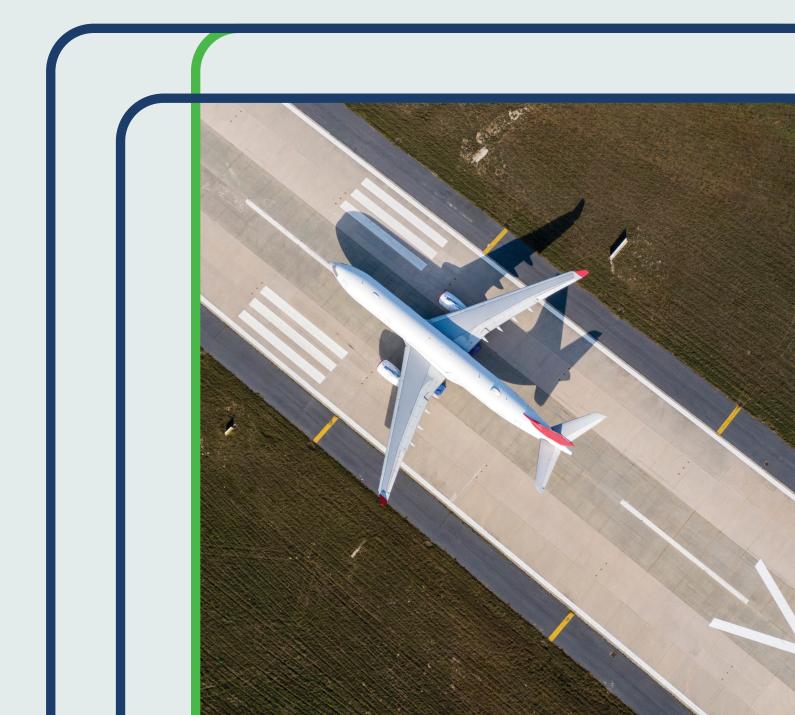


# 2025 Aerospace Industry Market Analysis



# **Executive Summary**

UHY's 2025 Aerospace Market Outlook delivers a strategic analysis of the current economic climate, emerging industry trends, and the evolving landscape of mergers and acquisitions across the aerospace sector. This report highlights key developments within commercial aviation, defense, air cargo, and general aviation, offering forward-looking insights to support investment and operational decision-making.

Our analysis draws from the FAA's Fiscal Year 2025–2045 Aerospace Forecast, the International Air Transport Association's (IATA) Global Outlook, and additional proprietary industry databases to provide a comprehensive view of market dynamics shaping the aerospace industry in 2025 and beyond.

# **Table of Contents**

Industry Overview	3
Global Economic Outlook	4
Commercial Aviation	8
Aerospace	13
Cargo	17
UAV	18
General Aviation	20
Defense	23
Aerospace M&A Activity	24

# **Industry Overview**

In 2024, the aerospace industry sustained its upward trajectory, recording global revenues of approximately \$860 billion, a 4% increase from 2023. Growth was supported by an uptick in commercial travel, fleet modernization, and geopolitical drivers of defense spending. Major OEMs and airlines capitalized on post-pandemic demand with margin expansion and strategic investments.

- Commercial aviation recovered well, with global revenue passenger kilometers (RPKs) reaching 99% of 2019 levels. Both domestic and international markets posted growth, driven by pent-up leisure and continued expansion of business travel, with many airlines investing in more first-class and upgraded business cabins.
- Global operating profits for commercial carriers exceeded \$75 billion (vs \$73 billion in 2023), driven by higher yields, reduced fuel volatility, and improved cost discipline.
- Supply chain disruptions and labor shortages persisted, creating production delays and escalating costs.
- Aircraft production backlogs remained historically high. Boeing and Airbus alone reported over 14,000 aircraft in backlog combined, reflecting continued strong fleet demand despite global challenges.
- Air cargo traffic stabilized, posting modest growth in late 2024 after two years of decline. Global Freight Tonne Kilometers (FTKs) rose 2.5% YoY; yet pricing has experienced downward pressure from previous post-pandemic highs.
- General aviation aircraft deliveries increased to over 2,200 units, a 5% rise from 2023, led by private business jets and turboprops.
- Commercial space launches continued their rapid ascent, driven by SpaceX, Blue Origin, and global government initiatives. The cost per kilogram to orbit has fallen by over 90% since 2010.

# Outlook for 2025 and beyond

The aerospace sector in 2025 and beyond is expected to advance across multiple areas:

- Passenger air travel is projected to surpass pre-pandemic levels globally, with RPKs expected to grow by 6.1% year-over-year.
- Defense budgets remain elevated across NATO and allied countries due to ongoing geopolitical tensions, supporting strong military aerospace demand, especially in unmanned platforms.
- · OEMs will focus on digital transformation, predictive maintenance technologies, and sustainability through sustainable aviation fuel (SAF) initiatives and electric/hybrid propulsion.

Despite bullish growth expectations, risks remain, including supply chain strain, limited manufacturing capacity, and continued talent shortages (now mostly due to an aging "baby boomer" generation). To sustain progress, industry players must invest in automation, nearshoring, and workforce upskilling.



# Global Economic Outlook

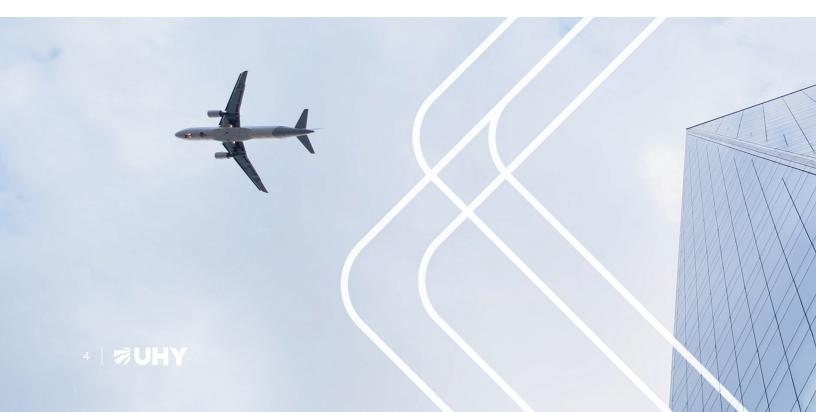
Drawing from recent forecasts by the International Monetary Fund and World Bank, the global economy in 2025 continues to reflect a complex mix of resilience and volatility. While recovery is underway, the pace remains uneven across regions due to persistent inflation, elevated interest rates, and lingering geopolitical uncertainty.

