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New and pre-owned bizjet prices rising

The business jet market is now entering uncharted territory with prices rising for both pre-owned and new aircraft simultaneously.

As we reported last month, industry analysis shows that less than 5% of the pre-owned fleet is currently for sale. This historic low level of available stock has been met with a historic high level of first-time buyers drawn to business aviation as a more reliable alternative to commercial aviation during the Covid pandemic. These two factors have shifted the sector decisively towards a 'seller's market' with a substantial attendant increase in prices.

This price increase in the pre-owned sector had not noticeably, until recently, impacted OEMs selling new build aircraft but, according to noted industry analyst Brian Foley, that situation is now changing. All major OEMs have recently recorded Q2 book-to-bill ratios of around 2:1 – in other words, twice as many aircraft being sold as compared to the number delivered.

"The number of used aircraft transactions have recently set all-time records, and the inventory to choose from has shrunk to just a third of typical levels. With few cream puffs remaining, buyers have nowhere left to go except to the new plane showroom," said Foley.

"Before raising list prices, manufacturers will first discount less, an amount that varies by make, model, and customer but is typically in the single-digit percentages. It's believed that this is just a first leg up in longer-term, steadily increasing jet prices as more buyers chase a limited airplane supply, all while being fanned by systemic inflation throughout the economy and supply chain. The industry is embarking on its first opportunity for firming up prices in well over a decade, pointing towards a long-overdue clear runway towards improved margins and prosperity."

Vista Global's "exceptional start" to 2021

"Private aviation is the critical mobility solution," said Thomas Flohr, founder and Chairman of Vista Global, which includes the VistaJet and XO brands, giving a market update and overview of its exceptional performance for the first half of 2021. "Vista has seen a record first half of the year across all metrics and is seeing huge demand for our subscription and On Demand-based offerings."

It has been an exceptional start to 2021 for Vista Global, which continues to focus on sustained growth and expansion, as the following highlights make clear:

- VistaJet sold more than 8,000 new annual subscription hours, an increase of 67% over 2020 and 41% over 2019
- Deposit members at US subsidiary XO grew by 82%
- Vista Global's On Demand services grew by 67% over 2020 and by 55% over 2019
- XO added 15 new aircraft in H1 2021 and VistaJet added four Global 7500
- XO is to establish a fleet of Cessna Citation XLS aircraft in Europe from this month

Messi move raises tracking concerns

The move by Argentinian football legend Lionel Messi to Paris Saint-Germain, after 17 seasons at FC Barcelona, was always going to attract huge worldwide attention, but the fact that his private flight to Paris was tracked in real time by almost 120,000 people has raised serious security and privacy concerns. As the news flow around Messi's departure gathered pace, it was straightforward for those familiar with apps such as FlightRadar24 and Plane Finder to identify the Malta-registered Bombardier Global 7500 aircraft (9H-VIB) operated by private flight provider VistaJet and find details about his imminent arrival at Paris LeBourget Airport on 10 August. The European Business Aviation Association made clear its concerns over security but admitted there was little hope for now of securing US-style aircraft registration number protection in Europe

Event cancellations

The Brazilian organisers of the Latin American Business Aviation Conference & Exhibition (LABACE) announced plans earlier this year to postpone this year's event from August to November, anticipating an improved Covid situation, has again been delayed. There will be no event this year and the next show will take place from 9-11 August as planned. Due to increased Covid cases on the continent, the 6th Aviation Africa Summit & Exhibition will also not take place this year and has been moved to 15-16 September 2022, in Kigali, Rwanda.

AVIATION SERVICES HUB:

Aviation insurance

Sovereign Insurance Services (SIS) is a fully licensed and independent general insurance intermediary, based in Gibraltar. The strength of the Sovereign brand combined with the expertise and experience of the SIS team has enabled it to build relationships with leading insurers throughout the world. With direct links to specialist underwriters based in London and elsewhere, SIS can provide wide-ranging bespoke insurance cover for owners of fixed wing aircraft and helicopters. The team further offers market insight, expertise and competitive pricing, together with efficient and professional claims' handling.

Specialist aviation insurance covers the full range – from public liability through to hull insurance for new or used airframes. The SIS team will quote on all types of aviation asset – from corporate jets and turboprops, general aviation aircraft and helicopters to FBOs, flying schools or commercial passenger or freight operators. SIS also specialises in areas such as kidnap and ransom insurance, which may be of interest to aircraft owners and operators.

