QS PARTNERS

INSIGHT

STATE OF THE MARKET

QUARTER 4 2023

Top 60 Pre-owned Business Jet Markets

MARKET HIGHLIGHTS

The quarter-over-quarter trend of increasing inventories in the Top 60 pre-owned jet markets continued for the seventh consecutive quarter, now at 6.6% of active fleet for sale. In contrast, December saw the first month-over-month decrease since December 2022. This is expected to continue into January 2024 -- making this the first time since January 2022 that we have seen decreases in consecutive months.

Retail transaction volume was the strongest of the year in Q4, at 407 aircraft sold, which was down -6% YOY versus -35%, -21%, and -15% respectively in Quarters 1 through 3.

Early 2024 indications from January point toward a strong start, with higher than expected interest from buyers coupled with decreasing inventories, likely due to the continued strong US equities markets.
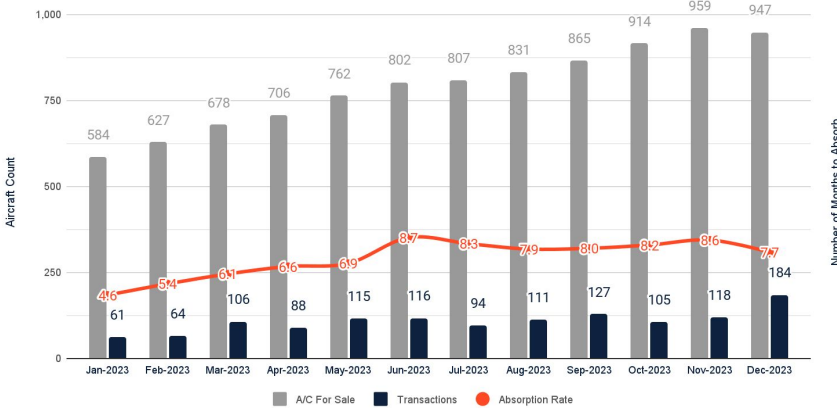
12-MONTH MARKET TREND

Month	A/C For Sale	Transactions	Absorption Rate
Jan-2023	584	61	4.6
Feb-2023	627	64	5.4
Mar-2023	678	106	6.1
Apr-2023	706	88	6.6
May-2023	762	115	6.9
Jun-2023	802	116	8.7
Jul-2023	807	94	8.3
Aug-2023	831	111	7.9
Sep-2023	865	127	8.0
Oct-2023	914	105	8.2
Nov-2023	959	118	8.6
Dec-2023	947	184	7.7

YTD	Inventory		Transactions		Absorption Rate	
2022	618		1,580		4.5	
2023	947	53% ⌃	1,289	-18% ⌄	7.7	71% ⌃

TRANSACTIONS BY QUARTER AND CABIN CLASS

Quarter	Large	Mid	Light	Total	YOY
2022 Q1	123	128	102	353	
2022 Q2	139	146	118	403	
2022 Q3	135	149	105	389	
2022 Q4	140	165	130	435	
2023 Q1	74	68	89	231	-35% YOY
2023 Q2	91	118	110	319	-21% YOY
2023 Q3	115	113	104	332	-15% YOY
2023 Q4	131	155	121	407	-6% YOY

Market Overview

Active Fleet	14,412
For Sale/Lease	947
% for Sale	6.6% ⌃
Sold Year-to-Date	1,289 ⌄
Sold Prior Year	1,580
Absorption Rate	7.7 ⌄

Seller Market Rankings

#	Model	#	Model
1	G550	31	CL 350
2	M2	32	CL 650
3	Falcon 7X	33	GIV-SP
4	Phenom 300	34	Global 5000
5	CL 300	35	G650
6	CJ4	36	Lear 45XR
7	Sovereign	37	CL 604
8	XLS+	38	900EX EASy
9	Latitude	39	F 2000LX
10	CJ2	40	H800XP
11	G280	41	CL 605
12	Phenom 100	42	G450
13	CJ2+	43	G150
14	Sovereign+	44	Legacy 500
15	H900XP	45	CJ1
16	Excel	46	Falcon 2000
17	Lear 75	47	Global XRS
18	CJ3+	48	Legacy 600
19	Global 6000	49	G200
20	CJ3	50	GV
21	Mustang	51	Lear 60
22	Citation X	52	H850XP
23	XLS	53	CJ1+
24	G650ER	54	2000EXEASy
25	Legacy 650	55	GL Express
26	Falcon 900LX	56	Premier I
27	Lear 45	57	900EX
28	F2000EX	58	Legacy 450
29	Encore	59	Lear 60XR
30	Premier IA	60	Encore+

