

AUSTRALIA'S AVIATION AMBITIONS  
THURSDAY 12<sup>TH</sup> MARCH



# SPEAKERS



**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.



**Simon Westaway**

Chief Executive Officer  
Australian Airports Association

Simon is amongst Australia's most experienced executive business strategy and corporate advisers and has worked inside some of Australia's most prominent organisations.

As CEO of the leading national industry body, the Australian Airports Association, Simon works on behalf of the nation's \$105bn airports sector



**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

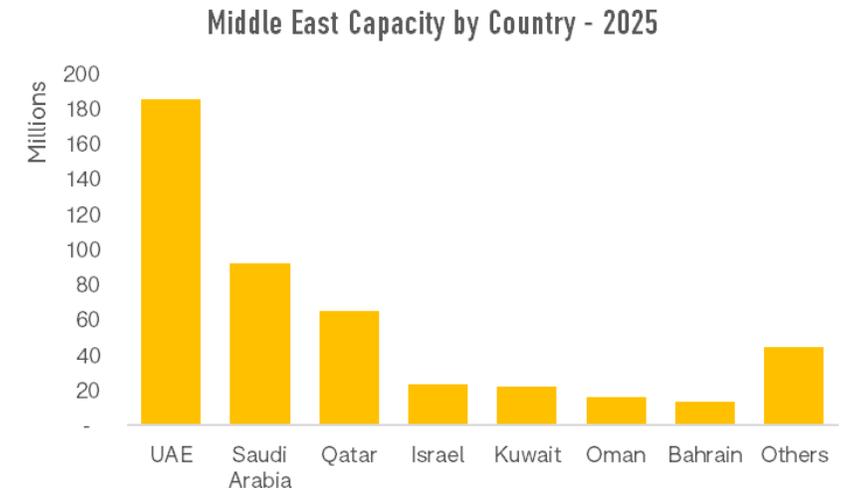
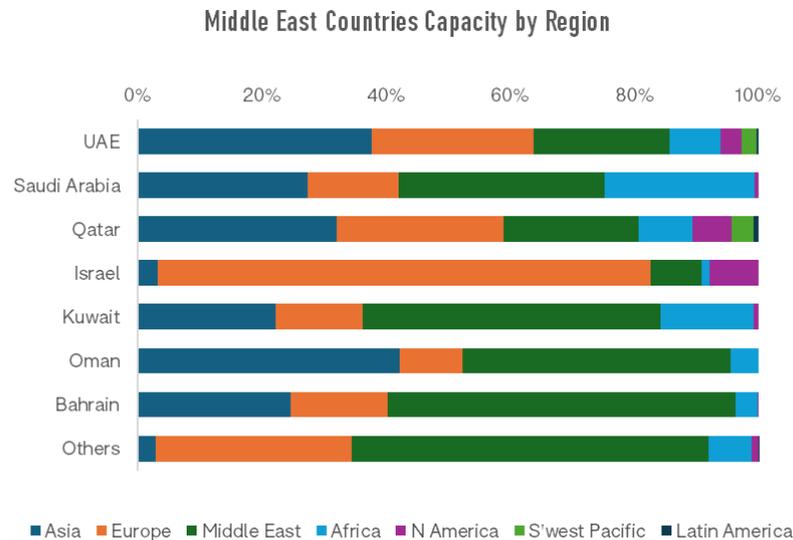
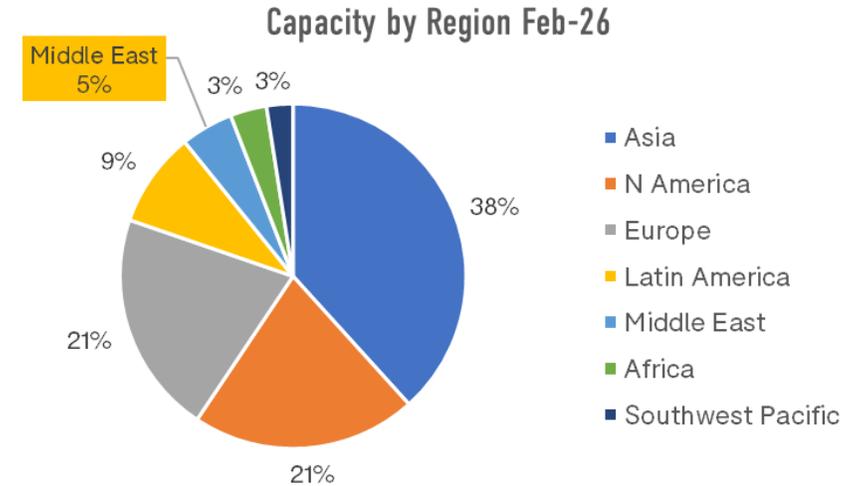
We'll be exploring the following:

