ANALYSIS / ANALYSIS

Analysis · OVERVIEW · AI ASSISTED · 7 min read · Jul 29, 2026

⚠ **This article is over 1 month old.**

Where the old world of aviation ends up

How the economy of old aircraft works

Updated 4 Nov 2026

Read online: https://traderange.net/analysis/plane-trade-ts3x6ell/



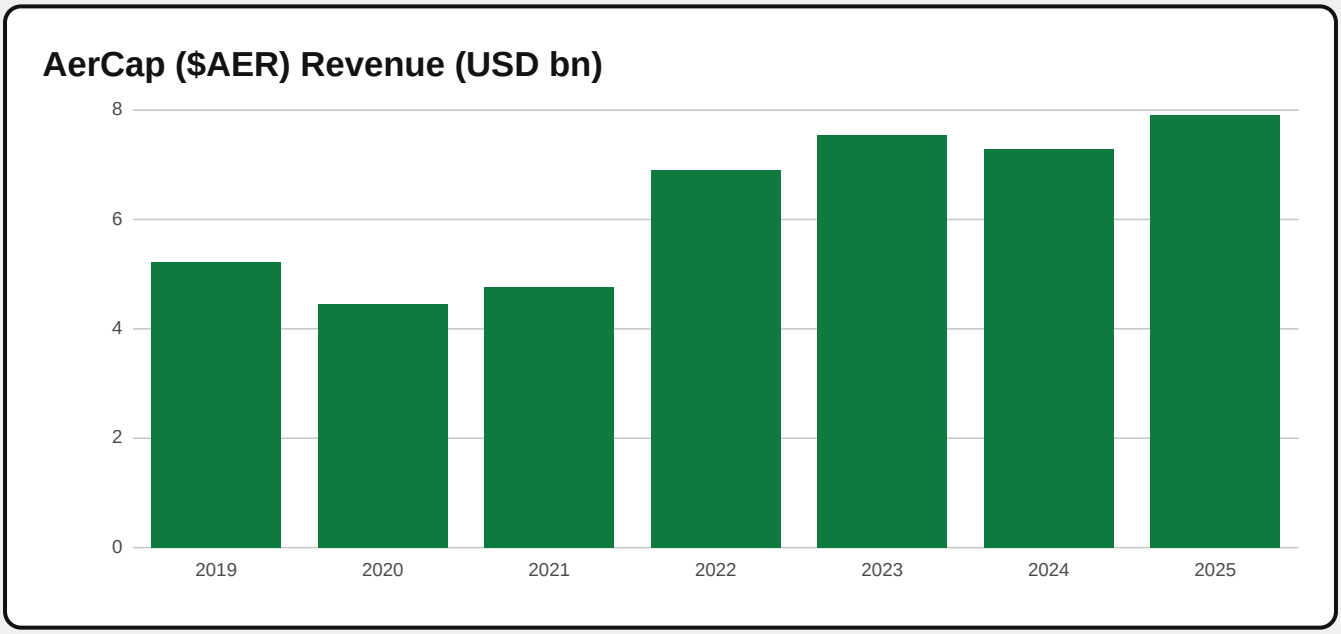
I am writing this from a 20 year old metal tube gliding over the English Channel on its way to mainland Europe.
As I entered the airport earlier today I opened Flightradar and saw not only that they predicted the exact take-off time of my flight well before the airline even determined it was going to be late, but also the aircraft type we would be flying on. An Airbus A320 that was 23 years old. As shocking as that age may sound to some of you, this plane is nowhere near the oldest plane in commercial aviation. It is on the older side for European fleets, excluding Lufthansa ofcourse, but nonetheless it is a reliable work horse with decent maintenance. But what happens to these planes when a European airline grows tired of them? Do they resell them?



