

# **The Art of Buying Your Aircraft**

## **Part 1 – Selection**

As the weather begins to warm, most pilots begin to think about buying that first aircraft or upgrading to a different aircraft. Many readers have also heard the stories of a fellow pilot who had an aircraft bought out from under them or who got a raw deal and wound up paying way more than the aircraft was worth. For that reason, I thought it would benefit seasoned veterans and first time buyers alike to provide a short series of articles that focuses on the “Art” of purchasing an aircraft and I hope it helps with your purchasing experience. I want to try and help pilots do their homework up front so that when it comes time to write the check, they will have a high level of confidence that they are paying the right price and getting the aircraft they expected. The worst thing ANYONE can do is to walk into an aircraft dealership (or broker) and state that they don’t know what they want to purchase. While there are many honest dealers/brokers out there, there are also many that will simply try to put you in an aircraft that they need to sell and take the largest amount of money from you that they can. It also puts the dealer/broker in a difficult situation of trying to figure out what you needs are and which aircraft you can really afford. The result often leads to a negative buying experience in the long run.

The first step in purchasing ANY aircraft is to determine what aircraft you want to buy. This may sound simple but there are many factors to consider – unless you know from the outset what aircraft best suits your needs. Some of these factors include the type of flying you plan to do, the on going expense you can afford and the personal preferences you want to consider as well as your experience level. For this article, let’s presume you are starting from scratch.

Let’s start with the type of flying you plan to do. Is it long weekend trips with family and friends? Is it 200 mile trips for the \$100 hamburger? Do you plan to use the aircraft for business or personal travel? What is your experience level? The answer to each of these questions will tend to lead to different types of aircraft. For example, if you plan to haul your wife, kids and related luggage several hundred miles on a regular basis, you will need an aircraft with adequate fuel and weight capability. A Cessna 152 won’t address this need – although a Cessna 182 or larger aircraft will in many cases. So review your log book and see what type of flying you tend to do or plan to do and begin to start thinking about the expenses you will incur and the number of hours you plan to fly each year. You will find that it will be more cost effective to buy an aircraft that meets your needs most of the time and rent an aircraft for those “other” trips.

Another item to consider here is your ability to get insurance. For example, let’s say you plan to purchase a Cessna 182RG. Do you have high performance and retract time? If not, an insurance company may have problems writing you a policy. If this is the type of aircraft you truly wish to purchase, then you may want

to consider renting this type of aircraft to build the necessary time and experience before you buy or consult an insurance agent about coverage.

Now let's consider the cost of ownership. There are many pilots who buy aircraft that they really cannot afford and you shouldn't be one of them. Therefore, it is important to know the total cost of ownership so that there are no unpleasant surprises – or at least they are kept to a minimum. Not only is there a “first cost” which is the purchase price and related expenses but also the variable and ongoing expenses that need to be considered. As you go through this exercise, you will most likely need to estimate the number of hours you plan to fly each year since some expenses will be fixed (aircraft payment, hangar rent, insurance, etc.) and others are variable and based on the hours you fly (fuel, oil, maintenance, etc.). There are several sources that can help you here. Friends who own aircraft or owner groups can provide direction on the expenses you will encounter. If you are comfortable with PC software, a spreadsheet to incorporate most of the variables takes only a few minutes to develop and if done correctly, these variables can be easily changed so that different aircraft can be examined under different scenarios such as modifying the number of hours you fly each year, the local property tax rate, fuel consumption, etc. And while we're talking about costs and the related purchase price, how much do you think you'll have to pay for that bird? As I've stated in earlier articles and on my website, you cannot go by the printed ads or the prices on the internet. Those are ASKING prices – not selling prices and not the fair market value. In my opinion, one of the best resources is the NAAA e-valuator tool on the *Trade – A – Plane* website. The reason this is a great tool is that you can see the high and low values for a specific year, make and model of aircraft and this information is based on current market values which is what you are really interested in. You can also vary the parameters of a specific aircraft in mind to see what the fair market value is. Once you know the cost of ownership and think you know what aircraft will fit your budget, one of the next items to evaluate are the personal preferences that will impact the purchase price of your aircraft.

At this stage, it is important to know what items are “musts” and what items are “wants”. You will need to make a list of each – especially the “musts” since they will eliminate aircraft from consideration. For example, let's say that your purchase price cannot exceed \$100,000. Then any aircraft that exceeds \$100,000 (at the end of all negotiations) must be excluded from consideration – even if it is \$100,001. Otherwise, the figure of \$100,000 or less is really a desire or want. You need to also think about what “wants” are important and classify these into groups of high, medium, and low. For example, if you plan to do a lot of cross country IFR flying, then it is important that the aircraft is recently certified and the avionics are more modern. An IFR certified GPS unit would be a “high want” here while new carpet and/or interior may be lower on your list. As you come across aircraft for consideration, they can be quickly evaluated against each other to narrow it down to the two or three that you want examine more

closely. This is where the NAAA e-evaluator tool can also help in assessing the fair market value of a given aircraft given the information in the data sheet.

Now that you've done your homework and narrowed the list of the aircraft that you will consider, it's time to go shopping. I recently came across some advice about the logic of buying an aircraft from a dealer versus an individual owner. It stated that the use of the internet makes buying from an individual more difficult since owners know exactly what their aircraft is worth and have no motivation to sell whereas dealers will give you a more honest price and have a motivation to sell aircraft. Of course, this advice was provided by a dealer – big surprise! I have found that most owners DON'T know the value of their aircraft and dealers/brokers cannot sell aircraft at the fair market value. Your best approach is to visit airports and check out the local aircraft for sale or use the contacts in specific owner groups. Someone there is always attempting to sell their aircraft and it will typically be in good condition and at a reasonable price. The objective is to find these aircraft before the owner decides to turn them over to a dealer/broker or place them on the internet or in a printed publication.

The next article will presume that you found the aircraft (one or more) that you want to buy and how to negotiate the deal so that your interests are protected.



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