Parked Fleet Update

Parked competitive fleet at 11.3%; parked freighters remain near recent highs

Industry Overview

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Equity
Americas
Aerospace

Ronald J. Epstein
Research Analyst
BofAS
+1 646 855 5695
r.epstein@bofa.com

Mariana Perez Mora
Research Analyst
BofAS
+1 646 855 5696
mariana.perezmora@bofa.com

Andre Madrid
Research Analyst
BofAS
+1 646 725 3107
andre.madrid@bofa.com

Jordan Lyonnais
Research Analyst
BofAS
+1 646 855 5204
jordan.lyonnais@bofa.com

Samantha Stiroh
Research Analyst
BofAS
+1 646 855 5725
samantha.stiroh@bofa.com

Parked competitive fleet at 11.3%, vs. 7.8% in 2019

As of 14 January 2024, the parked competitive fleet was 11.3% of total fleet, still significantly above 2019 pre-pandemic levels of 7.8%. We see significant improvement from mid-April 2020 peak of 61.7% and since January 2023 of 15.9%. While the negative impacts from the pandemic were softer on freighters vs. the passenger fleet, parked freighters have increased considerably in recent months. Parked freighter fleet was 15.3% of total freighter fleet as of January 2024 vs. 12.6% on January 2023.

Parked narrowbodies at 8.5%, vs. 5.9% in 2019

The parked narrowbody fleet was 8.5%, down 3.4ppt Y/Y and 54.1ppt below April 2020 peak of 62.6%, but above 2019 levels of 5.9%. Narrowbodies continue to experience a faster recovery than widebodies, as domestic travel has already demonstrated that it is returning sooner and faster than international travel.

Parked widebodies at 11.8%, vs. 7.3% in 2019

The parked widebody fleet was 11.8%, above 2019 levels of 7.3% but 54ppt below the April 2020 record of 61.6%. Widebody parked fleet levels remain under pressure, driven by continued international travel and border restrictions as well as increasing recession risks. However, we have seen modest improvement since the beginning of 2022, from 1,376 parked aircrafts to 716 in January 2024. Additionally, we note that although Boeing 787 parked levels are higher than pre-pandemic levels, they remain lower than other WB, driven by its flexibility even for domestic operations.

Parked 70-120 seaters at 13.6%, versus 7.5% in 2019

The parked regional jets fleet was 13.6%, above 2019 levels of 7.5% but down 5.1ppt Y/Y and 42.1ppt below April 2020 peak of 55.7%. Prior to COVID-19, the 70- to 120-seater competitive parked fleet was trending to 7% levels after bottoming in September 2018 (3)%.

Oversupply? Parked freighters at 15.3%, up 2.7ppt Y/Y

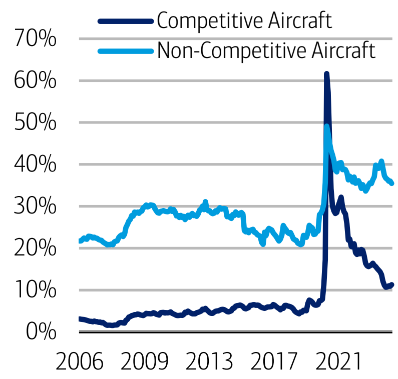
The parked freighters fleet remains near recent highs at 15.3%, up 2.7ppt Y/Y, 8.2ppt vs. 2019 levels, and 6.2ppt since the COVID peak in April 2020 of 9.1%. Parked freighter LTM average levels have exhibited a downward trend since the April 2010 peak level of 24.4% but have increased in the last year. LTM parked freighters rose to 15.5% of the total freighter fleet in January and have increased from 175 to 416 parked aircraft since the beginning of 2022. As mentioned in our recent note on parked freighters, we believe that this implies slowing consumer demand and, more broadly, a slowdown in the global economy. We are increasingly worried that there is an oversupply of freighters in the market.

Full-year 2023 aircraft retirements increased 15% Y/Y

Total 2023 retirements were 400, vs. 347 in 2022. As of 14 January 2024, there have been 10 retirements YTD. We note that airlines expect to retire an additional 187 aircraft in 2024, according to Cirium. See Exhibit 27.

Exhibit 1: Parked Fleet as of Total Fleet

Parked comp fleet was 11.3% of total fleet as of January 14,2024



Source: BofA Global Research, Cirium

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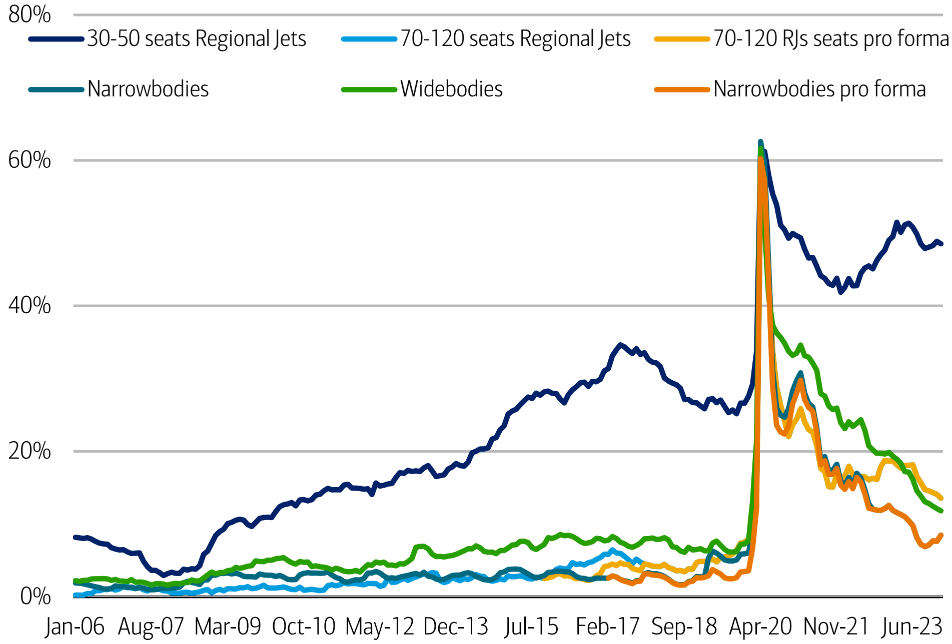
LTM: last 12 months
NB: narrowbody
ppt: percentage point
RJ: regional jet
vs.: versus
WB: widebody

