ANALYSIS: FOCUS TURNS TO INFRASTRUCTURE IN GULF BUSINESS AVIATION

News / Business aviation

Business aviation in the **Gulf** is on a new trajectory. At the turn of the decade, the emphasis was very much on the charter market with a flurry of ambitious start-ups and management companies setting up shop alongside early adopters such as Boeing Business Jet operator Royal Jet in Abu Dhabi, and Swiss-based maintenance and management companies ExecuJet and Jet Aviation in Dubai. Five years on, the original brands are still there, but many of the newer outfits have ceased trading or consolidated. Instead, the spotlight is very much on **infrastructure**, at two airports in particular.

In Abu Dhabi, the downtown dedicated business aviation airport Al Bateen has been fully transitioned from its previous guise as a military air base, and is home to two of the emirate's big three business aviation operators: Al Jaber Aviation (AJA) and Falcon Aviation. Just over an hour's drive away, the new Dubai World Central is rapidly expanding its business aviation footprint as it begins to displace Dubai International as the main private aviation gateway into that emirate.

The rapid expansion of commercial flights at Dubai International has made it trickier for business aviation to operate there, and landlord Dubai Airports is keen to relocate as much traffic as

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possible to the still under development and largely empty desert airport. While the two big fixed base operators atDubai International, ExecuJet and Jet Aviation, have their maintenance shops there, they have both opened small FBOs at DWC in the past two years.

They are joined at the new airport by DC Aviation, which opened a high-end FBO there in late 2013 with local partner Al Futtaim. The facility, with maintenance hangar, VIP lounges and crew areas, is currently by far the largest business aviation facility at DWC, but it will soon be dwarfed by a bigger development. Falcon Aviation is due to open shortly what it describes as the Middle East's first completion facility for business jets.

Falcon held a ground-breaking ceremony at last December's Middle East Business Aviation exhibition, held at DWC. It says the $80 million, 13,700m2 (147,000ft2) development, with a hangar large enough for an Airbus A380, is set for completion by the end of 2015. Falcon, established in 2006, operates a fleet of Bell 412 helicopters serving the offshore oil and gas industry and is already an authorised maintenance facility for Embraer business jets and Airbus Helicopters at Al Bateen.

Cabin completion takes the Gulf to the next level in terms of business aviation services. Aside from the original equipment manufacturers themselves, only a handful of independent companies around the world can install interiors on green business aircraft. For corporate jets derived from Airbus, Boeing and Embraer narrowbodies, the market is even smaller, and for widebody projects, just three or four companies worldwide have the expertise.

Falcon has not confirmed what range of capabilities it will offer at the new centre or what its first project will be – although it did last year sign a letter of intent for a Bombardier CS300 aircraft. Its chief executive Sheikh Zayed Al Nahayan said at the opening ceremony that the facility would fill an unserved niche in the region. "Rising competition in the industry and ever-tightening budgets have resulted in a shift in the way aircraft owners and operators are doing business," he said.

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Qatar Executive and rival Royal Jet are both in the process of expanding their fleets

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Meanwhile, Falcon's Al Bateen neighbour AJA plans to broaden its offering from the competitive charter segment with a move into maintenance, repair and overhaul. AJA is negotiating to form a joint venture with a "well-known European MRO provider" to open a hangar at the airport, says chief operating officer Dr Mark Pierotti. The 300m2 (3,230ft2) facility will focus on light maintenance of Airbus and Boeing narrowbodies, as well as Embraer and Hawker jets, and open in 2018.

After that, AJA has a "10-year plan to take us up to major checks, as well as overhauls, although not full-scale completions", says Pierotti. The business will not just be restricted to business jets. Pierotti says Etihad's recent purchase from Mubadala of the former Abu Dhabi Aircraft

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Technologies to become its in-house engineering department has created a “gap in the market”, adding: “At the moment a lot of narrowbodies go out of the country for maintenance.”

AJA, founded in 2007, has ramped back on original plans to acquire a large fleet of Airbus and Embraer corporate jets, offering an Airbus A318 Elite and Embraer Lineage 1000, as well as a Hawker 800XP under its Sky Limo sub-brand. It is also moving into aircraft management and operates an aviation consultancy and training joint venture, Avisa Gulf. “VIP charter is no longer enough for us,” admits Pierotti. “The charter market is extremely competitive. We need multiple revenue streams.”

Half an hour’s drive from Dubai International, the small Sharjah airport is the Gulf base for management and charter provider Gama Aviation. The UK-based company is expanding its new FBO there with additional parking space. Gama markets Sharjah as being a low-cost and more convenient alternative for operators and passengers heading out of or into downtown Dubai – the airport is half the driving distance to Dubai’s city centre than the new DWC, it maintains.

While elsewhere the focus has been on infrastructure, two Gulf business aviation operators, Royal Jet and Qatar Executive, are very much in the fleet expansion game. Royal Jet, the region’s original charter provider, has in the past 12 months taken delivery of two Bombardier Global 5000 aircraft, as well as two Learjet 60XRs. Royal Jet has also ordered two more BBJs and says it wants to take its fleet to 20 aircraft by 2020. Before the new arrivals, it had a fleet of 11.

Royal Jet is the largest operator of BBJs in the world with a fleet of six and has been serving the ultra-wealthy of the Gulf and the wider world since 2003. It also operates two Gulfstream G300s and two other Learjet 60s – mostly as medevac aircraft. The company – which is not making any announcements until the show – has said it is considering Airbus Corporate Jets, the Bombardier CS300 airliner and Gulfstreams for its future fleet requirements.

At Dubai, Qatar Executive will display its latest addition, a Gulfstream G650ER, as part of the exhibit of its parent Qatar Airways. In one of the sector’s most significant deals for some years, at EBACE in May, the operator firmed an earlier memorandum of understanding for 20 Gulfstream business jets, and added 10 more to the order. The 30 firm orders covered a combination of Gulfstream’s new G500 and G600 jets, joining the ultra-long-range G650ER.

Qatar Airways launched its executive division in 2009 as an extension of its airline brand, aimed at a segment of the market prepared to pay more than its first-class scheduled product for the flexibility, privacy and added comfort of a business jet. The new orders will almost certainly make Qatar Executive – which since the demise of Doha-based Rizon Jet has a monopoly on services out of the Qatari capital’s new Hamad International airport – the region’s biggest business aviation operator.

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