

# Asia's Growing Preowned Market Needs New Image

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The preowned business jet market is growing in Asia, but to continue that trend perceptions about the industry need to change. Last year, preowned aircraft accounted for 53 percent of all additions in the region, up 4 percent from the year before. In all, there were 160 pre-owned transactions into, out of, and within Asia, according to data presented by Asian Sky Group CEO Jeffrey Lowe last week at the Corporate Jet Investor Asia event in Singapore. He added that many of these jets are finding new homes in North America.

This trend is likely to continue, spurred by the signing of the Implementation Process for Airworthiness by FAA and CAAC in October 2017. This agreement allows preowned aircraft not manufactured or designed in the U.S. to be delivered to China from the U.S. directly, instead of returning to Europe, for example, through EASA.

“This a big change to the products exchange between two countries and will expedite the preowned airplanes export/import between the two countries,” said Rocky Zhang, vice president of government affairs at Textron China.

However, panelists agreed that the market needs to educate buyers and sellers to assure continued growth. It is often perceived that aircraft coming from this region are appraised lower than those from other regions. Dennis Lau, a consultant at Flight Ascend, observed that differing tastes in cabin fittings and expectations about an aircraft's physical condition might affect buyers' offers.

A report by Global Jet Capital and AircraftPost suggests that the selling values are mixed and provides no evidence of foreign airplanes consistently selling for lower values. “So, anecdotally although many believe it to be the case, the available data did not seem to support that premise,” said a Global Jet Capital spokesperson.

“There are many first-time sellers and buyers, and we as brokers have to educate them,” said Lowe. He added that first-time sellers also have to understand the realistic price of their aircraft and get in front of the market rather than chase it, which typically results in transactions that are below expectations.

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