



AMSTAT RELEASES LATEST BUSINESS AIRCRAFT RESALE MARKET UPDATE

News / Business aviation



AMSTAT releases latest Business Aircraft Resale Market Update Report showing greater transaction volatility and some of the lowest percentages of the active fleet for sale in some time.

According to AMSTAT, the leading provider of corporate aviation fleet and operator information, Business Jet resale retail transactions in Q1 2015 represented 2.2% of the active fleet compared to 3.0% in Q4 2014. The report notes that the drop between Q4 and Q1 is consistent with previous years, however, it also notes that the drop in activity between Q4 and Q1 for the 2013/14 and 2014/2015 transitions demonstrated greater volatility than at any other time in the previous 5 years. “For example, the drop in resale transaction activity between Q4 2013 and Q1 2014 was ?21.4% and between Q4 2014 and Q1 2015 it was ?25.9%. Compare this to an average drop in activity of ?7.2% for the preceding three Q4 to Q1 transitions” said Andrew Young, AMSTAT

General Manager. All Business Jet segments experienced the same drop in activity between Q4 2014 and Q1 2015 and followed the pattern for the Business Jets as a whole with larger drops in the most recent two Q4 to Q1 transitions.

Turbo Props saw a 1.7% of the fleet turnover in Q4 2015 versus 2.2% in Q4 2014. This market group has also experienced the same volatility in the Q4 to Q1 transition experienced by the Jets. The Q4 to Q1 drop was 17.4% for 2013 to 2014 and 21.6% for 2014 to 2015. Compare this to an average 8.5% the same period for the previous 3 years.

The Turbine Helicopter Market experienced a significant drop of 31.8% in resale transactions between Q4 2014 and Q1 2015. Q1 2015 performance for the Single Engine Turbine Helicopter market was 1.1% fleet turnover versus 1.6% for Q1 2014. For the Multi Engine Turbine Helicopter market turnover was 0.7% for Q1 2015 versus 1.1% in Q4 2014. The Single Engine market saw a significant drop in resale transaction activity of 30.7% between Q4 2014 and Q 2015 compared to a 7.9% average for the previous 4 years.

Year on year, Q1 2015 resale transaction performance for all segments in this report was down from Q1 2014

Business Jet Inventories have risen year to date but have contracted from 11.7% a year ago to 10.9% today. The percentage of Business Jets for sale has not been consistently below 11.0% since early 2008, although in absolute numbers there are 2,250 units for sale today versus around 1,770 then.

Inventories of Heavy and Light Jets have increased since the start of the year with 10.5% and 11.4% of their respective fleets for sale today. Large Jets started the year at 9.8% of the fleet for sale. Other than briefly dipping down to 9.7% early in 2014, this market has not seen this low of a percentage of the active fleet for sale since mid 2008 (although units for sale then were around 375 versus 602 today). Similarly with the Light Jets, with 11.1% for sale at the start of the year (11.4% today) this segment has not seen these percentage as low since late 1999, again, albeit it with different absolute numbers (550 versus 916 today). The percentage of Medium Jets for sale 10.8% is down year to date from 11.1% and year on year from 12.2% and the lowest we've seen since has not been this low since mid 2008.

Turbo prop inventories remain around 8% as they have since mid 2013.

Turbine Helicopter inventories have remained between 6.0% and 6.5% since mid 2011. They are up year to date at 6.5%. In a similar fashion to the Heavy and Light Jets, Multi Engine Helicopter inventories have risen so far this year. They started at 5.7% in January and are now at 6.4%. Single Engine Helicopter inventories are at 6.5%, flat with the start of the year but up from 6.2% a year ago. In absolute numbers there are more Single Engine Helicopters for sale today than at any time since 2010.

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The Average Asking Price for Heavy Jets has followed an upward trend since 2011. However, this metric is down 0.4% year-on-year and down 1.4% year-to-date. Medium Jet Average Asking Prices have followed an upward trend since early in 2014 but a drop in April 2015 has left them down 4.5% year-on-year and 2.5% year-to-date. The Average Asking Prices for Light Jets and Turbo Props have gone up 3% and 1.8% year-to-date respectively but are down year-on-year by 2.3% and 3.0%.

Multi Engine Helicopter Average Asking Prices are up 9.4% year-on-year and 5.1% year-to-date. By contrast Single Engine Helicopter Average Asking Prices are down 8.5% year-on-year and down 3.4% year-to-date.

The report concludes that while we remain in a market that is largely in recovery, it is a market where there is greater month to month and quarter to quarter transaction volatility, the percentages of active fleet for sale are low but actual units for sale remain high, and where many market segments continue to see downward pressure on average asking prices.

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