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LARGE CABIN GULFSTREAM MARKET UPDATE
THIRD QUARTER 2017

GULFSTREAM NEWS

Goodbye and hello - After 14 years of production, Gulfstream is nearing the end the G450 life cycle and is on the verge of delivering the brand new G500. After 14 years of deliveries, the last G450 is scheduled for delivery in Q1 2018 and is currently undergoing completion at the Appleton, WI service center. It will be succeeded by a faster, wider and more fuel-efficient successor in the G500. The G500 has a max range of 5,000 NM, a max operating speed of Mach 0.925 and will have new and improved 15,000-pound-thrust [REDACTED] engines. The fifth and final G500 testbed aircraft will be utilized as the demonstrator aircraft. Certification is expected by the end of this year with the first customer deliveries expected to begin in early 2018.

MARKET NEWS

Inventory levels of pre-owned aircraft available for sale have continued to decline throughout 2017 and are nearing a 10-year low of inventory available for sale – approximately 8% of the current production aircraft are available for sale. Despite the continuing decline in large cabin inventory levels (aircraft less than 5 years old), the supply of G650 inventory has remained relatively level over the last year. A combination of increased demand (predominately from the United States) as well as the manufacturer's scaling back production levels have helped give the market solid footing.



AVPRO, INC.
900 Bestgate Road, Suite 412
Annapolis, Maryland 21401

410.573.1515
Fax: 410.573.1919
E-mail: [REDACTED]



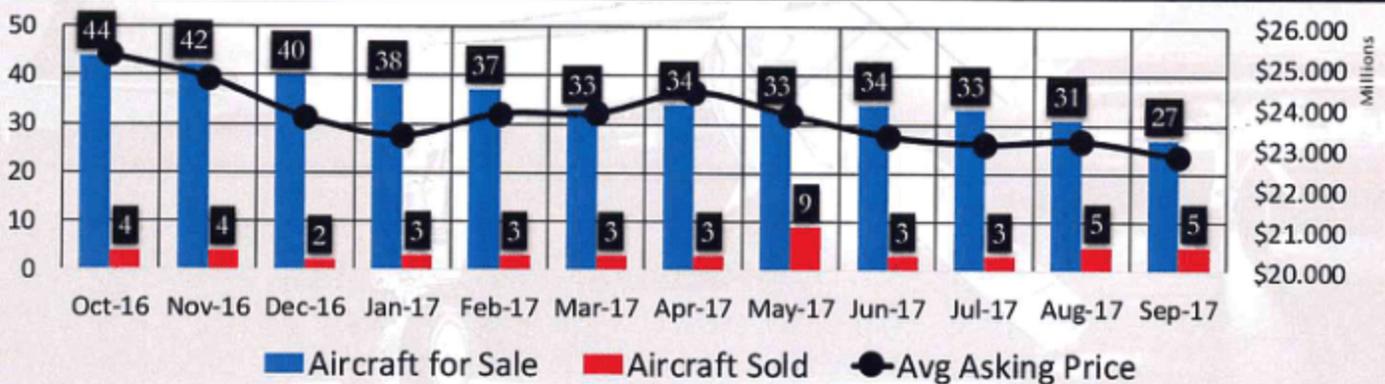
G650/G650ER MARKET

- There are currently 17 G650's presently on the market, including 5 aircraft that are currently under contract (3 of the aircraft under contract are not advertised). This represents only 7% of the in-service fleet for sale,
- Current Asking prices range from \$47M for a 2013 model with approximately 800 hours to \$66.5M for a 2017 model with delivery time only.
- During the first 3 quarters of the year, there were only 5 pre-owned transactions (priced from \$50M to \$63M), but activity levels have increased recently. Values on the low end of the market have finally dropped below \$50M which is spurring on some of the activity. Additionally, there is a handful of "like new" aircraft with delivery time only that are discounting their prices in order to find a buyer.



G550 MARKET

- 27 G550's are currently on the market, including 10 that are under contract representing 5% of the fleet available for sale. Inventory levels are now 35% lower than Sept '16, thanks to the increased demand. In fact, the average asking prices have increased over the last 3 months which is something we haven't seen in over 10 years!
- Current asking prices range from \$13M for a 2004 model with just under 8000 hours to \$35.5M for a 2014 model with approximately 1000 hours.
- The only reason that we may start seeing the transactions slowdown during the next 6 months is due to most of the heavily sought after aircraft being sold. Buyers still regularly prefer the "forward galley, crew rest" configuration but more and more buyers are realizing that the 4 zone configuration, (i.e., the configuration without the crew rest) is also acceptable considering you can simply designate another section of the aircraft a "crew rest."
- It is widely expected that the G550 will be phased out once the G600 begins to deliver. However, the interest level in the G550 remains strong (especially with government operations) so it's conceivable that production could continue for a short period even after the G600 deliveries begin.



