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YEARS

**LARGE CABIN GULFSTREAM MARKET UPDATE**

FOURTH QUARTER 2018



**GULFSTREAM NEWS**

Gulfstream has taken the crown of most popular aircraft with 66 new G650/650ERs delivering in 2018. The demand across the industry continues to lean more towards larger cabin aircraft. For the first time ever, there are more large cabin aircraft in service than there are small cabin aircraft (8,036 vs 7,963). Additionally, the number of aircraft wholly owned in North America continues to climb (13,741 aircraft currently) while all other regions of the world have shown moderate declines in aircraft ownership since 2016.

The recent volatility in the equity markets and a potential slowdown in the global economy gave reason for domestic and international buyers alike to take a step back and pause in December. However, the U.S. market remains strong and many of the pre-owned aircraft that are coming to market now, are the result of owners purchasing new aircraft. The supply of available pre-owned aircraft rose slightly in Q4 2018, currently at 6.1% of in-service fleet for sale. However, this is still below the historical average and well below the peak of 14% available in Q4 2009. Inventory of aircraft 10-years old or newer has tightened considerably, with 390 aircraft currently available as opposed to approximately 700 aircraft for sale in 2016 (5% and 11% of the in-service fleet respectively).

10 new G500s have delivered in Q4 2018, including its first international G500 which delivered in December. The international delivery was to Qatar Airways who received two G500s that will join a fleet consisting of five G650/ER already in service. Gulfstream was hoping to certify the G600 before the end of last year, but has run into some delays. They hope to soon get back on track with certification and customer deliveries within the first half of 2019.

Lastly, although this has not been confirmed by Gulfstream directly, it has been reported by an Israeli media source that the board of Israel Aerospace Industries Ltd. (IAI) has approved development of a new executive jet, which Gulfstream will market and complete as they do with the G280. The new aircraft, would eventually replace the G280 which it has been producing since 2012.

*Avpro is Averaging **28** Gulfstream  
Transactions per Year!*



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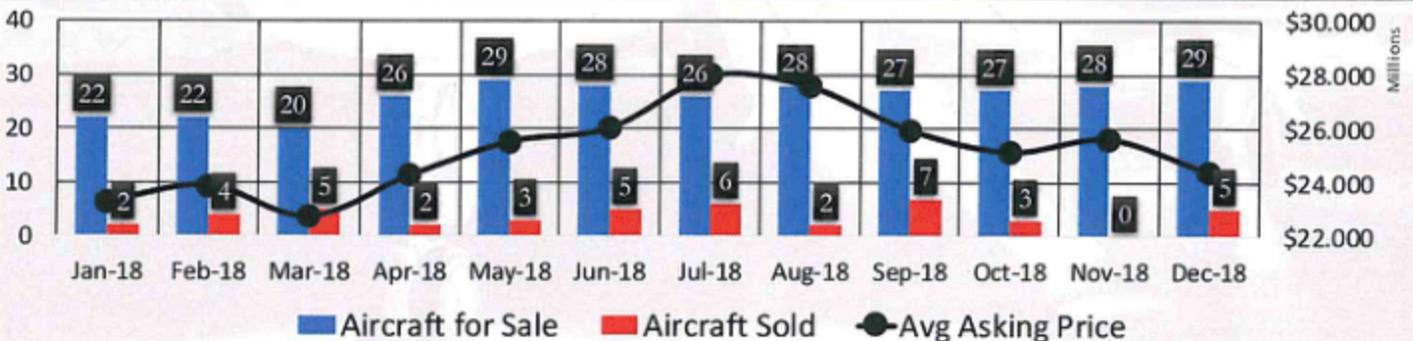
## G650/G650ER MARKET

