Boeing Projects Air Cargo Fleet to Shift Further Toward Widebody Freighters

Global freighter fleet will double in number of airplanes

The global air cargo market will continue its growth patterns of the past few years, with strong 20-year growth, according to the Current Market Outlook (CMO) 2006 from the Boeing Company [NYSE: BA]. This pattern will lead to a doubling of the world freighter fleet from 1,789 to 3,563 airplanes, both numbers slightly up from the previous forecast.

This growth, accounting for expected airplane retirements of 1,209 airplanes, will result in a total of 2,983 airplanes added to the freighter fleet by 2025, according to the annual CMO, which was released earlier this month prior to the Farnborough Air Show.

"Relatively stable total fleet numbers over the past five years are a bit misleading since strong deliveries have been offset by a roughly equal number of retirements," said Jim Edgar, regional director, Cargo Marketing for Asia. "Rising fuel prices apply replacement pressure on older inefficient fleets, contributing to unprecedented freighter interest while we experience minimal negative impact upon traffic levels."

Most of these additions - nearly 62 percent - will be in the widebody category (medium widebody plus large freighters). Widebody freighters with a capacity of 40 tons or more will increase in share from 50 percent of the current fleet to 64 percent of the 2025 fleet. Consequently, there will be an increase in overall average freighter airplane payload. These findings are consistent with prior years' forecasts.

"The total number of airplanes in the freighter fleet forecast is only slightly higher than last year's totals," said Edgar. "However, the move to large freighters is already taking hold as the 2005 fleet is only 50 percent standard-body freighters, versus 53 percent for the same segment in 2004. The underlying trend towards accelerated widebody growth, encompassing such airplanes as the 747 freighter family and the 777 Freighter, is masked by this retirement of older standard-body freighters."

Standard-body freighters are defined in the forecast as having less than 50 tons capacity and the body width of single-aisle passenger airplanes. The share of these freighters will decrease from 50 percent to 36 percent over the next two decades. In many cases, operators such as express carriers prefer medium widebodies as a replacement for retiring standard-body freighters.

Freighters, as a share of the global jetliner fleet, will remain at about 10 percent during the forecast period, and by 2025, freighters of all sizes will provide more than half of the world's total air cargo capacity, a slight increase from today and consistent with last year's forecast.

Three-quarters of the freighter fleet additions will come from modified passenger and combi airplanes. The remaining airplanes entering the fleet, about 766, will be new-production freighters. Although new airplanes will make up a minority of the total world freighter fleet, they dominate the large-size category (widebody freighters of more than 80 tons capacity) with many airlines preferring their technical advantages, reliability, and fuel efficiency. The value of all new freighters totals $169 billion in current U.S. dollars.

In 2005, Boeing received a record 113 firm orders for production and converted freighters and brought to market two new production freighters - the 777F and 747-8F.

Currently, Boeing provides more than 90 percent of the world's freighter capacity. This percentage is expected to remain stable, owing to the preference for larger Boeing production and converted airplanes. Boeing offers a complete family of production freighter airplanes, including 747-8F, 747-400F, 777F, 767F and 737-700C (convertible). In addition, Boeing offers Boeing Converted Freighters (BCF) - 747-400BCF or 767-300BCF, as well as an MD-11 Freighter conversion program and 757-200 and 767-200 Special Freighters through proprietary data licensees.

The Current Market Outlook is available on the company's Web site.

Boeing will issue a more detailed forecast - World Air Cargo Forecast 2006/2007 - at the 2006 International Air Cargo Forum and Exposition in Calgary, Alberta, Canada, in September.

The following chart is also available: - Freighter Fleet Will Double-With a Shift Toward Widebody Freighters

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