



OAG

# A NEW ERA: ENFORCED CAPACITY DISCIPLINE

Thursday 6 February, 2025

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# 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



**Brendan Sobie**

Founder, Sobie Aviation

Brendan is an independent analyst and consultant based in Singapore. He has over 20 years experience in the industry, including eight years as Chief Analyst for CAPA – Centre for Aviation and 10 years at Flightglobal. Brendan has extensive experience covering emerging markets globally and now provides analysis throughout Asia Pacific, the Middle East, Africa and the CIS.

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.



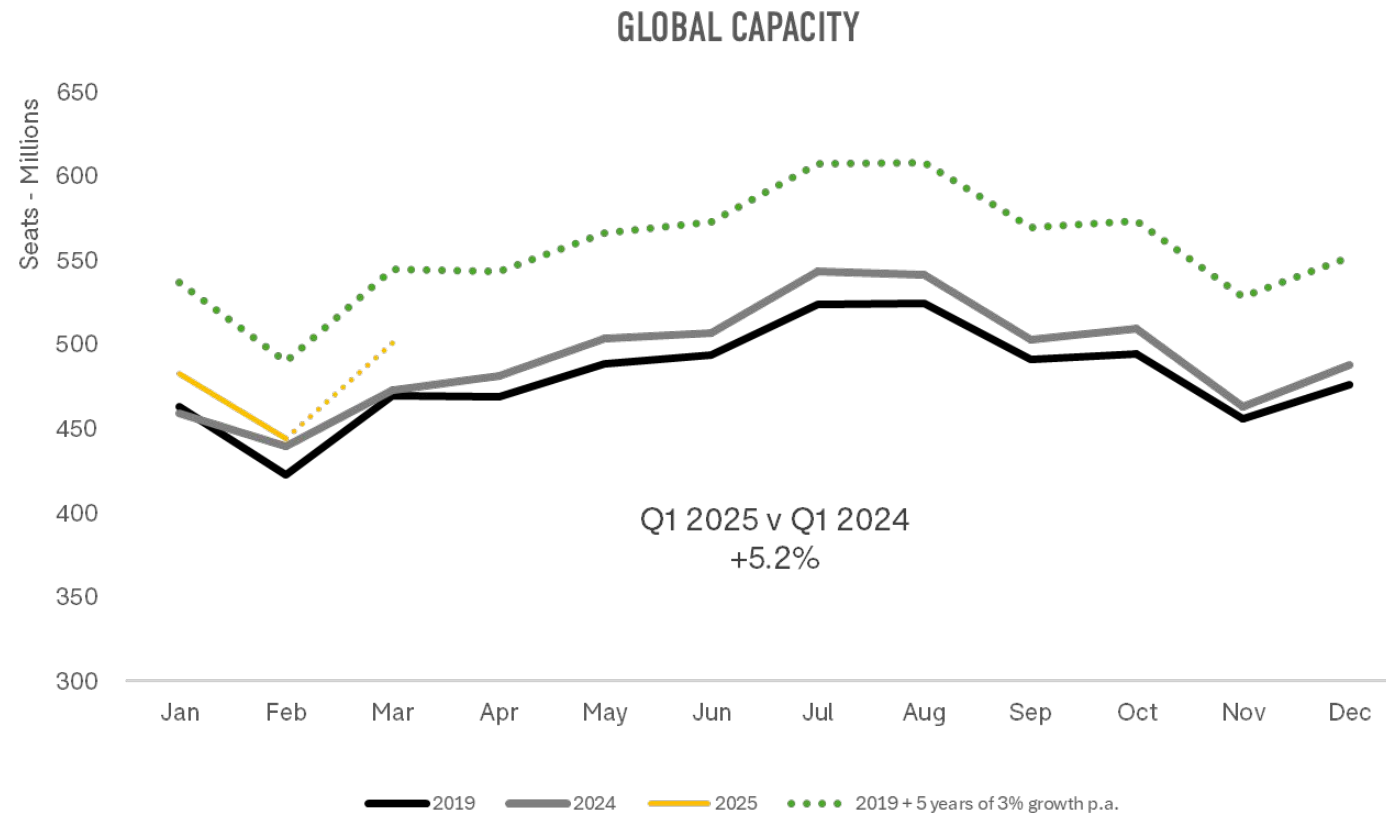
# Today's discussion

- In this webinar we're taking a look at how enforced capacity discipline is impacting on growth this year
- The latest capacity position, and a look ahead into the summer
- Trends in inactive aircraft levels and where this is leading to enforced capacity discipline
- Where are LCCs driving growth
- An update on the latest topical issues in the industry
- We'll be taking questions as we go. Please use the chat function to ask your questions

