

Volume 3, Part 6: Citation VII/Excel

by Anthony Theis

World Aircraft Sales Magazine's asset evaluation series continues this month with a look at the Citation VII and Excel. 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.

CITATION VII & CITATION EXCEL

The Citation Excel Series (CE-560) continues to be a winner for Cessna as a spin-off from the Citation 650 line of aircraft which included the Citation III, VI and VII. I want to spend some time discussing the differences in value between these two product lines which have a definite relationship with each other. Last year, we spent some time



discussing the differences with the Citation III and Excel, but this year we'll bring in the VII as the newest version of the 650 series, along with the XLS, the successor to the Excel series.

The Citation VII represents 33% of the entire CE-650 production fleet, with a total of 119 models built. This model became the last of the 650 series, ending production in the year 2000. Over the last 11 months, the Citation VII has seen a decline in value, but that appears to have flattened out now. The total number of aircraft for sale in today's marketplace represents 12% of the fleet which isn't particularly impressive, until you consider that supply has come down by approximately 5% since last fall. Thus, the market appears to be doing a little better in terms of there being less supply, but it's still flat.

In recent times, and in keeping with the overall market trends for pre-owned aircraft, purchasers have opted to acquire the later model VIIs ahead of the early models. In fact, out of the 15 VIIs for sale as of this writing, only three are available above S/N 7050. The average asking price for the VII today is \$6.0m with airframe total times averaging 5,400 hours between 1992 through 1996 models.

The average length of time that it takes to sell a VII has also come down from just over 200 days to 170 days at present. Also interesting to note is that since 2003, values of this

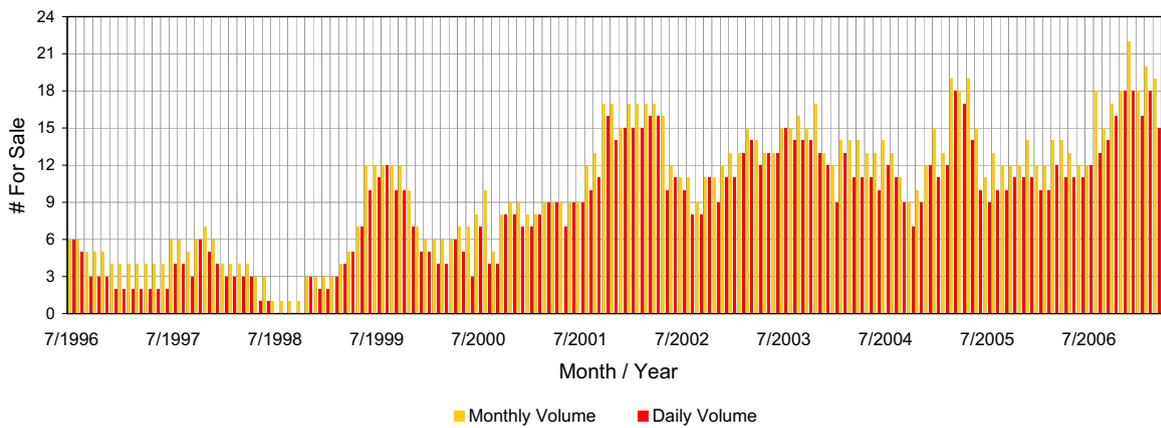
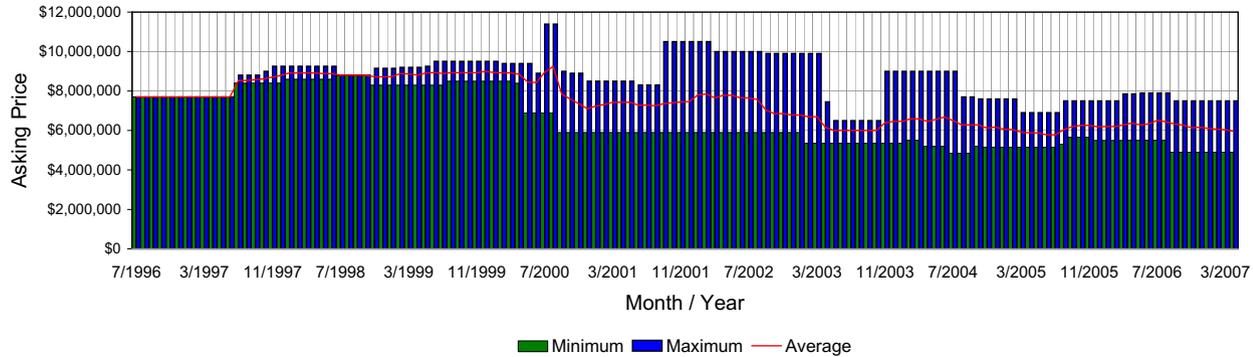
aircraft have seemed to hover close to the \$6m mark as an average price with minor fluctuations up or down. If this trend continues, it would seem that the risk factor on when to buy/sell isn't as high for this model should there be concern about future aircraft values as a whole.

