



AIR TIME

Private Jets on a Shoestring



Blue Star Jets

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NOT every business can squeeze a private jet into its budget. When basic models start around \$12 million (the price of a new twin-engine, four-passenger Gulfstream), the term “cost-prohibitive” takes on a truer meaning.

But private jets — or P.J.’s as they are known among the jet set — are gradually becoming more accessible, with discount charter Web sites, companies that sell flight time by the hour and even shared ownerships.

Web sites like Orbitz and Travelocity have been finding deals for commercial airline travelers for years. Now there are rough equivalents for booking private-jet travel. OneSky.com, for instance, quotes prices on charter flights and offers last-minute sales on one-way flights that would otherwise fly empty. These are “empty leg” flights — unreserved because a customer has paid only for a one-way trip. An empty leg flight from White Plains to Miami on an eight-seat jet was recently listed on OneSky.com for \$10,000. Depending on how far ahead the route was booked, the empty leg price could be several thousand dollars less than the cost of a private-jet flight booked through standard channels.

Jets.com offers similar services online, as well as an auction service. Travelers post details of their trips online, and charter companies bid for their business.

“Before, you had a limited set of products available in the market,” said Steven M. Hankin, chief executive of Sentient Jet, a private-jet service. “You could either own a plane or charter.”

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Not anymore. Mr. Hankin's company belongs to a growing segment of the air-travel market that sells what are essentially debit cards for customers who use private jets often. A customer plunks down a hefty deposit — \$100,000 gets you a "silver" membership with Sentient, but others require less — and in return is guaranteed the use of a jet any day of the year. Typically, the passenger must give several hours' notice.

The hourly air-travel rate is deducted from the customer's deposit. Sentient's hourly rates start at \$2,600 for a round-trip flight on a light jet in the continental United States. The price scale moves up to more than \$11,000 for larger jets, one-way trips and overseas destinations.

Blue Star Jets, another jet card service, acts as a broker that shops around to hundreds of charter companies nationwide instead of working with a smaller group of charter jet companies. Blue Star lets customers start with a \$50,000 deposit. That pays for a "blue" level card. Deposits can be as large as \$1 million, for the "black" level of membership. Blue Star's hourly rates range from \$1,800 to \$8,000, not including a 10 percent commission to Blue Star for arranging the flight.

This democratization of the private-jet business has caused the old-line charter companies to rework their business models. Ten years ago, there were two ways to fly privately: buying a share of a jet, much like a time-share condominium, or buying the entire plane.

Jet shares, known in the business as fractional ownership, allow individuals and businesses to buy a minimum of one-sixteenth of a specific jet, or 50 hours of flying time a year. On top of the initial investment in the jet, fractional owners pay monthly management fees and hourly flight fees.

NetJets, which lays claim to inventing the concept of fractional jet ownership, allows owners to buy a one-sixteenth share starting at \$412,500 for a twin-engine Hawker 400XP, which can carry seven passengers. The monthly fee for the Hawker is \$7,171, and the hourly flight rate is \$1,712. On the high end, a half ownership in a Gulfstream 550, which can hold more than 20 people, costs \$22 million for the initial investment, nearly \$132,000 a month in fees and \$3,701 an hour.

"Really, the jet card programs are nothing more than block charter programs," said Richard T. Santulli, owner of NetJets. Mr. Santulli said he could not resist the opportunity to jump into jet cards, and in 2001 he joined forces with Marquis, a jet card business whose memberships start at 25 hours of flying time.

"It just extended the base of my pyramid," Mr. Santulli said. "It brought in the market those who don't fly 50 hours, that fly 20 or 30 hours a year. And a lot of people don't have the balance sheet. They don't want to write a check or borrow \$600,000 to buy the asset. So the 25-hour card makes sense."

Mike Shanahan Jr., who owns an insurance brokerage firm in St. Louis, is a frequent private-jet traveler. "We had a jet card as well — that was just if we needed it," he said by telephone from the Turks and Caicos Islands in the Caribbean, where he was vacationing with his family recently. Because he flies regularly, he said, he decided on fractional ownership. But he said that he liked the flexibility of a jet card, which doesn't lock owners into one kind of jet as fractional ownership does.

"In a perfect world, you'd have both," he said.

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