

# It's Time to Look for the Best Airplane 'For Sale' (...and pay more for it)

**S**ince 2008 we have been so focused on buying a cheap airplane cheap (as opposed to buying a great airplane cheap) that it could easily elude us that we are at that point of a recovery and should be thinking about paying slightly more for the perfect airplane if it fits our needs well.

I am not suggesting that prices are going to start to rise imminently; in most cases prices are still slipping. I am suggesting that if you are on the hunt for an airplane and find one that is configured, modified and cosmetically just the way you want it you would be wise to consider its value, and not miss out on it for the sake of a few extra dollars.

As an example, imagine that you need a 16-seat interior, and most of the market offerings you see have 12 seats - then you find a sample with the perfect configuration. Buy it! To make the needed modifications to reconfigure one of the 12-seat offerings as a 16-seater could cost upwards of one million dollars. If you can find one readily configured, and you can buy it for some percentage below the additional one million dollars required to reconfigure another model, then pay it.

Of course, the correct configuration is just a part of the due diligence needed for the purchase of a great value airplane, but it is a significant start. Similar logic applies to the avionics that may already be installed in one of the aircraft you're considering. If you could pay 50-70 per cent of the cost that you would have to pay retail for installation of those avionics in another model, the smarter buy would be to pay slightly more for the airplane ready-equipped than buying the unequipped one cheaper, but then purchase the avionics modification additionally.

There is always an airplane on the market in every category that shines. Especially if it has a combination of extras and value-adds. For instance, let's say it is the lowest-time one 'For Sale' and this model also has exceptional cosmetics, more cockpit mods than the competition and a terrific pedigree and excel-

lent logs and records. Let's imagine that this combination of items just happens to be exactly what you are shopping for. Then it is time to really be smart about the value of this combination of items.

In the very recent past you would lump all these benefits together and still compare the price offered to the last sale or two that was transacted within the category, and you would also look at the dropping price trends. This would lead you to not take into consideration the real benefits that the aircraft has to offer. Indeed, depending on the circumstances of the seller, you might have bought the airplane without any consideration of the benefits. That was in a strictly price-driven market...

I have been reporting lately on the look and feel of a recovery. I always say that one of the first things to happen is the differentiation between buying a cheap airplane cheap, and getting a great airplane cheap. Next comes the phenomenon I am describing here: the price advantage for the great airplane, as well as the timing advantage of selling one of these exceptional airplanes as a stand-out against the backdrop of the mediocre airplanes.

Of course, no single exceptional plane will pull a market out of a slump - and trends may still be down - but I do think the time has arrived that the exceptional airplane should begin to be judged in a different light. Taking an airplane apart metaphorically into its constituent parts, valuing those parts, then putting it back together again will help you to not lose the perfect airplane.

On the other hand, if the airplane has things you don't need, then I am not suggesting you jump in and buy it, paying more than you need to. This logic should only be applied when that perfect combination becomes available, just when you are looking to purchase.

The above logic is especially important when you are buying a legacy edition of an airplane - such as a Gulfstream GV, Falcon 2000, Challenger 604 or Falcon 900 series.

They may not be the current production aircraft, and obtaining lending may be more

problematic than for a newer, in-production airplane, but it is often within this group of aircraft that the real gems can be found. For example, in the 604 market in January of 2013 there were 66 Challenger 604s listed for sale and by April 2014 that number had shrunk to 35, of which 13 were listed as having a deal pending. You will find similar fleet phenomena in the Falcon 2000 markets and others. If you look at what has sold it is the great airplanes selling cheap, not the mediocre ones selling cheap.

What comes next is that as new airplanes are listed 'For Sale' in a thinner market, the sellers will seek to build the benefits of their particular airplane rather than first just try to build price as the only motivator to a buyer.

Let me conclude with a caution about trying to add too much value in price to the benefits. This needs to be done in baby steps. If you try to add one million dollars in benefits to the aircraft, as a seller you will lose the value-add to the buyer. It is not too early in our recovery to sell benefits and expect to get some percentage higher than the airplane that cannot boast that difference. But this new phase to the recovery is still at a relatively delicate stage.

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