

Business aviation finance market set to grow, research shows

- Over half of business aviation professionals expect larger business jets to hold their value better than smaller aircraft and this could make it easier to secure financing.
- Niche/specialist business aviation finance companies are predicted to grow their market share.
- For the first time, an ACJ TwoTwenty is on display at an NBAA-BACE conference. See it at Static #AD_07.

#Airbus #ACJ #NBAA

LAS VEGAS, 16 OCTOBER 2023 – According to a new study¹ commissioned by Airbus Corporate Jets (ACJ), eight out of ten (82%) U.S.-based business aviation financiers and private jet brokers expect access to business aviation financing to increase over the next three years, with 17% expecting it to stay the same and just 1% predicting a decline.

Some 98% of survey respondents believe business aviation finance rates are still attractive, and it is still better to use credit when buying an aircraft as opposed to tying up capital. However, over the next five years, one in four (25%) of those surveyed expect a dramatic increase in the size of cash deposits used in the purchase of business jets and a further 54% anticipate a slight rise, reducing the size of any debt secured to purchase an aircraft.

Also, with fiscal and monetary policy uncertainty, 74% of survey respondents see the preference for fixed-rate transactions as opposed to floating rates to increase over the next five years amongst those using leases and credit to purchase business aircraft.

Some 69% of business aviation financiers and brokers believe demand for operating leases – where the lessor takes the residual value risk buyer – will increase between now and 2028.

The survey reveals that of the U.S. business aviation professionals interviewed, 85% expect sales of larger business jets to increase over the next five years and half (51%) believe this growth in demand will help them keep their residual value. However, 42% believe this will have no impact and valuations will move in line with the overall market.

Nevertheless, because demand for larger business jets is increasing, 77% of those surveyed believe that securing financing for them will be easier compared to mid sized and smaller jets.

Finally, 68% believe that specialist lenders will increase their market share over mainstream banks.

“The business aviation market is predicted to enjoy consistent growth in the coming years, and aircraft financing will be key to facilitating this growth,” said Sean McGeough, VP Commercial ACJ for North America. “Many of those purchasing aircraft do not want to tie up huge amounts of their capital in the transaction and turn to leasing and other forms of credit.”

McGeough continued: “The business aviation finance market is very competitive with many financial players willing to lend money to meet their client’s needs. Innovation and flexibility in the sector is also increasing and we expect this to continue.”

ACJ offers a range of large business aircraft with the latest generation technology and

efficiency. The recently launched ACJ TwoTwenty is carving out a whole new market segment, 'The Xtra Large Bizjet.' With six wide, VIP living areas of around 130 square feet each, the aircraft offers a true office environment with best-in-class connectivity and a range of relaxation options including a California King-size bed, an en suite bathroom with rain shower and a 55-inch 4K TV.

The ACJ TwoTwenty offers twice the cabin real estate compared to similarly priced ULR business jets with market-leading fuel efficiency and unrivaled reliability. It occupies the same parking footprint as competitive ULR jets and can take off from the same airports, but the ACJ TwoTwenty operating costs are one-third less.

With a range of up to 5,650 nm (over 12 flight hours), the ACJ TwoTwenty can meet the requirements of 99.9% of all U.S. departures,² connecting city pairs including Los Angeles to London, Miami to Buenos Aires and New York to Istanbul.

Historically, strong demand and limited supply contribute to ACJ aircraft having twice the value retention compared with long-range and ultra-long-range business jets.³ In addition, unlike most OEMs, Airbus only builds ACJs to order, eliminating the financial pressure to reduce prices to move unsold inventory (white tails). Furthermore, ACJ maintains commonality in new feature designs, allowing existing aircraft to be retrofitted to the latest capabilities without buying a new model.

As with all ACJ aircraft, the ACJ TwoTwenty is capable of flying with up to a 50% blend of kerosene and sustainable aviation fuel (SAF) while keeping to the technical specifications of Jet A. All Airbus commercial aircraft and helicopters will be capable of operating with 100% SAF by 2030. This capability will play an important role in the sector's decarbonization journey.

This year represents the first time that an ACJ TwoTwenty is on display at an NBAA-BACE conference. See it at Static #AD_07.

More than 200 Airbus corporate jets are in service worldwide, flying on every continent, including Antarctica.

Notice: Airbus Corporate Jets is holding an Aircraft Appraisers Day in Washington D.C. on October 30, 2023 for the business aviation finance and insurance communities. For more information, please contact Sean McGeough at sean.mcgeough@airbus.com.

ACJ Images

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Notes to Editors:

1. Airbus Corporate Jets commissioned the independent research company Pureprofile to survey 50 business aviation financiers, and 50 private jet brokers based in the U.S. The study was conducted in September 2023.
2. Airbus Corporate Jets analysis of WingX data, April 2023.
3. ACJ internal analysis, December 2022: data shows 3% annual depreciation for the ACJ319 fleet; Bank of America Merrill Lynch Global Research, October 2018: data shows 6% for long-range and ultra-long-range business jets

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