

Sales of business jets reach a peak

THE TEAL Group is predicting that the corporate jets market will be worth around \$53 billion over the next 10 years, according to its recently released forecast of production.

More than 4,000 aircraft will be ordered in the period, says the forecast. The Fairfax, Virginia-based market analysts estimate that "...this year and next represent the peak of the market". Business jet deliveries will total 485 aircraft worth \$6.7 billion this year, followed by 487 aircraft deliveries, valued at \$6.8 billion in 1999.

"After spending the late 1980s and early 1990s in the doldrums, the business jet market is now in the middle of a terrific growth spurt," says Teal's lead analyst Richard Aboulafia.

Sales are predicted to drop after 1999, but are not expected to reach the recessionary levels of 1987-1996. "Still, the worst years of our forecast period [1998-2007] will be better than any of the past 10 years, except 1997," adds Aboulafia.

Bombardier will lead its rivals in terms of market share, closely followed by Gulfstream, Cessna and Dassault. Raytheon will be a distant fifth. Teal says that Gulfstream is likely to be acquired by either Raytheon or Textron in the next decade if the asking price is lowered, although both companies have strongly renounced their interest in any takeover.

Notably, Teal predicts that Raytheon's market share, which now stands at 6.4% (excluding Beech King Air deliveries), "...will be restricted to 9.2% over the next decade, despite the launch of the Hawker Horizon and Premier business jets", compared with the 15.2% share between 1988-1997.

"The lack of a high-end model makes the company the most likely buyer of Gulfstream, which would transform the market, giving Raytheon over 30%," the study concedes. Teal adds, however, that US-based manufacturers, Galaxy Aerospace and Sino Swearingen, could be acquired by Bombardier, which is keen to add a super mid-sized and light-jet business aircraft to its line-up. □



The BBJ made its maiden flight on 4 September

Boeing reveals BBJ centres

BOEING HAS revealed the five completion centres for its Boeing Business Jet (BBJ) as the first aircraft made its maiden flight from Renton, Washington, on 4 September.

Completion of the "green" BBJ airframes will take place at Jet Aviation, Lufthansa Technik, Associated in Dallas, Raytheon in Waco, Texas and the Jet Center in Van Nuys, California - a recent purchase by General Electric. "We are now covered for 24 aircraft per year, but we see potential production at more than two per month, and in 1999 we will deliver 26," says

BBJ president Borge Boeskov. Other than the initial BBJs involved in the flight test effort, all aircraft will be built at the newly announced Next Generation 737 line at Long Beach, California.

Once assembled, the aircraft will be delivered to PATS in Georgetown, Delaware, for installation of long-range auxiliary fuel tanks, before delivery to a completion centre.

Flight tests of the Aviation Partners-designed winglets have meanwhile shown "significant" performance benefits, according to Boeskov. "We are very pleased, and it will be between 5% and 7%

depending on how it gets tuned out with the extra structure we will have to build into the wing. For an aircraft that is designed to fly 14 hours, that is a huge deal," he says

Production winglets will be installed on BBJs from the first quarter of 1999 onwards, though a development version may appear on the prototype when it is displayed at the National Business Aviation Association (NBAA) meeting in Las Vegas, Nevada, next month. Meanwhile, BBJ sales stand at 35 aircraft, with the promise of further orders to be announced at NBAA. □

Gulfstream and GATX team for short lease offer

GULFSTREAM Aerospace and GATX Capital have formed a joint venture to make the Gulfstream IV-SP and V business jets available on short-term operating lease. The venture has agreed to purchase five GVs and one GIV for \$210 million and has taken options on three more of each.

Unlike the company's existing Gulfstream Shares fractional-ownership scheme, the new Gulfstream Lease programme will allow access to an aircraft with no capital investment. Lease terms ranging from two to five years will be available.

Gulfstream Aircraft president Bill Boisture says the lease programme is "...conservatively sized initially and could grow substan-

tially". The first six aircraft are scheduled to be delivered between 1999 and 2001, and the option aircraft between 2001 and 2004. The venture "...could absorb them faster, but it is a big commitment", he points out.

Gulfstream GATX Leasing will be 85% owned by GATX and 15% by the business jet manufacturer. GATX, which is the world's fourth largest aircraft lessor, will handle account management while Gulfstream will tackle marketing, sales and maintenance.

The manufacturer will offer to operate aircraft on behalf of lessees under its Gulfstream Management programme.

Boisture expects availability of short-term leases to expand the

market for Gulfstreams, in the same way that fractional ownership has made its aircraft affordable to a wider range of buyers. There are now 19 GIVs in the Gulfstream Shares programme operated by Executive Jet, which has just ordered three more to replace used aircraft in the company-owned core fleet. This takes orders for Gulfstream Shares to 30 GIVs, plus two GVs.

A further 12 GIVs have been sold to Middle East investors to expand the fractional-ownership programme into that region. The first aircraft will be delivered to Gulfstream's completion centre later this month and is scheduled to enter service in the first quarter of 1999, says Boisture. □