GV MARKET

- 19 GV's are currently on the market, including 4 that are under contract (2 of which are not currently advertised). This is a 171% increase in supply since Q3 '16.
- Aside from an 18,000 hour aircraft asking \$6.995M, current asking price ranges from \$9.995M for a 1997 model aircraft to \$12.795M for a 2002 with approximately 5,000 hours and Corporate Care on the engines.
- Year to date, only 4 GV's have sold, all occurring in the month of April.
- Pricing levels have softened recently which is causing us to anticipate a slight increase in sales activity the remainder of the year. However, buyers remain cautious of the money that they will be forced to put into the aircraft after purchase, including cabin management and avionics. Once the work is completed, it would make for a phenomenal aircraft at a fraction of the price of a new G550, but buyers also realize that these aircraft are now at or approaching 20 years old, which gives some buyers reason for pause.



G450 MARKET

- 27 G450's are currently on the market, including 8 which are under contract. This represents 8% of the in-service fleet available for sale. After rising in inventory by nearly 30% earlier in the year, supply has dropped back down to the inventory levels at the start of the year.
- Current asking price range from \$10.75M for a 2005 model with just over 4000 hours to \$21.5M for a 2014 model with approximately 2,000 hours.
- Sales activity has been consistent and combined with only 8% of the fleet available for sale. Pricing has leveled off with no expectation for a dramatic change anytime soon. The majority of buyers in the G450 market are US based and are looking for US aircraft, but we continue to see aircraft from overseas being purchased at a discount and later imported into the US.



AVPRO, INC.
900 Bestgate Road, Suite 412
Annapolis, Maryland 21401

410.573.1515
Fax: 410.573.1919
E-mail: [REDACTED]



GIVSP/G400 MARKET

- 33 GIVSP's are currently on the market, including 8 that are under contract. Inventory levels have been dropping since Q2 with the majority of the buyers looking for later model aircraft, considering the early model GIVSP's are at least 20 years old.
- Current asking prices range from \$3M for a 1993 model with approximately 9,500 hours and engines due mid-life in 2022 to \$6.95M for a 2003 model with under 3,000 hours.
- Sales activity has increased this summer, and the average asking prices and relative values have steadied. Buyer's prefer later model GIVSPs/G400s but even these aircraft have avionics issues to contend with, as well the 16 year inspection, which is a large inspection for the GIVSP.



AVPRO, INC. "WHO WE ARE"

Avpro is one of the largest international aircraft brokerage and acquisition firms in the world. With our extensive aviation sales experience, we are able to consistently achieve annual gross sales in excess of \$1 billion. By leveraging over 26 years of experience and cultivating strong relationships throughout the industry, we are able to capitalize on trends as they emerge. With a professional team of specialists in research, marketing, contract negotiations, and closings, we are able to give each client the confidence needed to navigate the complexities of each transaction.

AVPRO'S GULFSTREAM TEAM



KEVIN WHITE is the Avpro Gulfstream Market Specialist. Kevin brings to Avpro a unique and in-depth knowledge of not only real time market condition expertise, but also operational, technical and economic aspects of private jet ownership. After joining the industry in 2001, he quickly excelled in many facets such as aircraft sales, operation, management. Kevin is also an ATP pilot with a type rating in the Hawker 800/800XP.



VALERIE PEREIRA is the Avpro Gulfstream Market Analyst. Valerie offers a unique and in-depth knowledge of sales and acquisitions as well as the operational, technical and economic aspects of aircraft ownership. Valerie began her career as an international researcher for AMSTAT, subsequently moving into a Sales support role for Regourd Aviation then Executive Sales Director for the Bell Helicopter market at Heli-Asset. Valerie is fluent in English, Portuguese, Spanish, French & Italian.



KEVIN WHITE
GULFSTREAM SPECIALIST



VALERIE PEREIRA
GULFSTREAM ANALYST

VPEREIRA@AVPROJETS.COM



AVPRO, INC.
900 Bestgate Road, Suite 412
Annapolis, Maryland 21401

410.5...
Fax: 410...
E-mail: ...

