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Aircraft Intelligence Monthly

LEADING with EDGE

Identified ***edge*** in the commercial aircraft market where data-driven analysis diverges from industry sentiment

November 2026

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October 2026 – Key takeaways and risks

KEY TAKEAWAYS:

1 Lease extensions fall as transitions and stored fleet rises

- Narrowbody lease extensions no longer a given as transitions resume p. 4
- Fuel costs drive parked narrowbody divergence; GTF remains outlier p. 5

2 Engines see inflection points in valuations and lease rates

- GTF spare engine lease rates plummet with increased supply p. 6
- Spare parts inflation hitting ceiling in legacy engine valuations p. 7
- Engine utilization diverges across fleets, and within airframes p. 8

3 Airline risk continues to increase at the expense of growth

- High fares cushion fuel spike, creating capacity dilemma for airlines p. 9

TOP RISKS WE ARE WATCHING OVER THE NEXT 12 MONTHS:

1 Continued geopolitical conflict

The last month saw a potential hijacking on a flydubai 737 MAX, as well as the destruction of a Saudia A320. While the risk of geopolitical conflict impacting global travel continues to increase, aviation is ,once again, becoming an explicit target. Meanwhile, riots are taking place in France, debt/GDP ratios are reaching new highs around the world, and inflation has begun increasing again.

2 Bond and credit concerns / AI investment bubble

The recent shake-up and Nvidia have not yet popped the AI bubble, but it could. The circular financing, so well known in the industry, only becomes a problem if overall AI revenue can't keep up. There are signs this growth continues to falter, regardless of any implications from Nvidia CEO replacements. Still, our timing is more focused on the Anthropic IPO rather than any near-term Nvidia drama as a catalyst.

3 Renewed fuel price increases

Following the U.S. midterms, Brent crude prices fell from $110 to $95 / bbl. We believe this is the paper market driving prices based on sentiment rather than supply and demand; however, it has also resulted in a relaxation of the crack spread. Still, if this summer has taught us anything, it's that the risk of higher oil is ever present as long as ships are being attacked near the Strait of Hormuz.

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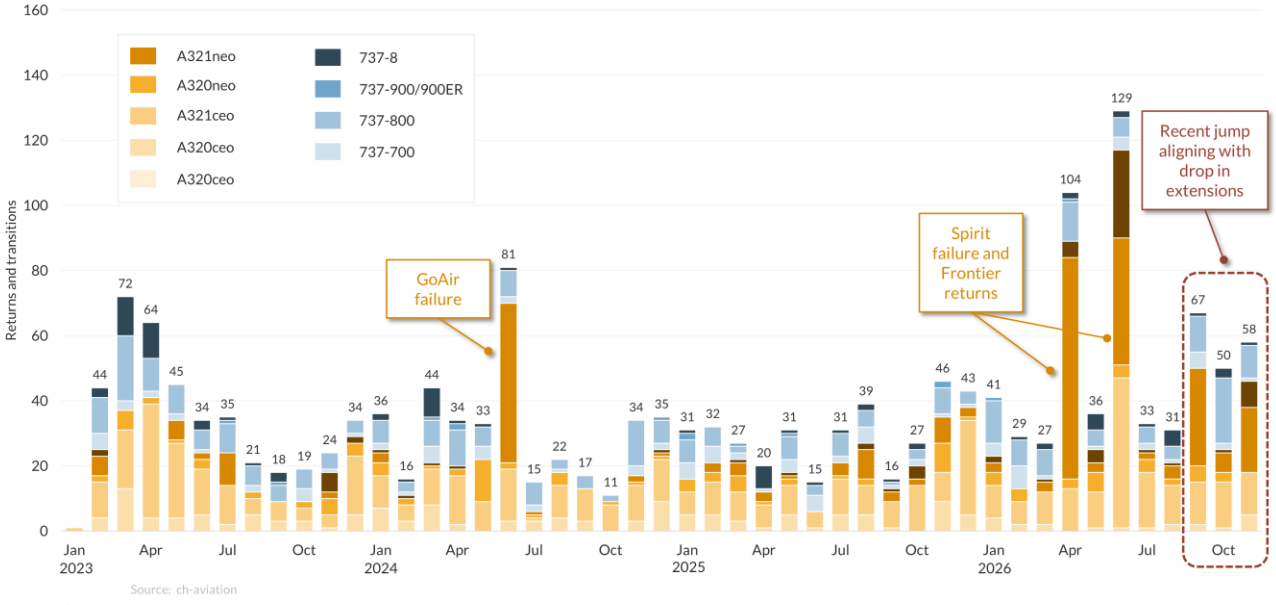
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Narrowbody lease extensions no longer a given as transitions resume

Leased aircraft transitions and lease returns

(Number of aircraft on lease with transitioned operators or returned to lessor)



Why it Matters:

The trend of lease extensions has been a powerful factor for narrowbody lessors over the past three years. For airlines looking for narrowbody lift during an aircraft shortage, the simplest answer was to extend leases for aircraft already on property. As a result, lease extension discussions were often initiated by the airlines well ahead of the expiration, and any remarketing for a lease transition to a different operator by the lessor was not needed.

This trend of extensions was not expected to last indefinitely, particularly as aircraft continued to age and second extensions were mathematically less likely. However, what was an expected gradual shift away from lease extensions has moved quickly since September. Despite oil price spikes in early 2026, airlines continued to retain aircraft through the peak months with expectations that jet fuel prices would soon fall. After exiting the peak season, however, fuel prices again spiked, and airlines preserving capacity for peak demand suddenly reverted to allowing leases to expire without extension. This is a trend reported by several airlines and lessors that is expected to continue through 2027.

The Edge:

Aside from notable airline failures of GoAir and Spirit, the remarketing needs for narrowbody aircraft have been minimal over the past three years. The assumption that mid-life aircraft will be extended approaching the first lease expiration can no longer be safely held. Since this data is, by nature, backward-looking, we expect the current drop in lease extension discussions to be longer-term, at least through 2027. Aircraft approaching lease expirations in early 2027 are being discussed today, for which lessors will have a strong idea of whether an extension is likely.

