Boeing Projects Small Market For Airplanes Larger Than 747

Of the $1.38 trillion that Boeing projects airlines will invest in new commercial airplanes during the next 20 years, the largest amount - more than $570 billion - will be dedicated to intermediate, twin-aisle airplanes, such as the 767 and 777. Single-aisle airplanes are a close second, with regional jets and 747-and-larger airplanes accounting for the smallest dollar investments, according to the 1999 Boeing Current Market Outlook, released today at the Paris Air Show.

"As the world continues to open its skies, the key trend we see is for airlines to offer more non-stop flights between more cities, both within individual regions and in intercontinental markets," said Randy Baseler, Boeing Commercial Airplanes Group vice president - Marketing. "This will drive the airlines to invest 87 percent of their airplane dollars in regional and single-aisle airplanes -717s, 737s, 757s and the like - and long-range twin-aisle jets smaller than our 747."

The Boeing report - which is widely acknowledged as the leading industry forecast of worldwide air travel growth and new-airplane demand - predicts that the world's commercial jetliner fleet will double to 28,425 airplanes by 2018. The outlook projects 20,150 airplanes will be delivered over the next two decades, almost three-fourths of which will be regional and single-aisle airplanes. Only 930 of the total deliveries will be in the 747-and-larger category, under 40 percent of which will be 500-plus seat airplanes.

Baseler said that the Current Market Outlook's projections for airplane demand are driven by annual worldwide travel growth of 4.7 percent and the anticipated replacement of more than 4,300 airplanes in today's fleet of 12,580 airplanes.

"Boeing dedicates a great deal of time and effort studying the market because that's what ultimately guides the airplanes and related services we offer our customers," Baseler said. "We also know that customers, suppliers and the industry as a whole value the Boeing Current Market Outlook. They rely on the data for their own planning and have come to expect this comprehensive and high-quality analysis from the leading commercial airplane company."

The forecast noted that worldwide air travel growth varies by region from the relatively slow annual growth of just under 3 percent in the largest and most established North American market to the fastest growing - but much smaller - Latin American market, which will see traffic increase by 6.9 percent per year. While the Asian economic crisis reduced that region's near-term traffic rates, annual travel growth of 6.3 percent will more than triple the Asia-Pacific region's traffic by 2018.

Baseler pointed to the Pacific and Europe-Asia markets as offering numerous opportunities for new routes best served by intermediate-size, twin-aisle airplanes, including current and future, longer-range versions of the 777-200 and -300. Such airplanes allow airlines to be competitive with more frequent, point-to-point flights between cities that don't require 747 or larger airplanes. When coupled with the continued liberalization of regulations governing international air-transport routes, this trend is known as "market fragmentation."

"Compared to the North Atlantic network, U.S. hub cities and major European gateways are linked to relatively few destinations in Asia," Baseler said. "As more liberal bilateral and 'open skies' agreements are signed, and 777s and similar airplanes offer increased range, we see tremendous opportunities for international market fragmentation - more frequent flights using airplanes smaller than 747s."

The report calls for 4,400 intermediate, twin-aisle airplanes to be delivered during the next 20 years

"We are convinced that our product line is well positioned to support the future requirements of our customers," Baseler said. "We're especially pleased by the potential for current and future models of the 777 and the intense demand for regional and single-aisle airplanes, specifically our 717s and 737s."

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