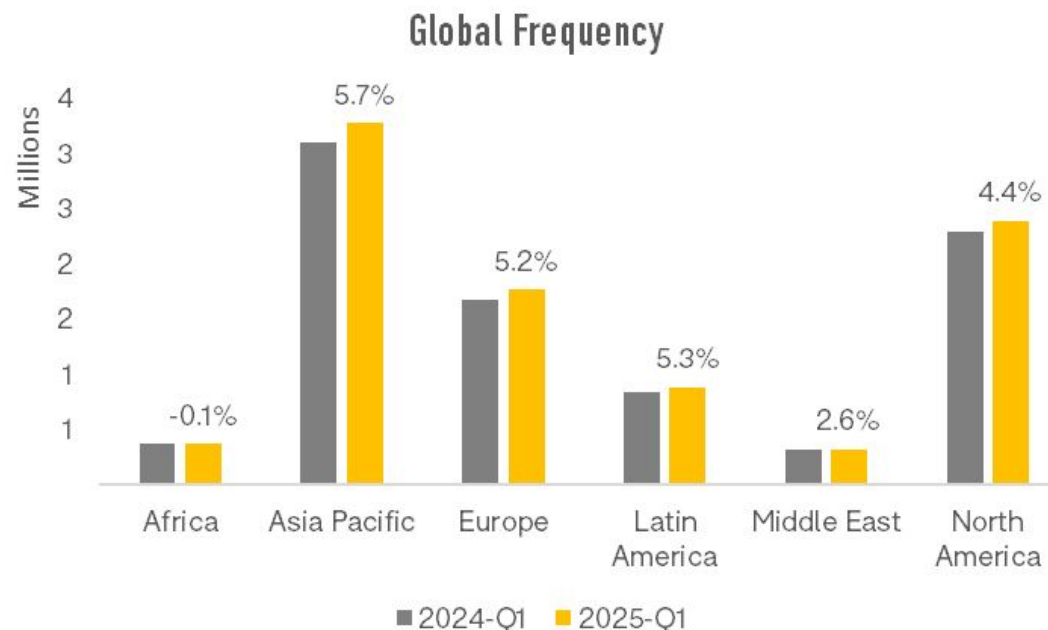
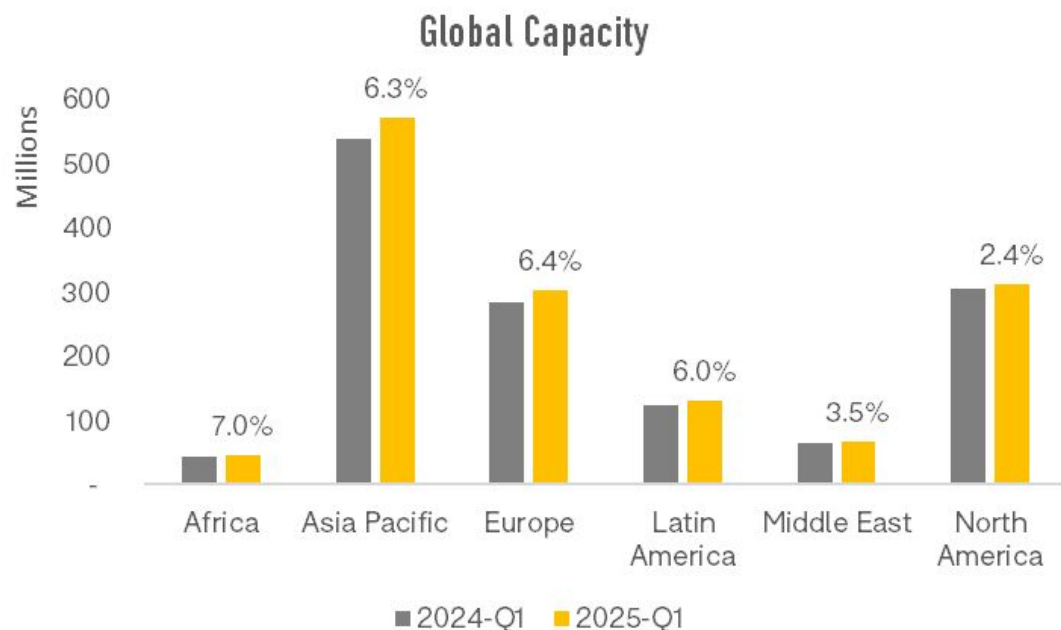


# GLOBAL GROWTH TRENDS

- Capacity for the first quarter of 2025 is 5.2% ahead of 2024, allowing for the variance in the leap year in 2024.