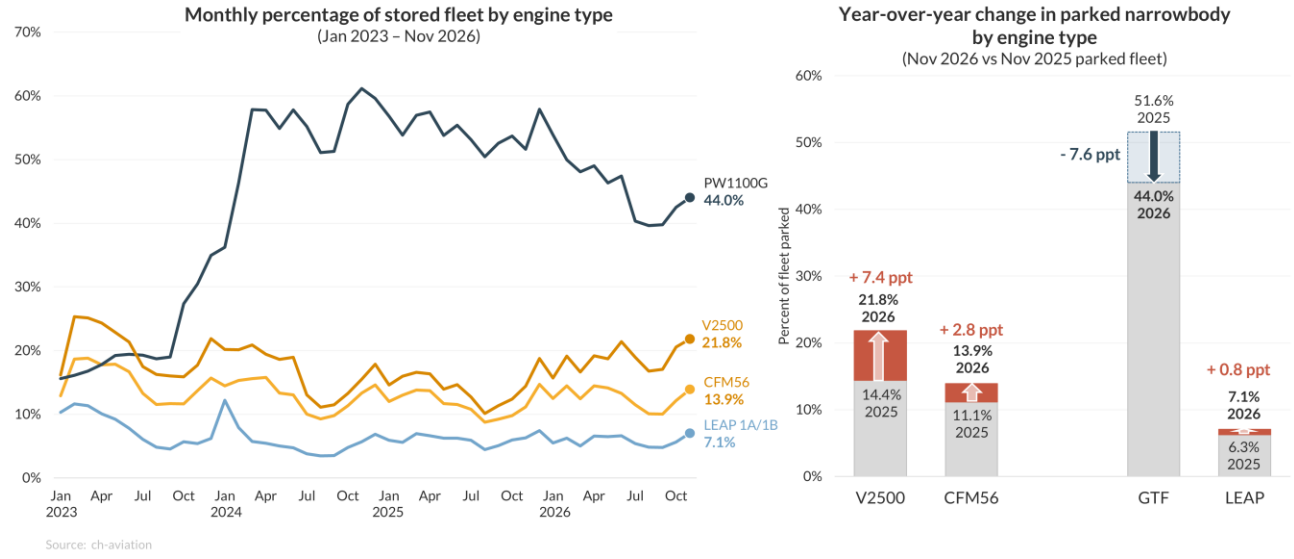
As the industry moves away from the narrowbody shortage, a shift away from lease extensions is expected and natural. While the shift may have been abrupt, we do believe it represents a long-term shift back to a more normal rate of extensions versus returns.

At the same time, new aircraft delivery rates continue to increase, as well as the overall seat gauge of the aircraft being delivered. While our conclusions have been more focused on this impact to supply and demand from a macro perspective, one of the first indications of a shift would be a drop in lease extensions. This supports the idea that we are exiting the shortage. Additionally, the ability for airlines to find higher fares as fuel increased is not likely to be given back, marginally reducing the overall demand for narrowbody capacity. For this reason, we expect the number of remarketed mid-life aircraft to continue to increase through 2028.

Fuel costs drive parked narrowbody divergence; GTF remains outlier

Percentage of Airbus and Boeing narrowbody fleet stored by engine type

(Aircraft counted as stored or in long-term maintenance: 737NG, 737 MAX, A320ceo, A320neo families)



Why it Matters:

The parked fleet of narrowbody aircraft is beginning to diverge as fuel prices impact airline long-term planning. The typical seasonality of parked aircraft can be seen in the above chart, particularly for the prior generation of CFM56 and V2500 engines. December through April tend to show higher rates of storage or long-term maintenance – a trend that was matched during the prior year. However, the stored fleet is typically reduced through the spring, which was not the case in early 2026, as high fuel prices hit airlines. This represents an inflection point in the storage rates, very likely a direct result of high fuel prices impacting older technology more than on aircraft powered by new engines.

Even the expected drop in storage rates through the peak summer season was muted in 2026, while the arrival of September and slower shoulder months has resulted in an increase in stored aircraft earlier, and beyond 2025 levels. This is the first data showing a clear impact of the high fuel prices from the Middle East conflict affecting older aircraft significantly more than younger, new-technology aircraft.

The Edge:

Airlines have been forced to deal with fuel prices that have stayed higher for longer, and the recent shift in September/October numbers suggests the airlines are beginning to make the necessary moves. The peak Northern Hemisphere summer season kept capacity deployed at higher levels, a dynamic that likely delayed the aircraft market's expectation of softness as the peak season came to a conclusion.

The GTF remains the outlier as engines return to service, though airlines are increasingly complaining of new problems with "Block D" blades that may be leading to boroscopes as early as 375 flight hours. We consider these new complaints from airlines to be a problem of durability rather than any hard limit that could drive aircraft out of service like the HPT disk inspections. The recent increase in GTF-powered aircraft storage rates still appears to be seasonal in nature, though airlines are beginning to complain with increasing volume at the new "Block D" problems. It is still too early for us to determine what impact these new blade durability challenges will have on the fleet.

