

# Budgeting for bizav

You might be able to do more than you'd think with relatively small sums, but if your resources are unlimited, so are your options.

by James Wynbrandt

Business aviation's offerings continue to expand: you can take advantage of so-called private airlines, membership clubs, shuttle flights, and empty legs (often-bargain-priced repositioning flights), not to mention charter, fractional aircraft shares, and the many variations of the now almost old-fashioned jet card.

How to determine which option and provider best suits your needs? Arguably, you should consider your budget first, because no matter how much an option or provider fits your travel plans and preferences, you're out of luck if it doesn't also fit your finances. So let's look at four annual spending limits and see what business aviation access you can get for each.



## Up to \$75,000

As little as \$25,000 to \$75,000 can take you quite a distance today via business aviation, depending on where you're located, where you need to go, and how often you want to get there. Your alternatives include new access models that involve shared aircraft operating under the FAA's Part 380 rules, which allow scheduled charter operations, rather than Part 135 regs that govern on-demand, or ad hoc, charter. Industry experts have long dismissed shared flights as the antithesis of business aviation's essence, which they say involves the ability to have an aircraft to oneself, and to enjoy the complete control and privacy that come with it. But the market indicates that the experts may have been wrong or that tastes may be changing with technology.

**Private airlines.** So-called private airlines (they're neither private nor commercial air carriers) offer scheduled service on established routes, but with less hassle than airlines, and much lower costs than traditional charter. They utilize



aircraft that carry 30 or fewer passengers, eliminating the need for TSA security screening (providers vet travelers beforehand), operate from general aviation facilities with plenty of parking, and offer apps that make booking quick. Show up 15 minutes before a flight, and away you go.

California's Surf Air, which did much to popularize the private airline concept, established the all-you-can-fly subscription model, charging a membership fee for unlimited access to flights between the Los Angeles and San Francisco Bay areas and Las Vegas, with its fleet of Pilatus PC-12/PC-12 NG single-engine turboprops. Memberships start at \$1,950 per month

(for two reservations or one round trip), with higher membership levels allowing more reservations at one time. The company recently purchased a similar service, Rise, which has been offering flights to such Texas locations as Austin, Dallas, Houston, and San Antonio. Following the acquisition, Surf Air announced plans to add service to such locations as New Orleans; Taos, New Mexico; Aspen, Colorado; and Sun Valley, Idaho.

In contrast to subscription-based providers, JetSuiteX (marketed by California-based light-jet charter operator JetSuite) requires no membership fee or other access restrictions for flights on its executive-configured Embraer E135 commuter jets, primarily linking Las Vegas and locations in California, with fares starting at \$129 and topping out at a little over \$300.



**Membership clubs.** Unlike private airlines where a fixed fee pays for benefits, membership clubs charge for pay-as-you-go access to a fleet of aircraft and, depending on the provider, discount charter rates and other low-cost or free options such as shuttle, crowdsourced, and empty-leg flights. (Crowdsourcing allows members to create a charter flight and offer per-seat rates to other members without the commitment of booking the flight.) The empty-leg flights are typically same day, and if they're leaving from somewhere nearby and you don't mind finding your own way back, they can provide a spur-of-the-moment luxury travel opportunity, but they aren't practical for trips that requires planning.

At Wheels Up, individual memberships start at \$17,500 for the first year and \$8,500 for annual renewal. That entitles you to ad hoc charter access to the company's

Wi-Fi-equipped King Air 350i twin turboprops and refurbished Cessna Citation Excel/XLS light jets (operated by Gama Aviation) at hourly rates of \$3,950 and \$6,950, respectively. Wheels Up also offers free shuttle flights, a charter brokerage arm, crowdsourcing capability, and a daily selection of free empty legs. Exclusive on-the-ground member activities under its Wheels Down program are another benefit. Wheels Up's entry-level membership, "8760" (the number of hours in a year), costs \$5,950 annually but provides access only to its owned fleet.

JetSmarter offers members discount charter brokerage, free and low-cost shuttle flights, and free empty legs. The company's "Smart" program (\$1,000 initiation, \$14,000 per year) provides free access to shuttle flights (some 40 routes in the U.S., Europe, and the Middle East), as well as discount charter deals and other perks. Free shuttle seats are limited, but on some routes you can initiate your own shuttle flights and pay an economical per-seat rate—for example, about \$2,000 on a light jet from New York to South Florida—that will make the trip even if no other passengers sign on.

**Low-cost cards.** Jet cards (*see "Up to \$500,000" below*), typically cost in the six figures, but Magellan Jets offers cards that start at \$43,500 (for 10 hours in a light jet), like its gift jet card, and another designed for clients whose teenagers want to tour colleges before deciding where to apply.

You can also buy the minimum \$50,000 JetSuite card, granting you access to a Phenom 100 at \$3,875, or a CJ3 at \$5,405 per hour—about enough to get you across the country and back. In addition, JetSuite has daily deals for empty legs on repositioning flights (subject to cancellation) starting at \$536.



