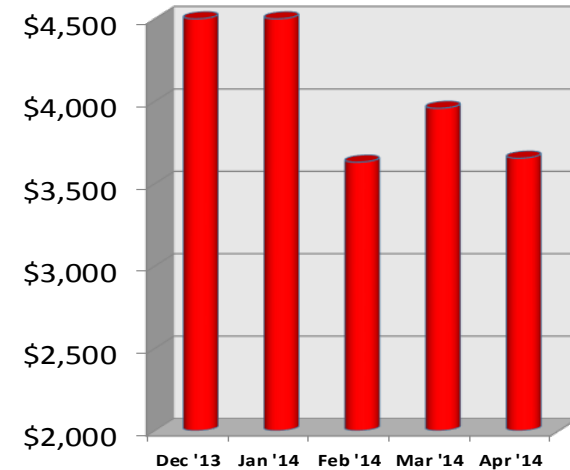
1st Quarter 2014

In our previous Quarterly Report, we stated that prices had held pretty steady over the last three months. Prices are on the move again, but in which direction depends on the market. For example, average asking prices are decreasing in the GIV, GIVSP, GV and Citation X markets, but increasing in the G550, Premier IA, Hawker 850 XP and 900 markets.

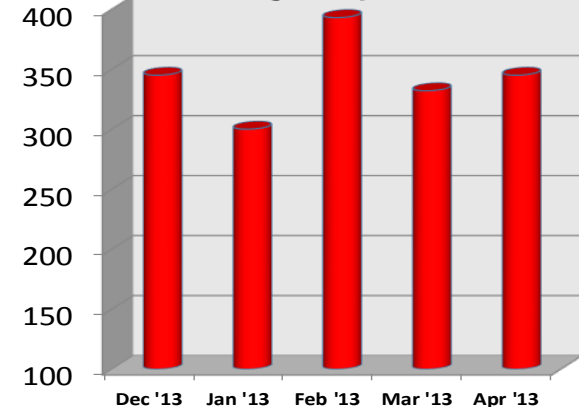
Ten years ago, it took 295 days on average to sell an airplane. That average decreased somewhat over the next five years and then shot up to its highest point averaging in 2011 to 381 days on average to sell. 2012 saw a modest improvement in this statistic, but 2013 closed the year at the second highest average in ten years, at 378 days to sell. 2014 is currently trending at 333 days on average to sell thus far, but will in all likelihood increase.

-H. Smith

Average Jet Asking Prices



Average days to sell



For more detailed market information on any specific aircraft, please click on one of the following links:

»» [GULFSTREAM](#)

»» [DASSUALT FALCON](#)

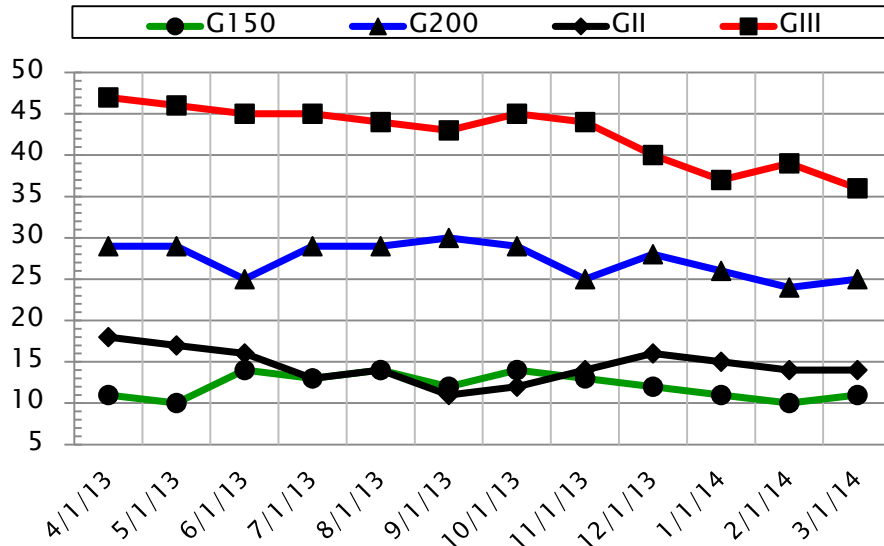
»» [BOMBARDIER](#)

»» [HAWKER BEECHCRAFT](#)

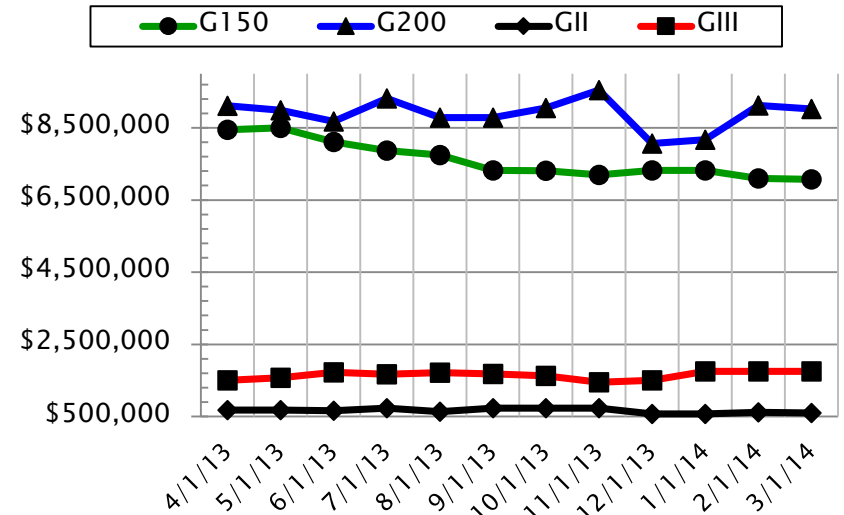
»» [CESSNA](#)

