



# **ENDINGS & BEGINNINGS:** **WHAT DOES 2025 HAVE IN STORE** **FOR THE AVIATION INDUSTRY?**

Wednesday 4<sup>th</sup> December, 2024



## SPEAKERS

CHIEF  
ANALYST**John Grant**

Chief Analyst, OAG

With a wealth of experience across the global aviation industry, John provides expert commentary on market developments for OAG, making connections between what the data is telling us and the trends and events occurring in the sector.

GUEST  
SPEAKER**Rebecca Francosky**

Director, Air Service Data Analytics, Research & Reporting, Atlanta International Airport

Becky has over 17 years of combined experience in airport and aviation consulting. Her specialty in analytics, research and strategic planning has been honed in roles in both the private and public sector, including working for one of the largest financial firms in the U.S. and the world's most efficient airport, Hartsfield-Jackson Atlanta International Airport (ATL).

GUEST  
SPEAKER**Gary Bowerman**

Director, Check-In Asia

Gary is Director of Check-in Asia, a travel intelligence and strategic marketing firm with bases in Hong Kong, Shanghai and Kuala Lumpur. He is an Asia travel analyst for Phocuswright and an Asia consumer trends analyst for Mintel. Gary co-hosts the South East Asia Travel Show podcast, and publishes a twice-monthly newsletter called Asia Travel Re:Set.

MODERATOR

**Deirdre Fulton**

Partner, MIDAS Aviation

Deirdre is a partner in an aviation consultancy providing meaningful insight and analysis to clients around the world. She works closely with OAG on their data analysis and publications.



