FORECAST PROJECTS DEMAND FOR 13,000 BUSINESS AIRCRAFT IN NEXT DECADE

News / Business aviation



A new business aviation forecast projects demand for nearly 13,000 new business jets and turboprops over the 10-year period from 2016 to 2025. It also projects aircraft retirements to total more than 5,500.

The world's in-service fleet, meanwhile, is expected to grow from 31,000 aircraft in 2016 to nearly 38,000 in 2025. That's according to Aviation Week Network's second annual 2016 Market Summary Report. Global deliveries are projected to rise from 1,100 in 2016 to a peak of 1,400 in 2021, before slowing to 1,200 in 2025, it said. Deliveries include new business jets and turboprops along with regional and commercial jets used as business aircraft.

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The past few years have seen stronger demand for larger cabin jets, while demand for smaller business jets has been softer. Going forward, however, the market for super midsize jets is expected to strengthen, though strong demand will remain for large cabin jets and turboprops.

The 2016 forecast expects growth in deliveries to taper off around 2019 and retirements to spike in the immediate future because of the cost of compliance with noise limitations on older jet engines and other regulations.

Demand for turboprops is expected to lead the demand with 2,693 deliveries over the next 10 years, followed by light jets at 2,467 and ultra-long range jets at 2,062 aircraft, the forecast said.

The top five aircraft deliveries during the 10-year period are expected to include the King Air 300/350, Pilatus PC-12, Gulfstream G650, Challenger 350 and Phenom 300.

Other findings include a 2.3% annual growth rate in the world's business aircraft fleet.

Although China has a small fleet, it is expected to grow the fastest at 9%, despite economic and political pressures. North America is projected to grow at 2.3% while Western Europe, the second-largest market, grows at a rate of 4.1%.

North America's fleet share remains constant during the forecast period at 63.5%, while Western Europe's share of the world's fleet increases to 12.5%. Latin America and Africa lose some fleet share, while Eastern Europe and China gain fleet share.

Manufacturers are investing in new products and upgrades to stimulate new sales. The past year has seen additions to product lineups in several business aircraft segments.

Connectivity, upgraded avionics and compliance with the ADS-B mandate, Future Air Navigation Systems and traffic collision and avoidance software are also important considerations.

Still, the soft used market has been a hindrance to new aircraft sales. And sales of very old equipment sometimes results in the aircraft being transferred to poorer regions where regulations are less stringent or the aircraft being taken out of service. For example, hush kits for early models can cost more than US$1 million per engine, making the older business aircraft expensive compared to their retail value.

The forecast predicts a rash of aircraft retirements in 2016, in large part because of the cost of Stage II noise compliance issues. Leading the way are turboprops at about 49% of the expected retirements, followed by older light jets and large cabin jets.

The biggest retirements are the King Air 90 with 781 retirements over the forecast period, followed by the King Air 200/250, the Turbo Commander, Citation II and Learjet 35/36.**Regional Growth**

North America will continue to lead the business aviation market, the forecast said. It projects the business aircraft fleet to grow from 19,700 aircraft to 24,100 aircraft in 2025, maintaining its 63% market share.

Taken separately, Eastern and Western Europe's projected fleet size growth during the forecast period will trail only China, which is projected to grow 9% a year through 2025. Western Europe's fleet of 3,329 business aircraft is expected to grow at a rate of 4.1% a year, while Eastern Europe's fleet is expected to grow 3.6% a year, from about 540 aircraft to 740 by 2025.

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Latin America's business aircraft in service totals 4,558 aircraft and is expected to grow to 4,667 aircraft by 2025, an annual growth rate of 0.3%.

India's fleet numbers fewer than 70 aircraft, but is projected to grow 3.1% per year over the period. The Middle East, meanwhile, has 419 aircraft in its fleet and is expected to climb to 510 by 2025.

Asia Pacific's fleet, which excludes China, numbers 1,025 and is expected to total 1,310 in 2025.

China, meanwhile, has the world's most promising economy, despite a recent crackdown on corruption, which put a damper on high-end business. It slowed the flow of private funding in may sectors and limited charter operations by government officials. In addition, its national airspace system remains severely constrained. Its fleet is expected to grow to 679 business aircraft over the next 10 years.

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