

Volume 2, Part 10: Midsize Corporate Jets

by Anthony Theis

World Aircraft Sales Magazine's asset evaluation series continues this month with a special NBAA edition looking at where the Hawker 800 fits in relation to the overall midsize jet category. Within this market evaluation, we'll briefly list aircraft produced during or after 1990 that are readily available on the used aircraft market (below).

The Hawker 800 aircraft are presented with a United States patented graph called JetTrack®. A proprietary program established in 1987, JetTrack® combines price history, trends and transactions as a simple means to predict the value of your asset.

Two separate graphs are presented 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 staying ahead of the market with the latest pricing information that's precise and accurate.

PLACING THE HAWKER 800

When Raytheon Corporation acquired British Aerospace's corporate jet division in 1993, a decision was made that would eventually become a highly profitable endeavour for Raytheon: The company opted to continue the production of the Hawker 800 with its successor the Hawker 800XP which made this particular line of aircraft one of the company's most successful programs yet.

The manufacturer built 285 original

Hawker 800A models – which were essentially a development on the Hawker 700 model, incorporating a performance and avionics upgrade – and it can be said that the aircraft was truly a work of craftsmanship, which in today's world becomes a tough match for production facilities designing aircraft (at less cost) with simpler materials. The quality of work and design involved in putting this aircraft together was remarkable which tends to place it just a few notches above some of its midsize classmates with its larger cabin space including amenities, higher-end design, configuration, and attention to detail.

This aircraft does tend to be a little more maintenance sensitive than the rest of the pack, but knowing a good maintenance tech will essentially render this matter a non-issue.

In 1995 the 800XP came to market with first customer deliveries taking place. Incorporating an engine modification and an increase in gross weight, these upgrades were apparently highly pertinent, as, since its introduction,

COMPETING IN THE HAWKER 800 CATEGORY

	PERCENTAGE OF FLEET ACTIVELY FOR SALE	NUMBER OF AIRCRAFT IN FLEET	RANGE OF AIRFRAME TIME	AVERAGE DAYS ON MARKET
ASTRA SP	11%	36	3,800 – 4,800 hrs	230
ASTRA SPX(G100)	14%	81	300 – 5,000 hrs	170
CITATION VII	13%	119	1,700 – 7,000 hrs	135
CITATION EXCEL	4%	372	500 – 3,600 hrs	75
CITATION XLS	5%	150	400 – 600 hrs	75
HAWKER 800A	13%	285	3,600 – 13,000 hrs	260
HAWKER 800XP	7%	470	300 – 7,200 hrs	175
LEAR 60	12%	308	200 – 7,500 hrs	220

	RANGE (AVERAGE CRUISE SPEEDS)	CABIN VOLUME (CUBIC FT)	MAX ALTITUDE	AVERAGE FUEL BURN (GAL/HR)	D.O.C. (USD)
ASTRA SP	455	375	45,000	238	\$1,627
ASTRA SPX(G100)	465	375	45,000	242	\$1,643
CITATION VII	460	438	51,000	254	\$1,756
CITATION EXCEL	425	400	45,000	200	\$1,444
CITATION XLS	430	400	45,000	204	\$1,420
HAWKER 800A	425	604	41,000	255	\$1,842
HAWKER 800XP	430	604	41,000	272	\$1,818
LEAR 60	455	453	51,000	212	\$1,489

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.

Source: Central Business Jets JETCOST® REPORT

there have been just over 470 Hawker 800XP's built. Today, production of the evolved aircraft continues with the 850XP, which incorporates a higher-efficiency wing accessory.

HAWKER 800 VALUE

Over the course of the last ten years, the market value of the Hawker 800 has not fared too badly, with the exception of a dip in the overall market cycle. Although we'll never again see this aircraft hit the \$8m-mark like we saw back in the late 1990s (largely because of its successor the 800XP), values have nearly come back to where they were in 1996. Today, the average asking price is just shy of \$5.5m compared to the \$6m-average back in 1996.

While it is true that aircraft successors - such as the Hawker 800XP - tend to play a significant role as a price driver to the rest of their aircraft family, we've observed that the Falcon 20F-5BR tends to have just as much of an impact for the Hawker 800s in keeping their values up. But, what does the Falcon 20F-5 have to do with the Hawker 800A - it is not even a direct competitor?