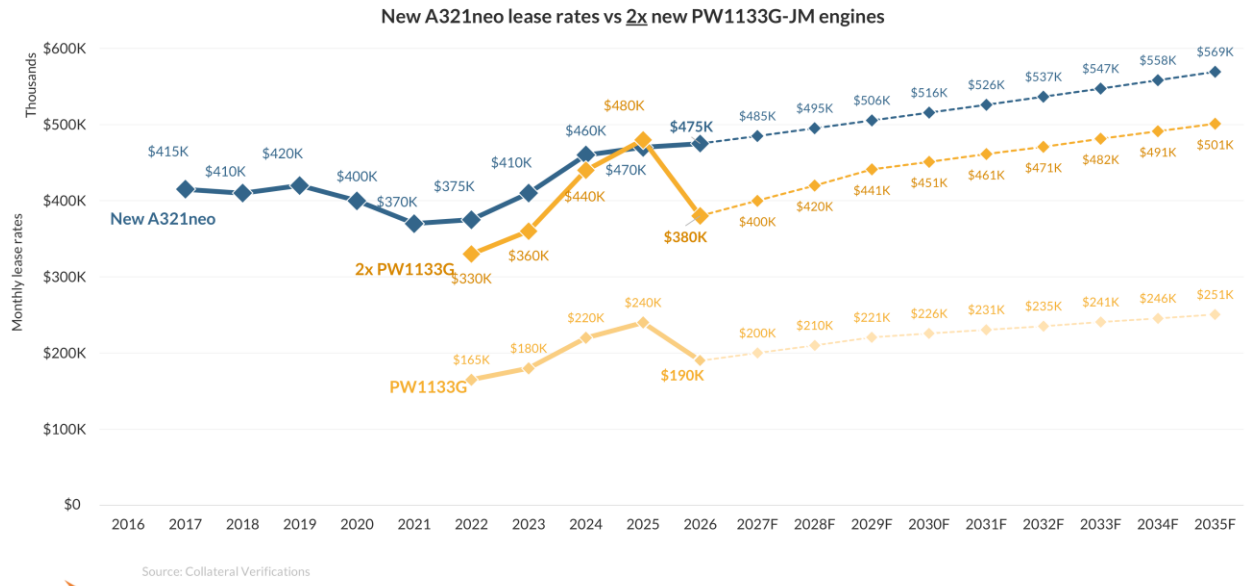
For the rest of the fleet, we expect the reversion of parked V2500 and CFM56-powered aircraft to continue to increase. Notably, the parked V2500 fleet is exceeding 20%, a value that appears aligned with the softening of V2500 lease rates. The CFM56 fleet combines the CFM56-5B and -7B, for which the 737NG-mounted -7B engines are seeing lower storage rates than the A320ceo family CFM56-5B.

GTF spare engine lease rates plummet with increased supply

New PW1133G engine lease rates vs new A321neo aircraft lease rate

(Current lease rates as of November 2026, typical lease terms)

Powered by Collateral Verifications



Source: Collateral Verifications

Why it Matters:

2025 saw a unique phenomenon in the engine market, as two GTF engines could achieve higher lease rates than one A321neo, including both engines. The situation created an arbitrage opportunity that drove early part-outs of A320neo and A321neo aircraft. The shutdown of Spirit Airlines and the immediate availability of GTF engines led a race to extract the GTF engines in a hot market, driving aircraft part-outs.

Over the past 12 months, however, the sudden availability of PW1100G engines collided with the continued advancement of the GTF high-pressure disk replacement and the returning NEO aircraft into service. The result has been an abrupt reset in PW1100G leases, as spare engines once in short supply just months prior, have become excess. The reset in engine lease rates was expected, though not nearly as quickly as it happened. Spare inventory supplied to the market by Pratt & Whitney to help with grounded GTF engines awaiting inspection has continued to remain in the market as the percentage of the fleet parked continues to fall.

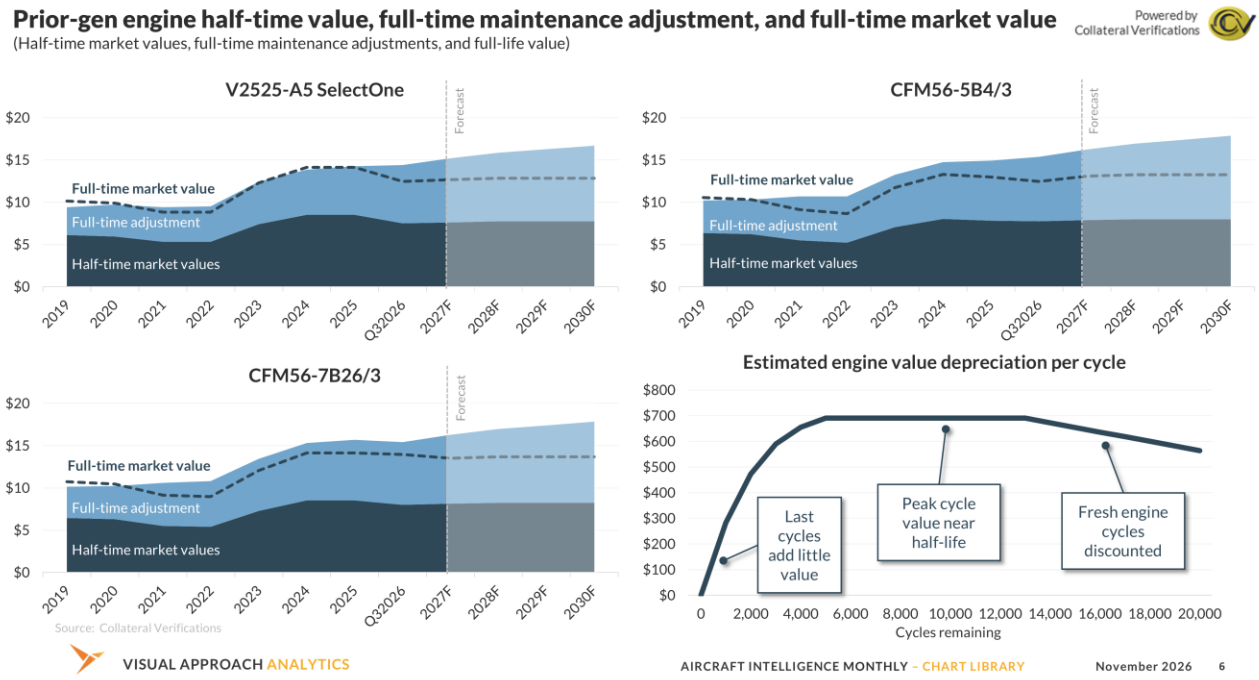
The Edge:

We expect the current level of spare engines to remain high until GTF storage rates return to normal late next year, keeping downward pressure on GTF spare engine lease rates. The significantly shorter lease terms for engines compared to aircraft are also allowing rates to move with much larger swings, a trend we expect to continue through the end of the decade.

