



Air Travel: Upgrading First Class

The corporate jet has long been an American staple. Now European frequent fliers are discovering it, too.

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Dec. 13 issue - Americans used to be the bigguns of corporate travel. They puffed cigars on private jets, leaving underlings and foreigners to fly business class, one seat ahead of the tourists. When companies like Warren Buffet's NetJets, which controls two thirds of the global business-jet market, and Bombardier's FlexJets introduced time shares or "fractional ownership" for planes, the perk began to trickle down the American corporate ladder. But then the dot-com bubble burst, and luxury went briefly out of style. Private-jet production plummeted 34 percent in two years.

Now business is taking off again—fueled by the strengthening global economy, increasing security at airports and unprecedented European interest. **Over the next decade more than 10,000 business jets will be built, more than double that of the past 10 years, says Forecast International.** The number of private jets in Europe increased by 21 percent in the past year to 1,104, a growth rate nearly three times the industry average. Last week NetJets placed the largest order ever for corporate jets in Europe, spending \$160 million on 25 new jets. Says Mark Booth, CEO of NetJets Europe: "There was this notion that Europe was different than America—businesses weren't as interested in private jets—and that implied that people's time in Europe was less valuable. We're crushing that notion."

New "club cards," which allow businesses to buy bundles of flying time, make luxury travel affordable even for relatively small European businesses. As little as \$145,000 buys 25 hours' flying time for seven people. Private jets are getting cheaper, too. Cessna, Raytheon and Safire are all launching "micro-jets" in 2006 for between \$1 million and \$2.5 million—compared with \$4.1 million for the least expensive jet now available, the Cessna Citation. Microjets are basically air taxis, seating four, with interiors the size of a Cadillac's. The Eclipse, backed by Bill Gates, will offer a short-haul business jet, the 500, so efficiently basic that it doesn't have a toilet.

Industry giants are taking notice. Last week Lufthansa opened the world's first first-class-only terminal in Frankfurt, with Porsches ferrying passengers from lounge to plane. Chairman Wolfgang Mayrhuber said Lufthansa aimed to "create an environment similar to that of a journey by private jet." But with transatlantic flights on private jets selling for as little as \$17,300—twice the first-class Lufthansa fare—high-rolling European execs are flying solo.

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