



Is Now a Good Time to Buy a Helicopter?



Mark Clancy



Michael Roberts

What are the challenges for buyers and sellers in today's used helicopter marketplace? Is today a good time to be buying rotorcraft? Dave Higdon gains insider insights from Mark Clancy and Michael Roberts...

Often it seems history plays out like a video on a loop. Periods of time apparently replay from past eras, at once familiar yet strangely new and unfamiliar. So goes today's market for used helicopters. "It's definitely a good time to buy," offers Michael Roberts, president and founder of JETVEND.

"Generally, yes," confirms Mark V. Clancy, founder of HelicopterBuyer, Inc., "but it depends on the buyer, sector, and the

model/configuration/location being considered."

In other words, as is typical in aviation, the answer is 'it depends'. "I would say that corporate/private and EMS [helicopters] are driving most of the acquisition demand today," Clancy expands. "Utility appears to be in a slow climb. And offshore markets vary widely by region but are generally down."

"Two things," notes Roberts of today's marketplace. "There are not long waits if you want



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something new, and used prices are very reasonable right now."

One segment has particularly helped make the availability and affordability of pre-owned helicopters in today's market possible. The offshore segment "has created some difficult moments in the industry over the past five years or so and prompted some restructuring of the large support companies," Roberts observes.

"Many commercial twin-engine, late model, and legacy helicopters are not in demand," Clancy elaborates, "especially those that are offshore- and corporate-configured, as they make up a disproportionately large number of twins being offered for sale.

"Sales of these configurations have also been fueled by a new generation of replacement helicopters," he adds.

What Else Impacts the Helicopter Sales Market?

Much like the fixed-wing aviation market, the helicopter segment enjoys significant diversity. Each market has its own issues and challenges. And each helicopter category has its strengths, Clancy observes.

"From the private buyers' perspective, there are some very good opportunities with single- and twin-engine turbine helicopters for sale," he adds.

"Many private or corporate buyers typically prefer to buy new, but many OEMs have specific backlogs on high-demand models that are causing

increased lead-times, which may give some buyers reason to consider purchasing a pre-owned helicopter."

What are the Challenges for Helicopter Sellers?

There are usually challenges on both sides of the aircraft transaction table, and helicopter transactions are no different. "The biggest challenge for someone wanting to sell their helicopter is sorting through the bad price information they get and arrive at a value that actually reflects the market," Roberts suggests.

Clancy agrees that one of the biggest challenges facing sellers seems to be trying to establish a market price based on other recent transactions in the region. In addition, he notes, "Understanding how to best position the helicopter for resale is a challenge – as is competing with other sellers that may be more motivated to negotiate favorable terms with buyers. And locating buyers for the late model and legacy helicopters being offered for sale may be problematic."

Clancy suggests some steps to help the prospective seller, among them:

- Hire an agent or broker to research the market and obtain sales prices and technical data on other recent transactions, and make a detailed comparison to affirm whether yours' is a competitive market price.



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- Know the expectations of buyers. Many potential buyers desire at least 500 hours of life remaining on major components and at least two years remaining before major airframe inspections become due.
- Negotiate the sale with buyers based on all the favorable aspects unique to your helicopter (residual component value, maintenance status, condition, completeness of records, damage history, available spare parts, etc.).
- Target a different market sector for resale configuration if there does not seem to be any demand for the model being sold.
- Consider your options. Could you continue to operate the helicopter, or offer it for dry lease?

If these strategies are unsuccessful, Clancy suggests, buyers should be prepared to wait out the market, or investigate selling to a helicopter or spare parts dealer.

What are the Challenges for Helicopter Buyers?

"The challenge for someone wanting to buy a helicopter is to have already lined-up a good maintenance facility, and to have a good handle on maintenance and parts availability," Roberts advises.

"If buyers can do that in advance, they should have a better ownership experience. Occasionally it's a problem. It's not specific to any niche – it's essentially a matter of researching the model you

want to buy. Buyers should find the actual maintenance shop they will use for that particular make and model and get input from other owners about their experience with that make and model," Roberts continues.

"And these are not just hypothetical questions, it's necessary to sit down at the facility and talk to the people who will be doing the maintenance work."

"I would say there are four big challenges facing buyers today," adds Clancy.

"They are: 1) Assessing whether available helicopters are priced consistently with the market; 2) deciding which helicopter offers the best opportunity given the numerous helicopters for sale; 3) judging whether the inspection investment to verify helicopter integrity is worth the initial agreed price for the helicopter, and 4) if a post-acquisition reconfiguration is necessary (assessing feasibility and costs).

"The solutions to these buyer-related challenges include doing your homework on the market and the helicopter under consideration," he continues. "Ask the seller for key technical specifications and data prior to agreeing on a price and by performing a comprehensive pre-purchase inspection.

"Buyers may want to solicit the assistance of an agent and/or service center to help make an 'apples-to-apples' type comparison with other competitive helicopters. Decide whether the helicopter's integrity is intact and is 'as advertised,'





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and determine which issues would need to be addressed post-acquisition, along with the associated costs.

"Leverage any of those issues in the final negotiation with the seller," he adds.

Conversions Have Their Costs...

Given the specialized nature of some helicopter operations, a natural question is to wonder whether some helicopters are more difficult to sell than others, such as those equipped for helicopter emergency medical services (HEMS).

"Occasionally we see ambulance interiors go out of date and lose their demand," says Roberts. "There's a cost of returning those helicopters to their original configuration. But it goes both ways – and one in three [helicopters] has an interior that's out of date and there's a cost associated with upgrading it."

Clancy adds, "One of the challenges and opportunities is to decide whether it is economically viable to reconfigure a helicopter from one type to another. An EMS- or law enforcement-configured helicopter will require substantial cost and effort to not only remove the existing equipment and wiring, but then also time and effort to source a pre-owned standard corporate interior seating.

"It's typically easier, and more economical to reconfigure a corporate helicopter to HEMS or law enforcement than the other way around, he adds.

"This is similar to the challenges facing the offshore-configured helicopters for sale, which can be converted to a utility role relatively easily but are not candidates to reconfigure for corporate use since it's uneconomical for a number of reasons."

Ultimately, Expertise Matters!

Clancy and Roberts both strongly advise would-be buyers and sellers to seek out experts in the make, model and mission profile they're trying to satisfy. "Get people on your team who are experienced in helicopter transactions," Roberts concludes.

"It is an interesting time to be buying and selling helicopters," Clancy adds. "I encourage sellers to make an investment in value improvements that allow the buyer to operate for a year or two without having to spend considerable sums after the acquisition.

"This will help differentiate your helicopter from a crowded field, maximize the resale price, and result in fewer days on the market."

And for buyers? "I encourage buyers to analyze on paper to narrow down the choices available, then follow-up with inspections on finalist helicopters. Buyers should also be patient, consider the MRO, reconfiguration, relocation, and direct maintenance costs carefully, and enjoy the process," Clancy concludes. ▮

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