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Used aircraft market 'normalising' after two-year frenzy

The mood music from the International Aircraft Dealers Association (IADA) is clear and the message unequivocal – the used aircraft market is finally cooling slightly after the 'frenzy' of activity during the Covid pandemic.

Prior to publishing its Q4 market report later this month, IADA predicted that its members had completed more than 1,320 aircraft transactions totalling more than USD8.8 billion in 2022. This represents a modest fall against the 1,372 recorded in 2021. IADA's 52 accredited dealers are responsible for 40% of the world's pre-owned sales.

Another clear message from IADA is that bizav aircraft are no longer appreciating at the 'unsustainable rate' seen during the pandemic. The market is also seeing a marked increase in available inventory after the sharp decline created by huge increases in demand over the last two years. Russia's invasion of Ukraine had been a key factor in forcing many owners to place aircraft up for sale. China's 'zero Covid' policy, which closed off domestic and international travel, had also caused a sizeable number of bizjets previously operated in China to head to the preowned market in the US and Europe.

IADA chairman Zipporah Marmor said: "The signals that we're seeing from the broker-dealers in our group and our service providers are that the markets are beginning to normalise, and buyers are starting to become more rational. The frenzy of the last 12 to 24 months has calmed down quite a bit and we see this as healthy for our industry."

Belgium imposes taxes on short-haul flights

The Belgian government is to impose new taxes, from 1 April this year, on commercial airline flights and business jets operating services from Brussels Airport at Zaventem (BRU/EBBR). Currently, a tax is levied on the noise level generated at take-off and landing but smaller planes, such as business jets, have been exempt. The new system of duties makes taxes dependent not just on noise, but also on levels of air pollution and emissions, as well as the destination. Duties will increase for flights shorter than 500 km. Belgian Deputy Prime Minister George Gilkinet said: "Charges are also increased for aircraft that currently do not have a noise quota, namely private or business jets, whose pollution per passenger is much higher than scheduled aviation. The noise pollution suffered by residents living near Brussels National Airport ... cannot remain as it is." Business aviation represents 12% of all air traffic in Belgium, according to the European Business Aviation Association.

UK lobby group calls for charter flight tax hikes

A UK lobby group is calling for a tenfold increase in taxes on private charter flights in the wake of much-publicised demonstrations at bizav facilities in the UK and Europe last November. The Campaign for Better Transport (CBT) wants the UK government to increase Air Passenger Duty (APD) for charter flights and for business aviation to lose its exemption from 20% VAT and apply this tax to every bizav aircraft movement. CBT claims that bizav operations are between five and 14 times more polluting than commercial flights. The group wants increases in taxes to be used for improvements in public transport within the UK.

2022 - A record breaking year for bizav traffic

2022 was a record-breaking year for business aviation flights according to specialist analyst WINGX. A total of more than 5.5 million bizav flights were made in 2022 – 10% higher than 2021, 14.4% higher than pre-Covid 2019 and an astonishing 53% higher than mid-pandemic 2020.

Breaking down the figures by region provides some interesting insights and shows the relative strength of particular areas. North America recorded more than 2.8 million flights last year – just under 51% of the global tally. On the back of these figures, Teterboro Airport in New Jersey was confirmed as the busiest bizav airport in 2022. There were 600,000 bizjet flights in Europe last year – a 21% increase over 2021, 56% up on 2020 and 15% higher than pre-pandemic 2019. The rest of the world also reflected a 20% increase in activity over the previous year – a startling increase of 74% over 2020 and a striking 54% over 2019.

WINGX MD Richard Koe said: "December 2022 activity was down year-on-year but was still the second-busiest December on record and capped off a record year for global business aviation flights. The trajectory month-to-month has been downwards for the last six months in Europe, where demand may fall back to 2019 levels this year. The erosion from peak demand in the US has been more modest, and the market should sustain higher than pre-pandemic activity during 2023."

AVIATION SERVICES HUB:

Corporate ownership

Leveraging the Sovereign Group's wealth of experience in the provision of corporate services, RANA offers ownership solutions that are tailored specifically to aviation assets. We can recommend appropriate jurisdictions and corporate structures to provide asset protection, including tax and succession planning, as well as advising on the requirements and restrictions of particular registries. The carefully planned use of a company structure – or special purpose vehicle (SPV) – can provide a number of distinct advantages to the owner of private aircraft or other types of aviation asset. Access to corporate limited liability and enhanced levels of confidentiality are the most obvious, but a company structure can also provide significant potential benefits in respect of estate planning, as well as simplifying any future sale of the asset, resulting in savings of time and cost. Sovereign will establish structures in jurisdictions worldwide that are best suited to the owner's place of residence or domicile and the aircraft's registration and intended usage.

ACJ and BBJ eye Middle East opportunities

With the focus of the bizav sector firmly on the Middle East after last month's MEBA show in Dubai, both Airbus Corporate Jets (ACJ) and Boeing Business Jets (BBJ) have expressed their confidence in the region and its market potential for corporate airliners.

