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Q400 prices may fall 10% if SAS fleet floods the market

By [Laura Mueller](#)

Base values of **Bombardier Q400** turboprops are currently unaffected by SAS's decision to dispose of its 27 aircraft following a string of three gear-up landings. But, market values may take a 10% hit according to one aircraft finance expert.

Ascend consultancy director Eddy Pieniasek told the Financing Aviation in the Middle East conference in Dubai that he believes Bombardier's ability and anticipated determination to "fix" the problem issues, satisfaction among other existing customers and good geographic distribution of the aircraft, will sustain base values. However, he says the release of up to 27 aircraft out of a global fleet of 150 will dampen market values and past experience suggests a 10% discount is a good indicator.

Consequently a 1998 Q400, which carried a current market value (CMV) in September of \$11.8 million, is now estimated at \$10.7 million, according to Pieniasek. A 2007 aircraft, which was worth \$20.7 million in September, is now valued at \$18.8 million in CMV terms.

Market lease rates for the Q400 are as yet unmoved, but may also be vulnerable depending on how exactly the Q400s are phased out of the SAS inventory. "Appraisers will need to keep an eye on the aircraft," says Pieniasek.

Similarly cautious about the market value impact of any SAS disposal is IIBA Group managing director Phil Seymour: "We are not aware of any specific transactions that we would regard as evidence of reduction in CMV."

Seymour also notes that the SAS Q400 incidents may prove to be caused by maintenance and stresses that IBA tends not to make value assessments until any investigations are complete.

He adds: "I suspect the grounding may be a tactical effort by SAS to leverage their position with financiers and the manufacturer.

"Frankly, this seems unprecedented for an airline to attack a manufacturer in such a fashion. Imagine the outcry if a manufacturer said, 'don't fly airline X because they can't maintain our aircraft correctly'."

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