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## Ch-Ch-Changes

Innovative British musician David Bowie was just 24 years old when he released the album *Hunky Dory* in December 1971. That album featured *Changes*, a melody that initially flopped commercially but eventually became one of his best known. A ballad of introspection and constant reinvention, *Changes* aptly described Bowie's fascination with his own chameleon-like journey through time.

As aviation analysts and forecasters, we are particularly intrigued by economic, market, and industry changes that, through discovery and analysis, can reveal valuable insights and perspectives. Blending broad-based measures of economic and industry activity with proprietary JETNET iQ Survey information, we constantly strive to bring real-time analysis and the "So What?" to decision-makers across the industry.

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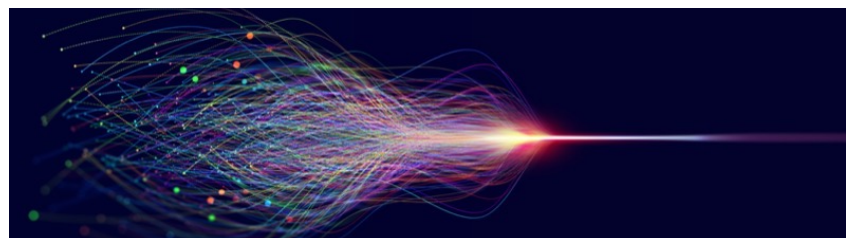
For business aviation leaders, we would assert that knowing more about historical, real-time, and forecasted changes in data – measured variously in absolute numbers, percentages, and rates of change – is mission-critical when assessing today's market risks and opportunities. While we rely on proven go-to sources of data to measure the health of the marketplace, we always strive to identify fresh sources of insights and intelligence, some of which are revealed only by getting creatively lost in

the data. With more than 25,000 respondents to our proprietary JETNET iQ Survey data from 140+ countries and territories since 2011, we offer a wealth of aircraft owner / operator insights to analyze. So what are the data – and changes in the data – suggesting about the current state of the business aviation industry and marketplace? For the details, we would simply suggest that you read on. In a few words, perhaps the following will suffice.

Broad measures of economic expansion, such as national and global 2024 GDP growth forecasts, are mostly flat to down, although stock markets (especially in the U.S.) have been white-hot in recent months. Unemployment rates in the key geographies where most business aircraft are based have stabilized at historically low levels, challenging entire industries and supply chains from business aviation services to manufacturing to deliver to customer expectations. U.S. consumer confidence has been on a slow and steady rebound, but from historically low levels. Within the business aviation industry, fleet utilization and aircraft sales are certainly down from their recent peaks, but there are some bright spots, particularly in the MRO world, that warrant closer watch, consideration, and investment.

Thank you for your interest in what we do - being aware and keeping apprised of the data that define our industry and operating environment are the first steps to a future filled with change for the good. ✈️