# Q1 Capacity & Frequency Changes 2025 v 2024\*



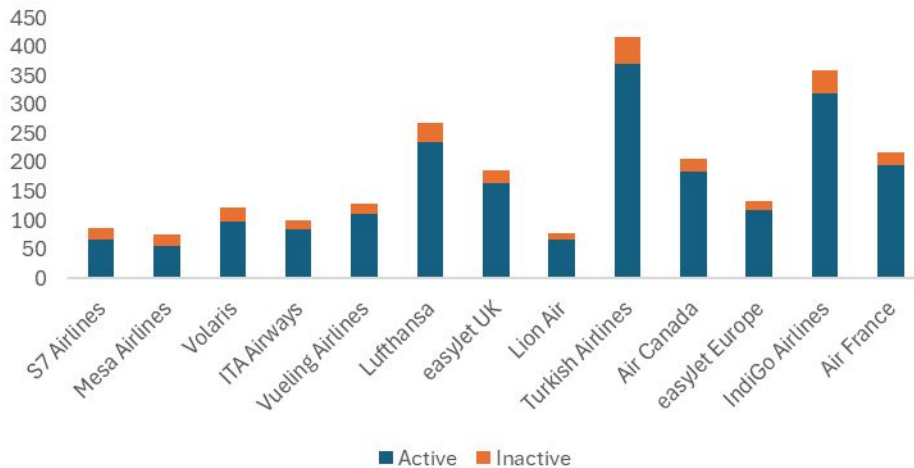
- For Quarter 1 2025, globally capacity growth is highest in Africa, up 7.0% on 2024. Strong growth is taking place too in Europe, Asia Pacific and Latin America, all with 6% or above in year on year growth. In the Middle East and North America however, growth is significantly slower.
- Frequency trends are similar, although reversed for Africa which has no frequency growth, and North America, where frequency growth is ahead of capacity growth this quarter.



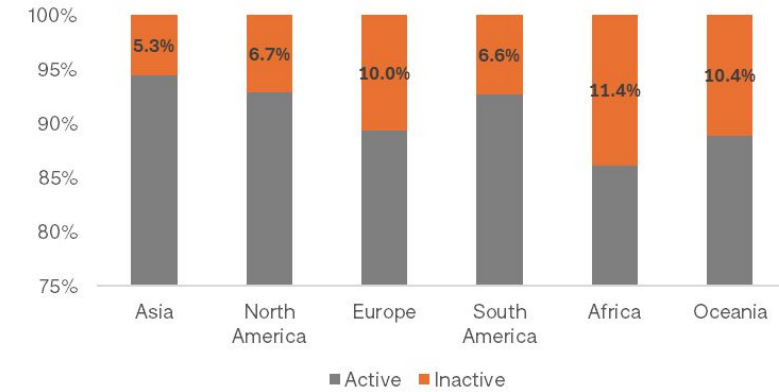
# ENFORCED CAPACITY DISCIPLINE

- As of this month, an estimated 7.2% of the global aviation fleet is recorded as inactive (ch-aviation). Inactive aircraft include those out for maintenance and repair, but not those in storage.
- These levels vary by region, with Africa, Oceania and Europe all having above average levels of inactive aircraft.
- There are 13 unlucky airlines currently with 10% or more of their fleet inactive. The biggest of these include Turkish Airlines and Indigo with 11% and 10% respectively

