



New Jets 2017

New models will be ready when market rebounds

by Mark Huber

The glut of recently used aluminum appears to be clearing out, and that's good news for sales of new jets, in the sense that things aren't going to get demonstrably worse. According to Rollie Vincent of JetNet iQ, "If you look at used airplanes that are five years old or newer there's virtually nothing left on the market. That cleanup has largely happened in the last 12 to 18 months, especially to the extent that it has taken away from new aircraft sales. The buyers are companies that normally would have bought new but could not pass up the value of a pre-owned." The available used business jet inventory for sale at the end of the summer was 7 percent lower year-over-year and represented 10.3 percent of the installed base, the lowest since before the financial crisis, according to data from UBS Global Research.

Nick Popovich of Sage-Popovich concurs. "This market is going to tighten pretty soon."

While optimistic, Alex Overstrom, head of PNC Aviation Finance, said that OEMs are still "in a tough spot, as used aircraft price declines have made new aircraft less competitive with pre-owned. That said, we are still financing a decent number of new aircraft, particularly with large corporate clients, who are often leasing. I expect that the used