



Outlook for air travel markets

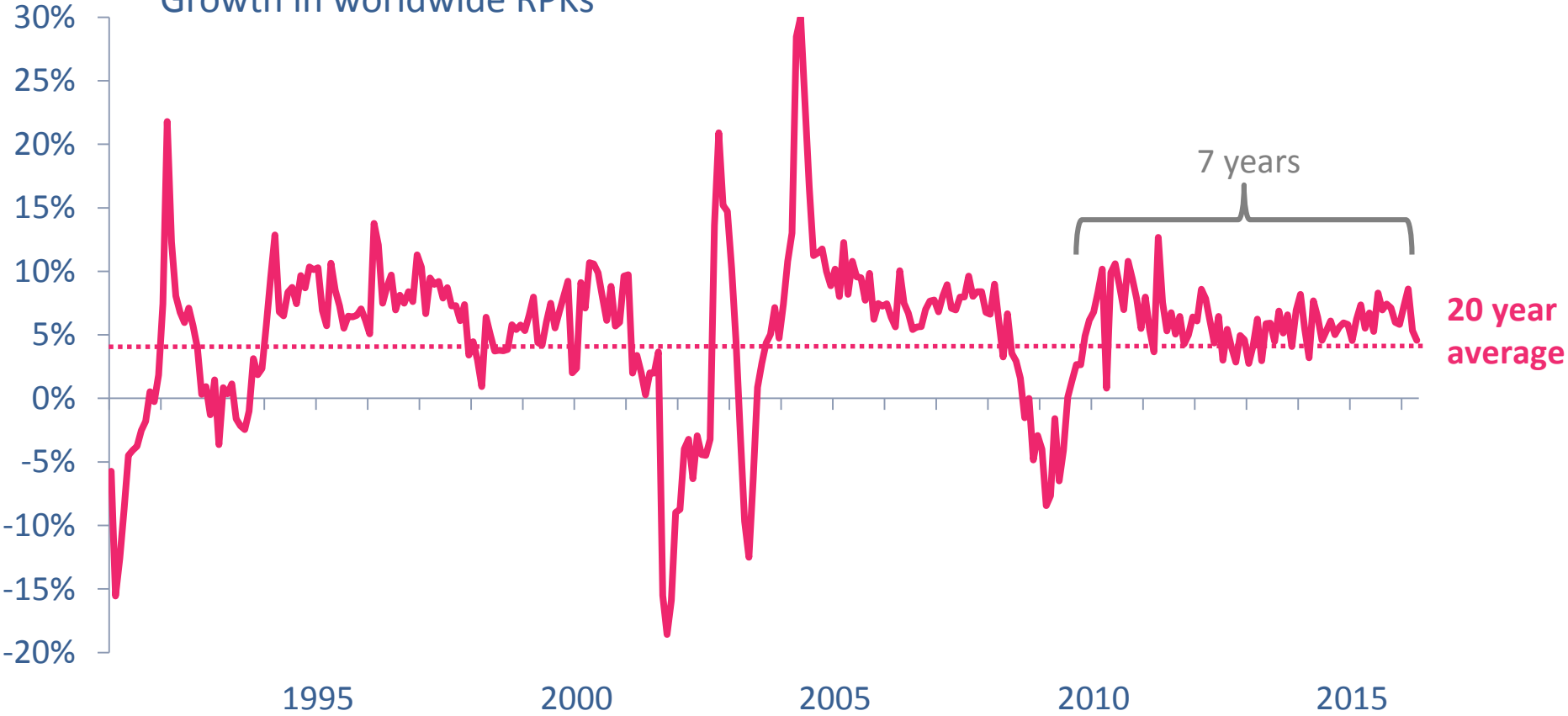
June 2016

Brian Pearce
Chief Economist