# Global growth

Global GDP growth remained modest in 2024, holding at 3.1% (same as 2023), and is forecasted to rise slightly to 3.2% in 2025, according to the OECD Economic Outlook (May 2025). While still below long-term trends, this reflects cautious optimism as inflationary pressures gradually ease and monetary tightening slows.

Growth disparities remain evident:

- Asia-Pacific (excluding Japan) is projected to lead global expansion, with India and China
  posting the strongest growth rates at 6.6% and 4.7%, respectively. This region continues to
  benefit from demographic momentum, infrastructure investment, and industrial digitalization.
- Latin America, Eastern Europe, and the Middle East are expected to see moderate gains supported by commodity exports and regional trade improvements.
- Mature economies, including the United States and Europe, are forecast to grow at 1.6% and 1.3%, respectively, constrained by tight labor markets, aging populations, subdued productivity growth, and now geopolitical and trade tensions (i.e. tariffs).



Analysts project slow but steady growth through the decade. In the near term, global economic performance will hinge on the timing and impact of interest rate cuts, energy price stability, and supply chain and trade normalization. These trends carry direct implications for the aerospace sector, particularly in the Asia-Pacific region, where rising middle-class consumption and industrial expansion offer significant opportunities.

As Western economies prioritize decarbonization, digital innovation, and sustainability, the interdependence between aerospace innovation and macroeconomic forces is becoming more strategic and more visible than ever before. Based on the changed political climate, the U.S. is expected to reduce concerted decarbonization efforts and reduce environmental regulations in the near term. In the long term, global trends are expected to drive technology developments.

The price of Brent Crude Oil has dropped by around 20% over the past 12 months. With global GDP growth stable at 3.2%, the lower oil price cannot be explained by a weakening global economic cycle. Instead, it is the result of oversupply as the U.S. affirms its position as the world's leading oil producer. It is also the result of shifting demand for different energy products, especially in China.

The cargo market has lent significant support to airline traffic in 2024. Demand surged thanks to effervescent cross-border e-commerce and capacity limitations in ocean shipping. The outlook for 2025 remains strong, given the ongoing challenges in maritime shipping. Global yields for air cargo stopped declining in 2023 and are now around 30% above pre-pandemic levels. We expect air cargo yields to remain stable in 2025, despite tariff and other geopolitical concerns, although month-to-month variability is expected.



#### Market overview

Global rate trends: The Baltic Air Freight Index (BAI00) experienced a slight decline of 1.1% from February to March 2025. However, this masks significant regional variations.

Shanghai's surge: The BAI80 index for Shanghai outbound flights rose by 2.9%, driven by increased demand on routes to North America and Europe. This uptick is attributed to shippers accelerating shipments ahead of impending U.S. tariff changes.

**European declines**: In contrast, major European hubs like Frankfurt and London-Heathrow saw broad-based rate decreases, particularly on outbound routes to the United States.

**Engine manufacturers' issues**: Pratt & Whitney's PW1100 GTF engines and GE's LEAP engines have faced durability and quality issues, leading to increased demand for aftermarket services and extended use of older aircraft.

## **Capacity constraints**

**Production delays:** The introduction of new freighter aircraft is facing setbacks. Boeing's 777-8F is now delayed until 2028, and Airbus's A350F is expected no sooner than late 2027. Currently, Boeing's 777F line is the sole active large widebody freighter production, with most slots already allocated.

Conversion challenges: In January 2025, only 41 freighter aircraft transactions were recorded, down from 52 in December 2024. This decline is due to a shortage of suitable aircraft for conversion (like 737-800s, A321s, and A330s), parts shortages, and certification delays for new conversion programs.

## Boeing hits 38 per month rate milestone (737MAX)

- On May 30, 2025, Boeing rolled out a 737 MAX at a sustained rate of 38 aircraft per month, marking the first such milestone since late 2020.
- Why it counts: This output marks a major inflection point in Boeing's industrial and financial rebound, signaling renewed production stability following years of pandemic disruptions, quality snags, and labor/staffing challenges.
- Boeing CEO Kelly Ortberg mentioned nearing this peak during an investor call on May 29.
- The company monitors three production benchmarks: wing build, rollout, and delivery. They've rolled out at 38/month, but deliveries at that pace are still pending. Boeing remains cautious, focusing on stability before further ramp-up.
- In March 2025, Boeing briefly boosted wing production to match the 38/month target, but encountered growing wing assembly backlogs (Jobs Behind Schedule), prompting a temporary rollback to 31/month to regain control.
- The FAA, via Deputy Administrator Chris Rocheleau, acknowledged better performance since the rate ramp, but emphasized caution and full stabilization is needed before greenlighting rates above 38/month.



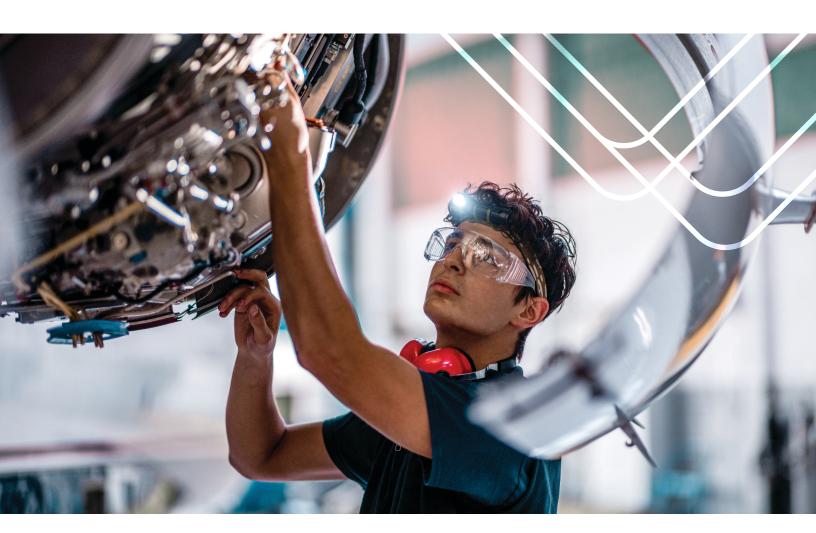
## Trade policy impacts

Tariff-induced demand shifts: Anticipation of U.S. tariff hikes on imports from China, Mexico, and Canada led to a surge in air cargo demand in March 2025. Shippers expedited shipments to avoid increased costs, resulting in heightened spot demand, especially from China, Vietnam, and Taiwan to the U.S. With continued changes to policy, month-to-month variations are expected to continue throughout 2025.

