



(From left to right): Andy Weibel, Technical Director; Adam Mesinger, Director, Business Development; Sandra Mesinger, CFO; Jay Mesinger, CEO, President Et Founder; Josh Mesinger, Vice President; Ruth Bushard, Account Manager, Mesinger Jet Sales.

Mesinger Jet Sales

Market perspectives from a two-generation leader in aircraft sales.

Interview by Mike Potts

The leadership team at Mesinger Jet Sales recently sat down with *World Aircraft Sales Magazine* for a discussion of the trends and market forces impacting the pre-owned jet marketplace today. Based in Boulder, CO,

Mesinger Jet Sales has been serving buyers and sellers of pre-owned business jets for almost 40 years.

Now at the beginning of a re-branding effort that reflects greater emphasis on the team central to this respected company, the Mesinger Jet Sales team members

offering their perspectives included Jay Mesinger, CEO, President and company founder; Josh Mesinger, VP; Adam Mesinger, Director of Business Development; Sandra Mesinger, CFO; Andy Weibel, Technical Director; and Ruth Bushard, Account Manager. >

MESINGER JET SALES INTERVIEW

WAS: What are the biggest changes you have seen in jet aircraft over the last 39 years, and how have they affected the market?

Jay: The equipment has evolved dramatically. Today the aircraft have much more efficient engines. Back in the late 1970s a pure jet engine like you had in a Lear 24 burned a lot of fuel, made a lot of noise and didn't have great range. Today we have far more efficient engines that allow for greater range and are much quieter.

The cockpit technological advances we've seen in the same period are overwhelming. Today you can buy a Garmin unit for an inexpensive piston airplane that rivals what was only available in the more sophisticated jets two decades ago while costing hundreds of thousands of dollars.

The regulatory changes that will be implemented over the next several years are also instigating huge changes in the advancement of avionics which will result in more efficient use of airspace and routing, and consequently greater efficiency.

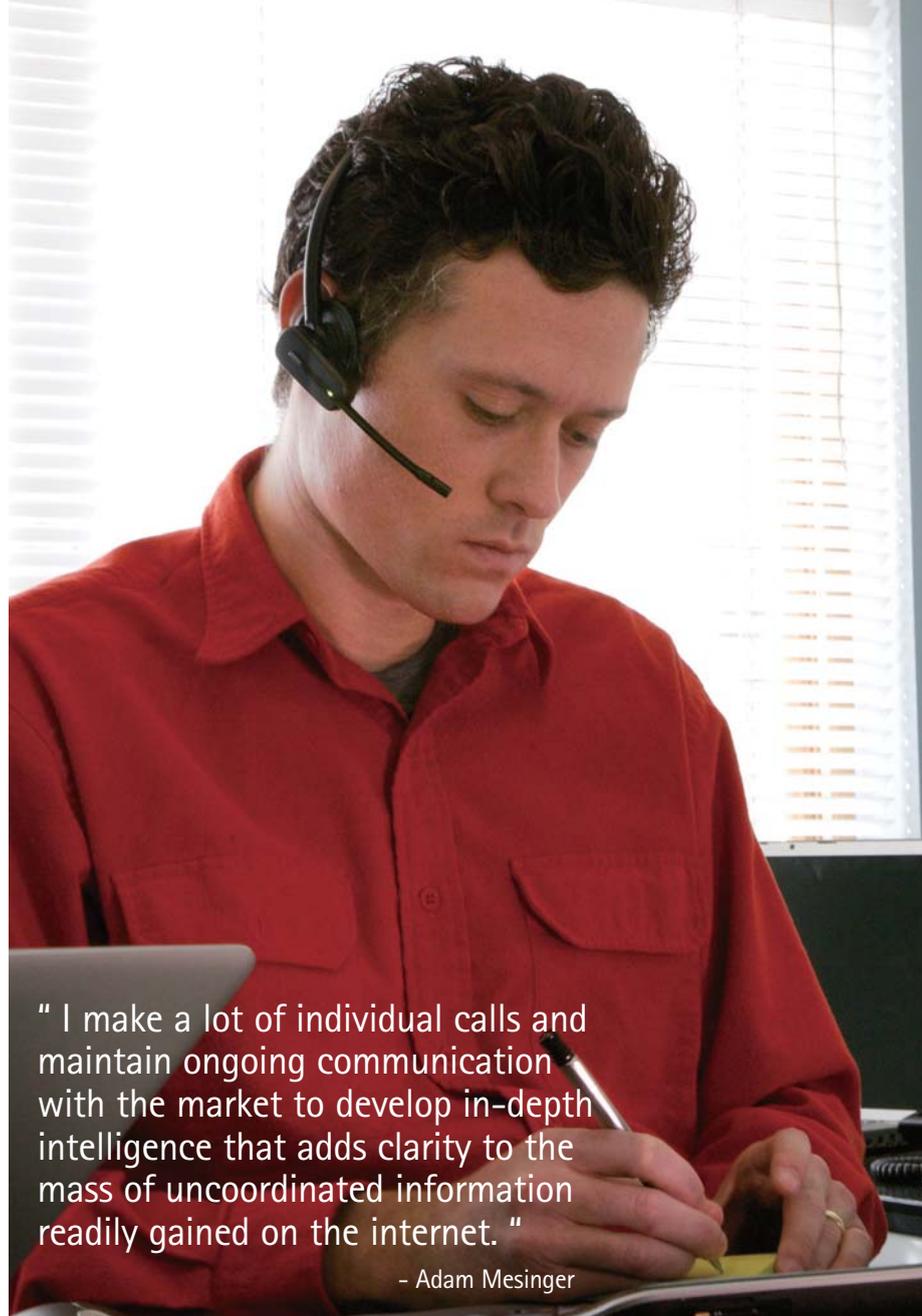
Josh: Another dramatic change that's really happened in the last five to 10 years is the evolution of connectivity in the cabin. Today, when an executive gets in an airplane he or she is never out of touch. We used to think of an airplane as a way to get you from A-to-B more quickly and efficiently than any other form of travel, and that was amazingly positive. Today you not only go from A-to-B, you do it without ever being out of real-time contact with your office and your customers. It's a huge step forward in adding to the efficiency of the airplane as a business tool.

