

## Fact Sheet: Equipment Finance in the Aircraft Industry

### Equipment Financing Volume

The Equipment Leasing and Finance Association's (ELFA) [2019 Survey of Equipment Finance Activity](#) reports that in 2018:

- The air transportation industry represented 2.0% of new business volume reported by ELFA member companies, up from 1.9% in 2017.
- Corporate aircraft represented 3.1% of new business volume reported by ELFA member companies, down from 3.3% in 2017.
- Commercial aircraft represented 1.0% of new business volume reported by ELFA member companies, up from 0.8% in 2017.

The Equipment Leasing & Finance Foundation's [2018 Equipment Leasing & Finance Industry Horizon Report](#) end-user survey, which focused on private sector investment, revealed that among businesses that acquired equipment and software in 2017:

- Nearly 6 in 10 (58%) used at least one form of financing to do so (i.e., lease, secure loan, or line of credit).
- Leasing was the most common acquisition payment method (used by 48%); 9% used lines of credit and 8% used secured loans.

### Investment

According to the Equipment Leasing & Finance Foundation's [Q3 2019 Equipment Leasing & Finance U.S. Economic Outlook](#):

- Investment in aircraft decreased at an annualized rate of 39% in Q1 2019.
- In July 2019, investment in aircraft was down 8% year over year.
- Aircraft investment growth is likely to remain negative through the end of 2019.

### Aircraft Market

According to [“What's Hot, What's Not: Equipment Market Forecast 2019,”](#) based on a survey of ELFA members to measure industry perceptions of equipment types:

- Aircraft ranked 9<sup>th</sup> in portfolio preference among equipment finance industry executives, unchanged from 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 aircraft.
- The aircraft segment is one that was expected to benefit the most from changes in the tax law, and sales increased in 2018.
- There is a sense of optimism in the global business jet market as “full sale” transactions increased again through September 2018.
- The helicopter market remains depressed due to oil patch and offshore logistics conditions.

According to the U.S. Department of Commerce, in June 2019:

- New orders of nondefense aircraft and parts increased 75% from the previous month, and decreased 42% year to date from 2018.
- Shipments of nondefense aircraft and parts increased by 6% from the previous month, and decreased 10% year to date from 2018.

According to the Boeing Capital Corporation [\*Current Aircraft Finance Market Outlook 2019\*](#):

- Aircraft leasing has grown to represent more than 40% of in-service commercial aircraft ownership.
- The success of this market segment has attracted new entrants. Today, there are more than 150 lessors in the aircraft leasing sector, with the top two lessors accounting for approximately 20% of the market. By comparison, in 2002 there were fewer than 100 leasing companies with the top two accounting for more than 40% of the market share (by aircraft).
- In 2018, commercial bank funding for new airplane deliveries reached record levels, nearing \$50 billion.

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### **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/packagers and investment banks, as well as manufacturers and service providers. For more information, please visit [www.elfaonline.org](http://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/](http://www.elfaonline.org/Data/) for additional information.

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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](http://www.EquipmentFinanceAdvantage.org)

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