Route repositioning: Due to the evolving trade policies, forwarders are reallocating volumes to more stable corridors, adjusting to the shifting demand landscape.

## Strategic considerations

Short-term planning: The combination of production delays, conversion challenges, and trade policy uncertainties is compelling carriers and shippers to adopt short-term strategies. The lack of flexibility in the freighter supply chain makes it difficult to respond swiftly to sudden demand spikes.

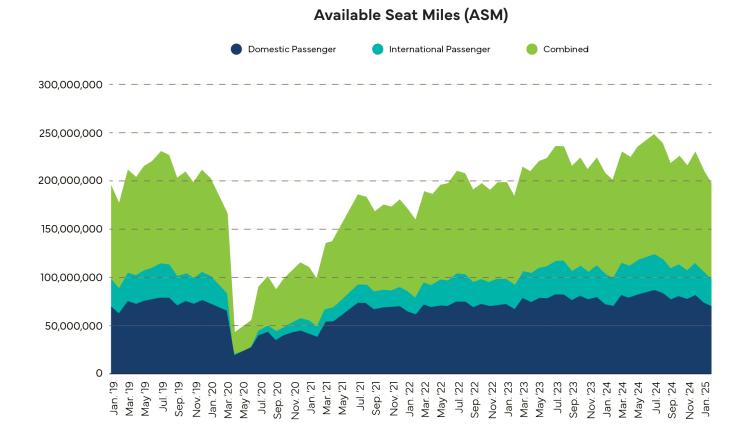


## **Commercial Aviation**

Long-term demand for aviation continues to be driven by macroeconomic growth, business recovery, and the sustained rise in global middle-class travelers (mostly in Asia-Pacific region). In 2025, the United States and global commercial aviation sectors are projected to expand steadily, with profitability maintained despite persistent cost pressures.

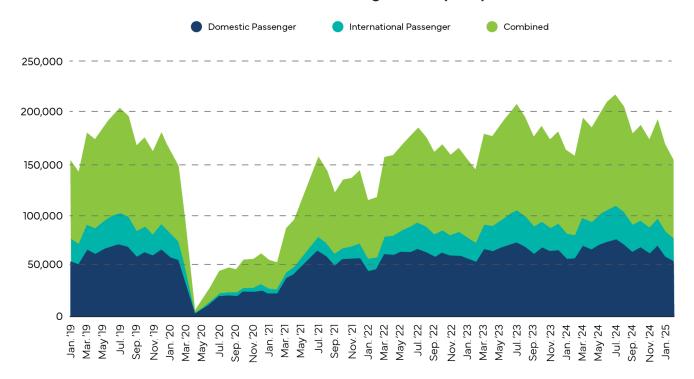
Following a strong recovery in 2023 and 2024, U.S. carriers are expected to remain profitable in 2025 and beyond, according to the FAA Aerospace Forecast FY 2025–2045. Elevated ticket prices and strong load factors have helped offset rising labor and fuel costs, although the second half of 2025 is already projected to be softer than originally forecasted.

# Available seat miles and revenue passenger miles trends support sector growth



Both available seat miles (ASM) and revenue passenger miles (RPM) are expected to grow between 2025 and 2045, with RPMs growing at a slightly faster rate.

## Revenue Passenger Miles (RPM)



# Air travelers: More focus on safety in 2025

In 2025, commercial aviation continues to see steady demand growth, but passenger behavior is evolving in response to recent safety-related events.

Passenger confidence in air travel remains high, although many are adopting extra precautions due to recent incidents:

A February 2025 AP-NORC poll found that about 60% of adults continue to view plane travel as safe compared to other modes, although concerns are rising due to high-profile safety events.

While most of U.S. travelers (approx. 86%) trust flight crews to ensure safety and the remaining travelers "pay closer attention to safety materials and wear a seatbelt even when not required." This behavior highlights a shift in passenger mindset towards personal vigilance during flights.

The IATA's 2024 Safety Report confirms that aviation remains extremely safe. Despite a minor uptick from the 2023 record low, the overall incidence of fatal accidents is very low—only 7 fatal accidents out of nearly 41 million flights.

## Slow start to Q1 2025 commercial aircraft deliveries

Airbus delivered 134 aircraft in Q1 2025, including 69 in March. This represents approximately 16% of its annual target of 820 deliveries. Historically, Airbus achieves about 20% of its yearly deliveries in the first quarter, suggesting potential challenges in meeting its 2025 goal.

Boeing delivered 130 aircraft in Q1 2025, representing approximately 23% of its annual target of 570 deliveries for the year.

### **Production constraints**

Airbus has attributed the slower delivery pace to a shortage of engines, particularly the CFM LEAP engines used in the A320 family. This bottleneck is a significant factor in the delivery shortfall.

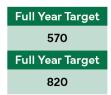
Both manufacturers continue to face broader supply chain issues, including parts shortages and labor constraints, which are impacting their ability to ramp up production to meet demand.

The ongoing production challenges suggest that both Airbus and Boeing may struggle to meet their respective delivery targets for 2025, potentially leading to a continued deficit in new aircraft entering service.

Delays in aircraft deliveries can affect airline fleet planning and expansion strategies, possibly leading to extended use of older, less efficient aircraft.