We believe the rapid swing in lease rates is due primarily to a glut of engines hitting the market from the Spirit Airlines shutdown. This represents the relatively surprising introduction of supply into the system in quantities incentivized by the ultra-high lease rates. At the same time, the GTF solution was slowly resolving while Pratt & Whitney, itself, injected new spare engines into the market to keep as many aircraft operating as possible. This has a compounding effect on the spare engine supply, as parked NEO aircraft return to service, in that a spare engine is released to inventory at a time when demand for spares is permanently reduced by the returning aircraft. Not only is the PW1100G fighting against increasing spares supply, but a rapidly reducing fleet of engines out of service awaiting new HPT disks.

One redeeming factor for the PW1100G spare engine market could be renewed challenges with “Block D” turbine blades; however, it is equally likely that the spare engines will contain the same challenged blades. We expect any new challenges to benefit CFM56-5B or V2500 more than PW1100G as older aircraft backfill any unscheduled removals.

Spare parts inflation hitting ceiling in legacy engine valuations



Why it Matters:

The continued escalation of engine spare parts pricing has led many people in the industry to ask what could break the link between engine values and the high annual increases. Since COVID, annual parts price increases have been in the high single digits, with some years exceeding 10%. The result has been an increasing portion of overall engine value being assigned to green time rather than the base value of the core itself.

Recent value and trading trends suggest the incremental value of the available time left is not consistent. For V2500 and CFM56 engines, an increasing premium may be emerging at half-time. More likely, engines with high or low interval times remaining are being discounted. For instance, at current half-time values for a V2527-A5-SelectOne, the full-life cost adjustment would result in a $14.4 million engine. However, full-life V2500 engines are trading closer to $12.5 million. A similar dynamic also appears in the CFM56-5B and -7B engines.

The Edge:

The increasing reliance on maintenance value has an ultimate ceiling, and it appears the prior-technology engines just hit it. Even though it is not necessarily new that full maintenance value can exceed the market value of an engine, the consistent divergence between the two is quite notable. This is the first sign that price escalation in prior-technology engine spare parts is no longer driving asset value.

As these out-of-production engines continue to leave service, we expect more relative value will be placed on those with half-time blades than full-life. Coupled with the reduction in lease extensions, the number of engines with green time remaining that will ultimately come to market will increase. This is not to say half-time V2500 and CFM engines will immediately fall in value; rather, a full-life engine will see less incremental value as more half-time engines become available to satisfy near-term demand.

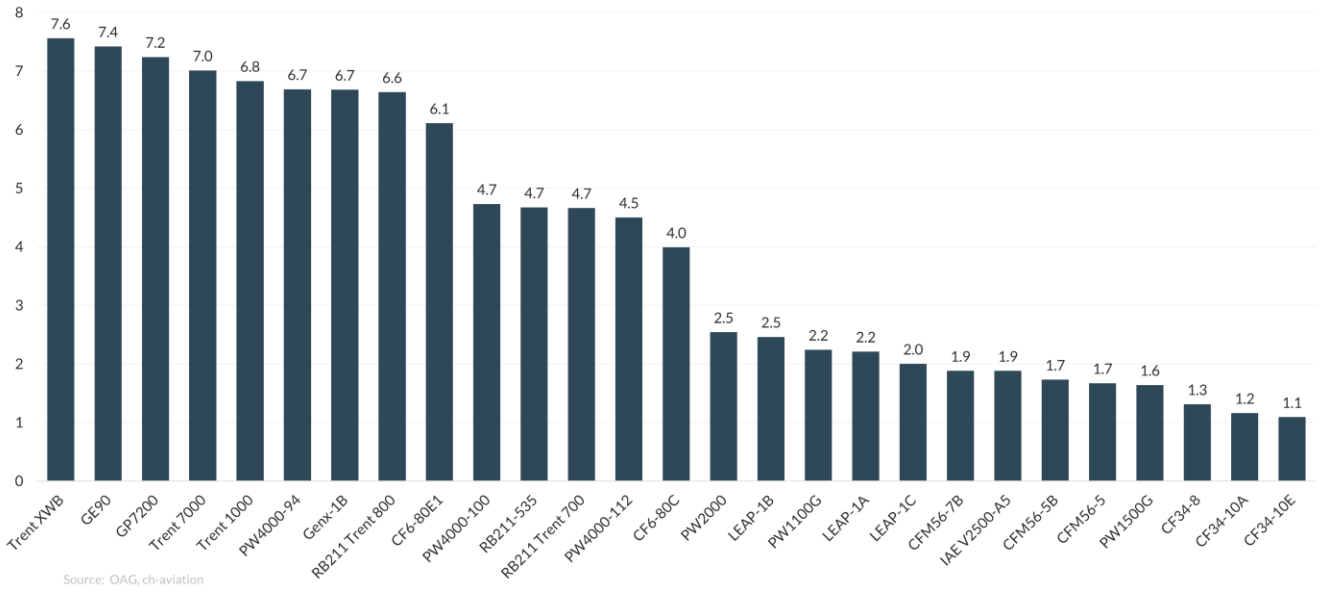
With the engines lasting six years between intervals, cash put into a fresh engine holds an implied discount rate as the value from the last 7,000 cycles cannot be extracted for another five years. The exception to this is if the engine is acquired near half-time, where, again, relative value retention is expected to remain the strongest.

Similarly, the value assigned to remaining cycles drops off substantially below quarter-time. This is not due to the cycles costing any less to replace; rather, limited remaining run-time means the base core represents most of the asset's value. Ultimately, the expectation is that spare parts pricing will continue to diverge from value, pushing more relative value toward engines with at least 5,000 cycles.

