NETJETS EXPANDS PORTFOLIO WITH BROKERAGE SERVICES

News / Business aviation

Fractional ownership pioneer NetJets is establishing a new division that it says will provide objective, expert support for clients wanting to buy or sell whole aircraft. QS Partners will tap the extensive in-house expertise of its parent company, while insisting that the new venture is not expressly intended as a vehicle to steer business to its fractional, charter and aircraft management services.

“The underlying premise of what we do is that no one buys or sells more [business] airplanes than NetJets,” said QS Partners managing partner Seth Zlotkin. “Now we will have a more specific focus on customers. We have a lot of aviation infrastructure and information, and transparency is the hallmark of how we do business. We’re looking for a holistic approach and the focus is not on moving customers into a NetJets solution.”

The QS Partners service and brokerage portfolio will cover all aspects of aircraft sales and purchases, including pre-buy oversight of specific aircraft, legal and financial advice and technical services. The new business’s revenues will come largely from fees derived from aircraft sales, except in cases where it is representing a buyer. When appropriate it can arrange for a client’s aircraft to be operated through NetJets sister company Executive Jet Management.

The company also holds inventory of various pre-owned aircraft. At press time, this included 15 jets, ranging from a 1999 Gulfstream GIV-SP (with 12,750 hours, priced at $5.495 million) to a 2013 G450 (1,430 hours/$19.995 million). Two thirds of the aircraft offered for sale in late September were NetJets-Certified, meaning they came from the NetJets fleet with guarantees

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such as needing no major maintenance within six months of purchase. In fact, QS Partners is the exclusive sales agent for NetJets Certified Pre-owned Aircraft.

“We’re using our knowledge and understanding of the market to help clients, especially with technical and cultural issues associated with buying and selling aircraft,” explained managing partner John Odegard. “It’s not just about getting listings, we look at customer relationships on a long-term basis. We want to build relationships that survive time. We have extensive technical knowledge within the NetJets aircraft delivery group, as well as a lot of data on the pre-owned market.”

Extension of Fractional Model

The QS Partners team, consisting of around six people, has been involved in trading aircraft on NetJets’s behalf for many years. Brian Hirsh, an aerospace engineer by background with 10 years at NetJets after time spent working with GE Aviation, will serve as president. The Columbus, Ohio-based company’s name is an homage to its NetJets heritage, since its fleet aircraft are all registered with the letters QS (standing for Quarter Share) in their tail numbers.

“Generally speaking market conditions [for pre-owned aircraft sales] are challenging, but NetJets is a champion of the industry and we’re seeing activity up and down the product line,” Odegard commented. “The key is to have the sort of counsel that can help customers to understand where the value is in the marketplace. The scale of what NetJets does as a high-volume seller makes the difference. This is a natural part of the fractional model, moving aircraft on a regular basis. There is also a global nature to our business and we have the right resources to move aircraft between different parts of the world.”

The large volume of aircraft traded out of fractional ownership programs each year (NetJets has a fleet of more than 700 jets at any given time), inevitably raises questions about the effect of this high churn rate on the pre-owned market and on pricing levels that remain depressed. NetJets intends to completely refresh its current fleet over the next 10 to 12 years.

“We aim to be a good steward to the industry in terms of being responsible to the state of the market,” Zlotkin said. “We’re moving aircraft back into the market and this is a very thoughtful process. We’re looking to offer an increasing level of standardization for transactions, one that meets consistent levels of quality and reliability. There will be opportunities to take advantage of the relationships we have in the industry, and this will make for a simple transaction for our customers. QS Partners can shine when someone presents a problem because we can look at it holistically in terms of where the client wants to go next.”

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