International Air Transport Association



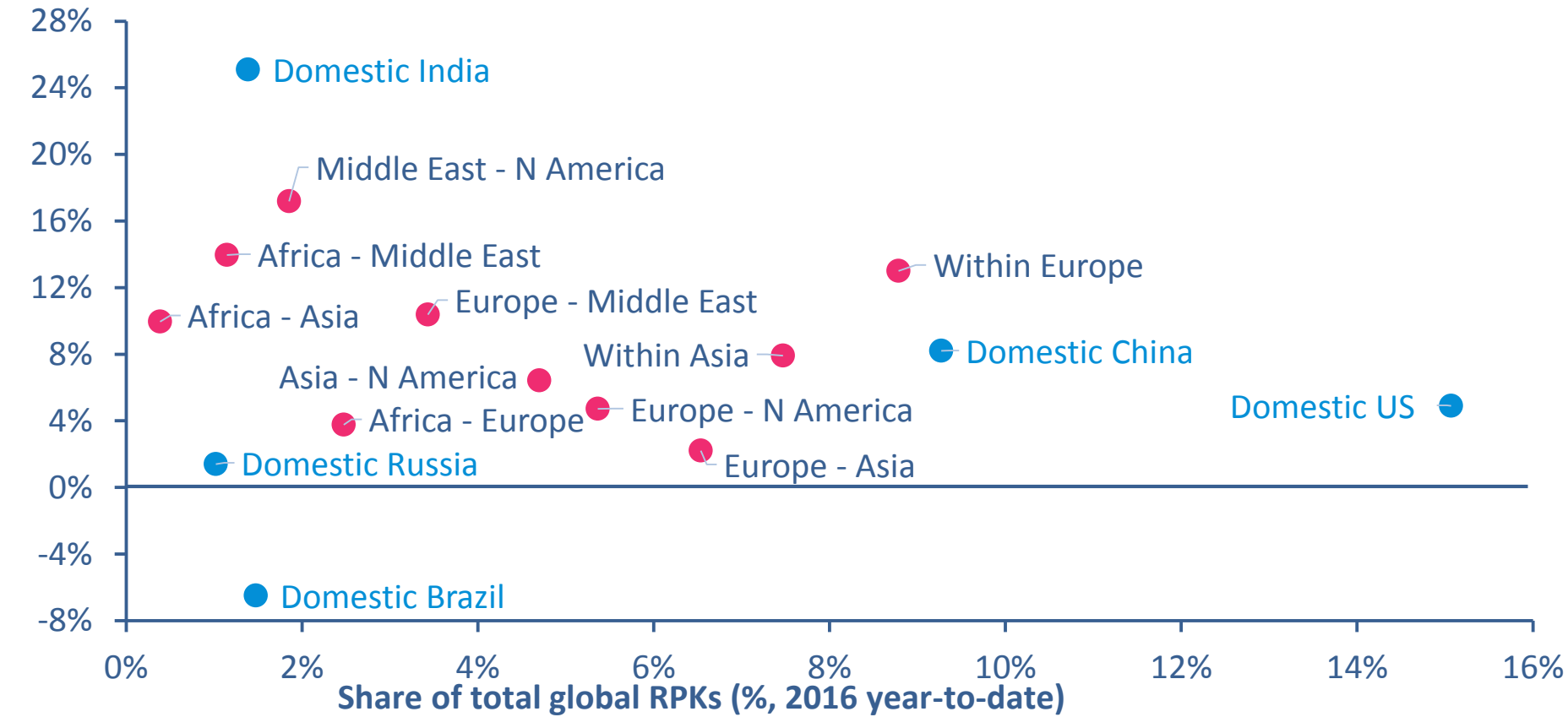
Extended period of strong air travel market growth