Engine utilization diverges across fleets, and within airframes

Hours per flight by engine families – October 2026

(Average flight hours per cycle, global scheduled passenger fleet for flights completed month of October 2026)



Source: OAG, ch-aviation

Why it Matters:

October 2026 scheduled passenger data shows a stark stratification of hour/cycle ratios across global fleets, led by ultra-long-haul widebodies like the Trent XWB at 7.6 hours per flight, the GE90 at 7.4, and the GP7200 at 7.2. Directly beneath this top tier sits a secondary widebody band—including the Trent 700, PW4000-100, and PW4000-112—clustering between 4.5 and 4.7 hours per flight as older widebodies are increasingly deployed on high-density regional trunk routes.

Beneath a sharp drop-off separating widebodies from single-aisle aircraft, new-generation narrowbodies are flying noticeably longer stage lengths than the legacy fleets they replace. The LEAP-1B averages 2.5 hours per flight compared to 1.9 for the CFM56-7B, while the PW1100G and LEAP-1A both reach 2.2 hours versus 1.9 for the V2500 and 1.7 for the CFM56-5B. Even within the same airframe family, engine-specific utilization diverges widely—such as the A330ceo-mounted CF6-80E1 averaging 6.1 hours per flight versus 4.7 for the Trent 700 and PW4000-100, or the 757's RB211-535 at 4.7 hours versus 2.5 for the retiring PW2000.

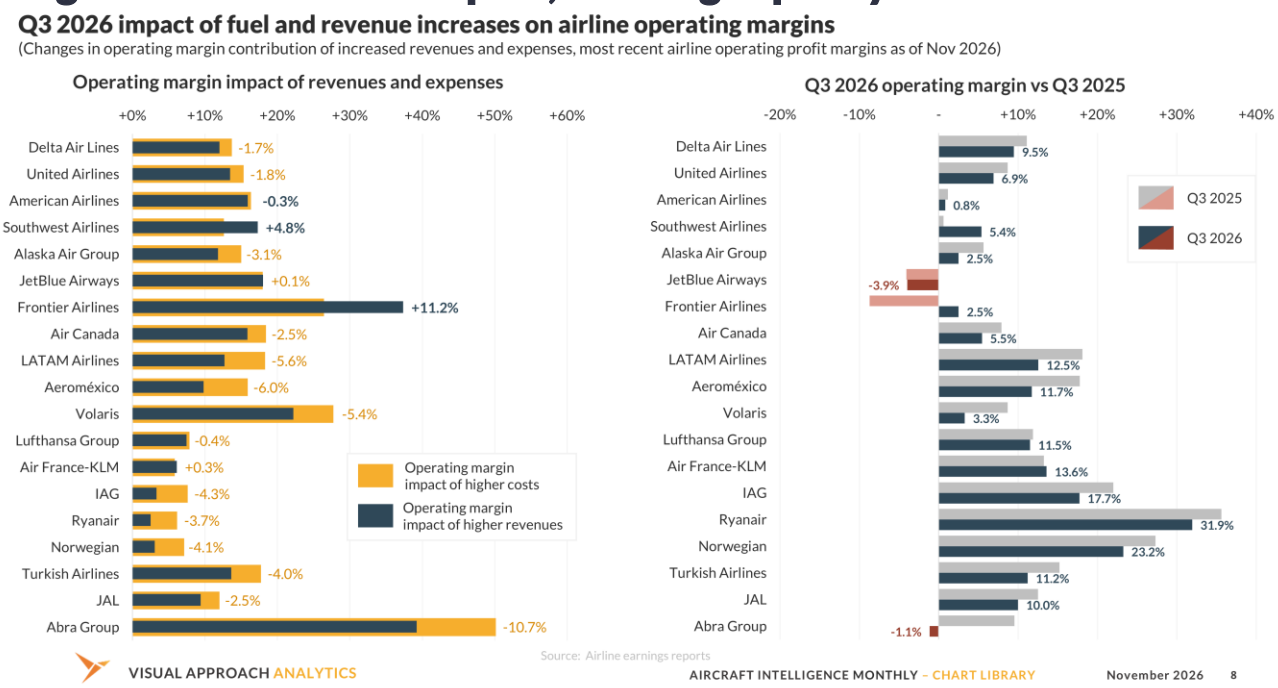
The Edge:

For aircraft lessors, the 0.3- to 0.6-hour stage-length stretch on LEAP and PW1100G fleets requires a shift in maintenance reserve modeling and end-of-lease return adjustments. These longer missions shift exposure toward hot-section restoration while extending the calendar life of cycle-limited LLPs relative to outgoing CFM56 and V2500 leases. Similarly, manufacturers and MROs must align Power-by-the-Hour (PBH) pricing and shop capacity with this exact split between hour-driven and cycle-driven wear. Pushing new-generation narrowbodies onto missions of 2.0 to 2.5 hours accelerates combustor and high-pressure turbine distress, making granular FH:FC tracking critical to protecting margins on long-term service agreements.

High-cycle regional fleets—such as the CF34 family at 1.1 to 1.3 hours—and regionalized widebodies like the Trent 700 and PW4000-100 at 4.7 hours generate predictable, high-volume demand for cycle-expiring LLPs. Conversely, long-haul widebodies like the Trent XWB, GE90, and GEnx-1B, alongside the longer-range LEAP and GTF operators, drive disproportionate demand for hot-section airfoils and thermal-barrier hardware.

We expect this trifurcation of engine utilization to continue for the next decade – at least until the final retirement of the A330ceo and 777-200ER, which are driving reduced flight hours per cycle to match the current fuel situation. The split between new-tech and old-tech narrowbody engines is also expected to continue as NGs and CEOs finally retire.

