

Analysis: Is the ATR pendulum shifting to lessors?

Olivier Bonnassies

21/05/2024

The recent Avation commitment for 34 new ATR72-600s signals continuing interest from the lessor community for the ATR turboprop family.

Singapore-based lessor Avation has converted 10 ATR72-600 purchase rights into firm orders with the European manufacturer with deliveries scheduled between the last quarter of 2025 and the first quarter of 2028.

In addition, Avation has secured additional purchase rights and now holds purchase rights for a further 24 aircraft with an extended expiry date of June 2034.

The lessor is effectively locking up a delivery pipeline with ATR over the next decade based on a relationship that dates back to 2011.

Overall, Avation has taken delivery of 36 new ATR72s, with two more scheduled for delivery in the coming months, as part of a previous order.

The Avation order boosts the European manufacturer orderbook with lessors to units.

Singapore-based lessor Avation has entered into a sale and purchase agreement with an undisclosed carrier for its next two new ATR72-600 deliveries, following an earlier exercise of purchase rights under Avation's long-term aircraft purchase contract with ATR.

In an interview with *Airfinance Journal* earlier this month executive chairman Jeff Chatfield said Avation only has two deliveries from the manufacturer this year (which have been subsequently sold to an unnamed carrier in the Americas), next year the lessor has two deliveries.

Nordic Aviation Capital has dominated the ATR orderbook for a decade, but over the years lessors have invested in the regional aircraft family through purchase and leaseback transactions or acquisitions of second-hand aircraft.

Airfinance Journal's Fleet Tracker shows 618 ATR72-600s in operation or in storage/transition.

Lessors represent 360 ATR72-600s under ownership and/or management, or 58% of the total fleet.

Aergo Capital has 10 ATR72-600s in its fleet.

Aercap has 10 ATR72-600s in its fleet.

Acia Aero Leasing has six ATR72-600s in its fleet.

Abelo has 21 aircraft in its fleet plus an orderbook.

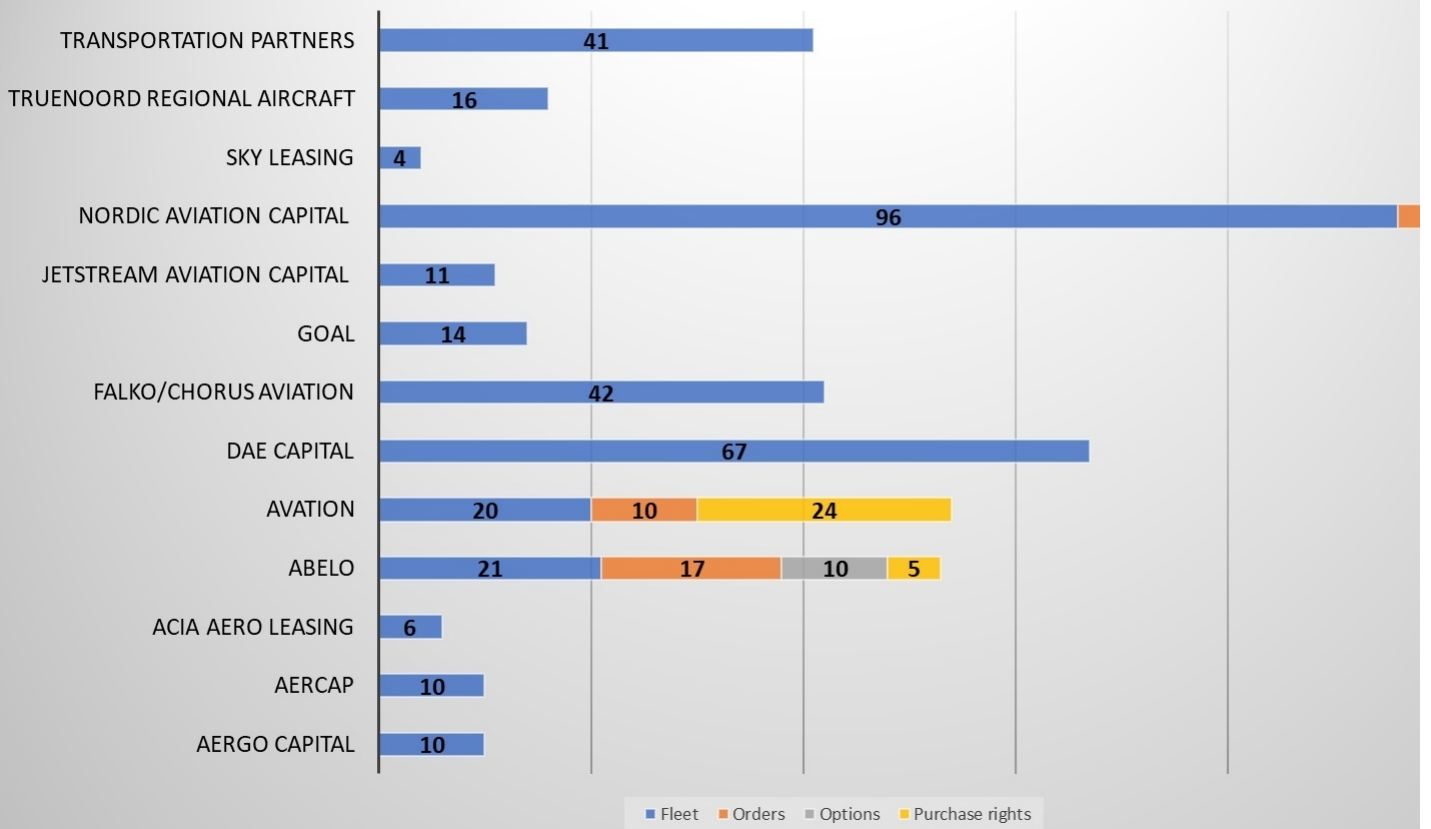
Avation has 20 ATR72-600s aircraft and an orderbook.

