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The Good Life

Takeoff to Luxury

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Special to TheStreet.com

6/13/2006 9:33 AM EDT

Every fall, Randy Trombly and his 15-year-old son travel from their home in northern Virginia to attend a football game at the University of Notre Dame. The trip has become a special tradition for this father and son, and that's not just because they're fans of the Fighting Irish.

Trombly, 46 and a former AOL senior executive who now runs his own company called College Coach Prep, is the owner of a Marquis Jet Card that enables 25 hours of private jet travel annually. So the morning of game day, he and his son board a jet to Indiana.



After about an hour and twenty minutes, they land at South Bend Regional Airport and head straight for the university. "Within 10 minutes, we are at the college bookstore, buying sweatshirts," Trombly says. The following day, they hop back on the jet and are back home in time for his son's soccer game.

That's just one example of the Trombly family's pleasure trips. It is their second year flying through Marquis, and their jet card allows them to make plans at a moment's notice, travel safely and save time.

"It is the ultimate luxury," Randy Trombly says.

Not Just for CEOs

For Trombly and thousands of others, private jet travel has become a viable and preferred option. Today, there are more choices in private aviation, including fractional ownership and the expected availability this summer of smaller, more affordable business jets. As a result, the industry is welcoming a whole new class of customers.

You can become one of them if you've got the income. But beware -- those who have flown privately warn that it may be too good.

"Private aviation is a drug," explains Ken Austin, executive vice president and chief marketing officer of Marquis Jets, a leader in the fractional ownership industry. "It's very hard to go back."

In light of just how difficult commercial airline travel is predicted to be this summer (thanks to escalating fares, long waits at security checkpoints and crowded planes), it's easy to understand what makes private aviation so alluring: Private jet passengers enjoy unmatched levels of comfort and privacy.

Perhaps more important is the time saved. Imagine heading for the closest community airport and arriving on the tarmac just minutes before takeoff -- without the parking hassle and endless lines at larger commercial airports. There are more than 5,000 such small, noncommercial airports in the U.S., according to the General Aviation Manufacturers Association (GAMA), vs. the 500 airports that serve the commercial airlines.

Although private aviation is costlier than its commercial counterpart, the demand for it is growing. According to the GAMA, 189 business jets were shipped to customers in the first quarter of 2006 vs. 139 in the first quarter of 2005, an increase of 36%. The Federal Aviation Administration (FAA) estimates that private-business-jet travel will triple over the next 10 years.

Share and Share Alike

Since the mid-1990s, fractional ownership has allowed companies and individuals to avoid the multimillion dollar cost of buying and maintaining a private jet by purchasing a stake in a specific aircraft, and then paying for operating expenses when they use it.

The concept was introduced by NetJets, the **Berkshire Hathaway** (BRK.A:Nasdaq) company that owns and manages over 600 aircraft.

Fractional shares in NetJets currently start at \$406,250 for a one-sixteenth interest on a seven-passenger Hawker 400XP. That gives the owner 50 hours of flight time per year, the minimum amount permitted.

Fractional ownership became more affordable when the founders of Marquis approached NetJets in 2001 with an idea that could widen its pool of owners: Marquis would buy fractional shares from NetJets and distribute them in 25-hour increments, offering an entirely new base of customers to NetJets.

"We convinced NetJets that the slice of the pie of folks who will buy a fraction of a plane is much smaller than the slice who will buy a Marquis Jet Card," Austin says. Focusing its initial sales efforts on the young and successful -- Wall Street investment bankers, athletes, entertainers and the like -- the Marquis Jet Card really took off.

Today there are close to 3,000 card holders, many of them entrepreneurs like Randy Trombly who, for a minimum annual cost of \$115,900 plus government-imposed fees and taxes, have access to nine types of aircraft in the NetJets fleet. Jet cardholders are also offered special deals on additional luxury items through partnerships Marquis has

established with blue-chip companies like **Merrill Lynch** (MER:NYSE) Private Wealth and Avis Chairman's Club.

For Trombly, the Marquis Jet Card was the right fit for his family's needs. "Twenty-five hours is the amount of time my family and I fly annually. We know what trips we're going to take, so this is easy to manage," he points out.

Like most jet cardholders, Trombly and his family still occasionally fly the commercial airlines for longer trips, or if he is traveling alone on business.

"It's a good reminder," Trombly laughs. "It is very time-consuming getting to the airport, waiting in line, taking off your shoes. Once you ... [fly privately] , it's great. I'm just an average guy, and my service has been unbelievable. I'm not treated any differently because I'm not a celebrity."

Lighten Up

If you've ever considered buying your own plane, ownership of a business jet may soon be within your reach. The number of single owners of private jets is expected to rise with the introduction of very light jets (VLJs) that cost as little as \$1.5 million, compared to \$2.4 million for the lowest priced business jet currently on the market.



VLJs are small jet aircraft approved for single-pilot operation with a maximum takeoff weight of under 10,000 pounds. By the end of June, the FAA is expected to approve the first VLJ available to the public, the Eclipse 500, built by Eclipse Aviation Corp. Other small aircraft manufacturers, including Cessna and Adam Aircraft, also have VLJs in development.

The demand for these smaller planes is significant, according to Andrew Broom, manager of public relations for Eclipse: "We have a backlog of just under 2,500 planes, two-thirds of which will go for commercial use, such as air taxi services, and the other third for private flyers."

Once FAA approval is granted, the company expects to deliver 86 Eclipse 500s this year, 600 in 2007 and 1,000 per year every year after that.

According to Broom, the customer base for the Eclipse 500 ranges from those who are just learning to fly, to business persons planning to hire pilots, to private pilots who will use it for leisure purposes.

"There are common threads among all of our customers -- they are obviously successful, but they also seek value, and they value money," Broom says. The \$1.5 million price tag will make the Eclipse 500 the most affordable business jet on the market.

VLJs are regional planes, not intended for long trips. "A pilot would fly the Eclipse a shorter distance, say from Newark to Miami, but not from coast to coast," explains Broom. Elements of the jet's innovative design include a new, smaller turbo engine, the ability to land on shorter runways and manufacturing techniques that reduce production time.

The influence of Eclipse's executive leadership, including board Chairman Harold Poling, the retired CEO and chairman of the Ford Motor Company, is evident. "We are learning lessons from the auto industry, such as moving assembly lines and outsourcing," Broom says. For example, BMW Design Works designed the plane's interior, which is evocative of the 70 series BMW automobile.