Growth in worldwide RPKs

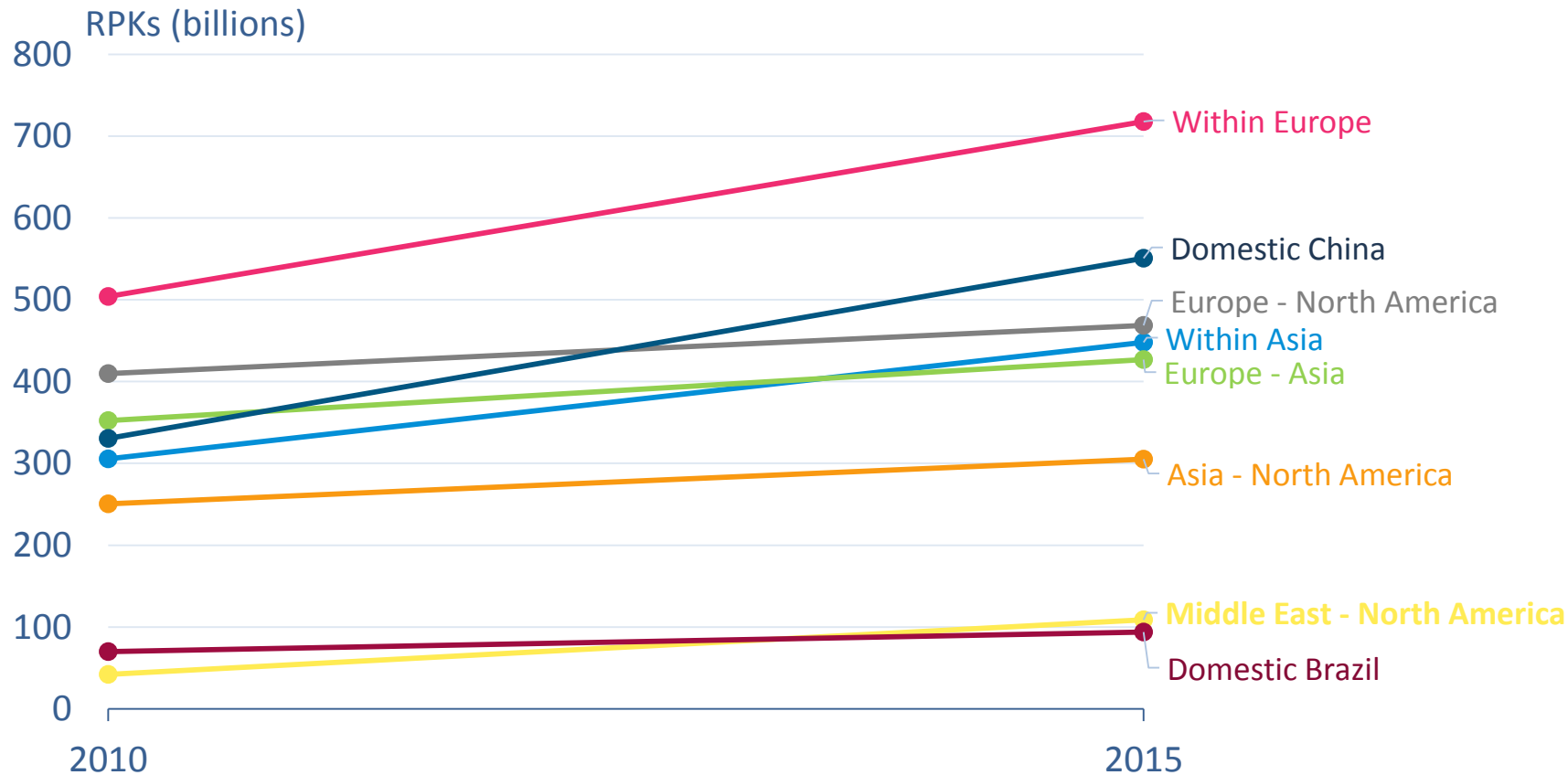


But a very mixed picture across travel markets today