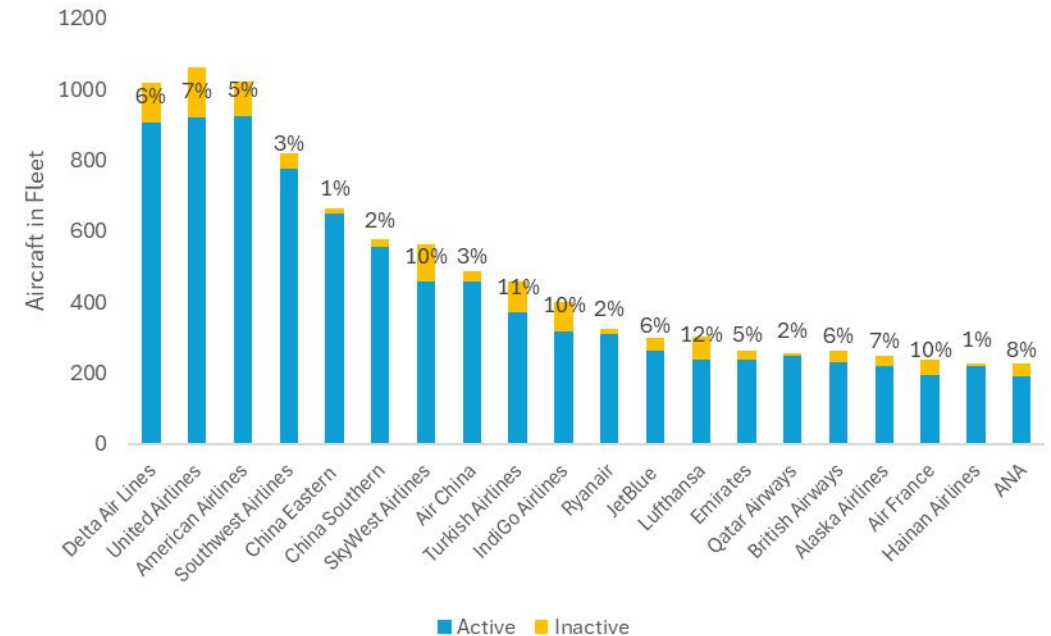
## Carriers with the Highest Share of Inactive Fleet



## Global Fleet Status by