When the Citation Excel was introduced, it was built around the basic concept of the Citation 650 series, but the design was also evolved a little to reduce the overall aircraft weight; improve overall performance; and offer new avionics; while keeping a fairly large, comfortable cabin to compete in the super-light category.

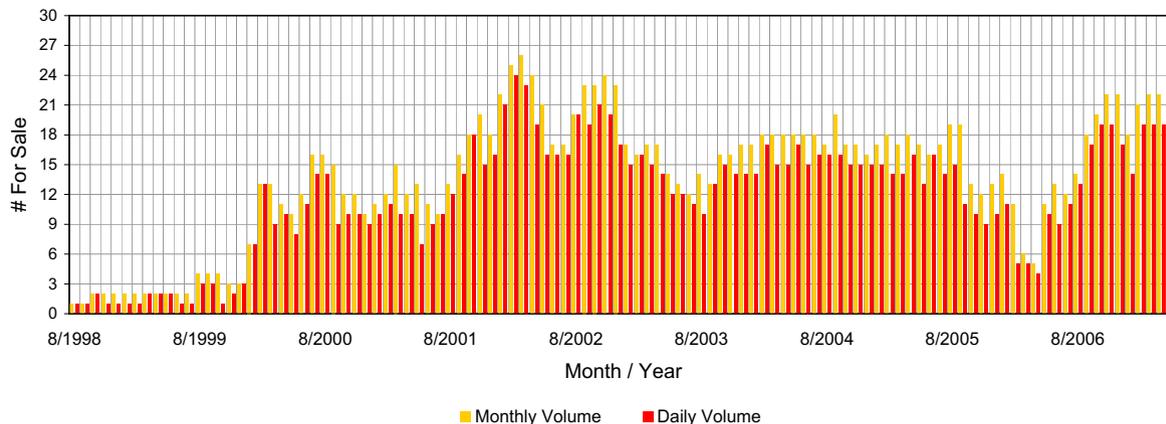
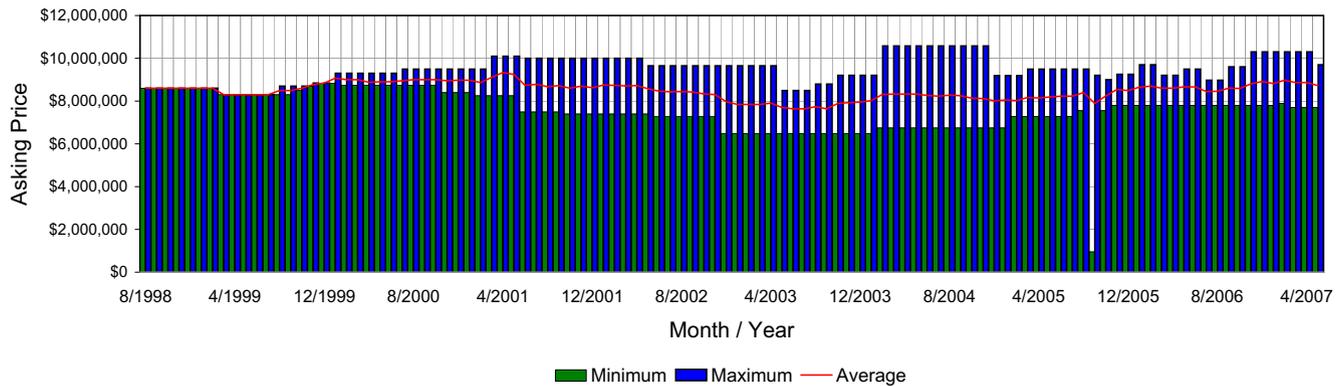
The Excel shares the same basic cabin layout as the VII, but offers more room from the cockpit back to the aft bulkhead. The wing of the Excel was also changed to a straight wing instead of sweptback as utilized on the VII in order to increase short field performance, but because of this change, the aircraft lacks about 30 knots in speed compared to the VII.

