

Jets for Less

Thanks to the recession, prices of private aircraft are down 25% or more

By Jeff Burger

AS RECENTLY AS LAST YEAR, THE BUSINESS-AVIATION INDUSTRY was booming. Manufacturers delivered a record 1,313 corporate jets, 15% more than in 2007. Charter operators and marketers of fractional jet shares and so-called jet cards also witnessed high demand.

Then the economy nearly collapsed, causing companies that use business aircraft to scramble to cut costs. Last November, meanwhile, the CEOs of Chrysler, Ford and GM flew their corporate jets to Washington to testify before Congress about a taxpayer bailout. This public-relations faux pas led the auto makers to unload their aircraft, and companies like AT&T, Citigroup and Gannett soon followed suit.

The result: The number of used jets on the market has soared, and sales of new jets have plummeted. Dassault Aviation, for example, reported a "negative" \$1.5 billion in orders for the first half of 2009—negative because cancellations far exceeded new orders. NetJets, the leading provider of fractional jet shares, announced that revenue in the same period declined 42% from the first half of 2008.

All of this, of course, spells bargains for private-jet travelers intent on staying aloft. Some ways to save:

Downsize. Perhaps you were wowed a few years ago by the Gulfstream GIV's roomy cabin or the Citation X's speed, but realize now that you can get by without either. You can cut costs by replacing your jet with a smaller or slower one, or with a turboprop.

There's plenty of inventory to choose from, especially in the second-hand market. The average price has declined

from about \$6.9 million to \$5.7 million for a used Learjet 45, from \$8.8 million to \$6.3 million for a Citation Excel, and from \$17 million to \$11.1 million for a Falcon 50EX, according to Jetnet LLC.

Invest in a fractional share. If you can't own an airplane, this may be the next best thing. Providers such as Avantair, CitationAir, Flexjet, Flight Options, NetJets and PlaneSense will sell you a fractional share such as one-sixteenth of a plane, equaling 50 hours of flying per year.

With some owners bailing out before their contracts end, fractional providers are stuck with unsold flight time and are selling pre-owned shares at big discounts. "A one-sixteenth share in a NetJets Hawker 400XP that costs \$425,000 new might cost \$225,000 used," said consultant Michael Riegel, whose Nevada-based AviationIQ represents share buyers.

Buy a jet card. These give you guaranteed access to a fractional or charter provider's fleet with less commitment and lower upfront cost than full or fractional ownership. And the tough economy has forced marketers of the cards to pull out all the stops. Miami-based Air Platinum Club offers a 15-flight-hour deal that also covers 20 days' use of the company's exotic sports cars, 15 days on its 50-foot yacht, eight days on its 80-foot yacht and three weekends in its luxury condo. The price is \$163,000 if you opt to use the flight hours on a Gulfstream GIV, or \$198,000

if you pick a Gulfstream G550 or Bombardier Global 5000. U.K.-based Air Partner, meanwhile, is touting a 10-hour Winter JetCard for skiers who need less flight time than the company's regular 25-hour jet card provides. For a mid-sized jet, the price is 72,400 euros, or \$108,343.

Charter a jet. When you charter, you don't have to worry about any commitment beyond the flight you have paid for. Plus, you may be able to save a bundle these days. While many posted hourly charter rates have actually risen slightly over the past year, those increases have often been offset by steep declines in fuel surcharges. The average hourly fuel surcharge for a flight on a Gulfstream GV has dropped from \$1,286 last year to \$325 this year, according to CharterX, a business-aviation marketplace. What is more, operators are reportedly not sticking to their published rates for flights, and many are selling bargain-priced "empty legs." These are the flights, normally passenger-free, to return an aircraft to its home base following a paid one-way trip.

Buy a seat. Why buy a whole private jet when a single seat will do? That's the pitch from several companies offering single-seat prices on private jets. Beverly Hills, Calif.-based Avion Private Jet Club, for example, charges membership fees and annual dues of \$20,000 and \$10,000, respectively, plus \$7,700 for one-way flights between Los Angeles and New York. CoGoJets works with a wide variety of charter operators and advertises prices as low as \$500 an hour per seat. For a ride on a private jet, prices like that are hard to beat. ■

Now boarding:
For those who like to fly privately, there are bargains to be had in fractional shares, jet cards and used aircraft.