Boeing & Airbus: 2025 Orders & Deliveries - June 2025 YTD

DELIVERIES	Boeing	737	767	777	787	Total
		209	14	20	37	280
	Airbus	220	320/1	330	350	Total
		41	232	12	21	306
NET ORDERS	Boeing	737	767	777	787	Total
		311	0	81	242	634
	Airbus	220	320/1	330	350	Total
		39	207	71	85	402
BACKLOG	Boeing	737	767	777	787	Total
		4,869	95	616	1,001	6,581
	Airbus	220	320/1	330	350	Total
		514	7,179	283	766	8,742



## **Boeing April 2025 deliveries**

- Boeing delivered 44 commercial jets in April 2025, nearly doubling the 24 deliveries from April 2024 and surpassing the 41 deliveries in March 2025.
- This marks the fourth consecutive month with over 40 deliveries, a positive sign for Boeing's efforts to increase cash flow and reduce debt.
- The April deliveries included:
  - Twenty-nine 737 MAX jets, with eight delivered to United Airlines, five to Ryanair, and five to Southwest Airlines.
  - Eight 787 Dreamliners
  - Four 777 freighters
  - Three 767s

#### **Deliveries to China**

Boeing delivered two aircraft to Chinese airlines in April 2025: a 777 freighter to CES Leasing Corp. (associated with China Eastern Airlines) and a 737 MAX to China Southern Airlines.

Following the announcement of new U.S. tariffs on Chinese goods in April 2025, China directed its airlines to halt Boeing deliveries. Consequently, four 737 MAX aircraft intended for Chinese carriers were returned to and parked in Washington State.

China deliveries have restarted beginning of June 2025, although slowly. With the lifting of the ban, Boeing aims to fulfill its expected delivery of 50 jets to Chinese customers this year.

## Order comparison with Airbus

Both manufacturers secured significant orders in early May 2025, including:

- Boeing: 32 787-10 aircraft ordered by British Airways' parent company, IAG.
- Largest widebody order in Boeing's history: In May 2025, Qatar Airways placed a 210 widebody order (130 – 787s, 30 – 777), and additional 50 options for both
- Airbus: 21 A330-900neo aircraft ordered by IAG

# Gross Units Ordered for Airbus and Boeing Aircraft between 2006 and 2024



## **Production and inventory considerations**

Boeing continues to operate under a Federal Aviation Administration (FAA) restriction limiting the assembly of 737 MAX jets to 38 per month. During the month of May 2025, the Company had reached production of 38 737 MAX reaching the FAA production restriction amount.

A notable portion of Boeing's Q1 deliveries consisted of aircraft completed in 2023 or 2024 but held in inventory due to factors such as trade disputes with China and the need for rework on certain 787 units.

# Competitive landscape

The close delivery figures in Q1 2025 indicate a tight race between Airbus and Boeing, a scenario not seen in recent years.

Boeing's improved performance is noteworthy, especially considering the challenges faced in the previous year, including federal oversight, a seven-week work stoppage, and supply chain issues.

# Key manufacturing developments

To meet anticipated demand, Airbus and Boeing are considering scaling up production to 80–100 aircraft per month. This would represent a significant increase from current production rates and would require substantial changes in manufacturing processes and supply chain management.

Both manufacturers are evaluating the use of thermoplastics, which offer advantages such as reduced weight, faster processing times, and the ability to be reheated and reshaped. These materials can be welded using advanced methods like ultrasound, eliminating the need for traditional fasteners and potentially reducing assembly time and weight.

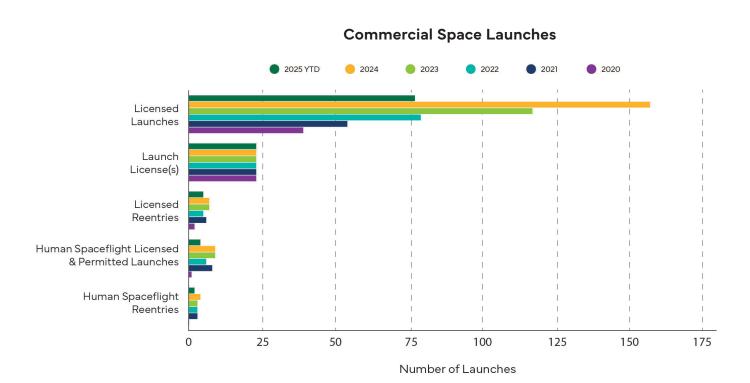
Despite these advances, neither company has announced immediate plans to launch new aircraft models. The focus remains on research and development to ensure that future aircraft designs can be produced efficiently and meet evolving market demands.



# **Aerospace**

Commercial aerospace is one of the fastest growing markets with key developments happening in 2024 and 2025. The marriage of commercial and government-led space ventures is rapidly increasing.

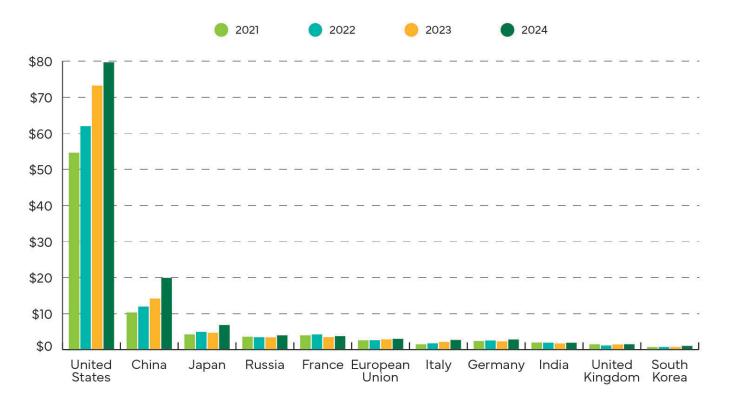
In 1990 there were only 10 commercial space launches, in 2024 that number rose to 157, the most in history. As of the end of May 2025 total commercial space launches stand at 77, and are on pace to exceed 2024 total.



## Increase in government expenditures and the role of NASA

Global government expenditure for space programs is also growing, in 2024 the total market reached \$127 billion with the United States leading the way at \$80 billion followed by China, who spent approximately \$14 billion.