DAE Capital has exposure to 67 ATR72-600s.

Falko has exposure to 42 ATR72-600s with some units acquired from NAC with leases attached.

GOAL has 14 ATR72-600s in its fleet.

ATR72-600 current fleet - lessors exposure (Airfinance Journal Fleet Tracker)



Jetstream Aviation Capital has 11 ATR72-600s in its fleet.

NAC has 96 ATR72-600s and has an orderbook.

Sky Leasing has four ATR72-600s in its fleet.

Truenoord has 16 ATR72-600s in its fleet.

Other leasing entities include TP Partners which acts as manager of assets with Wings Air.

Three lessors hold 43 aircraft orderbook slots, covering Abelo (27), NAC (six) and Avation (now with 10 units).

The manufacturer recorded 40 new aircraft sales last year, a 53% rise from the prior year.

ATR said the lessor's delivery pipeline now stretches until the end of 2028.

The European manufacturer continues to monitor the market for its products on an annual basis regarding deliveries to customers. Its strategy remains keeping an equilibrium between airlines and leasing companies on an annual basis by not allocating more than 25% of annual deliveries to lessors.

Abelo

Abelo has reinforced its market presence with ATR since taking over the Elix Aviation Capital platform.

Elix Aviation Capital committed for the short-take-off-and-landing (STOL) variant of the ATR42 - the ATR42-600S - as the launch customer in 2019 but Abelo firm the 10-aircraft order and has since expanded its presence in the 40-50 seat market with Maldivian for five units.

In this market, 27 out of the 68 units in service are managed by lessors: Abelo (one), Truenoord (four), Nordic Aviation Capital (16), Azorra (three), Knight Aircraft Leasing (two) and Falko (two).

Abelo has now 27 firm orders, 10 options and five purchase rights with ATR on both models.

Maldivian was the only ATR42-600 customer last year with four units ordered. It had one aircraft of the type on backlog and has sold all five new aircraft to Abelo under sales and leasebacks.

Other 2023 orders came directly from airline customers: six ATR72-600s from Mandarin Airlines, three ATR72-600s from Azul, two ATR72-600s from Berjaya Air, two ATR72-600s from Air Corsica, two ATR72-600s from Air New Zealand, two ATR72-600s from Sky Express while Air Tahiti ordered one ATR72-600, with the remaining eight ATR72-600 aircraft being undisclosed transactions.

Airfinance Journal's latest Investor Poll shows the ATR72-600 remains the favourite asset in the regional market.

Like the ATR42-600, the larger ATR72-600 market remains almost unchallenged in its market.

One source says turboprop lease rates have increased 15% since around this time last year. "You're heading towards the \$100,000 mark for some used ATRs, particularly for the better credits."

"It is a long way from where we were during Covid, but not that far off from where we were last year given the shortages in aircraft," the source adds.

Lease rates for new aircraft can vary between \$170,000-190,000 a month according to sources in that market.

"The best turboprop option for most applications, but second lease is not always palatable," comments one source, while another notes the ATR's "short-term remarketing strength".

"There are a wide range of lessors which see some competition but not as much as in the mainline jet market," says one source.

Thank you for printing this article from Airfinance Global, your essential intelligence resource for aviation finance. If you have been given this article by a subscriber, you can contact us through email at accountmanager@airfinanceglobal.com or call us on +44 (0)20 7779 8015 to discuss our subscription options.