Values and lease rates trends: 737-800

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The Boeing 737-800 aircraft is still seen as a stable asset despite being in operation for more than 30 years.

The 737-800 remains the backbone of many airlines' fleets and its market is very active with placements and lease extensions, with many leases on longer terms than airlines anticipated to cover new aircraft delivery delays.

The 737-800 type is part of the Boeing 737 Next Generation (NG) family that also comprises the 737-600, -700 and -900 variants, authorised by Boeing's board of directors to replace its 737 Classic line in 1993.

The primary goal was to re-engine the 737 Classics with the high bypass ratio CFM56-7.

The 737NG family, which can accommodate between 108 and 215 passengers, features a redesigned wing with a wider wingspan and larger area, greater fuel capacity, longer range and higher maximum take-off weight options.

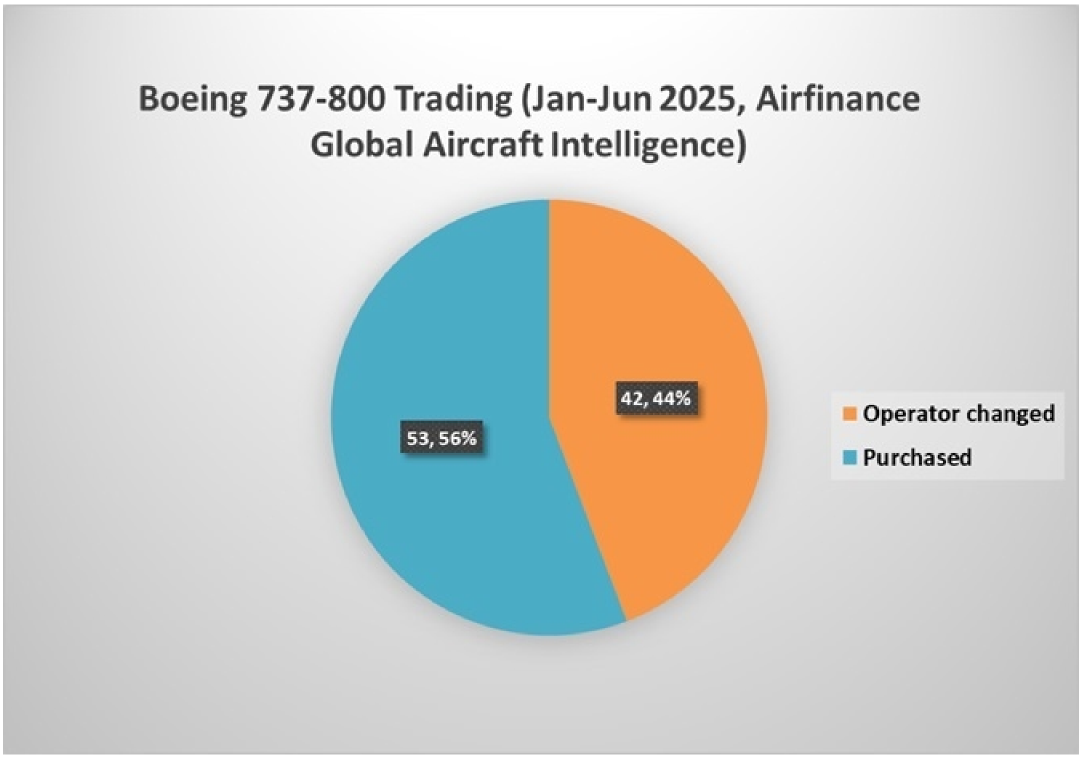
The 737-800 is a stretched version of the 737-700 launched in September 1994 and first flown in July 1997. Launch customer Hapag-Lloyd received the first unit in April 1998.

The -800 seats 162 passengers in two classes or 189 passengers in a high-density, one-class layout.

The 737-800 replaced the 737-400 model and some 727-200s at some US carriers but also filled the gap left by Boeing's decision to discontinue the MD80 and MD90 programmes, following its merger with McDonnell Douglas in August 1997.

At 25 June 2025, there were 4,582 737-800s in service and storage, according to *Airfinance Global* Aircraft Intelligence.

Leasing companies represented 2,226 units, or a 49% total share of the fleet.



Since January *Airfinance Global* has recorded about 85 transactions for the type. According to *Airfinance Global* Aircraft Intelligence, 42 units have been placed under leases. Another 53 units have seen their beneficial owners change during the six-month period.

