



A GUIDE FOR LESSORS, LENDERS & INVESTORS

End-of-Life Aircraft Value

Re-deployment, sale, or teardown. How to get the most back from an aircraft at the end of its current life, and how to navigate the process without leaving money on the ramp.

INTRODUCTION

A Decision, Not a Write-Off

When a lease ends or a maintenance event costs more than the aircraft is worth, the aircraft does not become worthless. It becomes a different kind of asset, and how much you recover depends almost entirely on what you decide to do next.

That decision is where value is won or lost. Re-lease it, sell it whole, or take it apart for its components. Each path returns a different amount, each carries different cost and risk, and the right answer shifts with the aircraft type, market condition at the time, and the state of the records. Handle the transition well and a tired aircraft returns far more than its scrap weight. Handle it badly and a valuable parts book walks out the door as scrap.

This guide is for the institutions that end up holding these assets: lessors at lease-end, lenders after a default, and investors working a portfolio down. It covers how the end-of-life decision should be made, what protects value while it plays out, and what to look for in the firm you hand the asset to.

Sage-Popovich has recovered, stored, remarketed, and torn down aircraft since 1979. We make the same decision on our own account every week, which is why our recommendation comes with real-world experience. We've seen the good and the bad.

THE CORE DECISION

One Asset, Three Exits

At end of life an aircraft has three exits, and the job is to find the one that returns the most after costs and risks are weighed.

Re-lease or sale keeps the aircraft whole and flying. It returns the most when the type is still in demand, the maintenance status is reasonable, and the records are clean. It also takes time, and carries remarketing cost and storage while you wait for a buyer.

Part-out takes the aircraft apart and sells the components. Engines with green time, landing gear, APU, avionics, and life-limited parts with cycles remaining can be worth more sold separately than the airframe is worth together.

Scrap is the floor. It is where an asset lands when the records are missing, the type has no spare parts demand, or the cost of doing anything else is higher than the return.

The mistake is to default to one of these without pricing the others, or to price them before understanding what you need from the outcome. A real value-maximization analysis starts with your constraints and prices for each scenario, net of the cost to get there, then recommends the one that returns the most. We build that analysis from our proprietary transaction data, so the part-out figure reflects what components actually sell for, not a guess. The result is a decision you can confidently take to a credit committee.

PROTECTING VALUE

Holding Value in Transition

The weeks from an aircraft coming off lease and ceasing operations, to when a disposition decision is made, are when value can quietly leak away. An asset parked in the open, unprotected, with records in a box and engines that were never preserved, is worth less every day it sits.

Three things protect it. **Storage and preservation**, done to the manufacturer's maintenance manual, keep the engines, systems, and airframe from degrading while the aircraft waits. That means proper engine preservation, environmental control, and periodic attention, not just a parking spot on the ramp. **Continued airworthiness** keeps the aircraft in a state where it can be returned to service or ferried, which preserves the whole-aircraft exit. And **records management** keeps the paper complete and organized, because a buyer or a parts market pays for what can be proven and discounts what cannot.

We hold client assets in a 55,000 square foot temperature-controlled warehouse in Valparaiso, Indiana, manage aircraft and engine preservation and records in-house.

SELLING WHOLE

Reaching the Right Buyer

When the analysis says the aircraft is worth more whole than in pieces, the return depends on reaching the right buyer at the right price, quickly. A listing on a website is not remarketing.

Reaching the market means working the channels where these aircraft actually change hands: operators looking for lift, lessors building a fleet, and brokers with buyers in hand. It means pricing the aircraft against real comparables, presenting the records and maintenance status cleanly, and managing the transaction through closing, including ferry, storage, and the import, export, and registration work that cross-border deals require.

Because we are active in this market consistently, recovering and selling aircraft, we know who is buying and what they are paying. That shortens the time to a sale. Time equals cost when an asset is sitting.

