



# Price Check: The Appraiser's View of narrowbodies, widebodies and regionals

**Olga Razzhivina, Oriel**  
**George Dimitroff, Ascend by Cirium**  
**Eddy Pieniazek, Ishka**





# A View of the Current Market

Transactions

Deliveries

Retirements

# Aircraft Production Rates

Aircraft Programme	Pre-shock rate per month	Post-shock rate per month	Revised (End July 2020)	% Reduction
A220 (C Series)	5	5	Rate is returning to 4/mo in Montreal and 1-2/mo in Mobile	0%
A320	60-63	40	No Change	33%
A330 <sup>*Note 1</sup>	3.5	2	No Change	33%
A350	10	6	5	50%
737 MAX	42 / 0	Low rates to begin in 2020 with a gradual increase to 31/month during 2021, with further gradual increases to correspond with market demand	Rate of about 7/mo.  Boeing expects to increase the production rate gradually in 2021. Slow the ramp to 31/mo in 2022	-
747	0.5	No change	No change	-
767	3	No change	No change	-
777/777X Combined	5	Plan to decrease to 3/month in 2021	2/month in 2021	60%
787	14	Plan to reduce to 10/month in 2020, and gradually reduce to 7/month by 2022	3/month in 2022	33% to 50%

1. In February 2020, Airbus had already announced a reduced A330 production rate from 53 aircraft in 2019 to 40 aircraft in 2020.

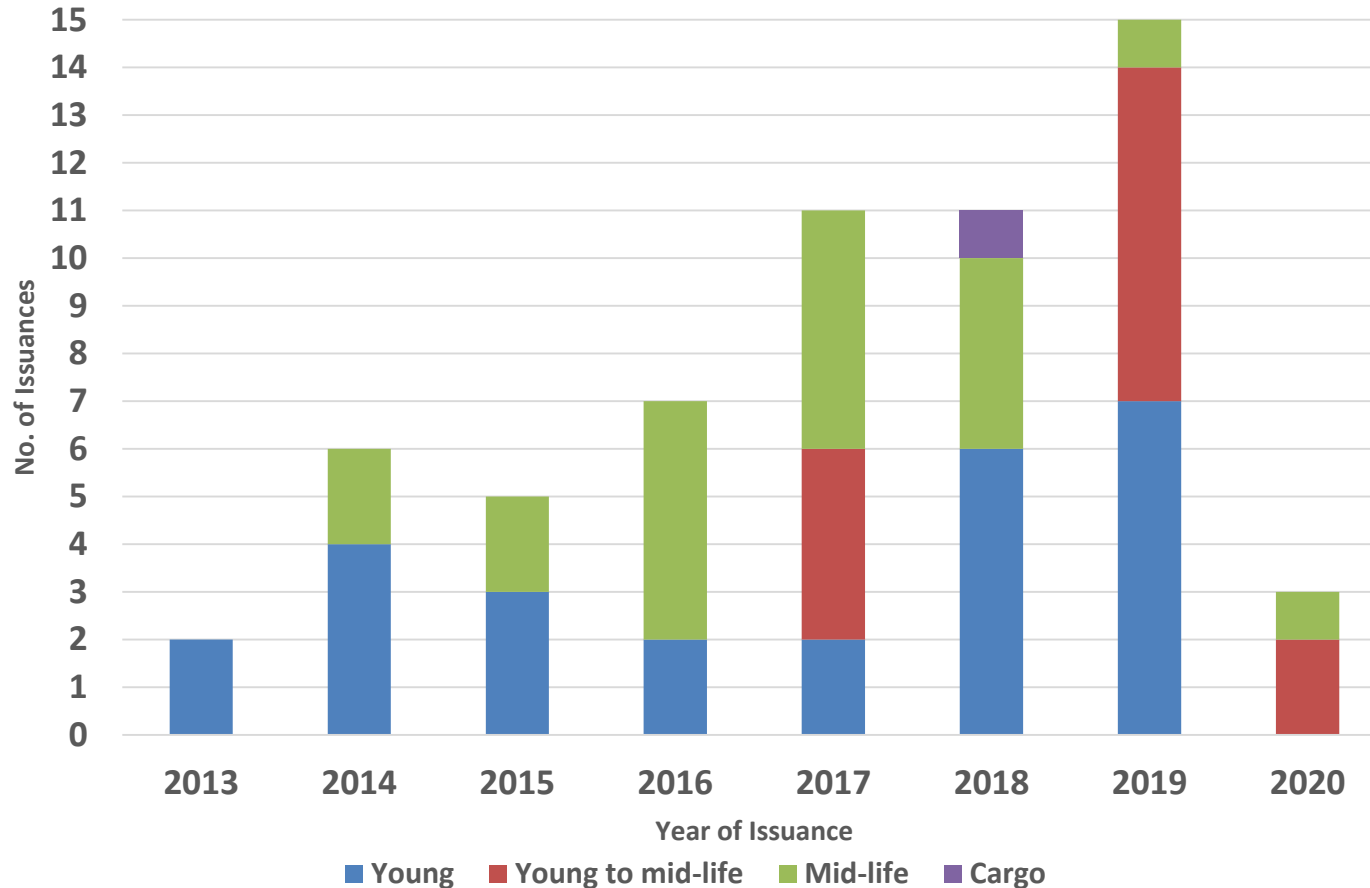


How are we approaching the value/lease rate downgrades in 2020

Base Values in 2020 - any change in forecasts

Gauging the market today

# Growth in ABS Issuances – last 8 years



Aircraft ABS market growth from \$1b+ in 2013 to \$9b+ in 2019.