One source points out the low level of aircraft available in the market for trading, stating that the "good" aircraft tend to trade rapidly.

Demand remains strong and over the past few weeks aircraft have found homes rapidly.

Aircraft Leasing & Management leased two 737-800 aircraft to Garuda Indonesia on behalf of Fuyo General Lease. The 2014-vintage aircraft were previously operated by Regional Express.

South African carrier Flysafair leased a 737-800 aircraft under a lease agreement with SMBC Aviation Capital. The 2017-vintage aircraft had been operated by Flydubai since new.

Virgin Australia started new lease agreements with Avilease for two 737-800 aircraft that Avilease inherited from its Standard Chartered Aviation buyout. The former Singapore Airlines 737-800s were manufactured in 2014.

Avilease also placed a former Omna Air 737-800 aircraft with Egyptair earlier this year under an operating lease agreement for a period of six years.

Lease rates have continued to improve over the past two years.

The market for 737-800 cargo conversions has slowed the past two years, and while there is still a pipeline of candidates for conversion, aircraft owners tend to prefer the passenger markets and are delaying cargo conversions where possible.

One source says lease rates for 737-800BCF aircraft were between $140,000 and $160,000 a month in the second half of last year. The lease rates could improve to $170-180,000 a month for high-risk credits, the source added. Lease rates for the narrowbody freighters are below $150,000 for the best credits.

Some argue that the 737-800 is the best used model in the market, benefitting from increased longevity as a passenger aircraft at the expense of freighter conversions.

Indeed, passenger models can be placed at more than $200,000 a month versus $140-160,000 for a converted aircraft.

In comparison, lease rates for a CFM56-7B engine are between $80,000 and $100,000 a month.

Certain new players have entered the -800 leasing space via sale and leaseback transactions. Setna iO is building a portfolio of assets for lease to supplement its end-of-life business. The US aftermarket aircraft parts supplier had three aircraft under leases before finalising the acquisition of three 2010-vintage 737-800s with leases attached to American Airlines in December.

Last year *Airfinance Global* was aware of lease rates up to $290,000 a month for three-year periods with mid-life aircraft in the $260-270,000 a-month range. A typical 12-14-year-old aircraft was valued at a $230-245,000 lease rate.

Lease rates for passenger aircraft have reached $225,000 a month on extensions for 15-years-old assets, *Airfinance Global* understands.

Last September *Airfinance Global* noted a $240,000 lease rate proposal to a high-risk credit carrier.

Aircraft traders at last year's ISTAT EMEA reiterated that trading for current generation narrowbody aircraft remained strong.

Airfinance Global understands that lease rates for the model have been well north of the $200,000 a month rate for mid-life aircraft. One source said $250,000 a month can still be reached, depending on the terms.

Mike Yeomans, director of advisory and consulting at IBA, said at the time that lease rates are "near the peak, if not at the peak on aircraft" and also engines.

"They will cool down over the next coming years. Given the shortage of new narrowbodies and the problem at Boeing with the strike probably affecting Max deliveries, there should be a few more strong years for NG aircraft," he commented.

Sales

US carrier Southwest Airlines has grabbed the headlines over the past year with as many as four request for proposals (RFP) involving about 80 aircraft.

Southwest Airlines sold 36 737-800s last December to Incline Aviation.

The US carrier came back to the market in the second quarter seeking to sell up to 12 737-800 aircraft. Sources said that the 737-800s would remain in operation until the next scheduled heavy check, The delivery dates are scheduled in the first half of 2026 with eight units due in the first quarter of next year.

The 12-aircraft proposal followed another RFP covering Southwest Airlines 737-800s through sale and leaseback transactions in February. Sources say the US carrier was asking for leases of up to seven years with an initial three-year period followed by an extension of three years and a possible additional year.

Southwest Airlines completed an agreement for the sale of one 737-800 aircraft for $24 million in January. This resulted in a recognised gain of $3 million. The aircraft was leased back for approximately three years.

Operating lessor Macquarie Airfinance recently sold two ex-Smartwings-leased 737-800 aircraft, a 2002-vintage aircraft initially delivered to Brazilian carrier Gol and a 2005-vintage aircraft that was initially delivered to Austrian Airlines.

One current RFP has an asking price of $17 million, sources said. The aircraft are around 25 years of age.

