

# “V” For Victory

**W**ouldn't it be great to declare victory over this economic downturn? Who among us would like to say it is over and return to the days of old?

Many would trample each other to get to the microphone to make that declaration.

Unfortunately, it is a little early for that comment; however, it is not too early to recognize some of the positive changes that are taking place in our market. There are some good things to start to talk about - such as the sales that are occurring. These sales are not to be mistaken for a rush to recovery, as they are the simple beginnings of one.

Thus, I would dedicate this article to the “New, New Normal”!

We all enjoyed what we thought was unending success in 2007 - thirty buyers for one plane, five year backlogs, and premiums being paid with values skyrocketing. Then along came 2008 and everything changed. All of a sudden we looked around and saw thirty planes with no buyers, falling values, and eroding backlogs. The illusion of unending success came to a screeching halt - the “New Normal”. We suffered weak sales, deals that constantly fell apart before closing. Every thing that could go wrong did go wrong.

Now, I see things changing ever-so slowly, but changing nonetheless. I am starting to see Sellers acknowledging the sweet spot for asking prices. I am starting to see Buyers having the confidence to step forward and buy. The number of deals that get to contract and actually close are increasing. In almost all categories of aircraft there is a slight up-tick in activity, though prices are still down. In fact just like the thought of rising interest rates might slam on the brakes for our overall economic recovery, any slight firming of prices among aircraft sellers would also put on the brakes for our industry recovery as well.

There are no indicators that give credence to prices rising. Inventory levels, although stabilizing, are still remaining too high to draw a new value proposition between supply and demand. Lenders are still not providing the broad-based support to the borrower to allow for great numbers of buyers to return to the market place. There is a lot we as an economy and as an industry must over-

come before transformation takes place. But it has to start somewhere, and it feels better today than it did in the preceding 15 months.

During that time, we as an industry were at a complete loss as to what the depth of the downturn was, or when we would reach the bottom and what would be left when we got there. Would all of the manufacturers be there? Would the optics of our industry be so tarnished that no one would be on the radar screen? We may not have all of the answers yet, but there is more clarity today than in past months.

The manufacturers, although still reporting very sluggish sales of new aircraft, have worked diligently and under the worst, most painful odds to reduce production and keep whitetails from cluttering their ramps. I applaud them all for maintaining their product integrity. Thank you.

As far as the optics of business aviation being beyond repair...sorry, to all those that thought that would happen, but our industry and its owners, operators and beneficiaries are all too strong, proud and important to the overall economy to have that happen. The wonderful trade associations that support all facets of our industry have pulled together with their individual and collaborative programs and have succeeded in revitalizing our purpose for all to be proud of. This battle is not over, however, we are winning and there is a much longer life ahead. Thank you to all who have helped breathe life back into our

collective livelihoods.

So, as I think back over the recent past to all of the thoughts and questions that came up: Are there any real buyers? Could prices really be this low? Can I just

wait this out? I am proud to say I have much better answers today for everyone. Yes, there are buyers. Yes, the prices have fallen substantially, but they are stabilizing at what now may be considered a bottom. If waiting for this to occur has been the tipping point for you as a buyer or seller, now is the time to revisit the market. Having confidence in being at, or close to bottom allows the transactions that occur at this level to help us all to step into the market with renewed optimism and hope for the future.

My vocabulary is now changing to the “New, New Normal”. My excitement is being renewed about the aviation industry, and I am declaring a market that is responding positively to change, and this is a “Victory”.

If you have been afraid to look at the “New, New Normal”, open your eyes and see the rays of hope. It may take years for prices and transaction levels to rise to those we saw in 2007. We have a tough road ahead. Some say the changes we are experiencing will result in a smaller and less robust industry. I believe this may be true of our entire economy for the foreseeable future, but believe me this state is far better than having no industry at all.

The changes that are occurring are new beginnings that we get to step into together so that we may all succeed. I think I am going to like the “New, New Normal”.

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