

VOLUME 1, PART 5: CHALLENGER 604

by Anthony Theis

World Aircraft Sales Magazine's asset evaluation series continues this month with a look at the Challenger 604. As usual, the evaluation is presented in such a way that readers can grasp meaningful, but easy to understand information on its market value history. The goal is to give our readers highly useful applications so they remain informed.

Each featured aircraft is presented with a United States patented graph called JetTrack®. A proprietary program established in 1987, JetTrack® tracks price history, trends and transactions as a simple means to predict the value of your asset.

JetTrack® is broken up into two separate graphs in order to give you the best logical way of determining prices and trends. The top graph represents a history of true asking prices over a ten year period or since the inception of the aircraft (these

prices do not represent new OEM deliveries). The bottom graph represents how many aircraft were for sale at the beginning of the month and how many remained for sale at the end of the month.

The clear picture between the two graphs is a linear understanding of the trends and prices. Since prices correlate with supply and demand, the graphs give you a simple understanding of the peaks and valleys. Not only can you predict the value of your asset, but you'll also know the best time to sell or buy.

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CHALLENGER 604

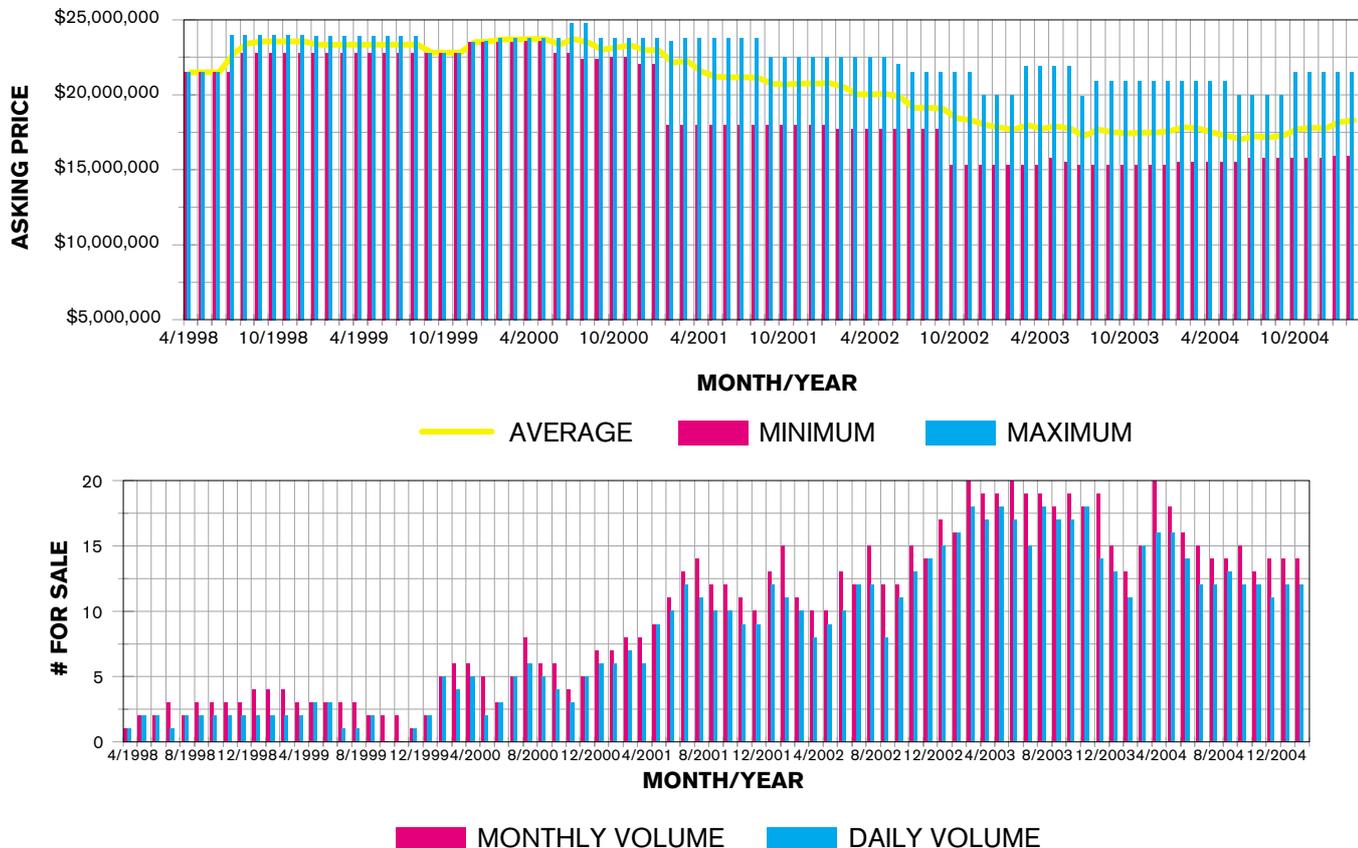
Since we're evaluating the CL604 this month, it will be interesting to mention

