

AIRCRAFT MARKET TO STAY HOT FOR NEXT SIX MONTHS

News / Business aviation



Members of the International Aircraft Dealers Association (IADA) anticipate the market for used private airplanes will remain red hot for the first six months of 2022, while inventory of available aircraft stays low. IADA's Fourth Quarter 2021 Market Report includes a summary of questionnaires about market perceptions sent to nearly 900 IADA members, including dealers, their brokers, and members who provide products and services related to aircraft transactions.

IADA is the leading organization for aviation professionals who specialize in aircraft transactions and whose opinions bring an informed perspective on the state of the used bizjet marketplace. Its dealers buy and sell more aircraft by dollar volume than the world's unaffiliated dealers combined, averaging over 700 transactions and \$6 billion in annual revenue.

2021 Was Unprecedented

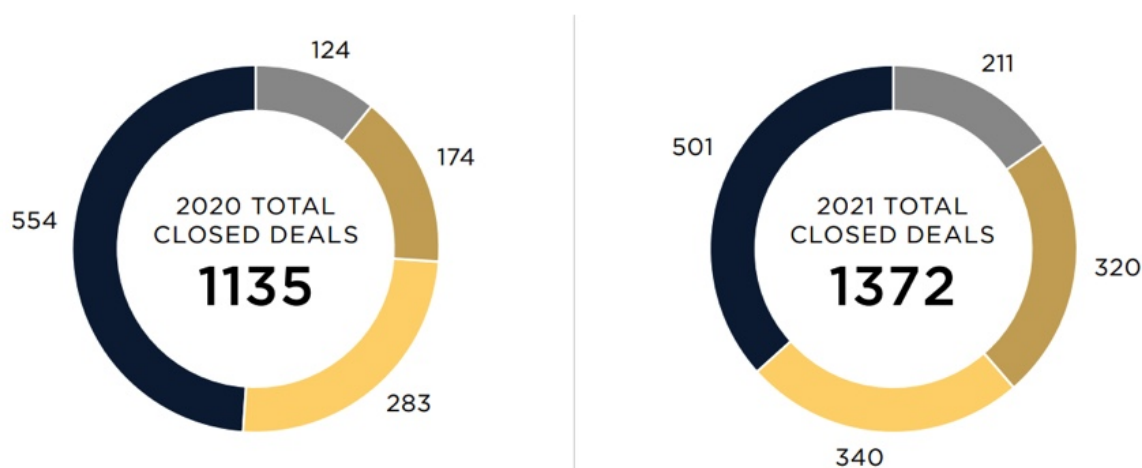
By any measure, 2021 was an incredibly unprecedented year, roughly doubling average aircraft

IADA transactions. Private airplane dealers accredited by IADA closed a remarkable 20 percent more deals in 2021 than the year before: 1,372 aircraft transactions, compared to 1,135 deals in 2020. This was despite a shriveled aircraft inventory, with many airplanes never making it to market before being snatched up by buyers willing to pay top dollar.

"Today's market is incredibly unique and while aircraft transact quickly, that's a result of factors which have not created an entirely positive environment for the resale space," said Johnny Foster, president and CEO of IADA accredited dealer OGARAJETS. "We enjoyed a solid year, maybe our best, however, the market created an environment that was not nearly as positive for our buying clients. Values and prices are completely disconnected, supply is almost nil, and due diligence is limited by shop capacity and demand," he added.

IADA DEALER ACTIVITY | YEAR OVER YEAR

● Q1 2021 ● Q2 2021 ● Q3 2021 ● Q4 2021



Hot Across All Sectors

The fourth quarter 2021 responses from IADA members predict the first six months of the coming year will continue to bring an increase in demand for all sectors of the used aircraft sales market, including turboprop, light, medium and large, and ultra large jets, while supply shortfalls are projected to continue driving prices higher.

"Values have increased an average of 10 percent a month for the past three months. The rate of change feels unsustainable. However, absent an increase in supply or a dramatic drop in demand, appreciation will likely continue into 2022," said IADA Chairman Emeritus Paul Kirby, who is also the executive vice president of QS Partners, another accredited dealer.

"In my aircraft appraisals business, for below \$10 million fair market value aircraft, I am adding 20 percent to account for the lack of supply, and extreme demand," said Jeremy Cox of JetValues-Jeremy, LLC. "Above \$20 million I'm adding 10 percent, with all points in-between pro-rated. The used aircraft marketplace, since Q3 2020, has developed into a bull market, with minimal days on market and in most cases, premium pricing above asking price is occurring."

Crazy Numbers

Kyle Wagman, director of aircraft transactions and consulting for Leading Edge Aviation Services,

said, "I think we all have eager and ready buyers ready to strike with offers but with limited supply of preowned aircraft, values have gone to crazy numbers. Who would have thought that an aircraft purchased new from an OEM less than three years ago can be sold in today's market at a premium compared to what the owner paid for it?"

The IADA Market Report is an informative and reliable view of the state of the aviation industry. It covers IADA accredited dealers' perceptions about the market taken from the survey of IADA members, and actual sales data reported monthly by IADA dealers, even when inventory is difficult to locate and might never appear on the market. But it does not include preowned aircraft transactions conducted solely by IADA's OEM members.

The perspectives and projections from IADA members for the IADA Market Report are informed by the monthly activity reports submitted by IADA accredited dealers through AircraftExchange. In addition to sales data from AircraftExchange listings, the IADA Market Report includes data from all IADA accredited dealer activities and transactions, reported in total.

Todd Spangler, sales director of IADA accredited dealer Jetcraft, covering Florida and Central and South America, summed up the feelings of many preowned brokers: "Buying activity is excellent. Inventory levels are serious concern. The OEMs need to begin delivering new aircraft at higher volume in order to displace more aircraft into the marketplace."

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