Competitive Market Rank is a measure of each model's market performance in key metrics relative to the average of the top 60 modern business jet markets, and is based on current month market and the last six months of transaction data.

VALUE TRENDS

Fleetwide, quarter-over-quarter pre-owned modern jet values decreased by an average of 2.5% in Q4, the fifth consecutive quarter in which we have seen average values decline. However, Q4 saw a slower rate of value decline compared to the 5.3% average decrease seen in Q3.
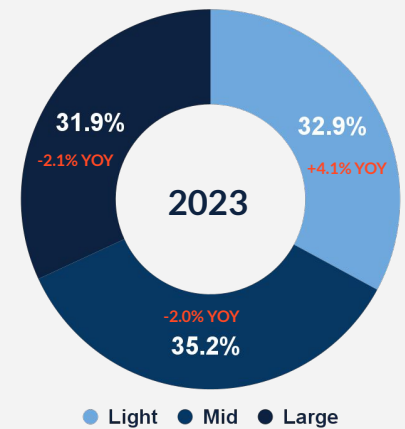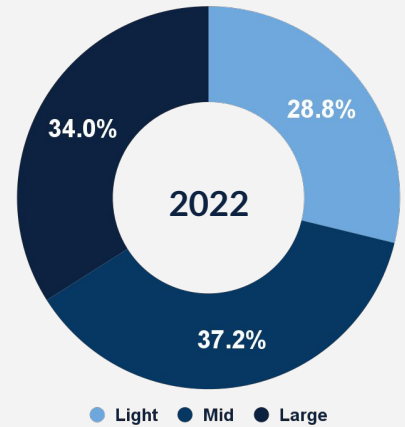
Individual fleet value performance continues to vary, with 17 of the 26 fleets detailed recording a reduction in values compared with the prior quarter. Aircraft values remain up by an average of 16.0% compared to Q4 2019, and now five of the detailed fleets are below their pre-pandemic values.

When viewing these metrics, it is important to keep in mind that historically, aircraft could be expected to lose 6% in value each year. Therefore, after four years, values would be down 24%. In relation to that benchmark, all fleets listed below, even those that are below their pre-pandemic values, are doing better than could be expected historically.
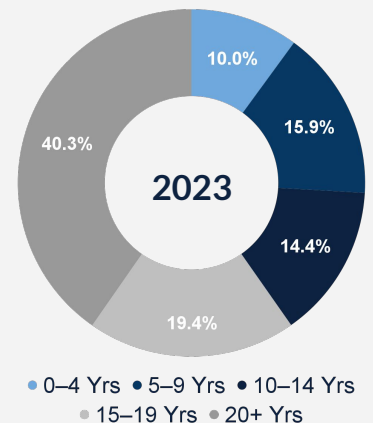
Value Changes by Market