ACJ, the corporate division of the multinational airliner manufacturer, took an ACJ320 to Dubai for MEBA and said it expects to sell 15 ACJs in the Middle East over the next five years. Much of the positivity revolves around the new ACJTwoTwenty, the first example of which is expected to be delivered to a UAE-based customer by the end of Q1 this year. VVIP airliners, many operated by governments, represent a significant part of the Middle East fleet. Many of those aircraft are now more than 15-years old, generating optimism for replacement orders.

Like its European competitor, Boeing also sees the Middle East as a key market for BBJs – it displayed a BBJ2 (based on the Boeing 737-800 airliner) at MEBA. The disproportionate importance of corporate airliners is clear. Bizjets in the MENA region account for just 2.5% of the global total but 55% of those are very large cabin or VVIP airliners. The 98 VVIP airliners based in the Middle East represents some 25% of the global fleet. Boeing has a firm stronghold on the region; of the 44 government/head of state widebodies in the Middle East, 32 are BBJs. Boeing is keen to promote its range of larger airliners alongside its new BBJ Max suite of designs.

Airbus survey predicts increased use of bizav

A survey carried out by Airbus Corporate Jets (ACJ) in North America has produced a clear expectation that the use of business aviation will increase in 2023. The survey, which sought the opinions of senior executives of US entities with annual revenue in excess of USD500 million, found that 89% expect their companies to increase the use of bizav this year. Of this number, more than 25% believe it will increase by more than 50%. Just 2% expected usage to fall.

Unsurprisingly, there was increased preference for private travel after the Covid pandemic, but two-thirds of respondents also pointed to the increasing ease of making bizav more sustainable, allowing them to reduce carbon footprint on journeys. Sean McGough, VP for ACJ in North America, said: "Our research shows many senior executives want to make greater use of business aviation next year as they recognise the benefits of flying privately. However, this growth is also being fuelled by the improving sustainability record of the sector."

Corporate aircraft news

Savannah-based Gulfstream Aerospace is marking the ten-year anniversary of the Gulfstream G650 large cabin twin by noting that the aircraft holds more than 120 city-pair speed records and 557 examples have been produced to date. The G650 received FAA certification on 7 September 2012 and the first example was handed over to a US customer at the end of that year. The longer range G650ER was introduced two years later. In 2014 the design won the NAA Robert J Collier Trophy for "significant technological advancements in aircraft performance, comfort and safety".

In mid-December, just before this landmark anniversary, Gulfstream also announced that an example of the G650 was the first business jet to fly on 100% Sustainable Aviation Fuel (SAF). Currently SAF is approved as a blend of up to 50% with jet-A fuel. The 2.5 hour flight, from the OEM's facility in Savannah was carried out in conjunction with engine manufacturer Rolls-Royce. Gulfstream Aerospace President Mark Burns said: "At Gulfstream, leading our industry closer to decarbonisation is a long-standing priority, and testing, evaluating, and promoting new developments in SAF takes us another step closer to that goal."

Boeing 747-8 BBJ N458BJ was purchased back from the Saudi Royal Family by Boeing in 2022. The aircraft, which was delivered for interior completion in 2012, proved to be unwanted and the initial customer failed to find a buyer. Having accumulated just 42 flying hours, the aircraft was ferried to Pinal AirPark in Arizona and has now been scrapped. It is the first 747-8 to suffer this fate



AIRCRAFT FACT FILE \\\

Britten-Norman BN-2 Islander



CATEGORY

Piston commuter airliner/utility

MANUFACTURER

Britten-Norman, UK

ENGINE

2 x Lycoming O-540-E4C5 pistons

LENGTH

10.86 m

WINGSPAN

14.94 m

RANGE

1,398 km

MAX. SPEED

274 kmh

SEATING CAPACITY

9

NO. OF CREW

1

MAXIMUM TAKE-OFF WEIGHT (MTOW)

2,994 kg

DESCRIPTION

The BN-2 Islander made its first flight in 1965 and remains in production today. The 1,000th example was delivered in 1982, making the aircraft one of the best-selling commercial aircraft types ever produced in the UK and Europe. The Islander was designed to fill a ready demand for a utilitarian twin piston aircraft that could fulfil a whole host of roles – commuter airliner, air ambulance, surveillance, freighter and private aircraft – and operate from STOL fields. The Islander also found a ready market with a significant number of police forces and air arms around the world.

The UK CAA certified the BN-2 Islander in August 1967, with the UK FAA following four months later. The first Islanders were produced at Bembridge on the Isle of Wight. To enable the manufacturer to satisfy demand, over the coming years aircraft were produced in kit form in Romania for completion at facilities in Belgium. The aircraft's design has also been enhanced with different powerplants, cockpit avionics and cabin.