- What is driving growth in Australia in 2026
- What are we seeing in terms of capacity growth plans and network expansion
- Whether infrastructure is keeping pace with growth



# War in the Middle East significantly disrupts air travel

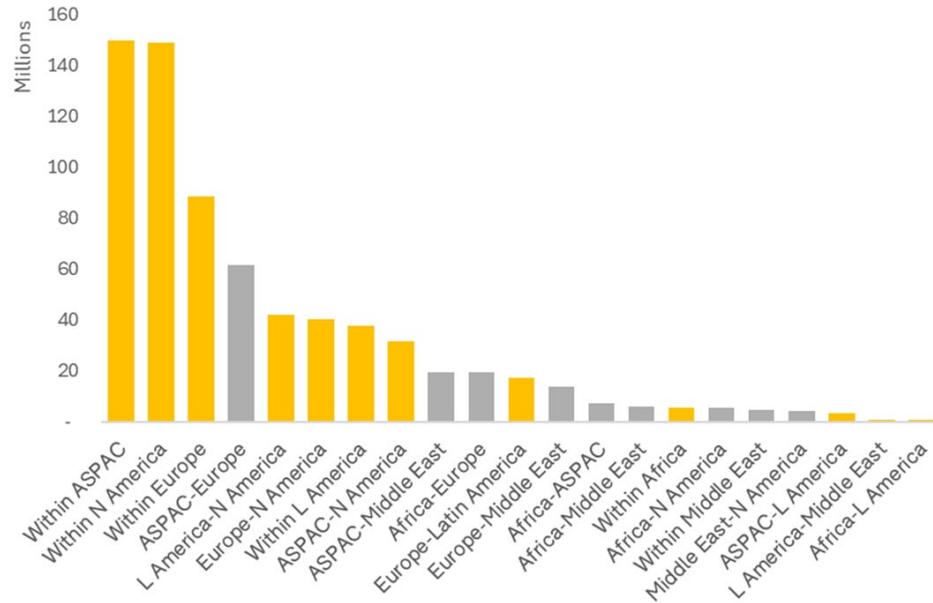
- Significant disruption continues as the major Gulf hubs find their aviation markets restricted due to the Israel/US – Iran war
- Between 28<sup>th</sup> Feb – 10<sup>th</sup> March 38,700 flights were scheduled to depart the Middle East, with over 8.1 million seats planned.
- Only a very small proportion of those flights have operated, and many passengers who were connecting over the major hubs in the region are still affected, having to find alternative routings to get to their destinations.