- Q4 ended with 11 G650s on the market (including four aircraft under contract). This represents 3% of the in-service fleet for sale, and is consistent with inventory levels from Q4 2017.
- Current asking prices range from \$44.25M for a 2013 model with close to 1,000 hours to \$66.8M for a 2017 ER model with nearly 500 hours.
- Year to date there have been 19 G650/ER transactions with international buyers expressing slightly more interest vs U.S. buyers. 58% of the G650/ER sales in 2018 were acquired by international buyers, while U.S. buyers represent 42% of the pre-owned G650 acquisitions in 2018.
- The vast majority of buyers continue to lean heavily towards aircraft configured with the forward galley and forward crew rest configuration that are priced in the mid \$50M or less. In 2018, 68% of the G650/ER that were sold were configured with the forward galley, crew rest configuration.
- Supply has been relatively steady in 2018. During Q4 2018, there were five pre-owned transactions, four of which were G650ER. Selling prices ranged from \$42M to \$49M.



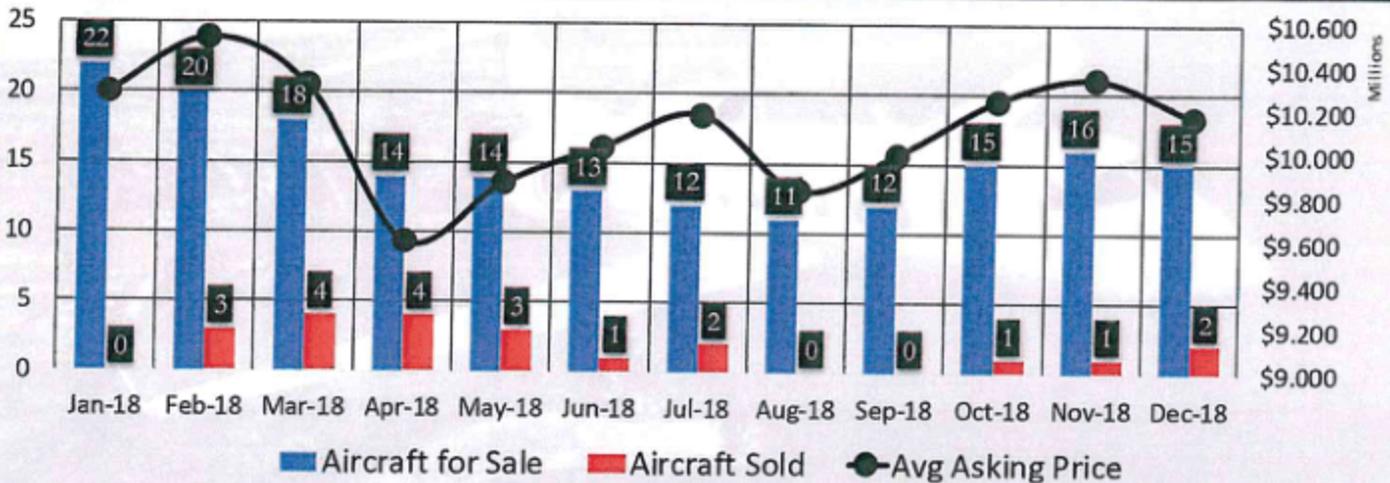
## G550 MARKET

- Q4 ended with 29 G550s on the market, including five aircraft under contract, representing 6% of the in-service fleet. Inventory has risen 31% since Q4 2017.
- Current asking prices range from \$15.95M for a 2006 model G500 with close to 5,000 hours to \$35M for a 2015 model G550 with just under 1,000 hours.
- During Q4 2018 there were a total of eight transactions, seven fewer transactions than in Q3 2018.
- Although activity has slowed and inventory is now on the rise, there were 44 total transactions in 2018, six more when compared to 2017.
- U.S. buyers continue to far outnumber the international buyers. In Q4, 86% of the G550 sold were sold to U.S. buyers. Similar to the G650 market, preference continues to be for a U.S. pedigree aircraft configured with a forward galley and forward crew rest configuration. 72% of the G550s sold in Q4 were configured with crew rest, of which 57% were configured with the forward galley and 43% were aft galley configured. It's worth pointing out that some operators still operate their aircraft on FAR 135 without a forward crew rest. Not having this crew rest, the aircraft is configured with a very spacious 4-zone seating area (as compared to a 3-zone seating area with a forward crew rest).