## A look through the numbers

Eleven types (5 and 10 year old examples)

CMV and MLR

Compare Jan 2020 to Oct 2020 and % change

Baseline Specifications

## NB/Regional market value changes – January to October 2020

5 years old	ORIEL			CIRIUM			ISHKA		
	CMV	CMV	% chg	CMV	CMV	% chg	CMV	CMV	% chg
	Jan 2020	Oct 2020		Jan 2020	Oct 2020		Jan 2020	Oct 2020	
A320-200	\$25.80m	\$22.85m	-11%	\$25.65m	\$19.85m	-23%	\$29.35m	\$23.95m	-18%
A321-200	\$32.70m	\$28.20m	-14%	\$30.45m	\$26.05m	-14%	\$35.25m	\$28.50m	-19%
737-800	\$28.15m	\$26.55m	-6%	\$27.40m	\$25.25m	-8%	\$31.55m	\$26.50m	-16%
ATR72-5/600	\$11.30m	\$10.20m	-10%	\$11.40m	\$10.80m	-5%	\$14.75m	\$11.00m	-25%
DHC8-Q400	\$11.05m	\$9.10m	-18%	\$13.55m	\$12.05m	-11%	\$12.10m	\$9.75m	-19%
E190-LR	\$15.20m	\$12.30m	-19%	\$16.45m	\$14.30m	-13%	\$19.50m	\$14.10m	-28%

10 years old	ORIEL			CIRIUM			ISHKA		
	CMV	CMV	% chg	CMV	CMV	% chg	CMV	CMV	% chg
	Jan 2020	Oct 2020		Jan 2020	Oct 2020		Jan 2020	Oct 2020	
A320-200	\$17.60m	\$15.85m	-10%	\$18.55m	\$13.05m	-30%	\$20.50m	\$16.25m	-21%
A321-200	\$22.70m	\$18.75m	-17%	\$22.50m	\$18.50m	-18%	\$25.60m	\$21.50m	-16%
737-800	\$20.40m	\$18.90m	-7%	\$20.90m	\$18.45m	-12%	\$22.20m	\$18.05m	-19%
ATR72-5/600	\$5.73m	\$5.18m	-10%	\$7.70m	\$6.00m	-22%	\$11.50m	\$7.25m	-37%
DHC8-Q400	\$7.55m	\$5.60m	-26%	\$9.20m	\$7.00m	-24%	\$8.50m	\$6.50m	-24%
E190-LR	\$10.70m	\$8.30m	-22%	\$11.00m	\$9.30m	-15%	\$13.80m	\$9.10m	-34%

# NB/Regional market lease rate changes – January to October 2020

5 years old	ORIEL			CIRIUM			ISHKA		
	MLR	MLR	% chg	MLR	MLR	% chg	MLR	MLR	% chg
	Jan 2020	Oct 2020		Jan 2020	Oct 2020		Jan 2020	Oct 2020	
A320-200	\$0.250m	\$0.205m	-18%	\$0.270m	\$0.180m	-33%	\$0.270m	\$0.207m	-23%
A321-200	\$0.275m	\$0.210m	-24%	\$0.300m	\$0.210m	-30%	\$0.310m	\$0.225m	-27%
737-800	\$0.290m	\$0.205m	-29%	\$0.290m	\$0.200m	-31%	\$0.282m	\$0.215m	-24%
ATR72-5/600	\$0.105m	\$0.095m	-10%	\$0.140m	\$0.125m	-11%	\$0.135m	\$0.100m	-26%
DHC8-Q400	\$0.125m	\$0.115m	-8%	\$0.140m	\$0.120m	-14%	\$0.135m	\$0.100m	-26%
E190-LR	\$0.150m	\$0.105m	-30%	\$0.145m	\$0.125m	-14%	\$0.190m	\$0.120m	-37%

10 years old	ORIEL			CIRIUM			ISHKA		
	MLR	MLR	% chg	MLR	MLR	% chg	MLR	MLR	% chg
	Jan 2020	Oct 2020		Jan 2020	Oct 2020		Jan 2020	Oct 2020	
A320-200	\$0.200m	\$0.155m	-23%	\$0.190m	\$0.145m	-24%	\$0.220m	\$0.157m	-29%
A321-200	\$0.205m	\$0.160m	-22%	\$0.250m	\$0.180m	-28%	\$0.260m	\$0.175m	-33%
737-800	\$0.240m	\$0.155m	-35%	\$0.230m	\$0.175m	-24%	\$0.242m	\$0.165m	-32%
ATR72-5/600	\$0.075m	\$0.065m	-13%	\$0.084m	\$0.070m	-17%	\$0.110m	\$0.075m	-32%
DHC8-Q400	\$0.100m	\$0.090m	-10%	\$0.115m	\$0.095m	-17%	\$0.099m	\$0.075m	-24%
E190-LR	\$0.125m	\$0.080m	-36%	\$0.120m	\$0.100m	-17%	\$0.140m	\$0.085m	-39%



