

FLY-BY



3 MINUTES IN THE PRIVATE JET MARKET

Inside the Spending Spree of 2021

Why Demand for Private Jets is so High

The Most Popular Jets in 2021

QUICK STATS



7%

Increase in 2021 business jet flights over 2019. It was the most flights flown on record.



204

Jets currently registered in San Marino - an increase of 219% since 2016.

167

New jets delivered by Textron in 2021, a 27% increase over 2020 but down 19% from 2019.



£84 million

The amount Wheels UP paid for British charter broker Air Partner in January 2022.



\$16.3 billion

Backlog of Gulfstream orders following their best order year since 2008 - a 40% increase over 2020.



81

G550 transactions in 2021 making it the most popular jet, followed by the Hawker 800XP.

colibri
AIRCRAFT BROKERAGE AND ASSET ADVISORY



ENDING ON A HIGH NOTE

Life has a habit of surprising you, and the aircraft market has been no exception to this rule. Since the end of the first lockdowns in July 2020, the market has provided 19 straight months of continuing supply declines. In my 18 years in the business, I have not seen this before, and it has been amazing to witness. To put this in hard numbers, the last time there were this few aircraft available was in 1998 – a time when the fleet was 62% smaller than today. When seen as a percentage of the fleet for sale, it is at the lowest point since records began in 1985. The knock-on effects of this are many, and it's forcing a temporary change to the business of buying and selling aircraft, both in the advice we can provide sellers and our advice to buyers on how to approach a transaction.

Matching this record low supply is record high demand. Last year witnessed a massive surge in completed transactions. Part of this is many first-time buyers entering the market. I am hopeful this will be a fruitful and enjoyable experience for them, one that introduces them to the world of ownership and all the positive changes it can make to one's lifestyle. But for first-time buyers, we continue to stress education and expectation management. Aircraft are complicated assets, both technically and operationally, and complexity requires cash flow. Educated clients tend to be the happiest clients, and I hope that to all the first-time buyers entering the system, this is the start of an exciting new chapter.

One thing to keep in mind is that the aircraft itself doesn't know the market is so buoyant. All the prudent precautions and advice for due diligence that was valid in more

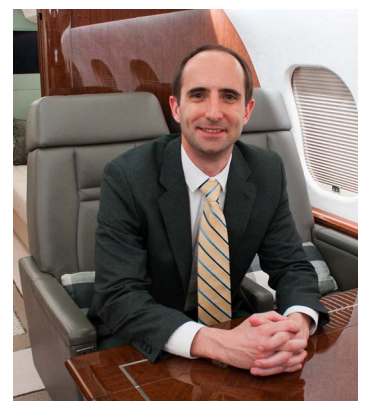
'normal' times is just as applicable today, especially as aircraft continue to age and add hours. Buying aircraft is competitive today, but buying an aircraft is still purchasing a complicated asset with a maintenance history that will affect you for years to come. If you forgo due diligence, you may have some tough consequences in the future.

But in life nothing lasts forever, including booming aircraft markets. Today's high prices present a unique, yet temporary, opportunity for current owners to realize gains on their asset purchases, something which rarely happens in the aviation industry. It is definitely a factor to consider if you are debating whether to sell your aircraft. Realizing a high asset price is only achieved once you actually sell the asset. As we do not know how long these market conditions will last, quick action and decision making could mean the difference between realizing a gain or wishing you had.

This will be an interesting 2022.

Safe Travels.

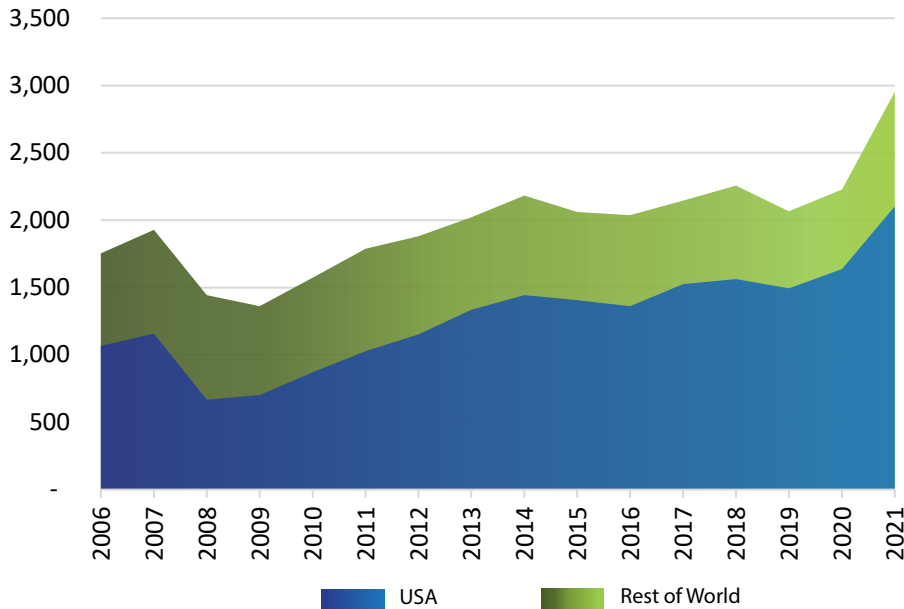
Oliver Stone,
Managing Director
oliver@colibriaircraft.com



