

North America Aviation Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

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Report description:

The North America Aviation Market is valued at USD 64.22 billion in 2021 and is poised to grow at a CAGR of 1.72% by 2027.

The impact of the COVID-19 pandemic on the North America aviation market is moderate. Though the COVID-19 pandemic has affected the commercial airline industry in the region, airlines in the region are expected to benefit from strong domestic demand from the United States, one of the largest domestic aviation markets in the world. This may result in an earlier recovery of the region's commercial airline industry. Passenger traffic has slowly started to recover, which is expected to help the revival of the commercial aviation sector in North America.

The aviation industry in North America is matured and has the presence of several aircraft OEMs. The defense sector is benefitted due to this fact, owing to the growing government investment in R&D and the procurement of advanced fighter jets, helicopters, and transport and trainer aircraft from the regional players. The growing focus on enhancing the infrastructure of private airports, along with favorable changes in regulations, may support the growth of the general aviation market in North America during the forecast period.

North America Aviation Market Trends

The Commercial Aircraft Segment is Expected to Register the Highest CAGR During the Forecast Period

As per the International Air Transport Association (IATA), North American carriers are expected to outperform other regions on the back of the fast recovery of the US domestic market. Also, the opening of the US market to vaccinated travelers from November 2021 is expected to drive the recovery of international markets. The US industry started to turn cash-positive in the second

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quarter of 2021, and it will be the only region in the positive financial territory in 2022 with an expected USD 9.9 billion profit. Passenger traffic has been gradually recovering from the impact of the pandemic and is expected to recover compared to pre-pandemic levels by 2023. With the growing number of domestic passengers in the region, the demand for narrow-body aircraft is expected to witness robust growth in the coming years. According to the International Air Transport Association (IATA), as of December 2021, there were 231 narrow-body aircraft deliveries and 41 wide-body aircraft deliveries in the region. Furthermore, in 2022, 361 narrow-body and 52 wide-body aircraft are expected to be delivered to North American airlines. Airlines in the region have strong strategies in place and have restructured extensively, which is expected to help the recovery of the commercial airline industry in the region. Before the advent of the pandemic, airlines based in the United States and Canada had placed orders for several hundred aircraft, which are scheduled to be delivered during the forecast period. Also, witnessing the rebound of the domestic passenger traffic, airlines in the region have started to order new aircraft to upgrade and expand their fleets. American Airlines, Delta Air Lines, and United Airlines, some of the major airlines in the region have large-scale aircraft deliveries planned in 2022 and 2023. In addition to this, cargo carriers based in the region are also expanding and modernizing their fleets aggressively. For instance, Air Canada plans to procure three dedicated freighter aircraft into its fleet in 2022. The implementation of such plans are expected to aid the growth of this market during the forecast period.

The United States is Expected to Dominate the Market During the Forecast Period

The United States is one of the largest aviation markets in the world. -According to the US Bureau of Transportation Statistics, the airlines in the country carried 674 million passengers in 2021, which increased by 82.5% compared to 2020 (369 million passengers). Nevertheless, the overall passenger traffic in 2021 was less than the passenger traffic in 2019 by 27.3%. Nevertheless, the rebound in passenger traffic has enabled US-based airlines to procure new aircraft. For instance, in February 2022, US-based American Airlines ordered 30 new 737 Max 8 jets from the major aircraft manufacturing firm Boeing. This shows the growing demand for commercial aircraft to cater to the demands of an increasing number of passengers, which is expected to aid the growth of the aviation market in the country. Apart from commercial aviation, the United States has the largest expenditure on the armed forces. As per the Stockholm International Peace Research Institute (SIPRI), the US military expenditure increased by almost 2.9% in 2021 to reach USD 801 billion. The United States remained the largest defense spending country in 2021 and represented 38% of the global spending. Furthermore, the fiscal 2023 budget calls for USD 56.5 billion for airpower. Earlier, in the FY2022 defense budget, USD 52.4 billion was requested for aircraft and related systems, including the budget for procurement of 115 rotary-wing aircraft, 85 F-35A/B/C fighter jets, 12 F-15EX jets, 73 logistics and support aircraft. In the defense sector, the United States is expected to deliver steady growth over the next decade as it is planning to replace its aging fighter jets with advanced jets. The US Marine Corps has plans to procure about 340 F-35B and 80 F-35C models that can replace the AV-8B Harrier II and the aging F/A-18 Hornet jets. The country is also modernizing its transport aircraft fleet. Furthermore, due to the impact of COVID-19 on commercial aviation, there was an increase in demand for business aviation in 2020. Although the overall flight activity dropped in 2020, the business aviation flight activity began to gradually recover from May 2020 and robustly increase in 2021, following the easing of social restrictions in the region. The business jet utilization in the United States increased by 42% in 2021 compared to 2020. Also, charter services are expanding their destinations from the United States and are offering flights at competitive prices to attract passengers during the pandemic, which may boost the growth of the market in the country.

North America Aviation Market Competitor Analysis

The prominent players in the market are The Boeing Company, Airbus SE, Lockheed Martin Corporation, General Dynamics Corporation, and Textron Inc. The aviation market in North America is highly competitive due to the presence of several aircraft manufacturing giants. Also, as most of the aircraft manufacturing is concentrated in this region, several global aerospace suppliers have manufacturing, sales, and support facilities based in this region. The adoption of innovative methods, increasing product and service offerings, efficient workforce, strategic acquisitions of supply chain players, mergers, tapping into new markets, and competitive pricing are some of the growth strategies adopted by the established players to increase their dominance in the region's aviation market. Several North America-based aerospace manufacturers are collaborating with

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companies based in other parts of the world to share their expertise and technical know-how in developing innovative technologies and products. For instance, Boeing and Lockheed Martin have partnered with Bell over the years to develop tiltrotor aircraft. Such partnerships are expected to drive the growth of the players in the market.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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