

THE
JET SE



BY MATT ALDERTON

Frequent fliers are turning their backs on commercial aviation and flying the private skies, buying and leasing their own jets to travel in style.

When it comes to travel, professional golfer Scott Verplank prefers fairways to runways. He's got autographs to sign, balls to drive and putts to sink, so he doesn't waste time undressing in security lines and waiting for his clubs at the baggage carousel. Verplank avoids commercial airports and airlines altogether and instead goes from tournament to tournament via private jet.

"When the hassle and inconvenience of traveling is eliminated, an athlete or business traveler is more relaxed and better able to perform," says James D. Butler, CEO of Shaircraft Solutions, a private air travel consulting firm that counts Verplank among its clients. "By investing in himself, Scott Verplank gives himself the best chance to succeed."

Of course, private planes aren't just for athletes, actors and rock stars. These days, they're for anyone who wants convenience, comfort and control of their own schedule. "When you talk about private aviation, the first thing people say is, 'That must be for celebrities and entertainers,'" says Ken Austin, executive vice president, chief business development and marketing officer for Marquis Jet. "That's true to a certain degree; they're roughly eight percent of our business. The other 92 percent of our Marquis Jet Card owners, however, are entrepreneurs and businesspeople. They're the silent millionaires next door."

Indeed, the market for private aviation is growing just as fast as the population segment who can afford them. Much of this growth can be attributed to the creation of fractional ownership and sub-lease concepts, which reduces the cost of owning a private plane from millions of dollars to paying thousands of dollars for buying as little as 25 hours of flight time. And with commercial airlines doing more to cut costs, the growth in private aviation isn't expected to slow any time soon.

The Ultimate Luxury Experience

Like Verplank, Texas businessman David Potter is at the top of his game when he flies privately. The chairman and CEO of Source Inc., Potter owns a 1974 Learjet that he's gutted and modernized for flights out of Dallas. His favorite destination: a vacation home in Aspen, Colo., which he can reach directly by private plane in less than two hours—a trip that would otherwise include a two-hour flight into Denver and a four-hour drive west to Aspen.

"I save hours and hours of wasted time," Potter says. He's flown commercially only twice since September 11, most recently to Tucson, Ariz. "It was a miserable



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flight. You don't get service. You have to take off your shoes. There are delays. It's stressful."

Stress disappears entirely when you fly privately, according to Jonathan Gilbert, CEO of Halcyon Jets. "I don't care where you're going—when you fly commercially, you've lost a whole day," he says. "But when you fly privately, you're actually more refreshed when you get off the plane. You feel like you've been sitting in your living room for the last three hours."

In fact, the typical private jet is probably more relaxing than the average living room. Outfitted with plush seats that recline and swivel, most private jet cabins are equipped, at minimum, with state-of-the-art entertainment centers and DVD libraries, in-flight phones, Internet access, cashmere blankets, fully stocked bars and catered gourmet food, including the traveler's favorite meals and snacks. Additional amenities might include your own personal flight crew, in-cabin space for pets, in-flight spa treatments, beauty services or tutoring sessions—anything the traveler requests, Gilbert says.

Still, Austin insists, the most attractive amenity is time. "Having access to your own private plane is the equivalent of owning your own time machine," he says. "You go where you want, when you want."

When you're traveling by private plane, you can skip check-in, security and baggage claim. Typically, you just show up at the airport—at whatever time you've chosen to depart—drive to either the plane or a private terminal, hand your bags to the pilots and then climb aboard; when you land, there's a Town Car or limousine waiting for you. "You feel like a rock star," Austin says.

Small Planes, Big Business

It's no surprise that private aviation is more convenient than commercial aviation, as there are more than 5,000 paved, public-use airports open to private aircraft in the United States, plus an additional 14,000 private airstrips. By contrast, there are 420 airports for commercial airlines, according to the General Aviation Manufacturers Association (GAMA), with 73 percent of passenger boarding taking place at the nation's 35 busiest commercial airports.

"Private aviation makes getting to remote locations so much easier," says Nate McKelvey, CEO of Jets.com, an online marketplace for private jet charters. He suggests that "easier" is quickly translating into "better" for a growing class of high-end travelers, even if it isn't cheaper.

