

All Systems Go! Asia's Private Jet Market Just Taking Off



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Asia Correspondent

30 January 2013

Editor Choice

Demand for private jets in Asia is only just taking off, according Jetsolution, an aviation specialist and advisory firm, head-quartered in Hong Kong.

To gain some perspective, as of January this year, there are 191,527 private jets in the world (*Flightglobal Ascend Online Fleet*), and Jackie Wu, founder and president of Jetsolution, told *WealthBriefingAsia* in an interview that merely 700 of these are in Asia, indicating it's time for a game of "catch -up".

While the market in Hong Kong may be near saturation, with 80 jets and a lack of space hindering further expansion, Wu expects regional growth of the industry to be in line with the increasing number of high net-worth individuals in Asia. China has vast growth potential for instance - it is home to only 200 private jets, yet it boasts the second highest number of billionaires in world, a statistic that is only expected to rise, according to reports by the likes of Hurun, RBC and Capgemini.

In fact, Wu is so confident about the performance of the industry in Asia that she predicts double digit growth for her business, which offers aviation consultancy services to existing and prospective jet-owners.

"I actually never sleep," she said when asked how the business is doing. But instead of dark shadows and the dreary mood one might expect when meeting a supposed insomniac, Wu's eyes lit up with excitement as she talked about the process of buying and customising jets for her ultra-wealthy clients.

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About 20 per cent of buyers purchase for leisure and 80 per cent for business, said Wu - for either purpose, it's very much a screaming status symbol of prosperity for the owner. Like an adult

accompanying a child in a sweet shop, Wu holds the hands of ludicrously-loaded buyers, guiding them through the jet purchasing experience.

"It's very exciting for clients," she said. They are mostly Chinese entrepreneurs from manufacturing, real estate or mining businesses. Jets are preferred for corporate use as they offer privacy and save time when travelling, which today's global entrepreneurs are doing more and more of, according to RBC's recent *Wealth Through the Prism of Culture and Mobility* report. Wu added that many of her clients host "VVIP officials and a jet gives the owner confidence to make a lasting and business-capable impression".

Lifespan

The life of a jet is roughly 20 years, or 15,000 hours. Most jets that are purchased are previously owned, often within 10 years old, though Wu advises that jets under five years old better retain their value, often still holding valid manufacturers' guarantees. On average it can take anything from three weeks to two months to complete the transaction of a jet, old or new.

"We handle the due diligence for clients buying jets," said Wu. She works closely with wealth advisors, bankers and legal firms, and receives many recommendations from these professionals for new business, as well as from existing clients. She named UBS and Credit Suisse, among others, as banks she deals with, and said she regularly receives calls from bankers asking for her expertise, such as estimating valuations of a jet, or verifying its "birth certificate".

"They call me and say, 'Jackie, what's the price for this jet?' and I ask them 20 questions back - year made, total time and number of cycles, registration compliance, hangared or not, its operator, aircraft conformity status, any security, what is the usage like, location of the aircraft - all the critical information," she said.

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“They really trust us,” she continued, and it’s easy to believe, since she has worked in the operational side of aviation for over 13 years, and even holds a flying licence. Clients in turn also “give her more respect”, when they are familiar

with her experience and qualifications, especially important since youth is on her side.

While Wu works with banks on the financial side of purchasing a jet, liquidity is not a problem for many of the buyers, most of them paying in cash - “it’s a way to get assets out of China,” according to Wu. And the amount spent on customising a “basic” private jet shows money is of no concern to Asia’s super-rich.

Goldfinger

Two of Wu’s latest clients are in a bit of dilemma - The first one loves gold. And not just the colour - the actual metal. This jet owner wanted to spend multiple millions of US dollars on kitting out the interior with gold fittings wherever possible - taps, railings, toilet seats, you name it. But this is where Wu and her team of experts stepped in - while many business owners would happily fill this request for the right price, Wu explained that gold is far too heavy and soft a material to be of practical use in a jet - It would weigh the jet down and “they would keep having to get it re-done, because it scratches so easily, ” she said. Advising her client on optimum safety, practicality and cost, the compromise they reached is a specially mixed metal with a lower real-gold component, to the value of a mere \$1 million.

Giving the Snow Queen in fairy-tale, *Sleeping Beauty*, a run for her money, another of Wu’s clients requested the entire exterior a newly ordered jet to be made of mirror glass. Once again, Wu advised of the challenges faced with this extravagant request - from a legal perspective, the registration number would not be clearly visible and from a technical view point, this material, in fact no metal, can be used in the nose of the plane as it would interfere with the machine’s radars.

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“Silly rich people” comes to mind, but not for Wu - it’s obvious she’s passionate about her work and equally her clients. “Buying a jet is a very personal experience, much akin to buying your very first house,” she said, adding that she will help new

buyers hold a ceremony when they receive their multi-million dollar baby.

“Owners will ask their friends and industry peers along and we’ll help them celebrate with ribbons, champagne and photos.” If you’re lucky, Wu might even treat you to a custom-made model-aeroplane, to match your new toy.

While 2012 was a quite year for Jetsolution, Wu is optimistic for 2013 - she said China and Southeast Asia offer promising business prospects and hopes to grow her team globally, which already has offices in Singapore, Hong Kong, Shanghai and Beijing.

When asked about competitors in the business, Wu said no other firm offers what Jetsolution does - the services it provides includes anything from operational, to legal, to interior advice - experience that another firm in Asia cannot match, according to Wu. “We make sure we provide not just an answer but a complete solution to them (clients), with ultimate goal of enjoying their aircraft,” she said.