Continent



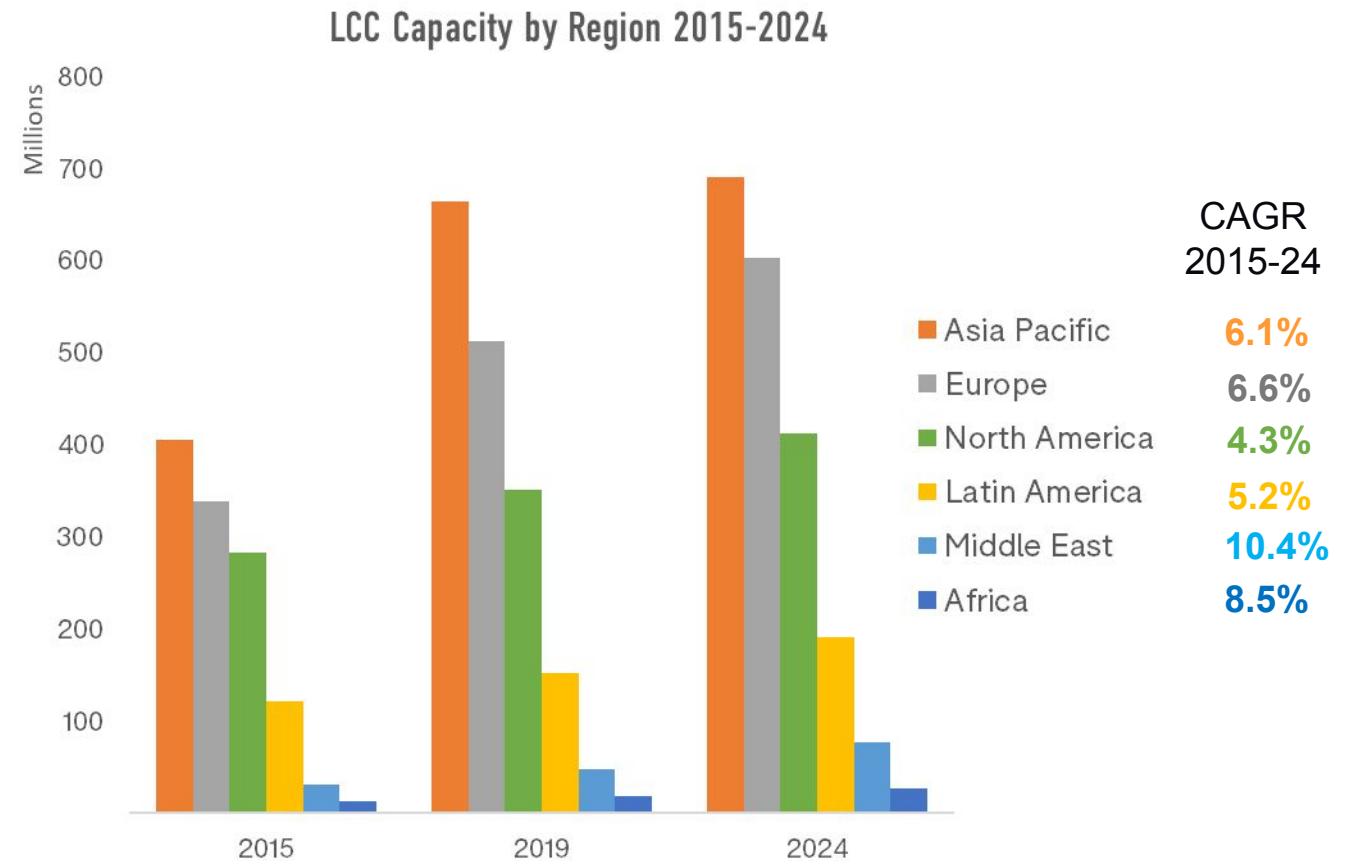
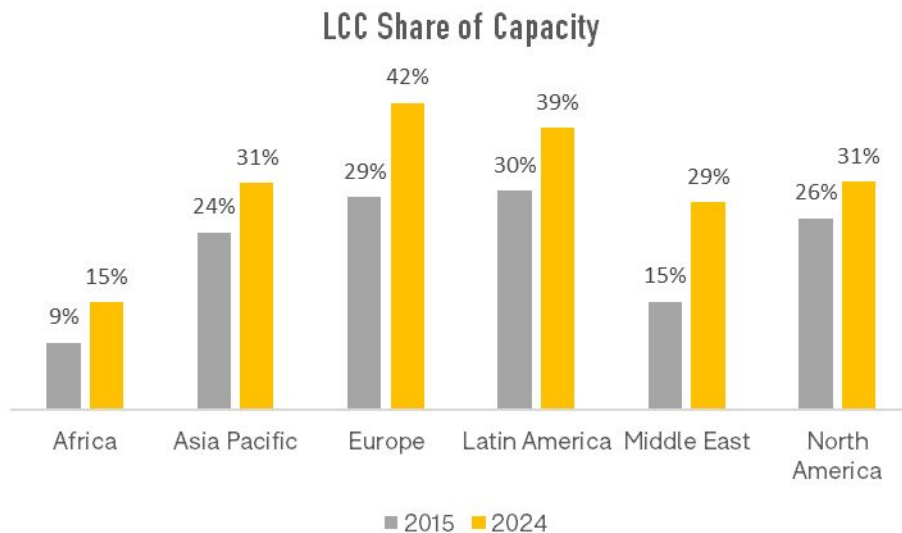
## Top 20 Carriers by Fleet Size





