

China's charter fleet has grown 40% in the past two years



By Alud Davies
July 12, 2018 13:15



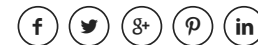
The number of aircraft available for charter in mainland China grew by 40% between the middle of 2016 and the middle of 2018, according to a new report by Asian Sky Group (ASG).

The report, published in early July, analyses the charter fleet across Asia Pacific and compares it to the midpoint of 2016.

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Overall, there was a 5% increase in the number of jets available for charter, from 296 in 2016 to 311 in 2018. ASG says that the 311 aircraft represent 26% of the entire Asia-Pacific executive-jet fleet.

More than two-thirds of the 84 additions to the charter fleet during the two-year period were aircraft that have changed their roles to charter aircraft. These aircraft are most likely those whose owners decided to allow the aircraft to be used for charter when they were not using the aircraft themselves.

Overall, 59 aircraft changed their roles to charter, 68% of the total addition. A further 25 pre-owned aircraft joined the charter market, with only two new aircraft joining.

Mainland China's 40% increase was due to a net addition of 25 aircraft to its fleet, with ASG saying that the increase demonstrates the potential in the mainland's charter market.

Although all signs point to growth in the Chinese charter market, one of the key issues that operators face is a low occupancy rate that must be factored into revenue calculations when setting final hourly rates charged to customers. Rates also have to take into account high airport and en-route charges that operators face, which brings final hourly prices more in line with the global average.

This, the charter companies say, means that margins on flights are much lower than the global average.

China's charter fleet, much like the rest of the country's business-jet fleet, is largely made up of large-cabin, long-range jets. The large, long-range and corporate airline categories account for 80% of the fleet, with the large category alone being 48% of the fleet.

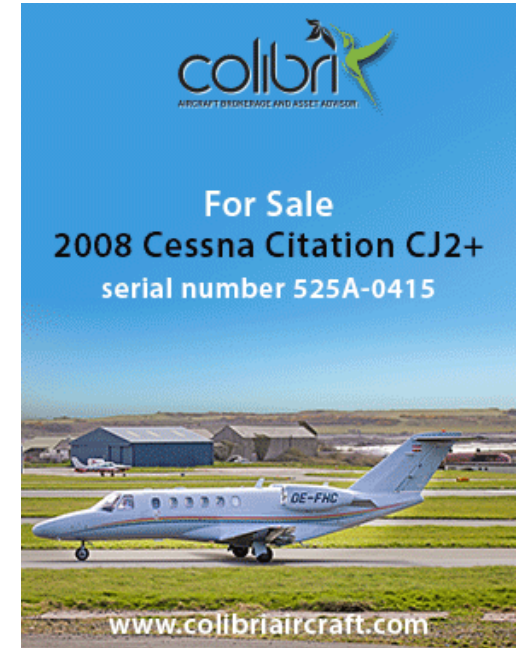
Bombardier has the greatest single representativity in the fleet, although its 31% share is only just ahead of Gulfstream's 30%. Gulfstream wins in the most-popular aircraft type category, with the G450 and G550 both having 13 aircraft each. This is followed by the Bombardier Challenger 850 with 11 aircraft available for charter in the country.

At the opposite end of the scale, light jets account for just 3% of the charter market. According to ASG's year-end fleet report for 2017, there were several smaller Citation and Embraer aircraft in the Chinese fleet, however, these were largely operated by flying schools or in governmental roles. Amongst the smaller aircraft in mainland China's charter fleet is a single Phenom 300 operated by Inner Mongolia's Ordos General Aviation.

Outside of China, the largest charter fleets in the Asia-Pacific region are in India and Australia, which respectively have the second and third biggest fleets. Both of these countries experienced net decreases in their charter fleet numbers.

Between 2016 and 2018, with Australia lost 5% of its fleet while with one fewer aircraft India finished the period with a charter fleet of 59 planes.

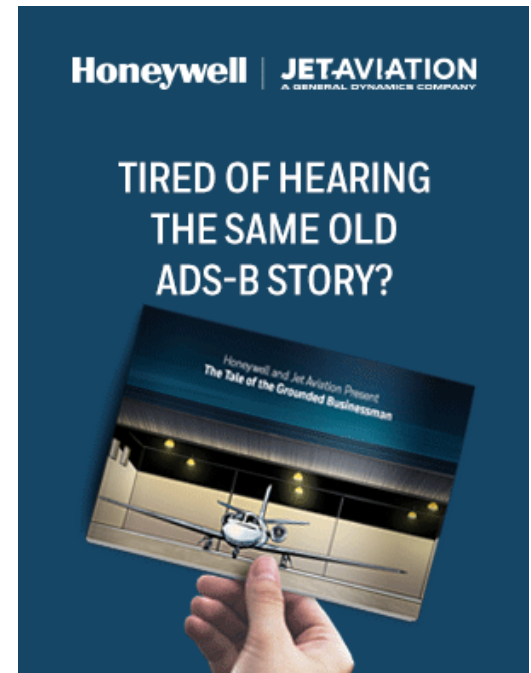
Outside China, the largest fleet growth was in the Philippines, although its 30% growth was due to the net addition of just



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manage a critical lack of slots by slowly reducing the availability of the airport for business aircraft.

The charter fleet in the Philippines, in stark contrast to that of China, is made up mostly of smaller aircraft. Just over half of the fleet are Bombardier, mostly smaller LearJet aircraft.

The Philippine's largest charter operator, Asian Aerospace, which trades as Air Taxi PH and has a fleet of six aircraft, flies the largest jet available for charter in the country, a 1990-build Gulfstream IV.

ASG's report also looks at the most popular charter flight routes in the region — Beijing to Shanghai came top of the list.

Whilst it is perhaps unsurprising that the route between China's top two cities should be the most popular, a Google flight search shows that there are over 50 daily flights linking the cities, a measure of the demand for charter between the two cities.

Both of these cities' airports suffer from chronic oversaturation and, as a result, have largely restricted business aviation flights to only a handful of daytime slots and unfavourable slots later at night.

The second most popular route, between Macau and Manila, has an average of two daily flights, although no airline flying the route has a flight every day of the week.

The Macau to Manila route demonstrates one of the key benefits of business aviation in connecting cities that aren't frequently served by regular airline flights.

Gambling is among Macau's and Philippines' main sources of tourism and revenue.

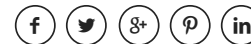


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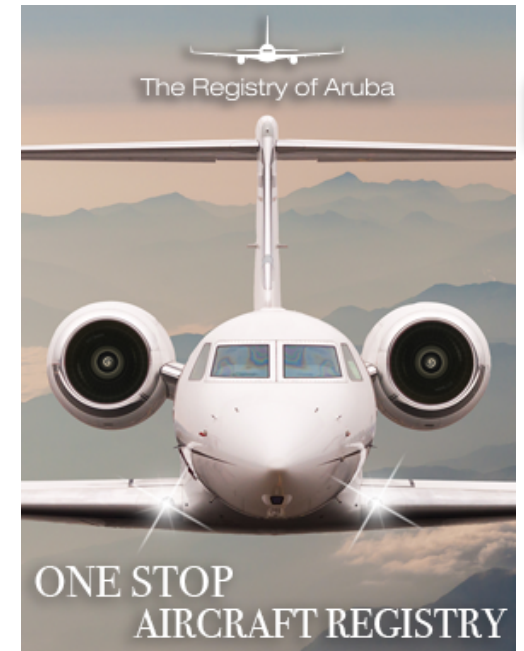
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