GULFSTREAM –Midsized Aircraft

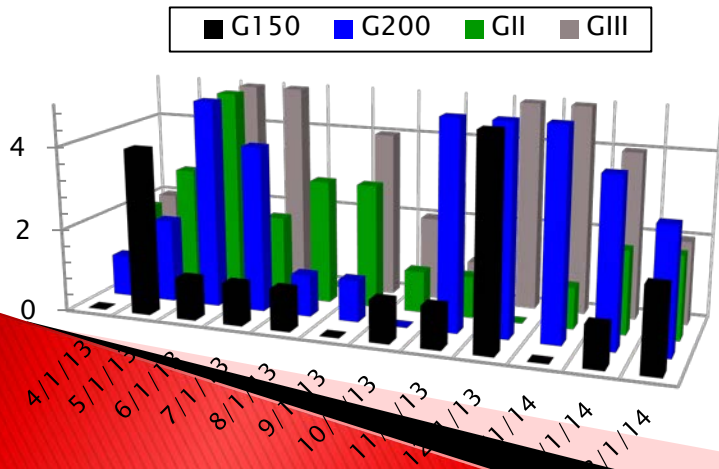
Aircraft Available



Aircraft Asking Prices



Aircraft Sold

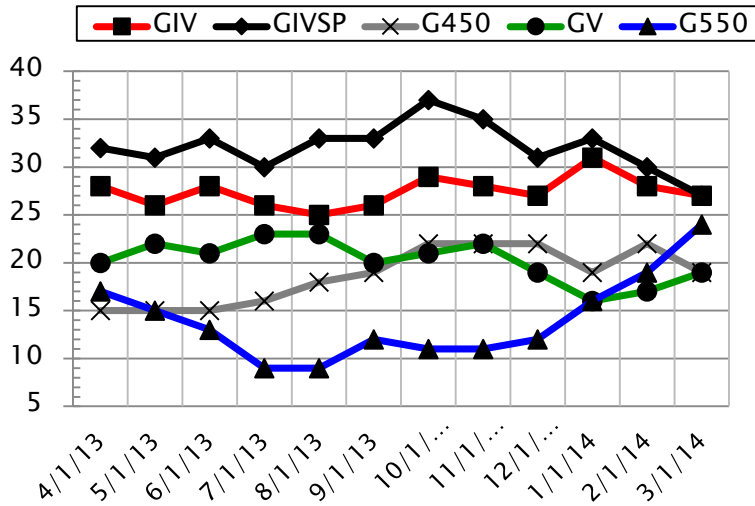


MARKET SUMMARY

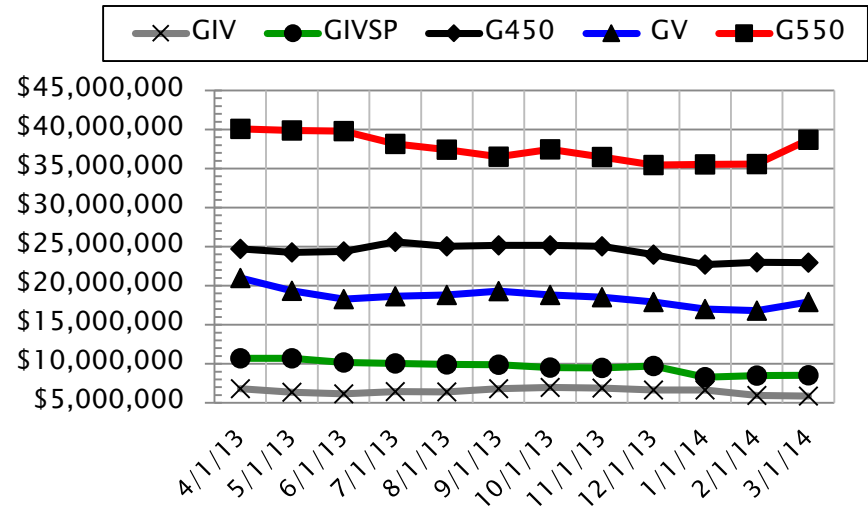
“The GIII market has dropped from 23.3% availability at this time last year to 16.8%, or 34 of the 202 aircraft listed for sale. Meanwhile, the average asking price of a GIII has increased from \$1,508,333 to \$1,657,083. Sales peaked in Q1 2014 and have since slowed over Q2.” - Hester Smith

