

HOW TO LOWER BIZJET RESALE COSTS & BOOST PROFITS

Aircraft owners must address a range of factors to maximize the sale price of their asset. From maintenance readiness to the negotiation process itself, industry experts share their sellers' tips with Gerrard Cowan...

At the most basic level, aircraft readiness plays a key role in terms of aircraft sellers maximizing the value of a transaction to them.

According to Todd Jackson, Senior Vice President of Sales at Elliott Jets, aircraft that are current, well-presented and in turnkey condition tend to move through the process more efficiently and with less pricing pressure. "From the seller's perspective, many of the costs are tied to how the aircraft is perceived before and during the transaction," he notes.

Deferred maintenance and overall presentation have a direct impact on value, he warns. "Worn interiors, outdated avionics, or inconsistent records can influence buyer perception early, and create hesitation before the aircraft even reaches inspection."

It is not uncommon for sellers to receive offers significantly below their asking price for failing to optimize presentation of their aircraft's interior and paint.

"Cosmetic deficiencies such as worn interiors, outdated paint, or malfunctioning cabin systems" all have an adverse impact for the aircraft seller, adds Aurelie Millet, Vice President of Sales at Opus Aero.

She highlights the potential impact of outstanding liens, or expired subscriptions or databases for avionics and connectivity systems as being a problem area. "Even relatively minor issues can reduce buyer confidence and lead to significant price reductions."

The financial impact of failing to address these areas can be substantial, she says. A cosmetic refurbishment costing tens of thousands of dollars

could preserve a much larger amount of value by improving first impressions and reducing buyer objections.

And Millet notes the danger of failing to position the aircraft in a marketable condition due to such factors as overdue inspections or unresolved discrepancies.

A stale listing can be particularly expensive, she says. "When an aircraft remains unsold for months, buyers may perceive it as problematic and become more aggressive in negotiations."

Preparation & Realistic Pricing
Millet highlights that "preparation is the seller's best defense". Before marketing the aircraft, sellers should resolve obvious maintenance discrepancies and organize and digitize all logbooks and records.

And she says it's vital to conduct a



pre-sale technical review, address any cosmetic issues, and confirm the title is clear and liens can be released quickly. Importantly, sellers should develop a realistic pricing strategy based on current market data.

"A well-prepared aircraft generally sells faster, attracts stronger offers, and is less likely to encounter costly renegotiations during due diligence," she asserts.

Robin Dunlop, Founding Partner at ALTEA, believes sellers frequently underestimate the importance of preparation and presentation. While there is a cost for professional photography, appraisals, advertising, aircraft positioning and coordinated marketing, poor presentation can ultimately cost far more, whether in terms of reducing the value or damaging buyer confidence.

"In today's media frenzy of clickbait and twelve-second attention spans, the presentation of the asset must be of the highest quality," he highlights. "Sellers are competing in a world where AI increasingly blurs reality, so our view is that marketing must feel credible, authentic and transparent."

Additionally, prolonged market exposure can become expensive very quickly, Dunlop says. Sellers still carry maintenance, parking, insurance and operational costs while the aircraft remains unsold. This is why managing the process properly is so important.

"Anyone can promote and present a sale, but it takes experience and diligence to close the sale and avoid potential pitfalls," he adds.

In keeping with the consensus, Dunlop notes that poor preparation in maintenance, escrow fees, taxes and

other areas can have a major impact on both the transaction value and the likelihood of completing a sale at all.

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"We've seen situations where unresolved maintenance issues, incomplete records, or poorly coordinated sales processes have weakened a negotiating position and encouraged buyers to negotiate more aggressively. ➔



Address known issues proactively...

"In some cases, these issues have resulted in substantial price reductions, delayed closings, or buyers walking away from transactions altogether."

Buyers often do not walk away because of a single issue, Jackson adds, but because a combination of factors reduces confidence and extends the decision-making process.

Working with an experienced broker will be a seller's best bet for a successful transaction outcome.

Understand the True Value of an Aircraft

According to Tim Barber, who works in EMEA Sales & Acquisitions at Duncan Aviation, the worst cases he has seen have been related to post-Covid "panic buys," where a seller paid significantly over the market value when they originally acquired their jets.

When it comes to eventually selling the asset, "their realization of the magnitude of the loss can be very painful," he notes. "Do proper due diligence with experts supporting you every step of the way," he says.

Christopher Lee, President of the Aircraft & Specialty Finance Deposit Divisions at 1st Source Bank, points to depreciation as an important focus. When a company has fully utilized the depreciation on its existing aircraft and intends to acquire a replacement aircraft to continue its depreciation strategy, transaction timing becomes a critical consideration.

"If the sale of the current aircraft is delayed and prevents the new aircraft from being placed into service within the targeted tax period, there can be a meaningful adverse impact on the

company's tax planning objectives," he explains.

In such situations, the seller might need to be more flexible on pricing or terms to ensure a timely closing, Lee adds. "Doing so can help the organization execute the planned depreciation strategy, which is often a key component of the overall financial rationale for the transaction."

Lee also points to the dangers of mispricing the aircraft. If it is overpriced, sellers can often expect longer market exposure, buyer skepticism, and price reductions later in the process.

"Conversely, strategic pricing aligned with current market conditions tends to drive competitive interest, increase transaction certainty, and reduce total cost of sale (including time and carrying costs)."

Additionally, Lee points to risk of issues in the pre-purchase inspection (PPI), which could lead to price concessions, the need for repairs before closing, and even potential deal termination. "In some situations, failing to address known issues before going to market results in greater cost than proactively resolving them," he says. ➡



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