

5 Factors Driving Business Jet Hangar Availability

July/August 2025



In the past 20 years, the U.S. business jet fleet has more than doubled from 7,000 to 15,000 aircraft, according to JetNet, with a further 8,000 forecast for delivery through the early 2030s. With relatively few fleet aircraft retirements on the horizon, it all begs the question: Will the nation's hangar capacity be enough?

“As demand for hangar space continues to rise, owners are finding themselves in a highly competitive environment where securing the right space is increasingly challenging,” said Richard Ziskind, chief commercial officer of Alerion Aviation.

According to Scott Cutshall, president of real estate and sustainability at Clay Lacy Aviation, the growing demand is driven by five factors:

- Fleet growth and lifespan
- Increasingly larger aircraft
- The emergence of advanced air mobility (AAM)
- The length of FBO leases
- Unprecedentedly high construction costs

“The business jet fleet in North America has doubled in size in the last 20 years, with just 20% of the fleet retired after 40 years, and that doesn’t include growth in the turboprop market,” Cutshall said.

The second biggest factor, he said, is upsizing aircraft. “Wings are getting larger and fuselages are getting bigger. Engines too,” Cutshall said. “If you go back to 1985, the largest aircraft Gulfstream produced was the G4SP at just under 7,000 square feet. Today, their flagship is the G700 at 11,300 square feet – that’s 63% larger.” Large FBO hangars range up from about 30,000 square feet, but bigger aircraft are pushing the demand to go even larger.

Tail heights are increasing on some new aircraft that will require hangar doors to exceed 28 feet high, according to Jimmy Severson, president of aviation construction firm Centrex. Higher doors could mean increasing costs for required fire foam systems.

The growing presence of larger jets has driven hangar rental rates up by 20%-40%, overall, in key U.S. markets over the past decade as demand outpaces supply, said Ziskind.

Emerging AAM Aircraft and FBO Leases

Cutshall predicts the next two decades could see the arrival of electric or hybrid aircraft at FBOs, which many companies, including Clay Lacy, are already preparing for. “If that industry starts hitting even close to the numbers they’re forecasting, you could see almost 6,000 eVTOLs built in the next five years,” Cutshall said, “and they’re going to need hangars as well.”

FBO leases present another big factor. The most common leases, when there is an obligation to build, are between 20 and 40 years – typically, the more capital invested, the longer the lease.

“If the leases were signed in the early 2000s and still have 10 years before renewal, well, the hangars built 20 years ago did not anticipate the larger aircraft of today because they weren’t in production,” said Cutshall. “So those hangars that used to fit eight aircraft now fit five or six – and this all adds to the demand dynamic.”

Rising Hangar Construction Costs

Historically, building and rental costs have increased by about 3-4% per year. However, the pandemic through 2020-2022 hiked costs nearly 40%, according to Severson.

“At that time, we could have 4-5% increases in a single month. Costs haven’t come down since then. Instead, they’ve resumed a normal escalation,” Severson said. “Despite this, we are not seeing any decrease in demand; they’re just harder conversations.” Five years ago, people were more eager to jump into a project, but today expectations are different, with FBOs and hangar owners adjusting rent rates to fall in line with building costs, he said.

According to Jim Flock, founder of Flock Realty Group, 40,000-square-foot hangars with 30 foot-tall, high-quality doors, heating and no maintenance or foam, run at about \$180 per square foot – but prices can vary wildly upward, not downward.

The worst-affected areas in the U.S. are Florida and California, mostly due to high levels of regulation and airport and sponsor bureaucracies, Flock said. “The codes are now read verbatim, and few waivers are given. So, the highest-cost option is generally the one you are forced to use.”

New Hangar Markets

Meanwhile, aviation infrastructure developer Sky Harbour is building a U.S. network of hangar campuses for business aircraft. The campuses feature private hangars, including extra amenities such as offices, lounges and parking. Founded in 2021 with its first campus at Sugar Land Regional Airport (SGR) in Texas, Sky Harbour has now expanded to more than five states.

Elsewhere, Colorado-based aviation real estate brokerage Business Aviation Group specializes in connecting aircraft owners with suitable hangar real estate. The firm has facilitated over \$130 million in aviation real estate transactions, representing buyers, sellers, landlords and tenants nationwide. The company also manages Aviation Property Network, one of the world’s largest marketplaces for aviation properties.

“There will be growing demand for more hangars or replacing smaller hangars with larger ones,” said Cutshall. “It will be tempered by the very high cost of construction the industry is facing today. That’s where the tension is going to be. The demand is there, but the push-pull of construction costs versus rental rates is going to be interesting to watch.”