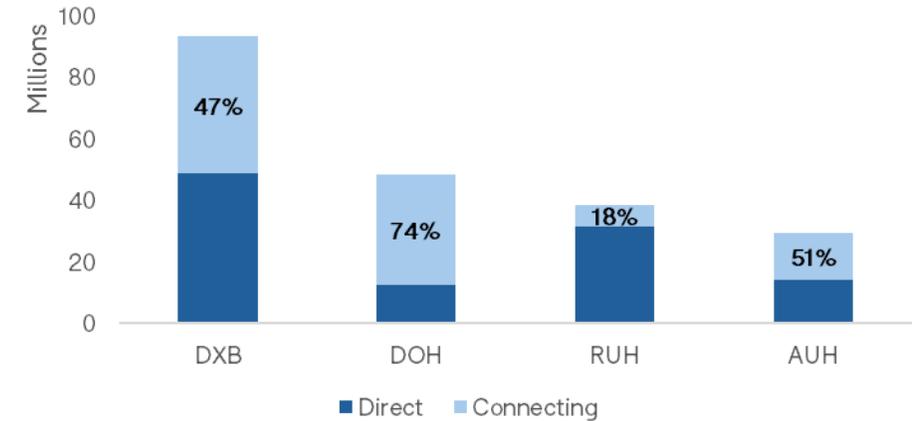


# Middle East connecting flows interrupted

Global Traffic Flows by Region Pair



Key Hubs - Composition of Traffic Jul24-Jun25

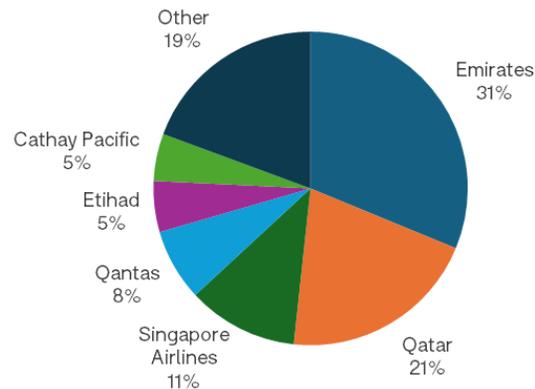


- 9 of the Top 20 global traffic flows involve the Middle East, accounting for 20% of traffic
- The 4<sup>th</sup> largest global flow of air traffic is between Asia Pacific – Europe which is a key target market for the Middle East hubs, accounting for 9% of global traffic for the 12 months to Jun 2025
- Asia Pacific – Middle East and Africa – Europe are also within the Top 10 global regional flows
- The Middle East hubs of DXB, DOH and AUH handle significant volumes of those connecting flows.

# What does this mean for Australians?

- Using March 2025 as an example, 45% of Australian international travellers flew on an indirect routing to their final destination.
- Emirates, Qatar and Etihad carried a significant share of that traffic – collectively 57% and this March would not be different
- 17% of those passengers routed through the Middle East, so potentially 0.25m people are currently experiencing disruption, or are stranded somewhere

Australia - Europe Indirect Traffic March 2025



Australia International Connecting Traffic by Hub Airport for March 2025

Hub Airport	March 2025	Market Share
Singapore	219,749	15%
Dubai	134,102	9%
Sydney	132,840	9%
Hong Kong	102,150	7%
Doha	86,458	6%
Kuala Lumpur	72,974	5%
Melbourne Airport	67,786	5%
Los Angeles	52,396	4%
Brisbane	50,491	3%
Auckland	48,501	3%
Other	488,199	34%
<b>Grand Total</b>	<b>1,455,646</b>	<b>100%</b>

Australia International Connecting Traffic by Hub Region for March 2025

Hub Region	March 2025	Market Share
Asia	705,240	48%
Southwest Pacific	354,298	24%
Middle East	241,037	17%
North America	126,880	9%
Latin America	13,147	1%
Europe	10,298	1%
Africa	4,746	0%
<b>Grand Total</b>	<b>1,455,646</b>	<b>100%</b>



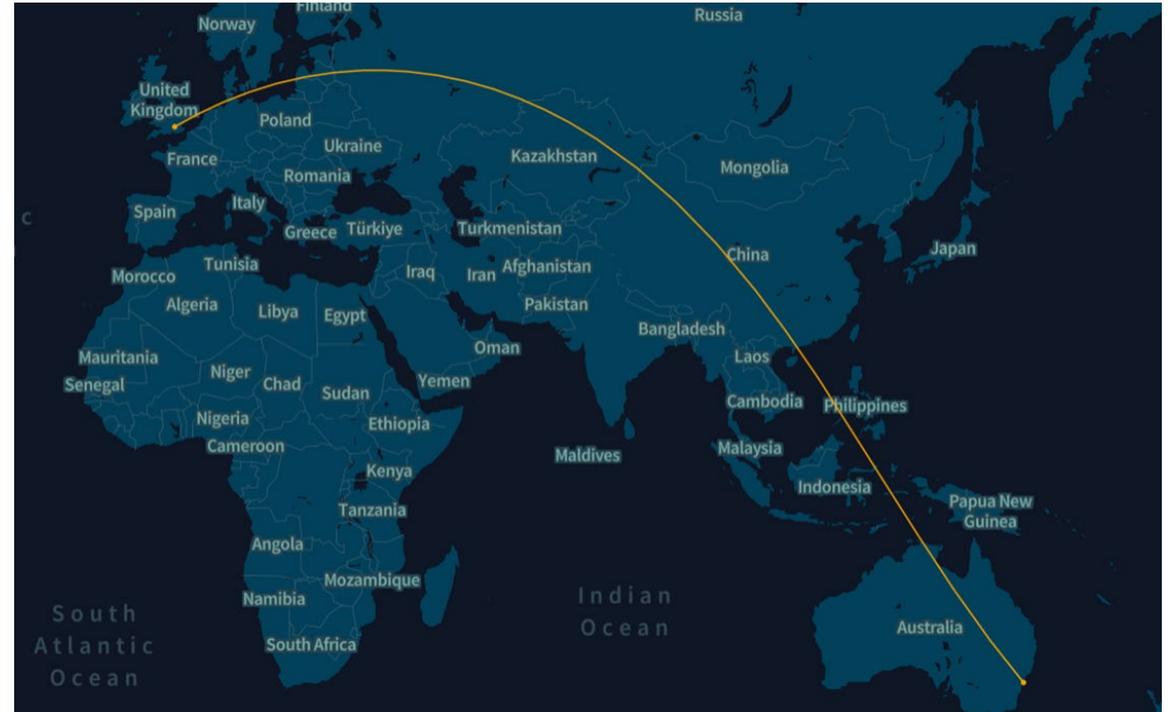
# Alternate routings? But who can offer more