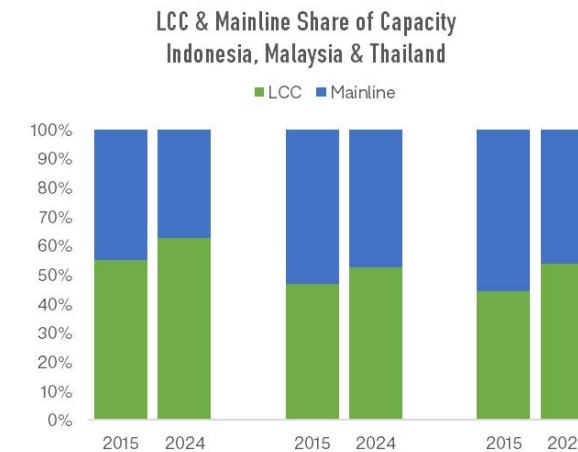
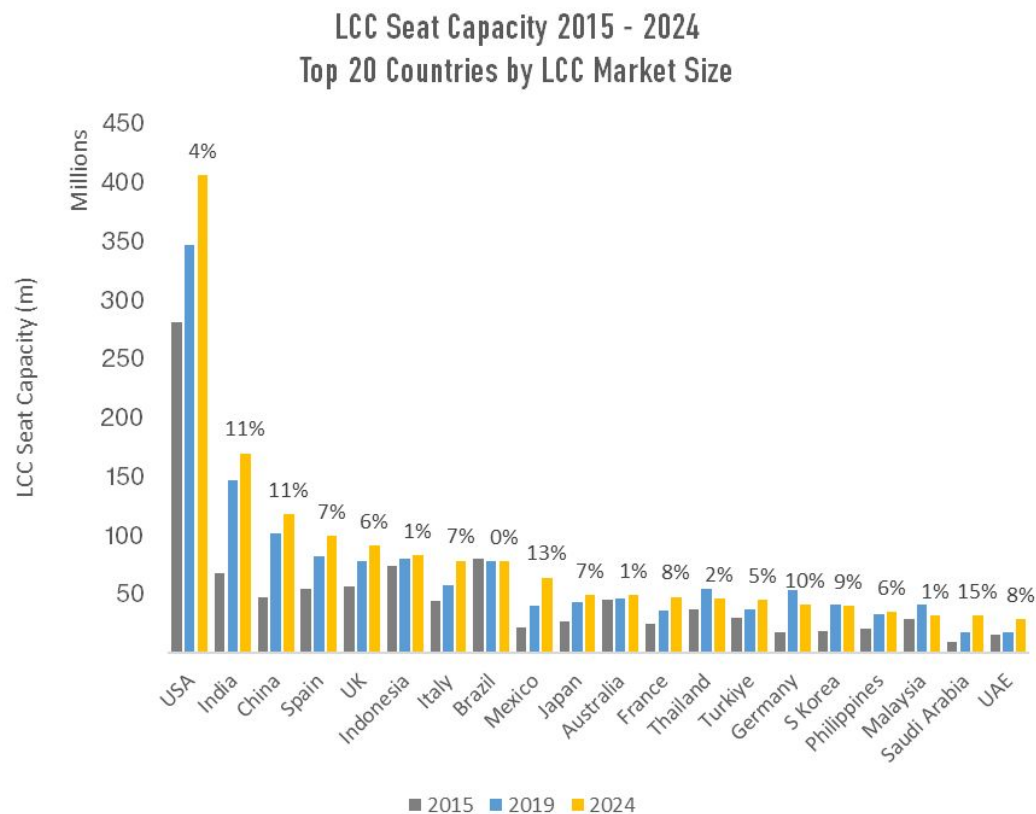
# LCC CAPACITY GROWTH BY REGION 2015-2024