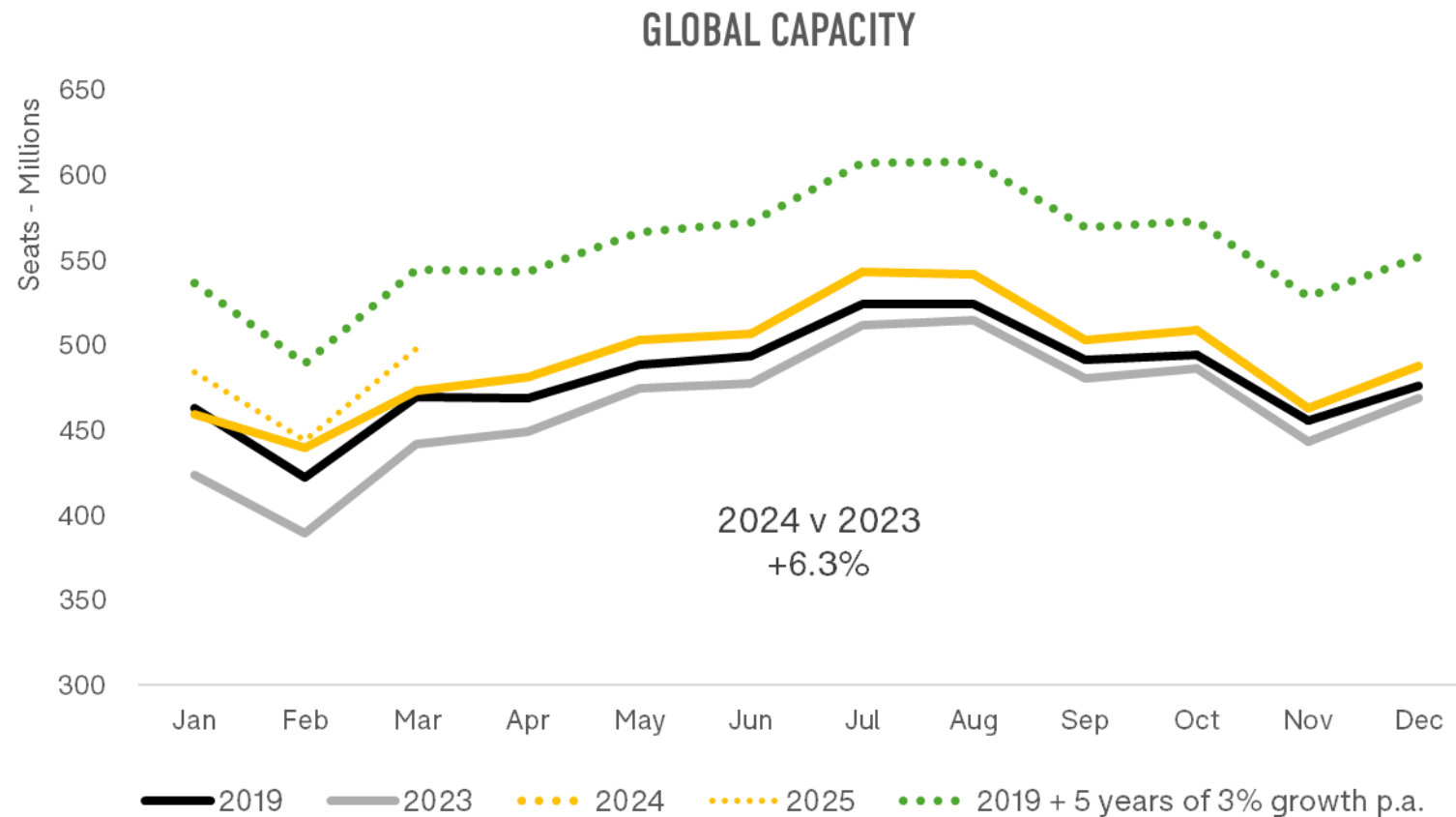
# Today's discussion

- In this webinar we're taking a look at what 2025 might have in store for the aviation industry
  - Will engine trouble persist into next year? A look at who continues to be affected
  - Is there a difficult winter ahead?
  - How is capacity panning out for the rest of the winter season?
  - Which regions saw most growth in 2024 and what is to come?
- We'll be taking questions as we go. Please use the chat function to ask your questions.



# GLOBAL GROWTH TRENDS

- Capacity for the year to the end of the year is 6.3% ahead of 2023 and 2.4% ahead of 2019
- Q1 2025 currently looking like it's +4% vs 2024. Will 2025 be the year that we bridge the gap?

