

Business

fuel fix *Sunday*:
Halliburton's technology
leader is working for a
uniform process. D3

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Mayra Beltrán photos / Houston Chronicle

Flexjet, a private jet company, celebrated the 50th anniversary of the Learjet with an event at Space Center Houston to showcase the new Learjet 85.

TRENDS

Jet-setters are taking wing again

Private plane travel soars for businesses and the wealthy

By Erin Mulvaney

Executives can fly to 10 different cities in a week, couples can whisk away to the theater in New York City for the weekend, friends can meet in Aspen on a whim. That is, if you happen to have access to a multimillion-dollar jet.

Business and private jet travel appears to be roaring back this year after falling off during the economic downturn in Houston and around the country.

It's an industry some analysts watch to glean the health of the economy, showing the well-to-do and some businesses are spending more. Luxury and business jet travel has improved this year, also reflecting updated jet offerings, increased business activity and more ways to buy time on jets, analysts and industry leaders say.

And the trend is even more true in Houston, where bustling energy companies, some of which have sprawling



Deanna White, president of Flexjet, looks over the Learjet 85, which she describes as "the lightest and fastest Learjet ever built."

national and international footprints, are prime users of business jets.

Fuel sales data from Houston-area airports, including Sugar Land Regional Airport and Lone Star Executive Airport in Conroe, which are home to frequent business jet activity, back up

the change.

Scott Smith, director at the Lone Star Executive Airport, which averages about 200 flights a day, said he has seen an increase in the use of the business aircraft over the last two to three years.

Last year's fuel sales at the Conroe

airport surpassed the previous high in 2006. And this year, he said, is on track to meet or break last year's record.

The airport sold 1.3 million gallons of fuel last year. It was 1.1 million gallons in 2006 and 671,000 gallons in 2009. Through September of this year, the airport had sold 901,363 gallons.

"That's a direct reflection of the economy. We've gone back to a little better than where we were," Smith said. "It's slowly increasing because more businesses are finding out the benefits of aviation to enhance business opportunities."

He said the airport serves a wide variety of companies, groups and individuals, from oil and gas companies to Native American tribes and state governments. The airport is also building 123,000 square feet of additional hangar space this year, which Smith attributes to increased demand.

Sugar Land Regional Airport handles about 80,000 takeoffs and landings per year and 220 per day. Based on fuel sales, the airport saw private jet travel increase over the last several years. It sold 3 million gallons of fuel in fiscal 2013, which

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Jets signal an improving economy

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ended in September, said city of Sugar Land spokesman Doug Adolph. The airport reported 2 million gallons sold in 2009.

From September 2009 to this past September, jet operations increased by 23 percent at Hobby Airport, one of the five busiest airports for such activity, according to data from the Federal Aviation Administration. That figure has been steadily rising since the downturn.

Private jet companies are also benefiting from the renewed or new interest in jet travel.

New products, like Bombardier's Learjet 85, can attract buyers in addition to existing owners, said Deanna White, president of Richardson-based Flexjet, which plans to offer the jet next year. The company has a variety of options for jet use, including "fractions," which offer access for a certain number of hours on planes.



Brett Coomer photos / Houston Chronicle

Private planes are parked at Sugar Land Regional Airport, which handles about 80,000 takeoffs and landings per year.

Texas is one of the top sales regions for the company, which has 1,000 owners nationwide.

According to Flexjet, 27 percent of its owners, who range from company presidents to retirees, are based in Houston. The

company's new business has jumped 96 percent year-over-year.

A model of the new Learjet was recently on display at Space Center Houston.

The jet boasts Wifi, state-of-the-art flight deck design and a quiet, purring engine that maintains low noise and emission levels. It also sports an all-composite fuselage and wing, which give it a smooth, sleek look.

"It's the lightest and fastest Learjet ever built," White said.

The displayed jet included champagne glasses, an espresso machine and mini-microwave. Potential owners leaned back on the leather seats, marveling at the large windows and spacious interior.

Flexjet is the launch customer for the all-new business jet.

White said 68 people nationwide have already put down a deposit for full or fractional ownership in one of the new jets. The company sells a sixteenth of shares on the aircraft for \$1.1 million each, which yields 50 hours of flight time annually for five years.

A Buffett company

NetJets, a private business jet company that offers fractional ownership and rentals, flew more than 9,000 flights in and out of the Houston area over the past year, said Adam Johnson, a senior vice president of global sales, marketing and service.

The company, part of Warren Buffett's Berkshire Hathway, has seen business improve and more demand for its Signature Series aircraft,



Pilot Greg Delp works under a private plane after landing in Sugar Land.

which can be customized with various seat and in-flight entertainment system options. The company plans to add up to 670 new jets, valued at \$17.6 billion, to its fleet in the coming decade.

Janine Iannarelli, founder and president of Houston-based Par Avion, a jet brokerage firm, said the market for private jets in Houston and Texas is vibrant.

She said oil companies are looking to update to newer models, something that had stalled during the downturn. She said even before then, Houston fared a little better than the rest of the country because many oil and gas companies routinely use private jet travel.

She has noticed that larger corporations are helping the jet industry bounce back, but that more midsize companies are still holding onto their cash. Until more money is flowing in the market, she thinks the business jet industry won't fully recover.

"Business jets are a leading economic indicator," Iannarelli noted. "When airplanes start sell-

ing, there is confidence in the business community."

The FAA also notes that business jet activity is used by economic analysts as one indicator of overall economic conditions nationwide.

Doug Gollan, president and editor of Elite Traveler, a private jet lifestyle magazine, also said the private jet business is a direct reflection of the economy. The recent rebound shows that the wealthiest Americans are spending again. Outright purchase of a private jet can run from \$10 million to \$60 million, he said.

"The rich are getting richer," Gollan said. "The market has rebounded and the thing that is driving the rebound is the people who benefited the most. This all comes back to private jet travel."

Ron Kurtz, president of American Affluence Research Center, which tracks trends in luxury markets, said several factors have contributed to greater jet use and sales.

He said during the early period of the recession, private jet use was criticized. He pointed to an incident when the CEOs

Business jet activity at Hobby Airport

TAKEOFFS/LANDINGS

2013: 48,925

2012: 47,303

2011: 46,658

2010: 42,378

2009: 39,755

SOURCE: Federal Aviation Administration, monthly reports detailing operations during September

of three auto companies — Ford, Chrysler and General Motors — flew to Washington in private jets to request bailout money. The irony of the situation outraged lawmakers, journalists and the public, he said.

No public criticism?

"People aren't as concerned about flying in private jets as they were in that period," Kurtz said.

He also attributed the increase to wealthy people making a quick comeback from the recession, and the options for flying in private jets, including more fractional ownership options and the use of jet cards, modeled after debit cards but which contain hours of flight time.

According to research, most private individual jet travelers have a minimum net worth of \$20 million.

"Those people might have had setbacks during the recession but they were still in good financial condition," Kurtz said. "What the industry is seeing now is new buyers and more frequent usage by existing buyers or users."

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