- Globally LCC capacity has grown at 5.9% CAGR in the period 2015-2024
- Some regions have grown above the global average rate, notably the Middle East at 10.4% , Africa at 8.5% and Europe at 6.6%.
- LCC penetration in each region has also changed significantly over this period with the greatest increase taking place in the Middle East from 15%



# LCC CAPACITY GROWTH BY REGION 2015-2024

- Some of the countries experiencing the fastest growth across the Top 20 largest LCC country markets include Saudi Arabia, where LCCs have grown by 15% CAGR in the last decade (albeit from a very small base), 13% CAGR in Mexico and 11% CAGR in India and China.
- Markets growing more closely to the global average include the Philippines, Italy, France, Spain and the UK

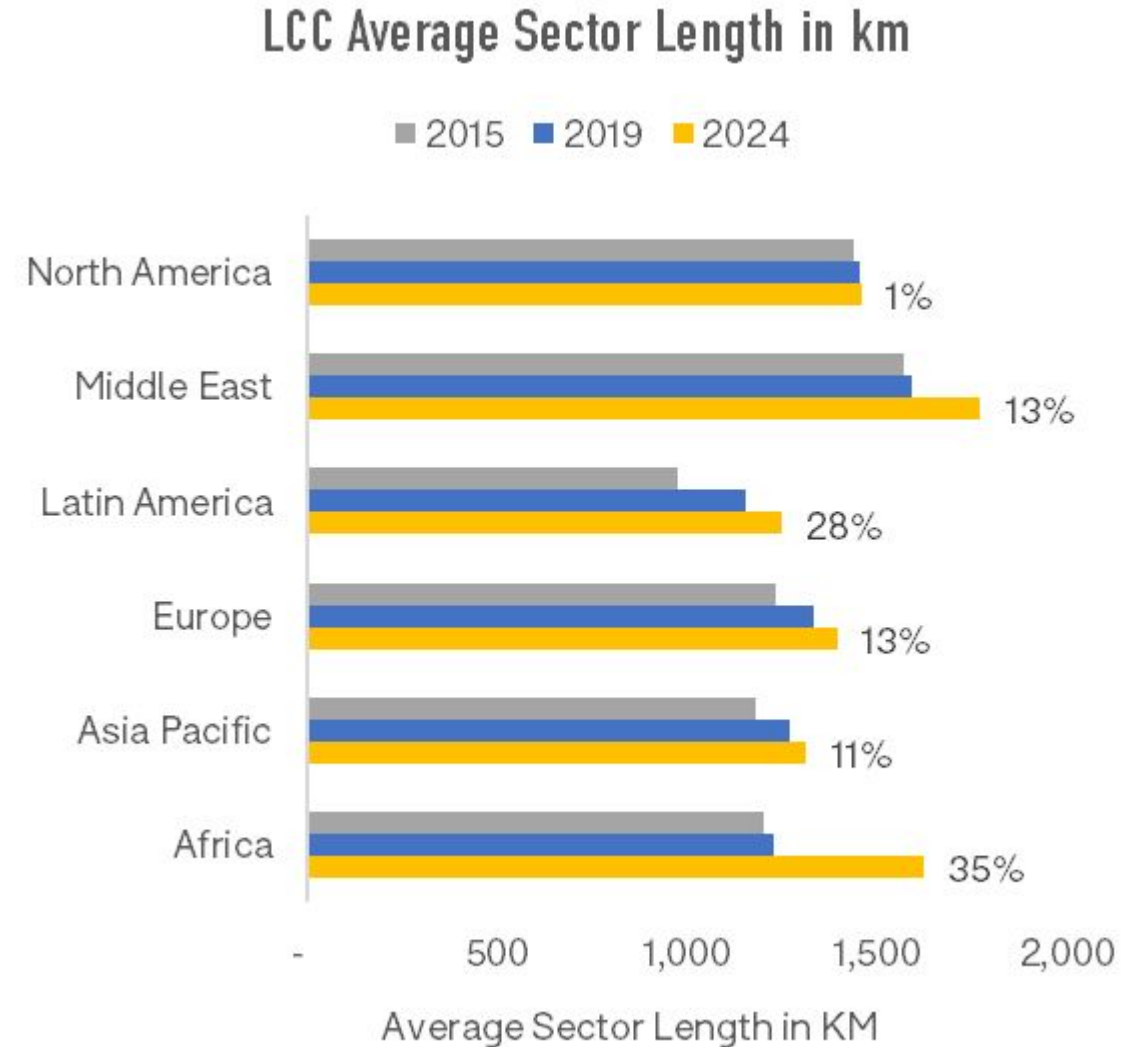


- Some markets are much more static, including Indonesia, Malaysia and Thailand, where LCC capacity has only grown by 1% CAGR in the last decade, although these countries already had a high degree of LCC penetration back in 2015, with LCCs operating 55% of seats in Indonesia, 47% in Malaysia and 44% in Thailand.
- This has grown as the Asian LCCs have continued to increase their market share, but how much further can this grow?



# LCC SECTOR LENGTH EVOLUTION 2015-2024

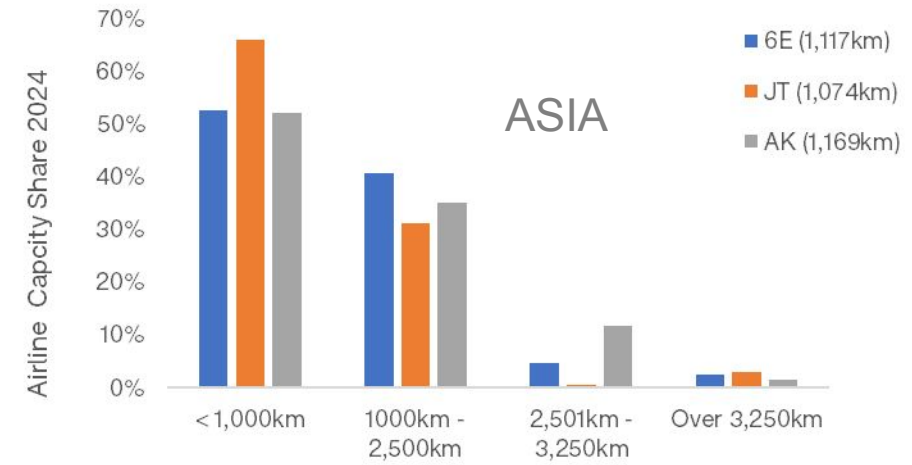
- Over the last 10 years the average sector length that LCCs operate has also grown – meaning essentially that carriers are having to fly further to keep growing.
- This is less so in North America, where the domestic market is very mature, and still to some extent dominated by very large mainline carriers
- In Africa and Latin America, where geography dictates connectivity to a degree, LCCs have had to extend sector length considerably, although Latin America had the shortest LCC sector lengths to begin with, below 1,000km.
- In Europe, Asia Pacific and the Middle East sector lengths have increased by around 12% in the last 10 years, meaning costs per sector will have increased as LCCs chase growth and profitability.



