

TBM



THE STORY BEHIND
**MOONEY &
SOCATA**

700 TO 940
COLUMBIA AIR SERVICES FOR TBM

Weather Forecasting
IN THE AGE OF A PANDEMIC

TBM Q3 MARKET UPDATE



Dear TBM owner,
As the end of summer approaches (hard to believe the Covid crisis started 6 months ago!), we felt it was a good time to update you on the current state of the TBM and broader aircraft markets.

Market Overview- SLOW as she goes

Aviation continues to struggle in the wake of the Covid-19 pandemic. Beyond the economic ramifications, travel restrictions and fears of contracting the virus have dramatically decreased the demand for air travel. Currently, air travel passenger volume is at 25–30% of historical levels. Air Charter has been the least affected (back to 75% of pre-covid level) as a larger share of travelers are opting to fly private.

Increased charter demand has not translated to higher demand for aircraft. Q2 transactions volume was 31% lower than Q2'19. Jet demand was disproportionately affected experiencing a 33% decline, while turboprops fared only slightly better, down nearly 28%. Q2 numbers would have been worse if not for a modest increase in sales in June, however preliminary July data suggests that the rally was not sustained.

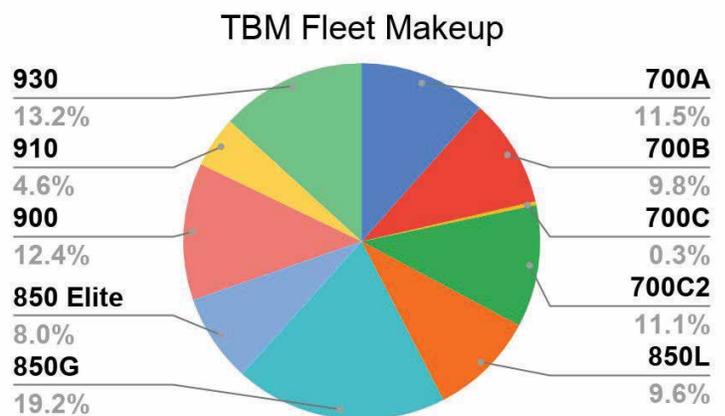
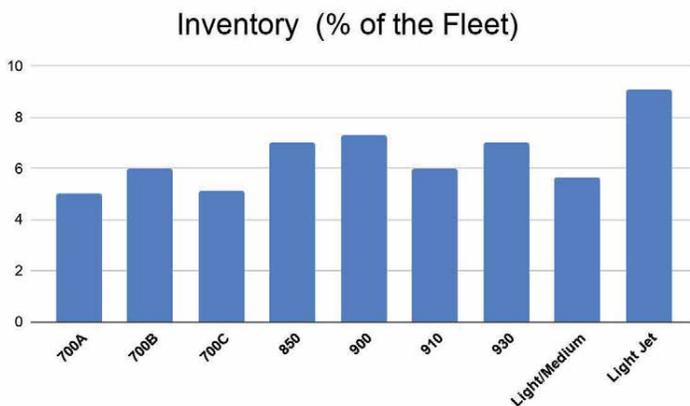
On a brighter note, inventory levels have remained relatively stable with 7.7% of the jet fleet (up only 1/10th of a percent from a year ago) and 5.9% of the turboprop fleet (actually down 1/10th from a year ago) available for sale. Average time on the market for current inventory has also remained stable. This means that although demand is down, so is the flow of new supply.

The net impact on prices has varied dramatically by segment and fleet type. Large cabin, long range aircraft have been hit the hardest while the light aircraft segment (with a few exceptions) have shown to be the most resilient.

The gap between buyer and seller expectations continues. Buyers are making offers 20–40% below pre-Covid values, while sellers continue to adhere to prior expectations. If this continues it will eventually lead to an increase in supply and a decrease in values.