**Up to \$500,000**

If you want to fly with some regularity on your own schedule, you'll have to open your wallet much wider. "I get calls fairly frequently from people who have had bad experiences flying commercially, or flown on a friend's private jet, and say, 'I want to do that,'" says James Butler, CEO of

Shaircraft Solutions. “When you get a sense of their budget, it tends to be a short conversation.”

No consensus exists on what a minimum annual spend level is to take frequent advantage of business aviation, but it starts somewhere in the six figures; most jet cards are in that range, and so is regular use of ad hoc charter. About \$250,000 buys 50 hours of light jet or 25 hours of super-midsize flight time with a card, while \$500,000 can provide 150 to 200 flight hours in your own turboprop, according to David Wyndham, president of business aviation consultancy Conklin & de Decker.

**Jet cards.** Debit-style jet cards offer prepaid access to one or more aircraft types at guaranteed hourly rates, either for a set number of hours (25 to 50, typically) or for a set amount of money (\$100,000–\$1 million). Cards are among the most expensive ways to access business aircraft, but their convenience and simplicity, and the concierge-style service that major programs strive to provide, keep them in demand. Independent auditors don’t track jet card sales activity and flight hours but providers such as Delta Private Jets, Sentient, and Flexjet have reported strong sales growth in recent years.

Most programs offer light, midsize, super-midsize, and large-cabin aircraft, and the costs for 25 hours aboard a top card provider’s fleet range from about \$134,000 to \$175,000 for a light jet to about \$335,000 to \$375,000 for a large-cabin model. But price is the last thing to consider when comparing cards. The products and program options range widely. NetJets’ Marquis offerings, for example, include the X-Country Card, which entitles holders to a discount of more than 20 percent on transcontinental flights, while its Combo

Card provides 12.5 hours of flight time on aircraft from two categories.

Among the program distinctions to consider: Do the cards expire, or just their rate guarantees? What are the minimums for flight legs or daily usage? What are peak days and their access restrictions? Find out about service areas; onboard Wi-Fi; fees and policies for cancellation, upgrades, and downgrades; fuel surcharges; and roundtrip discounts. And of course, make sure the fleet aircraft suit your needs and that their condition and interiors meet with your approval.

For \$100,000 (minimum), you can get XOJet’s Preferred Access card. XOJet pioneered transparent, one-way charter rates in the last decade, and it can stretch charter dollars through its dynamic pricing, offering off-peak rates on aircraft from its own and Preferred Partner operators’ fleets. XOJet’s Elite Access card puts its owned and operated fleet of Challenger 300 and Citation X jets at your disposal for \$8,500 per hour, yielding about 23 hours of flight time if you spend the \$200,000 minimum.

Delta Private Jets’ (DPJ) card (available in \$100,000, \$250,000, \$500,000, and \$1 million values) provides access to a vetted fleet, with light-jet rates as low as \$5,100 per hour. Cardholders also enjoy benefits with parent company Delta Airlines, including Diamond Medallion Status in its SkyMiles club and seamless booking on trips that combine DPJ flights with ones on the airline.

Perform due diligence on the financials and safety standards of providers you’re considering. Any broker or operator can offer a jet card, and fees are often kept in general operating accounts, affording little financial protection to cardholders.

**On-demand charter.** Short of whole ownership, charter is your most economical access option, with point-to-point pricing largely having replaced yesterday’s roundtrip rates for one-way flights. To stretch your access budget at any level, establish a relationship with a charter provider who understands your preferences and mission requirements. A basic question on the charter decision tree has long been whether to source flights through a broker or an operator, but today





## Up to \$10 Million

At this spending level, you have the budget for a full range of fractional ownership options; enough bespoke charter lift to keep you in the air year-round; or ownership of your own business jet. Conklin & de Decker's Wyndham estimates that \$1.25 million equals 150 to 200 hours in your own light jet, while the same hours in your super-midsize would cost about \$4.5 million.

a third option—an app on a personal device—is throwing down roots. Operators such as Clay Lacy Aviation, Priestler Aviation, Executive Jet Management, and Solairus control the jets. Brokers, which include large, long-established firms like Hunt & Palmer, Air Partner, and Le Bas International, are independent, unregulated agents that arrange flights for travelers through operators they work with.

Operators may save you a broker's commission and can provide quicker answers on availability. Conversely, brokers can source through multiple operators, and negotiate on your behalf for the best deal. But anyone can put up a website and go into business as a charter broker. Be familiar with the best practices the Air Charter Association of North America has established for brokers, which members pledge to observe.

Most major providers now have apps that simplify booking and managing charter for clients, and several third-party platforms aim to facilitate virtually instantaneous charter booking for anyone.