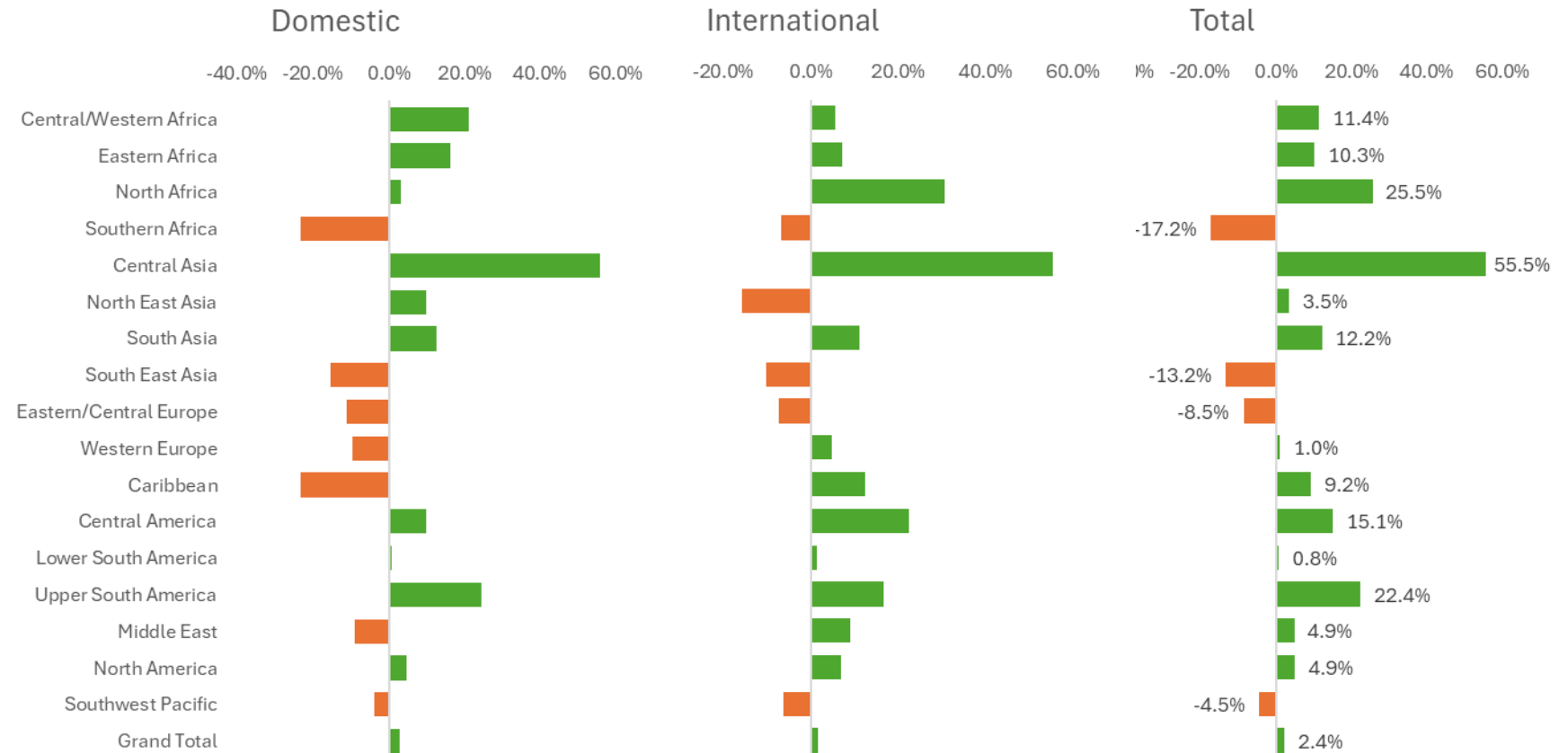


# REGIONAL CHANGES....SOME MIXED INDICATORS

➤ Four aviation markets are not yet back to 2019 levels

- Southern Africa
- South-East Asia
- Eastern Europe
- Southwest Pacific

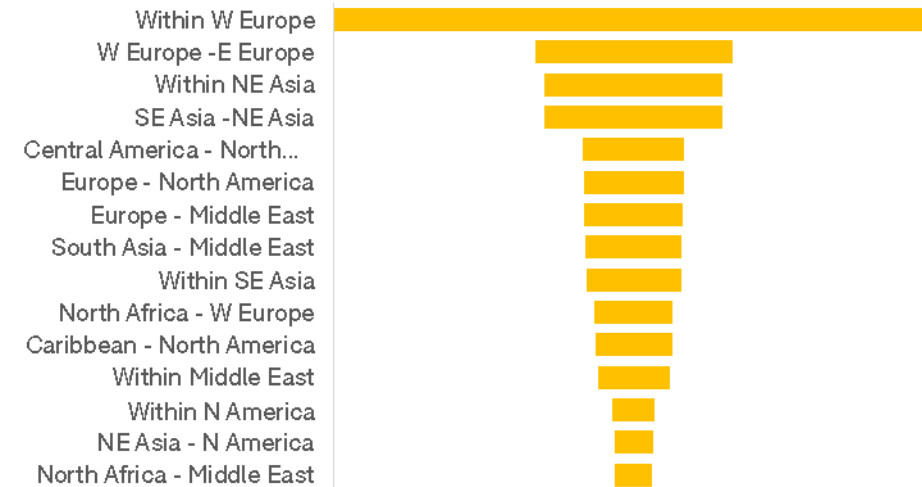
➤ Fastest growing regions include Central Asia, Upper South America and North Africa, all of which have double digit growth compared to 2019.



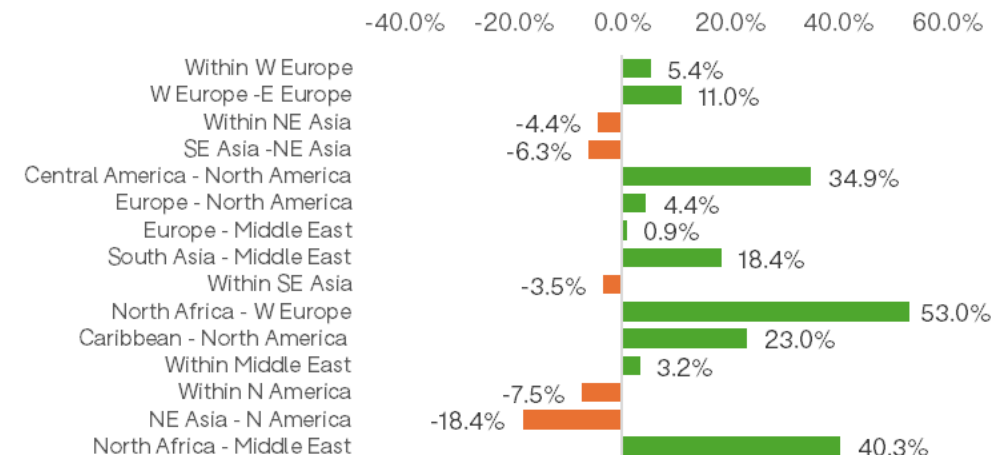
# REGIONAL EBBS & FLOWS

- The 15 largest international region pairs account for 75% of global international capacity
- The market within Europe is by far the largest with 436m seats this winter – which is 22% of international capacity
- Fastest growing v's 2018 is North Africa – W Europe as European LCCs add capacity into this market
- Strong growth too into the Middle East from North Africa; between Central – North America (Mexico – USA) ; South Asia (India) to the Middle East, and the Caribbean – N America
- The biggest reduction is to capacity between NE Asia – N America, down 18.4% compared to pre pandemic

