

# FLY BY



## 3 MINUTES IN THE PRIVATE JET MARKET

Top Selling Pre-Owned Jets in 2019 • Top Buyers in Europe •  
What You Need to Know about Re-registering Your Jet • Factors  
Limiting Your Aircraft Search • The Impact of Brexit

# 57%

Increase in pre-owned Gulfstream G550s for sale since the G600 was certified in June 2019.



Percentage of Citation Excels sold in 2019 enrolled on an engine program.



Increase in aircraft registered in the Central and Eastern European region in 2019.



Planned size of Gulfstream's new MRO facility at Farnborough Airport making it their largest facility outside the USA.



# 23.12.2019

First Embraer Praetor 500 was delivered. It went to Flexjet in the USA.



# Navigating the Unknown

As we all know Brexit has officially happened. The one resolution of the question of 'when?' has been replaced by the thousands of questions of 'what now?'. We frequently field questions from our clients asking what affect Brexit will have on them and their aircraft or what should they do to protect their asset's ability to fly freely and easily in and around the EU.

The best answer we can give is, unfortunately, no one knows right now. While Brexit has officially occurred in name, the reality is that while in the transition period for the rest of 2020 everything will continue as normal until the respective governments figure out the new series of relationships between the UK and EU. This is currently scheduled to occur by 31 December 2020. As a result, we advise our clients to do nothing in the short term as it is impossible to understand how to navigate new rules that have not yet been written. Until the new reality is decided, or until 31 December, UK registered aircraft will be able to fly into and out of the EU as they have done.

Personally, I believe that the final agreement with regards to aviation will keep the UK as an EASA member state and its rules in compliance with EASA rules, similar to Switzerland and Norway. Unfortunately, the size of the private jet sector and its affect upon the larger populace is minimal and its fortunes will be tied to the agreements that are made concerning the airlines. Typically, charter operators are considered airlines from a legal standpoint, so what occurs to the main airlines will come to determine the fates of the private jet operators. We assume importation status that occurred prior to 31 January 2020 will remain unchanged, although

we do recommend that future importations should be routed through the EU itself. I like to believe that in moments of big decisions, cooler heads prevail. But the right choice from a logical standpoint and the choice that is made from a political one are often far removed from one another.

Since the referendum, we have not seen Brexit pose a hindrance to buyer appetite to purchase an aircraft. This is for clients both on the continent as well as here in the UK. Overall, macro-economic strength mixed with personal financial success and a desire for the comfort and convenience of flying privately trumps general geopolitical fears. Prices of private jets have resumed their decline following a brief stabilization in 2018 and early 2019, so once again the value presented by a private aircraft is extremely compelling. Ultimately, people will always need to travel and the allure and benefits of flying privately will be attractive for many decades to come.

Safe Travels.

Oliver Stone,  
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# Top Selling Pre-Owned Jets in Europe

**8**  
Sold

Citation Mustang



**7**  
Sold

Embraer Legacy 600



**6**  
Sold

Bombardier Global 6000  
Cessna Citation CJ2+



**5**  
Sold

Embraer Phenom 300  
Challenger 604  
Cessna Citation CJ4  
Dassault Falcon 7X



**4**  
Sold

Bombardier Lear 45  
Embraer Phenom 100  
Bombardier Global XRS  
Cessna Citation CJ3  
Cessna Citation II



Total Pre-Owned Jets Sold	2019	2018
Worldwide	2067	2257
Europe	152	192
USA	1495	1563

# Top 10 Buyer Locations in Europe

Buyer Country	Number of Pre-Owned Jets Bought	Total Fleet Size	Fleet Change from 2018
 Germany	33	451	+22
 Austria	16	215	+10
 France	15	191	+18
 Malta	10	185	+15
 Isle of Man	9	267	-18
 Luxembourg	8	67	+7
 Switzerland	6	92	+2
 Spain	6	69	-3
 United Kingdom	6	169	-16
 Italy	6	86	+12

# 3 Major Obstacles to Switching Jurisdictions

If you live in a European country and are buying an aircraft from the United States (or vice versa), you will have to register the aircraft in the country where you live or where your AOC is located.

Moving an aircraft between different jurisdictions, such as FAA in the USA to EASA in Europe, can get very complicated because each jurisdiction has different rules. Some countries have adopted the United States' FAA standards, but the European aviation authority, EASA, has kept its own certifications very separate. Before an aircraft can be registered in a country, it must meet the standards of that country to be allowed in. Below are a few items that will need to be investigated and addressed in an international import or export.