Rollie Vincent  
JETNET iQ Creator/Director



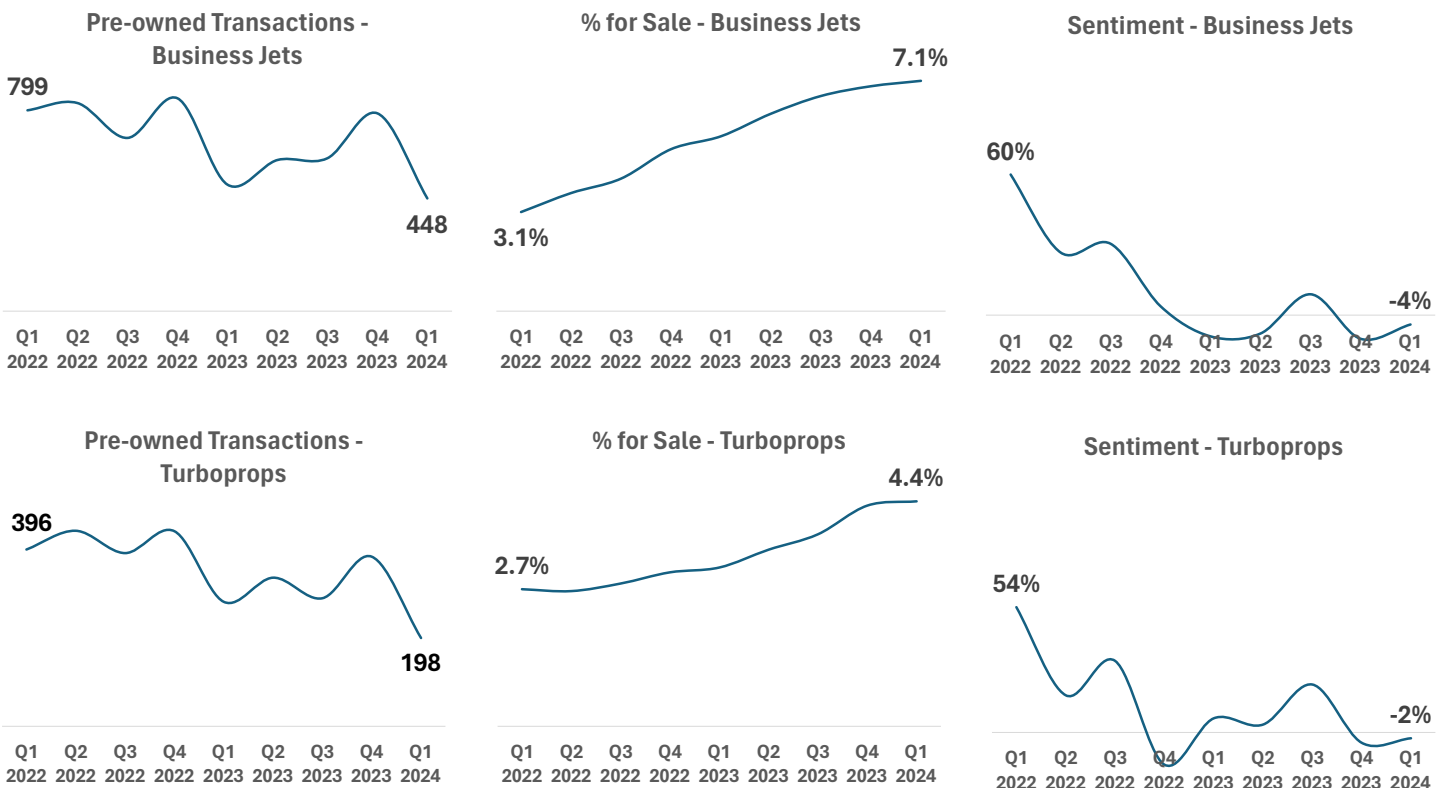
## Outlook

Indications from the latest JETNET database and from ongoing JETNET iQ Surveys of business aircraft owners point to a general softening of the market since its recent historical peak in 2021 through mid-2022. In the first 3 months of 2024, we observe that the marketplace continued to rebalance, with fewer retail transactions of pre-owned aircraft compared to the prior two years. At the same time, pre-owned inventory listed as for sale on the JETNET database has steadily climbed from historically low levels two years ago, although buyers will find that young low-time, highly pedigreed aircraft are as hard as ever to find. With transaction volumes down by an estimated 11% YoY in Q1 2024 while inventory increased, aircraft prices and valuations have naturally softened, particularly for older-generation aircraft that almost miraculously came back to life in the post-COVID era of hyper demand. Meanwhile, the

sentiment of business aircraft owners / operators who respond to our JETNET iQ Surveys has declined and stayed quite subdued, particularly over the past 6 quarters. Stratifying the Survey source data, we note that much of the drop-off in optimism can be attributed to customers based in the U.S., which accounts for more than 60% of the worldwide business aircraft fleet.

