

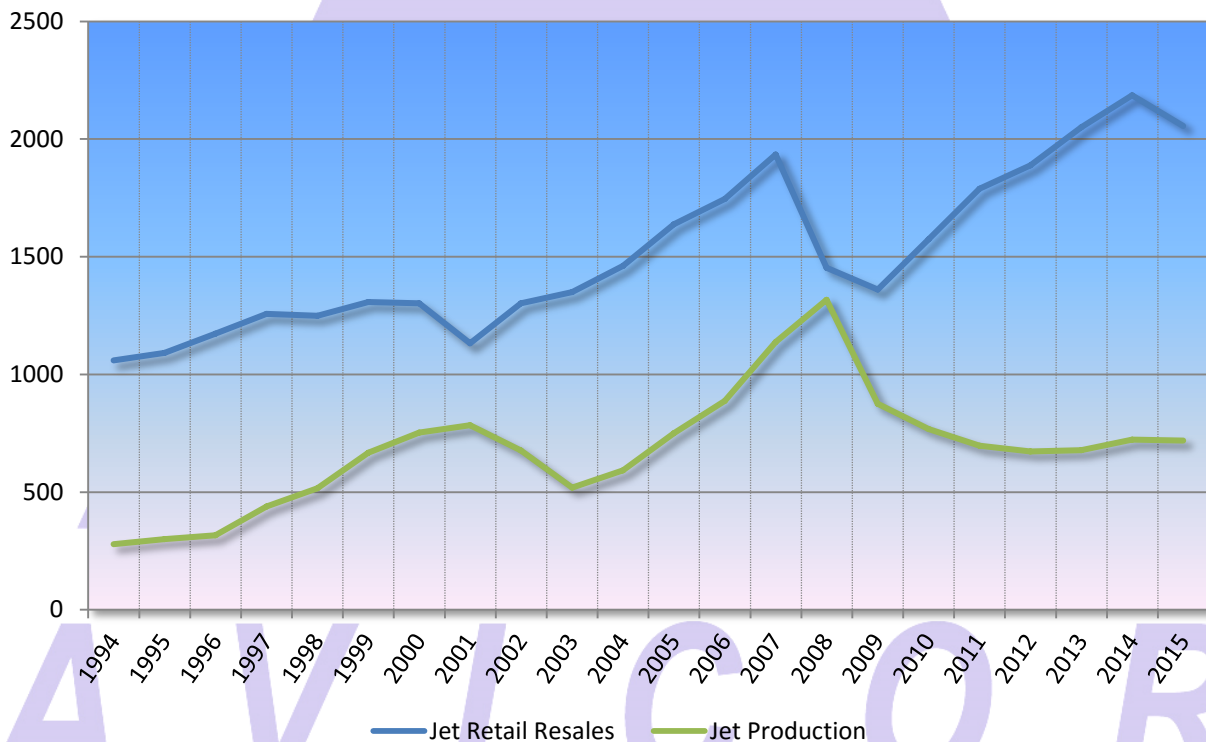
## Forecasting the Business Jet Resale Market

May 10, 2016, by Lillian Tamm, CVA

Predictions about the movement of retail resales of business jets have presented new challenges over the past several years. It very simply used to be that both business jet resales and the production of new corporate jets followed the same general trend as the economy in the US. Growth and changes in the global economy as well as events both in the U.S. and abroad have done much to change this.

Since the beginning of this millennium however, new trends have emerged. Until the financial crisis in the last decade, new corporate jet production and retail resales followed pretty much the same overall trend, but in 2009 there was a distinct parting of ways. New production declined and then more or less flattened, while the number of retail resale transactions moved significantly upward. In 2013, nearly 2,050 retail resales of corporate jets took place, surpassing the previous high of 1,934 that had taken place in 2007.

### Business Jet Resales vs. New Production (Units)



Data Sources: General Aviation Manufacturers Association and AMSTAT Corporation.

An interesting trend that started developing in the late 1980s is similar movement by the Dow Jones Average and the volume of corporate jet retail resales. On an annual basis, the overall tendency of the two is to follow quite a similar pattern as illustrated below.

