

Priced to Sell: An Analytic Approach To Buying and Selling Aircraft

by Mark Patiky

When it comes to buying or selling, if emotions take the lead, regret can easily follow. That's especially true for aircraft. But, Frank Janik, Leading Edge Aircraft Solutions vice president aircraft transactions, explains his company's customized analytic market assessment is a rational approach designed to benefit every transaction. That leads to peace of mind and ultimate client satisfaction.

"Our specific model -- a detailed analysis that puts market values in true perspective -- is something that we developed over time," says Janik. "It is a proprietary analytic tool based on a wide array of available resources, opinions from highly qualified industry colleagues, intense research and unsurpassed in-house expertise. We think it's better than anything out there." While the latest industry intelligence is a critical part of the recipe, distilling and evaluating data from multiple sources and blending it into the mix is the secret sauce.

So how does it work? If you're a buyer or a seller, what is that right price? "We determine what similar aircraft sold for and what current sellers are willing to accept," says Janik. "We factor all those figures into our individual assessments and come up with a real-time retail value for each aircraft in the market, which we present in an easily understandable document.

"There may be 20 or 25 aircraft of a specific make and model on the market at the same time and it's a little bit daunting because they are all similar but also very different," he says. "We'll look at what's available and generate a desktop appraisal of each one by carefully considering a host of parameters including years and hours in service, equipment and avionics, paint and interior and other enhancements. Then we adjust each aircraft's value by a "market adjustment" factor that is based upon the take prices and/or selling prices of comparable aircraft to come up with a real-time market value for each aircraft. We then put all of this together in one straightforward presentation so our client can make the best decision."

For example, you could buy a \$20 million aircraft that's really worth \$22 million or you could pay less and buy one for \$19 million but it may be worth only \$18 million. "Until you really dig into the market value and assess and compare each aircraft, it's difficult to see the best deals and what's overpriced or undervalued," says Janik. "That's part of the magic in our analysis," he says. "It takes the guesswork out." The net result is a realistic picture of true value. "We can illustrate graphically where aircraft are trading, and show why a given price represents a great buy. Then we can go to our clients and say with confidence, 'Look, you should do the deal and here's why,'" says Janik.

Sellers, too, gain a striking perspective regarding sensible pricing. "If an aircraft is priced at \$9

million and it isn't selling, you can quickly see why because our analysis may show that the aircraft is worth only \$7.5 million. We create an accurate market comparison that confirms if a particular aircraft is over or underpriced," Janik says.

In a recent Leading Edge market assessment, a 2006 large-cabin aircraft priced below estimated value was snapped up after a month and a half. A similar overpriced 2005 model remained on the market for a year and a half.

Indispensable analysis and far-reaching capability sets Leading Edge Aircraft Solutions apart. With the company's qualitative approach, quantitative analysis, and consummate in-house expertise, it's clear that buyers' and sellers' remorse can be a thing of the past.