GULFSTREAM – Large Cabin Aircraft

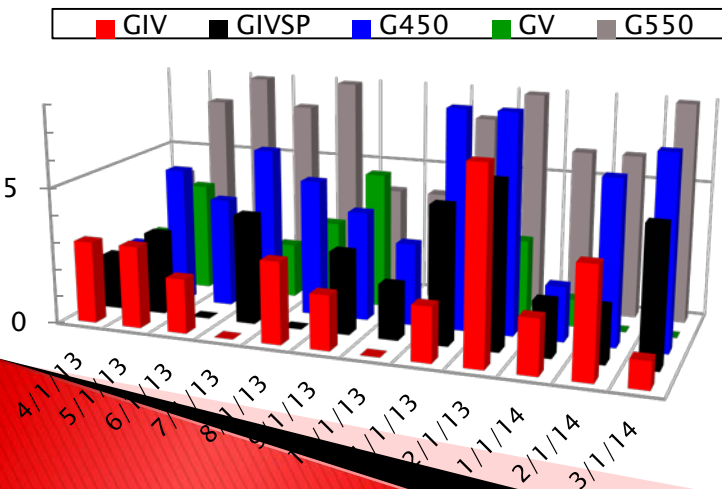
Aircraft Available



Aircraft Asking Prices



Aircraft Sold

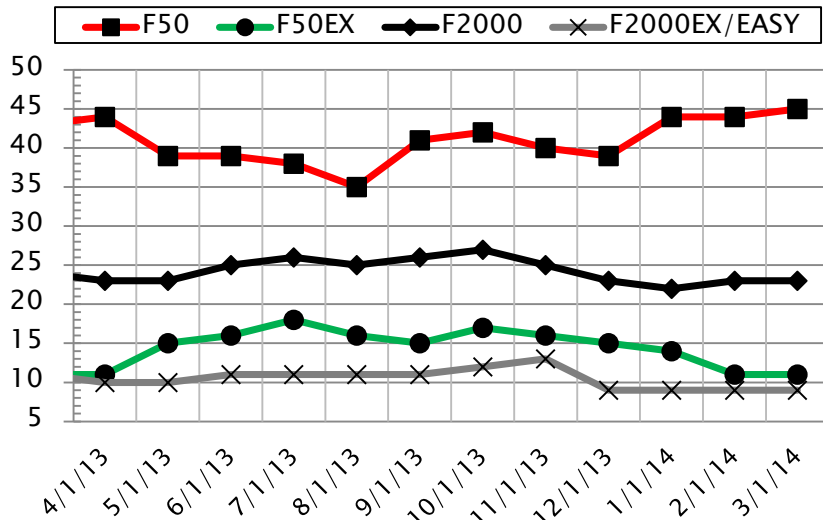


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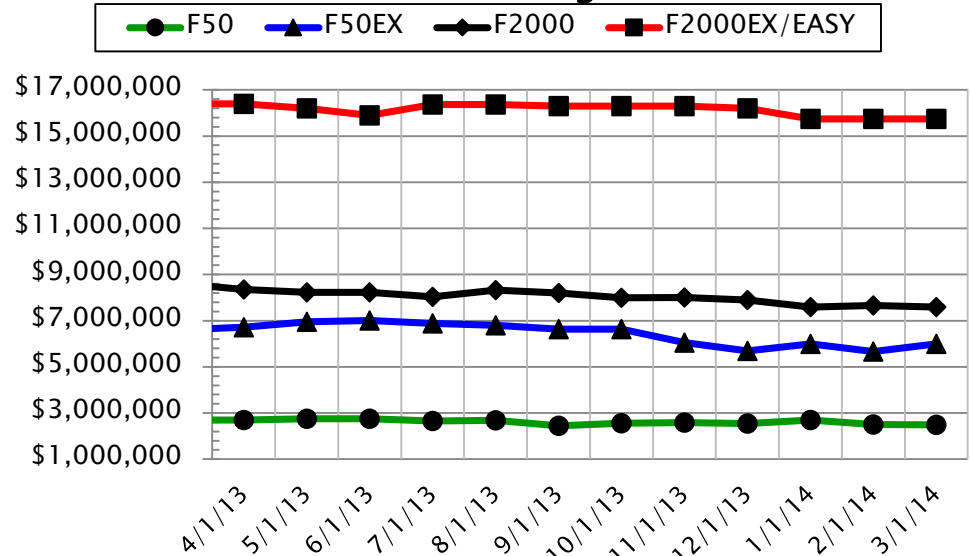
“One year ago there were 32 Gulfstream GIVSP on the market and in fact that number increased to 37 in October 2013. Today, there are 23 Aircraft for sale, two of which are “Under Contract”. These trends lead me to believe that the large cabin market has reached bottom.”- Jerry Smith

DASSAULT FALCONJET – Midsized Aircraft

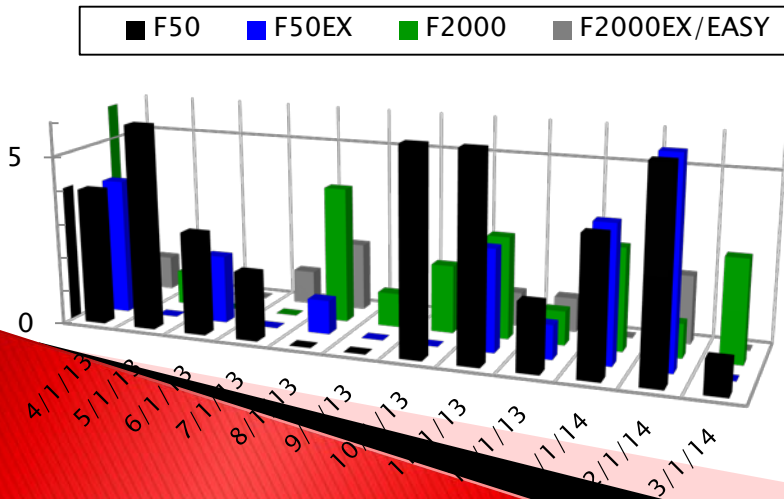
Aircraft Available



Aircraft Asking Prices



Aircraft Sold

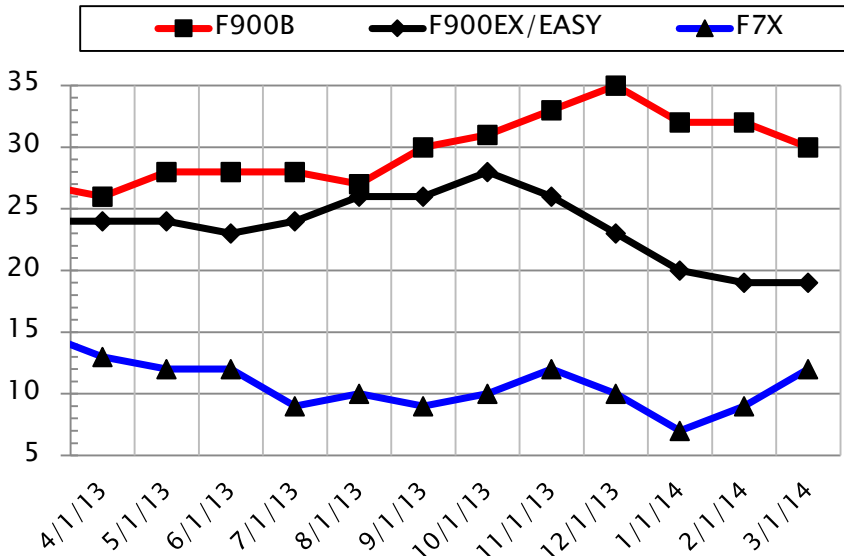


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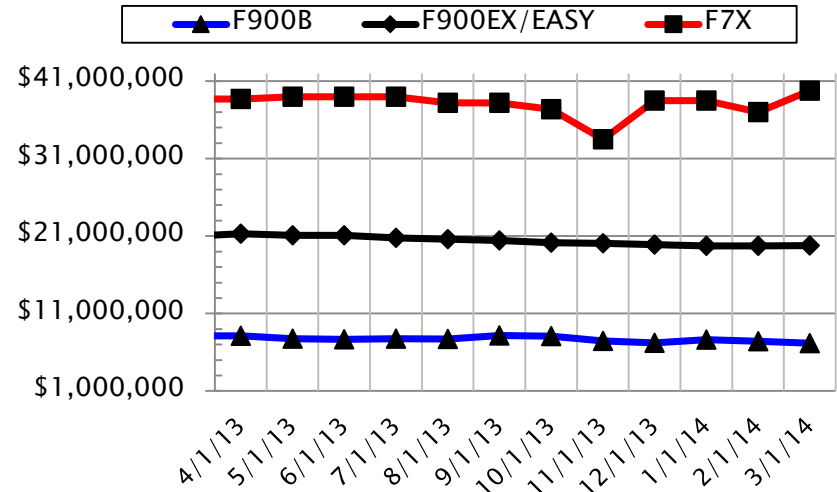
“There are currently 23 Falcon 2000’s for sale, 9 of which are “Under Contract”. To put that into perspective, there were only 6 retail sales of Falcon 2000 aircraft over the last six months combined. Buyers are focused on the aircraft built after 1999 and a U.S. based, lower time aircraft will definitely move first.” - Toby Smith