In lemans terms, the 20F-5 is basically a Falcon 50 without the extra engine. If I were looking to purchase a used jet, and wanted more room, and better performance for less money than the Hawker 800A, then perhaps I

would consider one of these. Consequently, after years of trend analysis and comparison, the Falcon 20F-5BR has been found to have a direct price relationship with the Hawker 800A.

Comparing the two graphs between the Hawker 800A and the DA20-5, the affect is clearly noticeable of the DA20-5 market on the H800A in supporting its upward or downward trends.

In most recent times, the supply of the DA20-5s have tightened up keeping its value on an upward trend. This, in turn has allowed the increase in supply of the Hawker 800s to still have some stability, but it looks likely that at some point the 800A will start softening.

Looking over the last 10 years, the Hawker 800XP has never really seen a noticeable price spike above the mark in the beginning of its inception, but at the same time has never taken a significant loss. Overall, the Hawker 800XP has held its value fairly well through the ups and downs of the market cycle.

From the beginning of 2003, its value has remained fairly consistent except during 2005 when the market seemed to catch fire - caused largely by lack of supply. Note from the graphs that the average price of the Hawker 800XP today is just under \$10 million - around \$4.2 million higher than the average price of

the Hawker 800A. Looking to the future, if the bottom of the 800XP falls out, we would expect the H800A to lose ground as well.

If you're a purchaser or seller considering the Hawker 800, will any of the other midsize jets affect your decision? Of course they will. You may not directly notice it, but they can tend to blend with each other. Take for example the Citation Excel: In the last year, this aircraft has been a 'hot ticket item' drawing purchasers to look at other aircraft such as the Hawker 800, Astra or Lear 60s even though these may not be their ideal first choice.

What would happen if the market crashed? We could see some of these other markets soften, but that wouldn't likely be an even softening across the midsize category, as some would have a higher 'for-sale' percentage than others.

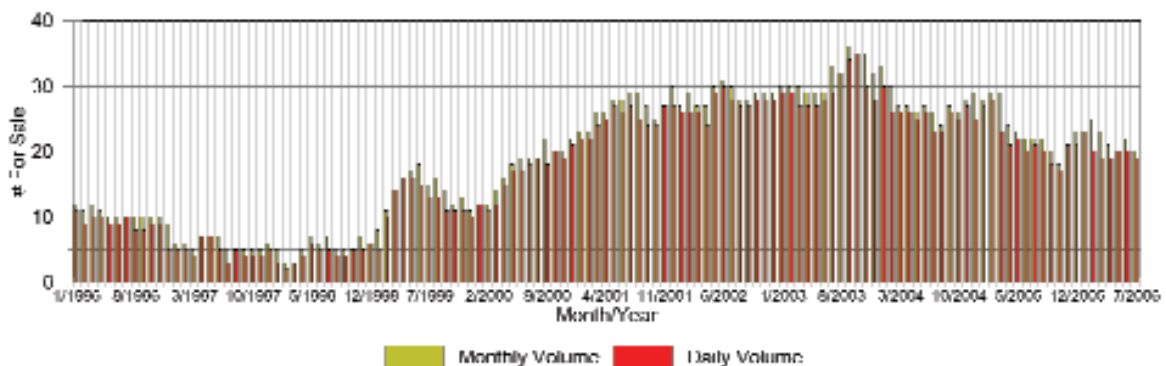
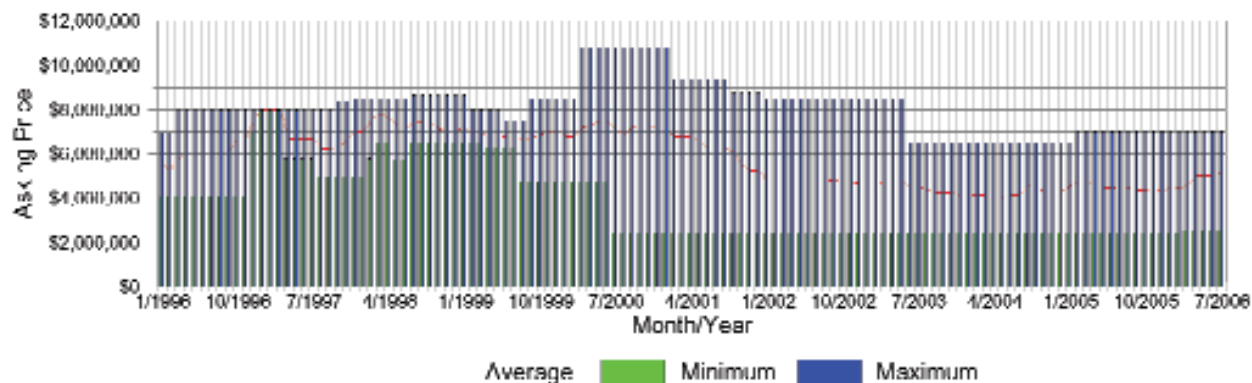
Utilizing the help of a program like JetTrack® can help closely follow these relative markets. Obviously a few other specific factors can determine a serial number's true value, but knowing exactly where you are in the cycle will undoubtedly prove highly beneficial.