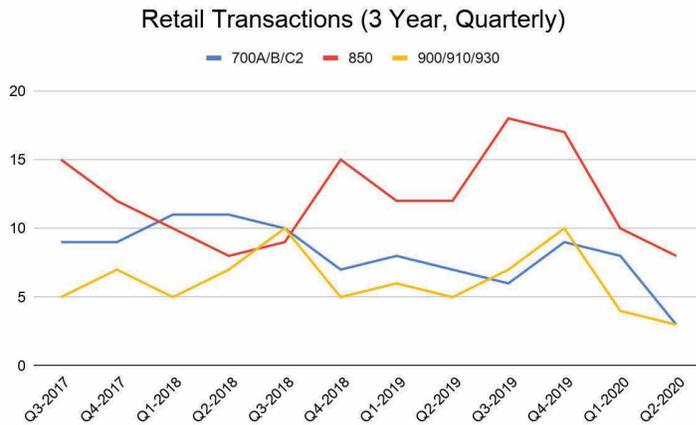
To see how these conditions impact the TBM, let's look at the data...

Supply



TBM inventory remains healthy (4–7% of the fleet) and in line with the broader light/medium turboprop segment. TBM inventory is also very close to those from one year ago, so for now supply remains stable. For comparison, over 9% of the light jet fleet (Citation Mustang/CJ series, Phenom 100/300 and the Honda jet) is currently available for sale.

Demand

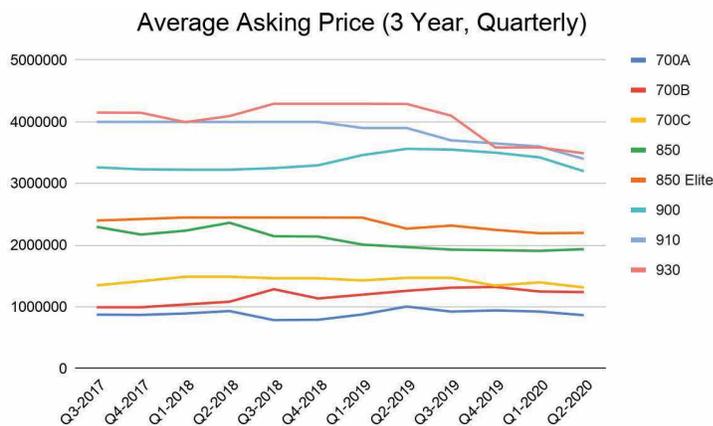


TBM types are grouped into “like kind” categories.

Q2 transaction volume decreased dramatically in response to the lockdowns. 700 series transactions fell a whopping 57% compared to Q2 ‘19 followed by the 900 series at 40% and the 850 series at 33%.

The 850 segment remains the most volatile yet most liquid, regularly posting double digit quarterly transaction numbers. 900 series transaction levels remain the lowest reflecting their relatively young age and higher price point.

Average List Prices



The TBM continues to earn its reputation for high residual values. Daher practices a disciplined approach to aircraft production, always making incremental improvements and limiting output production to maintain scarcity in order to protect new and used values.

Ask price is a lagging indicator but is valuable in identifying trends. Actual 910/930 values have fallen 4–5% YTD, while earlier variants have been limited to 2% or less. Great buys continue in the 850G market with early aircraft routinely trading below \$2M, and the 850L’s have found a sweet spot just north of \$1.5M. Contact us for more recent sales data.

Understanding Value- It’s all about the details

Price is not the key determinant of value. Many aircraft are mismanaged with poor maintenance compliance and poorly designed avionics configurations. These issues lead to higher operating costs, lower dispatch reliability and lower resale value.. When it comes to buying or selling a TBM it pays to have experienced representation.

AEROCOR has multiple acquisition clients searching for quality aircraft. So if you have been thinking about selling or are just curious to learn how much your plane is currently worth, please do not hesitate to contact us.

Best,

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About AEROCOR: AEROCOR is a brokerage that specializes in single-pilot turbine aircraft, catering to the owner pilot community. Founded in 2017, AEROCOR has become a global leader in very light jet transactions, focusing on underserved markets with the goal of providing the tools buyers and sellers need to make informed decisions.