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Air Partner's Predictions for the Private Aviation Market

By Mark Briffa, Chief Executive Officer at Air Partner

CURRENT GLOBAL PRIVATE AVIATION MARKET

"The population of Ultra-High Net Worth Individuals (UHNWIs) continues to grow globally, which is good news for private jet manufacturers. The impact this will have on the jet charter market, however, is less clear. Despite what you might think, the fortunes of the UHNWI in general have rarely proven to foretell the ebb and flow of the jet charter market."

Key factors to consider include geo-politics and global regulation. In Asia, for example, it is agreed that the wealth is there to fund a far larger private jet fleet, but many in the industry don't see the geographical and regulatory constraints across the region easing any time soon. This is particularly the case in China - despite the fact that its economy grew 6.9% in Q1 2017¹. This limits the degree to which private jets can demonstrate their unique flexibility and steal market from the first-class cabin of commercial airlines. Meanwhile in Europe, Brexit fears and Russian military interventions overseas are damaging confidence still further."

PRIVATE AVIATION MARKET PREDICTIONS

"As always, it is not the money that drives the private jet market, it's the mood. Whilst blue chip companies remain important consumers, it's not where the growth will come from in 2017-2018, and there continues to be relatively weak demand for corporate roadshow missions. Instead, we have experienced increased interest from people some way below the traditional UHNWI threshold of \$30m net wealth, and we anticipate growth to come from this new generation of private jet customers."

"A private jet experience is more accessible now than ever. Financially, it is well within the reach of those who regularly fly first or business class. We are seeing a change in buying habits, with tangible goods like flash watches and fast cars proving less important: Instead, 'experiential luxury' and 'transformative travel' are in high demand, and people are willing to pay for a superior experience. Indeed, both airline and hotel pricing are expected to rise globally in 2018 across the board."

"The expectation for growth now amongst some in the industry is such that they estimate 50% of their future customers will not have been active charterers before. Companies will look to win business and first-class customers from scheduled carriers, along with those currently tied into time share ownership schemes."

"According to WealthX, the average jet owner is around 60 years old and male. In Air Partner's experience, the new breed of charter customers is far younger than the typical jet owner, just as likely to be male or female, and is after a personalised service, something exclusive and unique in an increasing vanilla and commoditised world. The charter brokers who can really deliver on the service expectations of this new key demographic are best placed to benefit for these changing attitudes in 2017-18."

"With regards to technological developments in the sector, there are unique challenges in the private jet world that may ultimately restrict the dominance of the online trading platform so common elsewhere – the primary one being the enormously fractured nature of the market. In time, we expect to see an increase in the failure rate of some of the first movers into online broking, although it is likely that some will be brought into other existing broking businesses."

"Time-poor private jet clients are continuing to seek out travel solutions that go above and beyond. Air Partner has a number of partnerships with high-profile luxury brands, such as Camper & Nicholsons, the global leader in all luxury yachting activities, which means we can offer our clients a full suite of

¹ Global Business Travel Association (GBTA) and Carlson Wagonlit Travel (CWT), "2018 Global Travel Forecast", July 2017, p.3

² Global Business Travel Association (GBTA) and Carlson Wagonlit Travel (CWT), "2018 Global Travel Forecast", July 2017, p.7 and p.12

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private jet and superyacht services. We are constantly looking ahead, seeking to provide a new generation of clients with a one-stop shop for their luxury travel needs.”