## Manufacturer Conversion Processes

Manufacturers will often make you go through a conversion process if you are bringing an aircraft from one jurisdiction to another. Some of these bulletins can take very little time to implement and minimal costs, while other types have no costs involved and no modifications to be made. However, certain models have a very lengthy and expensive process they must go through. For example, the Embraer Legacy 600 and 650 have to go through a conversion bulletin before they can switch jurisdictions that takes 90-180 days to write, another 10 plus days to implement and around 200,000-250,000 dollars. Speak to your broker about this as it is worth knowing at the beginning of your aircraft search how you could be affected by this.



## Avionics

EASA has certain requirements for aircraft with over 12,500 lbs max take-off weight. This is basically any mid-size jet and larger (Citation Excel series, Lear 45, Hawker 800 and 900 series). A flight data recorder and TCAS II version 7.1 are two of the main requirements that EASA mandates for this size aircraft. These are not a requirement in the USA. If you live in Europe and are considering a USA based aircraft, you need to ensure that the avionics equipment meets your country's requirements. TCAS II version 7.1 can be retrofitted without too much complication, although it is quite pricey. A flight data recorder however is much more complicated and requires a re-wiring of the whole aircraft to install sensors that record certain parameters of different components of the aircraft. This is a very expensive avionics addition and when purchasing a mid-size jet, installing a FDR is not economical.



## STC's

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An STC, Supplemental Type Certificate, is a document issued on an aircraft after a modification has been made to it. FAA STCs are not always accepted by EASA. If you are considering buying an aircraft in America or where FAA standards are held, you must ensure that the aircraft's STCs are also certified with EASA. Some modifications are done using non-STC documentation which is almost never accepted by EASA. Getting foreign STCs approved by EASA, or for EASA to approve foreign non-STC modifications, is very time consuming and costly.

Some manufacturers build their aircraft "green", meaning without the interior, and will install the interior with STCs. The Bombardier Challenger series and the Gulfstream G200s are two examples of this. If the interior was installed for an American buyer with FAA STCs, a European buyer will have to ensure they have the right approvals to be able to bring the aircraft over and register it in their country. In general, the FAA will more readily accept most EASA work while EASA will most likely not automatically accept the work and will require a recertification.



As a buyer make sure your broker knows which registry you plan on enrolling your aircraft on once you've purchased it. This will ensure that you are looking at the most appropriate aircraft to meet your needs that will easily transfer over to your registry. While there may seem to be a large number of a certain type of jet for sale, only a few may be able to go onto your registry. This is definitely a key aspect when under EASA jurisdiction and with the majority of aircraft on the market being USA registered. As your broker researches specific aircraft, be aware that certain items may come up that pose problems such as STCs or an expensive conversion process. It may mean expanding your search to include different models than you had originally planned that can more easily and economically be yours.

# How Your Passenger Requirements Can Limit Your Aircraft Search

A very important factor in your aircraft search is how many passengers you want the capability to fly. In the super-mid-size cabin class and larger, different configurations will impact the amount of passengers you are legally allowed to carry. The Bombardier Challenger 604 and 605, for example, have the option of having a conference group or a divan and two chairs. One option provides seating for 8 passengers in the cabin and the other 9. If you want 9 seats in your Challenger, then you will have to get the divan seating arrangement.

Another specific example is the Bombardier Global Express which can either have an aft cabin with two divans or an aft configuration with one divan and two

chairs. The former seats 14 total in the cabin and the latter seats 12. The Gulfstream V and G550s have similar aft cabin options.

When you have set your mind on a certain configuration or a certain number of passengers, you could be significantly limiting the supply of potential aircraft to purchase. Some configurations like the Challenger 604/605 are about half and half on having the conference group or having the divan, so desiring one of these layouts or needing to seat the max number of passengers would not significantly impact your search. On others though, such as with the Global Express, only a few aircraft have the double divan configuration. If seating 14 passengers is very important to you, you will have to wait for one with the divans to come to market which could potentially be a long time.

Knowing exactly what you want in your aircraft can be incredibly helpful, but at the same time, if a certain configuration or a certain passenger capacity is one of the most important factors to you, there will likely be ramifications of time or money that will need to be accounted for during your aircraft search. Tell your aircraft broker your specific needs and desires so you can be prepared with what supply is available to you and other possible options to best suit your needs.

