

ATR 42 & 72 values & aftermarket activity

The increase in traffic experienced by airlines in 2006 led to the availability of ATR 42s & 72s declining through the year, and consequently led to an increase in lease rates and market values.

The bulk of ATR 42-300/320 trading activity that took place during 2006 involved the independent company Nordic Aircraft Contractors (NAC) of Denmark, rather than ATR Asset Management. During 2006 NAC purchased a total of 12 aircraft from: Alitalia (5), Boeing Capital (1), GPA-ATR (4) and Italy First (2). In turn several of these aircraft have been sold on to Coast Air of Norway (1), UT Air of Russia (5), Wiggins Airways of the USA (1) and Century Services, a Canadian investor (2). One aircraft has also been leased to Trigana Air of Indonesia.

By comparison, ATR Asset Management has been relatively inactive, with limited aircraft availability restricting transactions to leases for Aerocaribbean of Cuba (1), Aeromar of Mexico (1), Conviasa of Venezuela (2), First Air of Canada (1), Halcyon Air Bissau Airways of Guinea Bissau (1), Regional Air Lines of Morocco (1), TACV of the Cape Verde Islands (1), TRIP of Brazil (1), White Eagle Aviation of Poland (1) and the sale of one aircraft to Tiko Air of Madagascar.

Independent third-party transactions have included: the lease of one aircraft to Avanti Air of Germany by PLTC; the sale of one aircraft to Aero North International of Indonesia by BAC Leasing; two aircraft purchased by Fly540 of Kenya from Executive Turbine; one aircraft leased to Pelican Air Services of South Africa by the AA Partnership; one aircraft leased to White Eagle Aviation of Poland by Bravo Aviation; and the purchase by West Air Sweden of the sole large-door-equipped ATR 42 from Northern Air Cargo of the US.

Despite the use of more than 40 ATR 42-300/320 aircraft in the freighter role (29 of these owned by Fedex) the bulk of the transactions that took place in 2006 were for passenger operations. With the exception of the West Air Sweden freighter, the only other ATR 42 acquired during 2006 for freight operations is the aircraft purchased by Wiggins Airways from NAC. Interestingly on the advertised market, BAC Leasing is

offering four freighter-configured aircraft for sale on behalf of its sister company Air Contractors of Ireland. Apart from these, only four other aircraft are on the market. These are all from separate sources and are all generally older, early-serial-number aircraft.

Sales outnumbered leases by nearly two to one (26 to 14) in 2006, and the geographic spread was worldwide, although with a bias away from the established European market. Lease rates have been in the region of \$50,000-60,000 per month, with the higher figure for younger aircraft. Pricing, which appeared to peak at around \$3.0 million before falling back to nearer \$2.5 million, is on the rise again due to the limited availability of good aircraft. Asking prices around \$3.5 million are now the norm.

ATR 42-500

Only four ATR 42-500 transactions took place in 2006. One aircraft was leased to Air Deccan of India by ATR Asset Management, while another aircraft was leased to Airlinair of France. Two aircraft were sold by Air Mauritius to Air Fiji. These transactions were exclusively for the passenger role.

Limited trading activity makes it difficult to estimate market lease rates with confidence, but somewhere in the region of \$85,000-95,000 per month is probably a reasonable assumption. Pricing is equally difficult, but the only aircraft on the advertised market, a 1998-built Air Caraibes aircraft, is being offered for \$7.9 million.

ATR 72-200/210

Despite their relatively high cost compared with other turboprops, there has been a substantial level of interest in the older model ATR 72s as freighters. During 2006 no fewer than nine aircraft were placed in this role. Farnair of Switzerland purchased one aircraft from ATR and three from Transasia Airlines of Taiwan. Fedex in the US purchased two aircraft from Nordic Aviation Contractor. Swiftair of Spain acquired two aircraft

from West Air Sweden and one from Eurowings of Germany.

In comparison, passenger configured aircraft accounted for 12 transactions, including ATR Asset Management placing aircraft on lease with Aer Arann of Ireland (1), Aerocaribbean of Cuba (1), Airlinair of France (2), Hansung Airlines of Korea (1), Precision Air of Tanzania (1), TRIP of Brazil (1) and Vietnam Airlines (1). Independent owners leased three further aircraft: Bravo Aviation to Aer Arann (1), Phoenix Aircraft to Air Bagan (1) and Sabine Schroder Aircraft Leasing to Sun Air of Egypt (1). Bravo Aviation purchased one aircraft from Finnair.

Sales matched leases almost exactly (10 to 11) and again the geographic spread is worldwide. European lease rates at the beginning of 2006 were in the region of \$72,500 per month, but rates were increasing throughout the year, with more recent deals reaching in excess of \$75,000.

Aircraft placed outside of Europe command a premium, with a rate of \$92,000 believed to have been achieved on one particular transaction. The high level of activity during 2006 is unlikely to be repeated in 2007, since aside from one Bravo Aviation passenger aircraft, the only other aircraft advertised with availability are the four freighters that are being offered by Europe Airpost. With few aircraft available, recent offers have exceeded \$85,000 per month.

At the beginning of 2006 pricing for older aircraft was as low as \$4.0 million, but the same aircraft today would not be offered for much below \$6.0 million. Newer generation aircraft are being offered in excess of \$7 million.

ATR 72-500

Discounting the transfer of aircraft between related companies, only four ATR 72-500 transactions took place during 2006. ATR leased one to Air Deccan of India, and sold one to Airlinair of France. Cimber Air Leasing of Denmark leased out two aircraft, one going to Air Mauritius and one to Binter Canarias of Spain.

Once again, limited trading activity makes it difficult to estimate market lease rates for the ATR 42 and 72 with confidence, but somewhere in the region of \$100,000-120,000 per month is a reasonable rate. In the absence of any sales transactions, pricing is somewhat theoretical. Advertised availability is nil, but two aircraft have recently been offered, but not advertised, for about \$9.5 million each. [AC](#)

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