High fares cushion fuel spike, creating capacity dilemma for airlines



Why it Matters:

The spike in fuel prices since the start of the Iran crisis has been met with reduced flying and increased fares. The fare and revenue increases have been consistent across most airlines, but still have not matched the broad increase in fuel costs. As earnings reports continue to come in, a year-over-year comparison shows how both higher fuel prices and fares have impacted operating profit margins.

Two notable airlines have shown operating margin benefits from fares exceeding the margin hits from higher fuel: Southwest Airlines and Frontier Airlines, both in the United States. For Southwest, new pricing and a shift in business model toward ancillary fees have driven the majority of the airline's revenue benefits. For Frontier, the exit of rival Spirit Airlines has been the primary driver behind the sharp revenue increases. Notably, the absence of Spirit benefited other operators as well, including Southwest Airlines. No other region has experienced an airline failure the size of Spirit, making the U.S. margin outperformance unique.

The Edge:

It will not take a large drop in fuel prices for airlines to return to profitability, as long as fares remain high. We still maintain that fares have been a direct result of reduced capacity, which is likely to create a dilemma for airlines once fuel drops. As new aircraft continue to deliver, we expect this capacity discipline to falter. However, this is not bad news for the aircraft market, in that more deployed capacity drives demand in the aircraft market, despite fares. The industry has shown more resilience in handling low fares and reduced profitability than reduced capacity.

Still, we see the year-over-year improvements in fares as an incredibly positive sign for the airlines, which gives them options as they return toward lower long-term fuel prices. Even though fuel prices will likely remain elevated over 2025 levels, pricing power has proven to exceed long-term fuel cost expectations.

This remains positive until aggressive plays for capacity return – which they always do. However, the aggressive growth airlines of the prior decade have also taken a quick breath of higher fares at the cost of growth – a sign that maturity may have arrived. But, with that maturity and high fares, comes slower overall industry growth – the other edge to the sword.

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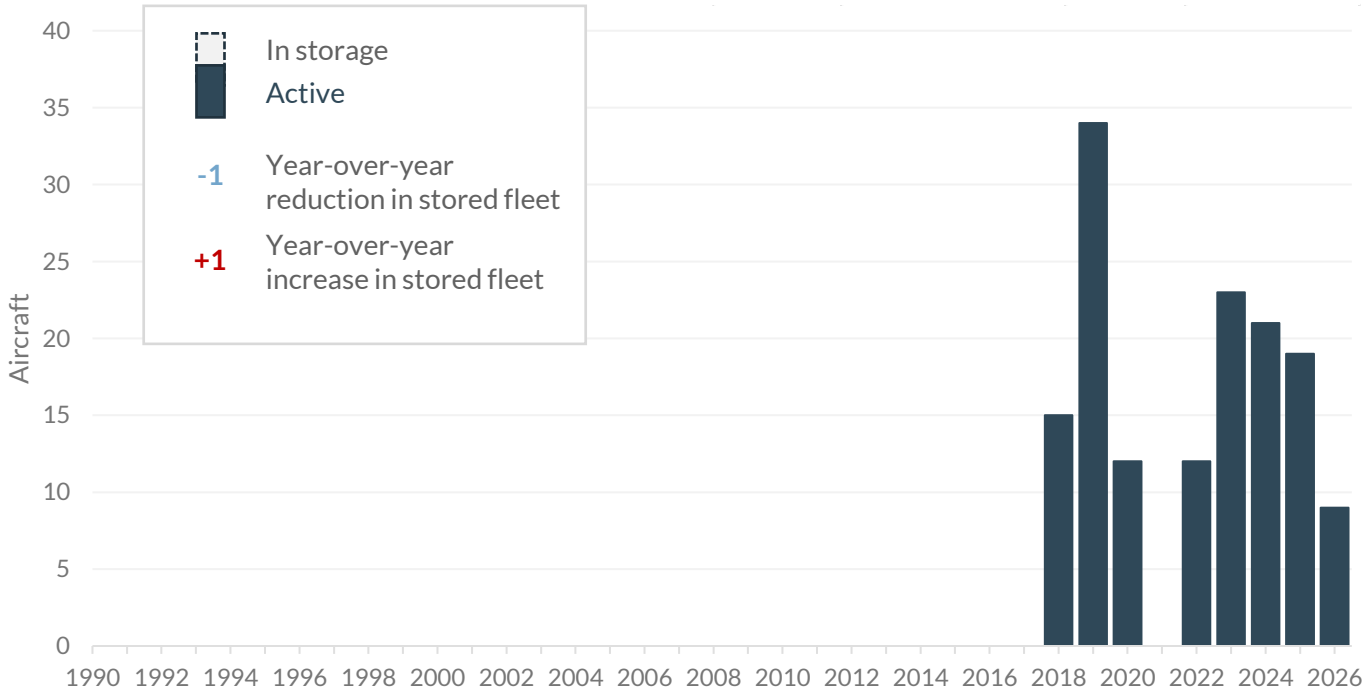
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787-10 fleet demographics

