IADA WHITE PAPER OF INSIGHTS FROM LEADING AIRCRAFT FINANCE EXPERTS

News / Business aviation, Finance

For decades, financing a business aircraft was often viewed as a relatively straightforward exercise. A buyer identified an aircraft, selected a lender, negotiated terms and completed the transaction. While the aircraft itself remained the center of attention, financing frequently occupied a secondary role in the acquisition process. Today's market tells a very different story.

The modern business aircraft transaction is increasingly shaped not only by the aircraft being acquired, but by the financing strategy that supports it. Aircraft values have become more dynamic, inventory remains constrained across many segments, ownership structures have grown more sophisticated, and buyers now have access to an unprecedented range of capital solutions.

These realities were the focus of a panel discussion by four of the industry's most respected aircraft finance leaders. All of them are members of IADA, the International Aircraft Dealers Association. Moderated by aviation transaction expert Mesinger Jet Sales Vice President Josh Mesinger, the panel discussion brought together four of the industry's most respected aircraft finance leaders:

?*Patrick Gentile, Senior Vice President at the PNC Financial Services Group;*

Ben Hockenberg , Chief Investment Officer of JSSI;

Sarah Yarnes, Regional Vice President at First American Equipment Finance; and

Mike Christie Head of Sales, Americas at Global Jet Capital;

Collectively, these experts represent decades of experience financing billions of dollars in business aircraft transactions across domestic and international markets. Their institutions operate under different models, serve different client segments and evaluate risk through different lenses. Yet despite those differences, a common message emerged.

There is no universal financing solution for every aircraft acquisition.The optimal financing structure depends on the aircraft itself, the buyer's financial profile, the intended mission, the jurisdiction in which the aircraft will operate and the owner's long-term objectives.

Mesinger Jet Sales Vice President Josh Mesinger commented: "We are in a unique time in the market where, depending on the make and model, the age of the airplane and its pedigree, we're seeing prices go up considerably for some aircraft, stay flat for others and decline for yet other types."That observation captures today's business aviation environment. The market can no longer be viewed through a single valuation lens.

Navigating Asset-Based Lending

PNC’s Patrick Gentile provided the perspective of one of North America's most active aviation lenders. At PNC Aviation Finance, financing solutions range from traditional credit-based lending to its innovative asset-based structures designed to address evolving borrower needs. PNC’s pioneering asset-based loans are a non-recourse, no financial disclosure approach to lending. He added, “If you look overall at the market and a couple of things that are happening, we had the highest level of inflation that we’ve had in three years at 3.8% in April; labor market continues to be extremely strong; and the overall energy price shock and the impact it’s going to have on the consumer.” Since Gentile’s comments on April’s employment and inflation reports; the US economy added 172,000 jobs in May surging past expectations and inflation heated up to 4.2% as energy costs continued to bite from the middle east conflict.”

He pointed to persistent inflation, a strong labor market and rising energy costs as factors likely to keep pressure on rates. Gentile also noted that while recent market volatility has attracted attention, longer term benchmarks have remained relatively stable. “If you look back to where the yield curve has been over the last year, on the 5 and 10 year swap rate, the rate index is flat year over year, experiencing periods of volatility inside that time window.” While many aircraft buyers continue to focus on the possibility of lower interest rates, Gentile suggested that market conditions point in a different direction. He said the industry is, “much more likely to see higher rates than lower rates over the next 12 months.”

Current aircraft financing rates generally range from the high 4 percent area for investment-grade opportunities to the mid 6 percent range for more specialized structures, with the higher end typically reflecting PNC’s asset based, limited non-recourse financing program. Beyond providing capital, Gentile emphasized the importance of helping clients understand market conditions and financing risks. “We want our clients to have a really good experience, and one of the most important ways we add value is helping them understand what's happening in the market,” he said.

His comments underscore an important theme that emerged throughout the discussion. Aircraft financing is no longer simply about securing a loan. It is about helping buyers navigate economic uncertainty, understand risk and structure transactions that support successful long-term aircraft ownership.

A Market Defined by Resilience and Complexity

Business aviation continues to demonstrate remarkable resilience despite geopolitical uncertainty, inflation concerns, shifting interest rate expectations and ongoing global conflicts. While many industries have experienced hesitation amid economic uncertainty, aircraft financing professionals continue to see strong demand throughout much of the business aviation marketplace. According to JSSI’s Ben Hockenberg, whose team evaluates aircraft transactions globally, the market has repeatedly demonstrated an ability to look beyond short-term disruptions: "The market has generally found a way to look through a lot of these geopolitical events. We're always looking for the other shoe to drop, but the market still feels very constructive to us."

These observations help explain why demand remains strong, particularly among ultra-high-net-worth-individuals, corporations and fleet operators who continue to view business aviation as a strategic asset rather than a discretionary luxury. Yet strength in demand has also created challenges. Late model aircraft continue to face inventory constraints. OEM backlogs remain elevated. Certain aircraft categories are commanding premiums that would have seemed extraordinary only a few years ago. At the same time, other aircraft continue to follow more traditional depreciation patterns. The result is a market characterized by significant segmentation and increasing complexity.

Asset-based financing and the importance of aircraft value

Among the most distinctive financing approaches discussed during the panel was the asset-based model, also offered by JSSI Aviation Capital. Hockenberg, Chief Investment Officer of JSSI, explained that his organization's decades of experience monitoring aircraft maintenance programs and residual values provide a unique foundation for evaluating aircraft transactions. Rather than relying primarily on borrower strength, this approach begins with understanding the aircraft itself.

Aircraft age, production status, utilization history, maintenance pedigree, market demand and future resale prospects all play a role in determining financing structures. As Hockenberg explained: "There are 150 different platforms in operation today in business aviation. You cannot paint all of that with a single loan to value or valuation lens."