Parked Competitive Jets

Exhibit 2: Parked Competitive Jets as of Total Fleet
Significant improvement from mid-April 2020 peak of 61.7%



Source: BofA Global Research, Cirium

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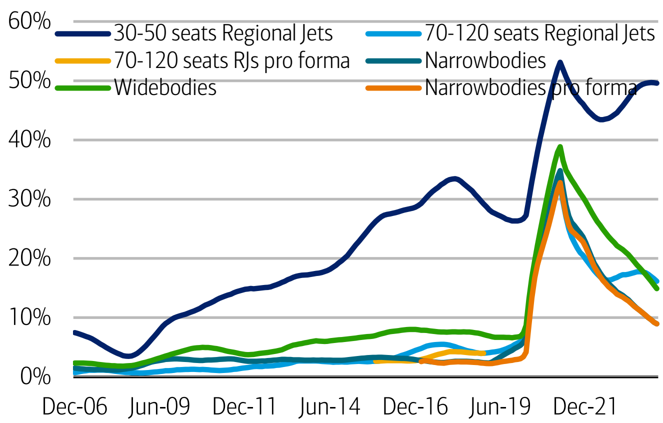
Exhibit 3: Parked Competitive Jets as of Total Fleet
Narrowbodies showed faster recovery, LTM average



Source: BofA Global Research, Cirium

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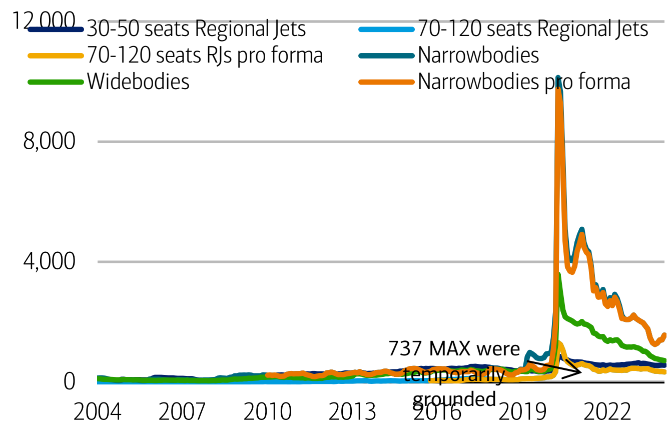
Exhibit 4: Parked Competitive Jets
COVID impacts on parked aircraft levels are unprecedented



Source: BofA Global Research, Cirium

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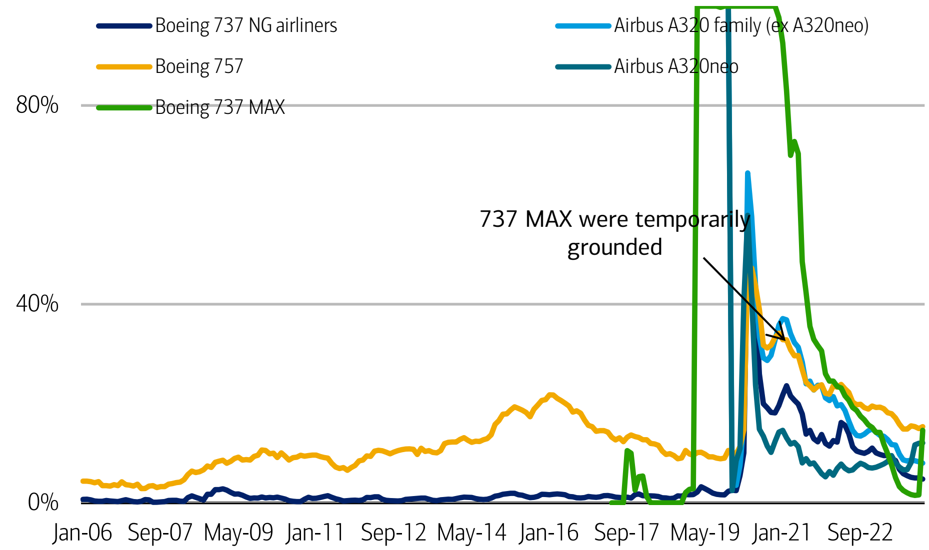
Parked Narrowbodies

Exhibit 5: Parked Competitive Narrowbodies as of Total Fleet
The 737 MAX fleet is returning to service



