

Volume 3, Part 2: Gulfstream G450, GIV, GIVSP

by Anthony Theis

World Aircraft Sales Magazine's asset evaluation series continues this month with a look at the past production and current production aircraft of the Gulfstream IV and 450 series. As usual, the evaluation is presented in such a way that readers can grasp meaningful, but easy to understand information on their market value history. The goal is to give our readers highly useful applications so they remain informed.

Each featured aircraft is presented with a United States patented graph called JetTrack®. A proprietary program established in 1987, JetTrack® tracks price history, trends and transactions as a simple means to predict the value of your asset.

JetTrack® is broken up into two separate graphs in order to give you the best logical way of determining prices and trends. The top graph represents a history of true asking prices over a ten year period or since the inception of the aircraft (these prices do not represent new OEM deliveries). The bottom graph represents how many aircraft were for sale at the beginning of the month and how many remained for sale at the end of the month.

The clear picture between the two graphs is a linear understanding of the trends and prices. Since prices correlate with supply and demand, the graphs give you a simple understanding of the peaks and valleys. Not only can you predict the value of your asset, but you'll also know the best time to sell or buy.

Simple to use and uncomplicated, you stay ahead of the market with the latest pricing information that's precise and accurate. Best of all, you'll see what happened 10 years ago, five years ago, and what to expect for the future.

GULFSTREAM GIV, GIVSP AND G450

It has been 20 years since the first Gulfstream IV was placed into service. No matter what the market says about its monetary value at any given time, the entire line of this particular series has been, and continues to be, an excellent long-range wide-

body aircraft... so there was little wonder Gulfstream continued the family tradition with the introduction of the G450.

In fact, if you parked a GIV, GIVSP, G400, G350, or G450 in a line on the ramp, you would be unlikely to tell the difference between them, which brings us to an interesting issue on how the market has behaved over the last 12 months or so.

Without question, this particular market has seen a tremendous swing which has surprised a lot of people. Some of the price levels that have been achieved in the GIVSP market have been quite amazing, rising nearly \$2m on average. This change has been contributed to by the fact that low-time, late model aircraft can be delivered to the new purchaser within a matter of months, as opposed to the lengthy wait for those looking to buy new. In fact, the GIVSP market has been the most active in the series (compared to the GIV, which has been fairly flat over the past 12 months).

History inevitably repeats itself – as has been evidenced recently – and low-time, late model aircraft seem to be what everyone wants when the market's hot, and prices are at the brink of peaking. So what really drives purchasers of the high-end Gulfstreams? Why is the GIVSP market so much hotter than the straight GIV market at this time? It's been a strange ride, and the level of this activity and price trends are something that deserve some discussion.

As we look at the graphs between the GIV, GIVSP and G450, over the course of 2006, the Gulfstream IV hasn't seen the price hike and demand that the GIVSP has. In fact, while it's held its value, by comparison it has seen relatively flat levels of price activity. You will also notice that the activity level for the G450 remained fairly quiet over the last year with just one aircraft sold



GULFSTREAM IVSP

through December. So why is the GIVSP so hot, while the G450 isn't, given that the G450 will offer lower time? A closer look at pricing will help us answer that.

The average price of a Gulfstream IV at the end of December was \$17.5m while the average price for a GIVSP was up to \$26m... almost \$9m more than the GIV. At the other end of the spectrum, the G450 ended the year with an average asking price of \$36.5m... \$10.5m more than the GIVSP, and representing an almost \$20m higher price tag than the GIV. Overall if you wanted to get the latest and greatest compared to an early production GIV, it appears at present you'll have to pay a high price (more than double, in this case).

Throughout 2006, a total of 16 GIVs representing just 7.5% of the fleet, sold to retail end-users - ranging from 1986 through 1992 models. Towards the end of the year, we even saw prices take a very slight downward turn. By comparison throughout 2006, one G450 sold out of a total of five that were for sale on average throughout the year and the asking price remained steady. These were 2004-2005 models, of which 46 have now been delivered new. No used G350s sold during this time period, but only nine of these aircraft were in service at year-end 2006.

