

Business Aircraft Production:

Making history in more ways than one.

by Michael Chase & Marj DeLong

In 1995, the business aircraft market looked a little different from today, with 16 individual jet models and 13 turboprops to choose from if you were looking for a new production aircraft to buy. As of October 2006, however, there were 40 business jet models in production, and the number of business jets planned to enter service in the foreseeable future is expected to jump to 63 - a 58% increase!

The large number of business jet models in-production are pushing sales to a higher level, but is it the variety that has stimulated growth in the market, or have the manufacturers just done their market research and are now filling the demand of more customers?

Either way, history is being made with all the models in-production as well as the

record business aircraft deliveries that you have been hearing about.

Chart A (below) classifies the current in-production and planned business jet models by price. The newest and most talked about new entry class is the under \$4m price category, or the VLJ market. The remaining price classes have a variety of choice for the owner/operator buyers including new models coming soon in most of the price groups.

Ten years ago the latest Citation was the X and the CJ had no numbers after it - and was a plain CJ or CE-525. The Citation V or CE-560 led all business jet deliveries with 56 delivered back in 1995. If we look further back to 1985 there were 20 models of jets being produced to make up the 234 business jet deliveries from an installed base of 6,003 aircraft, as shown in Table A (opposite).

NEW (IN PRODUCTION) VS. USED (OUT OF PRODUCTION)

New aircraft orders are based on the successful sale of existing aircraft in the pre-owned market. So where does this leave the out of production aircraft?

Out of production aircraft dominate the 'for sale' inventory, and the percentage of aging fleet continues to increase as more new models are introduced. Trade-ins and Trade-ups happen more and manufacturers continue to sell more aircraft with the new and improved models.

From the information compiled from JETNET / AvData, there are more out of production aircraft for sale than ever before, as shown in the following tables:

The used out-of production business jets are approaching 10,000 aircraft as shown in

CHART A

Business Jet Classifications

Oct 2006 - Grouping by Price Classes

Class I	Class II	Class III	Class IV	Class V	Class VI	Class VII	Class VIII		
Under \$4m	\$4 - \$9m	\$10 - \$14m	\$16 - \$22m	\$23 - \$28m	\$31 - \$35m	\$37 - \$46m	BizLiners		
D-Jet	CJ1+	XLS	CL300	F2000	F900DX	GXRS	Legacy Shuttle		
Eclipse 500	CJ2+	L45XR	Citation X	F2000EX Easy	F900EX Easy	G500			
HondaJet	CJ3	G150	F50EX	CL604	G5000	G550	A319CJ		
A700	Bravo	L60	G200	G350	G450	F7X	BBJ		
Piper Jet	H400XP	H850XP	Legacy	CL850			BBJ2		
Mustang	L40XR	Envoy 3	H850XP	CL870			BBJ3		
Safire S-26	Encore	Sovereign	H4000	CL890			A318 Elite		
Phenom 100	SJ30	H750		CL605					
	Premier IA	H900XP		F2000DX					
	Encore +	XLS+		Lineage 1000					
	CJ4	L60XR							
	G180 SPn								
	Phenom 300								
						New Models = 23			
Chase & Associates									
TOTAL	8	13	11	7	10	4	4	6	63

Table B. It is interesting to note that by splitting the aircraft into these two categories 'Used' shows a much higher percentage (16.3%) for sale compared to 'New' (3.8%).

No doubt the trend for more new models and shorter production life cycles for existing models will continue and the out-of-production fleets will continue to grow.

The 'Used' out of production turboprop aircraft are approaching almost 9,000 aircraft (Table C). It's interesting to note that once again 'Used' turboprops show a much higher percentage (9.9%) for sale compared to 'New' (4.5%).

Also noteworthy is the large number of turboprops that are 26+ years old that comprise more than 50% of the total of the 'Used' category.

SINGLE AND FLEET OWNER GROUPINGS

Breaking down the active business jets and turboprops operating segments gives us a look at how these record numbers of aircraft are clustered. Table D is compiled by JETNET/AvData and reflects how many single and fleet (own two or more aircraft) owners and aircraft there are in the business jet and turboprop aircraft market place today.

As indicated in the table, there are almost 1,200 business jet fleet owners that own nearly 4,000 or an average of three business jet aircraft. However, they own 35% of the business jets worldwide.

A similar comparison holds true for the turboprop fleet owners as well. As the VLJs hit the market in historic fashion, it will be interesting to see how or if these relationships change, especially as the air-taxi owners/operators come into being on a large scale.

LEASED AIRCRAFT

Historically, leased aircraft make up a small but growing percent of the total market and continue to be one of many options to own and operate business aircraft.

Table E, compiled from JETNET/AvData, illustrates the number of business jet and turboprops that are leased. Business jet leases account for 10% of the active aircraft and 5.6% of the turboprop aircraft.

SUMMARY

There are many ways to examine the historic worldwide business jet and turboprop market today and see all the progress being made. With a growing number of aircraft in development we are assured of more record breaking numbers and a variety of opportunities for new and used aircraft buyers and sellers into the near-term future.

TABLE A

BUSINESS JET DELIVERIES	1985	1995	2005
New	234	306	746
Total Installed Base	6,003	8,590	14,624
%	3.9%	3.6%	5.1%

TABLE B

BUSINESS JETS (WHOLLY OWNED) - OCTOBER 2006										
Aircraft	Active	For Sale	% For Sale	0 - 5 YEARS	6 - 10 YEARS	11 - 15 YEARS	16 - 20 YEARS	21 - 25 YEARS	26 - 30 YEARS	30 PLUS YEARS
				2006 to 2002	2001 to 1997	1996 to 1992	1991 to 1987	1986 to 1982	1981 to 1977	1976-back
Used Out of Prod	9,457	1,542	16.3%	465	1,691	1,106	1,115	1,513	1,893	1,674
New In-prod	4,496	169	3.8%	2,731	1,411	278	69	6	1	0
Total	13,953	1,711	12.3	3,196	3,102	1,384	1,184	1,519	1,894	1,674

Source: JETNET/AvData Star Reports

TABLE C

TURBOPROP (WHOLLY OWNED) - OCTOBER 2006										
Aircraft	Active	For Sale	% For Sale	0 - 5 YEARS	6 - 10 YEARS	11 - 15 YEARS	16 - 20 YEARS	21 - 25 YEARS	26 - 30 YEARS	30 PLUS YEARS
				2006 to 2002	2001 to 1997	1996 to 1992	1991 to 1987	1986 to 1982	1981 to 1977	1976-back
Used Out of Prod	8,804	868	9.9%	311	900	748	822	1,483	2,849	1,691
New In-prod	2,080	94	4.5%	1,206	618	149	73	30	3	1
Total	10,884	962	8.8%	1,517	1,518	897	895	1,513	2,852	1,692

Source: JETNET/AvData Star Reports

TABLE D

Type of Owner	Business Jets				Turboprops			
	Owners		Aircraft		Owners		Aircraft	
	Number	%	Number	%	Number	%	Number	%
Single	7,110	82%	7,110	62%	6,481	83%	6,481	64%
Fleet	1,198	14%	3,930	35%	750	10%	3,018	30%

Note: Fractional and lessor are not included in these tables for owners and active aircraft totals.
Source: JETNET/AvData - October 2006 Star Reports (Wholly Owned aircraft) * Percentage are not meant to total 100%

TABLE E

	Leased Aircraft		
	Total	Leased	%
Business Jets	13,946	1,390	10.0%
Turboprops	11,006	617	5.6%

Source: JETNET/AvData - October 2006 Star Reports

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