Latin America Commercial Aircraft Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

Market Report | 2023-01-23 | 90 pages | Mordor Intelligence

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Report description:

The Latin American commercial aircraft market is expected to register a CAGR of more than 10% during the forecast period (2022-2027).

Due to the impact of COVID-19, the aviation industry in the Latin America region was severely affected as the total air passenger traffic decreased greatly in 2020, which led to a reduction in the revenues of airlines. The pandemic, coupled with an earlier financial crisis, led to the bankruptcy of several airlines and the ceasing of their operations. However, in 2021, the passenger traffic in the region began to recover gradually, which led to the restructuring of airlines from bankruptcy.

As the passenger traffic in the region recovered in 2021, the airlines and aircraft operators are undertaking fleet modernization and could plan to expand their fleet and introduce new generation aircraft by replacing aging aircraft fleet. In addition to the passenger aircraft fleet, the growing demand for cargo over the past few years is propelling the demand for the procurement of new and advanced cargo aircraft. This is expected to drive the market's growth during the forecast period.

Latin America Commercial Aircraft Market Trends

Passenger Aircraft Segment held the Largest Share in 2021

The passenger aircraft segment accounted for the highest share in 2021 due to the robust procurement of new generation passenger aircraft as a part of fleet modernization initiatives of the airlines. The aviation market in the region is gradually recovering from the COVID-19 pandemic, with passenger traffic increasing significantly in 2021 compared to 2020. According to Airbus, about 2,460 passenger and freighter aircraft are expected to be delivered to the Latin America region from 2022 to 2040.

Out of the total aircraft deliveries, approximately 44% of aircraft will replace aging and less fuel-efficient aircraft. The company also estimated that 88% of the new aircraft deliveries would be narrow-body aircraft, with the Airbus A320 family, the Boeing 737 family, and the Embraer E190 being the major models.

In April 2022, Aerolineas Argentinas announced its plan to fully restore its fleet size to pre-COVID fleet levels in 2022. The airline is expected to receive two new A330-200s for the long-haul routes and two Boeing 737 MAX aircraft. The airline is also looking into the replacement of aging Embraer E1 aircraft. Similarly, in November 2021, Volaris placed an order of 39 A321 neo aircraft and negotiated with Airbus to convert 20 aircraft from A320 neo to A321 neo of its current order. Such orders from the airlines and aircraft operators to expand their fleet is anticipated to boost the market's growth during the forecast period.

Brazil Accounted for Highest Share in the Market in 2021

Brazil currently dominates the market and is expected to continue its dominance over the market during the forecast period. This is primarily due to the rapid growth in the country's passenger traffic, which propelled the airlines' investments toward procuring new generation aircraft. The airports in the country handled more than 62.5 million passengers in 2021 compared to 51.9 million in 2020. Due to the COVID-19 pandemic, major airlines in the country have undertaken various initiatives to mitigate their loss. In this regard, Azul agreed with Embraer and Airbus in May 2020 to postpone the deliveries of 82 aircraft that were originally scheduled to be delivered between 2020-2023. The deliveries of these aircraft are expected to begin in 2024. The agreements for deferring its orders were part of its recovery plan to ensure liquidity. LATAM Brasil, GOL Airlines, and Azul Airlines were the major airlines in the country in terms of passenger traffic in 2021. Currently, all three airlines have over 180 aircraft on order.

In addition to acquiring new passenger aircraft, the regional airlines are also expanding their cargo fleet. For instance, in February 2022, Azul Airlines announced that the company completed the conversion and certification of the global first E195 dedicated freighter. Such procurement plans for new airlines, as well as the growth in emphasis on the expansion of their route network, are anticipated to propel the market's growth in the future.

Latin America Commercial Aircraft Market Competitor Analysis

The market of Latin American commercial aircraft is highly consolidated, with few players accounting for the majority share in the market. The prominent players in the Latin American commercial aircraft market are Airbus SE, The Boeing Company, Embraer SA, ATR, and Rostec. About 60% of the existing commercial fleet in the region is composed of Airbus aircraft, and the remaining fleet majorly includes aircraft from Boeing, Embraer, and ATR. Airbus and Boeing are expected to continue their dominance in the future as they have over 350 aircraft and over 150 aircraft on order (as of March 2022), respectively. The largest order for Airbus is from Mexico's Volaris, whereas the largest order for Boeing is from GOL Linhas Aereas of Brazil. In addition to the demand for passenger aircraft, the aircraft OEMs are expanding their share in the market through the deliveries of new and advanced cargo aircraft. On this note, in March 2022, LATAM group announced that its cargo division received the second of 10 Boeing 767 converted freighters. The aircraft were ordered as a part of plans to expand its cargo business and would serve Colombia, Brazil, and Central America markets. The remaining aircraft are planned to be delivered by the end of 2023. Such aircraft orders and deliveries are expected to support the growth of aircraft OEMs in the commercial aircraft market.

Additional Benefits:

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