WAS: How has the role of the aircraft broker evolved in that time?

Jay: In a very positive way. Our industry has matured, and with it the role of the aircraft broker has evolved into a very professional and important position. This has become a much more sophisticated business. Deals aren't done on a handshake any more, and they shouldn't be. Handshakes are great, but it's not what you should do to memorialize a multi-million-dollar aircraft transaction.

It should be a thoughtfully memorialized process in a well-established contract between two knowledgeable aviation attorneys with the help of two knowledgeable aviation brokers, one on each side. Today more than 90 percent of the deals I'm involved with have representation on both sides. That's a good thing. That's why deals get made today.

WAS: There's more information available than ever for aircraft buyers and sellers. Why is professional representation still needed?



Jay: Professional representation has never been more important than it is today. There is an enormous amount of information out there from institutional sources like AMSTAT and JETNET, but the buyer still needs to make sense out of all that information. And just because the information is available, doesn't mean that all of it is accurate or meaningful - buyers may be enormously sophisticated, but they still need help in being knowledgeable about the markets.

Adam: One of my roles is to keep abreast of the market by heading up our market research department. In the raw data available on the internet or in some aircraft advertising, there can be a lack of market detail on critical information such as the seller's motivation or pricing guidance derived from the institutional products available.

I make a lot of individual calls and maintain ongoing communication with the market to develop in-depth intelligence that adds clarity to the mass of uncoordinated information readily gained on the internet. This process adds significantly to the value we bring to our clients.

Jay: When I started this business, I had a differing opinion about how I could create value. I knew we were never going to stop this information flow. Instead, I saw that we needed to help people understand what they needed to know in order to make a fair deal. All this information was out there, but that didn't make it valuable.

I built a business not out of trying to suppress information but on how to sort it out and make sense of it by adding a level of intelligence to how it is interpreted and used. ➤

MESINGER JET SALES INTERVIEW



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- Josh Mesinger

by our clients. Today, dealing with international markets and global transactions, there is ever so much more information that you need to know and understand to conduct a successful aircraft transaction.

WAS: Across four decades of business, you've seen a lot of up-and-down markets... How does the recent downturn and current recovery compare to past cycles?

Jay: Like the previous downturns we've experienced, this one began with an economic recession. But I've never seen such a 'perfect' storm as we've had in this one. Three elements came together that have caused this downturn to be deeper and to last longer than any we've seen in the past.

First was what happened in the banking industry, which has changed dramatically the buyer's ability to finance aircraft, and that really hasn't gotten much better. I've never seen a downturn that didn't have robust lending component as a part of the recovery.

Second was what happened to the industry's reputation. When the three automakers went to Capitol Hill and testified, what that did to the optics side of owning and operating an aircraft was unprecedented.

The third factor is the global market, which drove the bull market we experienced in the early part of this decade, but we're paying for that now. And as a result of this 'perfect' storm, we are about to enter the 25th consecutive quarter of downward trend in used aircraft pricing.

Sandra: Many of the elements necessary to support a recovery in our industry are in place today. The stock market is up and the US real estate market is doing much better. Many businesses also have more cash than they've ever had before. As a result, we are seeing the greatest market activity from buyers in the United States, which is a shift from what our industry experienced over the last several years. But we still don't have a robust lending environment and there's still a lot of used inventory.

The overall economy is still not perceived by all as being stable, and these factors are keeping our industry from experiencing a full-fledged recovery so far. But it will come. It always does.

WAS: Business jet use is still getting some bad press and has become something of a "political football" recently. What can owners and operators do to improve those perceptions?