Source: BofA Global Research, Cirium

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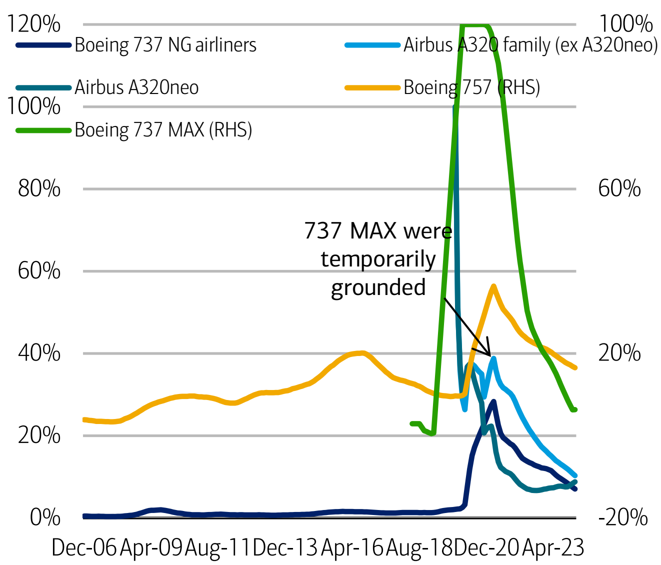
Exhibit 6: Parked Competitive Narrowbodies as of Total Fleet
Parked narrowbody levels still higher than pre-COVID, LTM



Source: BofA Global Research, Cirium

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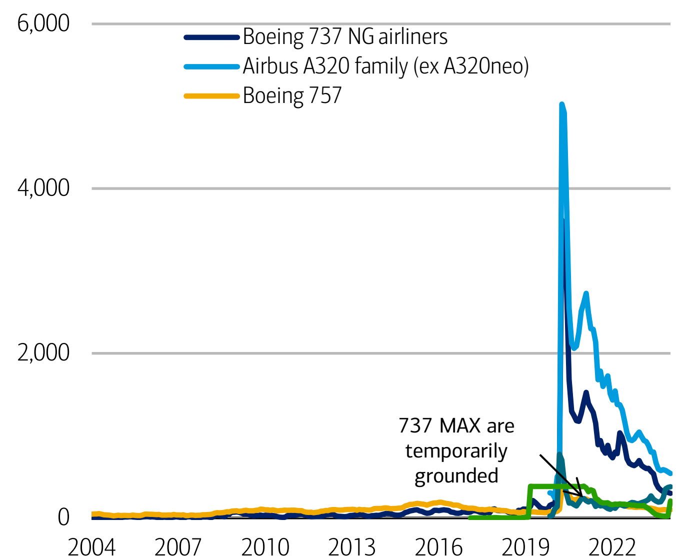
Exhibit 7: Parked Competitive Narrowbodies
Parked NBs slightly increased in early 2021



Source: BofA Global Research, Cirium

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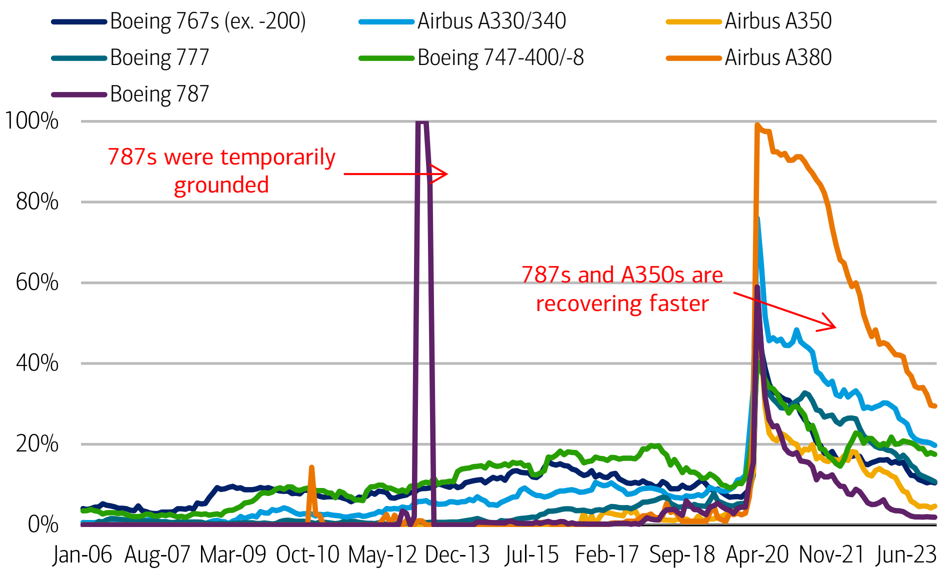
Parked Widebodies

Exhibit 8: Parked Competitive Widebodies as of Total Fleet
Parked widebodies were 11.8%, versus 7.3% in 2019



Source: BofA Global Research, Cirium

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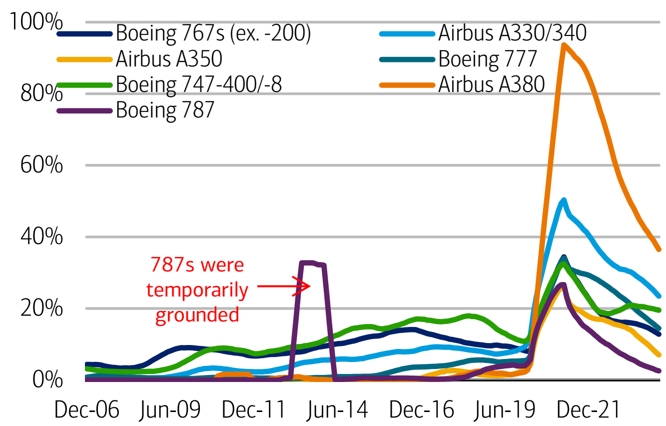
Exhibit 9: Parked Competitive Widebodies as of Total Fleet
A380 shows slowest recovery, LTM average



