

The Mesinger Report



But I Thought That All The Stuff I Added Was Going To Make It Worth More...

by Jay Mesinger

In a seller's market, adding TCAS, GPWS or other enhancements appears to be an investment capable of yielding more value than the cost of the improvements themselves. But in today's marketplace, rich with inventory, these additions will probably accomplish nothing more than move one properly priced plane ahead of another on a buyer's list of contenders.

This is not said to discourage the addition of avionics or other flight-enhancing technology that make travel safer and more enjoyable. Modifications to your aircraft can enhance safety and create valuable operating efficiencies. And nearly all such modifications will help your aircraft sell faster than one without such improvements.

The important thing, however, is to realize that technology and other upgrades are not the place to begin when positioning your aircraft to sell. It is vital to know the value of your aircraft based on the current "culture" of the market. Assistance from a

knowledgeable sales professional can help you determine what comparable aircraft are on the market, and even more importantly, the current demand for the specific type of aircraft you are selling. If you're still sure you wish to sell, then enter as an active participant, a vigorous marketer of your aircraft as we discussed in last month's column.

Once a realistic foundation is laid, you can begin to find a niche in the market for your aircraft. Perhaps it can be based on uniquely low airframe time, or recent overhauls on the engines or cosmetics. Maximize the value of the aircraft based on its unique virtues.

At the same time, however, be sure your asking price demonstrates that you really understand the market. As hard as it may be to accept, the amount you paid, what you still owe, or even the high price your colleague got for a similar aircraft are not relevant factors in this process. That kind of thinking only leads to disappointment and a misguided strategy.

The wisest approach is to continually understand the rising or falling value of your aircraft, not merely when you are thinking about selling, but at all times. It just makes sense to continually monitor an asset of that magnitude. For that reason, we

developed a perpetual valuation tool a few years ago called the *Aviation Asset Manager Portfolio*. It is an aircraft-specific valuation system that takes various usage and market factors into consideration.

One of the sections deals with the return on capital investment of five specific areas of your aircraft: 1) Paint, 2) Interior, 3) Major Airframe Inspection, 4) Engines—left and right, and 5) Hot Section and Overhaul. Owners and flight departments worldwide have found it to be the single best guide for planning the sale of an aircraft or for deciding to reinvest in their planes.

Other reporting sections of the *Portfolio* come from our alliances with the *Aircraft Bluebook—Price Digest*®. This *Portfolio* is available free from our office and is produced for most current production jet aircraft. You'll receive a 30-page guide and with your semi-annual input, we will update the book twice a year. This helps you not only create a current snapshot, but a continuing trend analysis for your aviation asset. You can visit our Web site, www.jetsales.com, and click on the Aviation Asset Manager section. You can fill out a request online or give my office a call for the form to be faxed to you.

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