


AIRBORNE

March 2024

FOLLOW US!

 @RegisterAnAcft @Register_An_Aircraft

The 2023 bizav market - positivity and challenges

The bizav sector remained resilient in 2023 as “flight operations were strong, backlogs and lead-times at major OEMs were up, and inventory remained low, leaving the industry well positioned to weather any future economic downturn,” according to Global Jet Capital (GJC). In its latest Business Aviation Market Brief, the aircraft financing specialist offered a largely positive assessment, concluding: “The rapid expansion of the business jet market during the post-Covid recovery period slowed in 2023, although most indicators remained strong in comparison to pre-Covid levels.”

The comparison with pre-covid 2019 is particularly striking in respect of bizav flight operations, which were 15.1% higher last year. “It was widely expected that many of the new users of business aviation would return to commercial airlines as the world normalised. However, due to the industry’s inherent value proposition – including personal safety, flexibility, productivity and comfort – a substantial proportion of new users continued to utilise business aviation in 2023, demonstrating a systematic expansion of the user base.”

This is not to say that the industry doesn’t face challenges, as the report clearly outlines. There are a number of issues that may create problems for the sector in 2024 and cause growth to slow. These include the conflicts in Ukraine and Israel, high interest rates, slowing economic growth and the political uncertainty generated by forthcoming elections in countries accounting for nearly 40% of global GDP, as well as continuing market supply chain and labour issues within the sector.

Gulfstream G700 awaits certification

FAA certification for Gulfstream Aerospace’s new flagship, the G700 twinjet, remains outstanding but ‘on track’, and the US manufacturer expects a 44% growth in deliveries this year once type approval is granted. The G700 was first unveiled at NBAA-BACE 2019, and it was anticipated that the aircraft would receive certification and enter service in 2022. This was then extended to Q4 2023, with the OEM assuming that it would deliver 15 aircraft by the year end. As this is written, however, Gulfstream and its customers are still waiting for certification – now projected for the end of Q1 2024 – and the OEM has had to estimate a USD1 billion drop in revenues as a result. The G700 recently made its debut at the Singapore Airshow 2024 static display and also notched up the type’s 50th and 51st city-pair speed record en route to the event. It covered the 9,625km from Los Angeles to Nice in 10hrs 13mins and the 10,656km between Nice to Singapore in 11 hours and 30 minutes. Both carbon-neutral journeys were completed at an average speed of Mach 0.90

IRS targeting business aircraft use

The US Internal Revenue Service (IRS) has announced a large number of audits on the use of bizav aircraft to ensure compliance with tax regulations, focusing on the correct allocations between personal and business use of the asset. It is understood that such targeted audits have not been carried out in recent years due to a shortage of manpower at the IRS. The new audits will focus on HNWI, large corporations and partnerships and the IRS announcement immediately drew criticism from NBAA President and CEO Ed Bolen, who said the initiative amounted to “nothing more than an audit in search of a problem, and an attempt to broadly paint with a negative brush the thousands of US companies of all sizes that rely on business aircraft”.

European traffic challenges continue

European traffic levels continue to dampen the global figures, which showed a decline of 3% YoY in the first two months of 2024, according to Richard Koe, CEO of data analyst WingX, who was delivering a summary of bizav traffic trends at the British Business & General Aviation Association (BBGA) conference.

European traffic fell by 7% in 2023 compared to 2022, while North America recorded a fall of 4% for the same period. It was clear, however, that the prospects for North America were more positive than for Europe, which continues to battle economic uncertainty and sluggish growth, coupled with the continuing fallout from Russia’s invasion of Ukraine.

“Europe has now fallen back to 2019 levels of activity and has not sustained the step change seen elsewhere after the pandemic,” said Koe. Adding to the impact of the war in Ukraine, Koe noted that there had been a 16% decline in activity due directly to the imposition of sanctions on entities and individuals associated with the Putin administration.

Outside Europe and North America, the mood music in 2023 was far more positive. Traffic in Asia increased by 28% in 2023 compared to 2022, while in Africa it increased by 26% and in Latin America it increased by 16%. It should be noted however that these three regions account for less than 10% of total global traffic numbers.

AVIATION SERVICES HUB:

Aviation insurance

Sovereign Insurance Services (SIS) is a fully licensed, independent general insurance intermediary, based in Gibraltar. The strength of the Sovereign brand combined with the expertise and experience of the SIS team has enabled it to build relationships with leading insurers throughout the world. With direct links to specialist underwriters based in London and elsewhere, SIS can provide wide-ranging bespoke insurance cover for owners of fixed-wing aircraft and helicopters. The team further offers market insight, expertise and competitive pricing, together with efficient and professional claims’ handling. Specialist aviation insurance covers the full range – from public liability through to hull insurance for new or used airframes. The SIS team will quote on all types of aviation asset – from corporate jets and turboprops, general aviation aircraft and helicopters to FBOs, flying schools or commercial passenger or freight operators. SIS also specialises in areas such as Kidnap & Ransom insurance, which may be of interest to aircraft owners and operators.

