Boeing Projects Resilient Long-Term Commercial Airplane Market

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- Market for 29,000 new commercial airplanes valued at $3.2 trillion over next 20 years

- Demand globally remains strong for new, more efficient commercial airplanes in response to high fuel prices, aging fleets and environmental concerns.

LONDON, June 11 /PRNewswire-FirstCall/ -- Boeing (NYSE: BA) forecasts a $3.2 trillion market for new commercial airplanes over the next 20 years and takes into account the industry's near-term realities, including a global economic recession, declining passenger and cargo traffic, and unpredictable fuel prices. The Boeing 2009 Current Market Outlook (CMO), which was released in London today, foresees a market for 29,000 new commercial passenger and freighter airplanes by 2028.

The report, now in its 45th year of public release and widely regarded as the most comprehensive and respected analysis of the commercial aviation market, reflects the extremely dynamic situation the industry is facing today.

"While the commercial aviation industry is facing a significant downturn, it is cyclic and has a long history of declines and upturns," said Randy Tinseth, vice president Marketing, Boeing Commercial Airplanes. "Over the past 30 years, through both tough and good times, traffic growth has averaged more than 5 percent per year, demonstrating the resilience of the market. The long-term outlook points to the next 20 years as being a time in which we see fundamental underlying factors supporting a strong need for new airplanes."

Boeing analysis shows that over time, the commercial airplanes market will stabilize and economic growth will return. Boeing expects passenger traffic to grow at an average rate of 4.9 percent each year for the next 20 years. Demand globally remains strong for new, more efficient commercial airplanes in response to high fuel prices, aging fleets and environmental concerns. The U.S. and European markets will see more replacement airplanes as less-efficient jets are retired. Robust growth in China, the Middle East, India and other emerging markets with dynamic populations and growing incomes will lead toward a more balanced airplane demand worldwide.

Boeing predicts that airlines will grow by responding to their passengers' preference for more flight choices, lower fares and direct access to a wider range of destinations. This means that they will focus on offering more flights using more efficient airplanes, rather than on using significantly larger airplanes.

Single-aisle airplanes will have the largest market share (67 percent) by number of units, driven by the large European and North American domestic markets and growth in local markets in Asia Pacific.

Twin-aisle airplanes will have the largest market share by investment dollars, with 40 percent of demand coming from Asia Pacific and 23 percent from Europe.

The growing Asia Pacific region will command the largest market in both units and value with 31 percent (8,960) of the units and 36 percent of the value ($1.13 trillion). Air travel to, from and within the Asia Pacific region will grow from a 32 percent share of the world air travel market to 41 percent over the 20-year period.

Global Freighter Fleet Forecast Updated

The Boeing Current Market Outlook includes updated freighter forecast numbers, accompanying the highly detailed World Air Cargo Forecast, which is published in even-numbered years.

Boeing projects long-term global air cargo traffic to grow at an average annual rate of 5.4 percent over the next 20 years. In line with anticipated long-term trade growth, this will lead to overall cargo traffic nearly tripling over the period. A shift toward larger freighters and new, more efficient airplanes will help keep air cargo transport affordable.

This year's forecast reflects near-term contractions in both world industrial production and overall international trade. World air cargo traffic fell about 6 percent in 2008 compared to 2007 levels. An expected 11 percent drop in global industrial production likely will lead to a further cargo traffic reduction in 2009.

"Despite the near-term slowdown, we remain confident in the strength of the global air cargo market over the long haul," said Tinseth. "The air cargo industry is supported by sound fundamentals - the imperative for speed, consumer product innovation and global industrial interdependence are key drivers - and new air trade routes will expand service coverage."

During the forecast period, the world freighter fleet is expected to increase from 1,940 to 3,250 airplanes - an increase of two-thirds. This growth will require 2,760 freighters worth $170B at today's catalog prices.

Additions to the fleet will include 710 new-production freighters and 2,050 airplanes converted from passenger models.

Large (more than 88.2 tons/80 tonnes capacity) freighters will account for 490 new-build airplanes. Medium (44.1 to 88.2 tons/40 to 80 tonnes) freighters will total 210 airplanes.

Demand for new freighter airplanes is driven by gains in operational efficiency and reliability, improved environmental performance and response to regulations governing noise, emissions and aging airplanes.

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

- Regional Jets: 2,100 units ($70 billion) -- Declining segment as airlines "up-gauge" to single-aisles due to capacity, economic and environmental restraints.
- Single-Aisles: 19,460 units ($1.42 trillion) -- Largest segment by units
- Twin-Aisles: 6,700 units ($1.51 trillion) - Largest segment by investment
- Large: 740 units ($220 billion) - Mostly replacement demand

The report and a new feature, which provides an interactive database of forecast numbers, can be found at www.boeing.com/cmo.

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