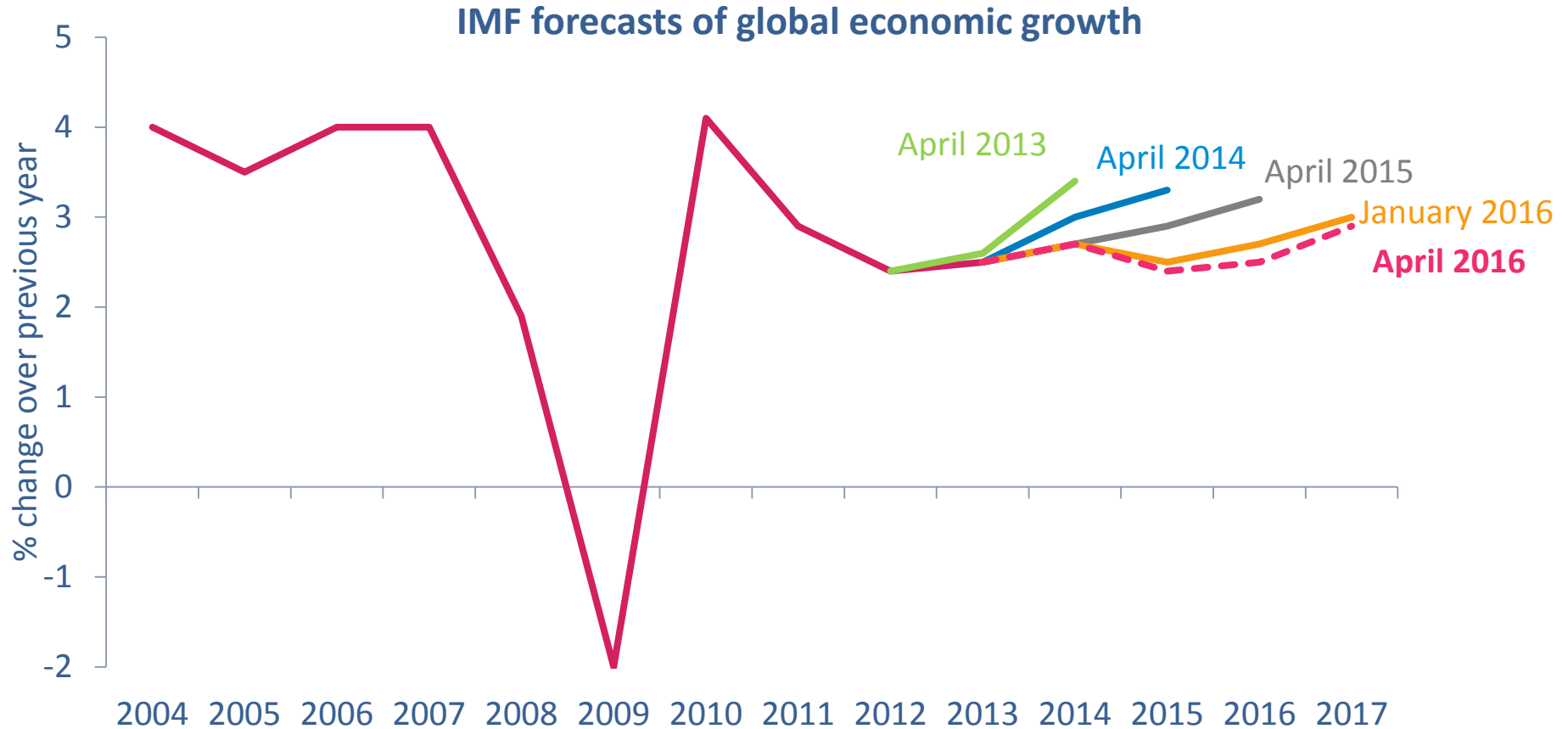
RPK growth by int'l route and dom. market (YTD, % year-on-year, up to March, segment-based)



