

# BUSINESS JETS IN DEMAND: PRIVATE AVIATION SECTOR IN GOOD SHAPE



One would think that nothing is happening in the sky in this difficult moment for the airline industry. In fact, the last time there were so few flights as in 2020 was in the 1980s. One must also consider the private aviation sector. Despite the fact that it also suffered from various Covid-19 restrictions, it did relatively well last year.

According to Eurocontrol (The European Organization for Safety of Air Navigation), the number of business flights over Germany, for example, decreased by only 23 %.

## More Than Enough Clients

Before the pandemic, McKinsey & Company estimated that in the United States **about 90 % of all passengers who could afford private business jets flew scheduled airline flights just because of the convenience of routes.** But now, air travel is once again what it once was: a real luxury.

An example of the growth of this sector is the situation of Vistajet, one of the largest business aviation companies in the world. The company experienced significant growth, with the number of new customers tripling.

Each new member pays an average of \$100,000 as a deposit to be able to book a private jet at all. Afterwards, the cost is calculated depending on the route. So, with a little luck, you can get from London to Geneva for about 9.9 thousand dollars.

## Used Business Jets in Greater Demand

However, if one is not interested in renting a business jet from time to time, he buys one. Increasing demand for small jets has been noted by leading financial companies investing in aviation.

In this context, many people who have been offering this type of aircraft have been noticing this rise in demand. "I usually have 6-8 planes to choose from on my website, but now almost all good and small planes are sold out," a businessman said.

"I get an email almost every week asking if I want to sell one of my planes. Before the pandemic, such requests came maybe 4 times a year," another one added.

As of now, small used business jets, mainly in the price range from 1 to 5 million dollars, are in short supply. For 20 years, the number of used aircraft available for purchase has not been as low as it is now, market researchers say. Last year only 2,399 new private jets were produced worldwide, and it seems to be an insufficient number.

Subsequently, aircraft prices are also growing. Usually, used aircraft lose value year after year. **Price increases are extremely rare and are caused by a sudden growth in demand.**

This phenomenon has already been seen shortly before the global financial crisis of 2008. At that

time, used aircraft were even more expensive than new ones, as many buyers didn't want to wait 2-3 years for their delivery.

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