



IBA FORECASTS POSITIVE OUTLOOK FOR HELICOPTER MARKET

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IBA outlined a largely positive outlook for the helicopter market. IBA expert panel signposted a number of key positive factors for the market including expected continued growth in helicopter leasing, the easing of supply chain issues, growth opportunities in sectors such as EMS, offshore and wind farms, and the successful introduction and growth of the super medium helicopter category. Looking at the market overall, IBA lists its addressable value at more than US\$55 billion, with a current global fleet of over 22,000 'western built' turbine helicopters. Deliveries of these types have averaged around 500 per year in recent years, with a fall to under 500 in 2022 due to supply chain issues. IBA forecasts that this will recover to 475 - 525 airframes in 2023.

Lease penetration is highest in Europe and North America, followed by Asia and South America, with the Leonardo AW139 and the Sikorsky S-92A leading the leasing market. The largest market segment is light helicopters, which remain central to EMS, utility and short-range transport missions. The Airbus H125 and H145, and the Bell 407, are among the most popular models in this category, with an average of 350 annual deliveries for the past five years. IBA estimates up to 360 light helicopters will be delivered in 2023.

The medium helicopter fleet reached around 3,800 aircraft by the middle of 2023, used for a variety of functions including EMS, Search and Rescue (SAR) and offshore operations. The most popular aircraft in this category are the Leonardo AW139 and AW169, the Bell 412 and the Airbus H155. IBA forecasts that deliveries will increase in 2023 to as many as 75 helicopters, compared to around 55 in 2022.

The newer super medium category, which was initiated in 2013-14 with the introduction of the Leonardo AW189 and Airbus H175, is seen by many as the replacement for existing heavy helicopters given their more compelling operating economics. IBA estimates that up to 10 aircraft of this size will be delivered in 2023.

The heavy helicopter segment is dominated by the Airbus H225 and Sikorsky S-92 families. It has experienced very low delivery rates since 2016, but is now experiencing a revival in the used market driven by higher oil prices and increased level of offshore activity. However, delivery rates for the segment are still very modest, with IBA estimating up to four in 2023.

IBA forecasts burgeoning growth in a number of key helicopter operating sectors, led by EMS which it estimates will grow from 14% to 19% of the market over the next decade. Offshore operations, taking into account the fast-growing offshore and wind farm sector, are forecast to increase from 4% to 7%, and firefighting from 2% to 3%.

All helicopter segments have seen a recovery in values post pandemic, but the heavy segment is lagging behind. The market values of the light, medium and super medium categories are at 115%, 111% and 106% respectively of Base Values, with IBA predicting further value growth for all in 2023 and 2024. However, heavy helicopters are currently at 80% of Base Values with an uncertain future outlook.

Lease rates have also recovered significantly, but with the same size category trends. Light helicopter lease rates are now at 112% of 2019 levels, with medium and super mediums both at 110%, and with further growth forecast by IBA for 2023 and 2024. Much like the value outlook, the near-term future of heavy helicopter lease rates remains uncertain and will be heavily influenced by movements in oil price. Should oil remain at current levels or increase, the outlook for heavy helicopter lease rates will remain positive.

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