Largest International Region Pairs - W24



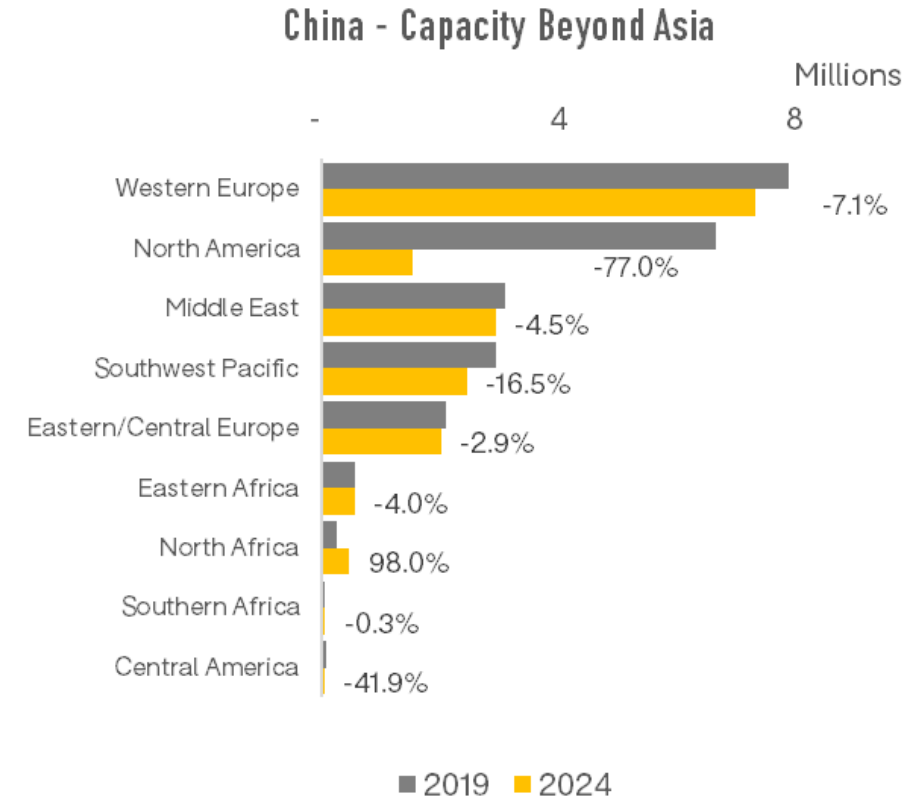
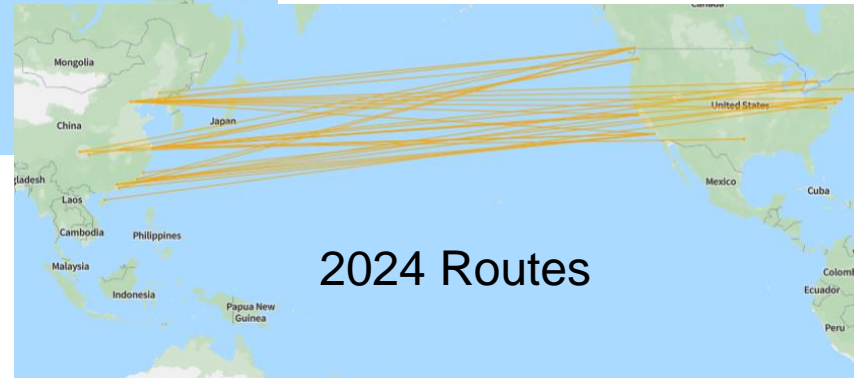
Capacity Change W24 v W18





# CHINA'S INCREASING LONG HAUL ISOLATION

- Capacity between China and North America has fallen most, by 77% as it has become uneconomic for US carriers to operate in this market.
- In 2019 there were 68 routes operating from 19 Chinese cities to 19 US cities.
- In 2024 there are less than half that, with 31 routes from 11 Chinese cities to 11 US cities largely concentrated on the East and West Coasts

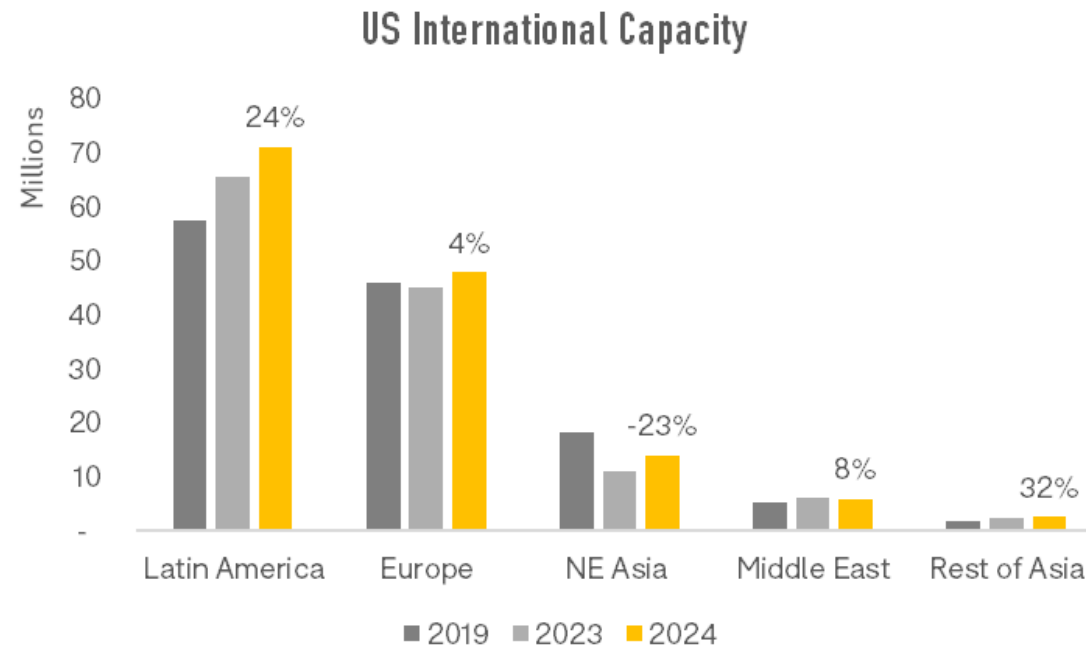


There are also reductions between China – Southwest Pacific from 53 routes to 40, and fewer Chinese cities – from 19 down to 15 – have services to 9 cities in the Southwest Pacific region, from 11 in 2019.



