



BENN MARKS

Avalon uncovered

This year's Avalon Air Show was quieter than recent events, but still managed to impress. Benn Marks reports

The 2015 Avalon Air Show bore witness to an impressive line-up of highly advanced business jets. Two noticeable examples included Gulfstream's ultra-long-range flagship, the G650ER, and Embraer's highly advanced Legacy 500 midsize jet.

And there are many more sophisticated designs yet to arrive – but being promoted. The most notable ones being the Embraer Legacy 450, Dassault 5X, Gulfstream G500 and G600 and Bombardier's Global 7000 and 8000 series of corporate jets.

The event also provided an ideal forum for a number of senior executives from some of the world's leading aircraft manufacturers and business aviation (BA) companies, to share and discuss their views about the state of business aviation in the Asia Pacific region.

The prevailing sentiment expressed at February's air show by a number of well-placed sources in the industry, was how quiet it was compared to previous years. Some of the reasons cited included: a slowing down of the Chinese economy over the past 12 or so months – mixed with a degree of uncertainty about

the future of the global economy; the strength of the Australian dollar (or lack thereof); and possibly some lingering effects of the financial crisis.

Interestingly, Bombardier was a noticeable absentee at Avalon this year; the Canadian aircraft manufacturer has not been shy in coming down under for the air show previously, so its absence this year was conspicuous. It recently "paused" its Learjet 85 programme, while the troubled CSeries continues to gobble up resources.

On the flipside, a number of delegates did say that while BA aircraft sales in the region might not have been as high over the past year compared to preceding years, sales rates were still in "stable territory" and "bubbling along". And several delegates expressed similarly optimistic views about the industry's prospects in the long term; that is, a strong recovery is projected for it in the years ahead.

ExecuJet Aviation Group, vice president Australasia, Darren McGoldrick subscribes to 'the



glass half full' school of thought when it comes to the regional BA market's outlook.

"We still see that this part of the world has still got growth in it; there's prospects for us, both in the Australian market and particularly the South East Asia market as well. If we look back over the past 12 months in those two regions, we've put ten aircraft into our managed fleet. So that's quite a substantial increase," he says.

"So for us, the Asia Pacific is a key market for Execujet. If we compare other markets around the world, this part of the world has still been moving better than others. And if you look at the long term forecasts of all the OEM's, they still particularly see Asia as a long term growth centre; and this part of the world, Australia, will be a part of that growth."

McGoldrick says Execujet now has eight aircraft based between Singapore, Jakarta and Kuala Lumpur alone, and that the premium BA company had recently opened up an office in Singapore with the intention of "leading business development opportunities across South East Asia to serve its growing client base". This further illustrates the company's commitment to the south-east Asia market, according to McGoldrick. He says there is "good potential" in the region, which is encouraging, and that large cabin jets with long range seem to be very popular with clients.

"Our customers have opted for longer range aircraft [Challenger 604, Global Express, Global Express XRS & Gulfstream 650 aircraft] because their travel needs require them to travel to both domestic and international destinations. In many cases they have international businesses and they need to move around the globe regularly, or in and out of the region, for instance, between Australia and Asia," McGoldrick says.

Another keen observer of the region, who also paints an optimistic picture, is Hawker Pacific Chief Operating Officer – Asia, Tony Jones. While Jones's views corroborate with McGoldrick's on the matter of large cabin jets and their popularity in the region, he also believes other categories will become popular too.

"The ultra-large cabins jets have been a pretty resilient segment of the market. But I think we'll start to see a bit more of a resurgence in the midsize and super midsize segment," he says.

Jones also explains that a number of operators within the south-east Asia region prefer specific aircraft types to better suit their operational requirements. He cites cases where operators frequently require practical corporate aircraft with good short-field performance to reach locations in what can often be geographically challenging environments. Jones says Indonesia is one such example; while it is an "internationally focussed market", where midsize aircraft and above are required to travel regionally or even further afield, a market for smaller category corporate aircraft also exists to deal with the local domestic market. Additionally, when

Indonesia's archipelago composition is taken into account, this necessitates a class of aircraft that can effectively 'island hop'.

"There's a lot of mining interests in Indonesia and there's also a lot of agricultural-type interest, so it suits people to look at the King Air/light jet range of aircraft," Jones said.

"Our perennial favourite is the King Air; it is always a very popular aircraft – it's extremely versatile and incredibly well-suited to this region. 2014 was a good year for us in terms of King Air sales and King Air levels of interest, much of it weighted towards government business and special mission operations."

This highly versatile, high performance aircraft can be configured for a variety of missions – corporate travel being one of them – and has a firm place in the BA 'pack'.

Another promising sector in the south-east Asia region, according to Jones, is the second hand BA market, which is popular for a number of compelling reasons.

"With the second hand market, the values are good

is of the essence, the ability to work in the quiet confines of a spacious cabin, in complete privacy, yet arrive onsite refreshed and ready for further work, is seen as a real bonus. Boeing Business Jets Sales Director – Asia Pacific, Scott S. McMurray believes that Boeing Business Jets (BBJs) make excellent business tools by virtue of their large cabins, solid performance and ease of operation.

"A BBJ is 75m². That's like a small apartment, so you can have your office, your connectivity, showers. And the larger versions, like the 787, you have lots of flexibility in terms of cabin space and the amount of people you are able to travel with," he says.

"We sell comfort and convenience. Our aeroplanes have a wide-body cabin and you're going to be able to move around, and you're going to be able to use time more efficiently and arrive at your destination refreshed and ready ... The whole thing is flexibility ... you are able to get to where you need to go as efficiently as possible."

In that regard, BBJs as business tools represent some of the most valuable mobile real estate in the



Embraer Executive Jets Legacy 500

at the moment. At present, there are good buying opportunities out there with high interest levels. Finding the right aircraft is probably the challenge at the moment, and just trying to pick the right aircraft out of what's available," he says.

"There are also a number of buyers out there looking to get into aircraft for the first time and they're looking at some of those second hand opportunities. If you're in that space, there is actually some good buying choices to be had but you've got to look a bit harder to find the right aircraft to suit the mission."

While a number of BA aircraft, and their merits, were discussed in earnest at Avalon, one significant benefit of owning/operating them (in the region) emerged: they are seen as essential "business tools" for running businesses more effectively. When time

world, and have consequently attracted buyers in the region, as McMurray explains.

"Last year we sold five airplanes in the region. We sold both single-aisle and twin-aisle BBJs, which showed us that demand for our products is strong in the region. The Asia-Pacific economy is rapidly growing and we think that along with this growth, the demand for business aircraft is going to continue to increase."

While many views about the regional BA industry were canvassed at Avalon this year, one compelling point did emerge. That is, despite the subtle differences that might exist between specific BA markets in the broad Asia-Pacific region, it is constantly evolving, maturing and growing. Interesting times lie ahead. ➔