IS IT TOO EARLY TO BURY THE A380?

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By Oleg Volkov

Airbus A380 is big, beautiful, and notoriously problematic when it comes to airport availability and – most importantly – profitability. For some, like Emirates, it is still a signature aircraft that is only spoken about in superlative terms. For others, like Malaysian Airlines, the superjumbo is more of a headache, with the South East Asian carrier soon to test out Hajj flights on the otherwise hard-to-use planes. There is no definitive answer concerning the A380's future but it might be not as dark as some paint it.

Niches for giants

"Low demand for A380 is due to airlines being afraid of not filling the seats on the aircraft," Tomas Chlumecky, a Canadian aviation consultant, told AeroTime in an email.

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One of the possible solutions to this might be exploiting seasonal surges in demand seen on certain niche routes. In November 2016, Malaysian announced deploying its A380s for Hajj (Muslim pilgrimage) journeys. Niche as it might be, the predictability of seasonal travel demand in case of religious travel is able to support the operations of A380 aircraft.

“Airlines may have one or two routes that can support regular A380 operations, perhaps these are only seasonal or even shorter seasons and would not support the costs associated with flying the aircraft themselves,” Richard Maslen, a UK-based aviation consultant, told AeroTime. “I believe that this would support the formation of a leasing vehicle as being suggested by Malaysia Airlines that can provide aircraft on short- or medium-term wet-lease deals to support demand peaks”.

The cargo route

Freighter conversion, having potential in case of other wide-body aircraft, is not likely to become the route operators take with the A380, the common principle being that an aircraft would be feasible convert only after 20 to 25 years of operation, when maintenance costs become higher. Be it for sentimental reasons alone, it would be a pity to see an aircraft that accumulated around $25 billion in R&D costs to fly cargo after just a decade in service.

The A380 freighter program secured initial interest from the likes of FedEx and UPS Airlines thanks to its 150-ton payload promise, but the aircraft was not designed with cargo in mind and thus could not deliver economically against other aircraft.

“Unless hull prices fall to rock-bottom in a suppressed second-hand market, I can’t realistically see a freighter conversion program as their will be no return on investment,” Richard Maslen suggests.

Too large to handle?

Such large aircraft as the A380 require large hub airports – which are not as common as you might think – to operate, thus their operations are limited geographically.

“The superjumbo’s operations are restricted to connect Europe to Australia via Dubai and perhaps between Melbourne and the US,” Ziad Haddad, an aviation analyst based in Amman, Jordan, told AeroTime.

Surely, the UAE is investing more than $30 billion to expand Al -Maktoum International Airport at Dubai World Center (DWC) which could eventually have the capacity to park 100 A380s simultaneously (we would definitely pay good money to take a snap of that!), but only a handful of governments have the cash to handle an investment of such scale.

Another important aspect is the reign of more efficient long-range wide-body aircraft such as the A350 and the B787 Dreamliner.

“At a time when the A380 was thought to make a breakthrough in fuel efficiency some operators expressed dissatisfaction as fuel efficiency was not as predicted earlier, it merely competed with other newly advanced aircraft available in the market, let alone to speak about the four engines vs two engines aircraft,” Ziad Haddad explains. “In addition, the B787 aircraft contained a more advanced technology – particularly electrical; therefore despite that the B747-8i and the A380 are new and advanced, they were just not meeting the very high expectations by potential operators.”

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Every seat counts

“The market has gone to twins, and they offer good economics, a B767-300 basically matches an A380 per seat when just 48 to 517 seats are installed (Emirates), yet Emirates also has a few high density 615 seat A380s in 2 class for VFR (visiting friends and family) and leisure destinations,” Canada-based aviation specialist Tomas Chlumecky explains.

At 615 seats, understandably, the A380 has a rather low CASM (cost per available seat mile), which why it makes sense to use it on leisure routes where frequency is not of high priority. This explains the decision of All Nippon Airways (ANA) to switch from two daily routes operated on B767s to one operated on the A380.

And there are plenty leisure long-haul routes out there that (provided with adequate infrastructure on both ends) could be profitably operated on A380s, like Florida – EU or India – UK.

In fact, one might argue that it is the perfect time for long-haul airlines to consider getting hold of second-hand A380s and save as much as 40% per seat. Airbus, for one, professes a positive outlook on a second-hand market for A380s, which is going to arise in the coming decade.

“When the early Singapore Airlines A380s will come off lease, you can get one maybe for $100M,” Chlumecky explains. “At 600 seats, that is just $166,000 per seat versus an A320/B737-800 at $275,000 per seat.”

Having all that in mind, the global travel industry is not going to seize growing anytime soon, and with airport congestion likely to remain as a major constraint on the system, especially in Asia, the future might hold demand for very large aircraft after all. A limited number of slots at major hubs might sway airlines to employ 500- to 700-seat jets over something like the B767-300, which carries 240 passengers.

An increasing number of large capacity hub-to-hub, city-to-city routes could support the superjumbos appetite for fuel and high operational costs. No wonder, that Airbus is keeping its options open and, despite troubling sales numbers, is not likely to stop supporting both new and used A380s.

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