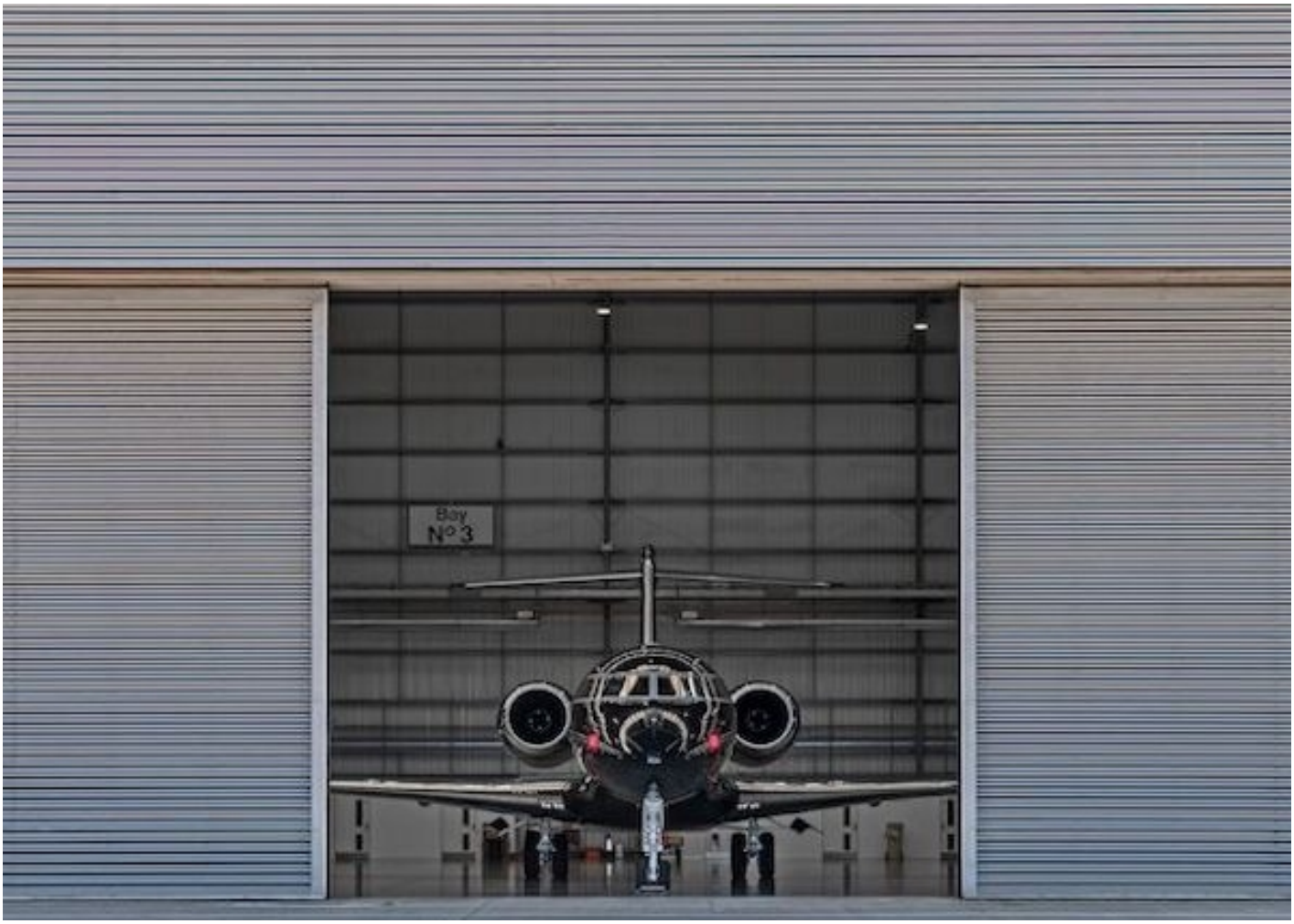
PERSPECTIVE ON THE BUSINESS AVIATION MARKET 2023: COMPLETION & DESIGN - ALTEA

News / Business aviation



ALTEA knows aircraft inside and out. The organisation is retained by those who want fresh thinking secured by experience in asset management; procurement and sales; financial solutions and design. Team member, Robin Dunlop who is responsible for completions and design shares his views that OEMs will lead the way as the industry looks ahead to 2023.

Robin Dunlop, ALTEA Partner, commented: “Last January the completion and design sector had high hopes. As we emerged from the global pandemic and Boeing’s BBJ MAX’s technical challenges were resolved, we all expected some normality would return. Then the Russian invasion of Ukraine provoked energy price hikes, rising commodity prices, and alarming inflation.”

So how has the completion and design sector of the industry fared?

Airbus ACJ has pushed ahead with orders on its ACJ220. Last year ALTEA predicted this to be a landmark niche product for the future of ACJ and so it has proven. In January, ACJ took an order of 22 A220s including two ACJ220 for the Florida-based lessor, Azorra. It has created a dedicated

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TwoTwenty studio in Toulouse HQ for customers to review, customise, and select their own Airbus flying real-estate. FIVE, the Dubai-based Group are expecting their completed ACJ220 aircraft to be re-delivered early this new year. “These orders, along with the re-delivery of a completed ACJ319 neo in July, indicate that the green shoots of a return to a buoyant ACJ completion market look set to grow through 2023 and 2024,” affirms Dunlop.