## Government Expenditure on Space Programs 2021-2024, by Major Country (in billion U.S. dollars)



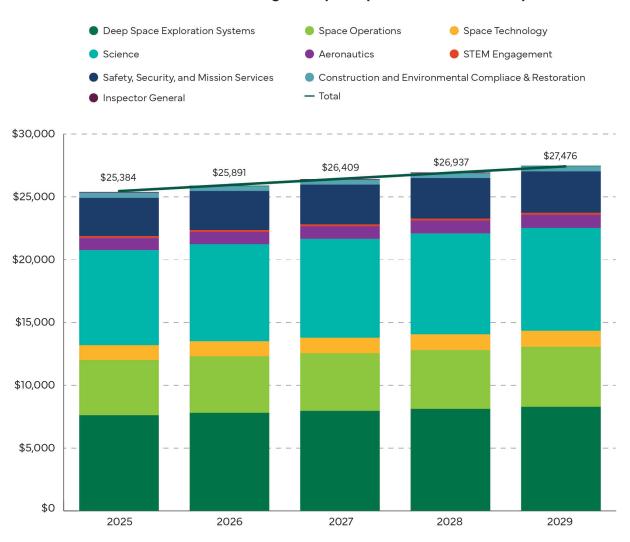
There are six U.S. government space agencies (NASA, CNSA, ROSCOSMOS, ESA, ISRO, and JAXA) with full launch and extraterrestrial landing capabilities. Many of us are most familiar with the National Aeronautics and Space Administration (NASA) due to its relevance and reputation. NASA has worked with numerous international partners to enable human expansion into our solar system, discovering and researching new opportunities and bringing them back to earth.

As geopolitical tensions rise and foreign nations develop nuclear capabilities, the space sector presents formidable weapons capabilities and makes space a key area of defense and national security strategy. NASA has collaborated with the Department of Defense since it was founded, operating together in the space domain, sharing the space industrial base, research and development and science and technology that benefit both. That relationship will become more important as the U.S. works to strengthen defense.

# Defense spending drives government space budgets to historic high

NASA's requested budget for FY2025 across all space sectors is \$25.4 billion, less than the budget for FY2024.

# NASA's FY 2025 Budget Request (in million U.S. dollars)



- Total global investment: Government space investments hit \$135 billion in 2024, a 10% increase from 2023.
- **Defense leads growth**: Defense spending reached \$73 billion (54%), outpacing civil spending and highlighting space's rising role as a strategic military domain.
- Global shifts: While the U.S. remains the top spender, its share of global investment fell from 75% in 2000 to 59% in 2024, due to growing contributions from countries like China.
- Defense focus areas: Funding is concentrated in security, early warning, navigation, telecommunications, and earth observation, with more nations forming dedicated space forces.
- **Civil spending trends: Human spaceflight** is the largest civil investment area, with broader global participation in space exploration.
- Future outlook: Growth in government space budgets is expected to slow to about 1% annually through 2030 due to fiscal pressures.
- Commercial partnerships rising: Governments are shifting toward a "Buy Before Build" model to purchase commercial services, enhancing efficiency and cost-effectiveness.

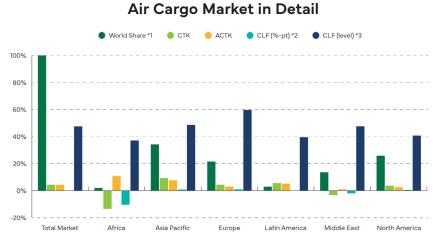


# Cargo

In the first quarter of 2025, global air cargo traffic increased by 2% compared to the same period in 2024, indicating resilience despite geopolitical tensions and economic uncertainties.

As of March 2025, global air cargo yields remain approximately 35% higher than 2019 levels, reflecting sustained demand and capacity constraints. Global retail e-commerce sales are projected to grow at 7% annually, reaching \$8.1 trillion by 2028, significantly contributing to air cargo demand. Approximately 4,500 tons of low-value e-commerce goods are shipped by air from China and Hong Kong, highlighting the sector's impact on cargo volumes.

Manufacturers are shifting production to countries like India, Vietnam, and Malaysia, leading to notable increases in air cargo tonnage to the U.S. from these regions between 2017 and 2024. India has emerged as the world's second-largest smartphone manufacturer, with significant growth in air cargo exports of cellphones to the U.S.



# Fleet developments

The global freighter fleet is projected to grow at 2.1% annually, reaching 3,874 units by 2044. However, nearly 60% of these deliveries will replace aging aircraft, indicating a need for accelerated production or conversions to meet demand.

The air cargo market is anticipated to grow by 1-2% in 2025, with sustained demand tempered by geopolitical tensions and trade uncertainties. Ongoing geopolitical tensions and potential tariff implementations are expected to disrupt capacity and demand expectations, necessitating agile strategies from industry stakeholders.

The biggest boost in cargo traffic comes from long-haul routes, which jumped 16.6% in 2024 and rose another 3.1% in early 2025. A big part of this growth came from increased use of passenger planes for cargo—specifically, their belly space. Belly cargo grew 14.4% in 2024 and 4.3% in Q1 2025, now making up 55% of total air freight, edging closer to its pre-pandemic level of 59% in 2019.

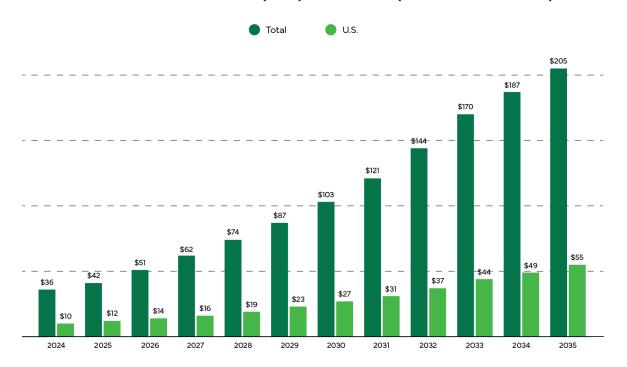
Air Cargo Year Over Year Change, March 2025



# **Unmanned Aerial Vehicle (UAV)**

The global unmanned aerial vehicle (UAV) market is expected to grow from \$36 billion in 2024 to \$41 billion in 2025, and \$200 billion in 2035. The North American market alone is expected to reach about \$100 billion in revenues by 2037, with defense spending accounting for about a quarter of the total, mostly attributed to shifting defense spending from manned platforms. Additional growth in new applications, such as agriculture, disaster relief, or powerline inspections, will continue to accelerate. In total, between 2024 and 2037, the UAV market is expected to achieve 16% compound annual growth rate (CAGR).