Changes in the level and rate of change of these key indicators are impacted by numerous factors such as expectations about movements in aircraft prices and interest rates. A looming U.S. presidential election could have profound impacts on international trade, tariffs, and domestic inflation, introducing further complexity to the near-term market outlook. ✈️

## Key Worldwide Business Aviation Industry Indicators Q1 2022-Q1 2024



Sources: JETNET / JETNET iQ Surveys; Note: March 2024 pre-owned transactions are estimated to account for delays in reporting and capturing the latest aircraft sales and registration activities

## Business Conditions

### GDP

The Economist's **GDP growth estimates** (Apr. 11, 2024) for 2024 are: U.S. +2.0%, Euro Area +0.8%, U.K. +0.4%, Mexico +2.3%, Brazil +1.8%, Canada +1.7%, China +4.7%, Australia +2.0%, and Russia 1.9%



**Business jet cycles** (take-offs and landings) for Jan.-Mar. 2024 were down 9.2% YoY for U.S. Part 91, up 6.2% YoY for U.S. Part 91K, up 6.3% YoY for U.S. Part 135, and up 6.8% YoY for European operations



**Dow Jones Index** (U.S.) was up 12.1%, **FTSE 100** (U.K.) was up 1.5%, **CAC 40** (France) was up 6.8%, and **DAX 30** (Germany) was up 13.4% YoY on Apr. 12, 2024



**U.S. Index of Consumer Sentiment** was 77.9 in Mar. 2024 vs. 76.9 in Feb. 2024 and 62.0 in Mar. 2023 YoY; **Euro Area Economic Sentiment Indicator** was 96.3 in Mar. 2024 vs. 95.5 in Feb. 2024 and 99.3 in Mar. 2023 YOY



**U.S. unemployment rate** (seasonally adjusted) was 3.8% in Mar. 2024 representing 6.4 million unemployed people, little changed from Feb. 2024 (3.9%)



**U.S. Purchasing Manager Index** (Manufacturing PMI) was 50.3 in Mar. 2024 vs. 47.8 in Feb. 2024 and 46.3 in Mar. 2023 YoY; **Euro Area Business Climate Indicator** was -0.30 in Mar. 2024 vs. -0.41 in Feb. 2024 and 0.65 in Mar. 2023 YoY



**Transactions of pre-owned business aircraft** in the first 2 months of 2024 were 272 jets and 124 turboprops, down 11% and 31% respectively YoY (JETNET as of Apr. 1, 2024; whole retail transactions only)



**Business aircraft deliveries** registered YTD in 2024 are 128 jets (including Cirrus and Boeing / Airbus single-aisle) and 44 turboprops (Source: JETNET – early and preliminary as of Apr. 14, 2024)

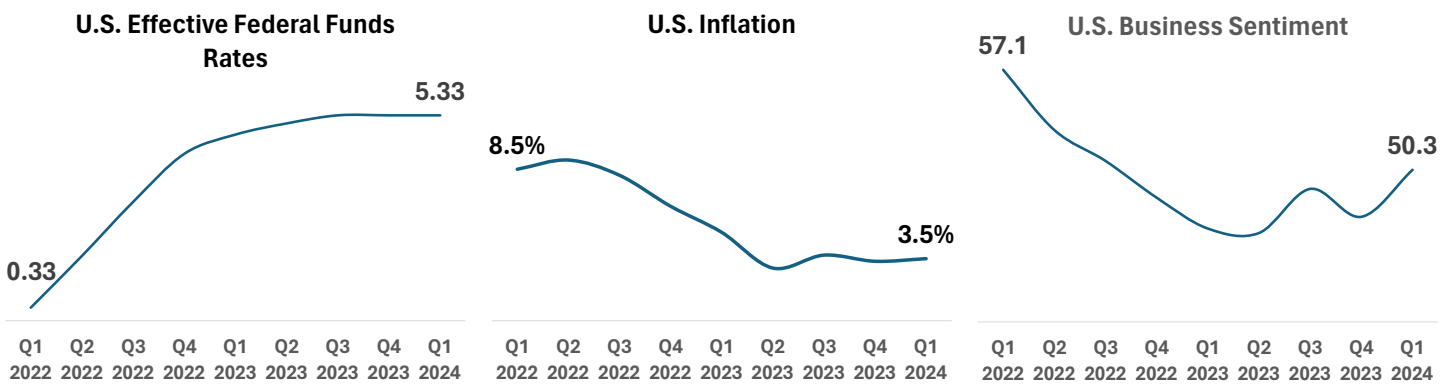
## Key U.S. Economic Indicators

After a prolonged period of near-zero interest rates, accounting for a remarkable 2/3<sup>rd</sup>s of the period from the onset of the Global Financial Crisis in Q3 2008, the U.S. Federal Reserve began hiking the Effective Federal Funds Rate once again in early 2022. Targeted to tame rampant inflation, which had reached its highest annualized levels in more than 40 years, the Fed's aggressive policy stance

