

ACMG Releases Fifth Annual Twenty-Year Freighter Aircraft Forecast

SEATTLE, WASHINGTON (May 5, 2010) – Seattle-based Air Cargo Management Group (ACMG) has just released the 2010 edition of its annual Twenty-Year Freighter Aircraft Forecast.

This year's report contains three separate forecasts in recognition of the ongoing debate regarding how air freight demand will grow over the long term after the recession which depressed the market beginning in the fourth quarter of 2008. Fortunately, the situation improved steadily from mid-2009, including a stronger than expected fourth quarter peak season. "To the surprise of most observers we find that air cargo traffic levels entering the second quarter of 2010 have nearly returned to their 2007 peak," said Robert Dahl, ACMG's Managing Director and lead consultant on the freighter forecast project.

Despite such positive developments it is important to recognize that the industry has lost three years of growth, and there is considerable concern about future traffic levels. Optimists suggest that the air freight industry is set to resume its historic 6% annual growth rate, although many observers question such an assumption, saying that the market has matured to the point that traffic is unlikely to increase much faster than global GDP growth (estimated to average 3.0-3.5% per year going forward).

"Given uncertainty regarding future growth in air freight demand, ACMG this year examined three growth scenarios, and developed separate freighter forecasts for each," Dahl said. "Our 'high-growth' case is based on 6% annual growth in air freight demand, while our 'low-growth' case assumes 3% annual growth." The former matches the industry's historic growth level, while the latter case would be consistent with a mature market. While most would agree that the air freight industry is approaching maturity, the jury is still out as to whether we have reached the mature phase. Accordingly, ACMG also examined a scenario which assumes growth during the first years of the forecast period comes in at 6% per year, but that the growth rate gradually falls to a level of 3% in the final years of the 20-year period.

"In all three cases the freighter fleet begins with a global fleet of 1,560 units, a total that is down about 13% from a peak of 1,800 units in 2007," Dahl noted. Under high growth scenario the freighter fleet will grow to nearly 3,900 units at the end of 2029 (see bar chart). Widebody models are expected to increase their share of the total fleet in continuation of a trend that has been evident for several years.

Taking into account growth requirements, and the need to replace a significant number of existing freighters that will be retired, there will be a need for 3,399 freighters over the next twenty years. ACMG predicts that 1,030 will be production freighters (mostly large capacity widebodies), while nearly 2,400 will be P-to-F conversions (split about 60:40 between narrowbody and widebody types).

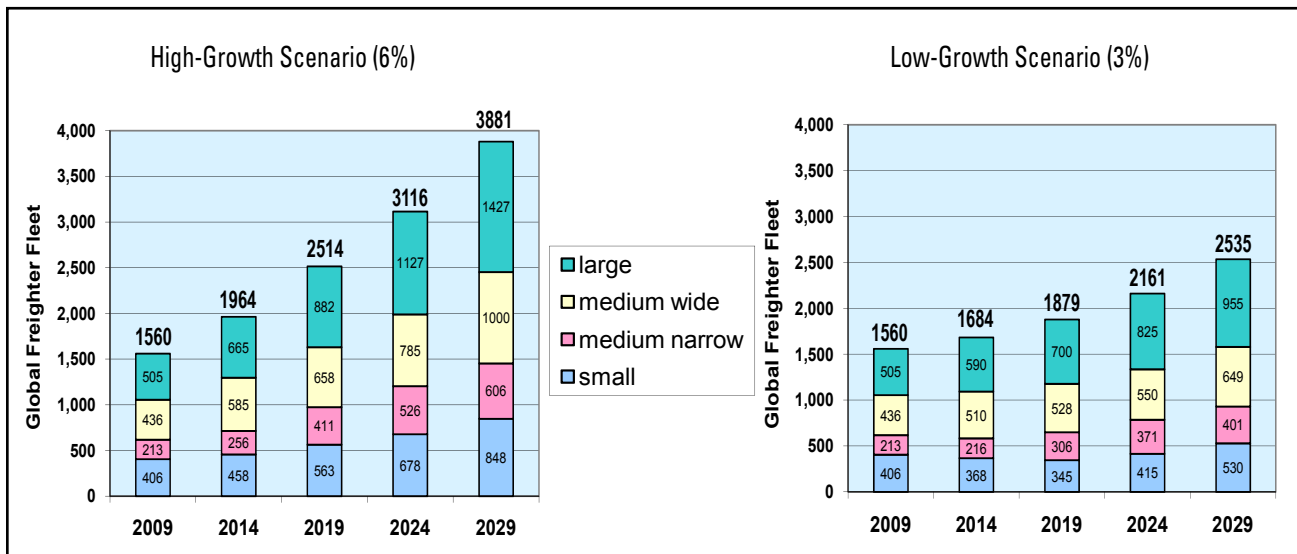
Under the low-growth scenario the freighter fleet expands significantly, but to a lesser degree consistent with a growth rate that is 50% lower than in the high-growth case (3% per annum versus 6%). The low-growth fleet total in 2029 is 2,535 units of all sizes, indicating the need for roughly 2,300 freighters to meet growth and replacement needs (see bar chart). The variable-growth scenario, not shown, falls between the other two cases, predicting a global freighter fleet of 3,111 units in 2029, and the need for 2,800 freighters for growth and replacement.



Carrying on from where most forecasts leave off, ACMG’s 50-page in-depth analysis of the current and future freighter aircraft market includes:

- Forecasts of freighter aircraft requirements on a model-by-model basis in five-year increments through 2029 for the high-growth, low-growth and variable-growth scenarios.
- Analysis/commentary on nineteen aircraft types that will dominate the future freighter market, including the new 777F, 747-8F and A330-200F types.
- A summary of the production status, performance characteristics, conversion program availability, and main attributes determining the suitability of each model as a freighter candidate.
- A discussion of new-build freighter aircraft and aircraft converted from passenger-to-freighter configuration, along with an assessment of the retirement of existing freighters.
- This year’s report also takes into account that there are a significant number of high quality parked freighter (mostly 747-400Fs and MD-11Fs) that will return to service soon assuming the on-going recovery continues.

Containing information previously available only through individual client-directed studies, the ACMG Freighter Aircraft Forecast is an indispensable strategic planning tool for air freight industry leaders, aircraft manufacturers, maintenance and conversion specialists, investment fund managers, aircraft lessors, analysts and consultants. The forecast is released in support of the company’s annual Workshop on Air Cargo, Express and Freighter Aircraft held each April in Seattle.



Source: ACMG

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To obtain more information or to enquire about multiple-copy pricing, visit our website at www.acmgreports.com or contact Robert Dahl at 1-206-587-6537 or rdahl@cargofacts.com.

Founded in 1978, ACMG is a specialized aviation consulting firm, which focuses on freighter aircraft and all aspects of the worldwide air freight and express industry. ACMG is owned by New York-based Royal Media Group, a leading information services media company.