Indeed, travelers' appetite for ease is fueling record growth in private aviation. In fact, the number of private—or piston engine—airplanes shipped reached 2,750 units in 2006, the highest number since 1982, according to GAMA.

Not to be outdone, commercial carriers are responding with their own luxury-minded services. Most popular are young, business class-only carriers such as Eos and Silverjet. Promising discounts and flat fares for business travelers, these carriers are pushing private jet-like amenities, such as private terminals at less crowded airports, faster boarding times, seats that recline into beds, gourmet multi-course meals, and premium wines and liquors.

Although a good option for first-class commercial travelers, McKelvey insists that business-class airlines can't compete with private operators when it comes to serving the ultra-wealthy. Business-class airlines offer just

a few select routes—Silverjet, for instance, only flies between London and New York or Dubai—but private jet owners can go virtually anywhere from everywhere.

And if they don't want to throw down millions for their own plane—most jets cost between \$5 million and \$10 million, McKelvey says, but some can cost up to \$45 million—entry-level buyers can now finance planes for less than \$3 million, thanks to a new class of private jets known as “very light jets.” Smaller and more affordable than the average jet, they're proof of an expanding market for convenience at every altitude.

Smart Buyers: Choose Wisely

Although the market for private aviation is soaring, existing and would-be jet owners would do well to choose wisely, according to Robert C. Lebano, sales manager for Wells Fargo Equipment Finance Inc., who leads an aircraft team of five highly experienced aviation specialists to assist clients in the acquisition and financing of private planes. “Buying an aircraft is an individual exercise based on your financial goals,” he says.

The first step is to find an advisor to help you navigate the purchasing process. Prospective owners should look for an advisor via their relationship manager or a jet

operating company, which can make qualified referrals. The advisor can help them decide on a model of ownership, based on their financial objectives and resources, and assist them in finding and acquiring an aircraft.

Butler advises that to find the best private aviation solution, prospective owners should be prepared to answer the following questions as part of an initial needs analysis:

- How often do you fly?
- What is your home base?
- Where do you fly?
- How many people fly with you?
- What's your budget?
- How far in advance do you schedule your trips?
- Do you have any special needs?

Owners also should keep in mind extra costs such as insurance, fuel, maintenance, storage and staffing. “There's a lot of homework to do,” McKelvey says. “It's worth it, though, when you avoid the inconvenience and hassle you experience on commercial airlines.” **YL**

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OWNERSHIP OPTIONS

If you are interested in private aviation, you should know that there are several ownership models available to you. Here are four of the most common arrangements.

Fractional Ownership: Ideal for travelers who fly between 50 and 300 hours a year, fractional ownership allows you to purchase a partial interest in an aircraft that is operated by an aviation company like NetJets. Owners have the right to use a plane, or a comparable aircraft in their provider's fleet, for a given number of hours every year for a predetermined number of years.

Fractional Jet Cards: Ideal for travelers who fly less than 50 hours per year, jet cards from companies like Marquis Jet, Flexjet and Halcyon Jets work like pre-paid calling cards, offering a given amount of on-demand flying time for a flat fee.

Charter: Perfect for taking just one trip, a charter operator, like those listed at Jets.com, will fly you privately from point A to point B on a trip-by-trip basis, without requiring you to buy into a long-term commitment with an aircraft.

Whole Ownership: If you fly 500 hours or more per year, you should consider whole ownership. You can buy your own aircraft outright and hire a charter operator to manage it for you. Allowing other travelers to charter your aircraft when it's not in use may offset the costs of ownership.

As a client of The Private Bank, you can take advantage of the strength of your relationship with Wells Fargo to make your aircraft financing as simple and cost-effective as possible. Your existing relationship may make you eligible for more attractive lending rates. Your relationship manager, in conjunction with a private banker, can meet with you to understand your goals, the length of time you expect to keep the aircraft and whether it's a replacement or a new plane, which may affect the funding choices. Once the ownership plan is in place, we can help you decide upon a financing strategy that best suits your needs and financial situation.