To access the relative JetTrack® graphs for each of the listed midsize aircraft, contact:

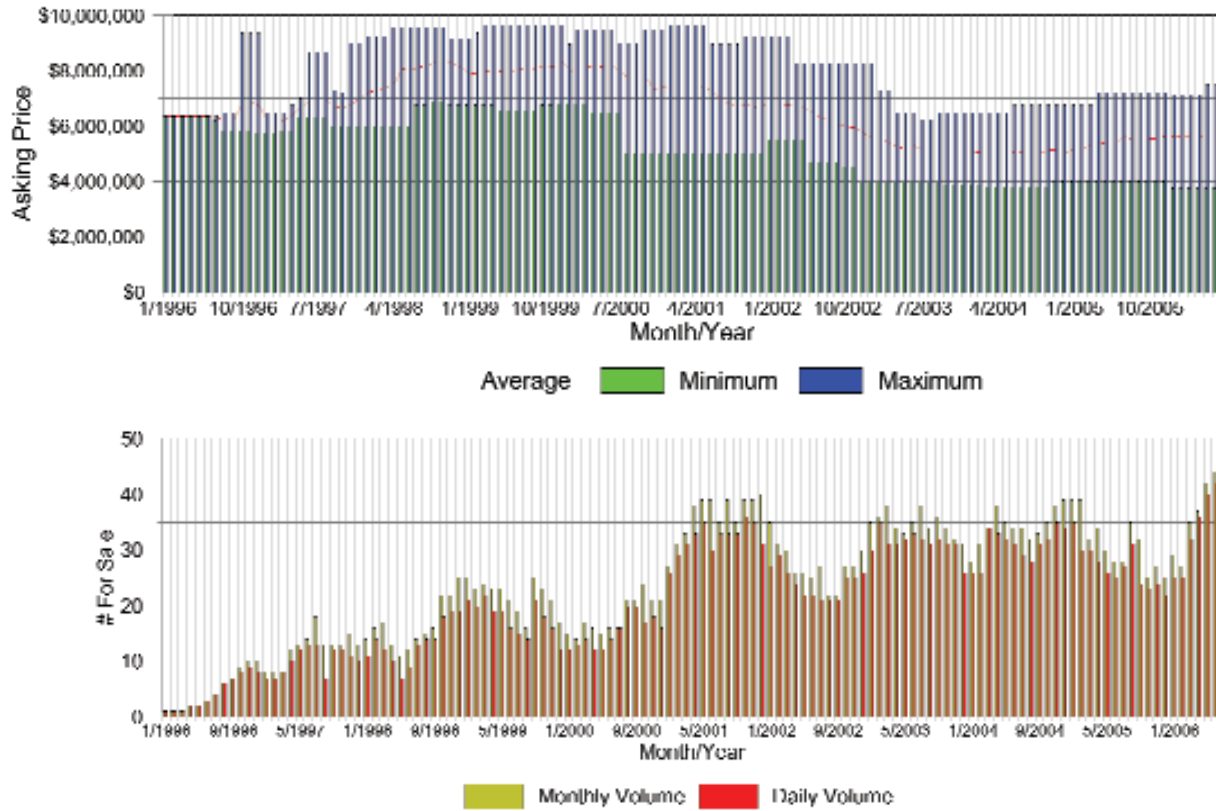
Tony Theis at Central Business Jets, Inc;

Tel: +1 952.894.8559; Website: www.cbjets.com ■

Falcon 20-5 For Sale



Hawker 800A For Sale



Hawker 800XP For Sale

