

Volume 3, Part 1: Global Express/Gulfstream V

by Anthony Theis

World Aircraft Sales Magazine's asset evaluation series continues this month with a look at the Global Express and Gulfstream V Ultra-Long-Range series aircraft. As usual, the evaluation is presented in such a way that readers can grasp meaningful, but easy to understand information on its 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.

ULTRA-LONG-RANGE JETS

It really wasn't very long ago when the ability to travel non-stop to certain Far East (or West) destinations could only be accomplished the majority of the time via commercial airline type aircraft. However, the introduction of dedicated Ultra-Long-Range aircraft in the late 1990s to the corporate world

sparked a new era in business jets, helping to expand the reach of bizav users, and helping to reduce the cramped muscles gained from the old B747s. It's an understatement to say this accomplishment was truly another leap forward for corporate aviation.

The Gulfstream V which has today evolved into the G550, and the Global Express which duly evolved into the Global Express XRS both form part of the Ultra-Long-Range aircraft category and have been instrumental to the success of this group. The Falcon 7X offered by Dassault Aviation with its first customer delivery set to take place this year is set join the line of Ultra-Long-Range aircraft.

This month, we'll review some market trends and statistics of the aircraft that are able to achieve non-stop range of as much as 5,500nm. In today's used jet marketplace, there's been only a limited supply of these aircraft available lately, largely due to manufacturer backlogs and worldwide demand for new aircraft. As a seller or a purchaser it can be difficult to accurately judge the value of one of these aircraft in the pre-owned marketplace because of the ever-changing dynamic fluctuation that can turn in very short periods of time.

As an example, if you had the only Global Express available in the world, how would you price accordingly, knowing that you wanted to sell within a certain timeframe? We do know one thing for sure: that top retail prices have been fetched, and in some cases pre-owned prices have exceeded the cost of a new aircraft that is yet to be built. But to answer this question, it's absolutely vital to understand the entire Ultra-Long-Range category and where prices may or may not be headed.

So how have market trends and values played out for these aircraft? When the GV was in a category of its own during the first few years (there literally was no other business jet that could match its performance beside a retrofitted Boeing), the first three years of GV deliveries saw the price trend of this aircraft remain on an upward slope reaching \$40m in the year 2000. During this period, we never saw more than five aircraft

for sale in any given month.

The Global Express, conversely, during its first three years went 'down the ski hill' to a pre-owned price trail of \$36m. We never saw more than three aircraft for sale during any given month. So how is it that two competitive aircraft, each pretty new, can fare so differently? It's pretty simple really. The GV had no direct competition to begin with during its upswing. When the Global Express came out, however, it was a new concept design from the manufacturer. Nor did it help that the market during this time was headed towards a downturn.

Industry downturn over, the market started its recovery, and Gulfstream and Bombardier each developed an evolved aircraft a couple years back in the form of the G550 and Global Express XRS respectively, and their values have been on an upslope since day one because of manufacturer backlogs and a tight pre-owned supply.

The manufacturers' timing for the introduction of a new product (albeit only slight upgrades on the previous airframes), was excellent. We've seen pre-owned prices on the G550 market range from \$45m to \$49m and prices in the XRS range hit highs of \$50m.

We are often asked what would happen to values should the manufacturer introduce an upgraded version. The first train of thought to consider is just how much better the new product would be compared with the older one. In past articles we've watched how airplanes head up product families and essentially become price drivers – and this would naturally become the case should an improved product be produced by a manufacturer. That airplane would drive the price of the older airplane. Simply put, you will see an adverse affect on price.

If the price of a G550 falls, the price of the GV will fall. Neither can the GV be worth more than the G550. The same will hold true for the Global Express which is driven by the Global Express XRS.

In addition to the above factors affecting the price of the GV and Global Express, there is also an interesting trend to note between the Global Express market and the GV

market, in which they have often influenced each other down the years. Typically once one market dries up, the other seems to dry up also - and lately it's been the Global Express market showing signs of drying up a little.

