

Advertisement


**USA
TODAY**

PRINT THIS!

Powered by Clickability

Corporate jets return to favor

By Chris Woodyard, USA TODAY

The business jet, a pricey perk that became a flying symbol of corporate excess, is making a comeback.



A corporate Boeing 737 jet in Los Angeles.

By Dan MacMedan, USA TODAY

After two years of decline, the world's manufacturers delivered 392 new business jets through Sept. 30 this year, up 10% from the year-ago period, reports the General Aviation Manufacturers Association. Sales are up, and orders are backlogged.

Industry tracker Forecast International predicts explosive growth. The number of delivered jets is expected to increase by 157% between 2004 and 2011.

Boosting sales:

•**Evaporating corporate guilt.** Trials involving principals at Adelphia and Tyco highlighted tales of alleged abuse of corporate jets. With those cases no longer in the headlines, and other board room scandals fading, corporations are feeling more comfortable transporting top executives on private jets.

"At one point, they were looked at as perks or rich people's toys. Now, they are looked at as legitimate productivity tools," says Ray Jaworowski of Forecast International.

•**Tax benefits.** A tax law promoting corporate investment extended through next year the ability to accelerate depreciation on business jets. The manufacturers association says the provision has boosted sales by \$2 billion since it began in 2003.

•**Airport hassles.** After the Sept. 11 attacks, airport security has boosted the demand for private jets. The industry touts them for cutting down waiting time for busy executives. The jets can also get executives closer to where they want to go, because they can access smaller, closer-in airports.

•**More choices.** Aircraft makers are introducing more models tailored to customers' exact needs. In 2000, Gulfstream, for instance, had two aircraft models. It has expanded the line to seven to compete in more market segments, says spokesman Robert Baugniet.

Now, the line ranges from an \$11.8 million, four-passenger jet that flies up to 3,100 miles and a \$46.8 million,

Advertisement


 EMBASSY SUITES
HOTELS®

eight-passenger model that flies up to 7,700 miles.

Textron's Cessna and Raytheon's aircraft division, maker of Beechcraft and Hawker, reported sales up more than one-third from a year earlier in the July-September quarter. Sales at General Dynamic's Gulfstream dipped during the quarter, but they're up year-to-date over the same period in 2003.

All together, manufacturers have backlogged orders of about 1,500 planes. The backlog partly reflects the continuing popularity of fractional ownership programs, which are expected to take about 40% of the new planes. Fractional programs sell ownership shares, giving buyers private jet access at a lower cost.

Changes are coming at opposite ends of the market. A new class of entry-level business jet, called the "very light jet," or VLJ, is garnering sales even though it won't make its debut until next year. Sales of Eclipse Aviation's \$1.2-million VLJ are expected to top 100 this year, about 80 more than CEO Vern Raburn says he expected.

At the top end, Boeing announced last month that it has sold five more of its Boeing Business Jet, a version of the 737 that starts at \$44.5 million before the interior is added. Boeing has all the orders assembly lines can handle through 2005.

As sales numbers swell, business jets are being packed with new features. Canadian manufacturer Bombardier is introducing what it bills as the fastest business jet.

Travelers will be able to shave 40 minutes off a Washington-to-Moscow non-stop aboard the \$33.5-million Global 5000, which cruises at 677 mph. Deliveries start in January.

Gulfstream has an enhanced infrared vision system that allows pilots to fly in poor weather, making business jets usable more often.

The excitement hasn't spread to the used-jet market, which is seeing solid but unspectacular sales. The tax break and the freshening economy are driving more companies to buy new, rather than used, says David Perdue, CEO of Iviation Intelligent Aviation in Memphis, which sells and consults on business jets.

Prices are off. A typical 1984 Cessna Citation II, now 20 years old, has gained about \$100,000 in value from last year, to about \$1.6 million. But it's still a far cry from the \$2.5 million it would have fetched in 2000, says Boulder, Colo., aircraft broker Jay Mesinger.

Find this article at:

http://www.usatoday.com/travel/news/2004-11-11-corpjet_x.htm

Check the box to include the list of links referenced in the article.

