Pre-owned Full Sale Transactions and Average Asking Prices – Business Jets

The 12 Month Moving Total Trend for both the ‘Pre-Owned Business Jets Retail Sale Transactions’ and ‘Average Asking Prices’ are illustrated in the chart covering a period spanning January 2004 through September 2011.

As of September 2011, the business jet retail transactions are 8.9% below the peak set in February 2008. These results are a sharp rebound from the 2009 lows and are good indicators that the correction process is in motion.

The past three or four years for the pre-owned business jet market have not been normal. Some sellers had unrealistic pricing expectations even as the market went into serious decline, and the For Sale inventory grew to record levels as a result of the economic meltdown.

These differences are illustrated in the Chart as the sale transactions declined from 2,260 in June 2008 to 1,426 in June 2009. The Average Asking Price continued to increase, reaching a peak of $6.65 million in the later part of 2009. However, sale transactions only started improving when the average asking price started declining.

By the end of the 2nd quarter of 2011, the 12-month trend for average asking price started to show signs that the bottom had been reached but then actually increased sharply.

However, this was a short-lived trend. The current quarter results have shown a flat trend line in the 12-month total sales transactions, and a reversal and sharp decline to $4.58 million in the 12-month average asking price trend line at the end of September 2011.

Pre-owned business jet asking prices are more in line now than they were 18 months ago, but the current reversal in average asking price is a big concern for the seller, indicating that a correction is still underway.

From the buyer’s point of view, the current market is a good time to buy a pre-owned business jet. It is still a buyer’s market, with ample inventory of most business jets that are at near record low average asking prices.
Know Your Audience

Before you say it or write it, think about the listener and reader. How do they want to hear it and read it?

by Richard Atkins

The starting point for all communication is becoming aware of the intended audience and approaching them on an appropriate level. So many times, people get themselves into difficult situations because they did not consider the audience’s reaction to the message. Anyone could make a list of controversies that started as the result of an insensitive remark or one that was not well thought out. In addition to considering what the message says, as a writer (and speaker) you need to consider how the ideas are expressed.

To ensure successful written communication, first think about the people who will read it. By putting yourself in their shoes, you will gain insight into what they want to know and how they want to be addressed. The Temple of Apollo at Delphi in Greece has an inscription that cautions each person to “know yourself.” Improving communications encourages people to know thy audience.

Salespeople are no strangers to the concept of “put yourself in the buyer’s position.” It means that the seller (in this case, you as writer) will consider what features and benefits to present to the person on the receiving end. Word choice and message length (think: brevity) will show your recipient how much thought and care you put into crafting your message.

Audiences are composed of people, all of whom have different perceptions. These questions will yield a variety of answers, simply because perceptions differ:

- What is a lot of money?
- What is tall?
- What is hot?

It’s a fun exercise to ask these questions in a diverse group. Notice how responses differ, based on people’s life experiences, income levels, educational backgrounds — anyone could increase this list. In fact, try asking a group to define the word “hit.” You’ll get answers that range from “a Top 40 single” to “another card at the blackjack table” and many others. The point is that by showing the audience that you thought about these factors before approaching them, you’re demonstrating that you care about them. What could be a better compliment?

To avoid having messages misrepresented, misconstrued or misunderstood, choose language that will be understood by most (preferably all) of your recipients. Think of the individuals who comprise your audience before you communicate with them. Ask yourself:

- Who is the audience?
- Why am I writing/presenting? What do I want my audience to know or do?
- What do they already know? What is their level of understanding?
- What is their likely attitude about the topic?
- How can I honor my audience’s needs and perspectives?
- What does my audience want to achieve?
- What medium will support the message the best—e-mail, letter, memo, report, proposal, etc.?
- What format or layout will appeal to the audience and support the message?

Then, as the final step before beginning to write, organize your ideas. It’s a true sign of respect for your audience. Show that you are concerned for their time and attention. Plan to present the information that will make the most sense to them. Your organizational pattern may take any form (chronological, inside to outside, top to bottom,
They specialize in providing Aviation Consulting Services. Chase & Associates is an aerospace consulting firm headquartered in Dallas, Texas.

create the tools that make for better decisions. Everyone in our industry is looking up.

