

# BIZ JETS

*Who owns them and why?*

In July, as anticipated in a previous column, I was lucky enough to participate in the government's inaugural Gibraltar Maritime Week. This event brought industry professionals from around the world to the Rock, together with client representatives and even a well-known superyacht master. It culminated in a three-day conference with a day dedicated to ships, crew and seafarers, and superyachts respectively – which was hosted, appropriately, on board our very own floating luxury hotel *Sunborn*.

Gibraltar Maritime Week was an excellent platform for promoting the Rock and showcasing the resources and expertise that is based here. Let us hope that it gives the marine sector of our economy the boost it deserves. However, regular readers will know that I prefer things that fly rather than float. I may have allowed my Private Pilot Licence to lapse in the last few years but I remain fascinated by all aspects of aviation. Indeed, it was one

of the most important factors I took into consideration when, several years ago now, I bought my apartment in Gibraltar with a view of the airport.

And therein lies an interesting point. Visitors to my place generally remark along the lines of: "I suppose it can't be very noisy with just a couple of flights a day". I remind them that the number of scheduled services to and from the Rock is increasing all the time – just this summer new routes to Bristol and Tangier have been launched. An even more interesting story is the growing number of general aviation movements seen. In the main, the general aviation we see in Gibraltar is thanks to private business aircraft, or to use the vernacular, biz-jets.

This is not the first time I have written about biz-jets in this column; in April 2011, I penned a piece for the magazine entitled "Executive aircraft – toy or tool?" Not perhaps surprisingly, I came to the conclusion

that such aircraft should be viewed as business tools, aimed at getting wealthy or influential passengers from A to B far more efficiently than using scheduled services.

After all, I pointed out that whilst one could pootle about in a superyacht without really needing to go anywhere, any suggestion of "pootling about" in a jet would very likely ruin your day. There's a well-known story of one biz-jet customer demanding a real granite floor. Imagine what that does to a jet's weight and carbon footprint! However, even if some of them are extremely lavish inside or just plain "over the top", I believe firmly that executive jets are tools, not toys.

In the past few years, we have seen many companies in the public eye downplaying – or even eliminating – their use of corporate jets. Tesco's new chief executive Dave Lewis pledged to scrap the firm's fleet of five jets when he joined last September. However, a new \$50m (£34m) Gulfstream



G550 plane was already on order and just happened to arrive only days after the retailer admitted overestimating its first-half profits by £250m. Clearly, the timing was not good. That plane was sold in November and Tesco has now disposed of them all.

Other private jet owners, however, are continuing to order the largest jets – even the VIP business jet versions of both Boeing and Airbus airliners. They may be the same size and shape as their commercial cousins, but they are positively palatial inside. Not of course that I would want to swap any of that for my regular 11C seat thank you (he lied none too convincingly).

So has anything changed in the intervening time? After all (to misquote former British Prime Minister Harold Wilson), four years is a long time in aviation. Focusing on the financial aspects of the business

aviation industry, back in 2011 most of the developed world was still very much in the grip of the global downturn – from which most major economies are only now, thankfully, recovering.

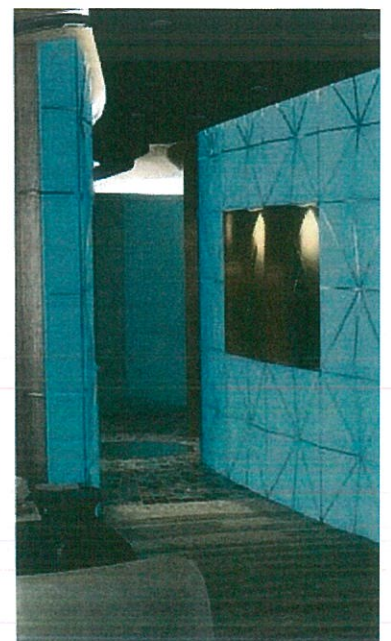
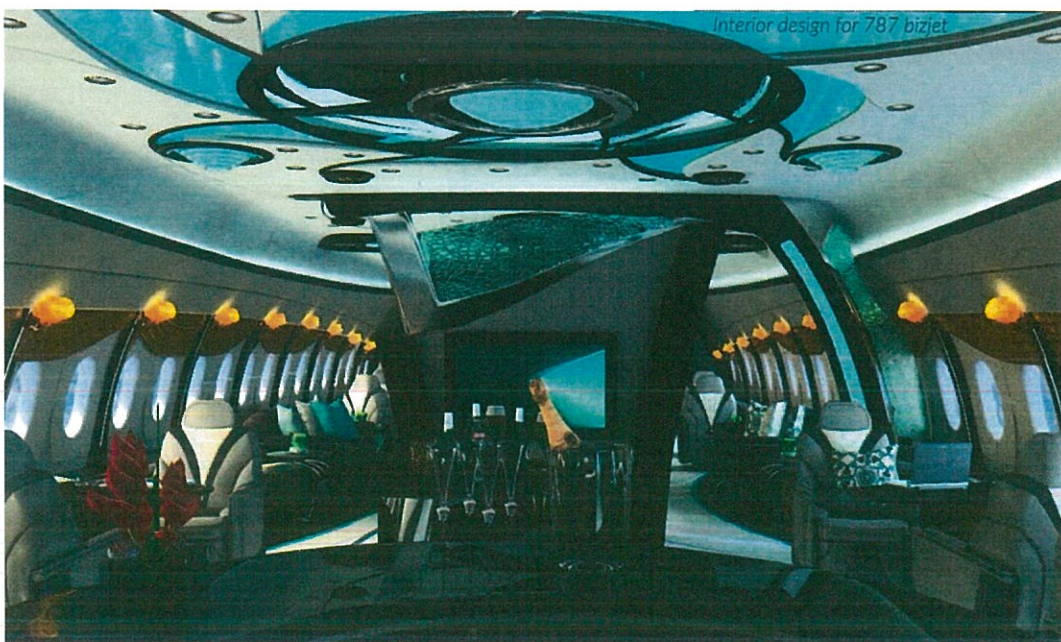
This recovery, however, is happening at very different speeds in different regions and countries so it should come as no surprise that the present state of the corporate jet market varies too. For executives who are more concerned with auditors, shareholders and public opinion, the days of heady corporate excess – and lavish executive jets – are gone. Cost effective biz jet travel now prevails in its place. That is not to say that the luxury end is any less busy – it's just that the user profile has altered dramatically in the past few years.