Segment	Market	Change YOY	Change QOQ	Change since Q4 2019
Light	CJ3	-7.8%	1.6%	51.4%
Light	CJ4	-3.1%	-0.5%	46.2%
Mid	G200	-9.8%	-0.6%	35.7%
Large	CL604	-23.6%	-5.0%	35.5%
Mid	H900XP	-15.8%	0.2%	35.5%
Light	CJ3+	-6.9%	-2.9%	33.6%
Large	CL605	-10.7%	0.2%	33.6%
Mid	CL300	-13.2%	-8.8%	30.7%
Mid	Sovereign	-2.0%	4.2%	30.3%
Mid	XLS	-11.7%	0.0%	28.9%
Mid	Latitude	-2.8%	5.4%	26.4%
Mid	H850XP	-21.4%	-5.2%	23.8%
Light	Phenom 300	-9.2%	-3.7%	22.6%
Mid	XLS+	-18.2%	-16.5%	22.3%
Mid	CL350	-9.1%	4.2%	19.7%
Light	M2	-16.8%	-2.1%	16.0%
Mid	G280	-5.3%	-0.9%	15.2%
Large	CL650	-5.1%	-3.9%	8.8%
Large	900EX EASy	-14.6%	-9.7%	5.3%
Large	2000LX	-20.3%	-0.7%	4.3%
Large	7X	-1.7%	2.1%	1.9%
Large	Global 6000	-7.9%	3.8%	-2.4%
Large	Global 5000	-6.3%	-9.7%	-7.0%
Large	G550	-10.3%	-4.8%	-7.0%
Large	G650/ER	-6.4%	-1.9%	-10.2%
Large	G450	-18.5%	-9.0%	-10.2%
Total		**-10.7%**	**-2.5%**	**16.0%**

Transactions By Cabin Class

2022

- 28.8% Light
- 37.2% Mid
- 34.0% Large

● Light ● Mid ● Large

2023

- 32.9% +4.1% YOY (Light)
- 35.2% -2.0% YOY (Mid)
- 31.9% -2.1% YOY (Large)

● Light ● Mid ● Large

Retail Sales By Aircraft Age

2023

- 10.0%
- 15.9%
- 14.4%
- 19.4%
- 40.3%

● 0–4 Yrs ● 5–9 Yrs ● 10–14 Yrs
● 15–19 Yrs ● 20+ Yrs

PRE-OWNED JET SALES AND US PRESIDENTIAL ELECTIONS

% of Jets Sold	Q1	Q2	Q3	Q4	FY Total	S&P 500 Return	US GDP Growth	Fed Funds Rate
Avg Non Elec. Yr	2.2%	2.5%	2.5%	2.9%	10.1%	8.9%	2.2%	1.8%
Avg Elec. Yr	2.4%	2.4%	2.4%	2.7%	10.0%	-0.1%	1.5%	1.7%
2020	1.8%	1.4%	2.4%	4.1%	9.7%	16.3%	-2.8%	0.1%
2016	2.0%	2.3%	2.2%	2.5%	9.0%	9.5%	1.7%	0.4%
2012	2.1%	2.7%	2.3%	2.5%	9.6%	13.4%	2.3%	0.2%
2008	2.7%	2.3%	1.9%	1.6%	8.5%	-38.5%	0.1%	2.0%
2004	2.6%	2.9%	3.0%	2.7%	11.2%	9.0%	3.9%	1.0%
2000	3.5%	3.0%	2.8%	2.8%	12.1%	-10.1%	4.1%	6.7%

The U.S. presidential election cycle will again take hold of the nation this year and will be discussed ad nauseum on news outlets, magazines, podcasts, blogs, financial reports, and more. But it also raises questions among prospects, clients, and industry colleagues as to how it impacts our industry.

Historical sales and inventory data from AMSTAT for all pre-owned jets going back to 2000 shows that the average S&P 500 return does vary significantly in presidential election years, averaging 0.1% annual return versus an 8.9% average annual return in years without a presidential election. However, pre-owned aircraft sales markets seem to be much less affected, on average, with only a 0.1 percentage point difference in the percentage of the active fleets sold pre-owned in those years.
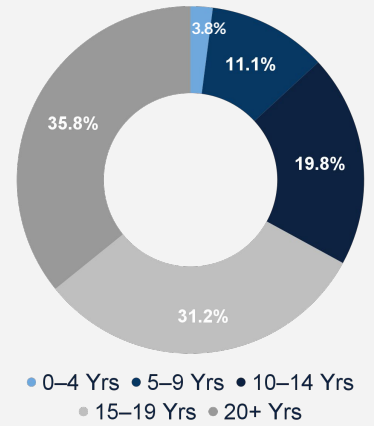
This lack of a statistically significant difference in the demand metric is surprising, given the massive difference in investment returns. It becomes even more surprising when we look at the six election years individually -- with a reminder that three of them were entrenched in historic economic challenges presented by the dot-com bubble, the housing crisis, and the COVID-19 pandemic.