This is a challenging time for us, but it’s also exciting to be able to use technology to

in and year out. And we have new tools for making more accurate predictions about the

“We analyze and study the business aircraft business every day, month after month, year

summary, he stated that, “Business aviation is not only good for the U.S.; it is essential.”

the current economic conditions factor into them, and emerging markets. In Chase’s

market over the years, trends in deliveries and shifts in buying habits, cycles and how

His presentation and testimony provided some much-needed insight into changes in the

aviation market and its response to the global economic downturn, to emerging patterns

Committee was especially concerned about which of these factors affect the future

in production and sales and how government policies have affected the market. The

to provide testimony. Topics ranged from an overview of the structure of the business

aviation market and its response to the global economic downturn, to emerging patterns

...the competitive edge of the U.S. business jet aircraft industry, based on trends in the last five

years with Canada, Europe, Brazil and China.

Chase was in good company. Among the industry representatives providing testimony

were top executives from Hawker Beechcraft, Honeywell Aerospace, National Business

Aviation Association (NBAA), International Association of Machinists and Aerospace

Workers (IAM), Teal Group Corporation, UBS AG and Morgan Stanley.

“The experience was rewarding and very meaningful,” said Chase. “Having a say in

how the government approaches regulations and incentives in the business aircraft

industry is an honor and a big responsibility.” He noted that the industry has suffered

both in Congress and in the public eye from perception problems in the last few years,

and it’s refreshing to see some attention paid to the industry as a contributor to the U.S.

economy and balance of trade.

While all involved provided important perspectives from different ends of the aviation

business spectrum, Chase & Associates was the only firm presenting a view of the

industry from a purely analytical side with a focus on the Brazil, Russia, India and

China (BRIC) countries. “Through our close work with JETNET and the many generous

sponsors of industry data their researchers maintain, we can provide a comprehensive

global and U.S. perspective on aviation,” said Chase.

His presentation and testimony provided some much-needed insight into changes in the

market over the years, trends in deliveries and shifts in buying habits, cycles and how

the current economic conditions factor into them, and emerging markets. In Chase’s

summary, he stated that, “Business aviation is not only good for the U.S.; it is essential.”

“We analyze and study the business aircraft business every day, month after month, year

in and year out. And we have new tools for making more accurate predictions about the

future. This is a challenging time for us, but it’s also exciting to be able to use technology to

create the tools that make for better decisions. Everyone in our industry is looking up.”

Chase & Associates is an aerospace consulting firm headquartered in Dallas, Texas. They specialize in providing Aviation Consulting Services.

Telling Our Side of the Story
Mike Chase of Chase & Associates speaks for the business aircraft industry at government hearings

The U.S. House of Representatives recently tasked its Ways and Means Committee to study the global competitiveness and current market conditions facing the U.S. business jet aircraft industry. In a letter to the U.S. International Trade Commission (USITC), the House Ways and Means Committee requested these hearings. They included a number of corporate representatives and industry experts, and legislators will produce a public report from its findings. The final report is due to be delivered to the U.S. House Ways and Means Committee by April 2012.

Mike Chase, Principal of Chase & Associates was among the industry specialists invited to provide testimony. Topics ranged from an overview of the structure of the business aviation market and its response to the global economic downturn, to emerging patterns in production and sales and how government policies have affected the market. The Committee was especially concerned about which of these factors affect the future competitiveness of the U.S. business jet aircraft industry, based on trends in the last five years with Canada, Europe, Brazil and China.

Chase was in good company. Among the industry representatives providing testimony were top executives from Hawker Beechcraft, Honeywell Aerospace, National Business Aviation Association (NBAA), International Association of Machinists and Aerospace Workers (IAM), Teal Group Corporation, UBS AG and Morgan Stanley.

“The experience was rewarding and very meaningful,” said Chase. “Having a say in how the government approaches regulations and incentives in the business aircraft industry is an honor and a big responsibility.” He noted that the industry has suffered both in Congress and in the public eye from perception problems in the last few years, and it’s refreshing to see some attention paid to the industry as a contributor to the U.S. economy and balance of trade.

While all involved provided important perspectives from different ends of the aviation business spectrum, Chase & Associates was the only firm presenting a view of the industry from a purely analytical side with a focus on the Brazil, Russia, India and China (BRIC) countries. “Through our close work with JETNET and the many generous sources of industry data their researchers maintain, we can provide a comprehensive global and U.S. perspective on aviation,” said Chase.