(including quantitative easing) and the speed with which the Funds rate changed coincided with a significant decline in business sentiment as measured by the ISM Manufacturing Purchasing Manager Index (PMI). While inflation remains stubbornly above the Fed's 2% annualized target, expectations of lower interest rates in the future are helping to buoy the PMI. ✈️



### Key U.S. Economic Indicators Q1 2022-Q1 2024



Sources: U.S. Federal Reserve; U.S. Bureau of Labor Statistics; Institute for Supply Management

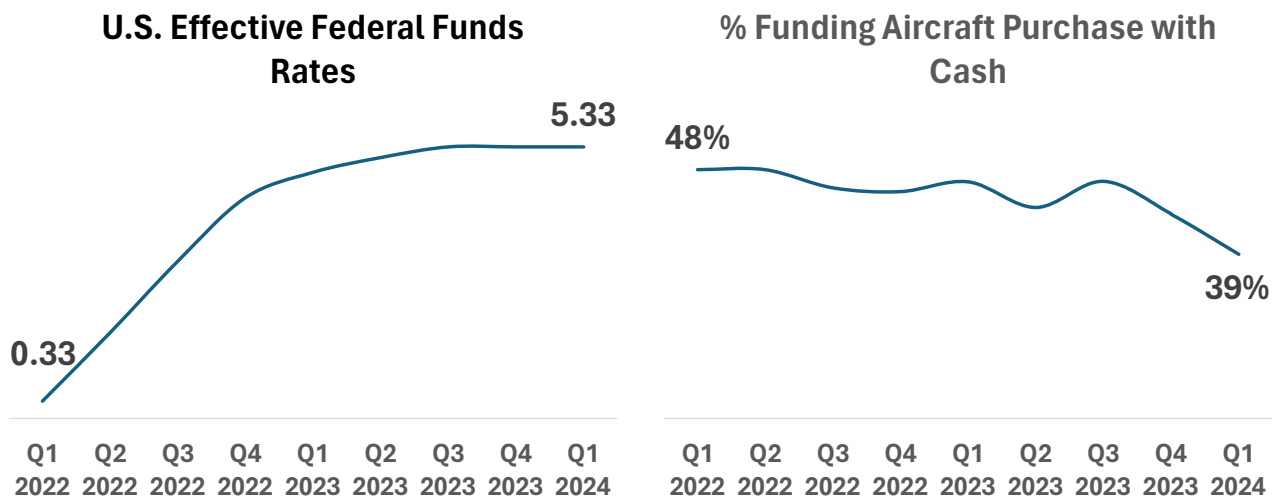
## Cash to Purchase Their Next New Aircraft

While cash tends to be the primary source of funds to finance business aircraft transactions, we know that some customers who pay with cash to close the deal and facilitate delivery will sometimes elect to subsequently finance their aircraft. Based on our on-going JETNET iQ Surveys of business aircraft owners / operators, expectations for using

cash to fund their next new aircraft purchase appears to have shifted over the past 6 months, likely driven by an expectation of lower lending rates. ✈️



### Interest Rates and Expectations for Using Cash to Purchase Their Next Business Aircraft Q1 2022-Q1 2024



Source: U.S. Federal Reserve; JETNET iQ Surveys of business aircraft owners / operators

## Who You Gonna Call?

Business aviation is at the leading edge of aerospace innovation. One of the bright spots in the industry is the way technology advancement is simultaneously transforming user experiences in the cabin and in the flight deck of today’s modern business aircraft. Much of the technological progress in in-flight connectivity has been enabled by the availability and increasing affordability of smaller, lighter-weight Wi-Fi systems. Business model innovations are simultaneously lowering acquisition and subscription costs, broadening the total addressable market of business aircraft users.

