

Volume 3, Part 5: Challenger 604 Series

by Anthony Theis

World Aircraft Sales Magazine's asset evaluation series continues this month with a look at the Challenger 604. 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.

CHALLENGER 604

The Challenger 604 has truly been a bread winner for Bombardier Aerospace over time - perhaps comparisons could be drawn to the Lear 35 days when over 700 units were built. Although the Challenger 604 hasn't hit those numbers, comparing the number of production units, its true revenue has exceeded the



Lear 35 with just over 360 units in service today. This year, the Challenger 604 is being replaced by the Challenger 605 which offers improved avionics, interior, and bigger windows over its predecessor. We expect similar value and purchase trends to occur with the CL605.

The reason we mention the large unit number produced for the Challenger 604 line is that we will seek to identify where all the market action is for this model. We typically don't break the serial numbers up in our evaluation series unless there is some significance due to modifications and so on - but here, for this particular model, it makes sense to look in more depth into different serial number ranges to see what differences in value trends there may be.

In today's marketplace, there is still high demand for late-model, low-time aircraft, especially in the widebody section, and the Challenger 604 is no exception.

But before we look into the value of the CL604, it's worth noting what drives this market. As most savvy purchasers know, the CL604 is not an aircraft that offers the best performance characteristics compared to some of its competition in the price range (including the Falcon 900B, Challenger 300, Falcon 2000, and Gulfstream IV), but it still makes for an attractive option.

What really drives this market is two-fold; one reason is to do with what the people are coming out of - for example, from a Hawker 800 and Lear 60, the CL604 is a sensible (and

pretty common) upgrade option. The second is that you get a spacious, widebody cabin for the price.

Finally, we should note that within the last 12 months, out of total sales, 49 Challenger 604s were sold outside of the United States, in which 27 of these were new deliveries.

S/N 5500+

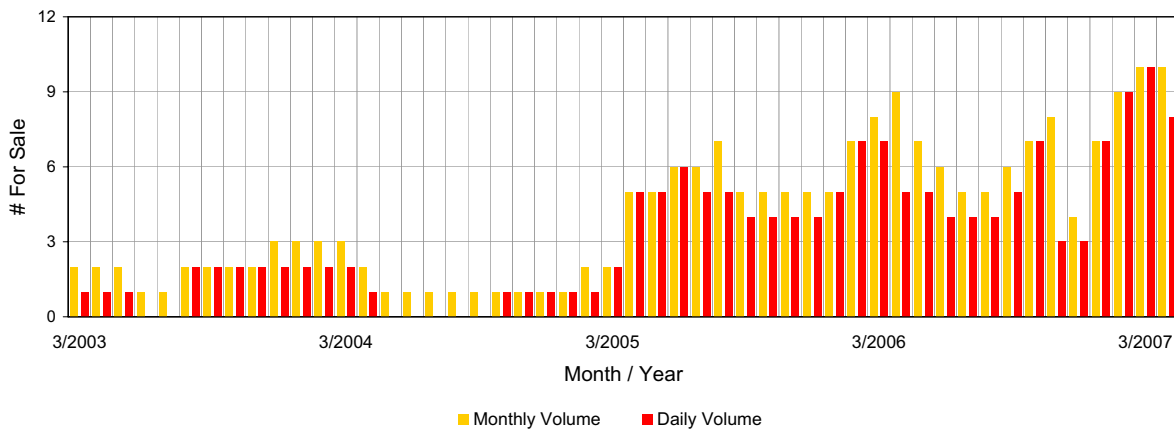
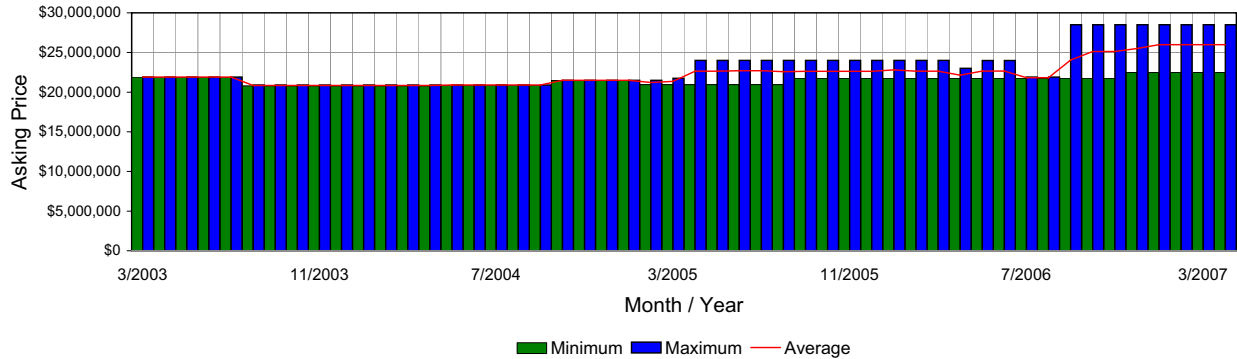
It's clearly evident from our graphs that the aircraft above serial number 5500 have shown the greatest increase in price over the last 12 months, reflecting the trend that buyers are looking for new or nearly new. Prices are up nearly 20% in the 5500+ serial number range since the middle of July in 2006, to a current average asking price today of nearly \$26m.

