Establishing the Value of an Aging Aircraft

by Jay Mesinger

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I am often questioned, especially by first-time buyers, as to the impact of buying older aircraft. Are they safe? Can you get service and parts? Do they hold their value? Questions like these are actually only a few of the overall components in making an acquisition decision with respect to the age or airframe time on an aircraft.

Many people are surprised to learn that the majority of the manufactured fleet is older than 20 years. Compared to other equipment assets this seems to be very old. Possibly unreliable and maybe even unsafe. Due to the stringent inspection regimen set out by both the manufacturers as well as the FAA, age or airframe time will not necessarily relate to unsafe or out-of-date maintenance. So simply equating age or hours with questionable safety should not be an issue. In fact, a newer aircraft that is not properly maintained and managed could be even more problematic than its older counterpart.

Questions with respect to value and marketability should be focused instead around the issues of avionic upgrades, noise issues, current status of the manufacturer and average airframe time of the specific category of aircraft. If the manufacturer is still in business, chances are good that parts and product support will be a non-issue. For aircraft that are not supported by manufacturers still in business, the support and parts issue could be significant to both one's own dispatch reliability as well as one's strength of position at the time of resale.

Noise abatement regulations will be of significant importance especially to older, pure jet engines. Aircraft not meeting current specifications will have their world shrink greatly and have a far less attractive resale marketplace. If the category of aircraft you are looking into has an average airframe time that is significantly lower than the specific aircraft you are considering,down the road you could be facing problems regarding the price you can ask and how long it will take to sell. Each category of aircraft has an average time based on its age. (Most planes have about a 300 to 350 hours per year of average use.) Those that differ greatly will be affected. The advent of fractional programs is adding a few twists to these old rules but this should not really impact older aircraft.

In summary, having a good pre-buy inspection from a qualified facility—thereby having a complete look at airframe, engines and records—will help establish an historical view of the condition of the aircraft from a maintenance and safety standpoint. The other value items will come from a comparative analysis of the specific fleet, looking at such things as comparative airframe time, avionic and modification status. In other words, the overall aging of the fleet is far less important than how an individual aircraft compares to other identical aircraft in the fleet of the same age.

As always, enter any transaction with eyes wide open, and don't let the thought of buying a reduced-price aircraft make you think you have beat the market. As with all things, one usually gets what he pays for! For more on this topic, visit our Web site at www.jetsales.com.

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