

Volume I, Part 11: Citation X / Falcon 50EX

by Anthony Theis

World Aircraft Sales Magazine's asset evaluation series continues this month with a look at the Falcon 50EX and Citation X. 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

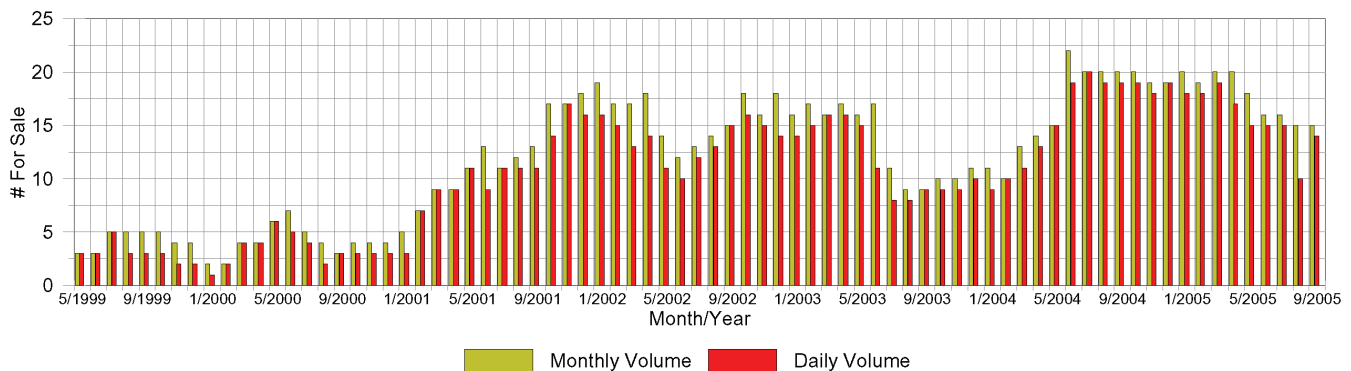
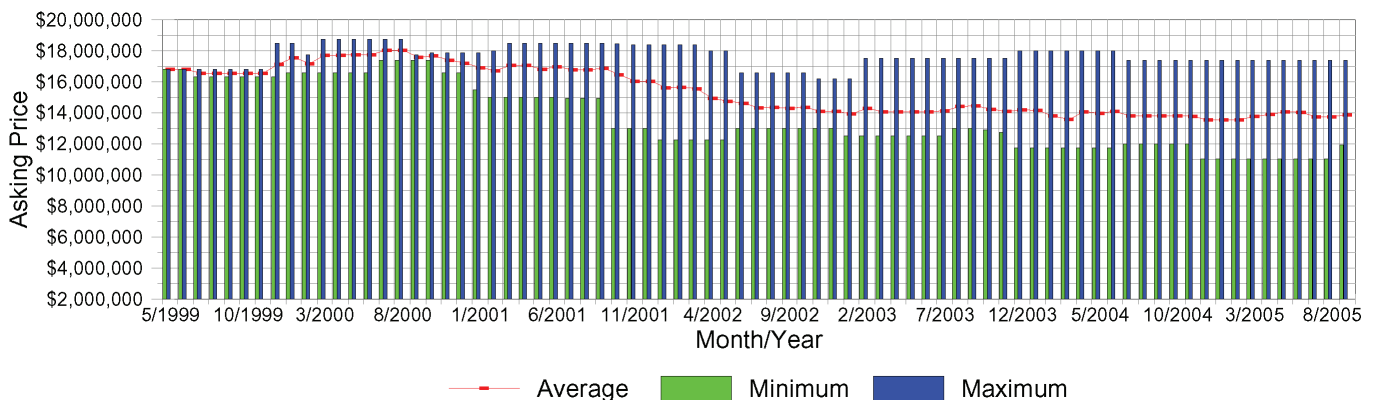
demand, the graphs give you a simple understanding of the peaks and valleys. Not only can you predict the value of your asset, but you'll also know the best time to sell or buy.

Simple to use and uncomplicated, you stay ahead of the market with the latest pricing information that's precise and accurate. Best of all, you'll see what happened 10 years ago, 5 years ago, and what to expect for the future.