## GV MARKET

- Q4 ended with 15 GVs on the market, (including four aircraft under contract) representing 8% of the in-service fleet currently available. This represents a 32% decline in inventory since Q4 2017.
- Current asking prices range from \$7.9M for a 1996 model with nearly 7,000 hours to \$12.25M for a 2002 model with just under 5,500 hours.
- Activity decreased in Q3 with only two GV transactions, but has increased in Q4 by four GV transactions. Sold prices ranged from \$10M to \$11.5M. Supply decreased by half since January 2018, when there were 22 aircraft available for sale, but has since risen again. In Q1 and Q2 2018 alone there were 15 GVs total transactions. The increased activity was mainly due to buyers not finding G550 options below \$20M.



## G450 MARKET

- Q4 ended with 19 G450s on the market, (including five aircraft under contract) representing 6% of the in-service fleet. This represents a 20% decline in inventory since Q4 2017.
- Current asking prices range from \$8.5M for a 2007 model with nearly 6,400 hours with no engine programs to \$22.75M for a 2016 model with 900 hours.
- In Q4 2018 there were 16 transactions, twice the number of transactions vs Q3 2018. Sold prices range from \$10.5M to \$21M.
- Similar to the larger cabin Gulfstream markets, there is limited pre-owned inventory to choose from. The majority of the buyers are expressing interest in mid to low end of the market that can be purchased for under \$15M.



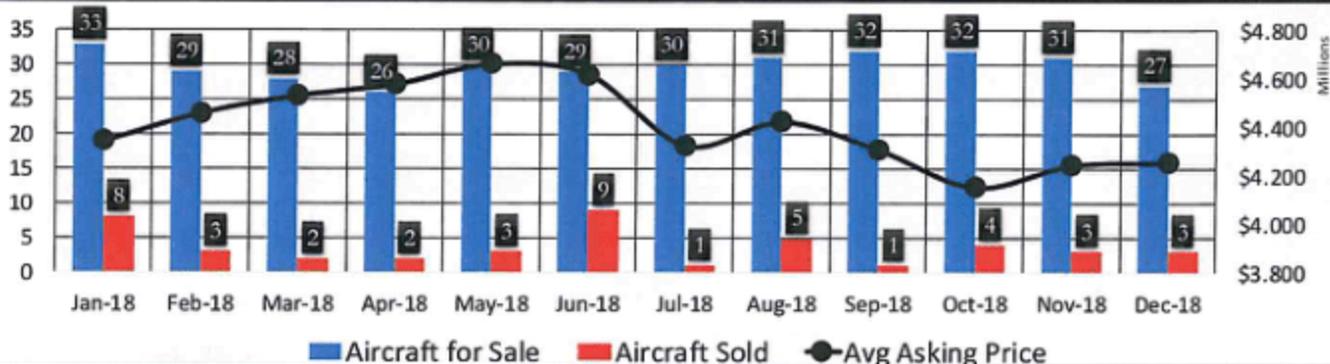
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## GIVSP/G400 MARKET

- Q4 ended with 27 GIV-SPs on the market, (including four aircraft under contract) representing 8% of the in-service fleet. This demonstrates a 22% decline in inventory since Q4 2017.
- Current asking prices range from \$1.25M for a 1992 with nearly 10,000 hours to \$6.95M for a 2003 G400 model with approximately 6,000 hours, FANS and new paint and interior.
- There were 10 transactions in Q4, 3 more compared to Q3. Sold prices range from \$2.1M to \$5.4M.
- Much of the interest has been with aircraft that are not viewed as a project aircraft. The issue that most of the sellers have is that given the age of the aircraft, there is often a lot of work that needs to be done in order to properly update the aircraft to today's standards. The aircraft with "everything done" are selling at a premium whereas the aircraft that need major maintenance or expensive avionics and paint and interior refurbishment are selling at a heavy discount.



## 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 28 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.

### KEVIN WHITE—GULFSTREAM SPECIALIST



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—GULFSTREAM ANALYST



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.



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