

Market to benefit from longer widebody leases: Tarapore

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Longer-term widebody leases would provide added security for operating lessors and their airline operators, according to the chief executive officer of DAE Capital.

In an interview with *Airfinance Journal* at ISTAT EMEA in Edinburgh, Firoz Tarapore said: "If you look the widebody space, most widebodies start off life with a 12-year lease and a fair number of them extend. I think both airlines and lessors will be better off – and by definition, the OEMs would be better off because we'd be able to support the purchase price a little bit better – if the leases were a little bit longer."

Tarapore says longer leases would aid airlines because they add "certainty for a longer period for a lower price."

Lessors and original equipment manufacturers (OEMs) would also enjoy long-term stability, he adds.

"Widebody assets are much more suited to longer-term leases if you want lessors to be a bigger provider of solutions in that space. For us, it's a unique risk to transition that widebody and it's not currently built into the purchase price that the OEMs want for that aircraft type."

Tarapore stresses there is nothing wrong with a value proposition in which an airline's ownership cost is locked up for 18 years, but operators would be better off without "scrambling, wasting incredible resource trying to find assets that are in different configurations and options at the end of a shorter lease."

Tarapore indicates if the airline's brand positioning is inconsistent with owning an asset for 18 years then longer leases will not work. However, he notes, if the airline is planning to extend a 12-year lease, a longer lease is a better way for them to monetise value.