capa <sup>LHR - SYD Routing</sup>

Airline	March 2025 Traffic	Market Share
EK	3,475	17%
CX	3,451	16%
SQ	3,186	15%
EY	2,448	12%
QR	1,643	8%
QF	1,504	7%
MH	1,072	5%
MU	856	4%
BA	789	4%
CZ	626	3%
Other	1,967	9%
<b>Grand Total</b>	<b>21,017</b>	<b>100%</b>

## Routing Example: LHR to SYD Connections (10/March/2026)

Airline	Routing	Circuitry	Total Time (hours)
SQ	LHR-SIN-SYD	101	21.8
QF	LHR-PER-SYD	105	22.3
CX	LHR-HKG-SYD	100	22.8
TG	LHR-BKK-SYD	100	23.0
MH	LHR-KUL-SYD	101	23.2
QR	LHR-DOH-SYD	104	23.2
EK	LHR-DXB-SYD	103	23.7
AA	LHR-LAX-SYD	123	29.1

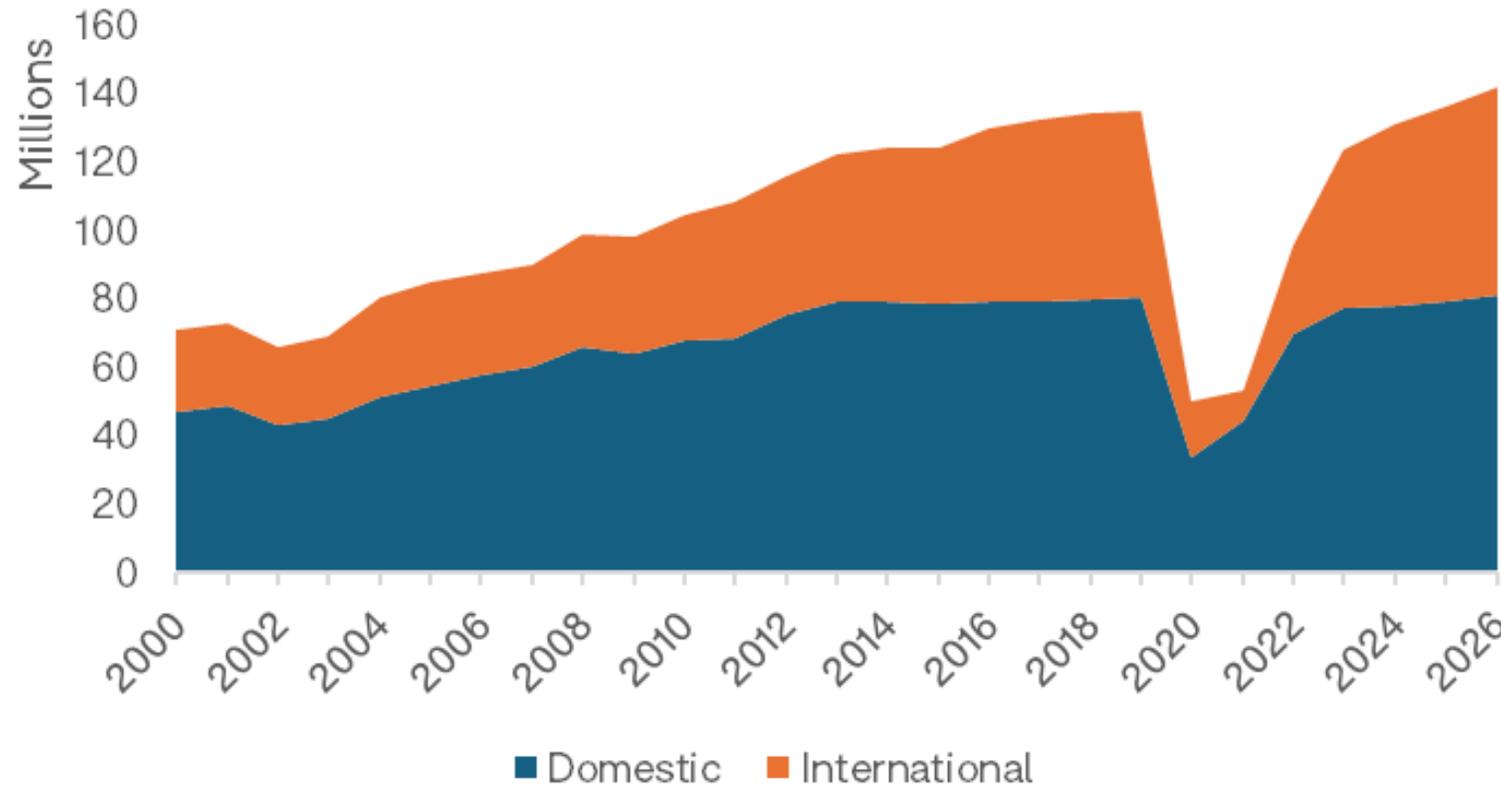