DASSAULT FALCONJET – Large Cabin Aircraft

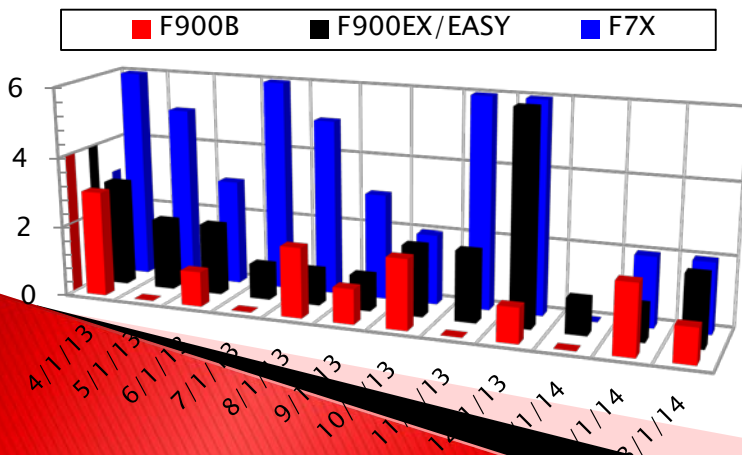
Aircraft Available



Aircraft Asking Prices



Aircraft Sold



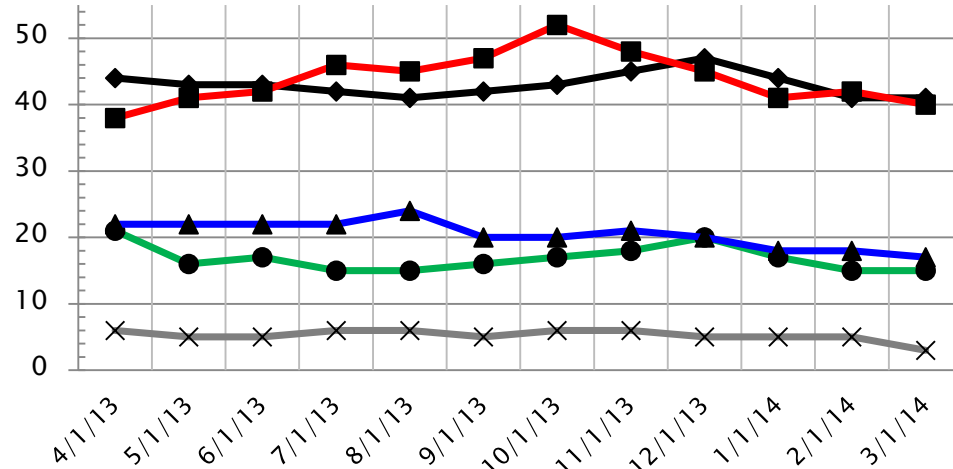
MARKET SUMMARY

“Today that 900EX market looks very different than it did one year ago when there were 16 Aircraft for sale. Today, only 8 aircraft are for sale, several of which are relatively early models and some have pretty high airframe time. Sellers do not appear near as motivated to accept low offers as they were last fall.” -Toby Smith

BOMBARDIER – Midsized Aircraft

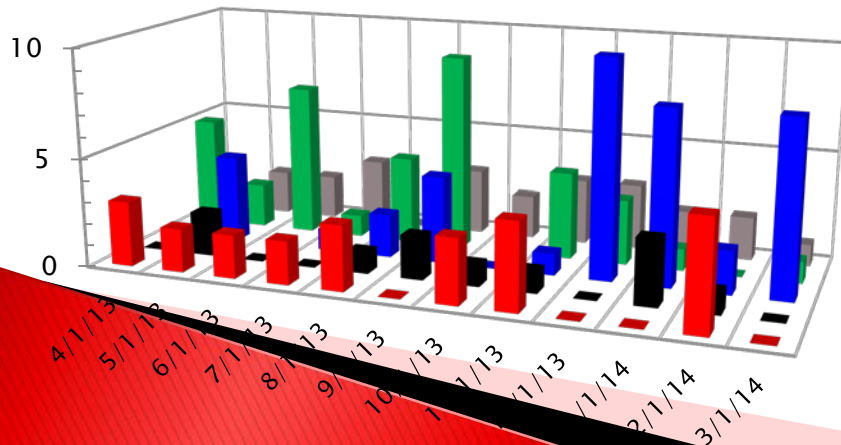
Aircraft Available

◆ Lear 31A
 × Lear 40XR
 ● Lear 45XR
 ■ Lear 60
 ▲ Lear 60XR



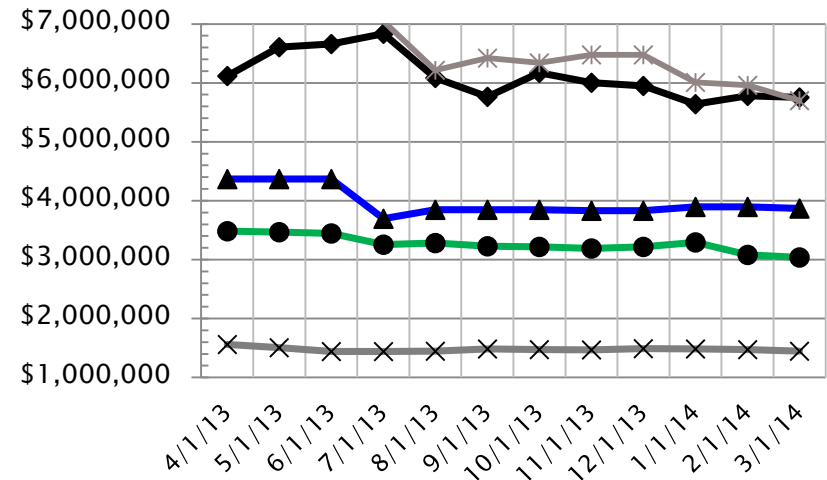
Aircraft Sold

■ Lear 31A
 ■ Lear 40XR
 ■ Lear 45XR
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Aircraft Asking Prices

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 ▲ Lear 40XR
 ◆ Lear 45XR
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 * Lear 60XR