Jay: Everyone in our industry needs to be proactive in promoting the advantages of Business Aviation and the important role it plays in our economy. We do that by owning and operating business aircraft responsibly and by communicating with our elected officials to tell them how important Business Aviation is to our companies, to our communities, to our states and our country.

We need to create a more positive set of optics and not be afraid of telling people about it.

WAS: Will the new and pre-owned jet markets

ever return to their pre-recession levels?

Josh: I think what we'll see is that the speed of market depreciation will return to a more normal pace historically experienced in our markets, as opposed to one driven by the economic uncertainty that we have seen in the last several years.

I do not believe that values will ever go back up to what they were pre-recession. Some aircraft types, particularly newer, well equipped models, will hopefully see a bump in value, but most will hopefully just stop going down as rapidly.

WAS: Earlier, you mentioned the increasing complexity of today's aircraft transaction... Why is that happening?

Jay: One of the biggest areas of complexity has come as a result of international transactions, where it can be difficult to determine who actually owns the airplane. In the US the FAA tracks ownership of aircraft, liens or encumbrances against the aircraft. Many foreign countries do not track ownership and they don't track liens. That creates a huge complexity that we never had to deal with when we only bought and sold aircraft in the US.

Other reasons are the size of the transaction, the sophistication of the participants, and the knowledge of the details that need to be contracted that used to be ignored.

WAS: How has globalization and the opening of new markets changed the landscape for aircraft >

owners? How has it changed your business?

Jay: Globalization has changed the landscape significantly, both for owners who are operating in other parts of the world beyond the borders of the United States, and for buyers or sellers who are contemplating the purchase or sale of an aircraft to a foreign country. The key areas operators need to be aware of are regulations and maintenance. Many of the maintenance services that are routinely available in the US can be difficult or time-consuming to obtain overseas.

Adam: Without the recordation and tracking of the fleets internationally, keeping accurate track of foreign transactions is also very complex and takes extra care to understand.

Jay: To properly represent the buyer in this worldwide market, we've got to understand where they plan to operate the airplane, and whether it has all the equipment it needs to fly legally in that environment. We look at the maintenance it's had, its equipment, and its records.

Then we work with our clients' flight departments or management companies to have a conformity analysis performed. We need to know with certainty that we can get it exported from where it is and get it imported to where it's going. We determine what inspections have to be done and whether any equipment has to be added. Then we've got to be able to say to the buyer, "here's what it's going to cost you to do that".

WAS: How has the role of the broker changed, and what have all of you done to embrace it and benefit your clients?

Andy: A large part of our job is managing information. We assemble it; sort out what is and isn't relevant; communicate it; and disseminate it. That's what people are paying us for and what they look to us to accomplish. We do that by a thoughtful analysis, and by being hands on. We are not doing it from behind our desk. We get out and physically examine the airplane and all the records.

So many people in this business will ask, "Do you have a spec sheet from when you bought it? Give me the current times, tell me if you've painted it, changed the colors or added any equipment." They don't know if what they started with was correct, so they may be continuing to misrepresent the airplane because their basic information wasn't accurate to begin with.

We send a technical team to the airplane and build our own spec sheet. We confirm everything. That's an important factor to help a buyer understand what he's getting,



and to keep a seller from having to renegotiate because the buyer subsequently determined that something wasn't right.

Ruth: Once we understand the aircraft we are selling, we build a specification sheet and a complete marketing package that we not only post on our website but also place on many other internet services. Keeping these services updated monthly with accurate times and maintenance changes is a critical part of helping a sales process to remain relevant.

Josh: If you're a buyer, we go through the airplane before we ever introduce it to you. That way, when we do present it to you, we can say with confidence: "It has this, it doesn't have that, and it is what the seller says it is". We understand the history. We are intimate with the details, so the buyer can have confidence in what they're getting.

We stay involved throughout the entire process, from working out the initial letter of intent or purchase agreement, through the pre-purchase inspection and the final details of the contract.

Adam: We also work with our buyers to understand what programs they should or shouldn't purchase, depending on the airplane and their mission profile. Do they want an engine program or an avionics pro-

tection program? We provide them with the information to help them decide.

Finally, we're there at the closing, to make sure the documents they are being asked to sign are correct and accurately match the deal that we've negotiated.

WAS: You are changing the name of the company from J. Mesinger Corporate Jet Sales, Inc. to Mesinger Jet Sales. What's that all about?

Jay: Our organization has evolved considerably since it began in 1982. This is a re-messaging that more accurately reflects who we are today. It is also more representative of the company going into the future.

With my sons Josh and Adam being in the business now, and having a complete team more than just myself and an assistant, we've taken a new name that is easier to say, and is more indicative of who the players are. It is not a signal that I'm about to retire or become less active. Instead, it's all about becoming a bigger and more inclusive organization.

We are modernizing our look through a new logo, new colors, a complete re-design of our website and a new advertising campaign. The new name, new look and new feel will be introduced at the NBAA Convention in Las Vegas, NV.

➤ More information from www.jetsales.com ■