

Fact Sheet: Equipment Finance in the Aircraft Industry

Equipment Financing Volume

The Equipment Leasing and Finance Association's (ELFA) [2018 Survey of Equipment Finance Activity](#) reports that in 2017:

- The air transportation industry represented 1.9% of new business volume reported by ELFA member companies, down from 2.1% in 2016.
- Corporate aircraft represented 3.2% of new business volume reported by ELFA member companies, down from 3.4% in 2016.
- Commercial aircraft represented 0.8% of new business volume reported by ELFA member companies, down from 0.9% in 2016.

The Equipment Leasing & Finance Foundation's [U.S. Equipment Finance Market Study: 2016-2017](#) reported that in 2015:

- 78% of respondents in a survey of businesses used at least one form of financing when acquiring equipment.
- This is an increase from 72% of respondents from the 2012 Foundation market study, and represents an increase in the overall propensity to finance.
- 68% of the total value of equipment and software acquired was financed, a significant increase from the previous estimate of 55% forecast in the 2012 Foundation market study.

Investment

According to the Equipment Leasing & Finance Foundation's [Q3 2018 Equipment Leasing & Finance U.S. Economic Outlook](#):

- Investment in aircraft decreased at an annualized rate of 7% in Q1 2018.
- In July 2018, investment in aircraft was unchanged year over year.
- Aircraft investment growth is unlikely to worsen and may improve through the end of 2018.

Aircraft Market

According to the ["What's Hot, What's Not 2018"](#) Equipment Leasing Trends Report authored by Carl Chrappa of The Alta Group LLC, based on a survey of ELFA members to measure industry perceptions of equipment types:

- Aircraft ranked 9th in portfolio preference among equipment finance industry executives, an increase from 12th place the previous year.
- Executives appear to view parts of the aircraft market as being challenged, with some improvement seen in the commercial sector, dampened by technology changes in the emerging next generation new engine option.
- There is a sense of optimism in the global business jet market as "full sale" transactions increased by 5.9% through September 2017.
- The aircraft segment is one that is expected to benefit from changes in the new tax law.

According to the U.S. Department of Commerce, in June 2018:

- New orders of nondefense aircraft and parts increased 4.2% from the previous month, and increased 15.1% year to date from 2017.
- Shipments of nondefense aircraft and parts increased by 6% from the previous month, and increased 2.6% year to date from 2017.

According to the Boeing Capital Corporation [*Current Aircraft Finance Market Outlook 2018*](#):

- In 2017, commercial aircraft manufacturers delivered approximately \$122 billion in new airplanes.
- New aircraft funding requirements are forecast to increase to \$139 billion in 2018 and \$189 billion by 2022.
- In 2018, the commercial bank debt market will likely finance the largest share of deliveries.

About ELFA

The Equipment Leasing and Finance Association (ELFA) is the trade association that represents companies in the \$1 trillion equipment finance sector, which includes financial services companies and manufacturers engaged in financing capital goods. ELFA members are the driving force behind the growth in the commercial equipment finance market and contribute to capital formation in the U.S. and abroad. Its 575 members include independent and captive leasing and finance companies, banks, financial services corporations, broker/packageers and investment banks, as well as manufacturers and service providers. For more information, please visit www.elfaonline.org. Follow ELFA on Twitter @ELFAonline.

ELFA is the premier source for statistics and analyses concerning the equipment finance sector. Please visit www.elfaonline.org/Data/ for additional information.

ELFA believes that information and education about available options regarding investment in equipment are important to all businesses. ELFA offers resources, including a loan/lease comparison, a glossary of terms, an analysis to help determine suitable financing options, videos and topical bylined articles available for reprint free of charge, at www.EquipmentFinanceAdvantage.org

Media Contact:

Amy Vogt, Vice President, Communications and Marketing, ELFA
202-238-3438
avogt@elfaonline.org