- Alternative routings are comparable in terms of journey time – and going west is significantly longer
- The reality is that the market share provided by the Gulf carriers can't easily or quickly be replaced



# The Australia story

Australia Capacity 2000-2026



Domestic growth is flat – 0.1% CAGR 2015-2025. Capacity still lagging 2019 by -1%, however growth is unevenly distributed

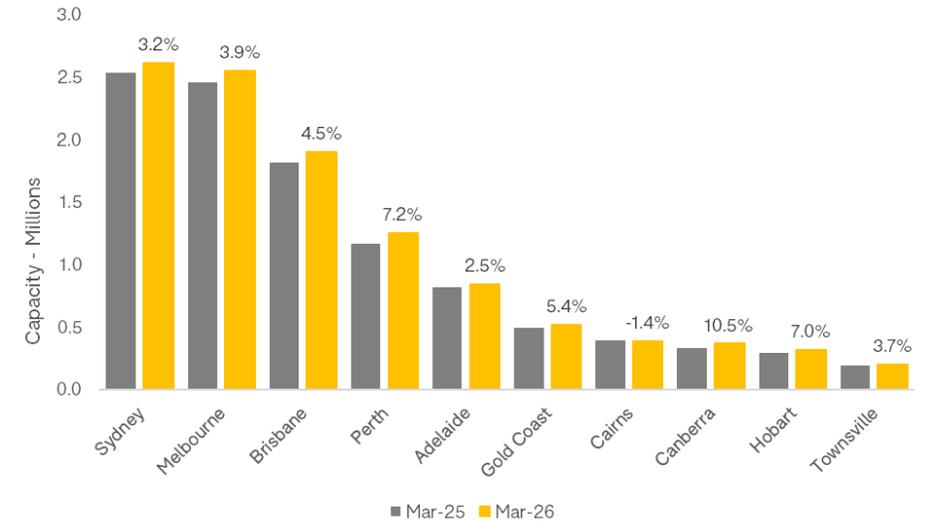
International growth higher – 2.1% CAGR 2015-2025. International capacity now ahead of 2019 by 3.9%



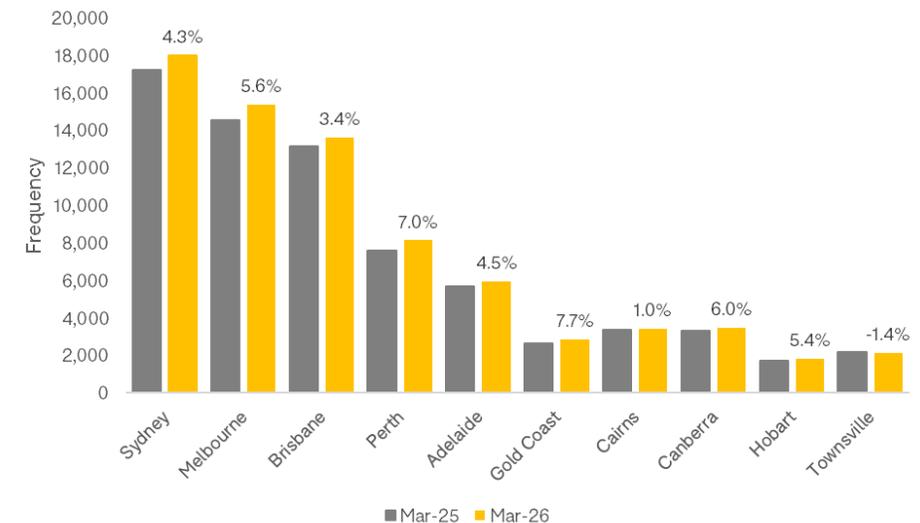
# Australia domestic capacity largely positive

