



BOEING FORECASTS 950 NEW AIRCRAFT FOR OCEANIA OVER NEXT 20 YEARS

News / Manufacturer



Boeing has forecast a \$US140 billion market for 950 new aircraft for Oceania – Australia, New Zealand and the South Pacific – over the next 20 years as airlines in the region replace older models with newer, more fuel efficient jets.

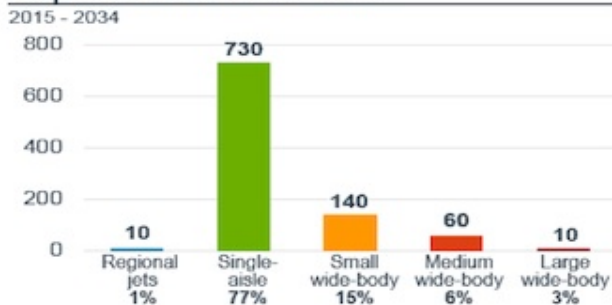
The estimate, contained in Boeing's Current Market Outlook (CMO) for 2015-2034, is a reduction of 50 aircraft from the 1,000 expected for Oceania in the 2014-2033 CMO.

Three of the five aircraft categories – large widebody (more than 400 seats), small widebody (between 200-300 seats) and single aisle – were lower than the prior year, while the forecast for medium wide body jets was increased. Regional jets, which Boeing does not compete in but offers a forecast for, was unchanged, as the slide below shows.

Oceania will need 950 new airplanes valued at \$140 billion



Airplane deliveries: 950



Market value: \$140 billion



Boeing expects Oceania-based airlines to order 950 new aircraft over the next 20 years. (Boeing)

Boeing Commercial Airplanes vice president of marketing Randy Tinseth says the Oceania market has been growing at a “relatively modest rate” at about 1.5 per cent a year, although long-haul flights were stronger at about five per cent.

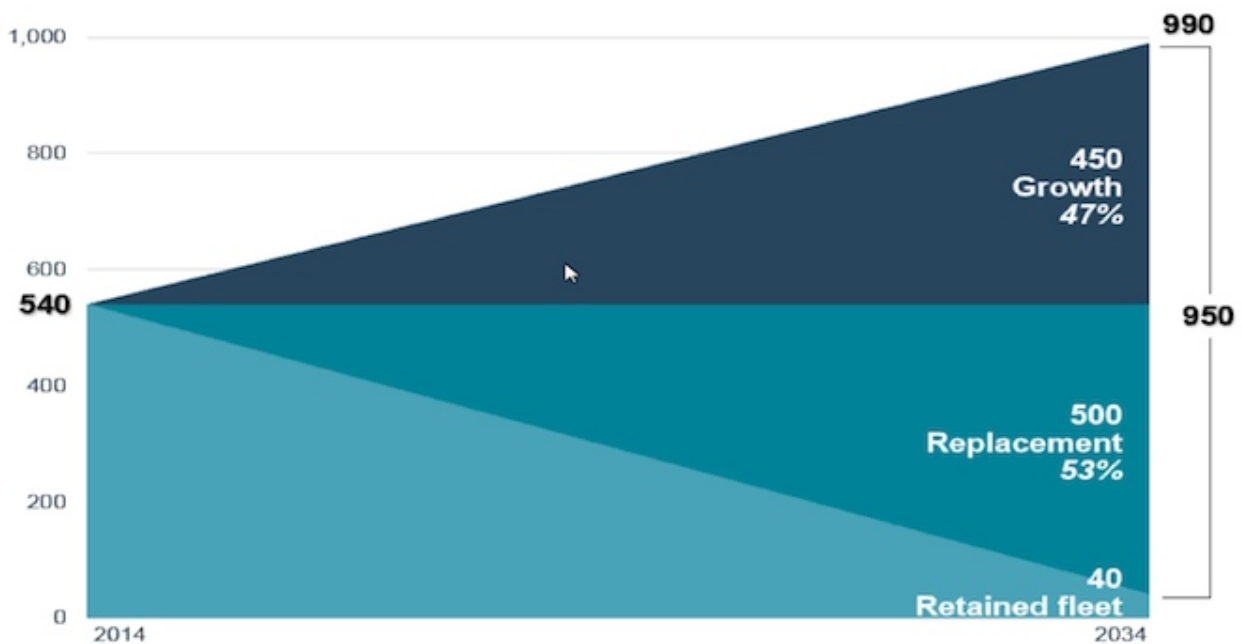
The bulk of that growth had come through airlines adding new frequencies on existing routes and opening new markets rather than flying larger aircraft.

Boeing expected the Oceania fleet to increase from 540 to 990 over the next 20 years, with some 500 aircraft replaced and 450 aircraft joining the fleet. Just 40 aircraft flying today will still be in the skies in two decades’ time.

“Over the past several years we’ve seen airlines build their fleet and now we are in a cycle where we will actually see more airplanes delivered to replace older airplanes,” Tinseth told reporters during a media briefing in Sydney on Friday.

Just over half of Oceania's deliveries are for replacement

Units



More than half of the 950 new orders over the next 20 years will be for replacement. (Boeing)

Tinseth said the 787 represented 10 per cent of total capacity on flights to, from or within Oceania, with Air NZ and Jetstar operators in the region and Qantas set to take delivery of its own 787-9s next year.

Asked what the prospects were for more widebody orders in Australia and New Zealand, Tinseth said: "We continue to see the long-range market grow faster than the regional and domestic market, so I think we have opportunities for widebodies moving forward, especially in light of both the growth and replacement demand."

In terms of the impact on the aviation sector from fuel prices, Tinseth said airlines had responded by increasing aircraft utilisation and adding more marginal flying.

However, airlines still regarded newer, more efficient aircraft as "good hedges" for fuel prices eventually going up from these recent historic lows.

"We haven't seen anything in our order book that indicates that airlines want to defer or cancel airplanes," Tinseth said.

"I don't think that that is going to change.

"When I look at our backlog it is well balanced by region and business model."

While Boeing did not compete in the regional jet sector, it does forecast demand for aircraft will less than 100 seats and expected 10 new orders over the next 20 years.

Tinseth said he expected some routes currently served by regional jets would over the next two decades would be upgauged to single aisle aircraft such as the 737 and Airbus A320.

Boeing has regarded the very large aircraft segment as a small market, believing just a handful of airlines around the world had the route structures and capabilities to successfully utilise an aircraft with more than 400 seats.

Sales of both the A380 and 747-8 have been slow.

The A380 ended a three-year order drought earlier in 2016 when ANA said it would purchase three of the type and Iran Air indicated it would purchase 12.

Meanwhile, Boeing has reduced the production rate of the latest version of the 747 to 0.5 aircraft a month from September, from 1.3 a month currently and one aircraft a month from March, which reflecting both the lack of demand for very large passenger aircraft and the weakness in the global cargo market.

“Five years ago we thought that there was frankly a larger market for big airplanes, but that market has been rapidly evaporating,” Tinseth said.

“What we have seen is the airline market places where big airplanes make sense, now most of them have more than likely be addressed.

“We are seeing that there is a clear preference for something a little bit smaller, a little bit more flexibly, a little bit more capable.”

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SOURCE: AUSTRALIAN AVIATION

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