Source: BofA Global Research, Cirium

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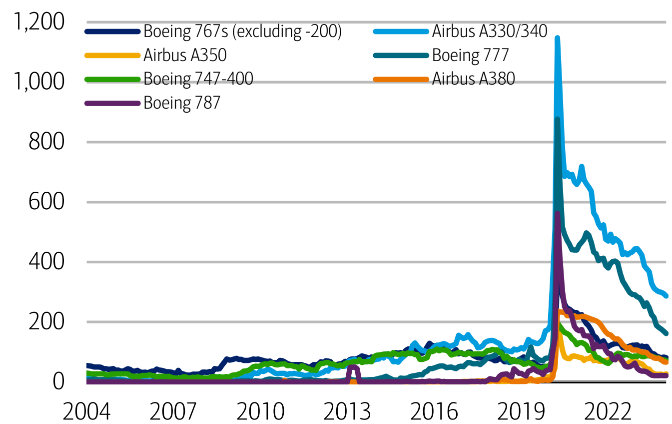
Exhibit 10: Parked Competitive Widebodies
WBs remain under significant pressure



Source: BofA Global Research, Cirium

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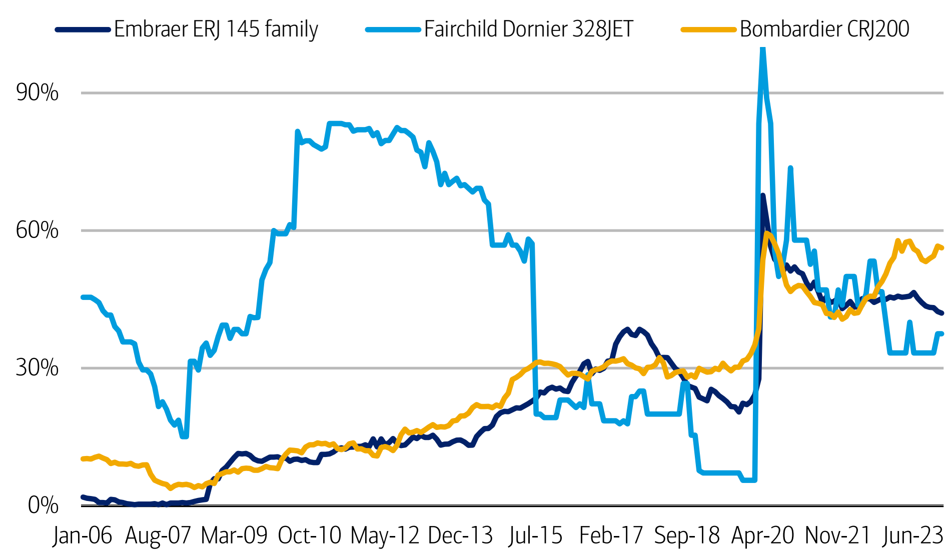
Parked Regional Jets

Competitive 30-50 Seats Regional Jets

Exhibit 11: Parked Competitive 30-50 seats Regional Jets as of Total Fleet
Parked Competitive 30-to-50-seat Regional Jets were 48.5%, vs. 26.6% in 2019



Source: BofA Global Research, Cirium

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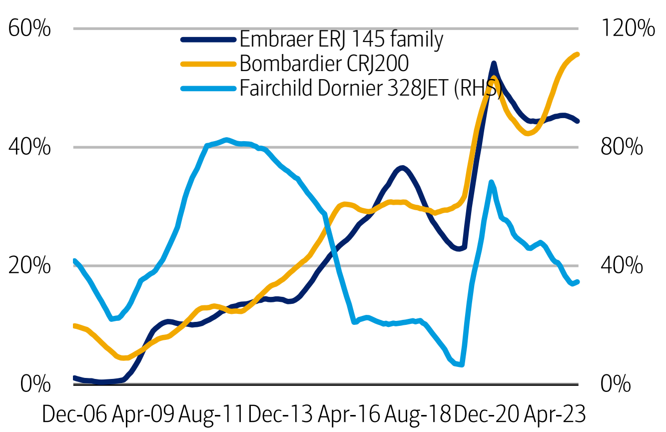
Exhibit 12: Parked Competitive 30-50 seats Regional Jets as of Total Fleet
Parked ERJ 145 family and Bombardier CRJ200 show slower recovery after higher peak in mid-April 2020, LTM



Source: BofA Global Research, Cirium

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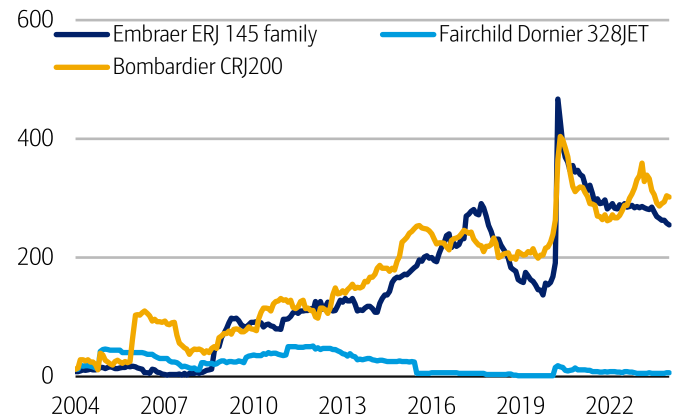
Exhibit 13: Parked Competitive 30-50 seats Regional Jets
ERJ 145 and CRJ200 parked levels were already increasing prior to COVID



