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- Economic life of airplanes continues to hold steady

ORLANDO, Fla., March 11, 2013 /PRNewswire/ -- Boeing [NYSE:BA] said today that strong demand for its commercial airplanes and a healthy backlog are behind the company's decision to keep increasing production rates.

"The data tells us the market is strong and will continue to be strong. That's why we're confident as we raise our production rates," said Randy Tinseth, vice president of Marketing, Boeing Commercial Airplanes. "Supply and demand will continue to be in balance as we put more airplanes into the hands of our customers."

Tinseth spoke at the International Society of Transport Aircraft Trading (ISTAT) Americas conference in Orlando. He said passenger traffic is growing faster than capacity. Utilization rates and airline load factors are at historic levels. And Tinseth said airlines continue to replace their older, less fuel-efficient airplanes.

"All of these factors play into our decision to ramp up production in a methodical, deliberate way," said Tinseth. "We constantly pulse the market to make sure we're exactly where we need to be."

Boeing's 737 program is currently in the process of increasing its production rate to 38 airplanes per month and will go to 42 per month in the first half of 2014. The 777 program just ramped up production to a record high 8.3 airplanes per month (100 per year) and the 787 program plans to increase its current 5 per month rate to 10 per month by the end of this year.

Tinseth also said industry data shows the economic life of airplanes continues to hold steady.

"We've done an exhaustive analysis of the data. Everything tells us that airplanes are long-lived assets and continue to be good investments."

[Tinseth pointed to new Boeing research indicating that, despite the use of various definitions of the subject, no fundamental changes have been observed in the economic life of aircraft.](#)

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