Going further into the supply and demand equation, the below table takes a look at how aircraft values were behaving by averaging the Vref Light, Mid, and Large Jet value indices, which consolidate data points from various mature fleets from different manufacturers. This data indicates that, on average, election years actually see a better value retention, with a - 4.8% loss in value, while non-election years see a -7.7% loss. For reference, mature aircraft on average lose around 6% of their value every 12 months. However, we can see that individual election years can vary greatly in average aircraft value loss per year, with a range between a -18.0% value loss and a +10.2% value gain.
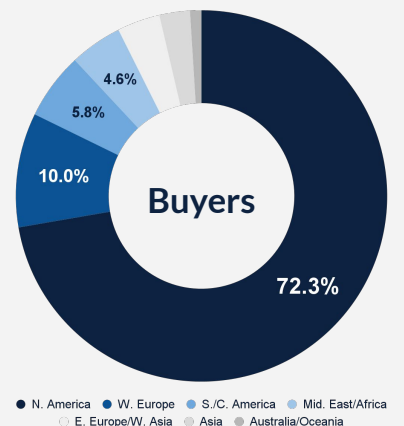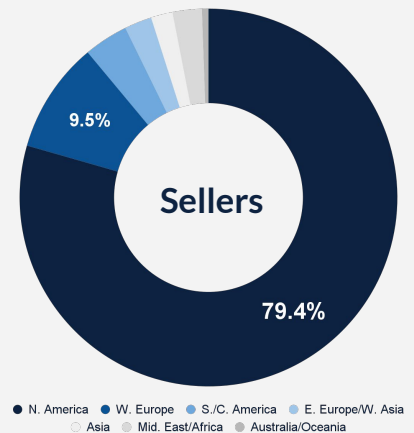
All of this would indicate that the U.S. presidential election cycle has much less impact on pre-owned jet market demand and values (on average) than one would tend to expect, but aircraft asset values in particular can be very sensitive to other macroeconomic factors, such as challenges in the global economy and forward-looking expectations related to changes to tax law, inflation rates, interest rates, and more.

% of QoQ Jet Value Retention	Q1	Q2	Q3	Q4	FY Total	S&P 500 Return	US GDP Growth	Fed Funds Rate
Avg Non Elec. Yr	-1.4%	-1.8%	-2.3%	-2.2%	-7.7%	8.9%	2.2%	1.8%
Avg Elec. Yr	1.3%	-1.0%	-2.4%	-2.7%	-4.8%	-0.1%	1.5%	1.7%
2020	14.6%	-1.1%	-1.6%	-1.6%	10.2%	16.3%	-2.8%	0.1%
2016	-2.9%	-0.4%	-4.4%	-2.0%	-9.8%	9.5%	1.7%	0.4%
2012	0.1%	-4.9%	-4.7%	-6.2%	-15.7%	13.4%	2.3%	0.2%
2008	-0.3%	-2.8%	-5.1%	-9.9%	-18.0%	-38.5%	0.1%	2.0%
2004	-3.8%	3.5%	1.6%	4.0%	5.3%	9.0%	3.9%	1.0%
2000	-0.2%	0.0%	-0.4%	-0.4%	-0.9%	-10.1%	4.1%	6.7%

Current Market By Aircraft Age

- 0–4 Yrs ● 5–9 Yrs ● 10–14 Yrs ● 15–19 Yrs ● 20+ Yrs

(3.8%, 11.1%, 19.8%, 31.2%, 35.8%)

Transactions By Region (2023)

Sellers

9.5%

79.4%

● N. America ● W. Europe ● S./C. America ● E. Europe/W. Asia ○ Asia ● Mid. East/Africa ● Australia/Oceania

Buyers

4.6%

5.8%

10.0%

72.3%

● N. America ● W. Europe ● S./C. America ● Mid. East/Africa ○ E. Europe/W. Asia ● Asia ● Australia/Oceania

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$900M

Total asset value for aircraft sold or purchased since 2021