Boeing Projects Global Shift to New, More Efficient Airplanes

- Market for new airplanes valued at $3.2 trillion over next 20 years

- Replacement demand increasing to 43 percent in light of higher fuel costs

LONDON, July 9 /PRNewswire-FirstCall/ -- Boeing (NYSE: BA) forecasts a $3.2 trillion market for new commercial airplanes over the next two decades, driven by an increasing demand for airplanes to replace older, less efficient aircraft.

The Boeing Company released its 2008 Current Market Outlook today in London. The report, at http://www.boeing.com/cmo, is Boeing's 20-year forecast of air travel.

The Boeing 2008 outlook calls for a market of 29,400 new commercial airplanes (passenger and freighter) by 2027, with a balanced demand in aircraft by region. The forecast takes into account the industry's near-term challenges, including a slowing worldwide economy, surging fuel prices, slowing traffic growth in some markets, and concerted action by airlines to balance costs and revenues.

"We're facing a very dynamic situation today in the commercial aviation industry," said Boeing Commercial Airplanes Vice President, Marketing Randy Tinseth. "This year's forecast is rooted in today's realities, but also recognizes the nature of a long-term outlook."

The influence of current market conditions is clearly reflected in the 2008 outlook, with replacement airplanes taking a greater share of demand (43 percent) than previously forecast (36 percent) -- due to the loss of economic viability of older aircraft in light of higher fuel costs.

In addition, Boeing is forecasting a slightly smaller fleet size at the end of the 20-year period (35,800) than predicted in the previous outlook (36,400). Compared with today's world fleet of 19,000 units, this represents an annual increase of 3.2 percent per year -- the same as the estimated economic growth rate.

Also noteworthy is the fact that as a result of strong orders the last three years, more than 30 percent of the forecast is already in backlog.

"Over the more than 40 years that Boeing has been forecasting the commercial aviation market, we've experienced other challenges with their own dynamics and their own impact on global air travel. What we've learned is that our industry, which is based on the need to transport passengers and freight via our global aviation system, is extremely resilient," Tinseth said.

Based on that perspective, the forecast combines today's market environment with a long-term view that portrays how air transport will be transformed over the next 20 years. It's an outlook that indicates continued strong fundamentals underlying the need for new airplanes -- including economic growth, world trade, aviation market liberalization, and new aircraft capabilities.

These new airplanes will accommodate a forecasted 5 percent annual increase in global air travel, and a 5.8 percent annual increase in air cargo traffic.

Over the next 20 years, passenger and cargo airlines will take delivery of:

-- Regional Jets: 2,510 units ($80 billion) -- Declining segment as airlines "up-gauge" to single-aisles due to capacity, economic, environmental constraints

-- Single-Aisles: 19,160 units ($1,360B) -- Largest segment by units
-- Twin-Aisles: 6,750 units ($1,470B) -- Largest segment by investment
-- 747 and larger: 980 units ($290B) -- Small but significant market

Single-aisle airplanes will make up the bulk of the deliveries during the next 20 years. Strong domestic and intra-regional air travel growth in emerging Asia-Pacific markets, along with continued growth of low-cost carriers worldwide is driving demand in this segment.

"We're seeing an increasing share of airplane deliveries to the Asia-Pacific region, as well as the Middle East, Latin America, and the Commonwealth of Independent States (CIS)," Tinseth said. "The result is a much more geographically balanced and more stable long-term market, which is less vulnerable to swings in regional economies or other variations in demand."

SOURCE: Boeing

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