His presentation and testimony provided some much-needed insight into changes in the market over the years, trends in deliveries and shifts in buying habits, cycles and how the current economic conditions factor into them, and emerging markets. In Chase’s summary, he stated that, “Business aviation is not only good for the U.S.; it is essential.”

“We analyze and study the business aircraft business every day, month after month, year in and year out. And we have new tools for making more accurate predictions about the future. This is a challenging time for us, but it’s also exciting to be able to use technology to create the tools that make for better decisions. Everyone in our industry is looking up.”

Chase & Associates is an aerospace consulting firm headquartered in Dallas, Texas. They specialize in providing Aviation Consulting Services.

Telling Our Side of the Story (BRIC)
The emerging countries, often referred to as the BRIC (Brazil, Russia, India, and China), have over 1,000 business jets. Of the “Top 20” countries, the U.S. accounts for over 10,000 (or 60%) of the 18,000 business jets worldwide. Mexico is a distant 2nd with 716 business jets. BRIC countries are highlighted in yellow.

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
<th>Count</th>
<th>Cum %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>United States</td>
<td>10,889</td>
<td>60%</td>
</tr>
<tr>
<td>2</td>
<td>Mexico</td>
<td>716</td>
<td>64%</td>
</tr>
<tr>
<td>3</td>
<td>Brazil</td>
<td>643</td>
<td>67%</td>
</tr>
<tr>
<td>4</td>
<td>Canada</td>
<td>482</td>
<td>70%</td>
</tr>
<tr>
<td>5</td>
<td>United Kingdom</td>
<td>482</td>
<td>72%</td>
</tr>
<tr>
<td>6</td>
<td>Germany</td>
<td>435</td>
<td>75%</td>
</tr>
<tr>
<td>7</td>
<td>Switzerland</td>
<td>233</td>
<td>76%</td>
</tr>
<tr>
<td>8</td>
<td>France</td>
<td>222</td>
<td>77%</td>
</tr>
<tr>
<td>9</td>
<td>Austria</td>
<td>221</td>
<td>79%</td>
</tr>
<tr>
<td>10</td>
<td>Venezuela</td>
<td>215</td>
<td>80%</td>
</tr>
<tr>
<td>11</td>
<td>Portugal</td>
<td>180</td>
<td>81%</td>
</tr>
<tr>
<td>12</td>
<td>Australia</td>
<td>178</td>
<td>82%</td>
</tr>
<tr>
<td>13</td>
<td>South Africa</td>
<td>166</td>
<td>83%</td>
</tr>
<tr>
<td>14</td>
<td>Italy</td>
<td>165</td>
<td>83%</td>
</tr>
<tr>
<td>15</td>
<td>India</td>
<td>146</td>
<td>84%</td>
</tr>
<tr>
<td>16</td>
<td>Argentina</td>
<td>132</td>
<td>85%</td>
</tr>
<tr>
<td>17</td>
<td>Spain</td>
<td>131</td>
<td>86%</td>
</tr>
<tr>
<td>18</td>
<td>Russian Federation</td>
<td>129</td>
<td>86%</td>
</tr>
<tr>
<td>19</td>
<td>Saudi Arabia</td>
<td>118</td>
<td>87%</td>
</tr>
<tr>
<td>20</td>
<td>China</td>
<td>109</td>
<td>88%</td>
</tr>
<tr>
<td>Other</td>
<td>2,242</td>
<td>12%</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>18,204</td>
<td>100%</td>
<td></td>
</tr>
</tbody>
</table>

Source: JETNET – Sept. 2011

Personal Branding
The ancient Greeks called it areté, and it meant being the best you can be. During the time of knights and castles, it was called “honor”, and you were expected to defend it to the death. George Washington and men of his era were extremely concerned about maintaining and protecting their reputation. And in the 20th century, it might have been referred to as your standing in your community or your industry.

So “personal brand” is simply a new phrase for an old concept—how you present yourself to others.

“Without leaps of imagination, or dreaming, we lose the excitement of possibilities.
Dreaming, after all, is a form of planning.”

- Gloria Steinem, American journalist and women’s rights advocate

“If you had to identify, in one word, the reason why the human race has not achieved, and never will achieve, its full potential, that word would be ‘meetings’.”

- Dave Barry, American author and columnist