Source: BofA Global Research, Cirium

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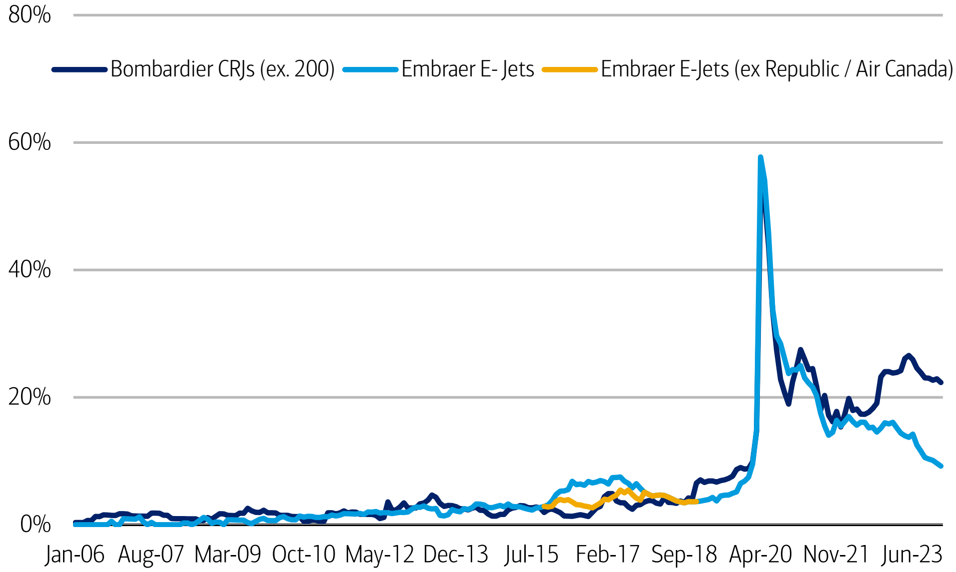
Competitive 70-120 Seats Regional Jets

Exhibit 14: Parked Competitive 30-50 seats Regional Jets as of Total Fleet
Parked Regional Jets are significantly above pre-pandemic levels



Source: BofA Global Research, Cirium

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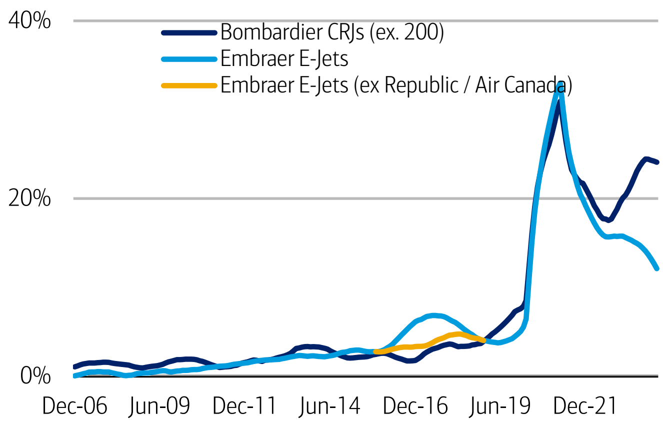
Exhibit 15: Parked Competitive 70-120 seats Regional Jets as of Total Fleet
The 70-120-seat competitive parked fleet was trending to 7% levels prior to COVID



Source: BofA Global Research, Cirium

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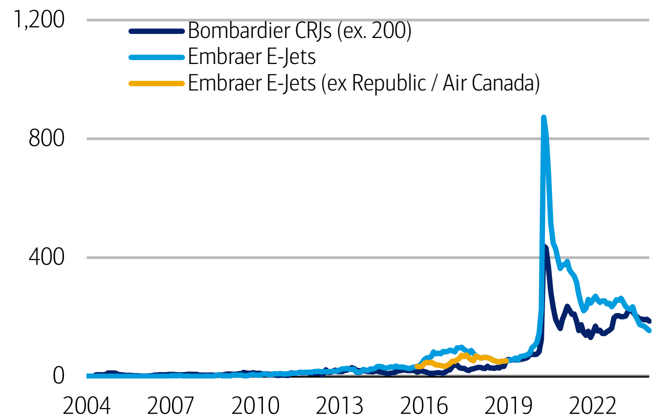
Exhibit 16: Parked Competitive 70-120 seats Regional Jets
Parked RJ levels ticked up in early 2021



Source: BofA Global Research, Cirium

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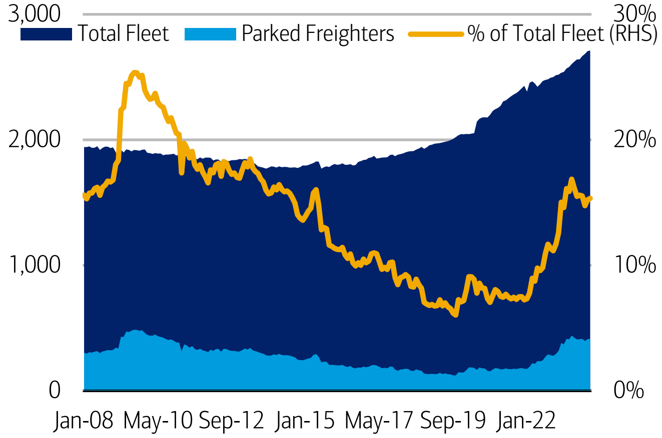
Parked Freighters