## US OUTBOUND MARKET CHANGES FOCUS

- Latin America remains the most important market for US international services, accounting for 43% of all international seats in 2024. This market is growing too, up 24% compared to five years ago, and 8.6% up on last year.
- Capacity between the US and North East Asia is down significantly compared to 2019, by 23%, largely driven by the reduction in China-US services but there is strong growth to services across the rest of Asia which are up by almost one third compared to five years ago





## A SPIRITED DEFENCE BUT TO NO AVAIL

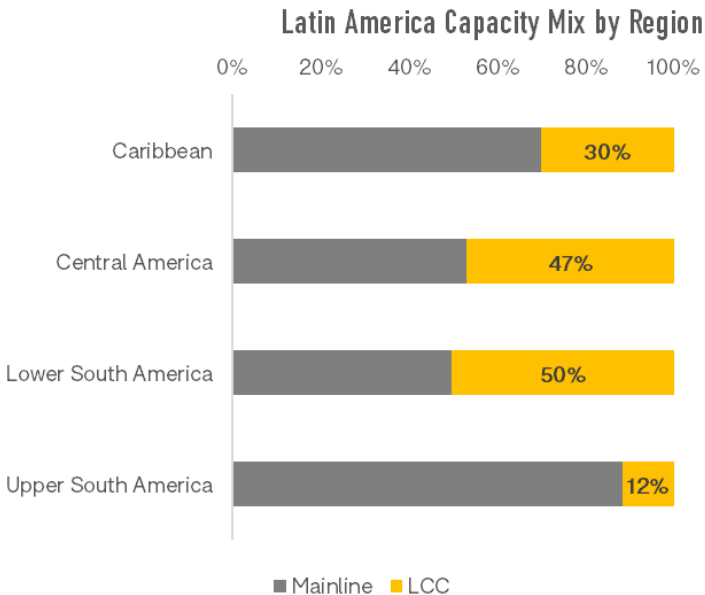
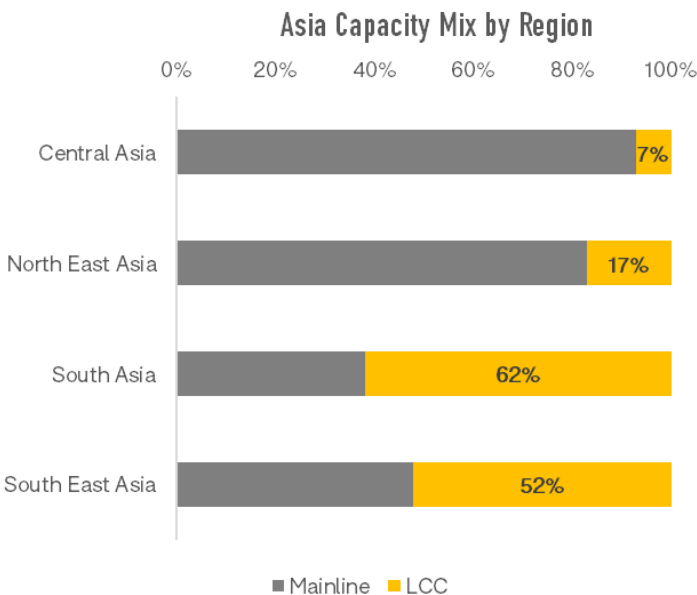
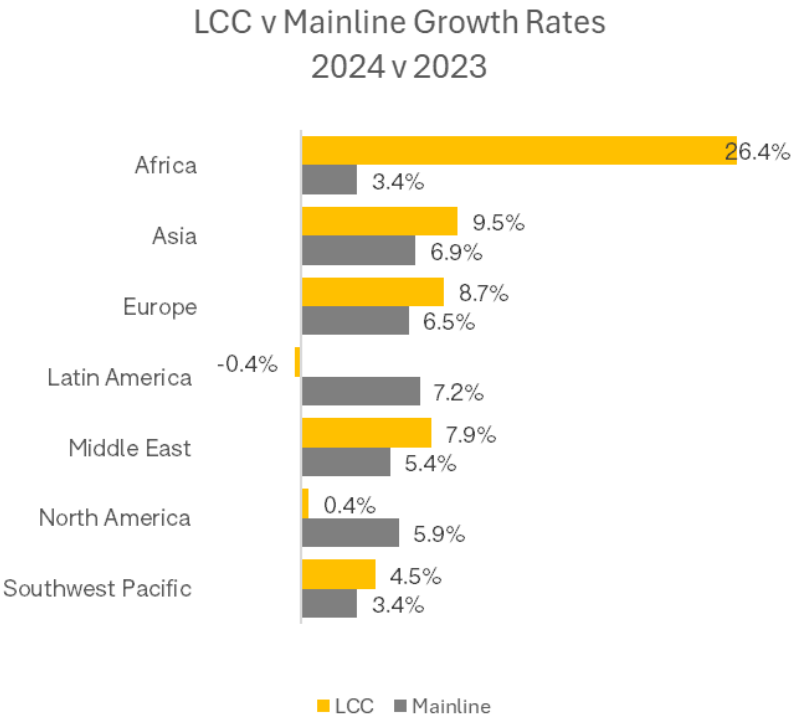
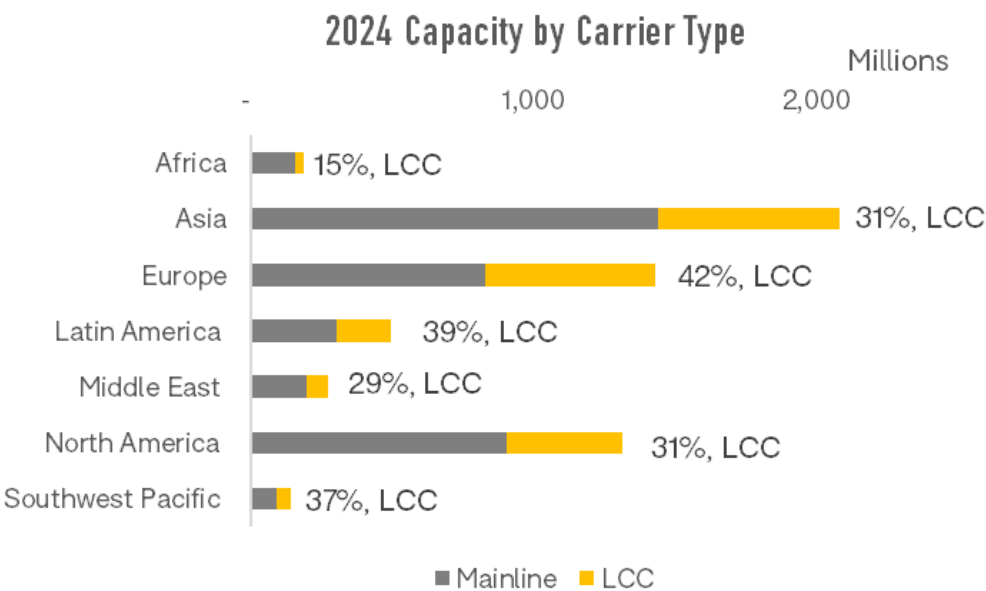
- Spirit Airlines recorded some staggering capacity growth in a few markets between 2019 and 2024
- Despite this, they were unable to secure capacity shares that gave them market strength
- One of the biggest challenges of operating in a mature market such as the US is finding a niche or role where there are limited long-term growth opportunities

