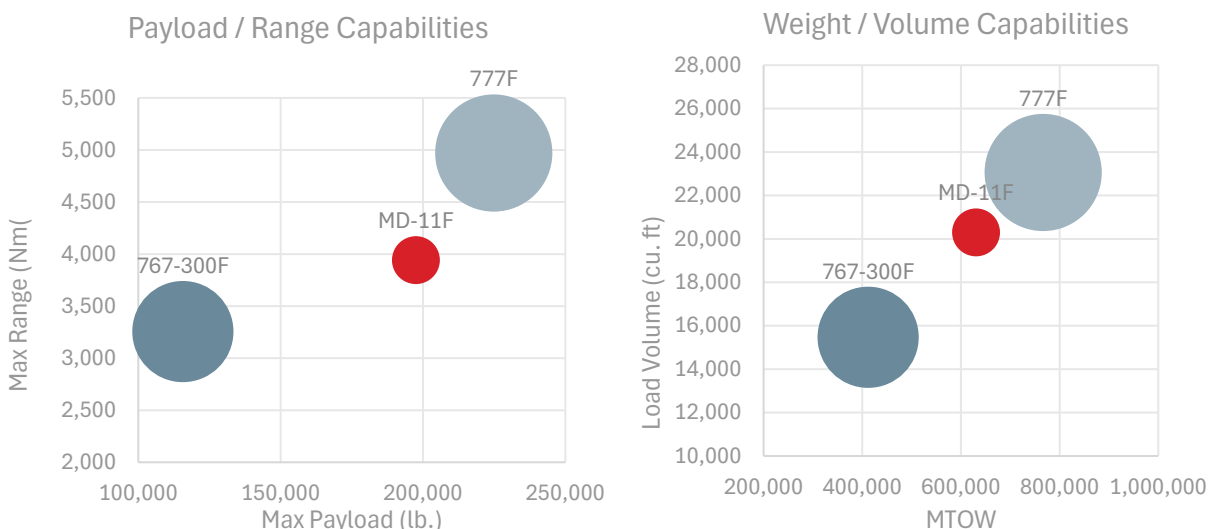

MD-11 GROUNDING AND THE AIR CARGO CAPACITY CRUNCH

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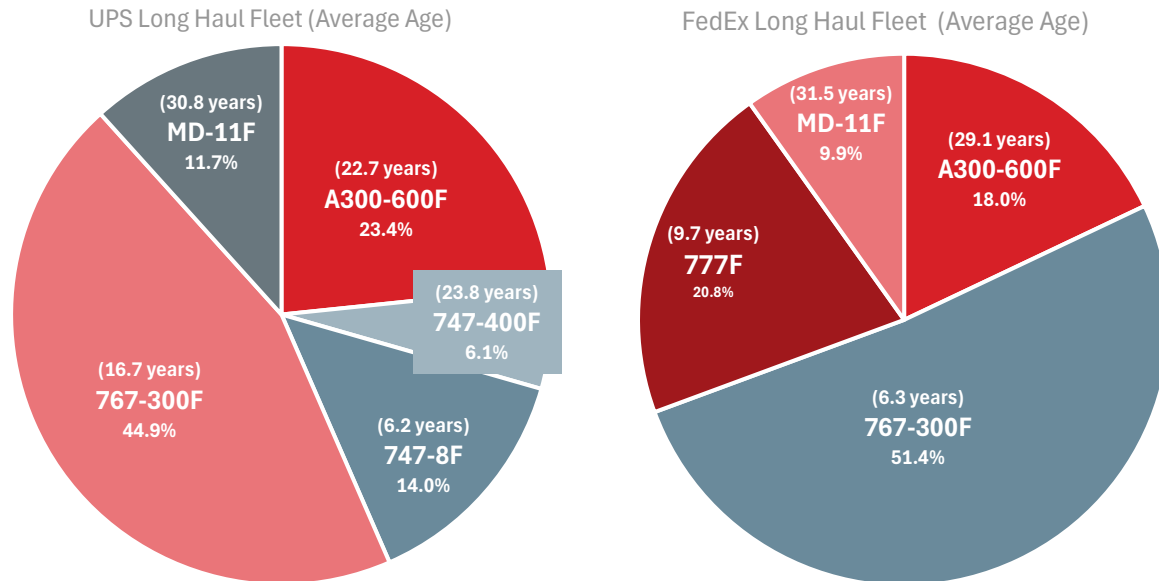
On November 4, 2025, UPS Airlines' MD-11F N259UP suffered a fatal accident in which it appears that its Number 1 engine separated. As a result of a preliminary investigation, on November 8, 2025 the Federal Aviation Administration issued an emergency Airworthiness Directive (AD), immediately grounding all MD-11 aircraft, but it omits an inspection method or requirement, which is atypical of an AD. However, the three operators of the type had already grounded their combined 57 MD-11Fs prior to the AD on Boeing's recommendation that the engine-to-pylon attachment points and pylon-to-wing structures be inspected.