- Overall domestic capacity in March up by 4% compared to last year and flights are up by 2.9%
- Domestic growth across Australia’s 10 largest airports is largely positive – averaging 5%, with some stronger growth in Canberra, Perth and Hobart.
- Cairns is the only larger airport not currently seeing domestic capacity grow.
- These airports cover 80% of domestic capacity, and the remaining 20% is spread across another 135 airports (excluding those with a less than daily service)

Domestic Capacity - Top 10 Airports



Domestic Frequency - Top 10 Airports



# A different story for Australia’s regional airports

Regional Airports (RPT)	FY2024	FY2025	YoY%	%share of Total Australia in FY2025
Domestic Passenger Movements	25,076,712	25,565,115	1.9%	21.6%
International Passenger Movements	816,282	933,363	14.3%	2.2%
Total Passenger Movements	25,892,994	26,498,478	2.3%	16.4%
Domestic Aircraft Movements	433,323	426,836	-1.5%	35.5%
International Aircraft Movements	6,231	6,851	10.0%	3.2%
Total Aircraft Movements	439,554	433,687	-1.3%	30.7%

Source: Airport Traffic Data 2024-25, BITRE

Note: Regional Airports are calculated by excluding Sydney, Melbourne, Brisbane, Perth, Adelaide, Gold Coast, Canberra, Sunshine Coast, Essendon Fields, Moorabbin and Wollongong Airports from the Total Australia figures.

- For regional airports, year on year, passengers grew more slowly – up 1.9% while flights contracted by 1.5%.

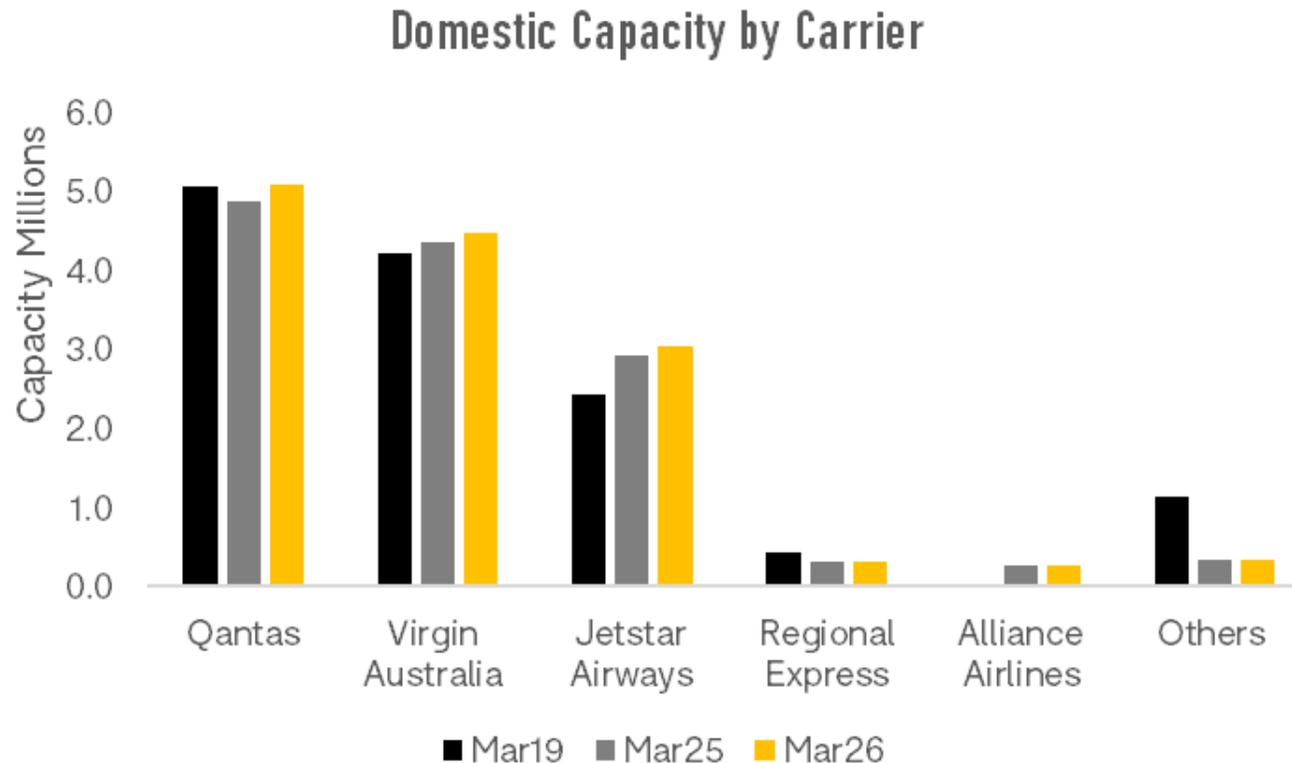
According to Airservices Australia:

Regional domestic passenger flights saw a 6% year-on-year drop in FY2025, compared to a 2% drop in major domestic passenger flights.