Let's return to the GIVSP, and break down the number of aircraft sold in 2006 to reveal an interesting trend. During 2006, a

total of 30 GIVSPs representing 9.5% of the entire fleet were sold. Out of the 30 that sold during the year, 17 sold above serial number 1400 (year 2000 models and newer), leaving only eight that sold between serial numbers 1214 and 1299 (1993 to 1996) models and another five which sold between serial numbers 1300 and 1399. Could this reflect a psychological draw for buyers?

It's always difficult to nail down exactly where real value comes into play. If you're a potential buyer for this type of aircraft, you need to ask yourself how much more are

you willing to spend for newer; whether you are willing to wait; and what the individual attractions are to you for each aircraft?

When you look back on the graphs during the same time last year, there were nearly as many GIVSPs for sale as there were GIVs. As history typically demonstrates, the two will tend to follow each other. At some point, the GIV market is going to follow suit – perhaps when the pool of more recent production GIVSPs dries up, or perhaps when the buyers start to look beyond simply

what's low time, to what will get the job done.

Our table below sets out the performance numbers of the various aircraft that form the series. Without questions, there is a value play between newer and slightly older - so spend the time to educate yourself between where the real value lies for you.

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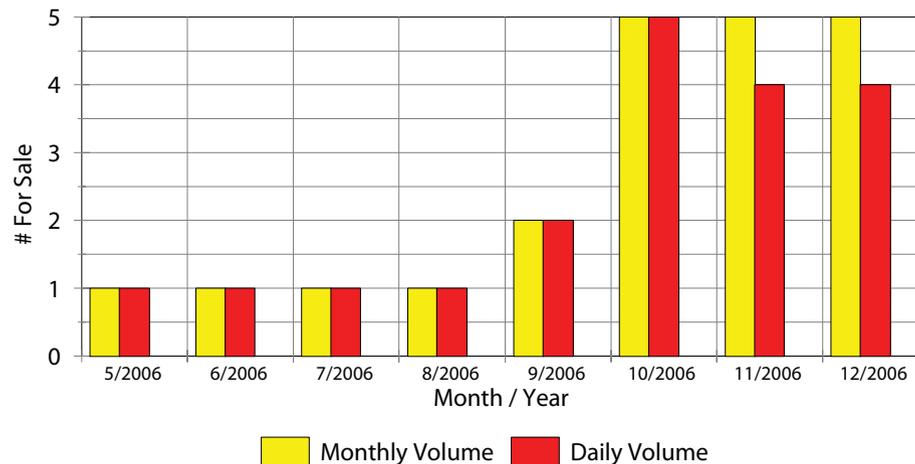
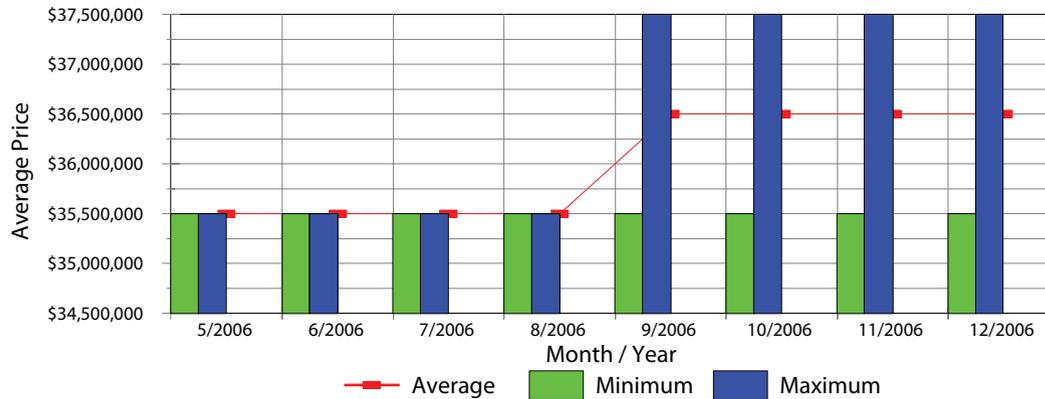
GULFSTREAM AIRCRAFT COMPARISONS