THE YEAR IN REVIEW

An inside look at the boom of 2021 transactions worldwide

Total Pre-Owned Transactions



2021 saw the most pre-owned jet transactions in the history of the industry. Not only was there an enormous increase in pre-owned jet transactions over 2020, but sales were actually 50% higher than in 2019, the last full non-Covid year. Such an increase over already busy years was incredibly surprising for industry participants, but even more remarkable given that for much of 2021 there were still numerous travel restrictions in place, particularly outside of the USA.

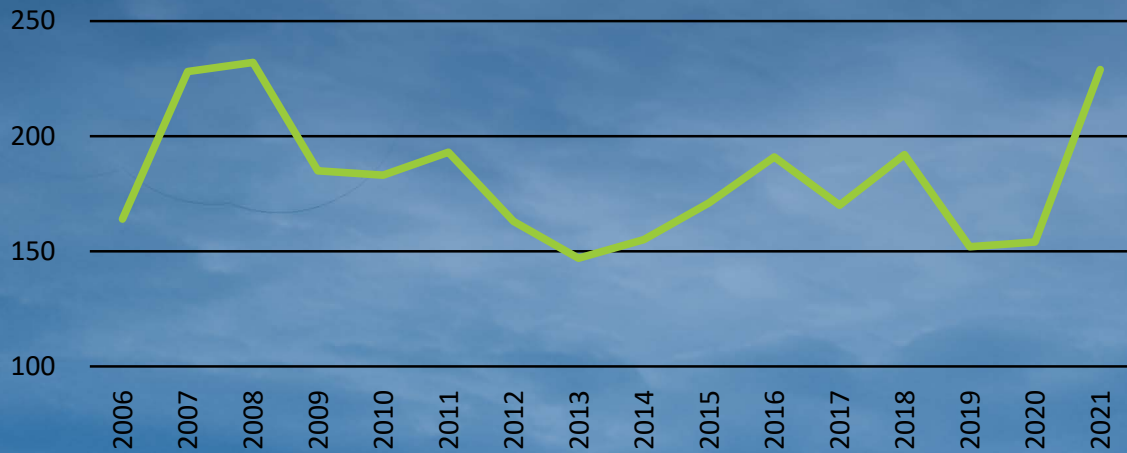
Top 10 Most Popular Jets

Model	Amount Bought
Gulfstream G550	81
Hawker 800XP	80
Citation II	74
Embraer Phenom 100 Citation Mustang	64
Citation Excel	63
Citation CJ3	61
Citation Jet	60
Embraer Phenom 300	55
Gulfstream G450	51

Just about every country saw an increase in pre-owned transactions compared to 2020. It is rare for such a phenomenon to be seen globally, so this was indicative of a worldwide market boom and not one focused solely on one particular country. Correlating to this, the USA's market share held relatively stable – only deviating by around 2% between 2019 and 2021. So, while the USA saw a huge increase in its overall number of completed transactions, there was not a major increase in its market share as other countries increased in a corresponding amount.

EUROPE PRIVATE JET TRANSACTIONS

Total Pre-Owned Transactions Europe



In 2021, European buyers completed 229 aircraft transactions, a 50% increase over 2020. Interestingly, Europe is only now returning to the peak number of transactions achieved before the financial crisis in 2008. (In contrast, the USA returned to their pre-financial crisis numbers in 2012.)

2021 was the biggest year of growth in the European private aviation market for 14 years and hopefully will continue to increase.

Germany is and has been the largest aviation market in Europe. The German fleet has increased by almost 100 jets in the last 5 years, an increase of 21%. Germany currently comprises just over 20% of all aircraft registered in the European area.