Boeing BBJ has bounced back from the challenges of the MAX with four orders and one completed delivery last year. According to Dunlop this is not representative of a bumper year by a long stretch, however Boeing will focus their efforts where they know the Boeing brand is strong and the market has an appetite he says. “That market being the Middle East, home to 25% of the world’s bizliner fleet, or 98 aircraft. These aircraft are part of an ageing fleet and several operators will be looking at fleet renewal over the coming 18 months to three years.”

Both Gulfstream and Bombardier have backlogs across many of their products as orders keep coming in. Although ALTEA noted a slight cooling of the market towards the end of 2022 with an uncertain economic environment – defined by high-inflation and currency devaluation. Nevertheless, Gulfstream managed to deliver 35 aircraft in Q3 2022, and 82 in the first nine months of 2022 overall. It expected to deliver another 40 aircraft in the final three months of the year – no confirmation on that number yet. In Canada, Bombardier were on track to exceed 120 aircraft deliveries in 2022 with a 15 million USD backlog still to work through. Both these OEM giants, along with Dassault, have new products in development readying for entry into market throughout 2023 and 2024.

This is all good news, isn’t it?

Well, not exactly, explains Dunlop. “The main issue is still supply chain delays and a backlog of orders not to mention some frailty in the economic forecast due to the aforementioned global challenges. New owners looking to acquire a new aircraft can expect to wait up to 24 months in some cases for their shiny new aircraft.”

This has meant completion centres have focused much of their return to full operation after the pandemic on maintenance, and upgrades of various business aircraft fleets. However, Dunlop cites a particular area where growth ***is*** happening for these centres, and that is extensive upgrades and cabin refurbishment whilst these aircraft are in maintenance. “At ALTEA we have observed that there are growing opportunities for exterior paint, cabin refurbishment and connectivity upgrades within the completion business for supply chain, designers, and maintenance centres alike.”

As the business aircraft global fleet ages with a back-drop of the lowest pre-owned inventory market ever recorded, aircraft are approaching eight and even twelve-year checks where the aircraft will require a lengthy input to a maintenance centre. As this input to the MRO approaches, owners (and their advisers) need to prepare the ground and decide exactly what activities are going to be performed as early as possible. “To give some indication of what is meant by ‘early’ we need to remember we still have supply chain issues and even a ‘simple’ carpet has a twelve-week lead time,” says Dunlop. “This is once several design iterations have been performed, and samples approved with stakeholder sign off – probably adding another four to six weeks minimum”.

The team at ALTEA recommend owners start the ‘process’ as early as twelve months ahead of maintenance slot for the aircraft – that is the secured input at a pre-chosen MRO. Obviously if there is a tender process for the maintenance check work with a choice of MRO and slot availability, owners need to add again to that timeline, or at the very least be working in parallel during the predicted 12-month planning period. Owners will need to factor in design choices and

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connectivity upgrades for MROs to give accurate costs for considered decision making – no-one wants ‘extra financial surprises’, or choices to be limited, due poor preparation.

Not all MRO centres have exterior paint capabilities and paint slots are not only in high demand, but probably require the movement of the aircraft from one facility to another. This needs to be factored into the planning and of course the costs.

Dunlop goes on to say “Touching on the maintenance side of upgrades it would be remiss not to mention that operators of aircraft with a first certificate of airworthiness issued before 7 December 2020 will need to comply by 7 June 2023 with the ADS-B Out and Mode S Enhanced requirements, provided that they established a retrofit programme demonstrating compliance before 7 December 2020.

“This all adds to the supporting mantra ‘plan properly for peak performance’ – owners, operators and advisers take note.”

This uptick in the refurbishment market has spurred some supply chain OEMs, design companies, and interior manufacturers into innovative research and development to be the supplier of choice for any refurbishment project.

“We are seeing suppliers rising to the challenge of sustainability” Dunlop remarks. **“**Innovation generates growth – that is certainly how several suppliers to the completion process of aircraft have seen it. Rather than a top-down trickle effect from top aircraft OEMs, those suppliers with more ‘bite-size’ challenges have been busy innovating their products to differentiate what advantages they have to offer the market. This has greater focus and appeal when coupled with sustainability. There is a global demand for ‘cleaner’ ingredients to produce materials. ‘Clean’ ingredients facilitate development of smarter and more sustainable products and ALTEA’s research shows that 2023 has the potential for many new sustainable materials to really get a foothold considering the obligatory 4-5 year run-up of research and development to meet stringent regulatory aspects.”

The ALTEA design studio not only creates future cabin interiors with plush décor and enviable luxury but looks at a more considered approach of utilising sustainable products and materials. Dunlop sums up this approach. “These might not scream ‘luxury’ in the traditional sense, but the new luxury is simple lines and fresh material applications with sustainability credit. While detailing is eye-catching and relevant, it needs to be simply integrated and not lost in a fusion of opulence and cultural influence. This can all be delivered with a substantial sustainability ticket as suppliers go further to reach their (and the industry’s) goals into 100% sustainable flight.”

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