



# ANALYST RAISES ALARM OVER RISING USED G650 INVENTORY

News / Business aviation



**Deutsche Bank aerospace analyst Myles Walton downgraded his rating for Gulfstream Aerospace parent company General Dynamics today from “buy” to “hold” due to concerns about the effect of rising pre-owned G650 inventory on new sales and deliveries. According to Walton, for-sale G650 inventory has risen from nine to 22 this month, up from four last March.**

Business aviation data firm JetNet told AIN that it counts 19 for-sale G650s, which is 11.5 percent of the 165 in-service fleet and up from six last March, with asking prices ranging from \$58.75 million to \$69.9 million. It said that pre-owned G650 inventory jumped in December from 10 to 15, then continued to rise. The latest entry is G650 S/N 6166, which was only nine days old and had 32 airframe hours when it was put up for sale last week, according to JetNet.

“We remain positive on General Dynamics’ defense business and while we’ve historically seen Gulfstream as a plus despite softening bizjet trends, the alarming G650 available-for-sale trends in the last few months has moved our opinion,” Walton wrote. “The continued downward asking price will start to impede new G650 orders, if not [start] cancellation activity.”

In late January, General Dynamics chairman and CEO Phebe Novakovic said that G650 backlog extended to the first quarter of 2018. As a result of rising pre-owned inventory, Deutsche Bank cut its G650 delivery forecast from 65 to 55 next year and 60 to 45 in 2018.

**SOURCE: AIN**

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