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LARGE CABIN GULFSTREAM MARKET UPDATE
THIRD QUARTER 2018



GULFSTREAM NEWS

Gulfstream Aerospace delivered the very much anticipated first all-new G500 to one of its North American customers this past September, nearly four years after being announced back in October 2014.

Expectations are for a total of five G500 aircraft to be delivered by the end of this year, escalating to 32 aircraft by year end of 2019. Analysts at Jefferies reckon the G500 aircraft sales will be at about \$1.4 billion in 2019, which is approximately 15% of the total Gulfstream revenues.

It has been reported recently that General Dynamics will now operate the line at Nordam's Tulsa, Oklahoma facility. The approved transfer occurred on September 26th, when a federal bankruptcy judge awarded a clear path for this acquisition in favor of General Dynamics. The Gulfstream maker acquired the Nordam Group's nacelle manufacturing line for the G500 and G600 aircraft, bringing an end to previous delays and eliminating any uncertainty. Certification for the all-new G600 is making steady progress and is anticipated for later this year and expected to initiate customer deliveries in 2019.

Overall inventory levels of pre-owned aircraft for sale have continued to decline with only 5.8% of the total fleet available in Q3. Average asking prices in August 2018 have slightly increased when compared year over year, which is predominantly due to the limited supply of aircraft available for sale. However, this is significant because pre-owned jet prices have been on a downward spiral nearly every month since third quarter of 2015.

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

410.573.1515
Fax: 410.573.1919
E-mail: info@avprojects.com



G650/G650ER MARKET

- There are 13 G650s on the market, including four that are under contract. This represents 4% of the in-service fleet which has remained unchanged the past four quarters.
- Current asking prices range from \$44.95M for a 2012 ER model with 2,500 hours to \$66.95M for a 2017 ER model with 500 hours.
- Year-to-date there have been 14 G650/ER transactions with foreign buyers close to outweighing domestic U.S. buyers for the first time. Despite poor representation in pre-owned sales, it's worth noting that 29% of new G650 deliveries this year have gone to Chinese end users. This continues to solidify China as the second largest G650 base with 17% of the in-service fleet.
- Buyers' preference has begun to shift from like-new G650s to two to four year old aircraft for less than \$55M. Preference in layout has remained unchanged, as 77% of G650/ERs sold year-to-date have been configured with a forward galley and crew rest.
- Despite supply remaining steady, 127% market turnover year-to-date and less than 5% of the fleet available paint a clear picture of a very healthy market.



G550 MARKET

- There are currently 27 G550s on the market, including six that are under contract. This represents 5% of the in-service fleet, unchanged since last quarter.
- Current asking prices range from \$21M for a 2005 model with 5,500 hours to \$37M for a 2015 model with 800 hours.
- During Q3 there have been a total of 16 transactions.
- The G550 market continues to be one of the hottest markets with 37 aircraft trading this year, equating to an over 168% market turnover year-to-date. This is impressive because the number of aircraft available for sale in January 2018 was half what it was in January 2017. That means the same number of aircraft sold in the first three quarters of both years, while only half as many G550s were available in 2018.
- Over 43% of all G550 transactions this year have occurred off-market which shows that buyers are ready to make an informed and quick decision when presented with an opportunity.
- U.S. principals continue to dominate the pre-owned buyer profile for a G550. This quarter alone, 94% of transacted G550s were sold to U.S. buyers. Preference continues to be for forward galley U.S. based and operated aircraft, but for the first time ever, more forward galley 4 seating zone G550s (no crew rest) sold than their traditional forward galley 3 seating zone (crew rest) counterparts.



GV MARKET

- There are 12 GVs on the market, including three that are under contract. This represents 6% of the in-service fleet available.
- Current asking prices range from \$5.995M for a 1997 model with approximately 18,000 hours to \$12.45M for a 2002 model with just over 5,500 hours.
- Activity has slowed down in Q3, with only two GV transactions. Selling prices have ranged from \$9.5M to \$11.5M.
- Supply has been cut in half since January 2018, when there were 22 aircraft available for sale. During the first half of 2018 alone, 15 GVs sold. This increase in demand was mostly a result of a lack of options available on the low end of the G550 market.



G450 MARKET

- There are 24 G450s currently on the market, including 12 that are under contract. This represents 7% of the in-service fleet.
- Current asking prices range from \$9.5M for a 2005 model with slightly over 3,000 hours and no programs to \$29M for a 2016 model just under 650 hours.
- In Q3, seven transactions were reported, unchanged compared to Q2/2018. All seven aircraft sold had 5,000 hours or less and were enrolled on an engine program. Sold prices varied from \$10.3M to \$17.5M.
- Once again, supply is limited. The majority of buyers are expressing interest in the mid to top end of the market, on aircraft that could be acquired in the sub \$16M range, with U.S. pedigree, on programs, and have less than 5,000 hours.



*Avpro has completed over **300** Gulfstream transactions.
Including **16** Gulfstream transactions in **2018!***

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

410.573.1515
Fax: 410.573.1919
E-mail: [REDACTED]



GIVSP/G400 MARKET

- There are 33 GIV-SPs currently on the market, including six aircraft under contract. This represents 10% of the in-service fleet, which is a 2% increase since Q2.
- Current asking prices range from \$1.895M for a 1992 model with nearly 10,000 hours to \$5.5M for a 2004 model G400 with approximately 11,800 hours.
- In Q3, there have been seven transactions, five less than in Q2. Selling prices have ranged from \$2.95M to \$6.25M.
- The discussion with nearly every buyer comes down to "what else does it need". Simply stated, the purchase of the aircraft is just the beginning considering the required avionics upgrades as well as the paint and interior refurbishment – not to mention the scheduled maintenance that needs to be closely watched.



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
KWHITE@AVPROJETS.COM

VALERIE PEREIRA
GULFSTREAM ANALYST
VPEREIRA@AVPROJETS.COM



WWW. [REDACTED]

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

410.573.1515
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E-mail: [REDACTED]