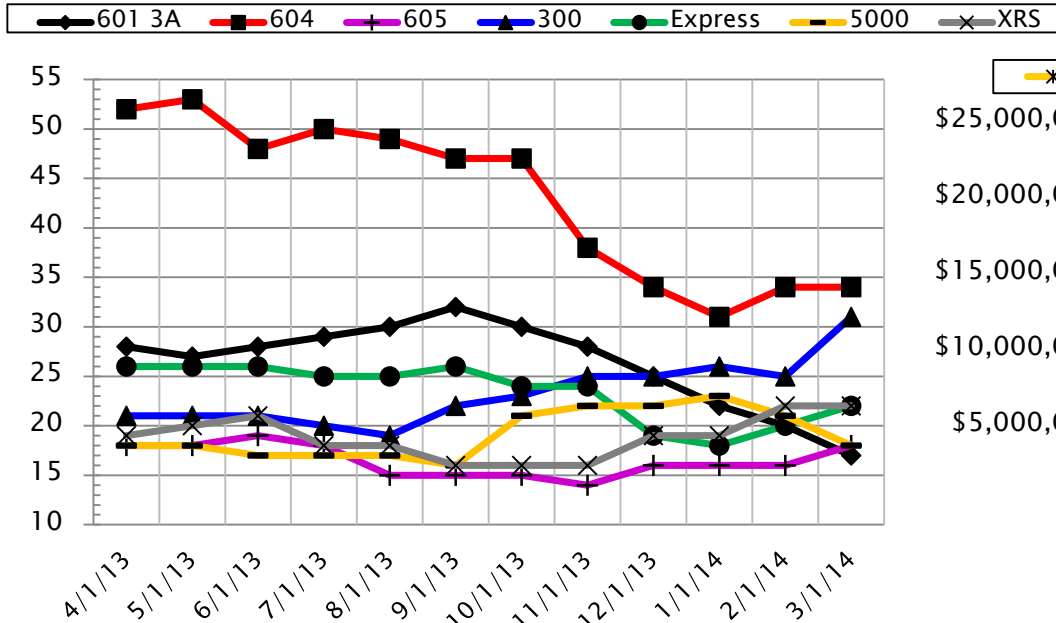


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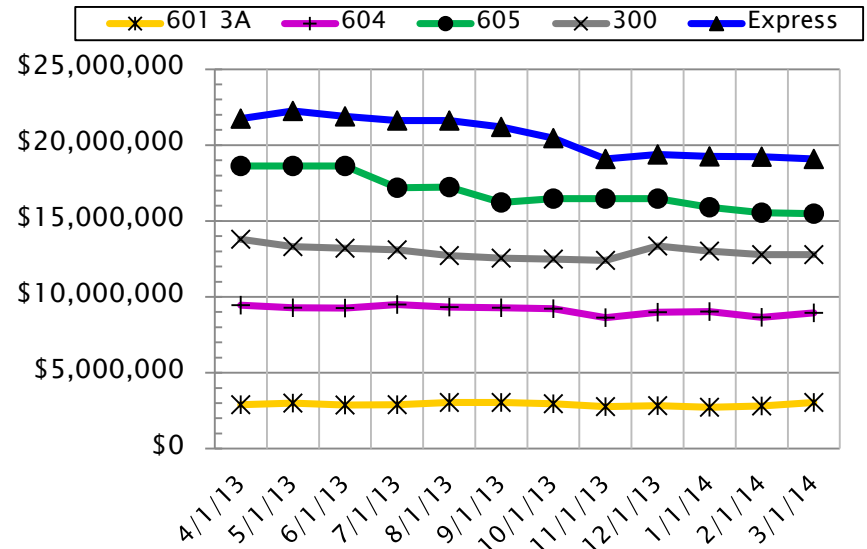
“Currently there are 29 Lear 45s listed for sale, or 11.8% of the market. Three of these are under contract. Through my research I have found that the average asking price of a Lear 45 today is \$3.016M. One year ago the average asking price was \$3.436M. The average selling price of a Lear 45 in 2014 is \$2.394M.” -Hester Smith

