



DISCUSSION:

AIRCRAFT LEASE RATES AND AIR FARES

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Today's panel



John Grant Chief Analyst, OAG

MODERATOR



Deirdre FultonPartner, MIDAS Aviation

GUEST SPEAKERS



Jon Howey Head of Aviation Risk, CALC



Mark Dunnachie
SVP Commercial, ACIA Aero Leasing



OAG

Eddie Pieniazek Head of Advisory, Ishka



Aircraft Lease Rates & Air Fares:



Today we'll be discussing the relationship between aircraft lease rates and air fares

- With airline CEOs wondering when aircraft orders will be delivered, demand for aircraft has never been higher.
- At the same time, aircraft lease rates have flipped from all-time lows in 2020 to all time highs in 2023.
- What can we expect for the rest of the year and into 2025?
- Should airlines pass on the costs or take a hit on profits as they navigate through the latest challenge?

We'll take questions as we go. Please use the chat function to ask your questions

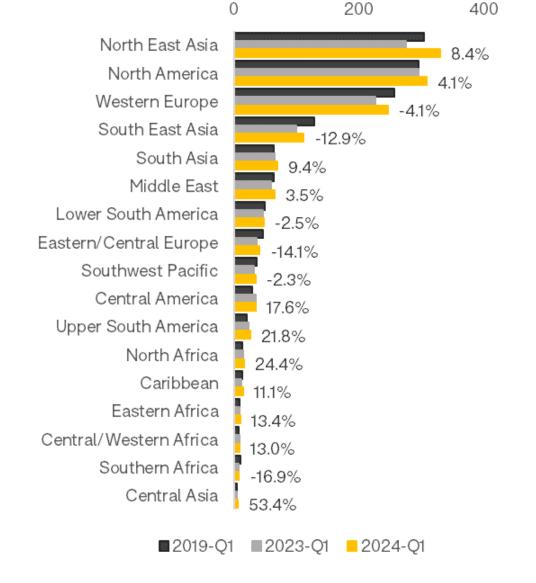


Global Capacity Update

Global Capacity by Region

Millions

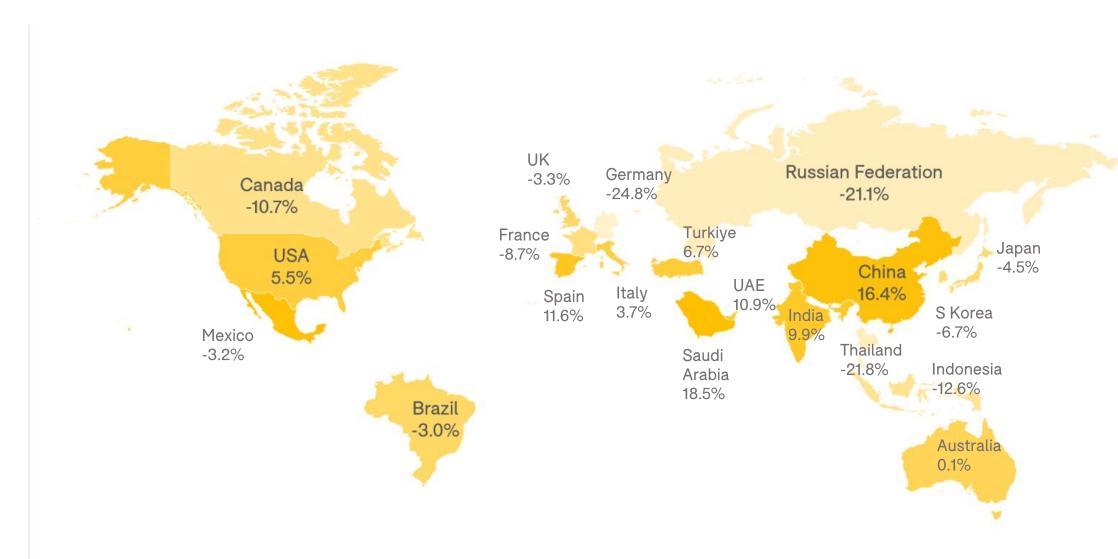
- Globally capacity this quarter is expected to be 2% ahead of Quarter 1 in 2019, and 10.1% ahead of the same quarter in 2023
- This masks differing performance across the regions. Eastern Europe is the only region which remains below 2019 levels because of the ongoing Russia/Ukraine war and capacity is still down by 5.7% across Europe.
- By contrast, Africa is now 9.1% ahead of 2019, with strong capacity growth across most parts of the continent continuing (with the exception of South Africa).
- Latin America is almost at the same level, with capacity across the continent up by 8.9% on 2019
- ✓ Even the Asia Pacific region has now reached recovery overall, up 3.1%. South East Asia lags however, down 12.9% on 2019, and the SouthWest Pacific region is also behind, by 2.3%





