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Trends in Private Aviation

Covid-19, Reduced Airline Schedules, Low Interest Rates & Tax Incentives Drive Demand Up for Private Jets Worldwide & Expected to Outstrip Supply in Short & Long Term

North Palm Beach, FL, June 15, 2020 – Concerns about health and the vastly reduced flights of commercial carriers during the pandemic are driving a surge of interest in [private aviation](#) among businesses and wealthy individuals, despite the economic uncertainty of these pandemic times.

While some are flocking to jet charters or “fractional” ownership arrangements to avoid the health risks of traveling with strangers and to gain the flexibility of flying where and when they need, companies such as The Private Jet Company (TPJC), providing sales, acquisition and consulting services to private jet buyers and sellers, are also seeing an uptick in the demand for pre-owned jets, a reluctance among current owners to sell, putting upward pressure on the prices of used aircraft.

New planes cannot meet this demand since almost all manufacturers are sold out for as far as three years out, according to TPJC’s CEO Daniel Jennings. “New planes are built only after a contract is signed and a deposit paid, not on spec,” he explains. “It will take years for manufacturers to tool up. Yet infectious disease experts are predicting that the virus threat will most likely not disappear anytime soon.

“Private aviation will no longer be considered a luxury, but a necessity for health reasons – and mandated by shareholders for senior executives, as well as becoming a requirement for high net worth individuals and their families.”

Financial incentives

The high price tag for a private jet is mitigated by some special financial conditions currently in effect: very low interest rates, banks eager to lend, and two tax incentives. The 2017 tax cuts implemented under Trump’s administration allow 100% depreciation in the first year of ownership for items such as new or used aircraft used for business. The 2020 CARES Act includes a five-year net

operating loss carryback that permits tax payments going back to 2015 to be refunded due to a loss in the current year.

Rapid price acceleration after Q1 2021

“There is a small window **now**, until the fourth quarter this year or maybe the first quarter of 2021, when we have a dislocated market, distressed sellers, and good opportunities,” said Jennings.

After that, the math cited by Jennings is compelling for a rapid acceleration of prices for pre-owned jets. There are over 168,000 individuals globally – 80,000-plus in the US alone- with \$50 million or more net worth, according to the 2019 Credit Suisse Wealth report. Assume that only 10% of those start looking to acquire a private jet. That translates into 16,800 potential buyers.

In contrast, the total number of private jets currently for sale is 2,186, according to JetNet, which tracks the aviation industry market. But the number is smaller when the search is restricted to those aircraft built in the last 20 years – a paltry 1,256.

“So you have a scenario where 16,800 buyers are chasing only 1,256 planes– or 2,186, depending how ‘new’ a pre-owned plane the buyer wants,” continued Jennings. “Let’s consider the possibility that because of the Covid-19 crisis and economic uncertainty, two or three times as many private jets are put up for sale than what are currently available. That’s still a huge gap between supply and demand.”

“For those clients looking to buy a private jet, we are recommending that they buy before the end of the first quarter next year when prices will increase significantly. And if they currently own a plane, we advise them to wait and sell later as the prices start to rise”, said Jennings.

For more information, email Info@ThePrivateJetCompany.com call (561) 691-3545, or log onto ThePrivateJetCompany.com/

About The Private Jet Company (TPJC)

The Private Jet Company offers sales, acquisition and consulting services for private aircraft in major markets throughout the world. Founded in 2005 with headquarters in North Palm Beach, FL and regional offices in Paris, France and Mexico City, Mexico, TPJC has completed over \$2 billion of aviation transactions for individual and corporate owners. In addition to assisting clients buy and sell aircraft, the company works with aircraft management companies to reduce the burden of maintenance and supplement revenue through charters. TPJC also partners with aviation attorneys and tax experts to help clients maximize depreciation, reduce tax burdens and assist in import and export Certificates of Airworthiness.

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