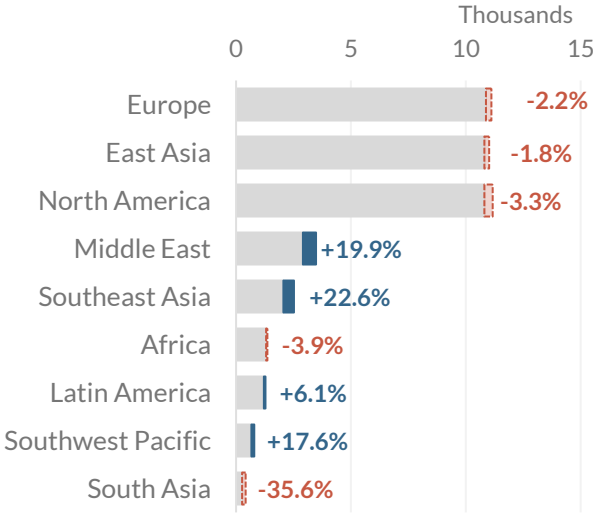
% of fleet stored

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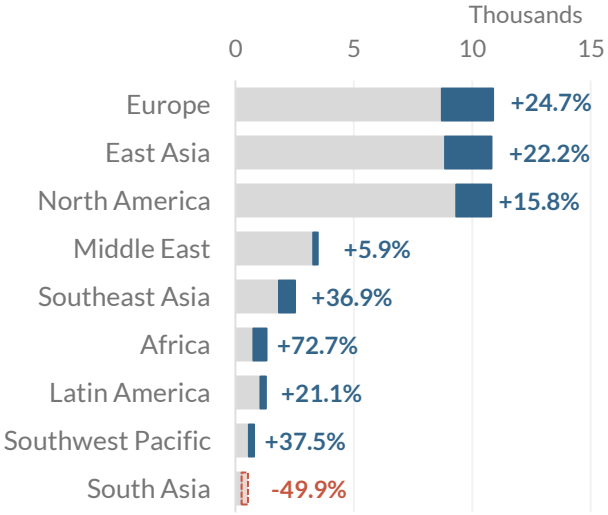
Month-over-month utilization

(monthly scheduled block hours by departing region)



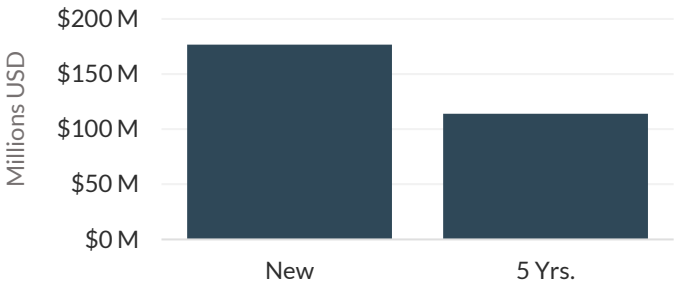
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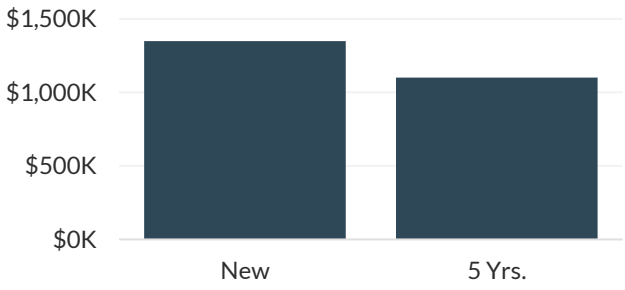


