

SLATE

“When You Go Private, You Stay Private” **Luxury aviation is having a late-pandemic boom.**



Comebacks is a series about businesses that have made dramatic turnarounds during the pandemic, in partnership with Slate’s Thrilling Tales of Modern Capitalism podcast.

And then: almost nothing. Just like the rest of the aviation sector, the private plane industry hit a wall shortly after the initial rush. From May to around December, Jettly’s business dove by about 40 percent, according to Crabbe. For Magellan Jets, a flight-chartering company based out of Boston, revenue dipped by 90 percent during parts of the spring, with business travel almost entirely disappearing. “There’s a great quote by Warren Buffett that you find out who’s swimming naked when the tide goes out,” said Anthony Tivnan, the president of Magellan. “And the tide was certainly out in April, May, June.”*

Many Americans may not feel comfortable flying commercial, but some of those who would normally fly first or business class are willing to pay more to get on a small private jet and avoid close contact with other passengers. Many of them are elderly or have underlying health conditions. “I’ve been in aviation for 20 years, and I have never seen so many first-time flyers come in to work with Magellan,” Tivnan said. Even the process of moving through the airport and boarding a flight is less risky for travelers who can afford it. McKinsey estimated that passengers go through 700 points of contact with other people and objects in the process of flying commercial, but only 20 to 30 while flying private. Indeed, passengers on private flights have their own separate terminals and expedited security processes. This luxury treatment is

quite a bit more expensive for solo travelers than first class, but bringing along family can make it a better deal. Crabbe said you'll often see someone renting a light jet at \$15,000 for three hours of travel from New York to Florida. If that customer can fill the plane by bringing five other people along, it goes down to \$2,500 per person. "When you fill the aircraft, it really does make sense and it gets very, very close to first-class commercial," he said of the pricing. "When you don't fill it, the economics don't work."

Private aviation companies have had to reorient some of their operations to cater to this pandemic-focused demographic. In the past, when Magellan had more corporate clients, efficiency was more of a selling point; chief executives that didn't have their own corporate jets could save time by flying more directly to their destinations than a commercial flight might allow. Now, the company is focusing more on cleanliness as the main draw, emphasizing its investments in PPE and sanitization procedures. "Pre-pandemic, the value proposition was from a productivity level and business perspective," said Tivnan. "The narrative has really switched to a safety and health perspective."

These companies have also had to do some handholding to make sure that customers know how to get to the separate private terminal and understand how their itineraries work. A common detail that gets lost in translation is the switch from miles to hours. "A lot of folks could tell you how many miles they flew on commercial, because that's how it's usually recorded," said Tivnan. Because Magellan and most other private aviation companies rely on hours for their pay schemes, it can be difficult for first-time flyers to get a sense for how much they'll need to use a plane.

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