

Survey grounds business jet recovery hopes

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Hopes that the battered business jet market might start recovering next year have been dashed by the faltering global economy, says one of the world's leading aerospace groups.

US-based Honeywell Aerospace, which makes everything from engines to flight-control systems for corporate jets, has also detected weaknesses in recently strong markets in Asia in its latest Business Aviation Outlook, published on Sunday.

The news is a further blow to one of the aviation sectors worst affected by the [global economic downturn](#).

Deliveries of jets have plunged since the industry rode the financial services boom to ship more than 1,000 jets for the first time in 2007 and even more in 2008. Some analysts believe that it will struggle to produce many more than 600 aircraft this year.

Honeywell, which is predicting fewer than 700 deliveries this year and next, had said in the 2009 edition of its 10-year, forward-looking survey that it anticipated a modest recovery next year. "However, disappointing rates of global economic recovery have forestalled order rates and softened the 2011 outlook," it says in its new survey.

It believes a "rather robust" recovery is likely to start in 2012 and that the next peak in the cycle could be even higher than 2008, "although rather late in the forecast period".

The group, which surveys more than 1,000 corporate-flight departments worldwide for its annual outlooks, found signs of decline this year in Asia, where the purchasing plans of operators declined 18 points compared with last year.

"The slower recovery of major trading partner economies and some concerns regarding export-fuelled growth and Chinese real-estate markets has increased the caution level," it said. Purchasing expectations also softened in Latin America and retreated more noticeably in Europe and the Middle East. But they were up slightly in North America.

Rob Wilson, president of business and general aviation at Honeywell Aerospace, said that the results in Asia had to be seen in context as they were still historically high and still strong compared with other regions.

In addition, he said that it should be recalled that it was only six or so years ago that the industry was very pleased to be seeing annual delivery rates of 600 jets.

Overall, Honeywell is forecasting that the industry will produce about 11,000 new business jets from 2010 to 2020, the same number it predicted last year.

Others agree that the industry is unlikely to see a recovery in coming months.

"There's just so much volatility," said Gary Crichlow of the Ascend aviation consultancy in London, which tracks business aviation market trends. "It isn't as bad as 2008 or 2009. I think most of the pain has gone." But short term, it was likely to remain uncertain.

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