Turkish Airlines is in the market to divest four 737-800s. Last October Turkish Airlines was seeking up to four units of EASA-compliant 737-800 aircraft on a dry lease basis. The Istanbul-based carrier was interested in a lease term of five to six years depending on the maintenance status of the units, with delivery required before the summer 2025 season.

Turkish carrier Sun Express approached the market for refinancing of 737-800s and two spare engines earlier this year. The batch includes six units, powered by CFM56-7B26/3 engines, delivered in 2010.

Marathon Asset Management (MAM) acquired several on-lease 737-800 aircraft from BOC Aviation. The firm acquired three 2016/17-vintage 737-800s with leases attached to Spring Airlines Japan. The transaction followed the acquisition of three 737-800s with leases attached to Malaysia Airlines in 2024.

Westjet sold eight 737-800s in the second quarter through sale and leasebacks to platform Graysky Aviation Capital.

Appraiser View: IBA Mike Yeomans, director of advisory and consulting at IBA

In the aftermath of the pandemic, aircraft manufacturing has taken a far slower pace, which has contributed to the continuing ubiquity of the 737-800 in the passenger aircraft market. Lack of new aircraft supply has strengthened demand for previous generation aircraft like the 737-800, benefitting its market values, which are currently above base value across all vintages.

Passenger to Freighter (P2F) conversions of the 737-800 were popular during the pandemic, while much of the global passenger fleet was inactive and demand for air cargo remained strong. Recent trends have seen 737-800 P2F conversion numbers reduce as belly capacity has returned to a market which is now abundantly furnished with narrowbody freighters. The price of feedstock has surged in recent years, driven by a rapid recovery in global passenger traffic. This has driven a slowdown in new conversions and has left around 24% of the freighter fleet stored or parked and in some cases without installed engines, which have been removed to power in-demand passenger aircraft.

The capacity growth required to satisfy the post-pandemic market recovery has been made possible by increased aircraft utilisation and low numbers of retirements to offset slow growth in new aircraft deliveries. The extension of the service lives of older 737-800s has driven increased demand for engines and the lack of retirements has softened supply.

Increased demand and limited supply mean the values of CFM56-7B engines that power the 737-800 have performed very strongly in the past two years and are currently higher than they were in 2019. This trend has bolstered older aircraft values.

Deliveries of the 737 Max continue to lag both market demand and the manufacturer's planned rates. Boeing is targeting a production rate of 38 aircraft per month, climbing to 42 later this year. In the first five months of 2025, the manufacturer has averaged 34 aircraft deliveries per month yet reportedly achieved a production rate of 38 aircraft per month in May.

Given the uncertainty and slow gains in 737 Max production, operators have retained their 737-800s and in many cases have extended existing leases and/or leased in additional aircraft to guarantee capacity. This has been at increasingly elevated rates and often for extended lease terms compared to historical norms. Extensions of six years have been relatively commonplace and some placements of mid-life 737-800s have been observed with terms of 12 years.

Passenger demand growth has been resilient, and is forecast to continue through 2025, when we should see Revenue Passenger Kilometres exceed 9 billion globally, an increase of more than 10% compared with 2019. This would support a positive performance outlook for the Boeing 737-800, however global uncertainty and geopolitical developments pose threats both to the forecast and to the continuation of the extraordinary trend in the 737-800's market values and lease rates.

The crisis in the Middle East continues to create uncertainty around the oil markets, which have been quick to respond with prices rising over recent weeks. A supply restriction or a disruption to global production could drive oil prices higher. Airlines that are not well hedged could face cost headwinds, which considered alongside weakening airline yields might bring the capacity and demand to a more balanced outcome.

Rising fuel costs would be a potential detractor of demand for previous generation aircraft like the 737-800, but the still struggling supply chains should soften any declines. If we were to see a negative impact on demand amidst rising fuel costs, we may see Market Values trending back to Base Value sooner than previously expected.

Boeing 737-800 current market values and lease rates

Build Year	Current Half-Life Market Value	Current Market Lease Rate
2006	15.767	188,000
2009	18.438	212,000
2012	21.644	232,000
2015	25.205	255,000
2018	30.014	281,000

Note: lease rates are paid monthly and assume a five-year lease term to a medium-credit lessee. Lessee is assumed to pay monthly maintenance reserves.