BOMBARDIER – Large Cabin Aircraft

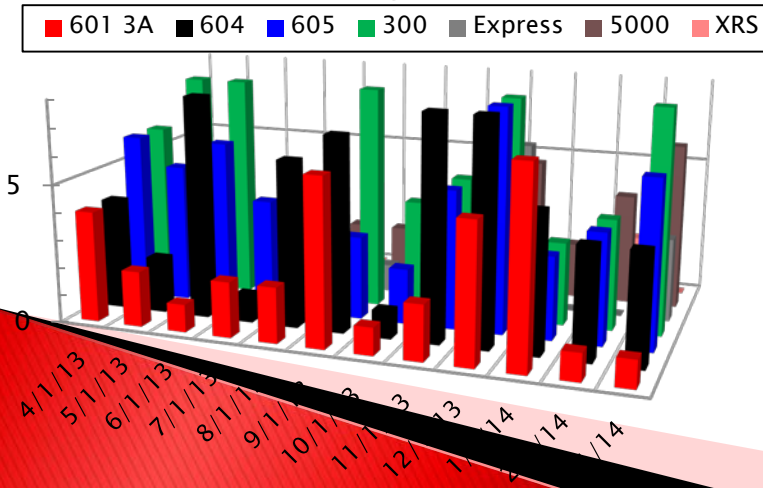
Aircraft Available



Aircraft Asking Prices



Aircraft Sold

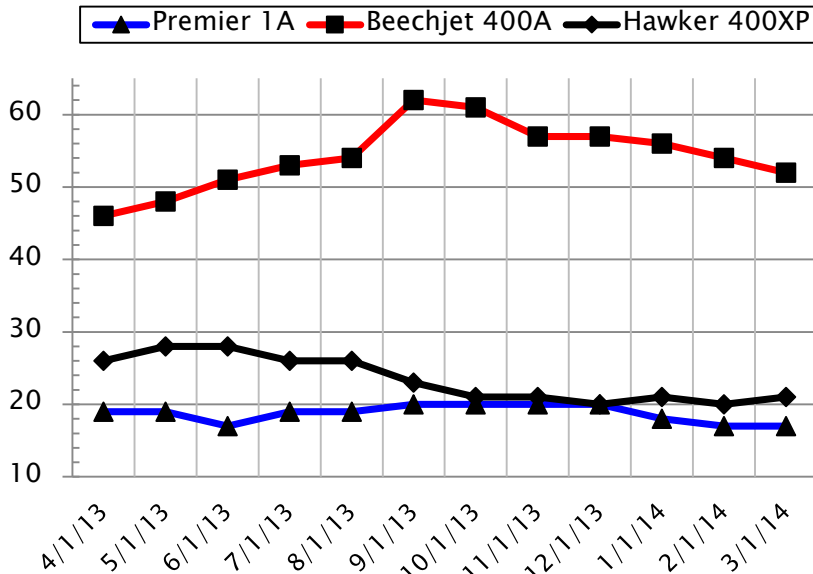


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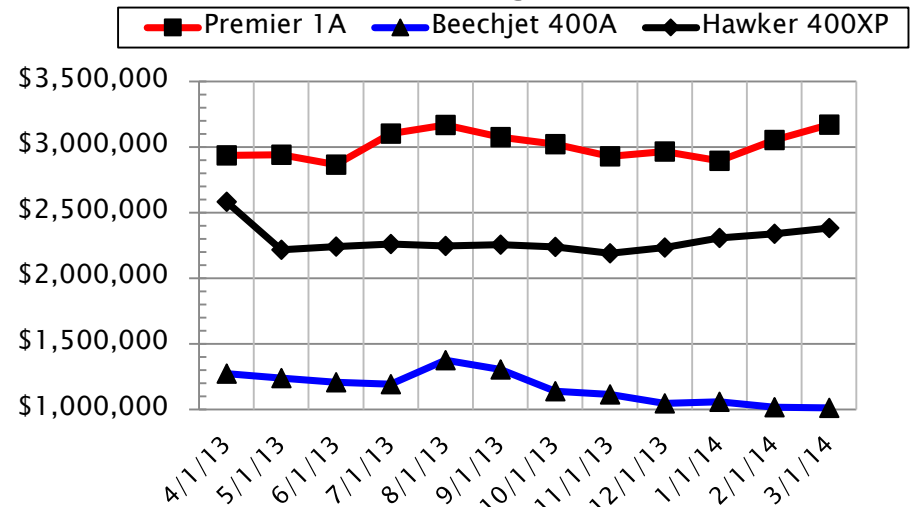
“The Challenger 604 market is experiencing some amazing changes. The supply of Challenger 604 aircraft has dropped from 55 Aircraft one year ago to 33 Aircraft today and 19 of those listed are “Under Contract.” -Toby Smith

HAWKER BEECH - Small Cabin Aircraft

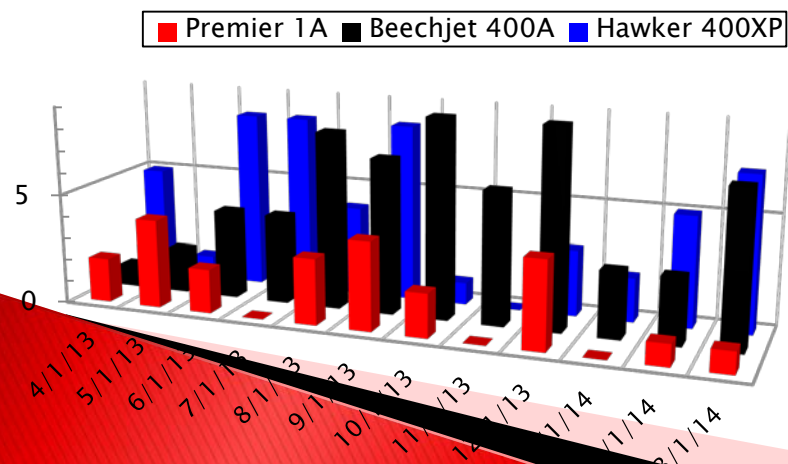
Aircraft Available



Aircraft Asking Prices



Aircraft Sold

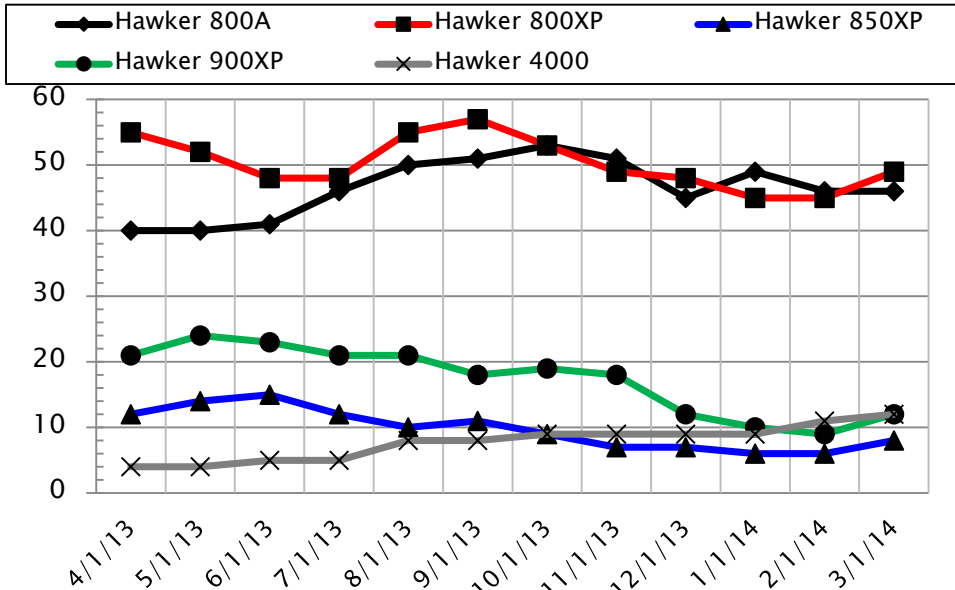


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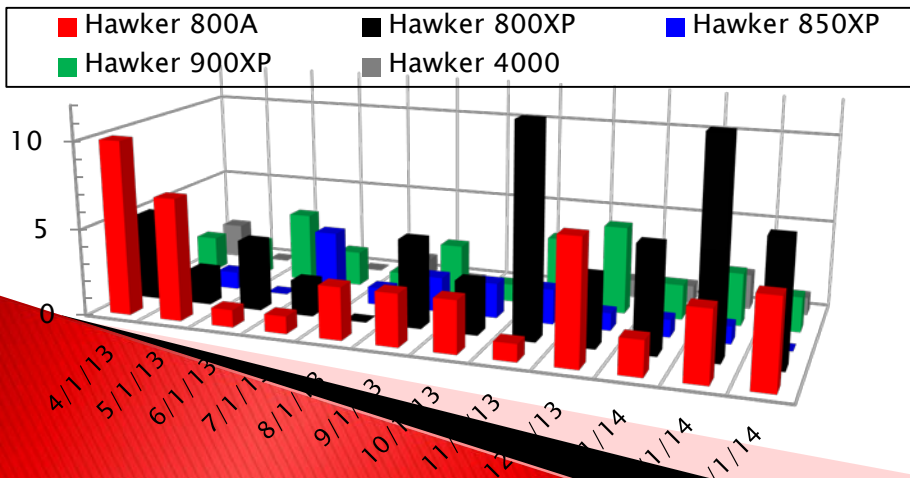
"The Premier 1A has actually seen an increase in asking price over the past year. In 2nd Quarter 2013, 19 aircraft were listed for sale and the average asking price was \$2.937M. Six months later that figure was up to \$3.023, and today it's up to \$3.572. That is over a 21% increase from one year ago while inventory levels have remained relatively flat." - Hester Smith