## Widebody market value changes – January to October 2020

5 years old	ORIEL			CIRIUM			ISHKA		
	CMV Jan 2020	CMV Oct 2020	% chg	CMV Jan 2020	CMV Oct 2020	% chg	CMV Jan 2020	CMV Oct 2020	% chg
A330-300	\$52.25m	\$39.00m	-25%	\$45.40m	\$40.70m	-10%	\$67.00m	\$49.50m	-26%
777-300ER	\$69.50m	\$54.50m	-22%	\$73.00m	\$59.35m	-19%	\$95.00m	\$66.00m	-31%
A350-900	\$101.50m	\$91.50m	-10%	\$105.90m	\$98.50m	-7%	\$114.00m	\$98.00m	-14%
787-8	\$68.50m	\$60.75m	-11%	\$79.50m	\$73.15m	-8%	\$92.00m	\$70.00m	-24%
777-200LRF	\$83.00m	\$78.50m	-5%	\$102.00m	\$102.00m	0%	\$123.50m	\$108.00m	-13%

10 years old	ORIEL			CIRIUM			ISHKA		
	CMV Jan 2020	CMV Oct 2020	% chg	CMV Jan 2020	CMV Oct 2020	% chg	CMV Jan 2020	CMV Oct 2020	% chg
A330-300	\$34.75m	\$24.95m	-28%	\$30.55m	\$28.35m	-7%	\$47.00m	\$31.00m	-34%
777-300ER	\$53.00m	\$38.00m	-28%	\$49.20m	\$36.25m	-26%	\$73.00m	\$40.00m	-45%
A350-900	-	-	-	-	-	-	-	-	-
787-8	-	-	-	-	-	-	-	-	-
777-200LRF	\$66.50m	\$62.00m	-7%	\$82.50m	\$82.50m	0%	\$99.00m	\$77.00m	-22%

## Widebody market lease rate changes – January to October 2020

5 years old	ORIEL			CIRIUM			ISHKA		
	MLR Jan 2020	MLR Oct 2020	% chg	MLR Jan 2020	MLR Oct 2020	% chg	MLR Jan 2020	MLR Oct 2020	% chg
A330-300	\$0.465m	\$0.320m	-31%	\$0.410m	\$0.360m	-12%	\$0.530m	\$0.290m	-45%
777-300ER	\$0.670m	\$0.535m	-20%	\$0.695m	\$0.600m	-14%	\$0.730m	\$0.525m	-28%
A350-900	\$0.810m	\$0.710m	-12%	\$0.725m	\$0.580m	-20%	\$0.820m	\$0.670m	-18%
787-8	\$0.525m	\$0.465m	-11%	\$0.605m	\$0.545m	-10%	\$0.670m	\$0.505m	-25%
777-200LRF	\$0.775m	\$0.775m	0%	\$0.840m	\$0.840m	0%	\$0.950m	\$0.800m	-16%

10 years old	ORIEL			CIRIUM			ISHKA		
	MLR Jan 2020	MLR Oct 2020	% chg	MLR Jan 2020	MLR Oct 2020	% chg	MLR Jan 2020	MLR Oct 2020	% chg
A330-300	\$0.315m	\$0.195m	-38%	\$0.290m	\$0.230m	-21%	\$0.360m	\$0.210m	-42%
777-300ER	\$0.520m	\$0.410m	-21%	\$0.485m	\$0.425m	-12%	\$0.550m	\$0.375m	-32%
A350-900	-	-	-	-	-	-	-	-	-
787-8	-	-	-	-	-	-	-	-	-
777-200LRF	\$0.625m	\$0.625m	0%	\$0.750m	\$0.750m	0%	\$0.745m	\$0.645m	-13%



# Immediate outlook for end 2020/early 2021

## A view on the B737 MAX - any change since 2019...

# Near Term Outlook

## Opportunities

1. Stronger traffic rebound in 2021
2. Capital markets still open
3. Supply side actively addressing the issues – less incoming, more outgoing
4. Airlines and Lessors with improved liquidity positions
5. Great opportunity for airlines to upgrade / renew their fleets, standardise on types
6. Start-ups
7. Cargo Conversions

## Risks

1. Prolonged traffic slump
2. Covid in northern hemisphere going into Winter
3. Deeper global/regional economic impacts
4. Cost / availability of finance
5. Sustained Overcapacity
6. Lessor Cash Flow pressures / liquidity – can deferred rents be collected
7. Near term pressures on values / lease rates / realisable returns
8. Supply chain disruption



# Thank You!

## Q & A