

Honeywell sees strong demand for private jets

by **Max Jarman** - Oct. 5, 2008 12:00 AM
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Canceled flights and onerous fees for checked bags and other services have [companies](#) lining up to buy their own planes, or a piece of one through jet-sharing services.

Despite the global downturn, soaring demand for business jets is projected to generate more than \$300 billion in sales over the next decade, which could support thousands of jobs at aerospace companies in Arizona and around the world.

Phoenix-based Honeywell Aerospace's annual business aviation outlook forecasts [delivery](#) of 17,000 new business aircraft from 2008 through 2018.

Charles Park, Honeywell's director of market analysis, said demand is also being driven by schedule cutbacks at commercial airlines, a desire to replace existing planes with more fuel-efficient models and the weak dollar. He said that aircraft are priced in dollars so they can look like bargain to a customer paying in a stronger currency.

The forecast is good news for local companies that make parts for the jets. They include Honeywell, Hamilton Sunstrand and Aviation [Communications](#) and Surveillance Systems in Phoenix and Universal Avionics in Tucson, among many others.

Surprisingly, sales are expected to be particularly strong in 2008 and 2009. Deliveries this year are running 22 percent ahead of last year. Honeywell forecasts delivery of 1,200 business aircraft this year, up from 1,020 in 2007. Sales in 2009 are expected to be even better, with 1,300 to 1,400 jets set for delivery. Business jets typically are defined as having a gross takeoff weight of less than 100,000 pounds.

Rob Wilson, president of business and general aviation for Honeywell Aerospace, said, "2008 will add to the string of record years the industry has experienced."

Honeywell sees demand flattening in 2010 and 2011 but staying well above traditional levels. Orders are expected to pick up in 2012 and 2013 as more energy-efficient planes start hitting the market.

Besides making cockpit avionics and auxiliary power units, Honeywell makes engines for many business jets.

"Our products are more concentrated on the higher-end jets," Park said, but added that Honeywell products are part of almost all the planes.

Park said the strong jet demand, given the worsening economy, was a surprise.

Honeywell concluded its 1,900 survey interviews in August when the full brunt of the credit meltdown had not been felt. But Park said respondents were aware of the serious economic consequences of the subprime mortgage disaster.

Purchase expectations trended up in North America and Latin America, declined moderately in Europe and the Middle East and fell noticeably in Asia.

For the short term, survey respondents expressed concerns about high fuel costs. U.S. survey respondents indicated they intend to use their aircraft less in the near term, while expectations of use in other regions were more favorable.

But North America respondents were more optimistic about future purchases. On average, they indicated they expect to replace or expand about 25 percent of their fleets during the next five years.

"The improved level of purchase expectations in North America is a pleasant surprise," Wilson said.