

BUSINESS JET TRAVELER



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BUYING AND FLYING YOUR OWN JET

A surge in transitioning turboprop pilots and interest from new-to-bizav customers is squeezing the light jet market. Here's what you need to know.

The light end of the preowned market attracts a large customer segment that is absent from other business jet categories: buyers planning to operate a single-pilot-approved turbine aircraft themselves.

If you're such a customer, be advised you've got growing competition. The market is seeing "unprecedented demand" and "multiple offers on an airplane" for sought-after models like the Embraer Phenom 300 and CJ3s, says Denise Wilson, Citation sales director at Jet Aviva, a brokerage that specializes in helping pilots buy light jets.

Only 6 percent of the CJ2 fleet (14 aircraft) was for sale as of mid-January (far below the "balanced" market benchmark of 10 percent availability), according to AircraftPost, while transaction activity spiked to 11 of the Citation Jets in the prior six months, as time on the market shrank by a third.

The increased light jet transaction activity in the latter half of 2020, Wilson and others believe, was neither temporary nor driven by year-end tax considerations. "The realization came in the fourth quarter: this isn't about the tax benefit solely, it's about a new way of life for people," Wilson notes. "[Customers] are saying, 'Business has to go on [despite a pandemic], employees are ready, I need to get moving again, and I want to do it in the safest way possible.'"

The number of current and prospective owners/pilots is unknown. "We know how many aircraft can be flown single pilot, but we don't have data on [for example] how many CJ3s are owner flown and how many are flown by professional pilots," Wilson says, adding, "My gut tells me... [the owner-flown segment] is growing." She cites increased inquiries from turboprop owners eager to move into their first jets.

Not every light jet in the business fleet can be operated single pilot, but "every light jet in production right now can be," Wilson comments.

SOME GOOD NEWS

The good news for first-time owner/operators: demand for entry-level light jets is "similar to what it's been pre-COVID," according to Wilson. Citation Is, Vs, Ultras, and CJs from the last century priced at \$800,000 to \$1 million are among available entry-level offerings. This century's Citation Mustangs and M2s are more in demand among upgrading turboprop pilots. Many of these shoppers "would love to

jump up to a CJ3 or [Embraer] Phenom,” but “only a couple of insurance providers will even quote [a policy price] with a hull value over \$5 million,” Wilson notes, unless the buyer has significant single-pilot turbine experience. “Spend time in a \$1 million or \$2 million hull-value [jet] before moving up,” she advises.

Getting insurance is, in fact, the key to becoming an owner/operator, and ascending to a jet requires a major pilot upgrade as well, to “present yourself in the best possible light to insurance companies.” That includes a “personalized” training program, says Wilson, whose own type ratings in addition to the Cessna 500 series include the Challenger 300, Hawker 1000, and Boeing 737.

“There’s a lot to unpack moving into a turbine—not only as a transitioning pilot, but [because of] an entirely new maintenance schedule, new FAA requirements, the tax implications of taking delivery, and operating costs,” Wilson says.

Today’s prospects are up to the task.

MOVING UP TO A JET

“Fifteen years ago, maybe there was more of a ‘cowboy’ attitude, and owner pilots didn’t do the same level of training” as today, Wilson says. Now, “clients who are looking to move into their first jet from a Meridian or TBM want best-in-class training, combining CRM [cockpit resource management] training, time [flying] with a mentor, and proper checklist usage.”

All the above activities—creating a training program, getting insurance, preparing for ownership, and the rest—can go on simultaneously with the search for your aircraft. Most of JetAviva’s transitioning clients have found, bought, and taken delivery of their jets before they’ve been certified for single-pilot operations, with the Kansas-based company offering the ancillary components within its acquisition services.

Owner/operators hardly have the light jet market to themselves today, Wilson cautions. “We had so many first-time-to-jet market inquiries in the third and fourth quarters of last year from corporations, businesses, individuals—not pilots—that don’t want to use the airlines because of COVID safety concerns,” she says. Many are looking for a light jet in the \$1 million to \$1.5 million price range and are prepared to hire a crew and operate the aircraft themselves.

“Having lived through 2008 and 2009, with all the talk about fat cats and business jets, I know those same businesses would have never considered business aviation then. Now they’re saying, ‘How could I not use it?’

“They’re entrepreneurs, people with a family business or their own business, who are asking, ‘How do I do more?’ That’s how a lot of owner pilots get the flying bug in the first place,” Wilson says. “Then they buy an airplane they can use to get around in the world.”

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