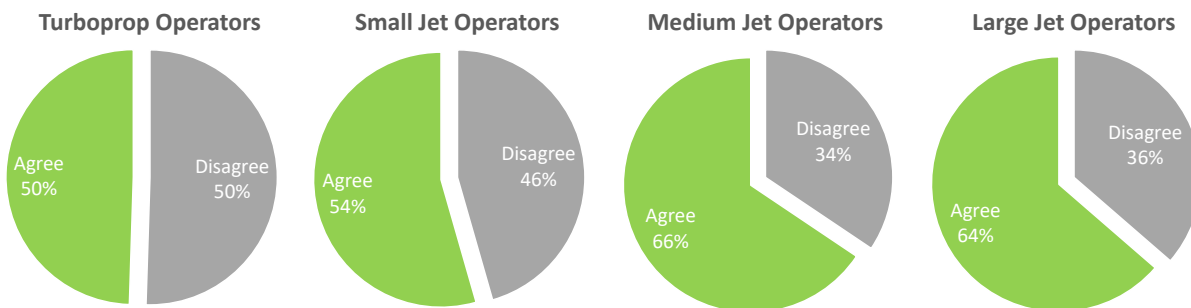
Primary user benefits include global access to high-speed data streaming, faster and crisper air-to-ground communications, and stepwise improvements in navigational capability, situational awareness, and proactive maintenance planning and decision-making.

Investments in new connectivity technologies are amongst the most sought-after improvements that customers and crews are considering in their next aircraft or upgrade project.

Since 2016, we have been gathering and analyzing insights from business aircraft customers on expected investments in on-board Wi-Fi systems and upgrades. More than half of the decided respondents to the Q1 2024 JETNET iQ Survey indicated that they are seriously considering upgrading their aircraft Wi-Fi system in the next 12 months, highlighting a large and vibrant market opportunity for service providers and MRO shops with the capacity to serve this need.

Making and answering the call in-flight. Traveling to remote sites to to meet customers, suppliers, and business partners in near real-time. Getting home quickly to be with loved ones. All in the same day. This is change for the better. ✈️

### “I am/We are seriously considering upgrading our aircraft Wi-Fi system in the next 12 months” Respondent by Region Where Aircraft is Based: Q1 2024 JETNET iQ Survey



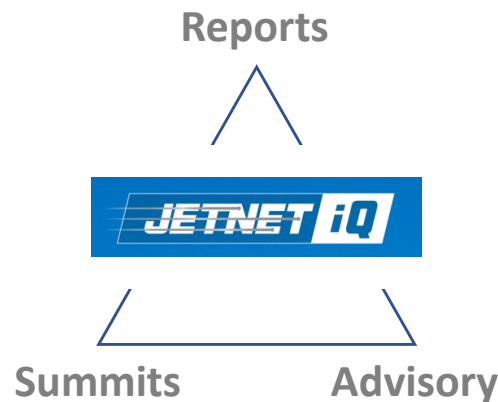
Source: Q1 2024 JETNET iQ Survey



## About JETNET iQ

JETNET iQ is a business aviation industry intelligence service. research, analysis and forecasting service consisting of three main elements:

- **JETNET iQ Reports** are the definitive analytical reference for business aviation, incorporating quarterly state-of-the-industry analyses, aircraft owner / operator surveys, and detailed aircraft delivery and fleet forecasts
- **JETNET iQ Summits** are annual industry thought-leadership conferences providing unique data, insights and networking opportunities
- **JETNET iQ Advisory** provides customized research and analysis for clients on a project-by-project basis.



JETNET iQ is a partnership between JETNET LLC of Utica, New York and Rolland Vincent Associates, LLC, of Plano, Texas. JETNET iQ Reports are available in various formats on a subscription basis.

JETNET iQ's proprietary quarterly surveys of the worldwide community of business aircraft owners and operators gauge customer sentiment, brand perceptions, aircraft purchase, selling, and utilization expectations, and areas of topical interest in this fast-changing marketplace. JETNET iQ Surveys are password-protected and by invitation-only. Respondents include both aviation professionals and senior management, and closely reflect the worldwide distribution of the business jet and turboprop community. Since Q1 2011, more than 25,000 respondents from more than 140 countries and territories have participated in JETNET iQ Global Business Aviation Surveys, generating the largest commercially available database of its kind in the world.

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