

# PRIVATE JET SET

Is flying in your own private jet all it's cracked up to be? Y-Jean Mun explores the pros and cons of ownership and charter.

**A Boeing Business Jet** with a queen-sized bed in a private stateroom, private bathrooms with full-size showers, a full-service galley, private office and dining-cum-conference room. An Embraer Executive Jet with lounging, dining, conferencing and relaxing areas, together with wireless Internet, data ports and flat screen monitors with laptop connectivity. A Bombardier business aircraft with customisable interiors convenient for holding meetings and telephone conferences with land-based operations. The private jet is available wherever and whenever you want, allowing you to change course en route, avoid flight delays and bypass long queues for check-in, customs and immigration.

With all the amenities of home and office on board, as well as flexibility, reliability, security, privacy and convenience, what more could you ask for? In fact, the biggest advantage is perhaps the time you save. Just as the well-known adage 'time is money' dictates, a flight can be turned into productive work time. The jet is transformed into an office environment, and with point-to-point service, you save on commuting time by being able to land at older, smaller airports located within the city centre and closer to final destinations, which commercial airliners are unable to serve. "It's all about time, time and time," says Leo Knaapen, Communications Manager of Bombardier Business Aircraft, the leading supplier of business jets worldwide.

"Business aircrafts are the most effective tools to help companies increase productivity and shareholder value, and respond effectively to business opportunities," reveals Chris Bucholz,



The Embraer Legacy can efficiently cruise 6,019km with eight passengers at altitude.

Director of Metrojet and Treasurer of the Hong Kong-based Asian Business Aviation Association. "You make your own schedule and don't have to spend time waiting in airports. You get the ultimate in privacy along with invaluable business tools so you can close even the most confidential deals in your own in-flight office. I've personally been in situations where the on-demand flexibility offered by a business jet played a huge role in closing multimillion-dollar deals," continues Capt Manfred Baudzus, Director of Business Development Asia Pacific of Embraer Executive Jets, one of the largest aircraft manufacturers in the world.

## PRACTICAL REALITIES

The price of an Embraer Executive Jet ranges from US\$2.92 million (S\$4.43 million) for the Phenom 100 light jet and US\$40.95 million (S\$62.14 million) for the ultra-large Lineage 1000, while the direct operating cost of the Phenom 100 is US\$440 (S\$668) per hour on average. The Boeing Business Jet costs US\$49.5 million (S\$75.1 million) and typical yearly operating costs are US\$2 million (S\$3.04 million). For Bombardier, its Learjet 40 XR goes for US\$9 million (S\$13.7 million), while its ultra long-range Global Express XRS is priced at US\$49 million (S\$74.4 million).

A luxurious bedroom aboard the Boeing Business jet.



Meetings can easily be carried out in the spacious Bombardier Global Express XRS.

If those prices are putting you off, there's the option of fractional jet ownership. Executive Jets Asia, the first and only company to offer such a programme in Asia, allows the purchase of a one-sixth interest in a seven-seat Cessna Citation II for US\$500,000 (S\$758,800), which affords you 70 flight hours a year, with the option of buying more than one fully transferable share. From the second year onwards, you pay US\$60,000 (S\$91,000) per year in maintenance fees. At the end of five years, the plane



Left: Prithpal Singh, Director of Executive Jets Asia.

Below: Relax in plush seating in the Embraer Legacy, whose elegant interiors can be customised hundreds of different ways.



is sold and proceeds are split among the owners. In Singapore, with crew staying nearby, you usually only need to book a couple of hours in advance and arrive at the airport 15 minutes before departure. Director Prithpal Singh says: "It provides an opportunity for people who cannot buy a big jet by themselves to have access to a jet. Also, the asset is maximised with multiple owners so you're only paying for the part that you use. And when the plane is not being used, we charter it out and the owners get a percentage of the revenue." Now, with people seeking longer range and bigger planes, the company is looking at bringing in a larger aircraft and charging US\$1 million (S\$1.52 million) per share.

And what of the responsibilities of maintenance, crewing, landing, parking, fuelling, insurance and applying for approvals? In Asia, owners often outsource the operation and management of their business jets to a number of companies that provide turnkey service. For fractional jet ownership and charter, all aircraft-related costs are already included in the price.

Overregulation is also a problem as countries like China and India often have long waiting times for getting landing approvals and customs clearance, which hinders growth in Asia. "The growth of private jet aviation in the Asia-Pacific region will depend on addressing challenges such as government regulations pertaining to ownership, landing slots

for private aircraft and business aviation infrastructure such as private airports and hangars," states Steven Hill, President of Boeing Business Jets. However, looking at the bright side, Baudzus says: "While it is true that a few countries have lead times of several days for landing permits, important meetings usually also take a few days to arrange and assemble key people." Additionally, Singh says: "To take a business jet to China or India takes three days to get an approval, but it's improving as about a year ago, it took more than one week. Also, getting to some of the smaller places in China can take a long time if you're going by scheduled flight, and they're notorious for flight delays." ▲

## ASIA TAKING OFF

The private jet market in Asia is still in its infancy, but there are more potential buyers in Asia than anywhere else globally. Sixteen per cent of Boeing Business Jets' orders come from the greater Asia region, while almost 10 per cent of Embraer's jets are based in Asia and it expects the Asian market to grow by nine per cent annually over the next decade. As of December 2006, Bombardier had 107 business jets based in Asia, and Knaapen expects the Asian private jet industry to "grow beyond recognition over the next 10 years". According to industry sources, approximately 13,000 business aircrafts, out of 14,000 worldwide, are located in the US, and less than 400 are registered to operators in the Asia-Pacific region (excluding the BBJ, Airbus ACJ and Bombardier regional jet derivatives), with Australia and Japan leading in numbers. "If you counted all the jets available in Asia, they would not fill more than one airport in the US," reveals Singh.

Following the US as the largest market for private aircrafts are Europe, the Middle East and Asia. However, there is reason to be optimistic about business aviation development in Asia as regulatory controls loosen, aviation infrastructure develops and mindsets change. Driven by regional economic growth and increasing numbers of multinationals with headquarters in Asia, there are enormous possibilities, especially in the emerging markets of China and India. And with the opening of Singapore's integrated resorts, Hill sees "an opportunity for all business jet manufacturers. A specific segment of the market will require this mode of transportation to make these resorts an attractive place to visit. The growth in personal wealth has increased the ability of individuals to buy business jets, and the globalisation of business has made these jets an essential business tool."

Singapore, despite its quality infrastructure and geographical location, sees slower growth because of its small population and first-class national carrier and airport, and local companies are only now discovering that private aircraft allow them to better manage their global operations. According to Singh, few Singaporean tycoons own private aircraft as they are trapped in old ways of thinking, but he believes that their Western-educated children who have seen how Western corporations operate will soon change this. Additionally, with regard to the dominance of government-linked companies in Singapore, whose high-salaried executives frequently travel, he believes that "they should not look at it as an extravagance or unnecessary expense. GLC investments are all over Asia, so it's time that they should look into it." In fact, governments actually form a large portion of the customer base in the rest of Asia. At Boeing Business Jets, 44 per cent of its customers are private individuals or entrepreneurs, 34 per cent are government heads of state, 12 per cent are corporate operators and 10 per cent are charter companies. Bombardier sees strong interest from high net-worth individuals, smaller entrepreneurial companies, larger corporations and government agencies, including those of Australia, China, Japan and Malaysia.