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Trio of Positives for European Private Aviation

Each year for the past decade, predictions for an uptick in the European business aviation market have continually missed the mark. “Recently though, there have been fresh dynamics quietly developing that could help stimulate this sleepy market” according to aviation analyst Brian Foley.

First, Foley points out that the recent French elections have taken a bit of uncertainty out of the region. While this event in no way eliminates the angst over the future of the eurozone, it at least takes it down a notch for now. This in turn could manifest itself into some increased level of private aviation activity.

Next, local stock markets are reaching new highs. Western European stock indices such as the German DAX , French CAC and UK FTSE are all near their highest levels since the worldwide financial crisis. Some indices are even seeing all-time highs, surpassing even pre-crisis levels. While this in itself doesn’t guarantee increased business aviation activity, it suggests that those with the desire to fly privately have an improved balance sheet or personal portfolio to do so.

Lastly, the euro has staged a 5% comeback this year while the U.S. dollar has weakened. Business aircraft are priced in dollars, so a stronger local currency makes the purchase price look a bit more palatable. Right after the French election the euro rallied to its highest level in around 6 months.

According to aviation data provider AMSTAT, with over 2300 active business jets based in Europe the region is roughly tied with South and Central America as being the second largest market after North America. As such the importance of this market to the private aircraft industry cannot be understated.

Having improved confidence, balance sheets and a stronger currency could spur some activity in the region going forward. “While all of these factors add up to a positive for business aviation in Europe, it will be somewhat offset by the decade-old “do more with less” mentality which will be difficult to erase.”

About Brian Foley Associates (BRiFO)

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