That statement highlights a critical reality of modern aircraft finance. Not all aircraft behave the same way in the marketplace. Some platforms continue to appreciate because of supply shortages and strong demand. Others experience more traditional depreciation patterns. Financing providers must understand those distinctions when evaluating risk.

This expertise allows asset-based lenders to offer a broad range of solutions, including loans, leases, bridge financing, progress payment financing and cross-border structures that may not fit within conventional banking frameworks. The approach is particularly valuable for buyers whose needs extend beyond traditional domestic lending models or whose acquisition strategies require greater flexibility.

Sponsor-based lending and the power of financial strength

While some lenders focus primarily on the aircraft, others focus primarily on the borrower. First American Equipment Finance’s Sarah Yarnes described her company’s approach as fundamentally centered on sponsor quality. Serving ultra-high-net-worth individuals, corporations and fractional ownership clients, her organization evaluates liquidity, leverage, cash flow and overall financial strength as primary drivers of underwriting decisions.

As Yarnes explained: "The bank places great emphasis on sponsor quality, and that is at the center of all credit decisions." This philosophy reflects the reality that many aircraft buyers possess substantial financial resources and maintain diverse investment portfolios. In such cases, borrower strength can provide an additional layer of stability regardless of fluctuations in aircraft values.

Yarnes noted that despite ongoing concerns about the broader economy, demand among affluent buyers remains healthy."Our high-net-worth-individuals are still high-net-worth-individuals. Their portfolios are performing and they're continuing to acquire assets." This perspective provides important context for understanding why business aviation activity remains strong despite economic uncertainty.

At the same time, Yarnes emphasized the importance of disciplined valuation management. Aircraft prices can rise rapidly during periods of strong demand, but history demonstrates that corrections eventually occur. Drawing upon her experience navigating the extraordinary market conditions surrounding the pandemic, she offered a candid reflection: " During COVID and the market correction that followed, there were some tough conversations with clients. As values moved, some found themselves outside their LTV covenants, and it meant talking through what additional equity would be needed to stay compliant.” ?The lesson is clear. Responsible financing structures must account for both rising and falling markets.

Leasing as a strategic capital solution

For Mike Christie and Global Jet Capital, aircraft financing extends well beyond traditional lending. As one of the industry's leading leasing providers, Global Jet Capital often takes long-term ownership positions in aircraft while helping clients preserve capital and maintain operational flexibility. Christie summarized the company's philosophy succinctly: "We're long-term equity investors in aircraft." That distinction fundamentally changes how leasing organizations evaluate opportunities.

In addition to assessing borrower performance, leasing companies must evaluate residual values, remarketing prospects, maintenance conditions and long-term market demand. They are simultaneously managing both credit risk and asset risk. For many operators, particularly corporations managing multiple aircraft, leasing provides significant strategic advantages. Christie explained: "We can help turn aircraft ownership into an expense while helping clients plan how to replace their fleets on a regular basis."

This flexibility has become increasingly important as corporations seek to preserve liquidity and deploy capital toward core business activities. Leasing can also provide a valuable solution for operators navigating fleet modernization programs, replacement cycles and evolving mission requirements. Global Jet Capital's international reach further illustrates the expanding role of specialized financing solutions in today's marketplace. Cross-border transactions frequently involve unique legal, tax and regulatory considerations that require sophisticated expertise and customized structures.

Looking beyond interest rates

Perhaps the most significant takeaway from the discussion was the industry's collective belief that financing decisions should not be driven solely by interest rates. Many buyers naturally focus on rate comparisons when evaluating financing proposals. Yet experienced aviation lenders consistently emphasize that financing structures often have a greater impact on ownership economics than small differences in pricing.

Loan to value ratios, amortization schedules, balloon payments, residual assumptions, utilization profiles and ownership structures all influence long-term outcomes. No statement captured this reality more effectively than Hockenberg's observation: "Focusing solely on rates is probably only half the picture. Structure is the other half." For sophisticated aircraft buyers, understanding these structural considerations can unlock significant value over the life of an ownership cycle.

Financing readiness as a competitive advantage

The panel explored transaction execution and market timing. In an environment where desirable aircraft may receive multiple offers and inventory remains constrained, financing preparedness has become increasingly important. Experienced buyers often begin conversations with financing providers long before identifying a specific aircraft. Establishing relationships, obtaining preliminary approvals and understanding financing options in advance can dramatically improve execution speed when opportunities arise. As Mesinger noted: "When the right airplane becomes available, sometimes you have to move on a moment's notice." That reality has become increasingly common in today's marketplace.

Conclusion

The business aircraft financing landscape has evolved dramatically over the past decade. Today's buyers can choose from a diverse range of financing solutions that include traditional bank lending, sponsor-based underwriting, asset-based financing, operating leases, progress payment financing and specialized international structures.

The insights shared by Ben Hockenberg of JSSI Aviation Capital, Sarah Yarnes of First American

Equipment Finance, Mike Christie of Global Jet Capital and Patrick Gentile of PNC Aviation Finance demonstrate both the depth of expertise available within the industry and the growing sophistication of aircraft finance itself. What emerged most clearly from the IADA discussions is that financing has become far more than a mechanism for purchasing an aircraft. It is now a strategic tool that influences capital allocation, ownership flexibility, risk management and long-term asset value.

For aircraft buyers, operators and advisors alike, understanding the full range of available financing solutions has become an essential component of successful aircraft ownership. As the market continues to evolve, those who align themselves with experienced aviation finance professionals will be best positioned to maximize both the value of their aircraft and the efficiency of the capital supporting it.

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