

## **Boeing Projects Strong Market for Small Airplanes**

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Small airplanes will capture the largest segment of the market over the next 20 years, according to Boeing Commercial Airplane Group's 1998 edition of the "Current Market Outlook. "

The annual forecast, released today, projects seven out of 10 airplanes delivered during the next two decades will be single-aisle airplanes - the size of the Boeing 717, 737 and 757. Airplanes of this size will account for 43 percent of the dollars invested in new airplanes, or 12,260 airplanes.

Intermediate-size airplanes, such as the Boeing 767 and 777, will represent one out of four future airplane deliveries. Airplanes of this size will account for 44 percent of the dollars invested in new airplanes, or 4,360 airplanes.

The report estimates the smallest market segment, 747-size or larger airplanes, will total 15 percent of the dollars invested in new jetliners, or 1,030 airplanes.

The Boeing forecast projects annual, worldwide air travel growth of 4.9 percent. The report expects the commercial jet airplane fleet of 2017 to have 26,200 airplanes, with airlines adding 17,650 airplanes, worth \$1.25 trillion, over the next two decades.

"Boeing is a market-driven company that utilizes the Current Market Outlook to guide our product strategy," said Bruce Dennis, vice president of Marketing for Boeing Commercial Airplane Group.

"This forecast was the basis for our decision not to build an airplane larger than today's 747. Unlike our competitor, we think that market forces are moving toward frequency over size. The market is simply too small and too far into the future to risk investing large amounts of money on airplanes larger than the current 747-400."

As of May 31, 1998, Boeing Commercial Airplane Group has received more than 900 orders for the Next-Generation 737, making it the fastest-selling airplane in aviation history.

Dennis also noted that Boeing chose to release this year's Current Market Outlook later than usual to allow the company to factor the impact of the Asian economic crisis into the forecast.

The Asian economic situation is expected to be short term. During the next five years, the crisis will result in about 150 fewer airplane orders for all manufacturers. However, in the long term, the forecast predicts that Asian economies will regain stability and gradually return to previous growth trends.

The report projects Asia-Pacific airlines will add 4,760 new jets, worth \$427 billion, over the next two decades.

The outlook predicts traffic growth in Europe to be strong over the next two decades, increasing 4.1 percent each year. Most of this growth will be in travel to the Asia-Pacific and Latin American regions.

The forecast estimates that airlines in Europe will add 4,990 new jets, worth \$345 billion, over the next 20 years. Within the next decade, airplane deliveries in Europe could be second only to North America.

The outlook predicts Latin America will be the fastest-growing air travel market over the next 20 years. Air travel is being spurred by higher economic growth and liberalization. Latin America's airlines are projected to add 1,410 new jets, worth \$77 billion, over the next two decades.

For the North American market, traffic growth has decreased from 3.1 percent last year to 2.9 percent in 1998. The Outlook estimates the region's airlines will add 5,580 new jets, worth \$332 billion, over the next two decades.

Published annually by the Commercial Marketing staff since 1965, the Boeing Current Market Outlook guides product decisions at the world's largest airplane manufacturer. It is also used by Boeing suppliers, customers, aviation analysts and the industry as a whole, Dennis said.

"The future market for airplanes clearly is outside of the United States," Dennis said. "Essentially, international customers will invest \$3 out of every \$4 for new airplanes over the next two decades," he added.

"The great news for Boeing and our customers is that we offer the only complete family of airplanes, serving every market need, from 100 seats to nearly 600 seats," Dennis said.

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