Recently, our graphs show that buyers could expect to pay an average \$5m more for a Global Express compared to the GV – although we don't expect this to remain a permanent trend - it is also dictated somewhat by which aircraft are being sold within the fleet (older or newer, etc). The current

trend is unusual, as historically, the GV had always seemed to hold more value than the Global Express, and typically purchasers have opted for the GV over the Global Express.

Over the past few years, though, the Global Express seems to have become the first pick for reasons that reflect the aircraft's larger cabin, and its greater recognition in the marketplace as an established and quality product compared to how it was perceived in its teething years. Values have consequently shot up further than the GV,

marking a switch between the two aircraft in the marketplace.

When choosing between these two aircraft, buying decisions will tend to come down to personal requirements – particularly cabin requirements. Questions such as 'what type of floor plan do I need?'; 'what type of amenities can I get?'; 'how much room do I need?' can be the distinguishing factor between the two.

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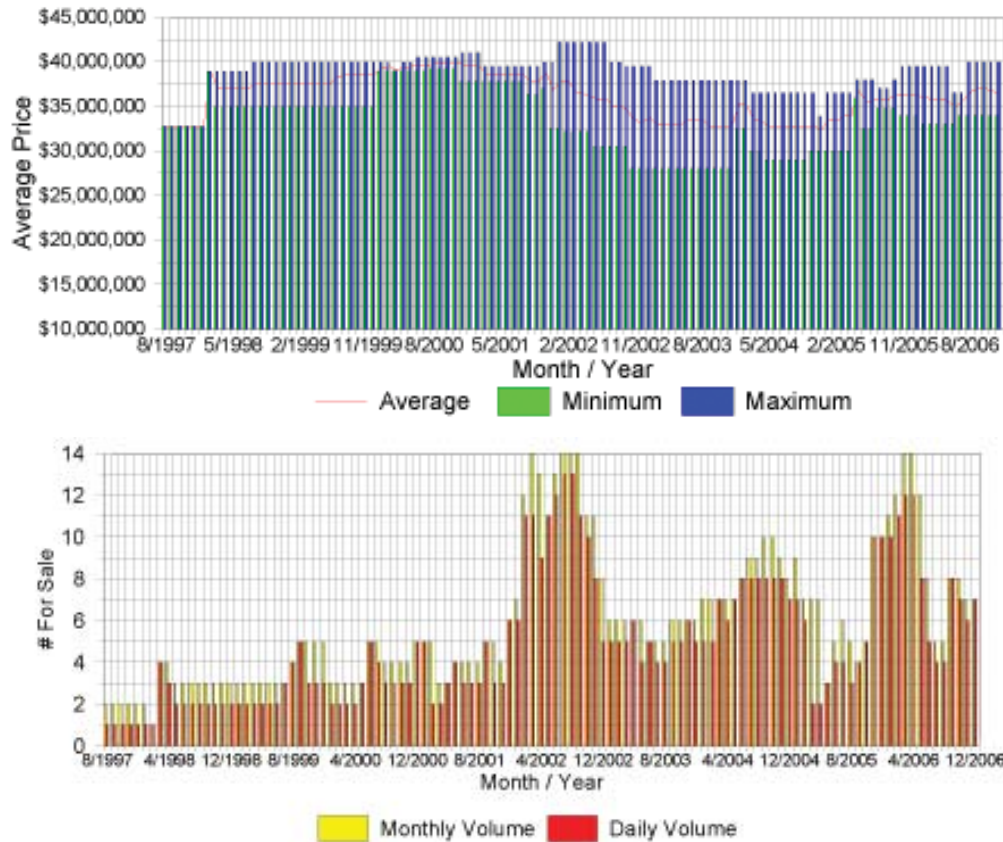
CE 560 FAMILY

	RANGE (AVERAGE CRUISE SPEEDS)	CABIN VOLUME (CUBIC FT)	AVERAGE SPEED	AVERAGE FUEL BURN (GAL/HR)	D.O.C (USD)
GV	5,950	1,670	485	538	\$3,065
G550	6,150	1,670	485	538	\$3,022
GEX	6,000	2,140	485	551	\$3,098
GEX-XRS	6,300	2,140	485	565	\$3,153

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.

Gulfstream V For Sale



Global Express For Sale