Exhibit 17: Parked Freighters as of Total Fleet
Parked freighters fleet was 15.3% as of January 2024



Source: BofA Global Research, Cirium

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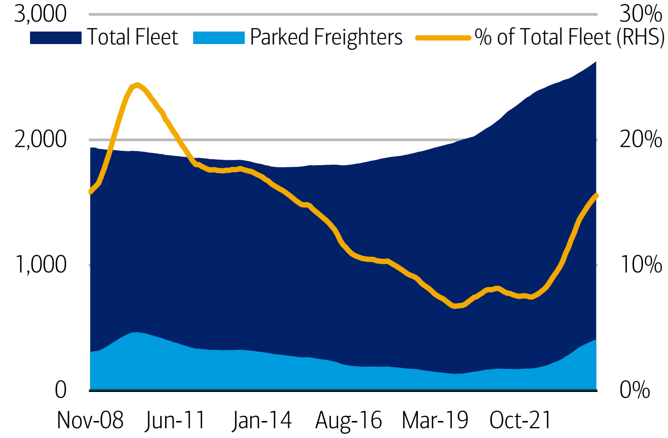
Exhibit 18: Parked Freighters as of Total Fleet
Parked freighters fleet LTM average was 15.5% as of January 2024



Source: BofA Global Research, Cirium

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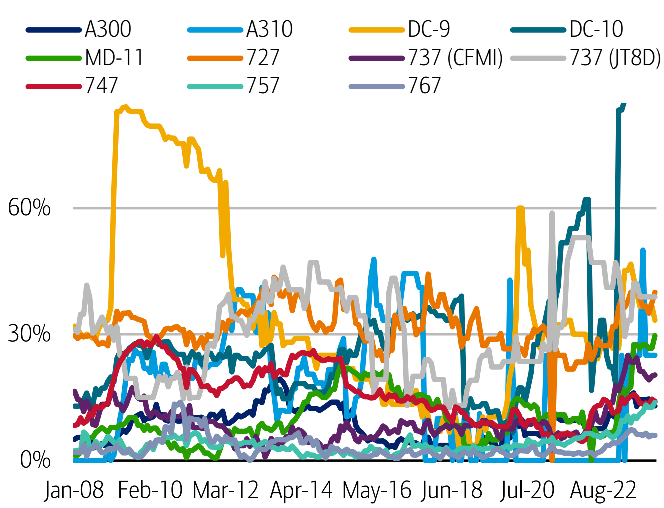
Exhibit 19: Parked Freighters as of Total Fleet by Aircraft Type
DC-10 parked freighters increased M/M



Source: BofA Global Research, Cirium
Note: Selected aircraft types

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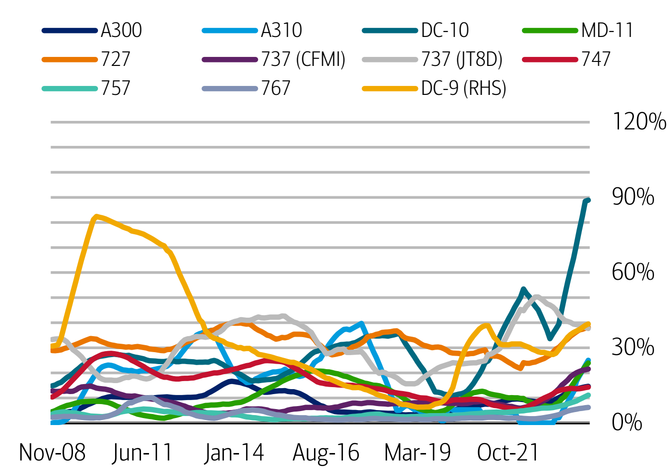
Exhibit 20: Parked Freighters as of Total Fleet by Aircraft Type
Parked DC-10 average was 88% as of January 24



Source: BofA Global Research, Cirium
Note: Selected aircraft types

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Parked fleet by region

Africa has the highest parked fleet levels as of January 2024

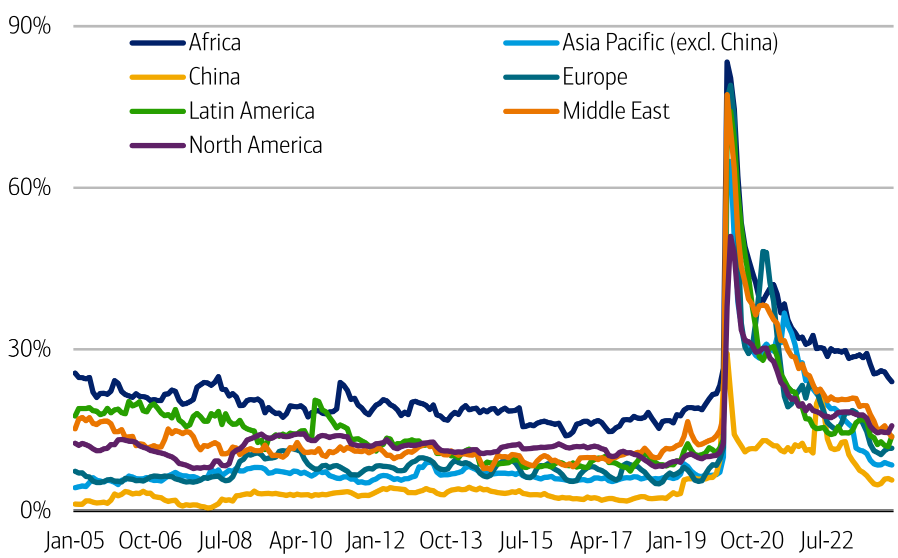
As of 14 January 2024, Africa´s parked fleet was at 24.0%, the highest vs. other selected regions. Parked fleet levels in Africa peaked at 83.3% of total fleet in March 2020. According to Cirium, the least pressured regions as of January 2024 were Asia Pacific (8.5% of total fleet) and Europe (11.6% of total fleet).