TEARDOWN & PART SALES

When the Parts Are Worth More

For many aircraft at end of life, the components are worth more than the airframe. Taking the aircraft apart turns a single hard-to-sell asset into a book of parts operators and maintenance facilities need.

The value sits in a few places. Engines are usually the largest, especially with green time remaining before the next shop visit. Life-limited parts with cycles left carry real value, as do landing gear, avionics, the APU, and the rotables the used serviceable material market is short on. The work is to identify what is worth removing, remove and preserve it correctly, and bring it to market with the documentation buyers require.

Two things separate a good part-out from a poor one. The first is pricing. We value the teardown line by line against our database of roughly 21 million line items, with real sales prices, so we know before a wrench turns which components carry the return and which are not worth the labor to pull. The second is certification. Parts sold with the tags and traceability that prove they are serviceable return multiples of what untagged cores bring.

RECORDS

Records Are Value

In the parts market, a component is worth whatever its paperwork can prove, and nothing more. The same serviceable part sells at full value with complete records, and at a deep discount, or as scrap, without them.

This matters most for life-limited parts. An engine disk or a spool with cycles remaining is valuable only if its history can be traced back to birth, establishing exactly how much life it has left. Break that chain and a part that should command a premium becomes unsellable at any serious price. Engine records, airframe logs, and modification status follow the same logic on a smaller scale.

Protecting records is not administrative housekeeping. It is one of the highest-return activities in the whole process. We treat records management as part of the asset from the day it arrives, organizing, verifying, and preserving the paper trail so the value in the parts can actually be realized when they are sold.

INTEGRATION

One Accountable Party

End-of-life work returns the most when one firm manages the whole process. The party that decides whether to part out is the same party that identifies and creates the Harvest List of parts to be removed, prices the parts, manages the removal, and brings them to market, coordinating third-party certification along the way, with no handoffs and no margin lost at each transfer. That integration is the advantage, and it is how you get the most back.

We hold that integration to a clear standard. The disposition is run to the strategy that returns the most to you, client information stays on our systems, and every engagement is governed by an engagement letter with a non-disclosure agreement available. You get a single accountable party, and your asset's situation stays between us.

WHAT TO LOOK FOR

Choosing a Partner

01 A real value-maximization analysis

The partner should price all three exits, re-lease or sale, part-out, and scrap, net of cost, and recommend the highest return with the math shown. Not a default to whatever they happen to do.

02 Transaction data behind the part-out

A part-out projection is only as good as the prices under it. Ask whether the numbers come from actual sales or from estimates.

03 Storage and preservation that holds value

Value leaks from an aircraft sitting unpreserved. Look for temperature-controlled storage and preservation done to the maintenance manual.

04 Remarketing reach, not a listing

Successful remarketing whole means reaching real operators, lessors, and brokers, and managing the deal from inception to closing, including ferry and cross-border work, if necessary.

05 Teardown and a certification path

Parts sell for multiples more with proper tags and traceability. Look for a partner that manages the entire process, from creating the Harvest List, through final sale.

06 Records discipline

Records, especially back-to-birth on life-limited parts, are what let value be realized. The partner should organize, verify, and preserve them from day one.

07 Confidentiality and one accountable party

A distressed asset should stay quiet. Confirm client data is walled off, an NDA is available, and the work runs under one party without handoffs.

WHY SAGE-POPOVICH

Decided, and Done, Under One Roof

Most firms do one piece of end-of-life work. They appraise, or they remarket, or they tear down, and each handoff costs time and margin. Sage-Popovich does the whole thing.

We have worked aviation assets since 1979, completed more than 2,000 aircraft and helicopter recoveries, over 70 liquidations, and valued in excess of \$55 billion of aircraft, engines, and inventory.

For a lessor, lender, or investor, the value is one accountable party making and executing the decision with the client's best interest in mind, with the math attached and the asset's situation kept quiet. You get more back, faster, with less risk left on your books.



Let's talk.

If you are working an asset to lease-end, a default, or a portfolio wind-down, we can run the decision and execute it. Reach out and we will scope it with you.

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