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Forecast: Fewer Used Bizjet Sales

Forecasts for new business jet deliveries have always been available from a multitude of aviation manufacturers, suppliers and third-party consultants. But when it comes to finding an outlook for pre-owned aircraft sales activity, all that exists is 20/20 hindsight and never what the future holds. Aviation analyst Brian Foley recognized this knowledge gap and adapted a unique methodology. “Initial findings suggest we just entered an extended slowdown in the pre-owned business jet market.”

Using a forecasting technique known as the cross-impact method, Foley combined a multitude of quantitative and qualitative inputs to estimate their collective effect. In September, 2008 this method allowed him to quickly integrate the declining equity and credit markets into his outlook and be the first to publicly call for a severe and lengthy business jet market downturn.

Foley notes the novel approach has many moving parts and requires some refinements. Going forward he believes pre-owned sales can be predicted by cabin size and on a model-by-model basis, much the way new aircraft forecasting is done. “If there’s enough interest from the industry, a syndicated study could be organized to develop a more detailed pre-owned forecast to share with those early participants. In any event, preliminary groundwork suggests declining activity over the next 5 years.”

About Brian Foley Associates (BRiFO)

Since 2006 BRiFO has provided aviation investors and companies with advice, research, branding and investment banking services. www.BRiFO.com

