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Boeing's midsize 787 airliner...



and Airbus' massive A380 represent
two different views of market needs.

What's in store for commercial aerospace

Forecast International predicts a number of dramatic changes may be on the horizon for the various market segments that comprise the commercial aerospace field. The airline industry, for its part, has already begun experiencing a shakeout of sorts. Some airlines are merging, while others are banding together in large code-share alliances. A few carriers, perhaps even more than a few, may not survive much longer.

The type of aircraft that will be required by this changing industry is a matter of considerable debate. Indeed, **Airbus** and **Boeing**, the two leading commercial airliner manufacturers, have distinctly different views on the subject. Airbus recently celebrated the first flight of its new 555-passenger A380, and the European manufacturer sees a robust market for 550+-seat airliners to move passengers on dense trunk routes between hub airports.

Meanwhile, Boeing is developing a new midsize airliner dubbed the 787, and the U.S. company is banking on a market characterized by continuing route fragmentation and the desire by passengers to bypass congested hubs and fly point-to-point between secondary airports. For now, Boeing does not intend to challenge the A380 with a 550+-seater of its own. Airbus, though, is countering the 787 with its new A350, which is derived from an existing Airbus aircraft.

Who is right? The answer to this question may very well be that both are right. Airbus is correct that a number of airlines do want an aircraft the size of the A380. However, Boeing is also correct in believing that the 550+-passenger airliner market is, at present, too small for more than one aircraft. Given air traffic growth and airport capacity restrictions, there will eventually be room for another 550+-seat competitor, but it may be 20 or even 30 years down the road.

As for the midsize market, Boeing's position seems to be borne out by the

excitement and orders that the new 787 is generating among airlines. Passengers clearly want to avoid connecting flights, and airlines will do what they can to accommodate them. Airbus' introduction of the A350 can be seen as tacit acknowledgement that, at least in part, Boeing got the midsize market right.

In the world of business aviation, much interest has been generated by the recent introduction of a number of new aircraft that have come to be collectively called VLJs (very light jets). The VLJs generally seat around six people, including crew, and are priced anywhere from under \$1 million up to about \$2.75 million. Included among the VLJs are such aircraft as the **Adam A700**, the **Cessna Mustang**, the **Eclipse 500**, and others.

The years ahead could see the emergence of a large number of air taxi services that use hundreds of VLJs to fly their customers between small airports. Such carriers would not fly scheduled routes, but would be true on-demand taxi services flying passengers wherever they want to go and whenever they want to go. However, for the full potential of such an air taxi market to be realized, a number of issues must be adequately addressed, particularly in the areas of operating regulations, insurance, and pilot training.

The commercial rotorcraft industry will also see future changes. Helicopters could increasingly be used to move people between various locations, though public opposition to helicopter operations (largely because of noise concerns) remains a major obstacle. The helicopter industry has made tremendous strides toward improving the public image of its product, but much remains to be accomplished in this area. Meanwhile, over the next few decades, tiltrotor aircraft, which combine attributes of both helicopters and fixed-wing aircraft, may enter corporate and commercial fleets in increasing numbers. **NAE**