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## **China's Private Aviation: What Is Market Normalcy?**

Since being introduced to China in the relatively recent past, business aviation has already experienced a full market cycle from frothy peak to today's quiet trough. "There hasn't yet been a steady period of sales normalcy and predictability, only extremes," notes aviation analyst Brian Foley. "Eventually a more representative market will emerge somewhere in between."

The heady sales of large, expensive business jets in the 2009 time frame proved to be unsustainable yet timely for an industry already suffering from the worldwide financial crisis. Today it's China that's in economic recovery mode putting a damper on recent sales there.

Foley points out an interesting analogy between the US in 2009 and China today. "It seems to be a universal axiom that when a country's economy is in a down cycle, political leaders and shareholders deprecate business aviation."

At the worst of the last US financial meltdown politicians were quick to denounce auto industry executives for flying their private jets to Washington "hat in hand" for bailouts. Business leaders in general were denigrated for "flying off into the sunset on their corporate jets." "China's current austerity movement is essentially the same reaction, just presented a little differently. In general, once economic recovery firmly takes hold denunciations are eventually forgotten and buyers no longer feel the need to take cover."

There's reason to believe that China will move beyond the current slow patch and begin to see some improvement in 2016. One leading indicator, the Shanghai Composite index, has nearly doubled in the past year to a seven-year high with a favorable environment for further government stimulus. "As investors and companies gain confidence in financial market vitality and stability we'll begin to see more discretionary income move into general aviation."

"The Chinese market will continue to be a nice adjunct to industry sales. As a whole it can be viewed that the region will offset sales that the industry lost to the worldwide decline in the fractional segment, helping to diversify and sustain the global business jet market."

**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](http://www.BRiFO.com)