

# Oddities In Nomenclature

**I**t is well worth discussion of some of the market description oddities that a buyer should be aware of. For example, I see ads or receive calls all the time stating that the airplane being advertised is a “pocket listing”, an “off market” offering, a “non-exclusive listing”, or promising the buyer “limited exposure”. I am always puzzled in this supply-rich environment about what it is really hoped can be accomplished with these strategies.

Are these terms representing a seller wishing to maintain their anonymity? Is the pitch coming from a broker that may not really have a clear mandate to sell, but is on a mission to fish around a market to see if there may be a buyer who is not really aware of real market conditions? In reality, I do not see this “Off Market” designation as serving either purpose. In fact that is the very reason real sellers hire brokers to represent their aircraft. They want to seek qualified buyers by allowing a buyer to know for certain that they are engaging with a real seller. Anonymity can easily be attained with the added layer of professional representation.

The institution of brokering is not easy on a good day: When there was a much more robust segment of dealers, rather than brokers, the dealer who actually owned the aircraft (rather than having a listing to sell it) had much more control of at least one side of the transaction. In the world of brokering, so often the broker with the listing may not have the control to create a transaction with a satisfactory conclusion. Adding the mystery element of the “Off Market” may be even more confusing and make a buyer more cautious than an already complicated transaction can really withstand.

One of my other favorites is the promise of “limited exposure”, which is essentially used to announce that an aircraft is being promoted to a select group of people. If only I knew how to find just the right buyer to talk to for any one airplane, it would make this process so simple! One thing this process is not is simple. To say it is simple would be like me saying that if we sell around 25 to 30 airplanes per year I only need to work 25 or 30 days per year. We would of course work 365 days a year to find that group of buyers and sellers to make our annual numbers. There is

just no magic to bypassing the incredibly complex job of finding and then putting qualified buyers and sellers together.

Buying aircraft that are on foreign registries is another very complex process. Not many registries worldwide provide the clarity to lien status or ownership as our FAA does. Many foreign registries do not record ownership, they merely record operators. Others do not comment on lien status, so unlike our FAA when an aircraft is deregistered the recording country or jurisdiction will not guarantee that the aircraft is free of encumbrances. Therefore there is no opportunity to provide certainty of a contract with the ultimate owner and no way to know if it is lien free, and this pushes the buyer into contemplating the need for Title Insurance. This is nowhere near as good a solution as buying from a country that provides certainty in these two critical areas.

Another area of complexity is brought about by the idea of a “non-exclusive listing”, which is almost an oxymoron. Either there is a listing or there is not. Either a seller or buyer has hired someone to lead this charge or they did not. Worse is the question of ‘is there a real seller or a real buyer?’

If one removes for a moment all the guff surrounding market description, real buyers and real sellers will find a marketplace that is actually netting real transactions. 2012 was not a bad year for transactions. Actually, let me qualify that by saying it was a good year for those market segments that have reset their price expectations. Those segments that have not adjusted their expectations are still languishing, and are not moving. It takes a real trust in the numbers that are available to us all to be able to lead the parade and adjust and reset your pricing as a seller. Once accomplished, the aircraft you have for sale will sell.

- Don't be afraid to shout the opportunity from the rooftops.
- Don't be afraid to put your aircraft front and center into a market.
- Let your broker list it with a serial number and registration number.
- Don't be afraid to have the market buzzing about your airplane.

Without the buzz and the chatter it will never sell. It will almost always lag behind

those listings that are priced correctly and advertised in all the usual places. There is nothing wrong with advertising in publications and websites where all the other airplanes are listed. In fact if I were a buyer of any type of product I would first go to the resource where the most products are listed. There I can begin to differentiate between the real offerings and the opportunistic offerings. I can begin to build my shortlist without the fear that I have missed an obscure, quiet listing.

2013 will be a good year for buyers and sellers. I think pricing will remain down, and that is good for buyers. And sellers who are really ready to sell will find buyers. The secret for selling in 2013 is the same secret that has been around for years. Price!



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