# Unmanned Aerial Vehicle (UAV) Market Size (in billion U.S. dollars)



# **Defense applications**

The Department of Defense is prioritizing the development and strategies when encountering unmanned systems, as UAVs pose the most significant risk to the United States abroad and at home. The Russia-Ukraine war has provided both an increased industry focus as well as a test-case for UAV warfare applications. Systems development continues to quickly evolve and adapt throughout this conflict, changing from large munition capacity remote controlled drones to small "disposable" applications, and further to interconnected autonomous and semi-autonomous "web" deployments.

# **Agriculture applications**

As North American farmers outpace the rest of the globe in adapting new farm technologies, during 2024 the FAA granted a farming company approval to deploy up to three 55-pound drones without the need for visual observers. Thus, allowing the drones to be deployed at night and improve crop operations. In addition, seed-sowing drones can seed over 200 acres per day.

# Market challenges

The UAV market, while experiencing significant growth, also faces a number of complex challenges. Regulatory hurdles remain a major constraint. Varying regulations across regions, slow implementation, and the need for comprehensive frameworks addressing airspace management, safety protocols, and privacy concerns impede widespread adoption, particularly in commercial applications.

Technological limitations also pose a significant obstacle. Battery life remains a critical issue, restricting flight duration and operational range, especially for efficient and cost-effective commercial applications. Developing more efficient power sources, ensuring robust and secure communication links, and preventing unauthorized access is crucial.

Public perception is increasingly important. Concerns surrounding privacy, security, and the potential for misuse fuel public apprehension. Addressing these concerns through transparent operational practices, robust data security measures and clear guidelines is essential for building public trust and acceptance.

Additionally, competition and commoditization are impacting profitability. The influx of lower-cost drones is putting pressure on manufacturers to innovate and differentiate their products. Developing specialized capabilities and focusing on niche applications will be crucial for sustained success in an increasingly competitive market.

1M+

Total Drones Registered

420,825

Commercial Drone Registrations

9.392

Paper Registrations

444,960

Certified Remote Pilots

383,007

Recreational Flyer Registrations

383,007

Recreational Flyer Registrations

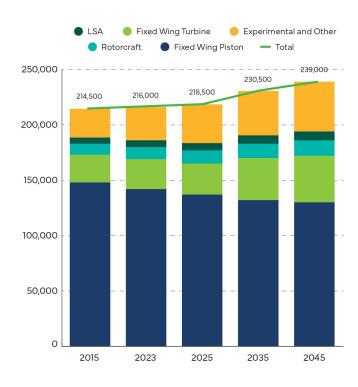
## **General Aviation**

In 2023, general aviation saw strong growth, with the active fleet rising to over 214,000 aircraft and flight hours hitting their highest level since 2000. Most categories, especially light-sport and experimental aircraft, saw significant increases in use. In contrast, turbojet and glider activity declined. Aircraft deliveries continued to grow in 2024, up 3.1% from the previous year, driven by more piston and business jet shipments, although turboprops dipped. The FAA bases its forecasts on annual survey data, aircraft delivery trends, and expert input, focusing only on aircraft that were actually flown during the year.

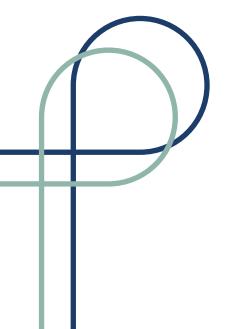
#### Fleet trends from 2023-2045

Certain types of aircraft fleets are expected to grow while others are expected to decline, but growth will offset any decline.

#### **Active Aircraft**



- The active general aviation fleet is expected to grow from 214,222 aircraft in 2023 to around 238,350 by 2045, with an average annual growth rate of 0.5%.
- Turbine aircraft expansion is driven by business jets and turbine rotorcraft: adding 20,055 aircraft by 2045, averaging 2.1% annual growth, with turbojet growth at 2.7% per year; a 57.9% cumulative increase.
- Fixed wing piston aircraft is expected to decline by 4,450 aircraft by 2045, at a modest yearly decline of -0.1%, due to retirements and demographic/economic pressures.
- Light sport aircraft (LSA) will see strong growth, of 3.1% annually, nearly doubling the fleet by adding around 2,860 aircrafts by year 2045.



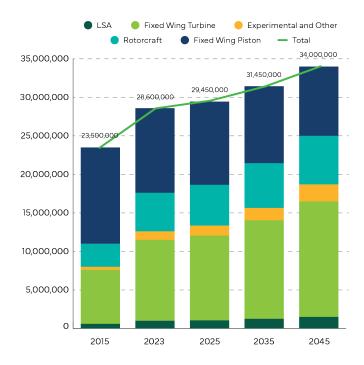
# Hours flown and pilot forecasts

Flight hours are projected to grow by 19% in total (average 0.8% per year), outpacing fleet expansion, due to an increased use of turbine, rotorcraft, and experimental aircrafts.

From 2023 to 2045, general aviation flight hours are expected to grow faster than the fleet size, increasing by 0.8% annually, while the active fleet grows by 0.5% per year. Total hours flown will rise 19%, from 28.6 million to 34 million. However, fixed-wing piston aircraft hours are projected to decline by 0.7% annually due to an aging fleet, over 24% are already 60+ years old. In contrast, turbine aircraft, especially jets, will drive growth. Turbine flight hours are forecast to grow 2.5% annually, with jet hours rising 3.2% each year, fueled by a growing business jet fleet.

Rotorcraft activity is expected to grow steadily, driven by increased demand from emergency

#### **General Aviation Hours Flown**



medical services, firefighting, and search and rescue operations. Deliveries rose in 2024, but the impact of future technologies like Advanced Air Mobility (AAM), including eVTOLs, remains uncertain and is not yet factored into forecasts. While AAM could boost rotorcraft use, infrastructure needs and mixed expert opinions create uncertainty. Lower oil prices are expected to reduce rotorcraft demand in oil exploration. Overall, the active rotorcraft fleet is projected to grow 1.7% annually, from 10,051 in 2023 to 14,715 by 2045, with flight hours increasing 2.0% per year, largely due to more use of turbine rotorcraft.