Just five months ago, the Excel hit a five-year high when it reached an average price level of \$9.1m (this in spite of an unusual supply level of over 22 aircraft) before taking a 5% dip to where the price levels stand at \$8.7m today. However, the supply level has slimmed down a bit compared to four months ago as well, leaving 18 aircraft for sale as of this writing, representing only 5% of the entire fleet for sale. >

Citation VII Aircraft For Sale



Citation Excel Aircraft For Sale



Average market time to sell today stands between 100-110 days for aircraft that have anywhere from 700 to 4,500 hours total time (or a fleet-for-sale-average of 2,700 hours). Unlike the Citation VII which seem to have a purchaser niche above SN 7050, the Excel has a wide range of serial numbers for sale across the board out of a total of 372 that were built.

Currently, we're looking at an average value margin between the VII and Excel of \$2.7m - but as late model VIIs become available again, we should see this margin shrink since the later model VIIs tend to fall between the \$6.5m-\$7.5m price range.

Last on our list is a brief look at the Excel's successor, the XLS. Currently available in the marketplace there were just two for sale with an average asking price of

\$11.1m as of this writing. Over the Excel, the XLS offers an improvement in engine efficiency, avionics, and gross weight as its major advantages.

Although there isn't a lot of market data available since its entry into service in 2004, it would appear that initially, the XLS market hasn't fared as well as the Excel's.

Perhaps these adjustments to the XLS haven't proven to show its value as the price trends of the Excel have done in the past. You're also looking at an average price difference of \$2.4m over the Excel. The biggest driver for the XLS is the backlogs of the OEM playing into the "can't wait" game, but it also appears that purchasers may not be willing to spend the price which the XLS initially came out at.

These are really interesting markets which, without question, tend to drive one another. This is further demonstrated comparing the accompanying graphs at various points in time. You'll observe that the Citation Excels will always cost more than the VII, simply because they are newer, with newer avionics. As the price changes with the Excel, this market will drive a price change of the VII market.

Below, we've provided some basic cost and performance comparisons on these three aircraft. Please feel free to contact us on the details below for any additional information about these, or other jet's market values from our Jet Track series.

> More information from Central Business Jets, Inc;
Tel: +1 952.894.8559; Website: www.cbjets.com

AIRCRAFT COMPARISONS

	MAX RANGE	CABIN VOLUME (CUBIC FT)	MAX ALTITUDE	AVERAGE SPEED	AVERAGE FUEL BURN (GAL/HR)
CITATION VII (650)	1,775	428	51,000	450	250
CITATION XL	1,725	461	45,000	420	208
CITATION XLS	1,765	461	45,000	420	200

1. The average D.O.C. uses \$3.50 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.

Source: Central Business Jets JETCOST® REPORT

Citation XLS Aircraft For Sale