The total number of domestic passenger routes flown dropped by 4% year-on-year, with Regional-Regional routes decreasing by 8%.



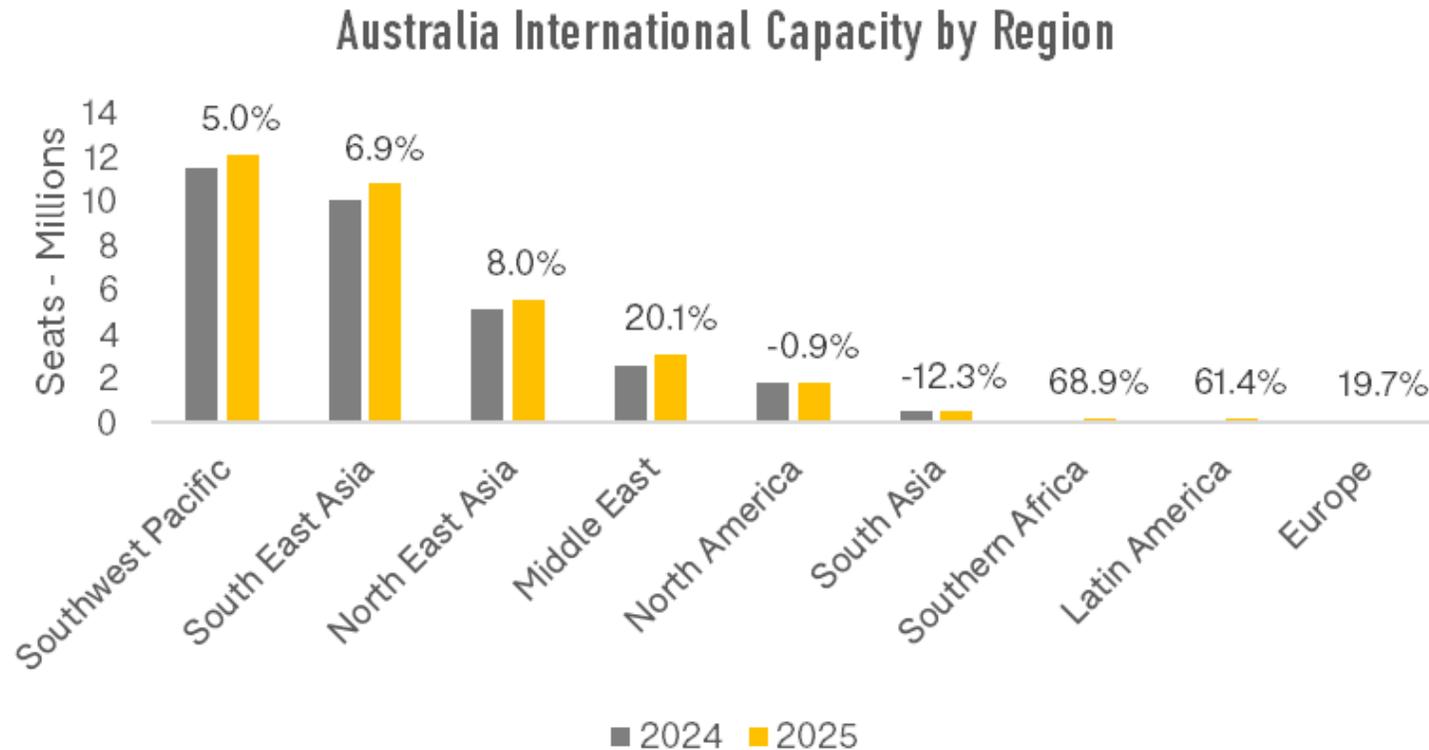
# Domestic capacity growth dominated by the big three



- Australia's big three carriers dominate with 93% of domestic capacity this month
- All three have all grown beyond 2019 capacity levels, with Jetstar the furthest ahead, by 25% up on 2019.
- In terms of year on year growth, Qantas is highest, up 5%, followed by Jetstar, up 4% and Virgin Australia, up 3%.



