

June 2017

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## THIS MONTH

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See page 5 for further details

# What's Your Business Aircraft Worth Today?



## Points of Value Specific to Embraer Executive Jets 'For Sale'

Senior Certified Aircraft Appraiser Jeremy Cox continues his series spotlighting aircraft makes and models and their value points. This month the focus is on used Embraer business jet models...

**T**he Embraer Phenom 100 series is projected by the Aircraft Bluebook to accumulate 200 Hours annually. Currently, the Phenom 100 market shows the average TTAF (taken from 44 aircraft 'For Sale') is 1,141 hours with an average of 901 landing cycles, which is an average ratio of just over 1 flight-hour, 16 minutes per landing. The average Year of Manufacture of the 'For Sale' Phenom 100 is 2010 (seven years old).

The Phenom 300, meanwhile, is projected by Bluebook to accumulate 300 Hours annually. The

current Phenom 300 market shows the average TTAF (taken from 20 aircraft 'For Sale') is 549 hours, with an average of 401 landing cycles, which is an average ratio of approximately 1 flight-hour, 22 minutes per landing. The average Year of Manufacture of the 'For Sale' aircraft is 2012 (five years old).

There is no Bluebook data regarding projected annual flight-hours accumulation for either the Legacy 450 or Legacy 500. There are no used Legacy 450 jets 'For Sale' (as of May 2017), however, there are three used Legacy 500 jets 'For Sale' with an average TTAF of 671 hours, and an average of 594 landing cycles. That's an average ratio of approximately 1 flight-hour, 8 minutes per landing. The average Year of Manufacture of the Legacy 500 'For Sale' is 2014 (three years old).



### Transaction Details in Focus

**Phenom 100:** The residual value of a 2010-model Embraer Phenom 100 is currently about 59% of its new value, based upon a List Price in 2010 of US\$3.745m, and a retail value today of ~\$2.200m. Transactions of used Embraer jet models tend to reflect their respective model fleet sizes, and in the past 10 years, 201 Phenom 100's have transacted in a used condition.

Over the years, various upgrades have been introduced for the Phenom 100, including the Phenom 100E and Phenom 100EV. The difference between the Phenom 100E and EV models are a 35 lbst increase of the PW617F engine (identified by a PW617F-1 on the EV model); increased payload capability; reduced Time-to-Climb; and Prodigy Touch Garmin G3000 Touchscreen EFIS.

**Phenom 300:** The residual value of a 2012 Phenom 300 is currently at about 76% of its new value (2012 List Price was \$8.920m, and the current retail value is approximately \$6.800m). In the past nine years, 70 Phenom 300s have been transacted.



Jeremy Cox is Vice President at JetBrokers, Inc, a National Aircraft Appraisers Association (NAAA) Senior Certified Aircraft Appraiser, as well as a NAAA Qualified Buyer's Agent. Jeremy has been a Director of Maintenance for several different companies and employed by several airframe OEMs' independent Service Centers. Contact him via [jcox@jetbrokers.com](mailto:jcox@jetbrokers.com)

**Legacy 600:** The lowest residual value among used Embraer executive jets 'For Sale' is found with the Legacy 600. A 2007 model has a residual value that is about 30% of its original list price, with an average value of approximately \$7.400m today, versus \$24.700m ten years ago. In the past 15 years, the Legacy 600 market has seen 123 transactions.

**Other Legacy Markets:** All other Embraer models have much lower resale transaction numbers, mainly because they are relatively new aircraft, and owners who made the decision to buy a new Embraer aircraft tend to stay loyal for longer period of time.

### A Word on New Legacy 650 Pricing...

Between early-March 2013 and late-January 2016, the value of the Brazilian Real against the US\$ steadily dropped by more than 50%. Since then it has seen a resurgence but is still valued below 40% of its 2013 value.

If you are Brazilian, you have been living through an economic depression. If you are Embraer, however, which primarily sells its products in US\$, the ability to remain competitive in today's extremely tight, cut-throat new business aircraft marketplace, is easier when your home currency value is so low.

This competitive edge manifested itself in the 2017 list price offering of the Legacy 650E (\$25.9m) versus the list price of the non 'E' model of 2016 (\$29.9m). At \$5m less, it is very competitively priced. This also brings the pricing rationale of this class of aircraft in-line with what a Legacy 600 would be, if it were still in production today.

In essence, the Legacy 650E varies from the 650 model in that it provides Auto-Throttles as standard and has re-styled seat upholstery.



### Specific Upgrades/Modifications

Following is a list of Appraised Value Add-Ons for each Falcon model discussed within the scope of this article. These are my numbers, not the numbers from the value guides...

#### • Phenom 100 Series:

- Enhanced T/O Package (Increased Thrust) - \$50,000
- Belted Potty Seat - \$45,000
- Rigid Lavatory Door - \$20,000
- ADF - \$20,000
- ADS-B Out - \$50,000
- HF with Selcal - \$60,000
- Synthetic Vision System (SVS) - \$20,000
- TCAS-II - \$120,000
- GoGo Biz ATG-5000 - \$100,000

#### • Phenom 300:

- Enhanced Payload - \$50,000
- Side-Facing Divan - \$75,000
- Lavatory Sink - \$15,000
- Belted Potty Seat - \$45,000
- Heated Baggage System - \$20,000
- Flight Data Recorder - \$50,000
- HF with Selcal - \$60,000
- Synthetic Vision System (SVS) - \$20,000
- GoGo Biz ATG-5000 - \$100,000

- CPDLC - \$50,000
- Garmin G3000 Retrofit - \$250,000
- In-Flight Phone - \$50,000

#### • Legacy 450 & 500

- Enhanced Vision System - \$200,000
- Heads-Up Display - \$200,000
- GoGo Biz ATG-5000 - \$100,000

#### • Legacy 600/650 Series

- Crew Lavatory - \$250,000
- Hi-Altitude Landing & T/O Ops (HALTO) - \$40,000
- FANS 1/A RNP/WAAS LPV - \$300,000
- CPDLC - \$150,000
- Smart Landing/Smart Runway (RAAS) - \$15,000
- Auto-Throttles - \$150,000
- CD-820, or DU875 LCD EFIS Upgrade - \$600,000
- GoGo Biz ATG-5000 - \$120,000
- XM Weather - \$10,000

#### • Lineage 1000 Series

- Autoland - \$450,000
- ADS-B - \$80,000
- CPDLC - \$75,000 ■

Jeremy Cox is experienced in presenting his expertise at aviation meetings, seminars and conferences.

If you have an upcoming event and would like to discuss having Jeremy present, you can contact him via [jcox@jetbrokers.com](mailto:jcox@jetbrokers.com)

### Respective Embraer Executive Jet Model Manufacture & Fleet Numbers

• Phenom 100:	2007-2013	302 total built (290 currently active)
• Phenom 100E	2014-Present	57 total built (53 currently active)
• Phenom 100EV	2017-Present	2 total built (1 currently active)
• Phenom 300	2008-Present	404 total built (399 currently active)
• Legacy 450	2013-Present	25 total built (22 currently active)
• Legacy 500	2012-Present	61 total built (50 currently active)
• Legacy 600	2000-2015	193 total built (183 currently active)
• Legacy 650	2009-Present	92 total built (90 currently active)
• Lineage 1000	2008-2013	16 total built (16 currently active)
• Lineage 1000E	2014-Present	14 total built (13 currently active)

**Total Active Embraer Executive Jets = 1,166 Aircraft**  
(excludes 3x E170/E175 Custom Built as Oil Company Shuttles).