

A Word from the President

It's the beginning of Spring and Augusta National is in full bloom and with warmer weather promising to arrive I thought this would be the perfect opportunity to both introduce myself and provide you with an outlook of what to expect from Vref in the months to come.

As I sit behind my desk with a full week under my belt as the new President of Vref there are many things I want to discuss, but first I want to tell you a little bit about myself. I have been in aviation for 25 years. My early days were at my family's business, JSSI. My 10 years at JSSI provided me with a diverse education into both maintenance and politics. The last 15 years I have spent as an aircraft broker and inventory dealer. Vref is the perfect home for my evolving skillset and I look forward to my new career.

When I am not in the office I like to spend my time with my three wonderful kids. I am an avid Triathlete, endurance athlete, swimmer and cyclist. In fact, I cycled almost 9000 miles last year, more than I drove my car. Hopefully, some of you share my passions and we can share racing strategies. Like a marathon or any race, sometimes the end goal seems so far away that you simply cannot believe it is real. I feel as if the aviation market has been in this state of flux for some time and many of you will agree there was no real end goal in sight.

Today however; the market, and the economy, and most important aircraft values are showing signs of optimism. But first, I want to offer my promise to the aviation community that Vref will continue to be the most trusted source of aviation data for the aerospace professional, and we will do so by modernizing, verifying and getting your feedback.

For the first time since Vref was introduced to the market some 25 years ago, we are proud to announce not one, but two, Advisory Boards. The first board will consist of a handful of financial institution presidents and/or chairmen, and the second will consist of a cross section of brokers and dealers in the USA.

I also want to share with you the exciting announcement that ***Vref will be rolling out their first ever Engine Value Guide.*** This guide will be comprised of every piston, turbine, corporate and commercial engine. We are also going to be adding some new information on the corporate aircraft which will include major maintenance event pricing and an in-depth field note guide.

**SPECIAL
SPRING
EDITION**

From the President *Continued from page 1*

But wait there is more! Vref will be upgrading the website and we will be offering more flexibility in terms of how you subscribe. And if that isn't enough for you, we have also rolled out a complete line of Appraisal services

and Expert Witness/Legal Services with published pricing.

So without any further delays, I present to you the 2018 1st Quarter Recap.

2018 First Quarter Recap

The U.S. market activity levels continue to rise, and several models have completely stabilized with a few moving into positive territory for the first time in many, many years. There are several models worth mentioning.

Challenger 300's continue to heat up, once again month-to-month inventory or pre-owned aircraft has dropped and the average marketing time has as well. With just over 5% of the fleet available for sale on the open market, the 300 is leading the charge to a resurgence in values across the market. The popularity of the 300 can be attributed to its dispatch reliability, outstanding performance and lower than normal operating costs for an aircraft this size.

Citation XLS's are off to a tremendous start in 2018, and closings are showing that the XLS values are creeping into the positive territory again. While its too early to truly determine if we have crossed into a Seller's market, we are down nearly 32% for pre-owned inventory compared to the end of 2017. Just over 5% of the fleet is for sale, and there are fewer options for buyers

looking to purchase a U.S based aircraft. We are forecasting pricing levels to continue to climb if the current trends can maintain themselves through the summer.

Lear 45's are also off to a tremendous start in 2018, pricing has demonstrated stabilization for the last several months and newer pre-owned aircraft are becoming harder to find for resale purposes. The total percentage of the fleet is a bit misleading as only (3) of the current (19) for sales are newer than 2002 and most have gone through some sort of modernization or interior refurbishment. End of 2017 sale trends continue to impress as we enter 2018, and we expect pricing to continue to firm and dare we say enter the positive territory?

The market is not without its issues; aircraft like the Bombardier Global Classic continue to suffer from numerous issues. First and foremost the pricing continues to slide as aircraft fail to sell. Due to the fleet age, and a number of dispatch reliability issues stemming from antiquated CMS's and increasing costs to

Recap *Continued from page 2*

modernize, most Buyers are not willing to take the plunge unless the aircraft has already been upgraded. With 2020 compliance looming, the Global Classic will continue an internal separation within its own fleet. Those aircraft needing upgrading will sell for substantially less than those that have been modernized. It should be no surprise as the costs have been escalating for 10-year inspections. We should continue to see a decline in value until those aircraft requiring modernization lower pricing expectations.

Finally the Gulfstream G550 has offered the market its first true Sellers market label. The data suggests the market is extremely hot, while the closings continue to come in and there is no end in the near term. Eight aircraft have transacted this 1st Quarter alone, with almost 50% of those sales taking place without the aircraft ever coming to market. Of the 17-aircraft remaining

on the market, that by the way represents only 3% of the total fleet, the vast majorities are Stateside. Pricing on the other hand is continuing to settle, and we are forecasting a continuing of the current market trends even with the very first 500 deliveries expected shortly.

Vref is committed to providing the aviation community with exceptional customer service, which means we want to hear from you. If you think we can do a better job please let us know, and if you like what we are doing we take compliments as well.

Finally, as I sit and reflect over my 25-year career in aviation I am happy to say that this job has finally allowed me to apply all of my knowledge, experience and skills into something that I hope you will be equally proud of. I look forward to seeing many of you in the coming months at NAFA, EBACE, EAA and NBAA.

Best Wishes,
Jason Zilberbrand
President