Aircraft deliveries increase across the board

Last month's Airborne looked at deliveries in 2023 and the prospects for 2024 from the 'big five' OEMs. Now, the General Aviation Manufacturers Association (GAMA) has looked at the delivery picture sector wide. During its State of the Industry press conference, GAMA President and CEO Pete Bunce announced that overall deliveries in 2023 had surpassed 4,000 for the first time since 2012. "In addition to this strong showing, there are robust and growing order backlogs for all segments of aircraft," he said.

2023 saw a total of 730 bizjet deliveries – an increase of 2.5% on the previous year. This tally comes despite high profile and well-publicised issues surrounding supply chains, labour and the delay to certification of the Gulfstream G700. Deliveries of business turboprops grew by 9.6% over 2022. The piston sector saw deliveries rise by nearly 12%, while rotorcraft saw growth of nearly 10%.

Le Bourget aims to lead in sustainability

Airport operator ADP (Aéroports de Paris) and Dassault Aviation have signed a five-year agreement aimed at making Le Bourget airport, the principal business aviation hub for the French capital, a market leader in sustainable aviation. In signing, both ADP and Dassault emphasised the importance of decarbonising the whole "airport ecosystem".

The agreement aims to increase efforts in overall decarbonisation in a number of areas: the wider distribution and use of Sustainable Aviation Fuel (SAF), the wholesale use of geothermal power for airport buildings, and the use of electric vehicles for ground operations, including refuelling and aircraft towing.

Embraer Phenom 300 is best-selling light jet - again

The Embraer Phenom 300 has once again been named as the world's best-selling light jet. This is even more impressive if one considers that the aircraft has now held this position for 12 consecutive years. According to data compiled by GAMA, the Brazilian OEM delivered 63 examples of the Phenom 300 last year and more than 730 aircraft have been delivered in total since the model entered service in 2009.

President and CEO of Embraer Executive Jets Michael Amalfitano said: "For more than a decade, the aircraft has earned well-deserved recognition and continues to excel in terms of performance, technology, comfort and support. With our ongoing dedication to our loyal customers, we will continue to develop the programme based on customer feedback, industry trends, and new technologies."

Corporate aircraft news

The Piper M700 Fury, unveiled last month by the Florida-based Piper Aircraft, received FAA type certification on 29 February allowing for customer deliveries to begin this month. The M700 turboprop single is designed to replace the popular M600SLS. Piper President and CEO John Calcagno said: "The Fury is just the first step in a new generation of our M-Class product line, so watch this space, as Piper's M-Class will be expanding both above and below what we currently offer."

French OEM Dassault Aviation has confirmed a slight delay in its plans for its flagship Falcon 10X with entry into service following certification now slated for 2027. The delay is due largely to ongoing supply chain issues but the OEM is moving forward towards manufacture. The Falcon 6X made its Singapore Airshow debut in February before heading off on a three-week demonstration tour of Southeast Asia and Australasia. First customer deliveries started in November last year.

Zurich-based Comlux has delivered the second Airbus ACJ TwoTwenty following cabin completion at its facility in Indianapolis. The aircraft, registered in Malta as 9H-220CJ, is part of an order for 15 aircraft that will be completed by Comlux.



AIRCRAFT FACT FILE \\\

Lockheed C-130 Hercules



CATEGORY

Heavy turboprop airlifter

MANUFACTURER

Lockheed, USA

ENGINE

4 x Allison T56-A-15 turboprop

LENGTH

29.79 m

WINGSPAN

40.41 m

RANGE

3,800 km

MAX. SPEED

590kmh

SEATING CAPACITY

92

NO. OF CREW

2

MAXIMUM TAKE-OFF WEIGHT (MTOW)

70,307 kg

DESCRIPTION

The Lockheed C-130 Hercules belongs in that small number of truly iconic and instantly recognisable aircraft types. It has the accolade of being the longest continuously produced military aircraft with the updated Lockheed Martin C-130J Super Hercules currently still in production. The prototype made its first flight on 23 August 1954 and the aircraft entered service with the US Air Force two years later. Total production of the aircraft stands at nearly 3,000 units and encompasses more than 40 variants covering a host of military and civilian roles.

The Hercules was originally designed to fulfil the airlift and cargo transport role but its use has developed as variants have been produced. The Hercules has served in worldwide theatres as gunship, medevac transport, aerial firefighter, maritime patrol aircraft, and even as VIP transport for both people and, more often, their vehicles. In addition to military versions, the Hercules has also been developed as the L-100 for commercial freight operations.