Departing State	2019 Capacity	2024 Capacity	% Change 2024 V's 2019	Spirit Capacity Share	
				2019	2024
Tennessee	83,904	757,830	803.2%		4.20%
Indiana	131,772	407,374	209.2%		6.00%
Virginia	117,486	302,920	157.8%		5.20%
New York	1,735,666	2,921,387	68.3%		5.50%
Oregon	163,741	239,422	46.2%		2.60%
California	2,487,454	4,025,154	61.8%		4.00%
North Carolina	572,398	874,398	52.8%		3.70%
Nevada	3,238,430	5,365,223	65.7%		14.00%
Missouri	270,877	341,670	26.1%		2.20%
Pennsylvania	1,191,880	1,661,123	39.4%		6.80%

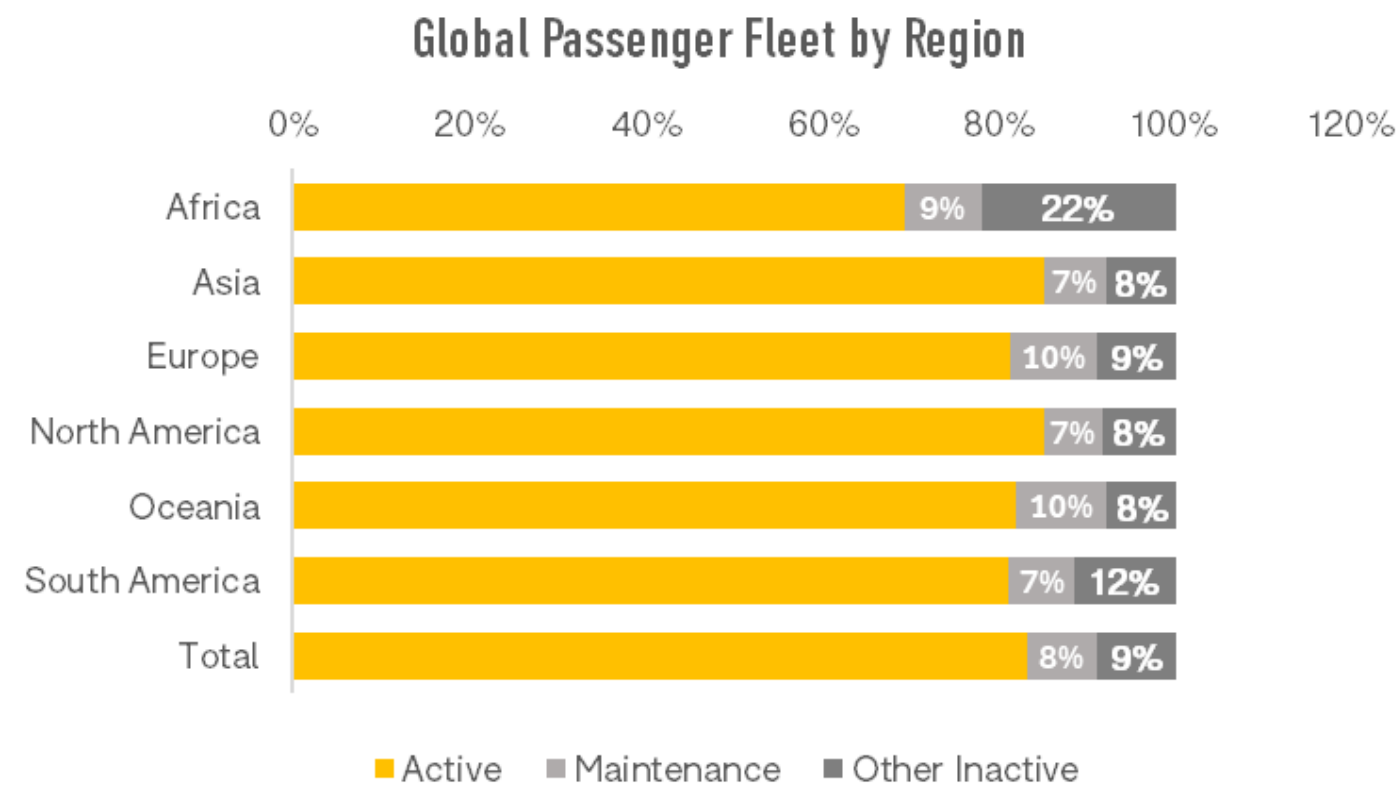


# 2024 MARKET COMPOSITION

- LCCs led growth in almost all markets – apart from North America, in 2024 v's 2023
- Europe has the largest share of capacity operated by LCCs, at 42%, whilst Latin America is close behind.
- Looking at region level shows there are real variations across continents – LCCs have the highest penetration in South Asia (India)