New, more cost effective models have entered the market recently, such as the super fuel efficient HondaJet or the

groundbreaking and highly versatile Pilatus PC-24, which is designed to be capable of operation from unpaved runways and grass strips and boasts a cargo door to boot. Demand is so high for the latter that the order book is presently closed.

Established biz-jet manufacturers such as Dassault, Bombardier and Gulfstream have also been targeting the luxury end – although with models marketed as 5X or 8X, Global 7000 or 8000, and G500 or G600 respectively, one might need a maths degree as well as being mighty rich to own one of these spectacular examples.

Ownership options have also developed over the last four years. Today, we are seeing much greater use of fractional ownership – sometimes described as “timeshare in the skies” – whereby customers purchase blocks of flying hours from operators such as NetJets, a subsidiary of



Warren Buffet's Berkshire Hathaway. New types of "membership operator", such as Wheels Up, are also attracting interest, and aircraft of this type are landing at Gibraltar airport with increasing regularity.

The current demand for this kind of model is best illustrated by the fact that in June 2012, NetJets placed the largest aircraft order in private aviation history - 75 Bombardier Challenger 350 and 25 Bombardier Challenger 650 jets, with options for another 125 and 50 aircraft respectively. On the same day, NetJets placed another firm order for 25 Cessna Citation Latitude with options for 125 more.

When considering biz-jet use, ground facilities are a vital component in the mix. Gibraltar's airport is a good example of how things are progressing. Until the airport tunnel is completed, every aircraft movement requires the closure of the main road in and out of Gibraltar. Everyone accepts the necessity for this when it comes to airliners or military planes, but it's less easy to tolerate being stuck in a queue waiting for a tiny jet seating perhaps three or four people at most to take off or land. Inevitably, frustration builds from time to time. The tunnel cannot come quickly enough in my opinion.

The ownership of such assets is a confidential matter and, because most jets are "owned" by companies, it is generally not possible to find out who is on board. But consider this when you are next held up in such a queue. The people these jets are carrying are likely to be extremely wealthy or influential decision makers. They are flying in to Gibraltar for a reason and that reason may well be related to a local investment or an investment that is being structured out of Gibraltar. In both cases, their presence is generating local employment or generating local fees.



So, however long the queue, we should encourage and welcome these small aircraft. Their use of Gibraltar airport can only be a good thing.

And finally, a word about the airport facilities themselves. Over the last few years, visiting biz-jet users have begun using the impressive state of the art Wessex Lounge. It is located underneath the public viewing gallery and is well equipped with conference and catering facilities. Immigration and customs formalities can be carried out there too. At present, there are no real facilities for the jets themselves beyond refuelling. A lack of dedicated hangar space means that aircraft cannot be based or maintained here. But when the tunnel is established and the number of aircraft movements is no longer such an acute logistical problem, I hope to see a corresponding increase in the airport's usage - resulting in further development, and yes, more employment.

My thanks go to Brian T Richards of RegisterAnAircraft.com, Sovereign's aviation division, for some of the more technical detail used in this piece. I end with this simple question. Do we need and should we encourage more visits by business aircraft here in Gibraltar? You bet - we should be welcoming them with open arms. Or, in "control tower" parlance, "Biz-jet, you are clear to land in Gibraltar!"

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