*“Most of our clients rarely ever use the max capacity they think they will. We recommend taking a good look at how frequently you actually need that max capacity and tailor your search from there.”*

**Oliver Stone**  
Managing Director



# The Importance of Understanding an Aircraft's Empty Weight

In all aircraft there are legal weight limits for certain events, such as a maximum take-off weight and a maximum landing weight. These weights are typically constant for all aircraft throughout an entire model type. However, a very important weight that varies for each serial number is the empty weight. **Empty weight is the weight of the aircraft itself without passengers, baggage, fuel or any of the items that vary flight to flight.** This weight can vary for each individual aircraft depending on items that are permanently installed in the plane, such as a large galley, a credenza, extra seats, heavy carpet or interior materials, or WIFI (which can be a surprisingly heavy system).

When an aircraft has a heavy empty weight, its range can be restricted when it is carrying a full cabin of passengers. We worked with a client who owned a Citation III and was bemoaning that he could not make it non-stop from his base in Texas to New York City when he had a full passenger load. When we investigated this because a Citation III should be able to travel this distance non-stop, we discovered that his aircraft had about a 450 pounds heavier empty weight than an average Citation III due to the interior installations on the aircraft. When the amount of weight an aircraft can take with full fuel is fairly limited anyway, those extra pounds can make a difference to your operational capabilities. Empty weight, especially in larger aircraft, can often vary by a few hundred pounds.

A heavier empty weight does not mean you should not consider an aircraft to purchase; it does mean that you need to be aware of how that weight will affect you operationally. If you plan to frequently fly with full passengers, the empty weight is a factor you need to be aware of so you do not find yourself having to make an extra fuel stop.

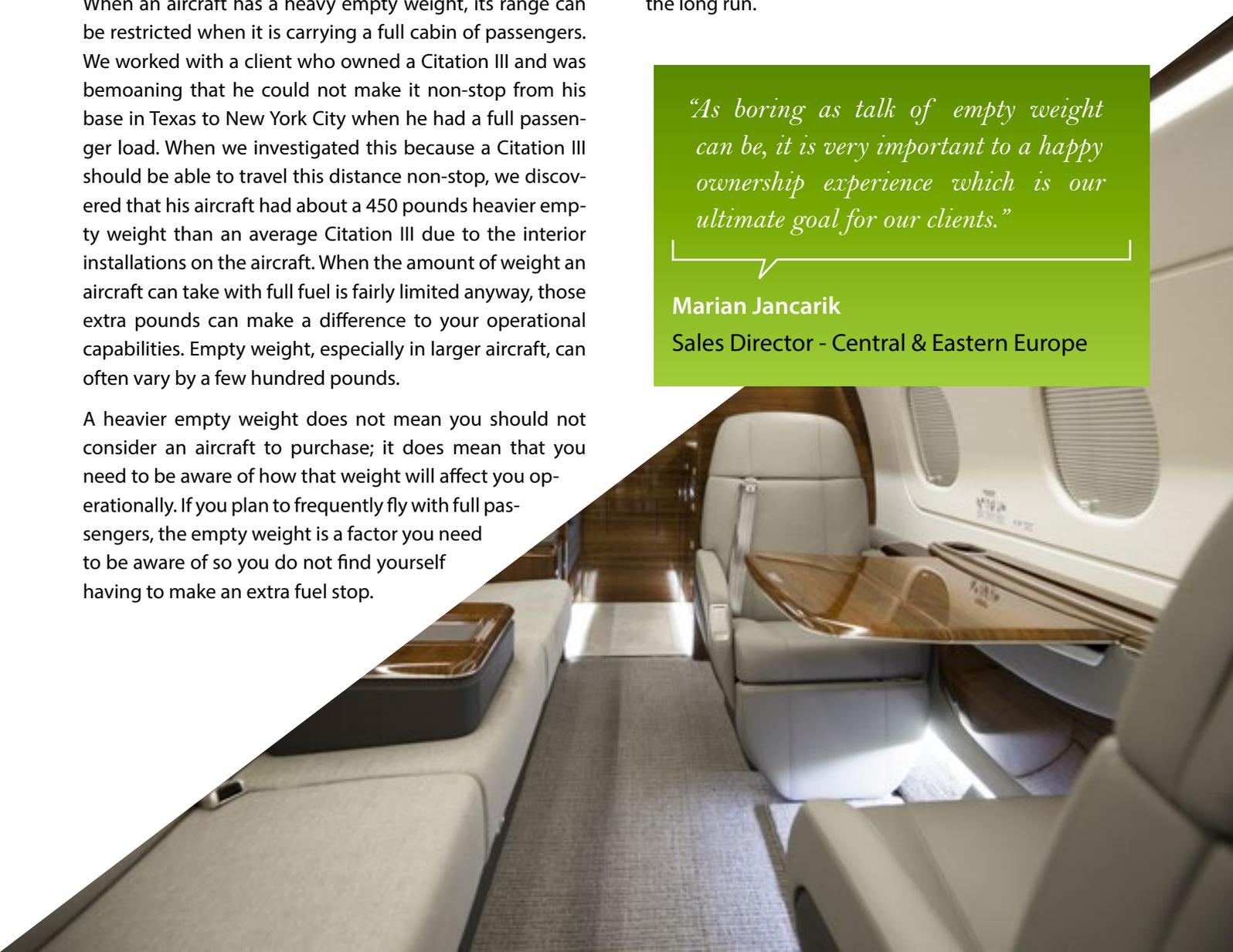
By law, an aircraft in Europe must be weighed every four years to adjust the empty weight. Over time, aircraft gain weight simply due to the accumulation of dirt and other items. The aircraft also must be weighed every time a fixture or structural item is installed whether that be a new interior material, an avionics upgrade, WIFI or re-painting the exterior.

