

## Fact Sheet: Equipment Finance in the Aircraft Industry

The Equipment Leasing and Finance Association's (ELFA) [2016 Survey of Equipment Finance Activity](#) reports that in 2015, as end-users of equipment finance:

- The air transportation industry represented 1.6% of new business volume reported by ELFA member companies, up from 0.7% in 2014.
- Corporate aircraft represented 5.2% of new business volume reported by ELFA member companies, up from 4.6% in 2014.
- Commercial aircraft represented 0.5% of new business volume reported by ELFA member companies, up from 0.2% in 2014.

According to the Equipment Leasing & Finance Foundation's [Q3 2016 Equipment Leasing & Finance U.S. Economic Outlook](#):

- Aircraft investment growth may remain weak through the end of 2016, although growth is historically volatile.
- Investment in aircraft decreased at an annualized rate of 31.2% in Q1 2016.
- In July 2016, investment in aircraft was down 17.0% year over year.

According to the [2016 "What's Hot, What's Not"](#) Equipment Leasing Trends Survey released by the Independent Equipment Company, an Alta Group company, in cooperation with ELFA to measure industry perceptions of equipment types:

- Aircraft ranked 7<sup>th</sup> in portfolio preference among equipment finance industry executives for the second consecutive year. A slight decline in preference and a decrease in residual position indicate the leasing and finance industries are starting to favor aircraft but are not fully committed to it.
- Executives appear to still view parts of this equipment 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 beleaguered business jet segment.

According to the U.S Department of Commerce, in June 2016:

- New orders of nondefense aircraft and parts decreased by 58.8% from the previous month, and decreased 11.8% year to date from 2015.
- Shipments of nondefense aircraft and parts decreased by 4.9% from the previous month, and decreased 2.9% year to date from 2015.

According to the Boeing Capital Corporation [Current Market Outlook 2016-2035](#):

- The number of jet airplanes in service is expected to double over the next 20 years to an in-service fleet of 45,240 airplanes. This will require an additional 39,620 new airplanes.
- Airplane replacement will form 43% of demand in the next 20 years.

According to [Q2 2016 general aviation aircraft shipment numbers](#) from the General Aviation Manufacturers Association, in the first six months of 2016:

- Business jet shipments decreased 4.3% from the first six months in 2015.
- Turboprop airplane shipments decreased 4.9% from the first six months in 2015.
- Piston airplane shipments decreased 4.5% from the first six months in 2015.

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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 580 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 types of finance products, 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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