# OTHER 2024 CHALLENGES

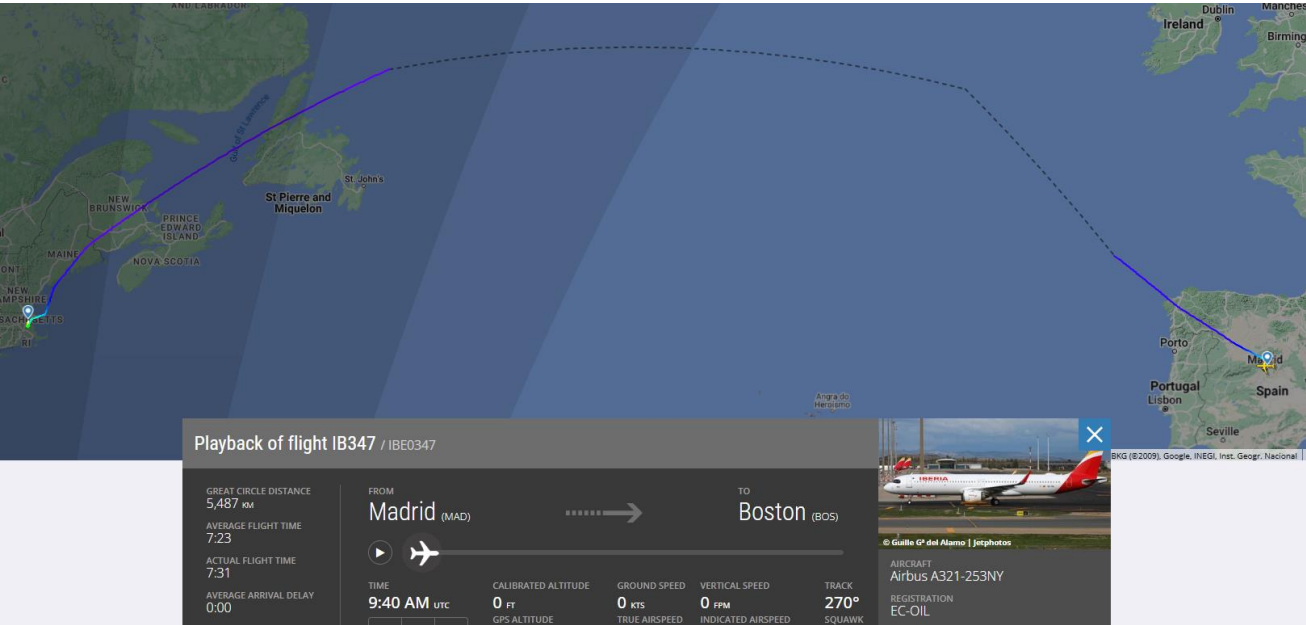


- Supply chain issues continue – as of today, 17% of the global passenger aircraft fleet is inactive
- in terms of lost capacity, that equates to around 700,000 seats which when you estimate daily utilization and flying in a typical month, equates to around 72 million ‘lost’ seats.

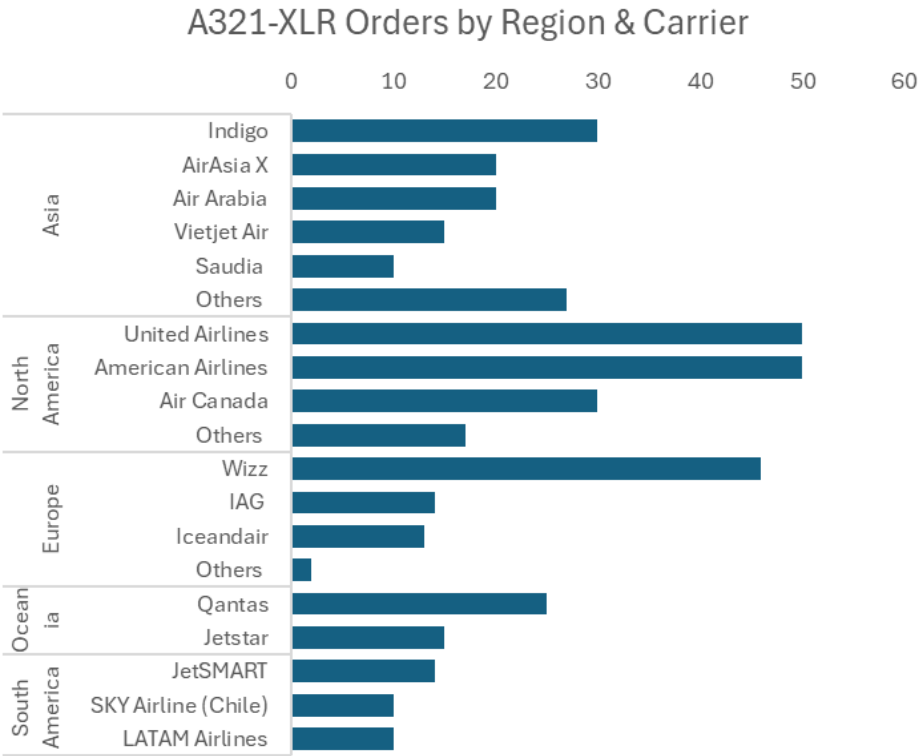


# 2024 AND BEYOND

- The roll out of the A321-XLR started in November 2024, operated by Iberia and the inaugural commercial flight took place on 14 November between Madrid and Boston – taking 7 hours and 23 minutes to cover a range of 5,487km, opening up more potential from growth for both LCCs and mainline carriers.
- United Airlines, American Airlines, Wizz and Indigo all have significant numbers of this game changing aircraft on order



Source: Flightradar



Source: OAG Fleets



Source: Iberia

# EARLY WARNINGS AND SOME THOUGHTS FOR 2025

- Supply will remain a challenge throughout the year and into 2026 at least. With up to 20% of the world's fleet grounded and inactive and Boeing and Airbus struggling to ramp up production, this will continue to be problematic for airlines
- Will we see demand is transitioning from the leisure based revenge spend towards more traditional travel patterns and the corporate traveller re-emerging from their bunkers?
- Air fares may however soften a little as a bit of heat comes off demand but they will still be much higher than 2019 levels as airline costs bases have dramatically changed
- Average load factors will broadly remain where they are through the year as the two segments see some transition
- New airports will open relieving pressure in some hot spot markets such as India and in 2027 Sydney for example
- The geo-political tensions of 2024 will still be affecting demand and airline operations with no obvious easing of those tensions in the short-term
- The worlds longest proposed merger (Korean and Asiana) will finally come into effect as final regulatory approvals are received. TAP Air Portugal will go to market with perhaps two obvious interested parties
- Norse network churn – they have apparently secured ACMI flying for six aircraft from next year. Norse have churned over 25% of their network in 3 years which is a sign of again looking for markets rather than knowing where they want to be! Was their bet on Germany and Berlin mistimed or misjudged?



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