the airplane's original roots. Formerly "Canadair", the Challenger line dates back to the late 1970's when the basic ship first took to the skies. The first Challenger built, S/N 1001 (a CL600 model) began assembly in September of 1977 proceeding to take its first flight a year later. The rest is NOT history, but a truly remarkable era for the product line and for Bombardier.

Just over 630 Challengers have been built to date. Current production Challenger 604's account for nearly 300 of the total number operated by corporate owners and approximately 5% of these are flown in fractional ownership programs. We should not forget that a similar version of this aircraft is operated by several regional airliners around the world, which originally challenged the end to the turbo-prop line as well as the aging fleet of turbojet aircraft.

CHALLENGER 604 AIRCRAFT FOR SALE

(JetTrack® from Central Business Jets, Inc)



So why have so many Challengers been produced, and why do they continue to be attractive to present day operators? One could come up with several reasons.

One could be that by keeping the same basic design, the manufacturer has been able to offer a true stand-up widebody cabin for nearly 25 years, with continued improvements in performance and avionics. Why ruin a perfectly good airplane, so long as you can improve its ability in areas that customers need changed? Think about engineering costs that have been saved too, allowing the manufacturer to offer more cost savings to the customer.

So what typically happens in the Sales Cycle of the Challenger? Since the rollout of the CL604 eight years ago, this aircraft holds command and drives prices for the rest of the Challenger family. You must truly understand and realize what the differences are between the airplanes in the Challenger line; how prices affect each other; and what the competition is doing.

During the entire year of 2003 until

almost mid-year 2004, the average supply of 604's remained around 20 aircraft for sale representing about 10% of the fleet. The average price during 2003 was around \$17m, with a few early models trading at between \$14-15m. Part of the reason for there being such a large availability of Challenger 604s was the fact that you could get more from another aircraft for nearly the same amount of money, such as a G-IV or Falcon 900. Bearing this in mind, the stage is set for the entire line of Challengers.

The situation is evidently different today, where there are around 10 Challenger 604's for sale (just half the supply of 2003-2004) with average prices ranging from \$16-22m. 2001 models and up are commanding asking prices past \$20m while 1997/1998 models range between \$16-17.5m. With no 3R's currently available, and the supply of the 3A diminishing, we're also starting to get a little activity on the lower-end scale of the 1A's.

Looking forward, we should briefly mention the Challenger 604's main

competitor, the Falcon 2000. With the new 2000EX rolling out complete with Honeywell EPIC system cockpit and more range than its predecessor, it's going to be an 'interesting' time for the CL604. Maybe Bombardier will expand the family with a CL605, or revert back to the CL610. It's anybody's guess.

In the past, considering these two types of aircraft it basically came down to the type of mission you needed to accomplish, and the price. If you were planning on conducting more than 50% of your business trips out of North America, the CL604 made good sense with the extra fuel. Within, North America, though, hot and high issues may have affected your decision. Essentially the Challengers provide a similar cabin, similar avionics, and similar operating costs to the competition. However, will the new 2000EX make any difference in your buying decision?

Join us next month, when we look at the Citation VII.

■ More information from Central Business Jets; Tel: +1 952 894 8559; Website: www.cbjets.com

COMPETING IN THE CHALLENGER 604 CATEGORY, THE FOLLOWING AIRCRAFT SHOW SOME COMPARISON:

	RANGE (AVERAGE CRUISE SPEEDS)	CABIN VOLUME (CUBIC FT.)	MAX ALTITUDE	AVERAGE FUEL BURN (GAL/HR)	DIRECT OP. COST - US\$
DA2000EX	3,800nm	1,025	47,000ft	315	\$1,475
DA2000	3,000nm	1,025	47,000ft	297	\$1,490
CL604	3,800nm	1,150	41,000ft	345	\$1,515