HAWKER BEECH – Midsized Aircraft

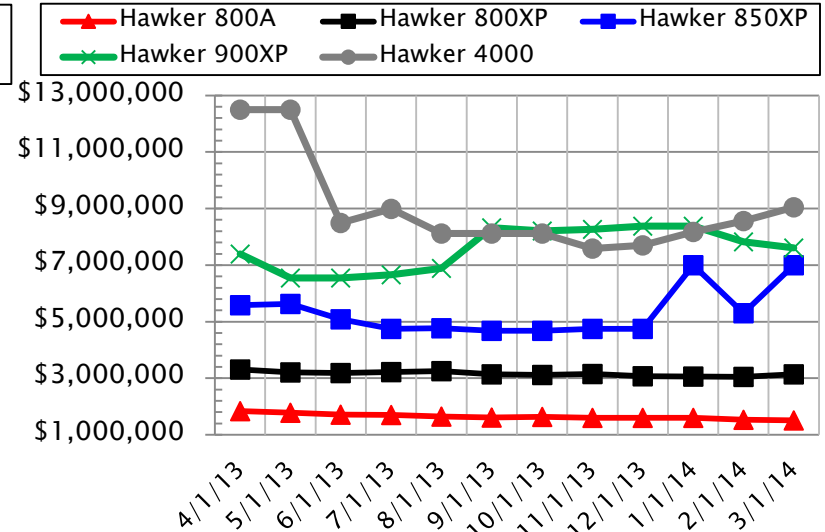
Aircraft Available



Aircraft Sold



Aircraft Asking Prices

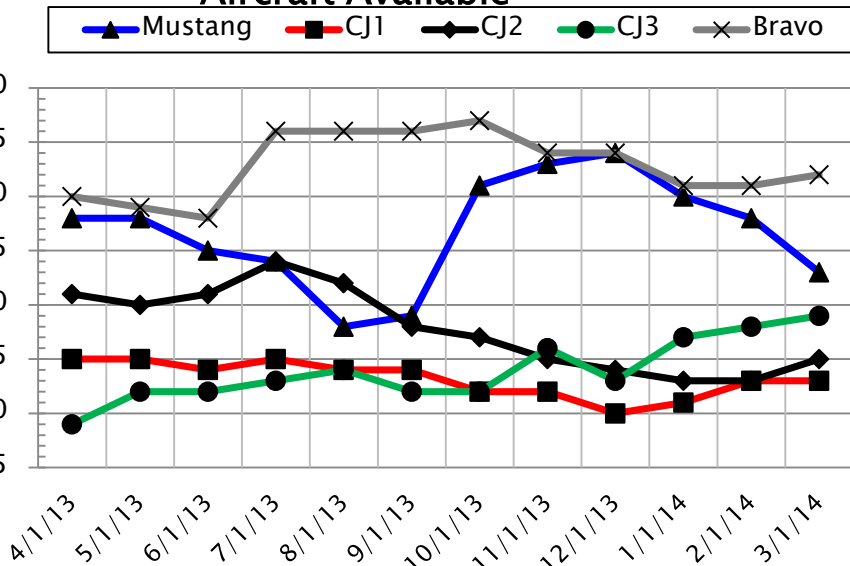


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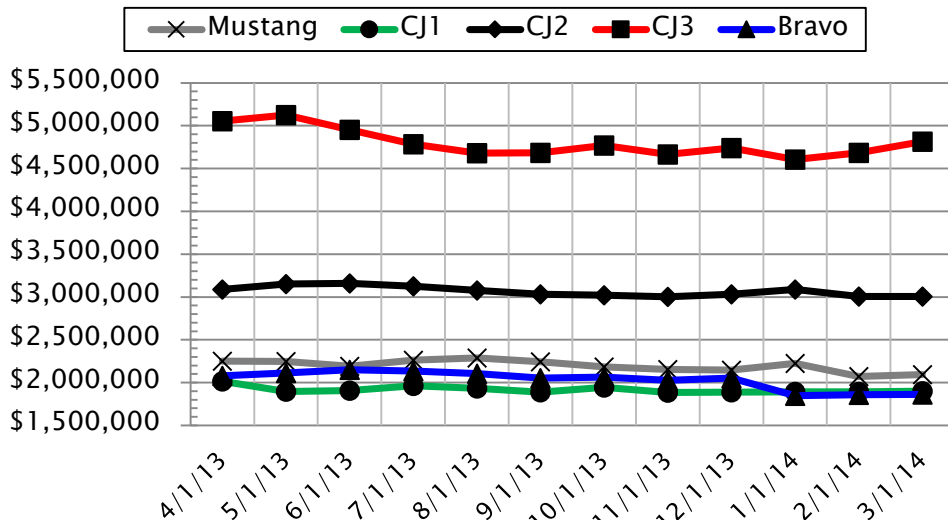
“Hawker 4000 prices took a huge hit one year ago, dropping from an average asking price of \$14.531M to \$9.968M over the course of 2013. Price averages managed to level off over the past three quarters however, and currently hover around \$8.444M with 11 available for sale. To date there have been 4 Hawker 4000 sales in 2014 2012 and 2013 only saw a total of 6 transactions per year.” -Hester Smith

