

VREF Releases 2nd Annual 15-Year Residual Value Forecast for In-Production Aircraft

VREF Aircraft Value Reference releases its 2nd Annual 15-Year Residual Forecast for aircraft including piston fixed-wing, business jets and helicopters.

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VREF Aircraft Value Reference, Appraisal & Litigation Consulting Services the leading provider of aircraft valuations for the aviation industry, continues its 25th Anniversary celebration by releasing its 2nd Annual 15-Year Residual Forecast for in production aircraft including piston fixed-wing, turbine fixed-wing, business jets and helicopters.

The forecast provides VREF Subscribers with a residual value outlook for all in production aircraft and the data reinforces the latest opinions of VREF management that the market is balanced and showing little if any signs of slowing regardless of the continued tariffs with China, and looming impeachment proceedings ahead of the 2020 election. "We are still cautiously optimistic about the new deliveries forecasted through 2020 and see no indicators as of yet that the manufacturers will miss their target numbers," said Ken Dufour CEO of VREF. Mr. Dufour continued, "We are seeing many aircraft owners of aging aircraft contemplating parting out versus a further investment of cash to meet 2020 compliance. This segment of the market has been weighing down averages for years and it will be good for the overall fleet values to see many of them leave the airspace for good."

VREF conducts numerous client interviews and meets with all the major OEM's and fleet operators. The overall trend is that buyers today care more about the latest and greatest technology, including connectivity and audio/video than any other features. "Older aircraft simply stated cannot compete with a newer airframe, a modernized avionics panel and newer



engines. Not only are you reducing the costs of operations but alleviating the pain of hefty refurbishment costs down the road," Said Jason Zilberbrand President.



While the days of appreciating [aircraft values](#) are no longer the trend, it is important to note that many aircraft are showing higher year to year values, albeit none so far have appeared in the fixed-wing turbine market, several

turbo prop aircraft including the Caravan and PC12's have remained at an industry low depreciation rate. "Once you get into the piston fixed-wing trainer arena it's a different ball game, as many piston owners are proving that aircraft not only go up in value but finding a replacement can be a daunting task," said Jason Zilberbrand President. Zilberbrand continued, "As we head into 2020, the elections, along with China and the Eurozone Central Bank keeping interest rates at historic lows begs the question when we will see another recession? While many are forecasting a recession we believe a soft recession will likely occur in the next 3 years as reality sets in that technology is a double edged sword that will likely be responsible for numerous sectors seeing high unemployment rates along with the disruptive geopolitical climate and all time high Right v Left political fighting takes its toll. We believe that due to the fact that so many aircraft are older than 20 years (almost 7500 to be exact) and 13% of that aging fleet has been listed for sale that there will be a need to upgrade for numerous reasons into a more modern aircraft, whether that be for lower operating costs, longer TBO's, better fuel efficiency or cabin connectivity. The Residual Value forecast shows that newer airframes will stand the test of time as we start to see massive technology leaps that previous "classic" business jets never had to compete against to justify staying in operation."

VREF is forecasting numerous piston aircraft to be trending above the 50% residual value line after 15 years, and there are several new business jets that are also now above the 50% line.

Be sure to keep an eye out for the new platform VREF is launching in time for NBAA.

About VREF

VREF Aircraft Value Reference, Appraisal & Litigation Consulting Services, was founded in 1994 and is headquartered in Des Moines, Iowa with offices in Chicago, Rockford, Los Angeles, Boise, Daytona Beach, Austria, Switzerland, China and Australia.

VREF delivers aircraft and engine data through online subscription services (SaaS) and published quarterly digests.

VREF provides valuations, appraisals and litigation consulting services to a world-wide client base of aviation professionals including, law firms, banks, financial institutions, leasing companies, manufacturers, aircraft owners, aircraft operators and suppliers. VREF Aircraft Value Reference, Appraisal & Litigation Consulting Services plays a key role in advising decision makers within the aviation industry.

VREF is the official Valuation Guide and Appraisal company for the AOPA.

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