As of this writing, the supply level on the market was holding at just nine CL604s for sale in the range. The average time these aircraft are on the market is 75 days with average airframe times at about 1,900 hours, and an age range of 2002 models up to 2007.

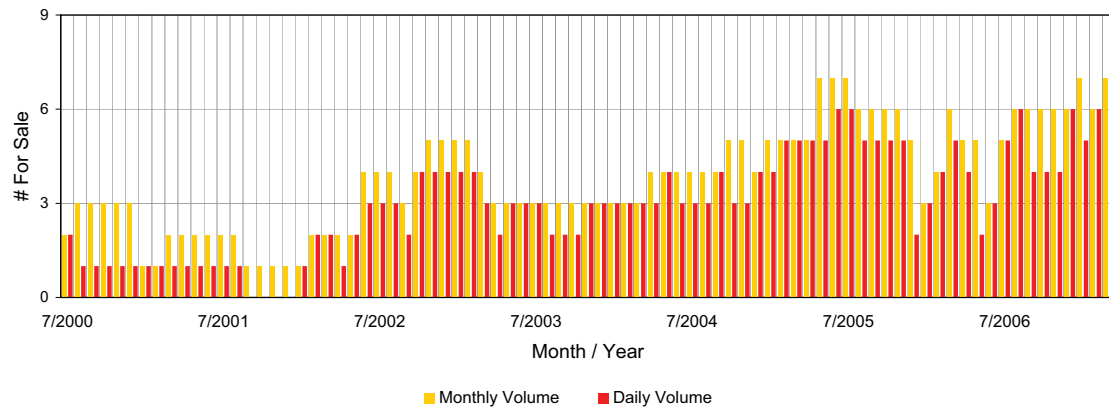
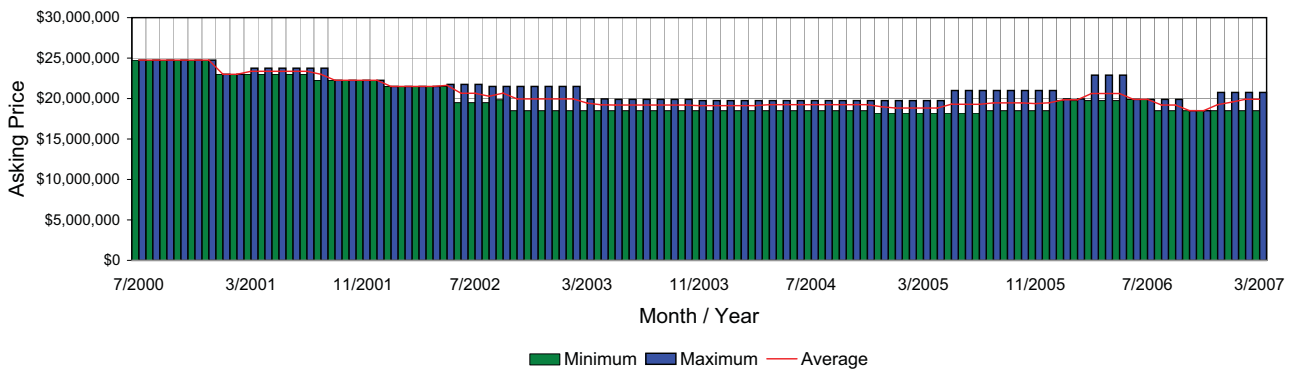
S/N 5400-5499

CL604s in the mid-serial number range appear to have remained relatively flat not just over the last 12 months, but for the last four years with an average asking price of \$20m in today's market. I would suspect a better part of this reason has been the limited number of aircraft for sale in which the owners haven't yet reached their disposal period. >

Challenger CL604 S/N5500+ Aircraft For Sale



Challenger CL604 S/N5400-499 Aircraft For Sale



Currently available in the marketplace, the supply level is holding at seven CL604s for sale in this serial number range. The average time these aircraft have been on the market is 110 days with average airframe times around 4,500 hours which is around two and a half times that of the S/N 5500+ range. The age group of this range is 1999 models up to 2001.