55 MD-11F factory freighters were built, and another 125 passenger MD-11s were converted. Only 58 were active just prior to the accident, five of which are converted aircraft. The current three operators are FedEx with 28 of the type (all factory freighters), UPS Airlines with 25 of the type (four of which were conversions), and Western Global Airlines with four (one of which is converted). The aircraft's medium range economics has made it popular with package carriers, as it falls squarely between the incredibly popular 767-300F factory freighter (145 of which are currently in service, with 25 left on Boeing's backlog) and the 777F factory freighter (180 in service and 56 left to deliver) in terms of MTOW, Max Payload, Max Range, number of standard main deck pallet positions, and load volume.



Source: Boeing

The MD-11F makes up nearly 10% of FedEx's widebody fleet, 11.7% of UPS', and half of Western Global's fleet. Both FedEx and UPS had begun retiring their fleets of MD-11s but planned to keep operating the type at least until the end of the decade. FedEx had even announced extending the retirement earlier this year, from 2028 to 2032. This incident and subsequent AD raise questions about Boeing's continued support for the type, which may lead to accelerated retirements or fleets being permanently grounded in the near term, further exacerbating the capacity crunch in the long-haul widebody freighter space.



Source: mba REDBOOK Fleet+

FedEx operates its MD-11s primarily stateside but also transports cargo from China and other parts of Asia via Anchorage, while UPS uses the aircraft largely for cargo flights between its US hubs. Both operators have issued statements that they have enacted contingency plans to minimize disruptions, but if the inspections cause long-term groundings or expedite the retirement of the type, an unexpected 10% decline in fleet is significant, especially as the holiday cargo season approaches.

There has been very limited availability of factory freighters since the pandemic, further pressuring capacity. According to mba's REDBOOK Fleet+, as of October 31, 2025, eight factory and two converted MD-11Fs were being remarketed for new leases by their owners. No 777F factory freighters were available, and only one 767-300F factory freighter and four converted freighters were being remarketed. The MD-11F had become an economically viable widebody freighter for as many as fifteen operators globally ten years ago, but had fallen heavily out of favor in recent years, with 71.7% of the delivered or converted fleet retired as of October 31, 2025.

UPS and FedEx hold the bulk of the unfilled order book for the 767F and 777F, and they both tend to hold onto these aircraft for the duration of their economic lives. However, production lines will be closing for these production freighters in 2027, and the current, and expected continued, strong demand for passenger aircraft has also limited feedstock from entering 767 and 777 conversion lines. While both Boeing and Airbus have new widebody factory freighters entering service in the next five years, neither UPS nor FedEx has placed orders for them yet. There is every sign of an oncoming further capacity crunch heading into the latter years of the decade, which will further strain long-haul cargo operators. With Current Market Values for aircraft like the 777F at 116.0% of mba's Base Value, up from 100% at the beginning of 2025, it is likely that values for widebody freighters will continue to rise in the near term as operators seek lift.

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