

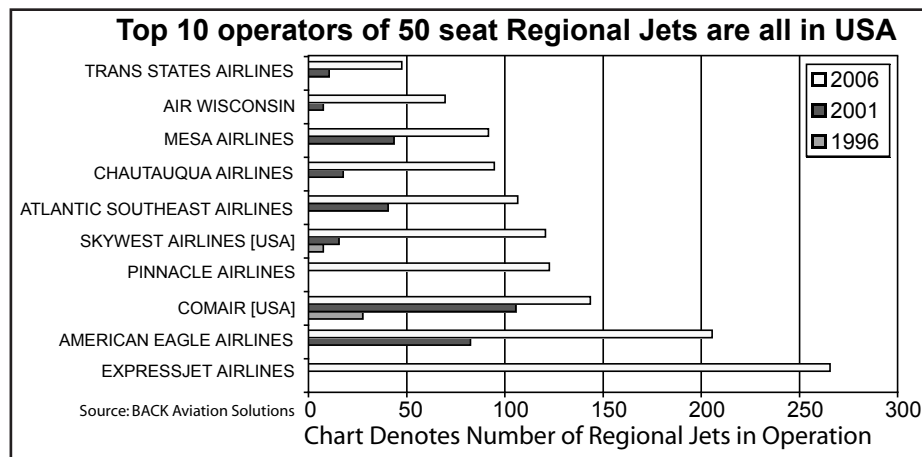
50-Seaters Slowing

After enjoying 30 percent to 40 percent growth rates during the early part of this decade, acquisitions of 50-seat jets were nearly flat in 2005 and have actually dropped through the first six months of 2006, according to **BACK Aviation Solutions**. Nonetheless, 50-seaters are holding their value as illustrated by the fact that **Mesa (MESA)** CEO Jonathan Ornstein said the market is tight, with prices now over \$100,000 per month.

The fleet more than doubled since 2000, growing from 516 aircraft to 1,329 today. In 2001, the fleet grew nearly 38 percent, rising by 32 percent in 2002 and another 27 percent in 2003. However, in 2004 growth slowed to 13 percent and stabilized with a 1.12 percent growth rate in 2005. So far this year, the fleet has dropped 1.77 percent.

BACK's Director Valuation Services Gueric Dechavanne expects the next 12 months to reveal the potential capabilities of the aircraft outside the U.S. Even so, given the demand, it is likely the U.S. fleet is not going anywhere soon.

Dechavanne, who said he is not convinced of the \$100,000 per month number for the CRJs, indicated BACK is seeing numbers around \$90,000 per month on an operating lease basis for 5 year old aircraft. He noted other opportunities have popped up, such as the placement in Central America of



a couple of **Bombardier (BBD)** CRJs to **ALMA** with another four coming from **GECAS** over the next few months. He expects the Russian market to develop soon, especially for corporate versions, although he has yet to see a transaction. He also noted discussions about placing aircraft in the Indian/Asian markets in a business-shuttle configuration.

BACK's Fleet Data Manager Brian Bostick indicated fleet changes or bankruptcies have resulted in movement, including the shunting of some aircraft to the scrap heap. "Offhand, a trickle of CRJs seems to be moving within the U.S. and, to a lesser extent, to other countries," he said. "There are also retirements taking place, but none have come from U.S. carriers so far. **Air Littoral** (France), **Southern Winds** (Argentina), **Styrian Airways** (Austria), and **Tyrolean Airways** (Austria) have all had CRJs scrapped or complete airframes expected to be scrapped. Half were a result of bankruptcy and the oth-

er half were due to fleet changes. CRJ availability has increased over the past several months due to aircraft coming from Mesa Airlines and **Independence Air**. EMB-145s are not moving around a lot these days, besides Swiss selling theirs off to Mexico. Availability has been very low."

When discussing those headed for the scrap heap, he theorized that the lessor may have seen the parts as more valuable than the aircraft itself. He noted an 11-year old CRJ100 was "cashed out" by selling its parts, which may have been preferable to spending money to try and keep it in service. "It could also have been something as simple as a part-out company offering them an amount for the aircraft that they decided they shouldn't refuse," he said. "That part-out company would consequently make a profit off the parts. Scrapping CRJs will likely continue at a trickle pace for now, but it's not yet to the point that it's the easy answer, unlike 747-100s or A300B4s today." ✈

Diamond Jet Now Over \$1 million

The Diamond Jet will have a \$1.38 million introductory price, 40 percent more than the original \$850,000 price tag, largely because the aircraft now sports as standard many additional features and equipment that were originally offered as options.

"We have observed that new aircraft customers typically select all available equipment, for enhanced capabil-

ity, convenience and safety," said Peter Maurer, president, Diamond Aircraft Industries. "As opposed to certifying a base aircraft and following with additional equipment certifications later, we have decided to complete initial certification in what we expect to be the most desired configuration, especially by our North American customers."

The five-seat aircraft has now

logged over 30 hours of flight time. Since the first announcement in 2003, the D-JET has grown in cabin volume, engine thrust, useful load, fuel capacity, and equipment level. The speed and altitude envelope was progressively expanded from the previously flown 170 knots and 12,000 feet to a cruise speed of 280+ kts and 25,000, its design certification limit. ✈