



# Avolon expects 43,000 new aircraft to be delivered over the next 20 years

## World jet airliner fleet predicted to double to 51,800 aircraft

**Dublin | 30 October, 2017:** Avolon, the international aircraft leasing company, today issued its World Fleet Forecast, which projects growth in and changes to the global commercial jet fleet over the next twenty years. The analysis includes forecasts of aircraft deliveries, retirements, funding requirements and passenger-to-freighter conversions.

The World Fleet Forecast is available at: <http://avolon.aero/our-thoughts/>

**Dick Forsberg, Avolon's Head of Strategy and author of the paper, said:** *"The growth fundamentals of the airline industry remain strong for next two decades, and we expect that the cycles for aircraft orders and deliveries will continue to move in line with the broader economic cycle.*

*We expect 43,000 new aircraft to be delivered over the next 20 years, with the world jet airliner fleet doubling to 51,800 aircraft by 2036. We also anticipate that over 16,000 aircraft will retire from airline service over the period, with 40% of future deliveries supporting fleet replacement and 90% of deliveries being future technology models. This is consistent with our long held view that airlines will continue to develop their fleets by investing in the youngest and most fuel-efficient aircraft available to the market.*

*To fund these new deliveries, we expect that a total of US\$4.2 trillion in additional financing will be required, with US\$700 billion needed over the next 5 years and an average of US\$170 billion annually over the next decade. In order to meet these significant needs, the roles of the various liquidity providers will continue to evolve, with operating lessors' market share increasing from 40% to 50%, over time, supported by increased participation by capital markets and new investor classes."*

### Key Findings

- Against a backdrop of 2.9% average annual growth in global economic activity over the next 20 years, Avolon is forecasting passenger traffic to increase by 5.4% per annum;
- Almost 43,000 aircraft will be delivered over the next 20 years, comprising 42,000 passenger aircraft and 800 factory-built freighters;
- Over 16,000 aircraft will be retired over the period, representing 64% of today's fleet. Consequently, 40% of all deliveries will support fleet replacement, with the balance meeting the industry's growth requirements;
- Twin aisle aircraft will account for 22% of total deliveries, but almost 50% of delivery value. Airbus and Boeing will account for 87% of all aircraft deliveries and 94% of delivery value;
- New deliveries will require US\$4.2 trillion in financing, with 51% required for narrowbody aircraft, 44% needed for passenger widebodies, 4% for freighters and 1% for Regional Jets;
- We expect the operating lessors' share of financing for new deliveries to increase from 40% to 45% over the next ten years, and be close to 50% before the end of the forecast period.

### **About Avolon's World Fleet Forecasts**

Avolon's World Fleet Forecast covers all Western-built passenger and cargo jets in airline service, plus the main Russian and Chinese types. Aircraft deliveries, retirements and passenger-to-freighter ("P2F") conversions are projected over a 20 year period. The resulting annual forecast of the in-service fleet is modified by an estimate of the number of aircraft expected to be in storage.

For passenger aircraft, the resulting capacity is compared to a forecast of annual passenger traffic demand. The resulting load factors are used to measure changes in operating efficiency and to estimate the level of capacity surplus or shortfall. Freighter aircraft capacity is benchmarked against forecast demand for air cargo and the proportion of the total that is expected to be transported on dedicated cargo aircraft.

The resulting delivery funding requirements are identified and applied across the range of available financing channels to provide an estimate of the expected evolution of aviation financing over the coming 20 years.

**ENDS**

### **Avolon's Thought Leadership**

Since its formation in 2010, Avolon has differentiated itself by taking an analytical approach to important industry trends and setting out those views in research papers, industry publications, industry forums and webinars. Analysing and assessing the impact of industry trends is central to strategic decision making and risk management in any business. Avolon's Thought Leadership agenda is dedicated to sharing our analysis and insight on the fundamental issues facing the aviation industry.

### **About Avolon**

Headquartered in Ireland, with offices in the United States, Dubai, Singapore, Hong Kong and Shanghai, Avolon provides aircraft leasing and lease management services. Avolon is a wholly-owned, indirect subsidiary of Bohai Capital Holding Co., Ltd., a Chinese public company listed on the Shenzhen Stock Exchange (SLE: 000415). Avolon is the world's third largest aircraft leasing business with a owned, managed and committed fleet, as of 30 September, 2017 of 915 aircraft.

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