A TALE OF TWO AIRCRAFT

As a prospective buyer evaluating airplanes in today's market, there are several parts of the puzzle that need to be pieced together

Cessna Citation X For Sale



before making a purchase. One of the important issues to clarify is what the aircraft's overall value is in relation to time during ownership. Today more than ever before, aircraft owners ask us this very same question, and JetTrack offers a simple answer.

This month, we focus on the Falcon 50EX and Citation X, which we will demonstrate are two of several aircraft that have had a correlation to each other in terms of price trends and value, a factor that we briefly touched on last month in our look at the Hawker 800 in relation to the Falcon 50. However, unlike last month's airplanes, the Falcon 50EX and Citation X are fairly competitive with each other.

The Falcon 50EX does have a slight edge over the Citation X (as shown in the price difference between the two) in its ability to carry a higher payload especially out of shorter hot and high fields, a larger full service galley, and a more spacious cabin.

THE AIRPLANES...

Both aircraft began deliveries in 1996. The Citation X served to expand Cessna's product line into a new arena. Cessna didn't have a 3,000+ mile 'trophy aircraft' previous to the

Citation X, while for Dassault, the 50EX was of course a continuation of the original Falcon 50. As of this writing, 247 Citation Xs have been built by Cessna, while just 93 Falcon 50EXs have been built by Dassault.

At the start of the Citation X JetTrack graph (in May 1999), the average price of the aircraft was \$17 million with a daily/monthly average of just three for sale in the marketplace. At that same time, the average price of the Falcon 50EX was \$17.8 million with just one for sale on the market.

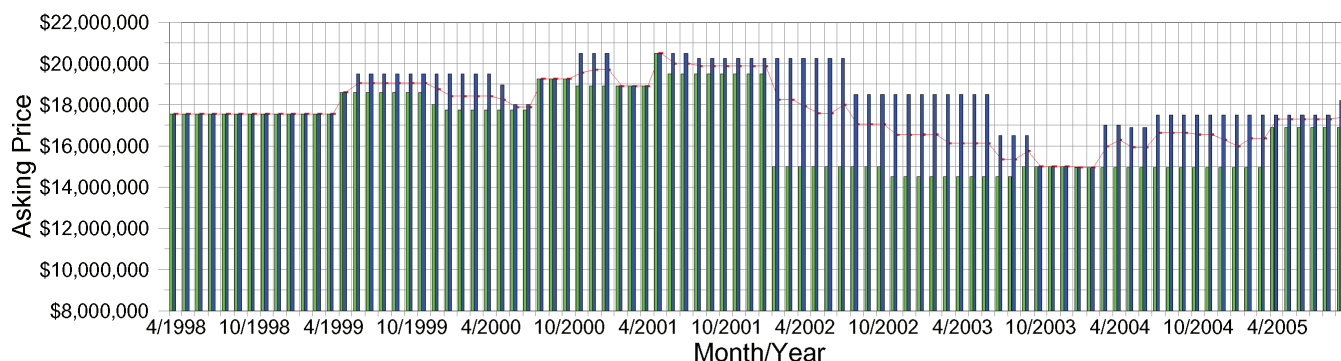
The price trends begin to get interesting though as we observe that the Citation X remained relatively flat from 1999 until the beginning of 2000 where it began a steady rise up to the fourth quarter of 2000. At its peak, the average price of a Citation X hit \$18 million, which was to be the last incremental price climb by the Citation X. In comparison, during this same time period, the average price of the Falcon 50 peaked at just a little over \$19 million near the end of 2000. With a maximum of three Falcon 50EXs for sale at the most, and an average of three Citation Xs for sale during this time frame, there appears to be a value spread between the two of approximately \$1 million.

Moving forward in time, at the beginning of 2001 the supply of Citation X aircraft on the market began increasing, and consequently the value of the airplane began a gradual decline, which (although slowing down for a period before) didn't hit its lowest point until just after the end of the first quarter this year at \$13.5 million. At one time in June of 2004, there was an average of almost 23 Citation Xs for sale.

