



LEASING OUTLOOK

Michael Doran takes the pulse
of the regional aircraft market

◀ TrueNoord mainly leases aircraft in the 50-100 seat class
▼ Avolon is one of the larger lessors

Regional airlines played a vital role during the pandemic by keeping communities connected and transporting urgently needed medical personnel and supplies and emergency services throughout their regions. Many of those carriers relied on aircraft lessors for financial support during the tough times and now the lessor segment is emerging from its own post-pandemic consolidation even stronger.

Two of the largest regional-focused lessors, Nordic Aviation Capital (NAC) and Falko, have changed ownership, with NAC taken over by Dubai's DAE Capital last year and Falko acquired by New York-based HPS Investment Partners in December 2024. According to analysts Cirium, in 2024 NAC was the largest regional lessor with 209 turboprops and E-Jets in service, storage or on order, with Falko second at 202 aircraft.

DAE Capital has taken over the largest lessor mantle with 260 regional aircraft, although that will change due to a planned sale of 49 Embraer jets to fellow lessor Azorra. These ownership changes are a major shake-up in the regional leasing market and to gauge their impact *Low Cost and Regional Airline Business*

spoke with Anne-Bart Tieleman, chief executive of regional aircraft leasing specialists TrueNoord.

When asked about the impact of consolidation, Tieleman said it showed that the industry is further professionalising in the sense that despite being a relatively young market regional aircraft leasing is growing and consolidating, which is what has happened in the broader narrowbody and widebody sector with larger lessors such as AerCap, Avolon and others.

"The regional sector has always lagged a little bit in that development but our part of the industry is further maturing, and consolidation is happening with NAC going into Chapter 11 since Covid-19 and Falko being sold to HPS," he explains. "It happened earlier in the bigger leasing companies and now it's happening in the regional sector, and we'll have to wait and see where it ends."

TrueNoord's specialism is leasing and managing regional aircraft in the 50-100 seat class, where it has been steadily growing the fleet under lease. Tieleman sees good opportunities for more growth with Embraer E1 and the newer E2 aircraft, particularly in Asia, though he cautions that may take time to fully develop.

"You need to be patient but there is so much opportunity in that region where the group of people that want to fly is also growing," he says. "The industry has focused on prime city connections but, over time, secondary and tertiary cities will be connected and with less demand smaller regional aircraft will be needed. That's where the more than 100-seat crossover jets like the E2s and A220s will

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find their routes, and that’s a market we service so we will grow along with that part of the industry.”

The emergence of longer-range single-aisle aircraft such as the Airbus A220 and Embraer E2 jets is changing the aviation landscape, offering regional airlines the opportunity to open medium-haul, thinner routes that may not have been viable with previous generation or larger, less efficient aircraft.

Tieleman explains: “Since Covid-19, airlines have become much smarter and now it’s really about right-sizing by growing the seats they offer on a route with increased frequency. They fly more often but with smaller aircraft which increases yield, which is another reason why you see more interest in smaller aircraft.

“Take, for example, what Porter Airlines is doing in Canada, Breeze in the US and Widerøe in Europe: the smaller longer-range aircraft like the E2 and A220 open markets were just not there or were not economical to serve before. Now they fly north-south and east-west with much longer ranges,” Tieleman concludes.

Aircraft availability

In its 2025-2044 Market Outlook, turboprop manufacturer ATR forecasts the need for 2,100 new passenger and 500 freighter turboprop airplanes over the next 20 years. At the end of 2024, the global fleet stood at 1,650 aircraft and that is forecast to increase to 2,585 by 2044, with the majority of that growth happening in the Asia-Pacific and India region.

ATR expects that Asia-Pacific will add 835 new turboprop passenger aircraft, Europe/CIS 360, North America 255, Africa 240, India 210 and Latin America 200. A third of turboprop traffic is deployed on peripheral regions with no other viable means of transport and 50% of turboprop routes serve a social purpose, with 80% of Public Service Obligation routes in the European Union flown by turboprops.

As De Havilland is not currently producing its Dash 8s, ATR is virtually the lone supplier in this market; in 2024, it delivered 35 aircraft and secured 56 new orders, closing with a backlog of more than 150 aircraft. If nothing changes on the supplier front, ATR would need to treble its delivery rate to meet the market demand for 2,100 new passenger aircraft by 2044.

The ATR forecast shows that 1,100 new turboprops are needed to replace retiring aircraft because ageing fleets and

limited aircraft production has seen more aircraft retiring than entering the market. The fundamental issue is a shortage of new aircraft and the pool of readily available used turboprops is shrinking, particularly as De Havilland’s upgrade programme for pre-owned Dash 8s gains wider acceptance.

Is wet leasing an answer?

Lessors will face the same issue as they look to secure new aircraft over the coming decade, so they are watching developments at De Havilland closely for any signs of Dash 8 production restarting. In the meantime, they may need to embrace upgrade programmes for existing turboprops to keep the fleet operational while extra resources for new aircraft are established.

Putting new aircraft availability to one side, airlines across the industry are turning increasingly to using wet-leased aircraft to cover for new aircraft unavailability, trialling out new routes and countering pilot and cabin crew shortages. ACMI (aircraft, crew, maintenance and insurance) or wet leases also allow airlines to maintain schedules and connectivity without committing to long-term fleet costs. ●



▲ TrueNorth CEO Anne-Bart Tieleman
◀ Smaller airlines such as India’s FLY91 benefit from the flexibility of leasing