Capacity Recovery by Top 20 Country Markets for Q1 2024 v Q1 2019





Current Market Values and Market Lease Rates – 10 year old aircraft

- Market Lease Rates for new build aircraft have increased in the last 12 months for almost every category
- Lease Rates for 10 year old aircraft gave also seen considerable increases across most aircraft types, with exception of the B767/777s and some regional jets where rates have fallen

	Delivered In 2023	Ordered In 2023	Backlog As of end 2023
Airbus	735	2,319	8,598
Boeing	528	1,314	6,216

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	NEW - BUILD AIRCRAFT (Constant age comparison)								
Туре	CMV 1-Jan-20	CMV 1-Jan-23	CMV 12-Jan-24	% Change Jan 23- Present	MLR 1-Jan-20	MLR 1-Jan-23	MLR 12-Jan-24	% Change Jan 23- Present	
A220-300	\$35.90m	\$37.50m	\$39.50m	5%	\$0.260m	\$0.264m	\$0.285m	8%	
A320neo	\$50.25m	\$53.50m	\$54.80m	2%	\$0.345m	\$0.346m	\$0.375m	8%	
A321neo	\$58.50m	\$58.30m	\$63.75m	9%	\$0.410m	\$0.381m	\$0.420m	10%	
A330-900	\$111.75m	\$109.50m	\$111.00m	1%	\$0.810m	\$0.838m	\$0.875m	4%	
A350-900	\$152.70m	\$146.50m	\$157.00m	7%	\$1.020m	\$0.943m	\$1.050m	11%	
B737 MAX 8	\$49.95m	\$50.25m	\$53.00m	5%	\$0.305m	\$0.340m	\$0.365m	7%	
B737 MAX 9	\$53.00m	\$52.15m	\$54.90m	5%	\$0.335m	\$0.350m	\$0.380m	9%	
B777-200LRF	\$158.75m	\$146.55m	\$150.00m	2%	\$1.200m	\$1.144m	\$1.144m	0%	
B787-9	\$146.55m	\$135.00m	\$142.95m	6%	\$0.995m	\$0.919m	\$0.945m	3%	
B787-10	-	\$138.50m	\$148.75m	7%	-	\$0.930m	\$0.980m	5%	
ATR 72-600	\$19.75m	\$21.00m	\$21.00m	0%	\$0.180m	\$0.181m	\$0.190m	5%	
E175 E1	\$23.63m	\$22.95m	\$24.80m	8%	\$0.210m	\$0.197m	\$0.212m	8%	
E195 E2	\$35.85m	\$34.25m	\$37.15m	8%	\$0.275m	\$0.240m	\$0.260m	8%	

CMV = Current Market value

MLR = Market Lease Rate

10-YEAR-OLD AIRCRAFT (Constant age comparison)								
Туре	CMV 1-Jan-20	CMV 1-Jan-23	CMV 09-Feb-24	% Change Jan 23- Present	MLR 1-Jan-20	MLR 1-Jan-23	MLR 09-Feb-24	% Change Jan 23- Present
A320-200	\$20.50m	\$17.50m	\$19.60m	12%	\$0.220m	\$0.155m	\$0.177m	14%
A321-200	\$25.60m	\$21.50m	\$22.90m	7%	\$0.260m	\$0.187m	\$0.214m	14%
B737-800	\$18.00m	\$21.00m	\$20.25m	-4%	\$0.170m	\$0.171m	\$0.194m	13%
B737-900ER	\$23.50m	\$21.25m	\$22.35m	18%	\$0.242m	\$0.181m	\$0.212m	14%
A330-200	\$38.60m	\$19.00m	\$22.35m	18%	\$0.295m	\$0.245m	\$0.280m	14%
A330-300	\$47.00m	\$20.20m	\$24.20m	20%	\$0.360m	\$0.250m	\$0.300m	20%
B767-300ER	\$25.00m	\$21.80m	\$21.50m	-1%	\$0.290m	\$0.215m	\$0.215m	0%
B777-200ER	\$39.00m	\$19.50m	-	ı	\$0.290m	\$0.180m	-	-
B777-300ER	\$73.00m	\$32.00m	\$38.72m	21%	\$0.550m	\$0.375m	\$0.375m	0%
ATR 72-600	\$11.50m	\$9.20m	\$10.20m	11%	\$0.110m	\$0.090m	\$0.090m	0%
Dash 8-Q400	\$8.50m	\$6.20m	\$8.10m	31%	\$0.099m	\$0.076m	\$0.075m	-1%
CRJ700	\$8.30m	\$7.70m	\$7.35m	-5%	\$0.105m	\$0.088m	\$0.085m	-3%
E175LR	\$11.00m	\$10.30m	\$11.45m	11%	\$0.138m	\$0.116m	\$0.130m	12%

CMV = Current Market value

MLR = Market Lease Rate

Source: Ishka

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