UK RAF in the market for bizjets

The UK Royal Air Force currently has two aging BAe146 airliners that are equipped with VIP interiors for use by members of the royal family, government ministers and senior military staff. Both aircraft were delivered new in 1986 and the RAF is now looking to replace these aircraft with two pre-owned business jets. The aircraft must be under five-years old, have a range of 6,482km (3,500nm) and capacity for eight passengers. The budget is understood to be £30 million and the requirement is for the aircraft to enter service from March 2023. Likely contenders include the Dassault Falcon 2000, Bombardier Challenger 650 and the Embraer Praetor 500/600 series. The RAF is also currently using two Airbus A321N aircraft for long-range transport of senior officials under a five-year contract with Titan Airways, the London Stansted-based charter airline specialising in sub-charter, VIP and corporate travel.

NetJets and Wheels Up record 'unprecedented demand'

NetJets has "temporarily paused" all jet card sales covering its whole fleet in an effort to "prioritise the exceptional experiences we promise to deliver". The decision expands on last month's move, which covered only the Cessna Citation XLS and Phenom 300 models. All requests to join the programme will now be added to a waiting list at 2021 prices.

Reflecting similar market demand, membership charter service provider Wheels Up reported in August that active members had grown 47%, live flight legs had increased 146% and revenues increased 113% to USD285.6 million in Q2 compared with the same period last year.

Corporate aircraft news

Embraer Executive Jets marked a significant milestone when it made delivery of its 1,500th business jet – a Phenom 300E – to a Swiss client on 3 September. Its first business aircraft, the Legacy (originally 2000, then 600) which was based on the Embraer 135 regional commercial airliner, was launched at the Farnborough Air Show in 2000.

Adding to the air of celebration, Embraer also saw record sales by its executive jets division in the second quarter of this year. YTD revenues were just under USD2 billion, a 65% increase over the same period last year. The company delivered a total of 20 business aircraft in Q2 – 12 light jets and eight large cabin aircraft – an increase of 54% over Q2 2020. It is also forecasting deliveries of up to 95 units this year, an increase over the 86 delivered in 2020.

European regulator EASA has now awarded full type certification to the newest versions of Textron Aviation's Beechcraft King Air. Both the 260 and 360/360ER gained approval on 9 September, allowing deliveries of the models to begin to European buyers. Both variants feature the Collins Aerospace flight deck along with other enhancements and cabin upgrades.

At the end of August, Gulfstream Aerospace took its first new Gulfstream G700 (c/n 006, N706GD) for inspection by launch customer Qatar Executive, the bizjet subsidiary of Qatar Airways, which has 10 examples on order. The aircraft covered the 11,908km (6,430nm) from Savannah to Doha in 13 hours and 15 minutes, establishing the model's first city-pair speed record. First deliveries are expected next year following certification. The aircraft then flew on from Doha to Paris LBG.

Italy's Leonardo Helicopters is confident in achieving FAA type certification for its AW609 – the first civilian tiltrotor – after years of delays. It plans to complete the first production model by the end of 2021. The tiltrotor is designed to offer the flexibility of a helicopter with the high-speed, long-range cruise performance of a turboprop aircraft. The AW609 is based on the V-22 Osprey, which entered service with the US military in 2007.

Textron Aviation also marked a significant anniversary on 9 September 2021. It was 50 years since the FAA granted type certification to the Cessna Citation 500, creating what has become one of the largest and best-selling families of business jets. The first Citation – known then as the FanJet 500 – was delivered in January 1972. The OEM has since produced some 7,831 Citations, which have in turn amassed more than 40 million flight hours.



AIRCRAFT FACT FILE \\\

Cirrus SR22



CATEGORY

Light single piston

MANUFACTURER

Cirrus Aircraft, USA

ENGINE

1 x Continental IO-550-N piston

LENGTH

7.92 m

WINGSPAN

11.68 m

RANGE

2,037 km

MAX. SPEED

344 kmh

SEATING CAPACITY

4

NO. OF CREW

1

MAXIMUM TAKE-OFF WEIGHT (MTOW)

1,542 kg

DESCRIPTION

The composite SR22 received FAA certification in 2000 and was a development of the SR20 – a single engined piston which had first flown at the end of March 1995. The SR22 offered a far more powerful engine, a larger wing, higher fuel capacity and increased range over its predecessor. One of the notable features of the SR22 is its equipment with a ballistic deployed whole-plane parachute – The Cirrus Airframe Parachute System, which can lower the aircraft gently to the ground in the event of an emergency.

The SR22 is the best-selling general aviation piston aircraft of the 21st century with over 6,500 units produced between 2001 and 2020. This market success is due largely to continuing investment in development of the marque by the manufacturer's Chinese owners. In early 2011, the company was sold by Bahraini investors to the Chinese general aviation manufacturer CAIGA. In 2017, the company introduced the SR22 G6 which features a host of upgrades including avionics and navigation lighting.