S/N 5300-5399

This range of Challenger 604s has perhaps unsurprisingly seen a decline in average value since the summer of 2006, being the

oldest range of serial numbers. Today's market in this range reflects an average asking price of \$18.5m.

Currently the supply level is holding at nine CL604s for sale in this serial number range, and the average time these aircraft have been on the market is 150 days with average airframe times around 4,600 hours. The age group of this range dates from 1996 models up to 1998.

In comparing all three serial range brackets, we see a familiar market pattern panning out, and aircraft values are changing towards a negative as the age of the aircraft gets

older. Our findings also prove another familiar trend, in which low-time late-model aircraft will fetch quite a premium compared to an aircraft that is 5-10 years older.

Look at the difference in price range between the 5300-5399 range and 5400-5499 range where the average asking price is only \$1.5m apart. Meantime, the asking price range between the older model brackets is spiking at a difference of \$6m or approximately \$1m higher per year for every year over a 2000 model.

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

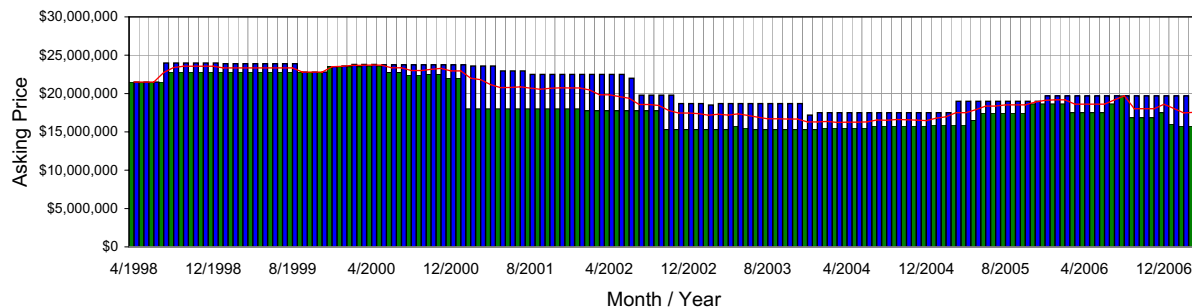
AIRCRAFT COMPARISONS

	MAX RANGE	CABIN VOLUME (CUBIC FT)	AVERAGE SPEED	AVERAGE FUEL BURN (GAL/HR)	D.O.C (USD)
CL604	4,000	1150	450	357	\$2,013
GULFSTREAM 200	3,200	868	465	314	\$1,898
FALCON 2000	2,975	1024	460	291	\$1,868
FALCON 2000EX	3,800	1024	465	315	\$1,889
GIVSP	4,100	1525	460	488	\$2,855
EMBREAR LEGACY	3,100	1410	430	320	\$1,760

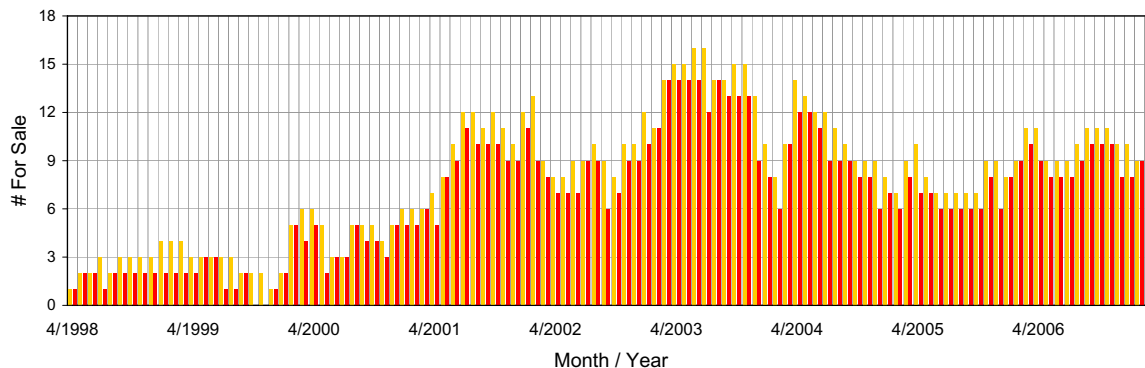
1. The average D.O.C. uses \$3.50 USD / gal.
2. Range is calculated using max fuel on board with IFR reserves.
3. Total D.O.C. costs are derived from operator feedback and include airframe & engine inspections.

Source: Central Business Jets JETCOST® REPORT

Challenger CL604 S/N5300-5399 Aircraft For Sale



■ Minimum ■ Maximum — Average



■ Monthly Volume ■ Daily Volume