

Aircraft Profile: A319

04/11/2013

A319 – on the small side

Airbus's A319 has been a success by any standards, but values for the aircraft are coming under pressure.



The A319, which entered service in 1996, was the third variant of Airbus's A320 family, following the larger A320 and the stretched A321. A fourth model came after in the form of the smaller A318.

There is a high degree of commonality across the family and, to some extent, with other members of the Airbus product line. The A319 is offered with engines from either CFM or International Aero Engines. The A319's main competition has come from the in-production 737-700 and out-of-production 737-300.

The A319 typically seats 125 passengers, and this size category is being targeted by a number of new entrants, including Bombardier's CSeries, the Comac C919, the Yak-242 (formerly known as the MC-21) and Embraer's E195-E2.

Airbus has continuously developed the A320 family with a series of improvements to engines, interiors and aerodynamics, with the latest development being sharklet wingtip devices, which the manufacturer says give a 4% fuel saving. American Airlines received the first sharklet-equipped A319 in July.

Future developments

Airbus has launched new engine versions of the A320 family that will offer fuel savings of 15% over non-sharklet-equipped current models. The designation for the new generation of aircraft is "new engine option" (neo), leading to the adoption of the term "current engine option" (ceo) for in-production models. The first A320neo is due to enter service in late 2015, with the A319 to follow in 2016.

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Gueric Dechavanne, vice-president, commercial aviation services, Collateral Verifications

Aircraft Characteristics

Seating/range

Max seating	145
Typical seating	125
Maximum range(LR version)	3,700nm (6,850km) (5,950km)

Technical characteristics

MTOW	64 tonnes (option 75.5 tonnes)
OEW	40 tonnes
MZFW	57 tonnes (58.5 tonnes)
Fuel capacity	24,210 litres (30,190 litres)

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Engines CFM56-5B/V2500-A5
Thrust 98kN (120kN)

Fuels and times

Block fuel 200 nauticalmiles (nm)
(nm) 1,710kg
Block fuel 500nm 3,140kg
Block fuel 1,000nm 5,620kg
Block time 2000nm 54 minutes
Block time 200nm 94 minutes
Block time 1,000nm 160 minutes

Fleet data

Entry into Service 1996
In service 1,281
Operators (current) 125
In Storage 21
On order 128 (excluding neos)
Built peak year (2005) 142
Built 2012 39
Average age 9 years

Source: AeroTransport Database/Airfinance Journal research

Indicative maintenance reserves

C-check reserve \$60-\$65 per flight hour
Higher checks reserve \$55-\$60/flight hour
Engine overhaul \$95-\$100/engine flight hour
hour
Engine LLP \$120-\$125/engine cycle
Landing gear refurbishment \$35-\$40/cycle
Wheels brakes and tyres \$120-\$130/cycle
APU \$75-\$80/APU hour
Component overhaul \$210-\$220/flight hour

Source: Airfinance Journal research

ISTAT APPRAISERS' VIEWS

Collateral Verifications (CV)



Gueric Dechavanne, vice-president, commercial aviation services

In the past 12 months CV has seen values drop for the A319 by about 5% to 10%, with lease rentals dropping by about 10%. With the order book for this aircraft diminishing and the lack of real demand from the market, it is tough to see any real recovery for this aircraft in the near future.

As operators move towards bigger aircraft, we expect the value and lease rate trends to continue downward. As values continue to decline, we also expect that some of these aircraft will be parted out, as specialist organizations look to take advantage of the commonality with the rest of the A320 family for which there is a strong demand for spares.

In recent months we have seen pricing for new A319s increase, but we believe this is because of existing operators pushing lessors interested in doing sale/leasebacks on their A320 aircraft to take some of their higher priced A319 deliveries.

With Bombardier's CSeries fast approaching entry into service, we suspect that operators looking for aircraft in the A319 size bracket will shift

their focus to the new aircraft type. The lack of demand for the A319neo is another indicator of the trend to larger aircraft. CV expects that the A319 is likely to become attractive only in niche markets and only at the right price.

ICF SH &E



Stuart Rubin, principal

As of September the A319ceo had built up a large user base of about 125 operators, which is indicative of good demand for the type. Membership of the A320 family, which has about 5,400 of all models in service, is an advantage because the commonality across family members increases remarketing opportunities.

Up until the late-2000s the 125-seat segment had been very active as airlines employed aircraft in this size category in high frequency operations in an effort to gain market share. However, as fuel prices and airport and airway congestion increased, many operators moved to larger single-aisle equipment offering increased revenue generation opportunities and better economics. As a result, values and lease rates for most types in the 125-seat segment have softened in recent years and sales of new entrants in this size category have been slow.

The low number of firm orders for the A319neo and 737-7 Max (35 and 30 units respectively as of September), as well as relatively few sales of Bombardier's CSeries, is indicative that demand for aircraft in this segment is waning. The introduction of the A319neo in 2016 will further impair values of A319ceos.

ICF SH&E believes pricing for a 2013 A319ceo without sharklets is in the mid-\$30 million range.

IBA



Mike Yeomans, aviation analyst

While the A319 aircraft has a wide operator base and a large fleet size, the market for in-production aircraft in its size category has suffered recently. New orders have dried up in favour of larger aircraft, and both the A319 and the competing Boeing 737-700 have had net negative orders since the start of this year.

There have been so few sales of the Airbus and Boeing replacement models in this size category that their effect on values and lease rates is likely to be negligible. However, Bombardier's CSeries is well positioned to take a large share of this market, with a current order book that already exceeds those of the established players. The Embraer E195-E2 also has the potential to steal orders away from the A319.

IBA ascribes a \$600,000 value premium to sharklet-equipped A319 aircraft, which will now account for the majority of deliveries. IBA sees new delivery pricing at about \$35 million. While the sharklets improve the aircraft's operating economics and visual appeal, they have not stimulated any additional demand.

With the attractive operating economics of the CSeries and the E195-E2, and with other new market entrants on the horizon in the form of the Comac C919 and the Yak-242/MC-21, the future of the A319 is uncertain.

Airbus A319-100

Build year	1996	2000	2004	2008	2012
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Collateral					
Verifications view	9.70	12.45	16.09	20.94	26.43
ICF SH&E view	9.60	12.73	17.10	23.19	31.67
IBA view	10.22	13.63	17.42	22.66	31.65

Assuming Standard Istat criteria

Indicative Lease Rates (\$000s/month)

Build year	1996	2000	2004	2008	2012
Collateral					
Verifications view	95	115	155	195	235
ICF SH&E view	90-110	115-140	150-175	190-220	230-260
IBA view	95-120	116-150	144-186	180-230	220-278

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