787-10 values and lease rates

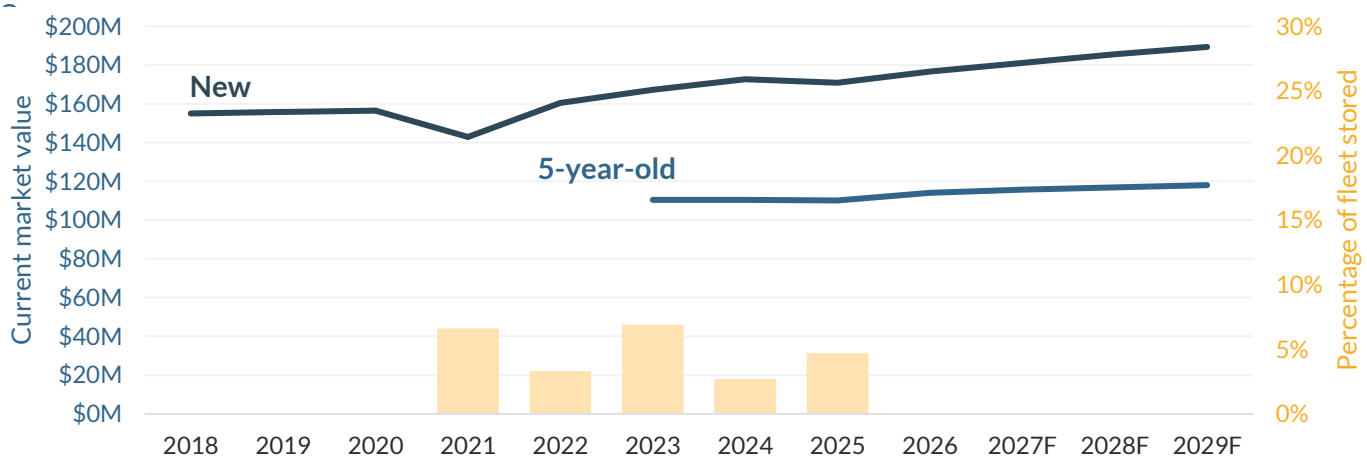
Current market values



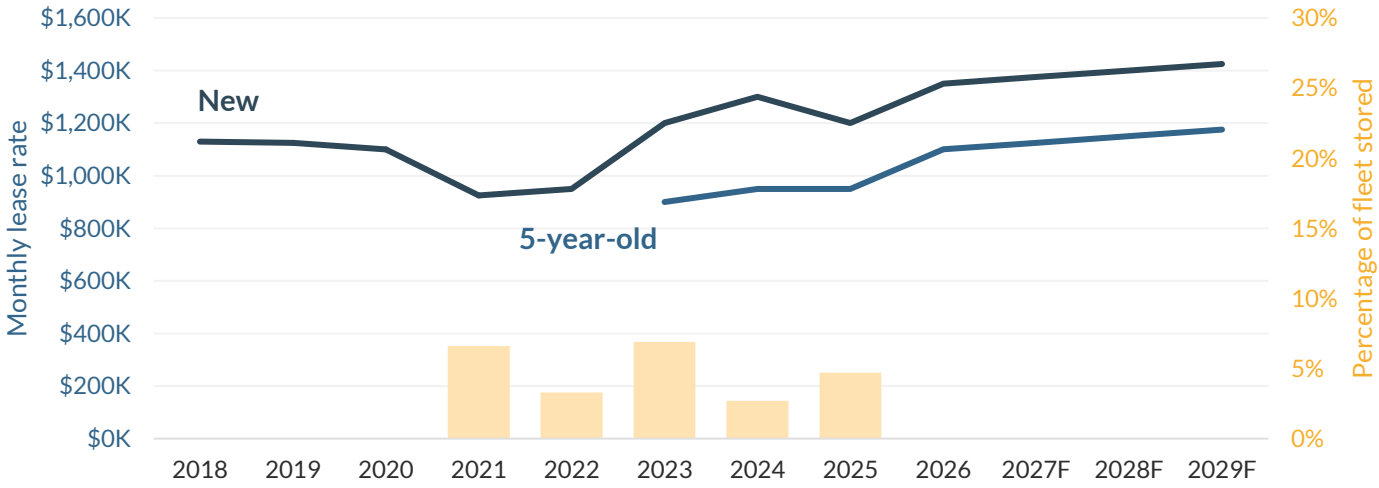
Current lease rates



Historical values

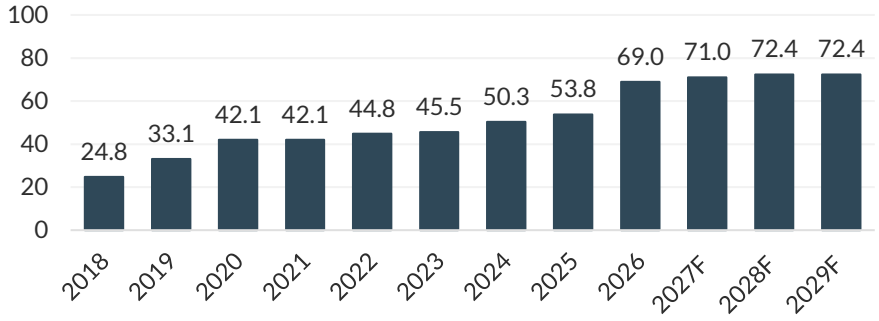


Historical lease rates



787-10 aircraft rating

Aircraft Rating Tool scores – 787-10



Current market summary

1. Market Values recovering by up to 3-4%, depending on vintage, over the last 12 months. This trends is expected to continue as demand remains strong for the type and international traffic fully recovers globally.

2. Monthly Lease Rates up 5-10%, depending on vintage, over the last 12 months. This trends is expected to continue as demand remains strong for the type and international traffic fully recovers globally.

3. The number of aircraft stored has been quite low for the last 12 months, showing continued demand in the mid-to-large widebody market. We expect this trend to continue as well as Boeing seems to have moved past their quality control issues and the engine OEMs are also moving forward with improvements on their engines, especially the Trent 1000.

4. Not unlike other widebody aircraft, the 787-10 is not cheap to transition from one operator to the next. Reconfiguration costs are expected to be in the $25 million range depending on the changes to the cabin. Because the aircraft's software has been customized for each initial operator, this also has to be reset by Boeing to meet the new operator's requirements. Our understanding is that this comes at a cost of just over $1 million and can take up to 12 months due to the limited resources at Boeing to support these transitions. However, as the bulk of the fleet is being operated by top-tier carriers, we don't expect that many of these will be exiting fleets anytime soon.

5. Demand for spare engines has also grown in the last several years due to the MRO constraints. This is expected to continue in the near term, which will help to stabilize values of both the GEnx and Trent 1000 engines. Values of GEnx engines are in the $40 million range for new bare engines, and the Trent 1000s have values of around $42 million for new bare engines. Although in reality and based on past experience, most of the value for the RR engines will be in the green time due to the OEM control of the engine aftermarket. The GEnx is and will continue to be viewed as a more liquid asset, which should bode well for future residual value retention.

Future market outlook

1. Although this aircraft has been viewed as a niche aircraft, demand for the type has improved in the last 12 months, as international traffic recovers and operators start to phase out older, less efficient aircraft. There has definitely been a stronger interest in the large widebody aircraft, such as the 787-10, in the last 6 months or so, which should keep the backlog full for the type and residual values stable for the foreseeable future.

2. Values and Lease Rates are expected to continue increasing over the next several years as the widebody shortage is here to stay. With no replacement in sight for this aircraft, both demand and residual values should remain strong going forward.

3. This aircraft is well positioned to replace aging long-range A340s and B777s. With current production rates of around 1-2 aircraft per month, the order book of almost 500 aircraft means that it could take almost 20 years to fulfill the backlog. This tells me that airlines won't be very quick to replace their existing fleets of 787-10s, which bodes well for the type.

Notes and disclosures

Current Market Values:

1. The values provided are expressed in millions of US Dollars and assume that, except for new aircraft, the aircraft and all of its major components will be in a half-time condition as determined by the then-current maintenance program and TBOs for the respective component.
2. CV did not physically inspect the aircraft for this report, nor were their maintenance records reviewed.
3. The Aircraft is certified, maintained and operated under U.S. Federal Aviation Regulation Part 91, or similar regulatory authority.
4. All mandatory inspections and Airworthiness Directives have been complied with.
5. The aircraft has no damage history and is in overall good condition.
6. The economic useful life of the aircraft is at least 32 years.

Lease Rates:

The Lease Rentals provided in each valuation report represent CV's opinion of aircraft lease rates in today's operating lease environment. These lease rates are derived from CV's own proprietary transactions database which contains a wide range of lease transactions received from numerous sources within the industry. This data is then compiled to produce the lease rentals provided in each aircraft valuation report.

Aircraft Rating Tool (ART):

ART was designed to help the industry better understand the various factors and parameters influencing the overall performance of an aircraft during its life. Using Ch-aviation fleet data and our 20+ years of industry experience, this tool looks at 15 different parameters to assign a rating to each aircraft type. This allows the user to understand the current performance of an aircraft as it compares to others and differentiate the potential investment risk of each aircraft.

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