CESSNA – Small Cabin Aircraft

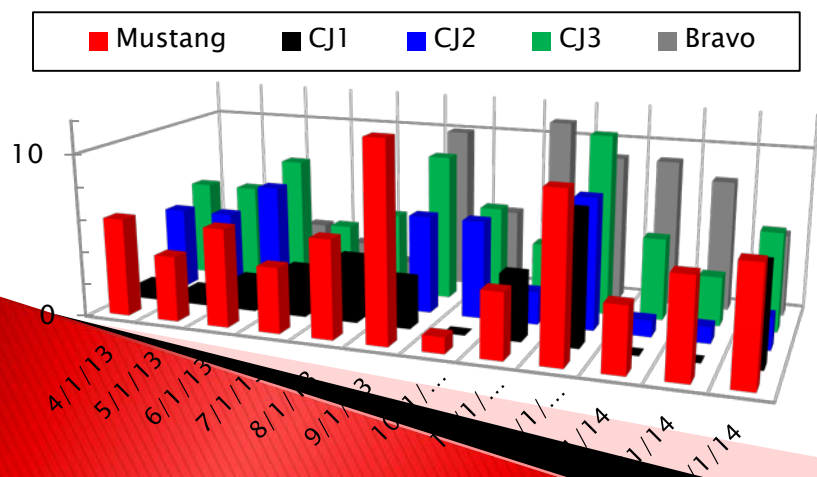
Aircraft Available



Aircraft Asking Prices



Aircraft Sold

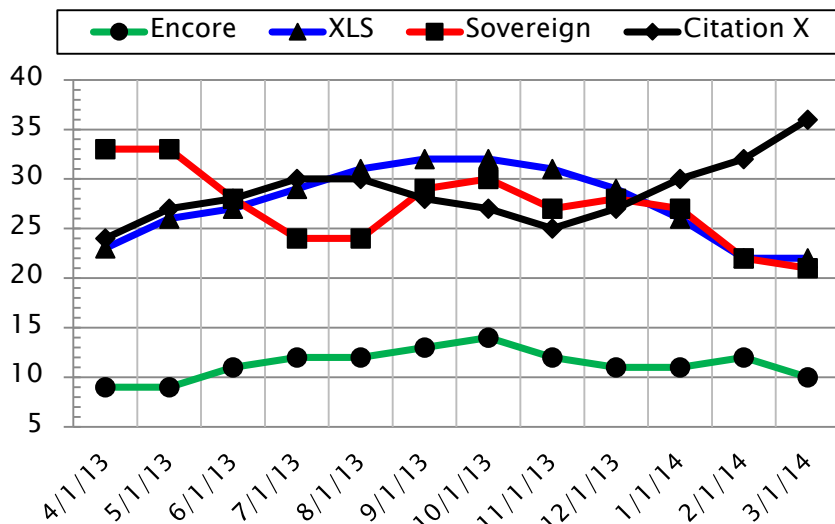


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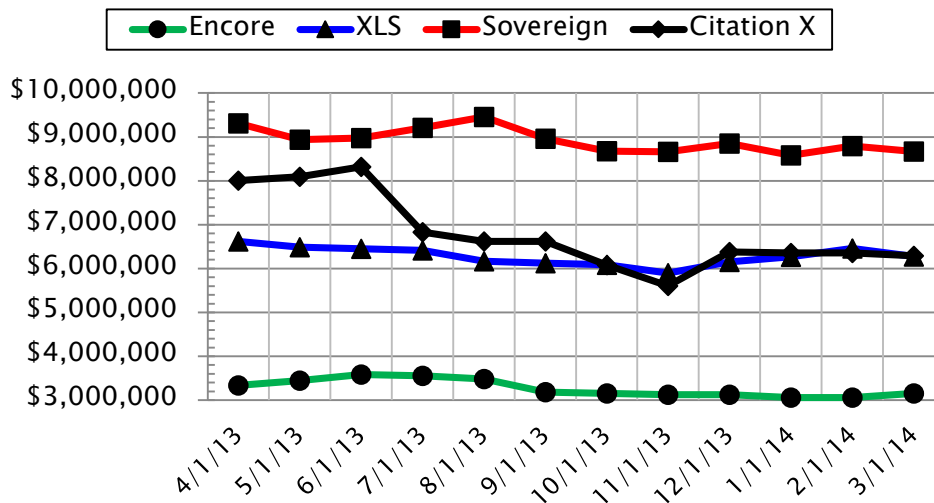
"Down from 20% availability a little over a year ago, the CJ market is currently at a level of 14%, and the average asking price for this model is \$1.365M. Selling prices of CJs are around \$1.2M on average. The average asking price of a CJ1 is \$1.844M with 12% listed for sale. There have been no sales in 2014 of a CJ1 which makes determining a true value difficult." -Hester Smith

CESSNA – Midsized Aircraft

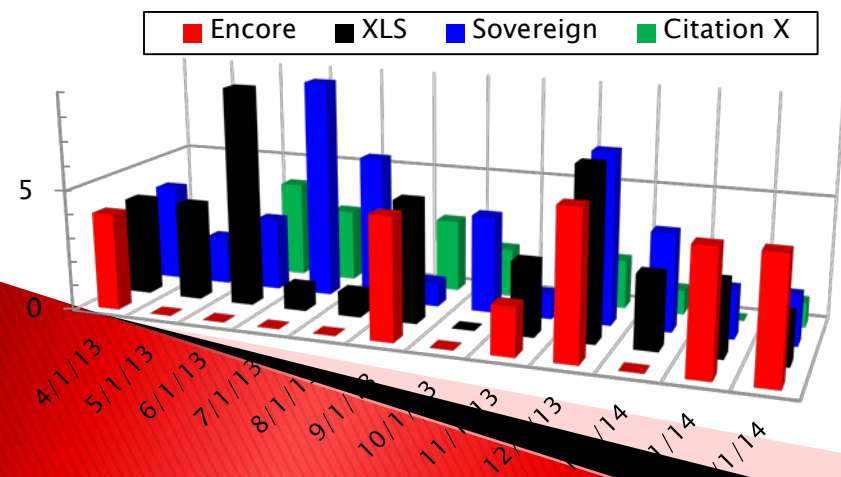
Aircraft Available



Aircraft Asking Prices



Aircraft Sold



MARKET SUMMARY

“The Sovereign market is hopping. With only 24 on the market or 6.9%, and 7 of those under contract, prices are holding steady. The average asking price of a Sovereign today is \$8.588M and the average selling price of 2014 Sovereign sales is \$6.914M. It’s a good time to sell a Sovereign.” -Hester Smith

The Role of the Broker



Jerry Smith, co-founder of NARA, the National Aircraft Resellers Association, was asked this week to sit on a panel commemorating its 25th anniversary, and to speak on the Role of the Broker, then vs. now:

“JB&A was founded in 1976. Aircraft sales and Brokerage were much simpler back then. There were no “know your customer” documents to file. There was no RVSM, JAR-OPS or EASA, and CPDLC, ADS-B out and FANS 1/A was not even a “gleam in the eye” with regulatory agencies or avionics OEMs.

There was a time in the 80s and early 90s when I thought my Role as a Broker was to manage and control all aspects of the sales sequence from beginning to end all by myself. In today’s market I cannot know or understand all the complexities fostered upon our industry by all the Federal Alphabet Agencies.

Today, in my Role as a Professional Aircraft Broker, I think of myself as the Head Coach managing a team of professional assistant coaches. Yes, the Role of the Broker remains the same which is to bring a Buyer and Seller together, however in today’s market, I will be interfacing and communicating with all my assistant coaches to include legal, financial, insurance, tax, training, maintenance technician and pilot.

In summary, the Role of the Broker remains the same. Playing the Role professionally and successfully is a bit more complicated.”

Jerry Smith, President
JBA Aviation, Inc.

To request further information on a particular market, please contact any of the professionals at JBA.



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