## Annual Business Jet Resale Transactions v. the Dow Jones Annual Ending Average



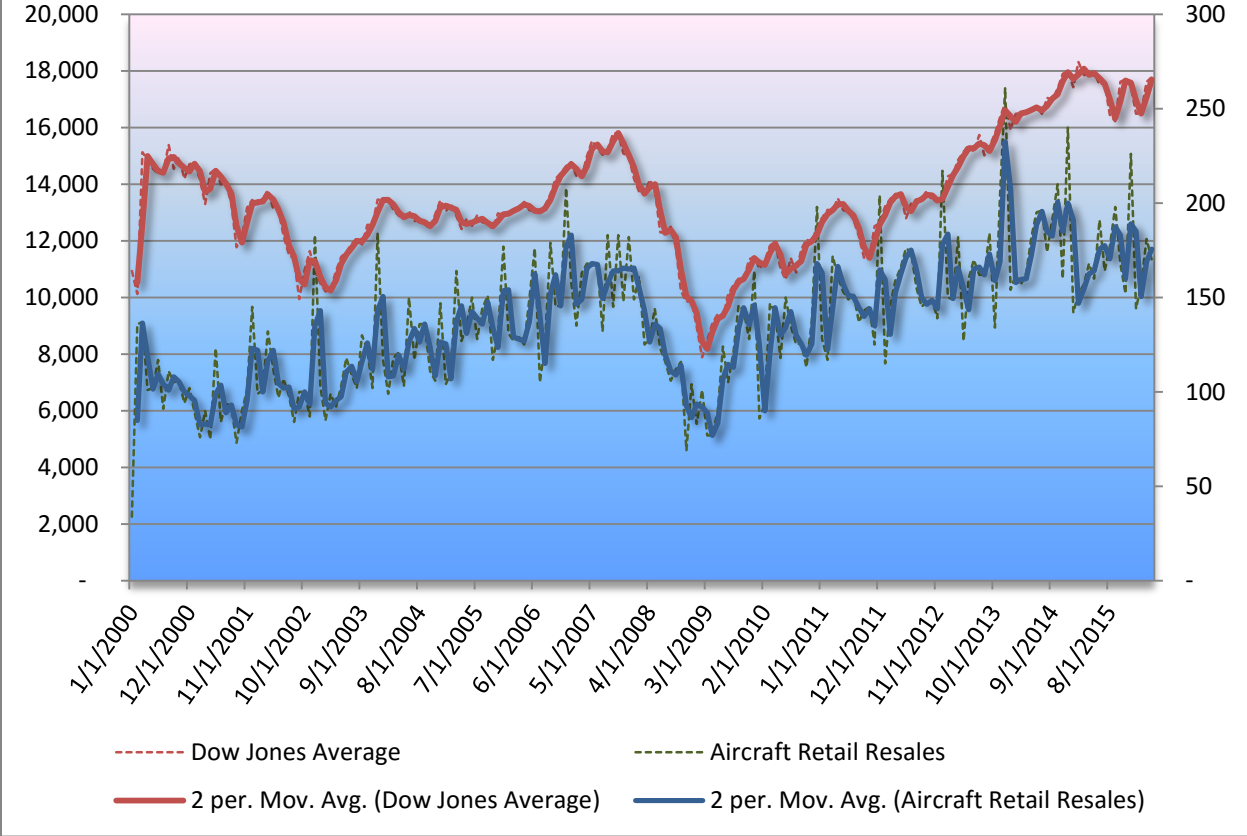
Data Sources: AMSTAT Corporation and dowjones.com.

With the exception of a few year-end peaks in the number of corporate jet retail resales (historically, December tends to be the most active month due to corporate tax considerations, followed by slower Januarys) the trends tend to follow each other on a monthly basis as well using a two month moving average as illustrated in the graph below. While the initial indication may be that the Dow Jones average may just slightly lead the activity in corporate jet retail resales, an aircraft resale typically actually is taking place at least a month before it closes, so the reality may well be that the two trends are actually quite in tandem with each other.

Perhaps the indicators of the Dow Jones Average activity have become the new indicators of business jet retail resale transactions.

# AVIATOR

### BizJet Retail Resales v. Dow Jones Average



*Lillian Tamm, CVA is the president of Avicor Aviation Inc., a business aviation consulting, advisory, valuation and appraisal firm that has been serving owners, operators and financiers of aircraft and aviation businesses since 1987. She can be contacted by email at [LTamm@avicoraviation.com](mailto:LTamm@avicoraviation.com).*

© Avicor Aviation Inc., 2016, All Rights Reserved.

# AVICOR