

Fact Sheet: Equipment Finance in the Aircraft Industry

Equipment Financing Volume

The Equipment Leasing and Finance Association's (ELFA) [2017 Survey of Equipment Finance Activity](#) reports that in 2016:

- The air transportation industry represented 2.0% of new business volume reported by ELFA member companies, up from 1.3% in 2015.
- Corporate aircraft represented 4.1% of new business volume reported by ELFA member companies, down from 5.5% in 2015.
- Commercial aircraft represented 0.9% of new business volume reported by ELFA member companies, up from 0.6% in 2015.

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 2017 Equipment Leasing & Finance U.S. Economic Outlook](#):

- Investment in aircraft increased at an annualized rate of 103% in Q1 2017.
- In July 2017, investment in aircraft was up 15% year over year.
- Aircraft investment growth may decelerate through the end of 2017.

Aircraft Market

According to the [2017 "What's Hot, What's Not"](#) 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 12th in portfolio preference among equipment finance industry executives, a decrease from 7th place the previous year.
- In 2016, business jet shipments decreased by 7.9% and turbine rotocraft shipments decreased by 15.9%, largely due to oil patch conditions.
- Executives appear to still view parts of the aircraft market as being challenged, with improvement seen in the commercial sector, dampened by technology changes in the emerging next generation new engine option aircraft which is negatively impacting late model current engine option aircraft values. Some optimism is returning to the business jet segment.

According to the U.S. Department of Commerce, in June 2017:

- New orders of nondefense aircraft and parts increased 131.1% from the previous month, and increased 31% year to date from 2016.
- Shipments of nondefense aircraft and parts increased by 0.9% from the previous month, and decreased 5.3% year to date from 2016.

According to the Boeing Capital Corporation [*Current Aircraft Finance Market Outlook 2017*](#):

- In 2016, commercial aircraft manufacturers delivered approximately \$122 billion in new airplanes.
- New aircraft funding requirements are forecast to total \$126 billion in 2017 and \$185 billion by 2021.

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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