

## The Upside of a Down Market: The Advantages of Retaining and Buying Fractional Jet Shares

By Bob Knebel 04/30/2009

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*The following article is a rebuttal to James D. Butler's article, "Should Fractional Jet Owners Sell Their Share?" which appeared 02/09/2009.*

It's a fundamental financial management strategy: unless it is absolutely necessary, don't sell in a down market. Bear markets are rarely the ideal time to let go of long-term investments, and fractional jet shares are no exception.

The reality is, for a comparatively low capital outlay, fractional jet owners have access to an entire fleet of aircraft. The benefit of a multi-year contract awards them the same advantages of diversified stocks. When approaching the situation from the long view, if owners can avoid selling now, they should sit tight. The only individuals losing value are those being forced to sell now at the bottom of the market.

In fact, the upside of the current down market is that now is a particularly opportune time to purchase fractional shares. The fractional industry has always cycled up and down with the economy, and it's well known that those who invest during challenging times are often greatly rewarded. For prospective and current fractional owners who are unsure of their next steps, the wiser course is to either buy when shares fall to a relatively lower price or hold on to your shares until fair market values increase.

While some have argued that the fractional jet industry's long term viability is suffering and fractional owners are better off exiting an industry that is fated to deteriorate, most fractional jet companies are secure in their projected futures and are resolute in creating programs that effectively respond to current economic conditions.



Flexibility has always been part of Flexjet's DNA (it's in our name), and we are utilizing our adaptive culture to respond to each individual's specific needs and customize solutions for them. For example, for those that are nearing the end of their contract, Flexjet makes it easier for them to extend their lease without being bound by a long-term commitment.

In addition, one of the more recent initiatives that Flexjet has re-introduced is its "Walk Away Lease" program that allows owners to enter the market with little financial commitment along with the ability to exit the program with just 90 days notice. Once they feel the market has bottomed out, and a share becomes available, the owner can immediately transition into a full fractional ownership and all of the benefits that come with it.

Jet cards are another excellent alternative for those looking for the flexibility of private jet travel without the long-term investment. The Flexjet 25 Jet Card, operated by Jet Solutions, LLC under FAR Part 135, has also introduced the Split-Payment program, allowing jet card owners to divide the purchase price of a 25-, 30- or 35-hour jet card into two equal payments. The first half of the payment is made at the time of purchase. The second half of the payment is due after six months or upon scheduling more than half of the purchased flight hours.

The bottom line is that private jets are essential business tools that need to be utilized to help business grow and thrive, in good times and bad. Our aim is not to provide inflated optimism, but on the contrary, deliver a comprehensive understanding of how our industry is currently affected. The question isn't whether or not you should sell your share; it is whether or not you will invest now if you haven't done so already.

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