Synopsis - - Do you ever yearn for the good ‘ol days when the worst thing we had to fear was nuclear war with the Soviets? That was back when the government had our best interests at heart – you know, teaching us to ‘duck and cover’ and stuff like that. Now the blitzkrieg of economy crushing, cancer-causing news seems never ending.

The aircraft resale market remains in a state of cautious optimism …sometimes without the optimism. That will come as no surprise to anyone with a TV set. The export market, often credited with propping up general aviation, has cooled somewhat. A stronger U.S. dollar has moved some Brazilian buyers to the sidelines. Brokers worry that buyers from other countries could also back off.

There is one aspect of today's market that is positively surprising. For those airplanes that are priced right, the market remains active. Furthermore, if you happen to have a low-time airplane with a top pedigree that is priced right, the market can be almost hot. How does the word 'hot' fit into such a stagnant economy? We’ll revisit this later.

Piston Singles and Twins - - There is activity in this segment, but the real buyers seem more discerning and knowledgeable than ever. No use in telling most buyers that the airplane has a fresh overhaul unless there is good documentation from a big name shop in the logbook. An illegible signature from a roving mechanic just won’t do it. Some buyers won’t consider anything unless it has a low time factory reman. Activity is directly proportional to aircraft quality.

The Vref Light Single Index slipped 1.4% in value during the recent quarter. We may be in another stalemate phase where buyers are waiting for prices to get even better. We say 'buy now' or you might be left with the dregs. Complex Single prices eased down just 0.3%. There are still enough buyers in this segment that need the transportation, but not the loan. Piston twin prices were generally off again, but only by 0.6% to 0.7%. Many twins just can’t get any cheaper unless they go to salvage.

Turboprops and Jets - - Price rules! Even though availability on some models continues to wear away, buyers still control the market. When activity slows, sellers respond with lower prices. There are exceptions, but this tells us that there are either too many airplanes for sale or not enough real buyers.
Demand continues for those late model, low time airplanes which are priced for today's market. However, some of the older, out-of-production airplanes appear to be priced for tomorrow's market. Some owners of Citation IIs, IIIs, Astras and Lear 55s (to name a few), just want out. In order to get the airplane off the books, they are slashing prices well below market. These best buys of the year are a great place for the first time jet owner to start. It is important to remember that an aircraft with fresh inspections is worth a lot more than one with everything due.

Turboprops continue to be the most stable segment with no change in the Vref Turboprop Index for the recent quarter. (See VrefOnline.com for all eight indices.) The Light Jet Index fell 3.6% in value. Mid-Size jets were down an average of 7.4%. And, the Large Jet Index lost 8.1%. That is more than four years of eroding prices. It is most incredible to think many people predicted this would all be over in 2010.

If not 2010, when?! Speculation about a real recovery is kind of like foretelling The Second Coming. Lots of people expect it to happen, but no one has been successful at picking a date.

As expected, some proclaim the recovery will return just after the Presidential election – less than a year away, hooray. Others are a bit gloomier, or should we say a bit more realistic? Even the most optimistic individual realizes the Global Economy is in a precarious phase. As we’ve said, the 24/7 media and its TEOTWAWKI blatherings are difficult to ignore.

GA As We Know It - Ever wonder how or why some Bonanzas, CitationJets and Lear 45s (and many others) sell right away, and others just sit? Because, there are smart buyers out there not waiting for a recovery. And, many smart sellers have priced their airplanes right.

Who are these people stepping up to spend millions in such a desperate looking economy? We don’t know if they are one-percenters, but they are definitely job creators – in aviation and probably elsewhere. Obviously, these buyers get the same paralyzing news the rest of us see. Yet, while the average person runs for the hills, today’s savvy buyer sees opportunity.

Plain and simple, the world will survive – and in that world, airplanes will play an ever-expanding role. So, if you want to sell, get realistic on your asking price. If you want to buy, jump in now. There are some impressive deals! The worst you have to fear is not the end of the world, it’s death by pundit.

Have a Happy Holiday Season!

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