	RANGE (AVERAGE CRUISE SPEEDS)	CABIN VOLUME (CUBIC FT)	AVERAGE SPEED	AVERAGE FUEL BURN (GAL/HR)	D.O.C (USD)
GIV	4,100	1513	460	470	\$2,715
GIVSP	4,100	1525	460	470	\$2,685
G350	3,800	1525	460	440	\$2,565
G450	4,300	1525	460	450	\$2,605

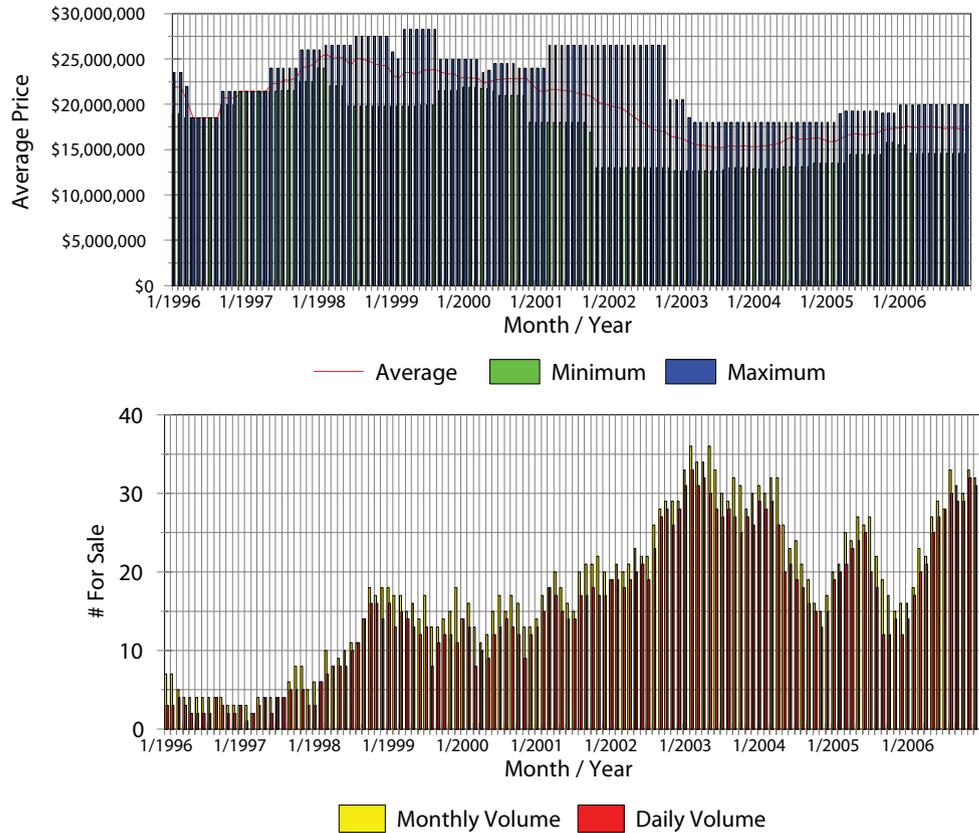
Source: Central Business Jets JETCOST® REPORT

1. The average D.O.C. uses \$4.00 USD / gal.
2. Range is calculated using max fuel on board with IFR reserves.
3. Total D.O.C. costs are derived from operator feedback and include airframe & engine inspections, life limited components, fuel burns, engine, APU, and avionics reserves.

G450 Aircraft For Sale



GIV Aircraft For Sale



GIVSP Aircraft For Sale