Understanding your passenger and range requirements early on in your aircraft search will help you and your aircraft broker know certain details, like empty weight, that must be considered. Knowing up front where potential obstacles may lie will make your ownership more enjoyable in the long run.

*“As boring as talk of empty weight can be, it is very important to a happy ownership experience which is our ultimate goal for our clients.”*

**Marian Jancarik**

**Sales Director - Central & Eastern Europe**



# Why Maintenance Does Not Increase the Value of Your Jet

All aircraft must go through different hourly and calendar inspections, and many of these maintenance events can be very expensive. The majority of the cost will most likely come from repairing defects found during these inspections. It can be tempting to think this will result in a reimbursement of those costs through a higher resale price. However, required maintenance merely keeps an aircraft airworthy and is not a voluntary use of capital. If you did not do the required maintenance or inspections, your aircraft would be unable to fly. Aircraft are valued as airworthy assets which is inclusive of all required maintenance being completed and defects rectified. Most buyers will not view fixing defects as increasing value, but simply bringing the aircraft back up to standard.

Without completing the required maintenance, your aircraft will definitely be less valuable. A buyer will have to account for the risk premium of completing the work themselves after the sale including down time and costs of unknown findings while the maintenance takes place.

In some circumstances, particularly around infrequent or major events like a 10 or 12 year inspection, a small minority portion of the cost may be recovered in resale due to a convenience factor. However, the convenience factor quickly fades as time passes.

The overwhelming majority of required maintenance will not increase the value of your aircraft, but its completion will make it more desirable.

If your aircraft has a market value at 5 million dollars, for example, and 500,000 dollars is spent on maintenance, then it is tempting to think your aircraft will be worth 5.5 million dollars. Your aircraft will without a doubt be more sellable,

*The overwhelming majority of required maintenance will not increase the value of your aircraft, but its completion will make it more desirable.*

but the expense will not be recouped during resale.

A jet for sale that has recently completed a major inspection will be favoured over one that has the inspection coming due in the near-term future. Performing required maintenance allows your aircraft to continue being airworthy while potentially decreasing your days on market. Each extra day of ownership has a real cost (ongoing costs, crew salaries, hangar fees, programs, cost of tied up capital, etc.) that must be considered, and a faster resale time has a real, if hard to measure, value.



# AIRCRAFT FOR SALE



## 2008 Gulfstream G200

Serial Number 210

Engines enrolled on ESP Gold  
Lowest total time G200 on the market



## 2002 Cessna Citation Excel

Serial Number 560 5247

Hot Sections and Major Inspection completed Dec 2019  
APU and Externally Serviceable Lavatory



## 2003 Cessna Citation CJ2

Serial Number 525A 0191

Engines enrolled on TAP Elite  
Seating for 8 including Belted Lavatory



## 1999 Bombardier Lear 45

Serial Number 055

Seating for 9  
Engines enrolled on MSP



## 2007 Beechcraft Premier 1A

Serial Number RB-181

Engines enrolled on TAP Advantage Blue  
ADS-B Out Installed



## Cessna Citation Bravo

Serial Number 550 0874

Engines enrolled on JSSI 100 %  
Major Inspections Recently Completed



## Cessna Citation Bravo

Serial Number 550 1129

Engines enrolled on JSSI 37 %  
Seating for 8 including Belted Lavatory



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