As of January, China's parked fleet represented 5.7% of China's total fleet, down 5ppt Y/Y. Parked fleet levels in China peaked at 29.3% in March 2020 but quickly declined by May 2020 to 14.2%. As a point of comparison, North America peaked at 51.0% in April 2020 and in May 2020 remained elevated at 47.6%. Every other region peaked above 65% in 2020. We note that the percentage of China's fleet that is parked trailed the rest of the world by 8.6 percentage points on average from January 2005 to December 2019. As of January, this was 7.1 percentage points, likely driven by the higher dependency on leased aircraft (i.e., lessors less likely to have parked aircraft and more likely to move aircraft around), the growth in China's economy with demand relatively outpacing supply of aircraft, and significant air traffic tailwinds from China.

Latin American parked fleet levels increased in recent months and reached 16.5% in June 2023. However, parked fleet levels decreased to 13.8% in January 2024. Prior peak was in early 2021 (30.5% in April 2021) mainly due to the emergence of new virus variants. Parked aircraft levels are below the early 2020 peaks but remain well above historical levels. See Exhibit 21. As of January, North America's parked fleet as a percentage of total fleet was 15.8% (vs. 51.0% peak in April 2020), while the Asia Pacific (excluding China) parked aircraft level was 11.6% (vs. 79% peak in April 2020).

Exhibit 21: Parked fleet as of total fleet by region

Africa has the highest parked fleet level as of January 2024



Source: BofA Global Research, Cirium

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Aircraft retirements

2024 YTD: 10 retirements

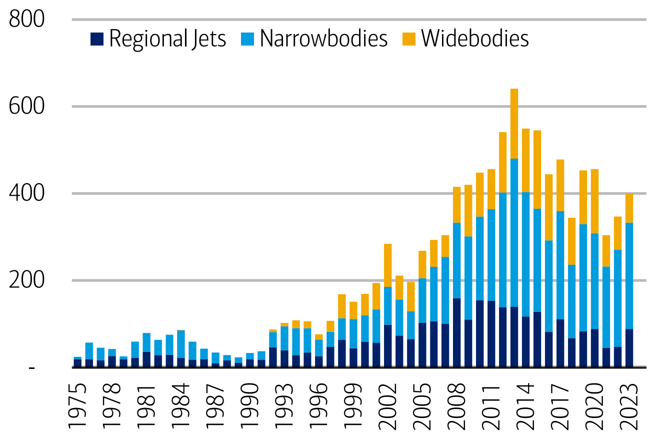
As of January 14, 2024, there have been 10 retirements YTD. We note that airlines expect to retire an additional 187 aircraft in 2024, according to Cirium. See Exhibit 27. Cirium accounts for retirements with a certain lag, as most retirements are not reported immediately when occurred. Therefore, we would be cautious when making YTD Y/Y comparisons.

Full-year 2023 aircraft retirements increased 15% Y/Y

In full-year 2023, aircraft retirements increased 15% Y/Y to 400 from 347 aircraft in 2022, according to Cirium. The most significant retirements in 2023 included 125 A319/A320s, 92 737s, 29 A330/A340s, and 64 Bombardier CRJs. In full-year 2022, aircraft retirements increased 14% Y/Y to 347 from 304 aircraft in 2021.

Exhibit 22: Retirements by Aircraft Size

Aircraft retirements increased 15% Y/Y in 2023



Source: BofA Global Research, Cirium

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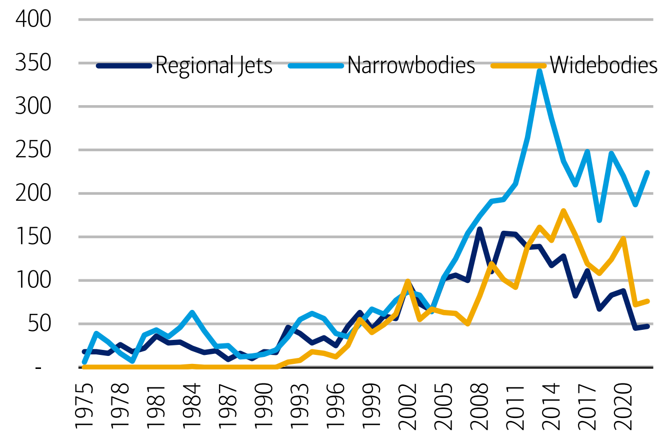
Exhibit 23: Retirements by Aircraft Size

