

## ANALYSIS



How small is too small? That's a tantalising question for start-up hopefuls eyeing a potentially lucrative Middle Eastern market for very light jets (VLJs). With a worldwide potential market size of up to 5,700 deliveries in ten years, the sector is causing a buzz in the Western world.

Sceptics believe that Middle East clients, used to large cabin long-range aircraft will find the VLJ ergonomics just too uncomfortable, whilst a brave few are raising finance, believing an emerging middle class and need for on-demand travel will make the model fly in the region.

Even in the US the jury is out. North America has very different travel requirements to the Middle East, although there will be some similarities. The world is watching US start-up operators Day Jet and Magnum Jet, who will shortly see their first aircraft deliveries.

### Expand

Ed Iacobucci of Day Jet will use the Eclipse 500 to serve "Day Port" locations in Florida, and he plans to expand across America over the next four years. Low cost travel is his mantra. Magnum Jet's Jim Burns has invested heavily in Adam Aircraft and plans to use Adam 700 and Embraer Phenom 300 aircraft. He believes that air taxis have great market potential because of their speed: passengers won't have to deal with airline hassles and departure delays.

Middle Eastern charter operators are reporting increased business and distributors are seeing a rising interest in their products – even at the smaller end of the scale.

Sino Swearingen's SJ30 distributor in the Gulf, Action Aviation's Mike Creed has been based in Dubai since the end of last year and says he has sold six SJ30s in the region to people who are buying speculatively.

"Interest has been incredible," he says, "People are realising it is much cheaper to purchase and run a smaller aircraft."

*"I believe there will be a big air taxi market in the future in the Middle East, but people are not used to smaller aircraft. The mindset here has traditionally been that the Middle East is right for larger longer range aircraft."*

However, he says, "Put one or two VLJs in the region and they will generate serious activity. It is definitely an evolving market, but I believe we need one or two in situ before they will start to take off."

One company prepared to take



# LIGHTING UP THE SKY

One key session at today's MEBA conference will be looking at the potential for Very light jets (VLJs) which have promised to create a market worth US\$5.2bn by 2012 according to some estimates. How much of that could come from the Middle East? Liz Moscrop reports.

a gamble is Falcon Aviation Services (FAS), a charter provider based at Abu Dhabi's Bateen airfield, which received its air operator's certificate (AOC) last year. FAS says it is "exploring using light jets such as the CJ3 or the Grob SPn" and that it is "not interested in the four seater market at the moment." Says general manager Philip Markham, "We think there is a market for replacing capacity with frequency. Oil companies are flying executives from Abu Dhabi to Bahrain and Saudi with an overnight

stopover. We can do this in a day at a cost of US\$2,500 per hour as an on-demand service." Although he remains tight lipped on a start-up date, he hints "speed to market is important."

### Helicopters

Fixed wing travel is not the only solution. In addition to selling the SJ30, one of Creed's reasons for being in Dubai is to promote the MD Explorer, for which Action Aviation is the region's sole distributor. Helicopters are a major taxi

provider sector in the UAE. Last year the Dubai government bankrolled independent operator HeliDubai to the tune of two AgustaWestland A109E helicopters. FAS started in April 2006 with three employees and now employs 30 full-time staff and 45 contractors, primarily serving the tourist market, with two A109s, a Eurocopter EC135 and an EC130. Markham says that road traffic problems and reduced red tape are contributory factors to his runaway success.

In a market dominated by wide-

**Leading lights: The Sino Swearingen, inside and out, and (left) the Embraer Phenom 100.**

body airliner conversions – one fifth of the business aviation fleet in the Middle East is Boeing BBJ business jets – on paper there seems little room today for cramped aircraft designed for shorter hops. Spectrum Aeronautical's president Austin Blue agrees, "Interest in air taxi business models around the world, including the Middle East is driven by strong demand for personal transportation, sustained global economic growth and the hope that aircraft purchase and operational costs are going to come down significantly. The first two of these three factors are persistent, but the third is speculative."

*He continues, "The geography of the Middle East, as with most of the world, suggests aircraft with long range will be desirable. Also, in common with other markets, aircraft with good payload capability, comfortable cabins and good direct operating costs will be successful. We believe the Spectrum Freedom will do well as an air taxi platform in the Middle East because of its stand-up cabin, better than 2,300 nautical mile range and exceptional reliability."*

### Support

At the smaller end of the scale, Eclipse has said it will not put an Eclipse 500 into the Middle East until it can support the aircraft with maintenance facilities and nearby spares (ie in Europe), so that could be towards the end of 2007. Says Michael McConnell, vp sales and marketing, "Parties will recognise and embrace the value proposition, not just the cost of the aircraft, but also lower maintenance and direct operating costs." Eclipse promises announcements about strategic alliances in Europe "later this year."

Blue sums up, "The challenge will continue to be the difficulty in achieving a price point and operational capability that will draw more customers into the market for private jet transportation. Progressive business and operational models for air taxis have a great deal of promise, but they will need to be supported by aircraft capable of carrying several customers on trips well over 1,000nm at a cost that is substantially lower than that which is currently available."