Input where and when you're going, the number of passengers in your party, and a few booking preferences if desired, and apps from PrivateFly, Stratajet (iOS only), and Returnjet will quickly list a range of available aircraft and estimated costs. Six-figure charter bookings have reportedly been arranged this way. But unlike online platforms for airline flights, these platforms for the most part can't provide exact pricing, access a sufficient pool of lift, or complete transactions without human intervention.

**Fractional ownership.** Fractional jet shares remain popular for their consistency and quality of service, no-hassle ownership experience, and the ability to enjoy the perks of owning an airplane for a fraction of what that would cost. A share can even be better in some ways than full ownership, because you can upsize or downsize to other fleet aircraft when needed and utilize multiple aircraft at one time. (Owners rarely if ever fly on the aircraft they have a share in, but rather on identical models from the fleet.) It doesn't take \$10 million a year to enjoy this access, but this sum ensures you'll be able to afford a share in even the largest business jets.

A minimum share is typically  $\frac{1}{16}$ th, entitling you to 50 hours of flight time per year. Besides the acquisition cost, you pay a flat monthly management fee, and the operational cost for each hour flown. (Some fractionals offer a share leasing option.) The ownership term is typically two-and-a-half to five years, after which you may elect to extend the contract or have the provider repurchase the share. In recent years, shareowners have complained about sharp drops in residual values and onerous repurchase policies, but they've largely remained loyal to the concept, if not always to the provider.

Another fractional benefit: access to the newest aircraft models, as fractional providers often serve as launch customers, placing large fleet orders that monopolize production lines. Several next-generation jets are scheduled to enter fractional fleets in coming months, making this a good time to consider a share purchase.

PlaneSense is the U.S. launch customer for the Pilatus PC-24, essentially a twinjet version of the rugged PC-12

STOL turboprop that the fractional provider currently operates. NetJets is taking first deliveries of the super-midsize Citation Longitude, the largest jet Cessna has built. And Flexjet will be the first U.S. operator for Gulfstream's G500 and follow-on G600, and has also ordered the airframer's flagship G650 for its fractional fleet.

Moreover, some major providers are in deal mode. "We have seen more flexibility in providing enhancements, and potential owners have the ability to massage their contracts more than in the past," says Shaircraft's Butler, who negotiates contracts for fractional and jet card buyers.

Fractional companies are tight-lipped about share costs, and ownership plans for these new models are reportedly still under development, but we can make ballpark estimates. The G650, the most expensive of these jets, lists for \$68.8 million, and volume discounts aren't passed along to shareowners. Also, fractional aircraft are often customized (e.g., Flexjet's Red Label and NetJets' Signature Series premium aircraft) and include costly options. Let's say this adds 7.5 percent to the purchase price, bringing the total cost of a Flexjet G650 to about \$74 million. The minimum share of large-cabin jets is often one-eighth, or 100 hours, putting its acquisition cost at about \$9.25 million. As for management fees, in comparison NetJets charges about \$60,000 per month for overseeing a half-share (costing about \$4.4 million) of its exclusive Platinum Edition Phenom 300, a much-less-complex platform to manage. Expect to pay a monthly management fee in the low six figures for your eighth share in a G650; operational costs are in the \$10,000-per-hour range, or about \$1 million per year.

Most shares, though, are in older, less-costly models. Nonetheless, "The combination of fractionals' higher price structure and the depressed values of whole aircraft is leading a few to consider the leap to whole ownership," says aviation attorney Daniel Herr of Fractional Law.

**Whole ownership.** No other access option provides the freedom and control of whole ownership. A \$10 million annual budget provides sufficient resources to buy and operate an aircraft that meets the needs of many would-be owners, especially with the values available in today's preowned market. "The acquisition cost of a quarter share of a new Challenger 350 would fund the outright purchase of an early Challenger 300, and an eighth share of a new Challenger 350 would fund the outright purchase of an early Citation X," notes Herr.



## The Sky's the Limit

Next year, Bombardier's Global 7000, the world's largest purpose-built business jet, enters service. At \$72.8 million, it may not fit your budget, but it's sure to join the fleet of a premium all-Bombardier charter operator like VistaJet or Zetta Jet. Rates will likely be near \$20,000 per hour, putting the round-trip cost of these operators' U.S.-Asia milk runs at around \$500,000. If you need to go every other week for a year, you'll blow past the \$10 million mark. Requiring regular access to a Boeing Business Jet—a BBJ-777 outfitted for international touring like Europe's Comlux operates, or a VVIP-configured BBJ-787 like China-based Deer Jets—will also vault you to this spend level. (Repositioning fees alone for these flights may run into six figures.)

If you must have your own, you can pick up BBJs starting at about \$62.3 million, green; interior outfitting adds another \$20 to \$25 million. The equivalent green Airbus Corporate Jet (ACJ) 318 runs about \$75.1 million. New executive-configured Airbus and Boeing widebodies are in the lower nine figures, and that's just the buy in—you'll also need to budget for operations and maintenance. **EJT**

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