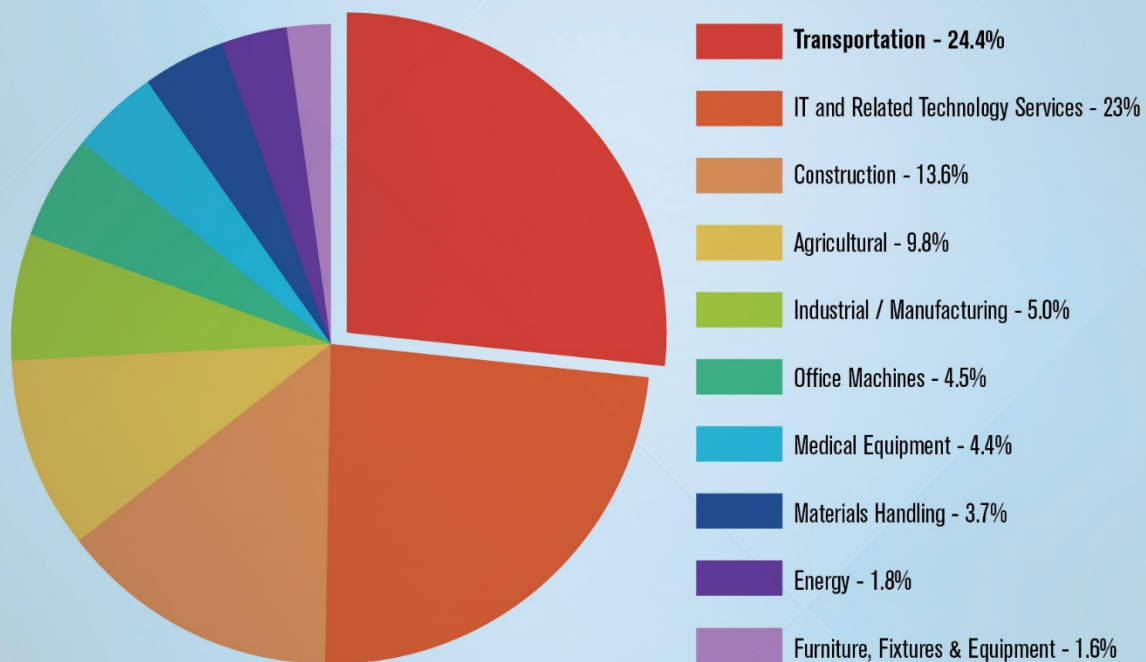


Fact Sheet: Equipment Finance in the Aircraft Industry

EQUIPMENT FINANCE IN THE TRANSPORTATION INDUSTRY



Transportation equipment represents 24.4% of equipment financing new business volume in the United States.



Source: 2020 Survey of Equipment Finance Activity.

Learn how the equipment finance industry equips your business for success at www.EquipmentFinanceAdvantage.org

Equipment Financing Volume

According to the Equipment Leasing and Finance Association's (ELFA) [2020 Survey of Equipment Finance Activity](#),* in 2019:

- Overall, transportation represented 24.4% of equipment financing new business volume reported by ELFA member companies, up from 23.6% in 2018.
- The air transportation industry represented 1.4% of new business volume reported by ELFA member companies, up from 2% in 2018.
- Corporate aircraft represented 2.7% of new business volume reported by ELFA member companies, unchanged from 2018.

- Commercial aircraft represented 1.0% of new business volume reported by ELFA member companies, down from 1.2% in 2018.

*The SEFA does not reveal the impact of the COVID-19 pandemic on the equipment finance industry as it focuses on data from fiscal year 2019.

The Equipment Leasing & Finance Foundation's [2019 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 2018:

- Nearly 8 in 10 (79%) used at least one form of financing to do so (i.e., lease, secure loan or line of credit).
- Leasing was the most common financing method (used by 24%); 16% used lines of credit, 12% used secured loans and 3% used other forms of finance.

Investment

According to the [Foundation-Keybridge Equipment & Software Investment Momentum Monitor](#):

- Investment in aircraft decreased at an annualized rate of 99% in Q2 2020.
- In August 2020, investment in aircraft was down 72% year over year.
- Aircraft investment growth should remain negative through the end of 2020.

Aircraft Market

According to "[What's Hot, What's Not: Equipment Market Forecast 2020](#)," based on a survey of ELFA members to measure industry perceptions of equipment types:

- Aircraft ranked 8th in portfolio preference among equipment finance industry executives, up from 9th the previous year.
- Preference improved after declining last year, and net residual value positions were sixth best indicating that equipment finance companies remain cautiously optimistic about this segment
- 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 (NEO) aircraft.
- After eight years of dominance, the Boeing MAX problem (over 800 grounded) caused 2019 orders for Airbus aircraft to outpace Boeing (806 to 380), a 14-year low.
- There is a sense of optimism in the global business jet market as sales of new aircraft increased by over 15%.
- Used prices increased for corporate jets, especially those with low hours, and engine plans.
- Jets are selling quicker, averaging 276 days on the market.
- The helicopter market remains depressed due to oil patch and offshore logistics conditions.

According to the U.S. Census Bureau, in June 2020:

- New orders of nondefense aircraft and parts decreased 462.3% from the previous month and decreased 136.4% year to date from 2019.
- Shipments of nondefense aircraft and parts increased by 18.9% from the previous month and decreased 46% year to date from 2019.

According to Scope Ratings' [2020 Aviation Finance Outlook](#), the following are among the main trends expected in 2020:

- High aircraft values and currently low lease-rate factors, which don't reflect the commercial and operating risks facing airlines, leave the aircraft finance industry in a vulnerable state in 2020.
- The slowdown in the global economy will rub off on the aviation industry—more airline defaults are likely in 2020—though stability in oil prices will help the industry keep costs under control.
- Aircraft values are still rising at the same time as lease-rate factors are falling.
- Growth in passenger air travel market will slow; sluggish economic growth and a downturn in world trade are also seen.

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. 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

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