

## New vs Pre-Flown: The Value Proposition

Today's business aircraft market is a venerable smorgasbord, offering more models in more categories with more capabilities than any time in the history of our industry. Narrowing the list to determine the right airplane for your mission is but one step in the acquisition process. Deciding whether to purchase a new or pre-flown airplane can be daunting.

Some are predisposed to buy new, whether it's a house, car, boat or any other major purchase. Others are determined that there is no value in buying an asset that will only depreciate, particularly in the early years of ownership. Corporate Aircraft can be a little different, though. Unlike cars, there really is no limit to the useful life of an airplane. Manufacturing tolerances and maintenance requirements can allow an airplane to provide safe, reliable service for 30 and even 50 years. Unlike automobile models that are updated or redesigned every year or so, the cycle for business aircraft is more likely to be five years or longer. The automobile market would look a lot different if cars were maintained and upgraded like airplanes.

This does not imply that airplanes don't age. They most certainly do and will require regular updates and refurbishment. At some point, the cost to keep an airplane current will exceed the value of keeping it. Determining where those lines cross is a decision that can cost or save millions of dollars. Factors to be considered when evaluating a pre-flown airplane include a long list of important questions. Just a few examples... What is the maintenance status? What airframe and engine inspections are due and how much will they cost? Are the avionics up to date? Do they comply with regulatory requirements? This, alone, is a significant factor today as regulatory agencies around the world have mandated upgrades known as NextGen that are necessary but very expensive. These questions haven't even begun to address the aesthetic issues related to interior condition and function.

On the surface, buying a new airplane can appear to be easier. You get to pick all the options, colors and materials. You get a fresh warranty and you will have avionics, entertainment systems and airframe components that are not only up to date but should be designed to accommodate future requirements. The time required to manufacture a personalized new airplane can be up to 12 months, so these decisions must be made in a timely manner.

Corporate aircraft are vital capital assets. The decision process must consider far more than simply the "sticker" price. Tax considerations must be evaluated. What is the planned ownership period? Will support equipment be required? Will additional crew hiring and training need to be factored into the decision? These considerations, and more, all assume that the correct airplane is being pursued to fulfill the mission as defined now and in the future.

Navigating this process in a manner that carefully evaluates all factors and reducing unproductive biases is challenging, even for the most experienced aviation executive. The team at VanAllen can lead you through every detailed step to ensure that the acquisition and entry into service is smooth, seamless and perfectly matches your business plan and culture.