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PRIVATE AIRCRAFT



Write Your Own
Airline Ticket

Private Aviation Market Meets Demand With All Sizes, Speed and Ranges

By Jim Gregory

When Samuel G. Rose began looking for an alternative to the inconveniences of traditional airline travel, he found he could choose from a surprising array of high-end options.

Rose, co-founder of Greenebaum and Rose Associates, a commercial real estate firm in the Washington, D.C. metro area, and vice chairman of the Smithsonian American Art Museum, could have selected from some 50 brand-new business jet models on the market. Or he could have chosen one of literally thousands of used airplanes, a number of partial-airplane ownership plans, air taxis, charters and even prepaid flying debit cards.

The real estate developer's initial foray into private aviation more than six years ago was to purchase a Marquis Jet Card, which gave him 25 hours of private jet travel in the airplane he prefers – one of the popular Cessna Citations with seats for seven and a 2,000 mile range. Marquis Jets' present-day price tag starts at about \$120,000 for 24/7 access to a jet.

For Rose, private flying is a quality-of-life issue.

“What can you do today that really makes your life better? Very few things. You probably have enough houses and cars and food and furniture and objects,” he says.

But when you go from flying on totally commercial aviation to private, there is a huge jump in the quality of life. It's just so unbelievable that you can drive to an airport, park free at the door, drop your luggage off, walk in and take off.”

David Collogan, who has covered the aviation industry for decades as the editor of McGraw-Hill's “The Weekly of BUSINESS AVIATION,” notes, “A lot of people in the [private aviation] industry know that one of the best things they have going for them is the airlines.” He cites arbitrary airline schedules, delays and cancellations to those schedules, changing planes, arduous boarding processes and high load factors resulting in packed airplanes. “Airlines can be real hard work a lot of days.”

The comfort and reliability of private aviation offers a pleasant alternative.

Flexible Scheduling Means Less Downtime

Many aviation consumers of personal travel recognize the financial advantages that drive individuals and companies to use private aircraft efficiently in order to become more productive and compete more effectively.

Private aviation can fly directly to smaller communities that don't have commercial airline service but still have businesses that must be called on for sales or management reasons. This can eliminate days of travel by executives and business owners that could be invested more productively in other ways than spending another night in a hotel somewhere away from their families and homes.

Private jet travel also offers much more flexible scheduling options than the airlines' hub and spoke system of moving people. Consumers can travel directly to their destinations from their home airports, and the advantages increase if their travel involves more than one destination on business trips. Private jet fliers can leave their headquarters cities in the morning, visit multiple cities during the day and still be back at their homes in time for dinner.

First Choice for Many: Prepaid Alternatives

The jet card Rose purchased gave him access to a fleet of private jets operated by NetJets, which more than 20 years ago pioneered the concept of fractional jet ownership, and now flies more than 650 jets for its customers. It's a successful program, where you can buy a fraction of an airplane, and in return, get full-service private aviation simply by making a toll-free phone call to the NetJets Operations Center in Ohio a few hours ahead of when you want to travel.

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Fractional Ownership Takes the Bother Out of Flying

As with many first-time private aviation customers, Rose enjoyed his Marquis Jet Card so much that he took the next big step and bought into his own share of an airplane. He stayed with NetJets, the company that operated his airplane for Marquis, first buying a 1/16 share of a Cessna Citation, then five years later, moved up to a 1/8 share.

The financial commitment to fractional private aviation is a bit steeper than a prepaid

membership card. Capital investment for a portion of a well-liked Citation XLS is about \$1.4 million for a 1/8 share of a new jet, plus a monthly maintenance fee of \$16,774 and additional fees totaling about \$2,000 an hour. This is for up to 100 hours a year of private travel.



But for Rose, the price is well worth it. Private aviation means freedom to fly back and forth from his home in Florida out of Miami International Airport to Dulles International Airport in suburban Washington, D.C. Like many other aviation consumers, he also loans the airplane to family members and associates as well as takes personal trips to Las Vegas, the Bahamas and other resort areas.

Fractional ownership also means enjoying the benefits of owning a private plane without most of the responsibility. Under Rose's plan, the provider hires pilots to fly on the days Rose specifies; purchases all insurance; hires the aircraft mechanics to keep it flying; rents a hangar to house the plane; and figures out the best local caterers to meet their guests' needs. Another advantage: Fractional owners get to take income tax depreciation on upfront capital. Many of these fractional programs are designed to last a number of years before the airplanes are then resold on the used market. Because of stringent maintenance and refurbishment practices by the managers of these programs, the airplanes hold a relatively high residual value for their owners.

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Jim Gregory is a business and personal flying expert who has been active in the industry for more than 30 years. He served on the first joint Business Aviation Advocacy Committee of the National Business Aviation Association and the General Aviation Manufacturers Association. He currently writes on aviation matters for various trade publications.