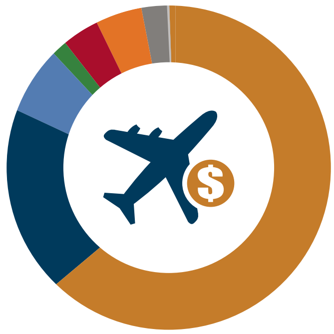
Boeing 737-700

Amit Kumar Tyagi
ISTAT Certified Senior Appraiser
Chief Intelligence Officer
Acumen Aviation
acumen.aero
amit.tyagi@acumen.aero

Photo Courtesy of Boeing

The Boeing 737-700 holds a distinctive place in modern commercial aviation. Introduced in the late 1990s as part of Boeing's Next Generation (NG) family, it offered greater range, advanced avionics and improved efficiency relative to the Boeing 737 Classics. The B737-700's first flight was in February 1997 and marked the debut of the NG series, which was later expanded with the -600, -800 and -900 variants. Southwest Airlines launched the 737-700 in 1998.

B737-700 REGIONAL DISTRIBUTION



Fleet and Operations

As of September 2025, the 737-700 remains most prevalent in North America, with nearly 477 active aircraft — the majority operated by Southwest. Asia accounts for 135 units, followed by Latin America (45) and Europe (31). Globally, about 12.5% of the fleet is in storage.

The 737-700 has seating between 126 and 149 passengers, with a range up to 3,440 nautical miles. The B737NG's sole engine source is the reliable CFM56-7B turbofan. The B737-700 is capable of dense short-haul operations while retaining flexibility for select medium-haul routes. The 737-700's size made it ideal for thinner markets on medium to long-range routes.

Beyond commercial service, the airframe also found success in specialized roles, such as the Boeing Business Jet (BBJ), which was introduced in 1998.

Market Shift and Conversion

The 737-700 accumulated 1,287 deliveries, with production winding down by 2018 and the final aircraft delivered in 2020. As newer-generation aircraft have entered service, operators are gradually phasing out NGs. Southwest, the largest operator, plans to retire its NG fleet by 2031 in favor of an all-MAX operation, while other carriers — including Delta, Air Canada, Air France and JetBlue — have transitioned to the Airbus A220. United, WestJet and Copa have also started to retire their NG fleets, transitioning to Boeing MAX 8 for standardization of fleet, to fulfill parts demands and to take advantage of current market conditions.

To date, the 737-700NG has seen only limited traction in the passenger-to-freighter market compared with the far more popular 737-800NG. While conversion programs are offered by IAI Bedek, PEMCO and AEI, fewer than 50 737-700s had been converted by mid-2025, versus more than 260 737-800 freighters already in service and a pipeline exceeding 300 aircraft. Although conversion costs for the -700 (US$4-5 million) are slightly lower than for the -800 (US$5-6 million), the -700's reduced payload and pallet capacity limit cost-effectiveness. Boeing's World Air Cargo Forecast and IATA cargo outlooks highlight that future narrowbody freighter demand will be more on high-volume types such as the 737-800, leaving the 737-700 as a secondary, niche option.

Market Dynamics

Boeing's continued certification delays for the 737 MAX 7 have created an opportunity for other aircraft in the sub-150-seat segment, such as the Airbus A220, to gain momentum. At the same time, these certification and production delays — combined with the MAX grounding — have extended the operating life of the 737-700 longer than originally planned. Airlines prioritizing fuel efficiency and passenger comfort increasingly view the A220 as the most viable replacement option for aging 737-700s in the near term; however, Airbus faces production and pricing constraints that limit the A220's ability to fully displace the 737-700 or undermine the long-term business case for the MAX 7 once certified. As a result, the 737-700 remains relevant as a bridging asset, sustaining its short-term utility.

On the secondary market, the B737-700 has experienced structural depreciation. Appraisal analysis indicates that although values have stabilized somewhat since pandemic lows, the 737-700 remains a "sunset asset" with limited long-term demand outside of a small number of conversions. Lease rates continue to soften as lessors and airlines prioritize newer, more efficient narrowbodies.

Maintenance and Support

From a maintenance standpoint, the 737-700 continues to benefit from the scale of the broader 737NG family. Independent and airline-affiliated providers ranging from AAR and ST Engineering to Lufthansa Technik and Turkish Technic offer heavy check and component repair and overhaul services worldwide, supported by robust supply chains and spare-parts pools. This breadth of service helps ensure good geographic coverage and reliable turnaround times. The CFM56-7B engine further reinforces this advantage, with more than 40 licensed overhaul shops worldwide and a vast installed base. Retirements are generating abundant used serviceable material, reducing demand for fresh shop visits. As the 737-700 fleet ages, heavy checks and major engine shop visits increasingly exceed the residual value of the aircraft, driving earlier retirements or conversions. While passenger MRO demand is expected to decline sharply after 2027, there will likely be an increased focus on freighter conversions that could boost the second-life options for some older B737-700s.

Market Outlook

As the 737-700 exits frontline fleets, its future lies less in mainline passenger service and more in secondary roles. Freighter conversions will sustain the type's relevance well into the 2030s. Its versatility ensures it will remain a visible, if smaller, part of aviation. With Boeing expected to provide 737NG airframe support well into the 2040s, and CFM committed to sustaining the CFM56-7B engine through at least that time frame, operators can rely on continued OEM and aftermarket backing for many years yet.

B737-700 – Acumen Values as of 30 Sep 2025

Year of Build	Current Market Value	Current Base Value	Future Base Values at 2% inflation									
			2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
1997	7.874	7.076	6.172									
1999	8.501	7.590	6.621									
2001	7.950	8.328	7.264									
2003	8.421	9.020	8.044	7.104	6.197							
2005	9.445	10.360	9.314	8.338	7.435	6.567	5.728					
2007	11.012	11.957	10.902	9.824	8.832	7.907	7.051	6.227	5.432			
2009	12.731	13.699	12.647	11.607	10.584	9.537	8.574	7.676	6.845	6.045	5.273	
2011	14.175	15.478	14.400	13.369	12.342	11.328	10.329	9.308	8.367	7.491	6.680	5.900
2013	15.771	17.470	16.392	15.320	14.254	13.233	12.217	11.213	10.224	9.213	8.282	7.415
2014	16.772	18.627	17.542	16.459	15.383	14.312	13.287	12.267	11.259	10.266	9.251	8.316
2015	17.859	19.922	18.781	17.687	16.595	15.510	14.430	13.397	12.368	11.352	10.351	9.327
2016	19.067	21.174	20.086	18.936	17.832	16.732	15.637	14.549	13.507	12.470	11.445	10.436
2017	20.090	22.282	21.174	20.086	18.936	17.832	16.732	15.637	14.549	13.507	12.470	11.445
2018	21.259	23.524	22.425	21.310	20.215	19.057	17.946	16.839	15.738	14.642	13.594	12.550

Aircraft specifications: MTOW- 70080 Kgs, Engine-CFM56-7B24
Maintenance assumption: Half-life condition
Inflation assumption: Annual inflation of 2% for Future Base Values
All values are in $US millions (ISTAT definition applies)
Source: Acumen Online Valuation Database