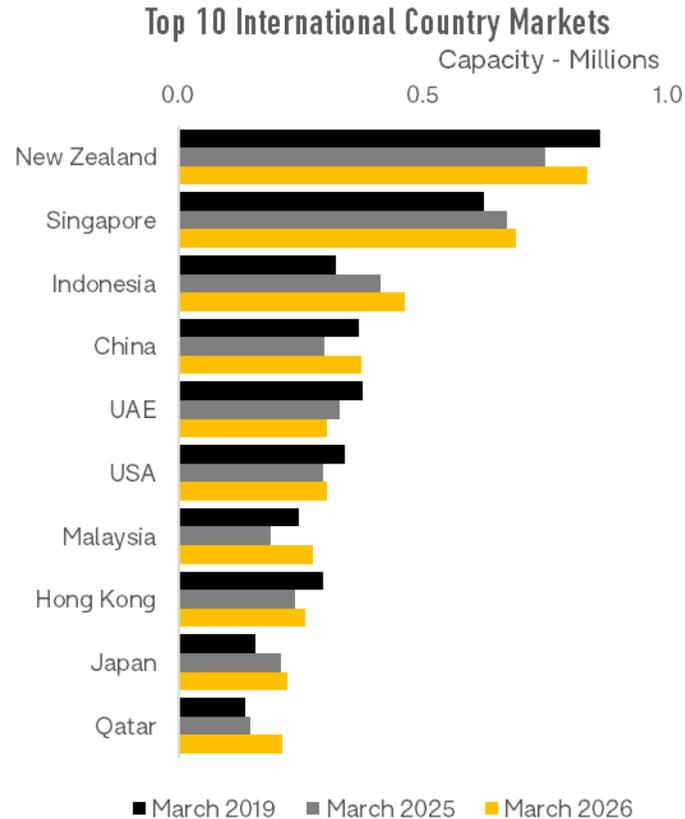
# Australia's ins and outs



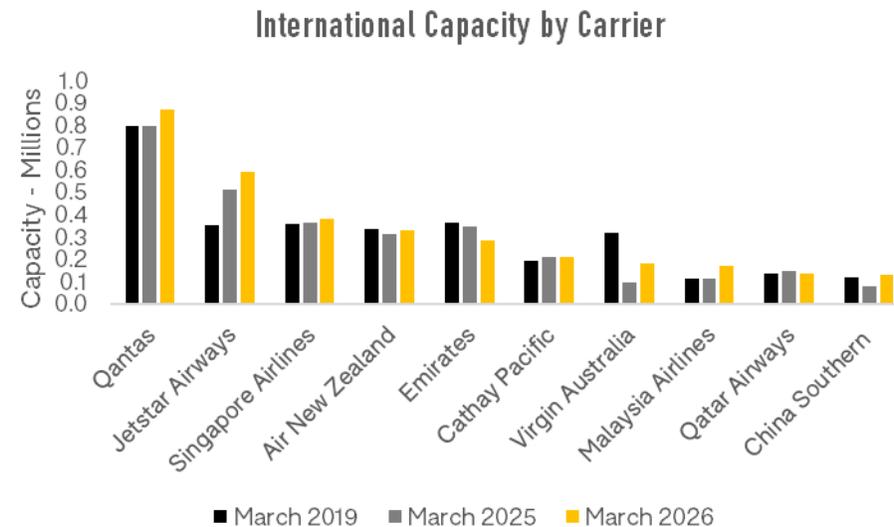
- Last year saw strongest growth from South Africa, Latin America (in very small volumes) and the Middle East
- The largest regions – within the Southwest Pacific and SE Asia saw strong growth too particularly to Malaysia, Thailand and the Philippines which all saw double digit growth
- North East Asia also saw strong growth, in particular to China and Hong Kong.
- Steady growth evident across most regions – except North America and South Asia where capacity has fallen back.
- For South Asia, capacity on Mumbai and Delhi routes between Melbourne and Sydney has reduced



# Country markets driving growth



- At country level this March, Singapore, Indonesia, China and Japan are all ahead of 2019, and also showing strong growth on last year
- Markets still below 2019 include Australia to New Zealand, USA and Hong Kong
- Carriers in the international market are more fragmented, reflecting the wide range of countries served, with the Top 10 largest carriers covering 65% of capacity. Fastest growing are Virgin Australia, Jetstar and China Southern.



# Airports playing catch up – the infrastructure story

- Major airport expansion projects and terminal upgrades with \$33 billion being invested at Australia's four largest airports
- The new Western Sydney airport due to open in late 2026 will bring much needed new capacity into the Sydney system – it is the first new major airport to be built in Australia in 50 years



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