



# Modding Mooneys

*The economics of it all.....*

BY COY JACOB

Many times each day I am asked by Mooney owners if performing modifications or refurbs on older M20's, and vintage Mooneys is the "right thing" financially to do and, if so, why. By asking if it is the "right thing," they are nearly always asking if it makes sense economically to consider taking a 20-30+ year old airframe and perhaps adding as much (or more) investment capital to the equation with major mods or refurbishment projects vs. buying (or trading it in on) a newer Mooney in the first place. They naturally worry that they may have more invested than they can reasonably get back out.

In the car business, they refer to this phenomena as the owner being "upside down" in the car - having more invested than it is worth on the open market. While it is nearly impossible for us car-loving Americans to turn off our mental automotive roots when approaching aviation, there are marked differences between the auto business, marketingwise, and GA aircraft market trends.

First, and perhaps foremost, is the hard "slap in the face" fact that buying almost any brand new car means nearly instant significant depreciation, sometimes as much as 25-30%+ of the price, within the first few months or year or two. As this is being written, it is possible to buy a nearly new SUV, originally costing somebody some \$30K+,

for slightly under \$20K. And this is for cars or trucks with only 10K miles and which smell nearly new inside. While brand new Mooneys depreciate, short term at least, usually the depreciation formula makes more practical sense and is somewhat pinned to the current new list price, and even more to the level of dealer inventory, than to human emotions. Usually, the depreciation figure is roughly equal to a mental "trigger" amount that a willing buyer, perhaps fishing in the new Mooney pond, will see as sufficient motivation to step down slightly and purchase a "nearly new" 1 to 3 year old model. I have seen a figure of \$50K be about the starting point when considering a \$360K brand new Mooney vs. a

nearly new one. That works out to about 15%, which is usually less "instant" drive away depreciation than experienced in the auto world.

In any event, in spite of the Mooney buying experience being such an emotional event for the buyer, it seems many do take the time to use a certain level of common sense rules when considering purchasing a highly, or even moderately modified Mooney. Maybe it is the increased cash outlay, or contrite market such as with the average GA aircraft not being found on nearly every small town street corner ...who knows?

It has been my experience, in some 15-20 years of dealing in "stock" and modified M20's, that buyers have no problem making the comparison between a quality modified Mooney to newer models. In other words, usually a yellow pad comes out and a line by line comparison is made where the current cost of mods is taken into count. The overall refurbished Mooney is then compared to a newer model, perhaps with the individual mods or referbs already installed from the factory, and usually ample credit is given where credit is due by buyers.

So then, many times my generic answer to this query is a qualified "yes," it makes economic sense in most cases. Now before you think, heck, Jacob is in the business of modifying Mooneys, of course he would say that... think again. I am also full tilt in the business of selling Mooneys, both "stock" just like when they were built, and modified. What is more important is that I have been in the business long enough to learn that what I tell a man modifying his 1967 M20C in, say, 1996, is also what I will have to

live with in '99, when he calls for us to sell it.

I have sold far too many modified Mooneys, sometimes years after I modified them, not to have some kind of realistic handle on what the market wants. Usually, the seller has recouped the bulk (or some 70-80%+) of the original cost of the mods when selling. In other words, our shop is one of the few that works both sides of the street quite actively.

However, I typically tell a prospective mod client to use good judgement when picking his mods and to keep a realistic overall budget in mind. For example, unless the subject airframe is "up to snuff" in most other areas, don't put the fancy fiberglass wing tips, and perhaps a one piece fiberglass belly mod, on any M20. This could push the price up to where it competes with newer 201's which already have other desirable features, (like alt. hold autopilots) installed.

To be more specific, there is nothing wrong with these mods mentioned. It is just that you have to keep the end result in mind and the kind of market you would be competing with when you go to sell it. Many owners never think of selling when making modification decisions, and I think that is foolhardy. None of us lives forever, nor is there a guarantee our medicals will always be in our wallets. I have seen many owners say things like, "I don't care, I am not selling and I know what I want." I warn him he is installing things that won't increase his resale, but he won't listen. Then, this same guy calls 3 years later and demands the absolute highest possible retail price in spite of his making decisions which weren't the smartest years prior.

A common mistake when modifying is forgetting the fact that pushing the aircraft up in investment values perhaps puts it into a different market where folks will expect it to "look the part," both inside and out, as well as having updates or mods. Manytimes, \$10-15K worth of mods can be nearly wasted on a shop-worn ragged Mooney whose glass looks like it came from a Havana cigar factory, and whose interior is right out of the burnt orange velour passion pit and leisure suit era of the '70's.

Be smart. Make your modified Mooney look the part in order for it to be competitive. Factor in appearance updates and mods as well as performance mods. Keep in mind, most buyers are visually orientated and often times major paint refurbing, or a completely new paint job is mandated when you take your (otherwise "stock") \$50K Mooney into the resale value pool of Mooneys being offered at \$80K+. Remember, we car-loving Americans don't like to buy rusty or crummy custom cars, in spite of what is under the hood or out of sight on the chassis. To some extent, we take the same visually orientated mentality to our hangar as to our garage.

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*Ed: Coy is the owner founder of his Mod Squad/Mooney Mart Complex in Venice, FL. Prior to that he founded Mod Works and was associated with Mod Squad when it was based in St. Louis some 12 years ago. He is one of our Board Members and promises to write a regular column primarily on current Mooney market conditions, modifying and maintaining Mooneys. He welcomes your questions as well as suggestions on topics you would like to see included. You can email him directly at [coy@mooneymart.com](mailto:coy@mooneymart.com)*