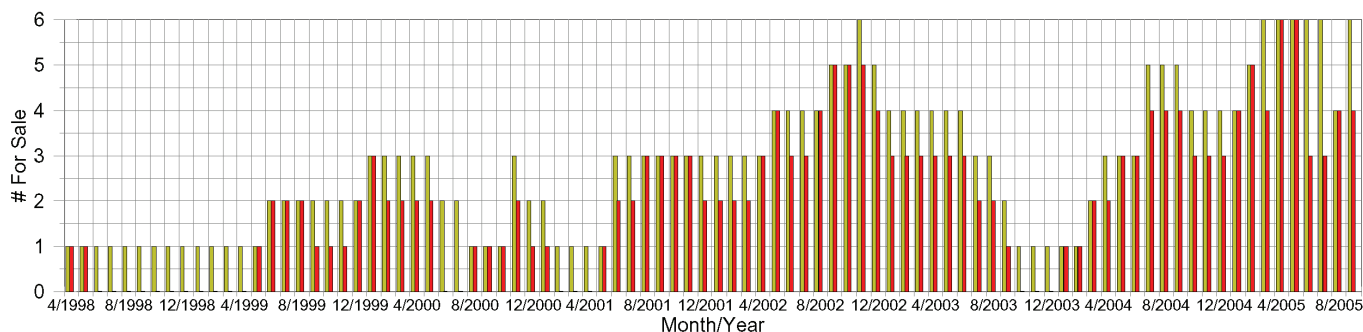
Curiously, while the first quarter 2001 price-fall for the Citation X started, the 50EX hit an all time high, averaging \$20.5 million, again with just three for sale worldwide at any given time, however, eventually prices for the 50EX like all aircraft began to fall as we approached 2002.

Now where the relationship between the Citation X and Falcon 50EX is again evidenced is from what happened when the prices of the Citation X began to bottom out. The Falcon 50EX hit bottom during the beginning of 2004 where its average price was \$15 million. The Citation X didn't hit bottom until the beginning of 2005, but when it did, the average price was just short of \$14 million marking a repeat of the approximately \$1 million spread between the two aircraft.

Dassault Falcon 50EX For Sale



— Average ■ Minimum ■ Maximum



■ Monthly Volume ■ Daily Volume

The most obvious reason that it took an extra year for the Citation X to recover is that its market carried a greater supply over the Falcon 50EX. When prices of the Falcon 50EX jumped up \$2 million in May of 2004, there were only a total of three for sale compared to 14 Citation Xs; more demand over supply, naturally leading to higher prices.

OTHER FACTORS...

In order to do the Citation X justice, we should reiterate that only 93 Falcon 50EXs have been built to date compared with 247 Citation Xs, so it is not surprising that pre-

owned market availability has been higher for the Citation X.

In answer to our initial question of which aircraft overall can be said to have historically better value over time, in this case it seems clear from the charts that the Falcon 50EX looks to be on the up, and is now opening a price trends gulf over the Citation X. The aircraft has hit higher prices than the Citation X, and has (so far) been able to recover more efficiently from a recession than the Citation X for the reasons already stated.

We can see from this simple summary of the two airplanes' price trends how they can

affect each other, but over the course of time, are also affected by other factors, such as individual product availability too.

Understanding the price driving factors is, without question, one of the most important pieces of the puzzle when evaluating the purchase of an aircraft.

Everybody wants to know how the re-sale value of their aircraft will be affected down the road, so it's vital to spend the time to do your homework.

➤ **More information from Central Business Jets, Inc;**
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BASIC COMPARISONS TABLE:					
	RANGE (AT AVERAGE CRUISE SPEEDS)	CABIN VOLUME(CUBIC FT)	MAX. ALTITUDE	AVERAGE FUEL BURN(GAL/HR)	D.O.C (USD)
CITATION X	3,100	630	51,000	309	\$1,710
FALCON 50EX	3,150	700	49,000	332	\$1,867

1. The average D.O.C uses \$3.00 USD /gal.
 2. Range is calculated using max fuel on board with IFR reserves.
 3. Total D.O.C costs are derived from operator feedback and include airframe & engine inspections, life limited components, fuel burns, engine, APU, and avionics reserves.
 Source: Central Business Jets JETCOST®REPORT