Malta saw a surge in transactions, although generally not from Maltese buyers but from other Europeans wanting the conveniences the Maltese AOC system offers. Malta has been working diligently to become a friendly place for private aviation, an effort that seems to be paying off.

Top Buyers Location	Pre-Owned Jets Bought
Germany	34
Malta	25
Austria	23
United Kingdom	17
Isle of Man	14
France	12
Guernsey	10



MOST POPULAR PRE-OWNED JET MODELS IN EUROPE

10
bought

Citation XLS+



9
bought

Citation CJ1



8
bought

Citation Mustang



7
bought

Challenger 605



6
bought

Citation CJ2+
Global XRS
Legacy 600
Citation CJ1+
Citation CJ3



5
bought

Lear 45
Phenom 100
Challenger 604
HondaJet
Falcon 7X



The most popular jets in Europe were, and historically have been, in the light jet category. Light jets are perfect for European travel, especially those in central Europe where most other countries can be reached in a roughly two-hour flight window.

COMPLETELY NEW TERRITORY

A dive into today's unprecedented low supply

The common theme noted throughout the aviation community recently is the lack of supply of jets on the market. We are in historic times of extremely low supply. To add further to the shortages, many of the aircraft marketed for sale actually have a deal pending on them, limiting supply even further. In markets we are tracking, anywhere from 30 – 60% of the aircraft listed for sale are under contract and no longer options to consider.

The dramatic drop started in June 2020 and has continued at an incredible rate. Supply levels, when

seen as a percentage of the active private jet fleet, are at their lowest since records began in 1985.

Supply was sinking low around 2018-2019, then COVID hit and sent levels plummeting in a way no one could have foreseen.

As seen in the graph below, supply has a historically cyclical nature. Supply is low in economic booms and high in busts. The decline since 2009 has looked similar to past cycles, but the trend in the last 18 months is unprecedented.

Percentage of Private Aircraft For Sale



WHY IS DEMAND FOR PRE-OWNED JETS SO HIGH?

There seems to be no slowing down in the transaction market. While no one can say with certainty why we are in this boom, a few specific developments have transpired in recent months that have certainly encouraged this surge in demand.

- *Government stimulus packages.* An increase in individual wealth from various governments and central bank stimulus packages has led to more people having the financial means to purchase a jet.
- *Ultra-low interest rates.* An intended consequence of huge central bank interventions has been the abundant availability of cheap debt. The ease of raising money, both from a corporate and an asset lending perspective, encourages asset purchases.
- *Coronavirus.* A strong impetus for flying privately came about with COVID as airlines reduced or canceled flights and a desire for less contact during travel became important.
- *Booming asset prices.* Real estate, stocks, bonds, etc. have surged in value due to ultra-low interest rates. As a result, wealthy individuals who owned numerous assets at the beginning of the pandemic have seen an increase in their net worth. This extra wealth encourages individuals to purchase private jets.
- *100% Depreciation Rules.* In the United States, if a company takes delivery of a pre-owned or new private jet, they are allowed to depreciate 100% of the purchase price of the aircraft against their taxable profits. This is a powerful incentive for entities interested in minimizing their tax bills and who have an interest in private aviation.

The combination of more money in the system, more impetus to fly privately and continued financial incentives to purchase an aircraft have provided the ingredients necessary to allow such a boom in transactions to occur.



FOR SALE



2005/6 Bombardier Challenger 604

Serial Number 5620 Registration G-MOCL

Engines enrolled on GE OnPoint

12 Passenger Interior

ADS-B Out v2 Compliant

5469 hours and 2469 cycles



2004 Beechcraft Premier I

Serial Number RB-0097 Registration G-FRYL

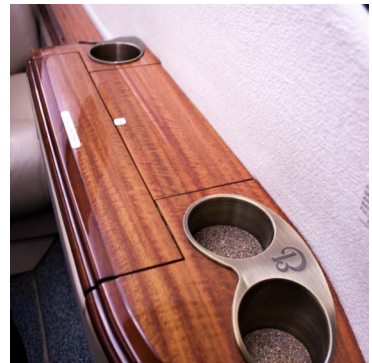
Engines enrolled on TAP

Seating for 6 Passengers

ADS-B Out Installed

3060 hours and 2671 cycles





LONDON
+44 203 551 8007
enquiries@colibriaircraft.com

www.colibriaircraft.com