## How is the business aviation market changing?
## by Lorna Titley

**With ongoing global conflicts in Ukraine and now the Middle East, COVID and a year of elections around the world, uncertainty abounds, maybe more than ever before. Industries everywhere are affected by such seismic events.**

Changes in one industry can affect other seemingly unrelated sectors. *"The problem with business aviation is that anything that happens in any other industry will also affect us in a negative way. If there is a financial crisis, we suffer. If there is a war, we suffer. If there is COVID, then we suffer", observes* **Richard Hekker, Founder & CEO at OPES JET holdings Ltd.**

Ahead of Quaynote`s is Opportunities in Business Jets, 11th Annual Conference, in Malta earlier this year we caught up with Richard and other panellists who were tasked with discussing how the business aviation market is changing, which sectors are experiencing growth and what election year and geopolitical events are shaping the market.

*"For us, last year was a record year,"* states **Thomas Haymans, Director of Business Development, Jet Support Services, Inc,** "*which makes this year tough, because we have to do as well as last year."* Some geographical markets have done better than others. Thomas points to the slowdown in the Benelux market and the adjacent impact of environmental concerns. "*France and the Netherlands are the most passionate countries in terms of the environment,*" he says. "*These issues have had an effect on business aviation and owners. I was speaking to an operator in Belgium who told me that 10 years ago he used to be proud to have a jet. Today, the same owner says he has to hide the fact that owns a plane*." Haymans feels that the rest of the world has not been impacted to the same extent as France and the Benelux countries have by environmental concerns. By contrast to Benelux and France, where concerns about sustainability are paramount, Thomas points to Malta which, he says, "*everyone knows is growing like crazy.*"

In terms of industry sectors, charter experienced unprecedented growth in 2022. *"It was probably a record year for charter"*, comments Richard Hekker, "*to the extent that we sometimes had trouble finding jets to meet demand."* Interestingly, that supply/demand dynamic was reversed in 2023, "*with OPES experiencing 15-20 offers on every single charter request."*

Anticipating that there would then be a slowdown in 2023, OPES cut 70% of their overheads that year so they could focus on consolidation. The company has operations in the US and another in Europe, the latter dealing with ROW too. "*We grew the European side by about 20% net during 2023, although as we were a start-up we expected more. Our marketing budget was almost zero, with everything done via organic growth. This clearly shows that there is a healthy market and that we have a healthy product."*

The war in Ukraine and the resulting sanctions have had an impact on the EU countries. In Germany in particular, the fallout has led to a cautious attitude amongst clients, with some scaling back their chartering activity. *"The conflict has really put the breaks on growth in Europe,"* comments Richard Hekker. The market expansion in the Middle East, in his opinion, is due almost entirely to Russian Owners moving to Dubai, following the conflict in Ukraine. "*That market is gone from Europe for now,"* concludes Hekker. "*However, once the war is over, my opinion is that this market will return back to Europe."*

What about the biggest market in the world, the U.S.? "*It`s heavily saturated,"* asserts Richard Hekker. "*However, COVID showed the world that there are alternatives. A lot of people started flying private during this time and never went back."* What he calls the "*addressable market*" has had a significant boost over the last 3 years. With the election coming up in the States later this year, there is the possibility of President Trump, if he is re-elected, bringing back tax benefits that will benefit some jet owners. If that happens, then many in the U.S. are expected a "*huge boon to business aviation*" adds Thomas Haymans.

On a global scale, the hundreds of elections that are taking place globally during 2024, are *"adding to the uncertainty and leading to a kind of holding pattern amongst the business aviation market,"* in Hayman`s view.

The inbuilt seasonality of business aviation sees a lot of operators make their money in the summer season and use that money to survive the winter season. *"Last summer season was terrible for charter operators,"* states Hekker. *"Demand was down, and charter prices were adjusted down by about 20-25%."* Richard Hekker points to a number of airline operators who have based their 2023 spending on 2022 figures, which as he says is not realistic. *"I think we are seeing and going to continue to see the fall-out from companies assuming their income on this basis."* He has already seen 2 operators he has dealt with go under recently, and more are expected to follow as 2024 progresses.

The slowdown which followed the frenetic growth period represents a healthy market correction for some. **Julian Polderman, Registry Manager at 2-Reg** says, *"There is a view that the market has now reached the right temperature."*

What of the future? *"The last 2 years were completely crazy in terms of ordering new planes,"* states Haymans. *"As a consequence, our order books at JSSI are full for the next 24 months. I think this in turn will push growth with owners then having to sell their pre-owned jets as the new planes come on the market."* Overall, he is quite positive, although he points out that this view contrasts with the feedback they were getting from brokers at the end of 2023.

*"Brokers were saying that the outlook for the next year was gloomy, but now they are starting to revise that forecast, saying that things are not as bad as they first thought,"* adds Thomas Haymans. For Richard Hekker there is a potential silver lining. "*We are a resilient industry. We just need to work on our future proofing.*"

Lorna Titley is a Director at Quaynote Communications, a communications company specialising in PR & Marketing Consultancy and Live / Virtual / Hybrid Conferences & Events for the Aviation, Maritime and Security Industries.

lorna@quaynote.ca; www.quaynote.com