The Bull Case for Aircraft Lessors:

For equity analysts, the afterlife of this aluminium asset is not a curiosity, it is a billion-dollar tailwind. The global used aircraft market is projected to expand at a CAGR of 6.8% through 2030, reaching $5.2 billion in transaction value, and the dominant players are not the carriers you board, but the lessors you trade. AerCap ($AER), Air Lease ($AL), and Avolon, whose stocks have outperformed the S&P 500 Industrials by 340 bps over the past 18 months, treat these 20-year-old frames as yield-bearing assets with a second lease on life, quite literally. Their models hinge on residual value curves: a 23-year-old A320-200, fully maintained, holds 12–15% of its original list price. Sell it into Africa at that spread, and operating margins on the disposal can hit 28%, compared to just 9% for a new-order placement.

Now watch the geographic arbitrage. African LCCs and flag carriers, Ethiopian, Kenya Airways, flyCAA, purchase these vintage birds at $1.8–2.5 million, stripping depreciation that European lessors have already fully absorbed. For investors, this is a classic non-core asset sale that boosts free cash flow per share. But the risk premium is priced in. African aviation posted 7.86 accidents per million flights in 2025, triple the global average, and insurers have responded with hull premium hikes of 40–60% for aircraft over 20 years old. When a 22-year-old 737-500 operated by Allied Air crashed in Colombia in 2022, the parent lessor took a $9.2 million write-down on its African portfolio, wiping out a quarter's leasing income. Smart money now screens for maintenance reserves: carriers that capitalise heavy checks (C-checks every 18–24 months) trade at a 1.2x P/B premium over those that expense them.



The Bear Case – Russian Grey Market and Hidden Risks:

Then pivot east, to the sanctions-bent Russian grey market, which is where this stock story gets truly volatile. Since 2022, Russia has imported over 680 used Western engines and airframes via third-party shell firms in Turkey, Kazakhstan, and the UAE. These transactions don't appear on Airbus ($AIR) or Boeing ($BA) order books, but they *do* appear in the earnings calls of aftermarket suppliers like HEICO ($HEI) and TransDigm ($TDG), who have seen grey-market component demand inflate their spare-parts backlog by 22% year-over-year. The ruble-denominated price for a used CFM56-5B engine has doubled to $18 million, above the price of an entire airframe, creating a peculiar inflationary hedge for leasing SPVs that still hold Russian exposures.

Yet the stock market abhors undisclosed risk. Russian carriers, flying with counterfeit or unauthorised components, recorded over 800 in-flight malfunctions in 2025, a 400% increase from 2021. For listed lessors, the Russian exposure remains a balance-sheet cancer: AerCap ($AER) still carries $2.4 billion in aircraft stuck in Russia, fully impaired but with ongoing lease-revenue litigation that has cost $187 million in legal fees alone. Analysts discount these stocks by a 15–20% "geopolitical haircut" relative to their less-exposed peers.

The Three Pillars of the Leasing Model:

Aircraft lessors operate on three revenue streams: operating leases (60–70% of income), sale-leaseback transactions (15–20%), and end-of-life parting-out (10–15%). Operating leases provide steady annuity-like cash flows with 8–12 year terms, but the real alpha comes from the residual value gamble. When a frame ages past 20 years, the lessor can either sell it whole to an emerging carrier, or dismantle it for engines and landing gear, which often yield higher returns. For example, a single CFM56-5B engine from a retired A320 can fetch $2–3 million on the secondary market, sometimes exceeding the airframe's value.

Conclusion – A Trade, Not a Dynasty:

The used-aircraft secondary market is booming, but the geopolitical tail-risk is real and largely unhedged.

AerCap ($AER) trades at a forward P/E of 9.2, a 30% discount to its five-year average. That looks cheap, but only if you believe that Russian sanctions will eventually ease and that African maintenance standards will improve. Investors are pricing in a mix of opportunity and fear, and the market hasn't yet decided which one is driving the bus. Until then, the oldest planes remain the newest trade ideas – high yield, high volatility, and best played with options. When your 23-year-old tube touches down in Amsterdam, its next transaction has already been modelled: a 5-year lease to a Nigerian start-up, with a Russian re-export clause voiding the contract, and a derivative overlay insuring against hull loss. That is not aviation, that is arbitrage. And in this market, the oldest planes are often the newest trade ideas.

TradeRange https://traderange.net/analysis/plane-trade-ts3x6ell/