As of the end of 2024, there were 848,770 active FAA-certified pilots, with most categories continuing to grow. Student pilot numbers surged to over 345,000, due to a 2016 rule removing expiration dates on their certificates, but the FAA no longer forecasts student pilot trends due to the data distortion. Private, commercial, and ATP (Airline Transport Pilot) certificates have all increased, with ATPs reaching 179,194 (up 2.9% YoY) and commercial pilots rising to 109,727 (up 2.8% YoY). Private pilots rose to 172,012, up 2.6%.

Looking ahead to 2045, modest growth is expected:

- General aviation pilots (excluding students and ATPs): from 324,081 to 355,180 (+0.4% annually)
- ATP certificates: up by 34,200 (+0.8% annually)
- Commercial pilots: +0.6% per year
- Private pilots: marginal growth of 0.1% per year, with growth flattening around 2030
- Sport pilots: growing fastest at 2.6% annually

Private pilot certificates are seen as a stepping stone toward professional licenses, while more cost-effective sport pilot options are attracting recreational flyers.

# **Active Pilots by Type of Certificate**



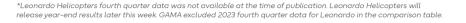
# Deliveries of general aviation aircraft

The FAA forecasts general aviation (GA) activity using data from the GA Survey and GAMA, focusing only on active aircraft (those flown at least once annually). The 2023 GA Survey estimated 214,222 active aircraft, a 2.2% increase from 2022, with growth across all piston and turbine categories except gliders and lighter-than-air craft. Notable increases included light-sport aircraft (+12.8%) and experimental aircraft (+7.3%). Flight hours rose to 28.6 million, the highest since 2000, up 6.0% from 2022.

In 2024, U.S. GA aircraft deliveries increased by 3.1% to 2,169 units, and were 22.5% higher than 2019. Piston deliveries rose, especially multi-engine pistons (+21.7%), and business jet deliveries increased by 4.1%. Turboprop deliveries declined, leading to a minimal overall gain in turbine aircraft. Global factory billings reached \$26.7 billion, up 14.3% from 2023.

### Global General Aviation Aircraft Deliveries and Billings

	2023	2024	% Change
Piston Airplanes	1,701	1,772	4.2%
Turboprops	638	626	-1.9%
Business Jets	730	764	4.7%
Total Airplanes	3,069	3,162	3%
Total Airplane Billings (\$ Billions)	\$23.4	\$26.7	14.3%
Piston Helicopters	209	210	0.5%
Turbine Helicopters*	743	746	0.4%
Total Helicopters	952	956	0.4%
Total Helicopters Billings (\$ Billions)	\$4.1	\$4.5	7.6%





# **Defense**

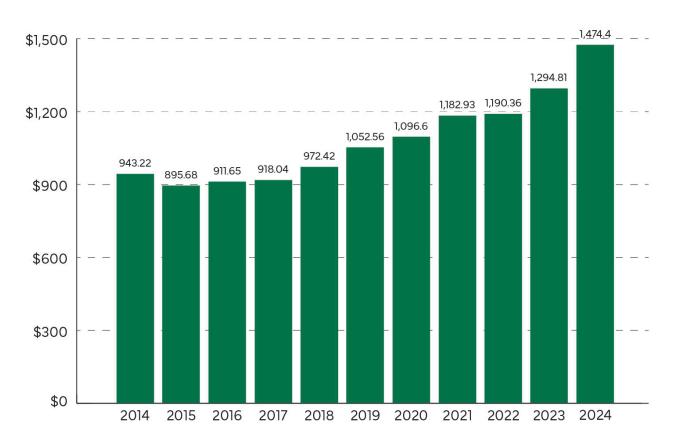
The global defense market continues to expand amid rising geopolitical tensions, technological modernization, and growing demand for advanced military capabilities. Defense spending surpassed \$2.2 trillion globally in 2024, with the U.S., China, and NATO countries leading investments in areas such as hypersonics, cyber warfare, AI, and space-based systems. As nations reassess their strategic posture, the industry is experiencing robust growth across land, air, sea, and space domains, with increasing collaboration between governments and private-sector defense contractors.

U.S. defense spending: While real dollar defense spending may decline slightly in 2025, overall budgets remain robust, focusing on modernization, space, missiles, AI R&D, and nuclear deterrence. Major programs like the F-35, B-21 bomber, and Virginia-class submarines continue to be well-funded.

**European defense budgets:** European NATO members are considering increasing defense spending to 3% of GDP, up from the current 2% target, in response to geopolitical tensions. Companies like BAE Systems and Thales are benefiting from increased demand for air defense and battlefield equipment.

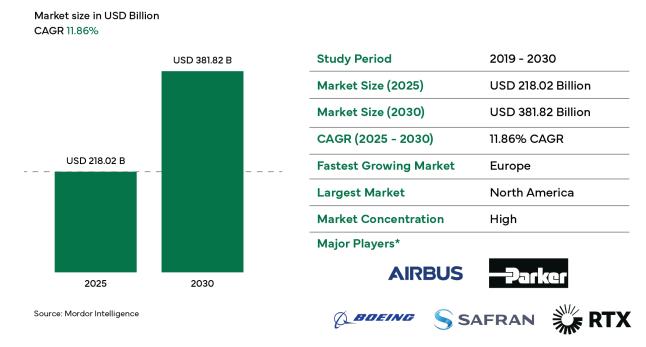
Financial policies: Large defense contractors are expected to prioritize shareholder returns through dividends and share buybacks, potentially limiting improvements in credit metrics. Smaller companies may focus on rebuilding financial strength amid high borrowing costs.

# Combined Defense Expenditure of NATO Countries from 2014 to 2024 (in billion U.S. dollars)



# **Aerospace M&A Activity**

## Mergers and Acquisitions (M&A) in Aerospace and Defense Market Size



\*Disclaimer: Major Players sorted in no particular order

The aerospace and defense M&A market is projected to grow from \$218 billion in 2025 to \$382 billion by 2030, with a strong CAGR of 11.86%. The focus has shifted from large cost-cutting mergers to strategic, innovation-driven acquisitions aimed at enhancing technology, global reach, and supply chain resilience.

