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Airline Era Ends as Carriers Cull 50-Seat Jets 'Nobody Wants'

By Mary Jane Credeur and Mary Schlangenstein - Sep 3, 2010

The 50-seat jets once prized by carriers such as [Delta Air Lines Inc.](#) are being culled from U.S. fleets as higher fuel and maintenance bills make them too expensive to fly.

By 2015, [U.S. airlines](#) will have about 200 jets with 50 or fewer seats, down from about 1,200, said [Michael Boyd](#), president of consultant Boyd Group International Inc. in Evergreen, Colorado. More than 80 have been scrapped in 2010, he said.

"These are litters of aluminum kittens -- nobody wants them," Boyd said. Their only value is for recycled metal, he said. "The next stop is the Budweiser factory because that's all they're good for."

Delta's [Comair unit](#) underscored the turnabout with its Sept. 1 move to get rid of three-fourths of its 50-seaters after pioneering their use in the 1990s. Regional jets flew about twice as fast as turboprops, and crude oil at about \$20 a barrel made them affordable to operate.

The drawback was spreading costs over about a third as many seats as in a [Boeing Co.](#) 737. With oil averaging \$77.93 this year through Sept. 2, up 39 percent from 2009, airlines favor regional jets that can carry 70 or more people and fly less often, or new turboprops.

Comair's move to shed 53 [Bombardier Inc.](#) CRJ-100 and CRJ-200 jets is a "defining moment on the long road to 50-seat oblivion," said [Richard Aboulafia](#), an analyst at consultant Teal Group in Fairfax, Virginia.

'Look Awful'

"The economics are awful, especially in a time of high fuel prices," Aboulafia said. "It makes sense if you're focused on market share, hub preservation and other really outmoded concepts. But if you're focused on profitability, then 50-seats begin to look awful."

Comair President [John Bendoraitis](#) told employees in a memo this week the Cincinnati-based carrier needed to "dramatically change course" with steps that include chopping the fleet to 44 planes by 2012. Before cuts in the 2008 recession, the total was 131. Comair's oldest CRJ-100s average 14 years old, according to Ascend Worldwide Ltd., adding to maintenance expenses.

U.S. passengers and airlines embraced regional jets when Bombardier and [Empresa Brasileira de](#)

[Aeronautica SA](#) entered the market in the 1990s. Use of models with 50 or fewer seats peaked in 2007 at 1,420, up from 110 in 1997, according to London-based Ascend, which compiles fleet data.

'Far Too Fast'

"The growth in this aircraft type was far too many, far too fast," said [Douglas Runte](#), managing director at Piper Jaffray & Co. in New York.

More-comfortable turboprops such as Bombardier's Q400 and airline labor contracts favoring bigger regional jets helped erode the one-time advantages of the smallest planes, he said.

Embraer and Montreal-based Bombardier are now selling or planning models able to carry more than 100 people, part of what Bombardier predicts will be a \$393 billion global market for jetliners with 100 to 149 seats in the 20 years ending in 2029.

Bombardier and Embraer, based in Sao Jose dos Campos, Brazil, have gained 16 percent in the past year. Runte said a recent auction of used 50-seat jets posted sales of less than \$3 million each for planes appraised for as much as three times that sum.

"With profits being as thin as they are, the cost of operating those airplanes is something that has to be overcome with high levels of traffic," said [David Swierenga](#), president of consultant AeroEcon in Round Rock, Texas. "We haven't seen that."

Comair's Future

Delta sold regional subsidiaries Mesaba and Compass to [Pinnacle Airlines Corp.](#) and Trans States Holdings Inc., respectively, in July. A Comair spokeswoman, [Kristin Baur](#), said Atlanta-based Delta continues to study options for Comair. Delta said a review was under way before its 2007 bankruptcy exit.

In June, American Airlines parent [AMR Corp.](#) said it would evaluate possibly divesting its American Eagle unit, whose 218-jet fleet consists mostly of Embraers with 50 or fewer seats.

Passengers probably won't lament the vanishing of the smallest planes. The overhead bins typically can't handle roll-aboard luggage accommodated on bigger planes, and window seats can seem cramped because of the curvature of a narrower fuselage, according to travel website SeatGuru.com.

"You feel like a sardine, and forget about trying to open your laptop and getting any work done," said Pete Luttmann, a salesman at technology firm Dolphin Corp. in Cincinnati.

Luttmann, 47, estimated he flies 60 to 70 times a year, mostly on regional jets. "It's very claustrophobic."

If oil prices remain in the \$75 per barrel range and businesses continue to be conservative with travel budgets, the retirement of 50-seaters may accelerate, said consultant Boyd.

“The small-jet airplane era is over because the economics simply are not there,” Boyd said. “They couldn’t make money with \$50 oil, and they sure as heck can’t make money at \$75 oil. The only people who love these 50-seaters are the chiropractors who have to fix what they do to peoples’ backs.”

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