



The quarterly newsletter of **Vref** – The Smart Choice Since 1994!

Synopsis - - *Three months and three hurricanes ago, this market – especially the high-end jets – was strong and up sharply. Now ‘caution’ best describes the situation. Though gas prices have moderated (at this writing), the specter of \$6 a gallon fuel is not going to be easy to forget. The seeds of caution are dispensed by every 24-hour news channel. We’ll not belabor them here.*

As bad news from TWC, CNN and everybody’s gas station permeated our brains, activity paused throughout much of General Aviation. One G-V dealer quipped that it took him nearly two weeks to sell one airplane. That same feat took less than two days during the summer. Very strong order books for new Falcons and Gulfstreams are keeping the high end strong, but buyers are . . . cautious. One constant remains: If it’s especially nice, especially cheap or extraordinarily rare, demand is strong. This applies equally well to Falcons and Cessna 310s.

Piston Singles - - The steady recovery in the light single market took a breather this quarter. Prices for the average Skyhawk, Cardinal, Warrior and Archer were flat. The trend continued down for the average high performance single. Cessna 182s are the contrarians, up slightly this quarter. It is very important to note that most airplanes are *not* average. Some are high time and needful – needful of a clairvoyant who can tell us what’s in all those missing logbooks. However, there are a few special Bonanzas, 210s, Arrows, Saratogas and others that lead this market. If it has all of the following: 1) low time, 2) expert restoration in and out, 3) excellent logbooks and 4) a radio package from this millennium, it can bring 50% more than its high time counterpart. That means if a rough, high timer with a questionable past is worth \$150k, its no excuses brother of the same year model could more easily sell for \$250k. Appraise carefully.

Many light singles have edged up in value during the last couple of years. However, almost all of them remain below their peak price reached in 2001. The Beech Sundowner is the only airplane that is currently at its 10-year high.

Current \$ Amount Below Peak of 2001

1983 Beech C23	At Peak	1984 Cessna 210N	- \$19,000
1982 Beech Sierra	- \$4,000	1990 Mooney M20M	- \$53,000
1990 A36 Bonanza	- \$31,000	1984 Piper Warrior	- \$3,500
1984 Cessna 172	- \$9,000	1984 Archer	- \$3,500
1978 Cessna 177B	- \$1,000	1990 Piper Arrow	- \$12,000
1978 Cessna 177RG	- \$3,000	1990 Saratoga SP	- \$13,000
1984 Cessna 182	- \$7,000		

Piston Twins - - Plagued by one too many engines, the average piston twin is a tough sell. There’s that *average* word again. A handful of dealers are making a market in anything but average airplanes. A few totally updated, almost remanufactured Twin Cessnas and Piper Navajos are selling for hundreds of thousands more than their neglected sister ships. These pristine airplanes provide excellent small business transportation without the worry of a \$200,000 turbine engine overhaul.

If you are a real buyer, this is where the bargains are. Barons as cheap as Bonanzas, 310s for almost the cost of a 210 – amazing! In recent quarters, prices for some piston twins have stabilized somewhat. All remain well below their peak reached in 2000 or 2001.

Current \$ Amount Below Peak of 2000/2001

1982 Beech B55	- \$39,000	1982 Cessna 340	- \$69,000
1990 58 Baron	- \$78,000	1982 Cessna 414	- \$119,000
1982 58P Baron	- \$82,000	1982 Cessna 421	- \$76,000
1982 Beech Duke	- \$117,000	1981 Piper Aztec	- \$14,000
1981 Cessna 310R	- \$35,000	1990 Seneca III	- \$52,000

Turboprops - - One more quarter of strong gains and the King Air B200 market will have recouped all losses since the top of the market in 1999. Conquest IIs are not that far behind either. Again, condition and prices vary widely. A rough, runout King Air E90 can be below \$500k. Another serial number of the same year with zero since overhaul and fresh P&I, can be way above \$800k. They were all created equal, but that was 30 years ago.

Current \$ Amount Below Peak of 1999/2000

1985 King Air C90A	- \$190,000	1985 Ce Conquest II	- \$95,000
1985 King Air B200	- \$45,000	1980 Cheyenne II	- \$120,000
1985 Ce Conquest I	- \$145,000	1978 TC 690B	- \$175,000

Jets - - Aggressive prices and cautious buyers. The question is, are they *too* aggressive, or *too* cautious? The waiting list for new Falcon 2000EXs, 900EXs, Gulfstream G550s and the Bombardier Global Express stretches out to the end of 2007. This is keeping strong upward pressure on the large cabin, late model, pre-owned jets. Prices for G-IVSPs, G-Vs, Falcon 900s, 2000s, and the Global Express jumped more than \$1M during the recent quarter. Too cautious buyers in this market don't get to own an airplane. Amazingly, all of the airplanes in our study remain well below their record highs set in 1999 or 2000. As prices move up on the later models, the focus often shifts to older airplanes. A 2004 Falcon 2000 is not old enough to have too many blemishes, but there can easily be a \$3M delta between a ragged, runout 1986 G-IV and one with fresh overhauls and new interior.

After a brief pause to ponder the effects of the worst hurricane season in U.S. history, activity has resumed. It is strong, though not the frantic pace of last quarter. The light jet market is stable. CJ2s are very hot. Late model Citation IIs are up. Early models remain plentiful. The Lear 35A is back on the radar, but don't expect early models with 10,000 hours and no RVSM to sell very easily. In the mid-size market, Citation IIIs, Hawker 800As, and Lear 60s are selling – the 800s are up in value. Citation Excels remain one of the best markets. The freefall of Citation X prices appears to have stabilized.

Most operators in the turbojet market are just happy to have a market. Unbelievably, these older jets – Lear 24s, Hawker 1As – are still being traded, even though many are restricted to FL290 and below.

Current \$ Amount Below Peak of 1999/2000

1991 Beechjet 400A	- \$1,450,000	1990 Falcon 50	- \$4,200,000
1990 Chall. 601-3A	- \$5,300,000	1990 Falcon 900	- \$4,550,000
1993 Ce CitationJet	- \$580,000	1985 Westwind II	- \$1,125,000
1990 Ce Citation II	- \$720,000	1990 Astra SP	- \$1,850,000
1990 Ce Citation V	- \$1,300,000	1990 Gulfstream IV	- \$8,100,000
1988 Ce Citation III	- \$2,300,000	1991 Lear 31A	- \$400,000
1992 Ce Citation VII	- \$3,100,000	1992 Lear 60	- \$2,300,000
1982 Falcon 10	- \$1,125,000	1990 Hawker 800A	- \$2,500,000