Private equity is playing a growing role, contributing over \$19 billion in U.S. deals by mid-2022 and favoring long-term investments in emerging tech. Cross-border M&A is also expanding, with U.S. companies engaging in over \$1.2 billion worth of international deals in early 2022.

Recent transactions—like Airbus's acquisition of ZF Luftfahrttechnik and Abu Dhabi's ADQ merging four aviation firms—reflect a focus on advanced technologies, MRO services, AI, cybersecurity, and autonomous systems. The overall trend shows a pivot toward smaller, targeted deals that enable digital transformation and innovation-led growth across the sector.

# Mergers and Acquisitions in Aerospace and Defense Market: Forecasted Five-Year Growth Rate, by Region



With the first half of 2025 behind us, UHY's Corporate Finance and Financial Due Diligence teams highlight several key insights from recent M&A transactions:

Return to strategic normalization: Valuation gaps are narrowing as buyers and sellers adjust to the post-pandemic environment. A clearer economic outlook and more stable interest rates have helped re-align deal expectations.

Persistent diligence challenges: Elevated borrowing costs, tighter lending standards, and more rigorous scrutiny of financials and operations continue to lengthen due diligence timelines, particularly in cross-border and tech-driven deals.

Time-to-market still critical: Advisors who can streamline diligence and execution remain essential. With competition for quality assets intensifying, timing continues to be a key differentiator in successful transactions.

**Focus on add-on acquisitions**: Strategic buyers and private equity firms are actively pursuing bolt-on acquisitions to build scale, enter new markets, or gain access to specialized technologies—particularly in aerospace, defense, and advanced manufacturing.

**Geopolitical uncertainty:** With over 40 elections worldwide in 2025 and heightened geopolitical tensions, buyers are being selective. Defense-related assets are seeing increased interest as global governments ramp up military modernization efforts.

While market timing remains unpredictable, a strong pipeline, aging ownership demographics, and significant available capital signal continued strength for middle-market M&A through the remainder of 2025.

# M&A outlook 2025 and beyond

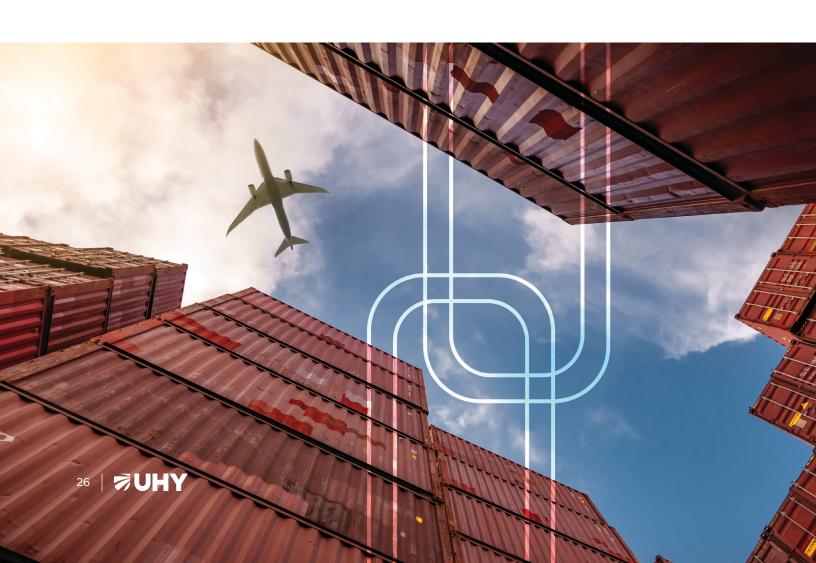
Despite ongoing regulatory pressures around M&A, the aerospace and defense market continues to benefit from strong tailwinds including rising global defense budgets, sustained air traffic growth, increased aircraft production, and a surge in technological innovation.

In 2025 and beyond, pent-up demand remains high, and companies are increasingly focused on strategic expansion to gain market share and secure critical capabilities. After a period of deal slowdown, the current environment, marked by easing interest rates, strong balance sheets, and high levels of private capital, has created favorable conditions for renewed deal momentum.

Most of the expected deal activity will come from small to midsize transactions, with particular emphasis on:

- Commercial aerospace platforms
- Defense technology and cyber systems
- Green aviation and sustainable propulsion
- Niche engineering and manufacturing services

With both strategic and financial buyers actively pursuing growth, the M&A outlook for the remainder of 2025 remains positive, especially in segments focused on innovation, supply chain resiliency, and national security priorities.



## **About our Aerospace & Defense Practice**

Our National Aerospace and Defense Practice has worked with clients in various sectors to address critical business issues and form strategies to overcome them. We've been serving the aerospace and defense industry for decades and provide solutions to a variety of sectors including:

- Commercial
- Cargo
- Aerospace
- General aviation
- Unmanned aircraft

#### **End Notes**

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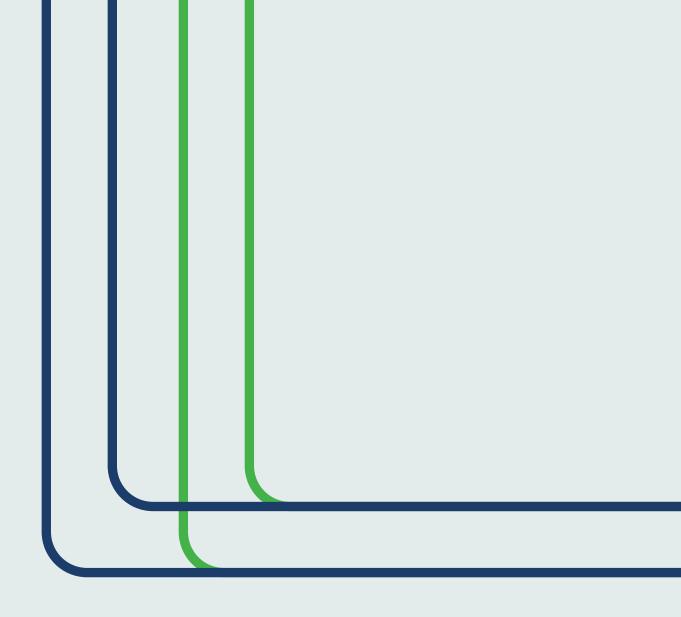
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