

Values and lease rates trends: 777-300ER

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The Boeing 777-300ER is the largest variant of the 777 family, which was launched in the late 1980s.

Air France was the launch customer with a 10-aircraft order and received the first 777-300ER in April 2004.

There are more than 760 777-300ER aircraft in service according to the data with approximately 40 units in storage or transit, according to *Airfinance Global's* Aircraft Intelligence.

GECAS launched the 777-300ERSF cargo conversion programme in October 2019, placing a firm order for 15 units plus 15 options with Israel Aerospace Industries (IAI).



The 777-300ER continues to be very valuable as the 777X programme is further delayed. Plenty of leases are being extended, says a leasing source.

Leasing companies or asset managers represent about 270 aircraft, or 34% of the total fleet.

Lessor AerCap has 12 aircraft in transition and another 31 in service with operators. Air Lease has 24 777-300ERs in its portfolio while BOC Aviation has 19 units, the data shows.

Amongst the top 10 asset managers, an estimated 25 units are under Jol and Jolco leases.

The secondary market for the passenger 777-300ER is mainly for aircraft not engines, sources indicate.

Late in 2024 Lesh Bank acquired five units, believed to be on lease to Qatar Airways.

In March Singapore-based aircraft leasing company BOC Aviation announced an agreement to sell four 777-300ERs to flag carrier Thai Airways. However the pricing may not reflect entirely the market conditions as the lessor acquired the units in a purchase and leaseback deal initially.

The sales are expected to close later this year, possibly after Thai's resumption of trading of the airline's stock on the Stock Exchange of Thailand by early August. The flag carrier received court approval to exit its business rehabilitation and restructuring process after five years in June.

The lessor has seven 777-300ERs with Thai Airways, according to *Airfinance Global's* Aircraft Intelligence – four 2013-vintage 777-300ERs and three 2021/22 units.

The four older 777-300ERs have a combined value of more than \$220 million, *Airfinance Global* data shows.

The placement of five Airbus A321neo aircraft from BOC Aviation's orderbook with Thai Airways could be another factor.

Last year the Singapore-based lessor also sold two 2017-vintage 777-300ERs to customer Eva Air.

Early this year Altavair purchased a 2009-vintage aircraft on lease to Air France from Avolon, the data shows.

Avolon, through the recent Castllake portfolio acquisition, has inherited two units on lease to Qatar Airways.

Liquidity supports the 777-300ER. Last December Castllake raised funding on four 777-300ERs that had been on lease to Qatar Airways since 2018, the data shows.

Some Cathay Pacific units have been placed on lease. Last December T'Way Airlines leased a 2013-vintage aircraft from Incline Aviation.

Eva Air extended the leases of five 2016/17-vintage 777-300ER aircraft with AerCap last year to cover for 787 delivery delays. The five lease extensions cost the airline NT\$9.7 billion (\$298 million).

million), it said in a filing.

Last year Philippine Airlines (PAL) leased two ex-Garuda Indonesia aircraft from Altitude Aircraft Leasing.

In March Korean Air leased a 2013-vintage 777-300ER from Incline Aviation, according to the data. The unit was previously operated by Cathay Pacific.

Lease rates are believed to be around \$500,000 or more. One leasing source says lease rates range between \$475,000 and \$550,000 per month but depend heavily on engine status.

Part-out

Since Covid All Nippon Airways, Cathay Pacific Airways have sold 777-300ERs units and the part-out market is developing.

In late 2020 All Nippon Airways started to decommission its fleet. At the time it operated 28 777-300ER units, and owned 18 aircraft that were delivered between 2005 and 2010.

The Japanese carrier recently retired one unit and has five owned aircraft left. Most of the remaining units, which are much younger, are leased from NBB Leasing and JP Lease.

In late 2023 Japan Airlines approached the market to divest its 777-300ERs as it replaces the model with the Airbus A350-1000. At the time *Airfinance Global* reported that the carrier was seeking proposals for the phase-out of 13 777-300ERs powered by General Electric GE90-115B engines via direct sales and sales and leasebacks.

More ex-Japan Airlines units have been parted out and the market is still waiting to see the fate of the GTLK Europe fleet. Landing gear and airframe values are going up, sources confirm.

Novus Aviation Capital approached the market earlier this year for the sale of one 777-300ER unit on lease to China Airlines, along with a pair of Airbus A330-300s on lease to Malaysia Airlines.

CMB Leasing was also in the market with a 2014-vintage aircraft for sale that is leased to China Airlines.

In 2021 *Airfinance Global* reported that Jet Airways' administrators in the Netherlands had sold a 2007-vintage 777-300ER formerly operated by defunct Indian carrier Jet Airways for \$9 million.

Sources say airframes can sell for between \$10 million and \$13 million. *Airfinance Global* is aware of transactions in the \$10-11 million range.

Engines are expensive to maintain. A half-life engine is in the \$20 million range, according to a source.

Last off the line

Aviation asset manager Altavair Airfinance arranged a financing with Marathon Asset Management covering a 777-300ER delivery for Ethiopian Airlines, the final 777-300ER delivered by Boeing at the end of last year.

Altavair acted as arranger, structurer and servicer, while Marathon acted as capital provider.

"This transaction underscores Altavair's strategy of executing tailored aviation finance solutions and demonstrates the company's ability to quickly execute complex transactions that meet the needs of all stakeholders," said at the time Matthew Hoesley, chief commercial officer at Altavair.

Cirium's half-life current market value of a 2024-vintage aircraft is \$115 million with lease rates at \$1.11 million a month.

Appraiser views

Cirium says current market values are 25-35% above base values at the moment, indicating the current strength of demand for the type.

"High engine maintenance costs are driving demand for engines with green time, which creates positive pressure for older vintages. We have also seen airlines buying aircraft out of leases to allow them to avoid potentially high, and maybe increasing, end-of-life compensation accruing from high and increasing maintenance costs," says Cirium's global head of consultancy, Rob Morris.

777-300ER (\$m)	HLCMV	FLCMV	HLBV	CMV/BV	MLR
2004	39.4	68.3	31.3	126%	0.51
2009	45.5	74.3	35.4	129%	0.62
2014	57.2	86.1	42.9	133%	0.75
2019	72	100.8	53.1	136%	0.91
2024	115.5	122.7	92.3	125%	1.11

Source: Cirium, GE90-115BL engines with 759,600lb MTOW

Another positive is the continued uncertainty around 777-9 certification.

"Certification and delivery continue to drive short and medium-term demand. Even once the 777-9 is delivered it will be several years before demand for 777-300ER softens as the installed -9 fleet becomes significant," he comments.

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