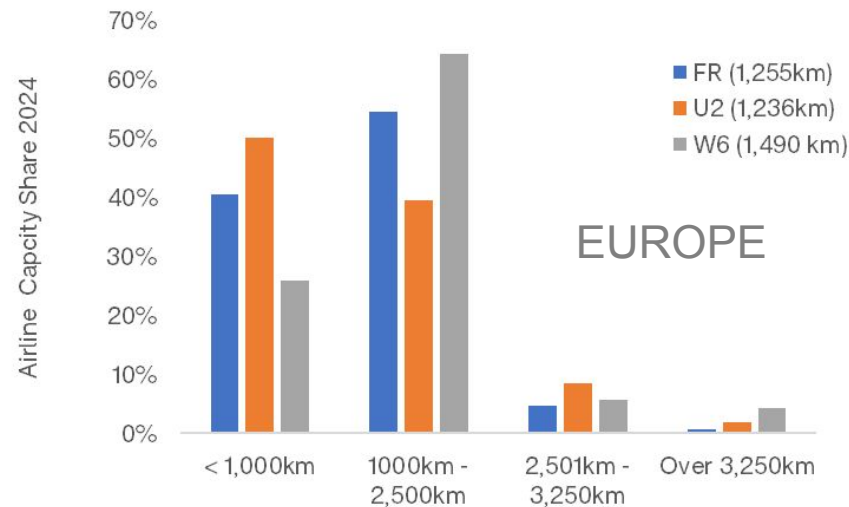
# LCC SECTOR LENGTHS BY REGION 2015-2025

- A comparison across different regions by the largest LCCs in each region shows that the share of capacity operated in those sector lengths is to some extent impacted by geography – LCCs in North America have in some cases over 20% operating on sectors that are over 2,500km – although this reflects different strategies adopted by carriers.
- In Europe, Wizz has the longest average sector length by a considerable margin.
- AirAsia has the longest average sector length amongst its peers in Asia but only marginally and this is shorter than global comparisons

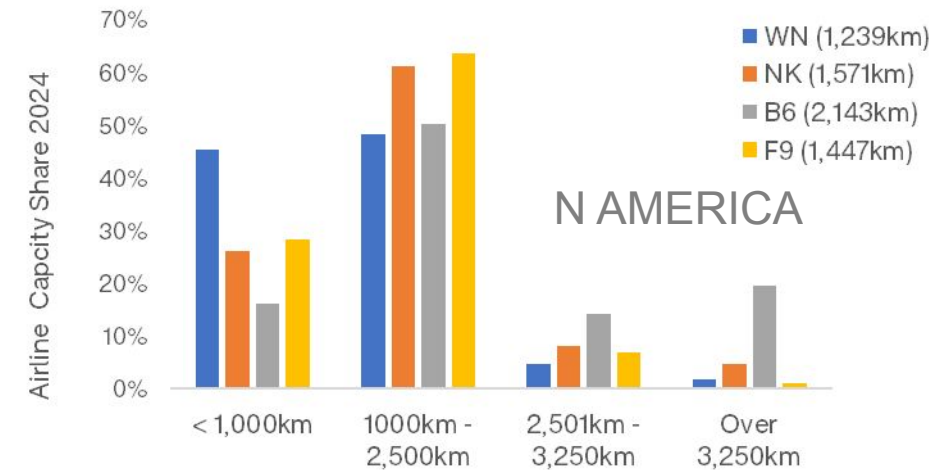
Airline Route Sector Length Bands based on Capacity 2024



Airline Route Sector Length Bands based on Capacity 2024



Airline Route Sector Length Bands based on Capacity 2024



# LATEST NEWS

- Record profitability in 2024 for major carriers in US and potentially Europe. Legacy carriers polarizing performance – United, Delta Air Lines, IAG doing well. American, Lufthansa and AF/KLM struggling to make things work.
- Frontier makes another approach to Spirit. Jilted once, will Spirit say YES this time?
- Lufthansa finally get ITA and also invest in Air Baltic with a 10% share. Are these distractions to an airline struggling to find a way forward or part of the way forward?
- IAG look like favourites for TAP but could anyone pour water on the opportunity?
- GOL & AZUL seek approval for a merger, a marriage of necessity. Will it get approved?
- Pegasus Airlines – 17% capacity growth Q1 year on year, rapid European expansion for the rest of 2025
- China's airlines continue to build European frequency – 16% more flights summer 2025 versus 2024
- But China – US capacity grounded!! Summer 2019 – 10,407 scheduled flights, Summer 2025 – 2,899 a 73% reduction in movements. Now a 52:48 balance China:US compared to 61:39 in Summer 2019



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