Retirements increased for NB and RJ but declined for WB in 2023



Source: BofA Global Research, Cirium

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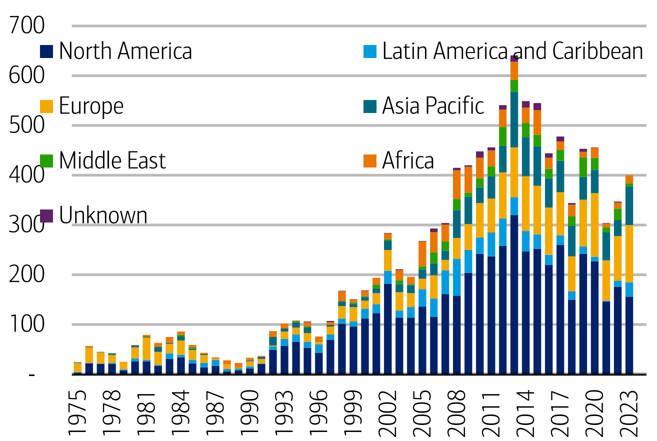
Exhibit 24: Retirements by Region

400 aircraft were retired in 2022



Source: BofA Global Research, Cirium

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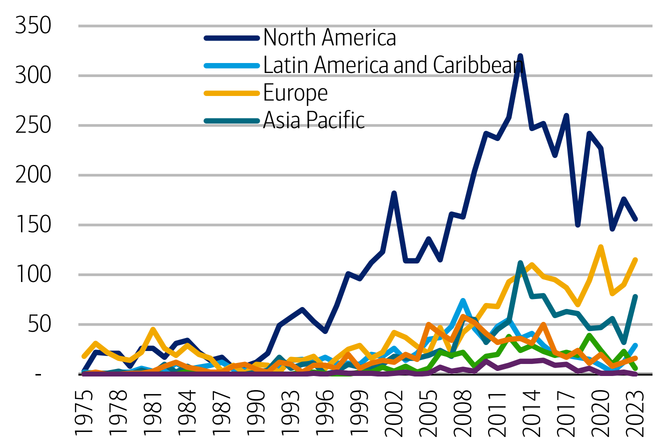
Exhibit 25: Retirements by Region

North America had the highest retirements in 2023



Source: BofA Global Research, Cirium

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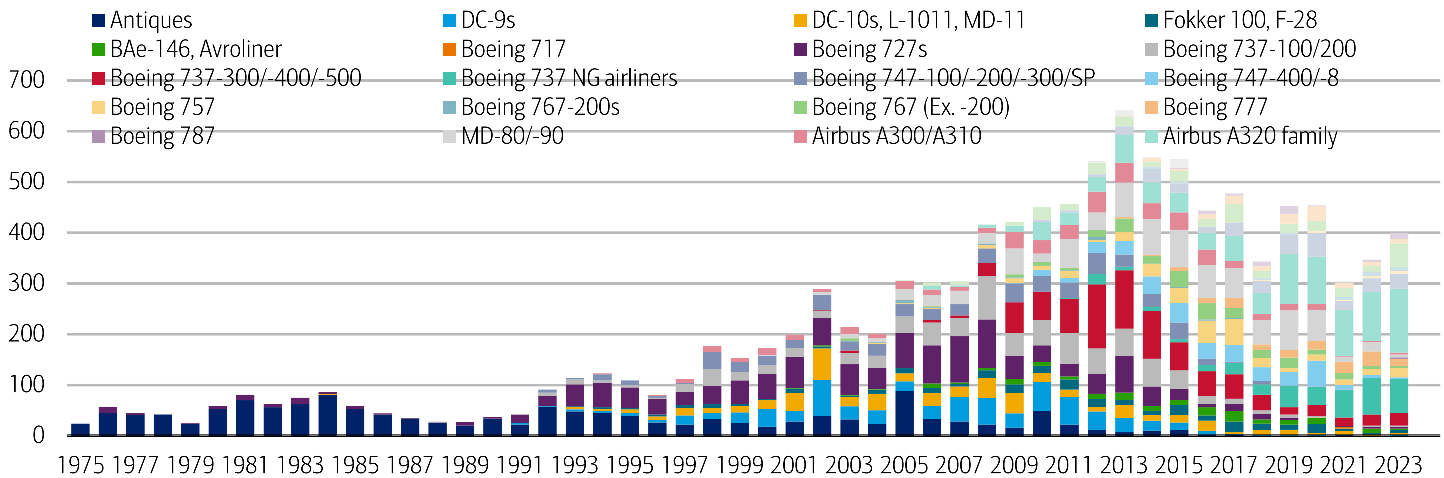
Exhibit 26: Retirements by Aircraft Type
Retirements in 2024 YTD include 10 aircraft



Source: BofA Global Research, Cirium

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Exhibit 27: Retirements in 2024 vs. same period in 2023
Operators retired 10 aircraft YTD in 2024 and plan 187 additional retirements this year

	Retirements 2024 YTD	Scheduled to be retired in 2024	Total 2024	Retirements in same period of 2023
727		2	2	
747		6	6	
757		4	4	
767		4	4	
777		1	1	
787				
737 (CFMI)	1	13	14	
737 (JT8D)				
737 NG		27	27	1
A300				
A310				
A318		2	2	1
A319		24	24	4
A320	8	38	46	2
A321		3	3	
A330		8	8	
A340		4	4	
A350		2	2	
A380		2	2	
Bae 146		2	2	
CRJ100/200		9	9	
CRJ900/1000		2	2	
DC-9/10		2	2	
Dornier 328JET		4	4	
E170/190		3	3	
E-135		1	1	
ERJ-140		1	1	
ERJ-145				
Fokker F.28				
Fokker 100	1	3	4	
MD-11		10	10	
MD-80		11	11	
MD-90				
RJ		1	1	
Grand Total	10	187	197	8

Source: BofA Global Research, Cirium

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