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## Forecast for business jets: record growth

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Buoyed by strong international sales and new models, the business jet industry is expected to continue to soar, according to a forecast released Sunday evening.

Business jetmakers are expected to ship more than 1,300 jets next year and 14,000 new planes in the 11-year period from 2007 to 2017, according to Honeywell Aerospace's forecast. A record delivery pace is expected to continue into 2009, it said.

"Industry growth has moved into unparalleled territory," Rob Wilson, president of Honeywell's business and general aviation division, said.

Those orders are vital to Wichita, where tens of thousands of people are employed by the general aviation industry.

Cessna Aircraft, Hawker Beechcraft Corp. and Bombardier Aerospace's Learjet plant in Wichita deliver 36 percent of all general aviation aircraft built worldwide.

Honeywell released its 16th annual Business Aviation Outlook in Atlanta, where the National Business Aviation Association's annual convention will begin on Tuesday.

The forecast was shaped by interviews with more than 1,500 corporate flight departments, information from aircraft manufacturers and industry sources, and Honeywell's analysis of the impact of various economic indicators on industry demand trends.

"These are the good old days," said Brad Hatt, president of commercial sales at Hawker Beechcraft.

Forecast International, which released its own forecast last week, also predicted a continued booming market for business jet manufacturers.

Demand will be spurred by new aircraft models, an exodus of business travelers from commercial airlines and lowered barriers to private jet travel through jet cards and fractional ownership programs, the two forecasts said.

Forecast International projects demand for 14,979 business jets worth \$192 billion from 2007 through 2016. The forecast included demand for 5,783 very light jets during that time, accounting for 39 percent of all planes shipped.

This is the fourth year of industry expansion since the last aviation downturn bottomed out in 2003. So far this year, the number of business jets delivered is up 11 percent compared to the same time a year ago, and sales are up about 12 percent, Honeywell said.

Honeywell predicts planemakers will deliver a record 1,000 new business jets this year, up from 861 in 2006.

According to Honeywell, survey respondents said they expect to replace or expand about 33 percent of their fleets in the next five years. That's up from 26 percent last year.

### International success

Orders, especially those from outside the U.S., remain robust. International sales account for about 50 percent of new aircraft orders.

International orders have risen more than 100 percent this year, and planemakers are booking those orders at about twice the pace of deliveries, it said.

"International is hot," said Hatt of Hawker Beechcraft.

The strength of the Euro against the dollar, increased wealth and business expansion in Eastern Europe and Russia are helping drive sales. And Asia, Africa and the Middle East rank as the areas with the highest purchase expectations, the forecast said.

### **Possible clouds ahead**

Not all is blue skies, however.

Demand in North America has cooled amid some signs of market saturation. But this has been offset by robust demand from other areas of the world.

When the current aviation upcycle turns down -- and it will, said Hatt -- he doesn't think it will be as deep or as long as previous downturns.

Robust demand has also caused capacity bottlenecks for some manufacturers, Forecast International said. To deal with it, some companies are expanding facilities or adding approved completion centers.

Others may keep older models in production a little longer than planned to get aircraft to customers who can't wait for new models.

### **Other forecast findings**

Other findings in Honeywell's forecast include:

- Medium and medium-large aircraft -- such as the Citation Sovereign, Hawker 900XP, 850XP and 4000, Learjet 60 and Citation X -- will account for about 25 percent of projected demand through 2012.
- Light and light-medium aircraft -- such as the Citation Bravo, Encore-Plus, CJ3, XLS, Lear 40, 45 and 45XR, Hawker 400XP and 760 -- will make up about 19 percent of the projected five-year demand.
- Long and ultra-long range aircraft -- such as the Global Express, Global 5000, Gulfstream G450, G50 and G550 -- will account for about 26 percent of the demand.
- Deliveries of very light jets -- such as the Citation Mustang, CJ1-Plus, CJ2-Plus, Premier I, HondaJet and Embraer Phenom 100 -- should exceed 3,300 during 2007 to 2017.

The forecast doesn't include personal jets such as the Eclipse 500, Adam 700, Diamond Jet and Cirrus.

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