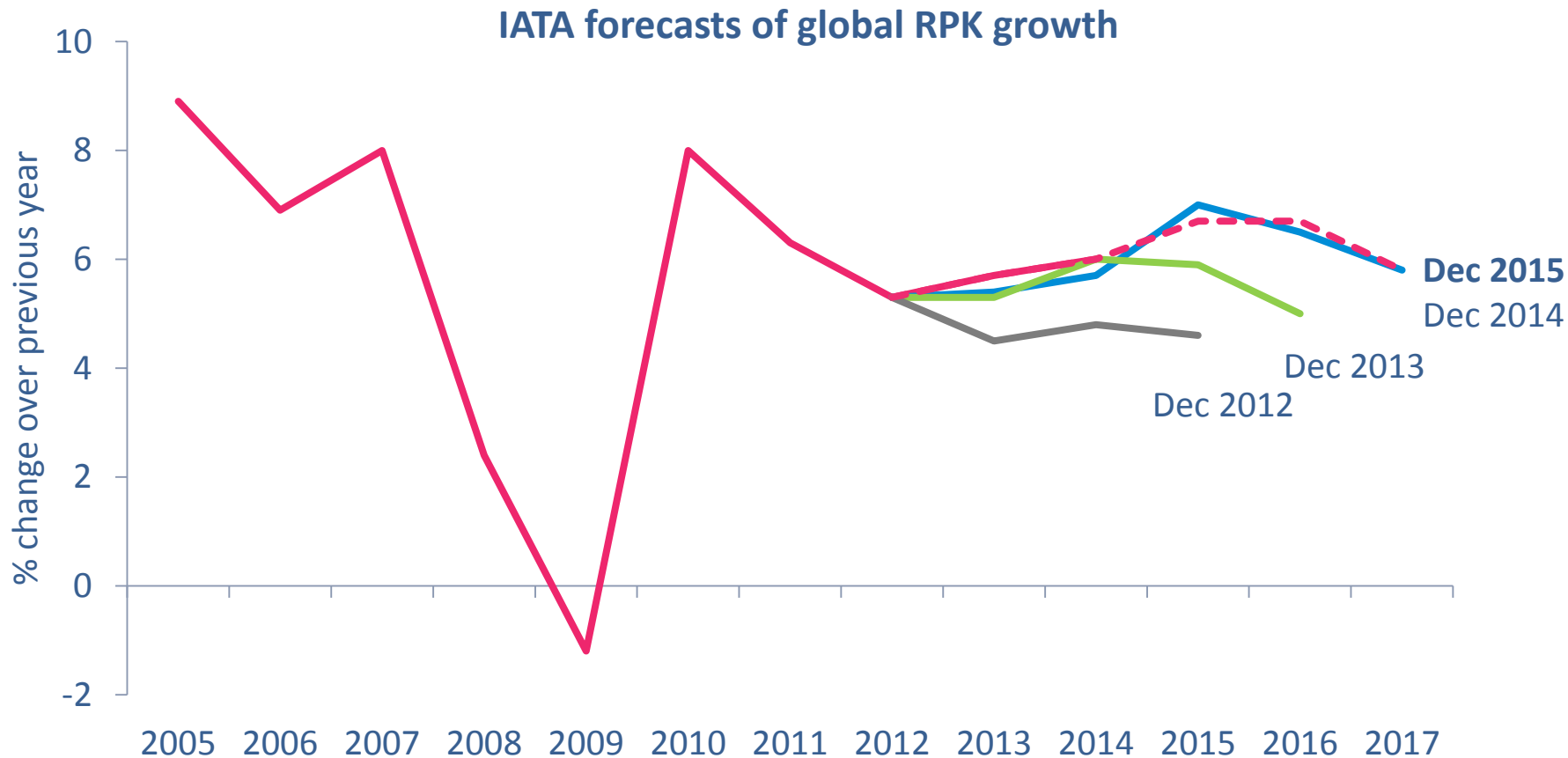
Biggest growth in Asian markets but also Europe



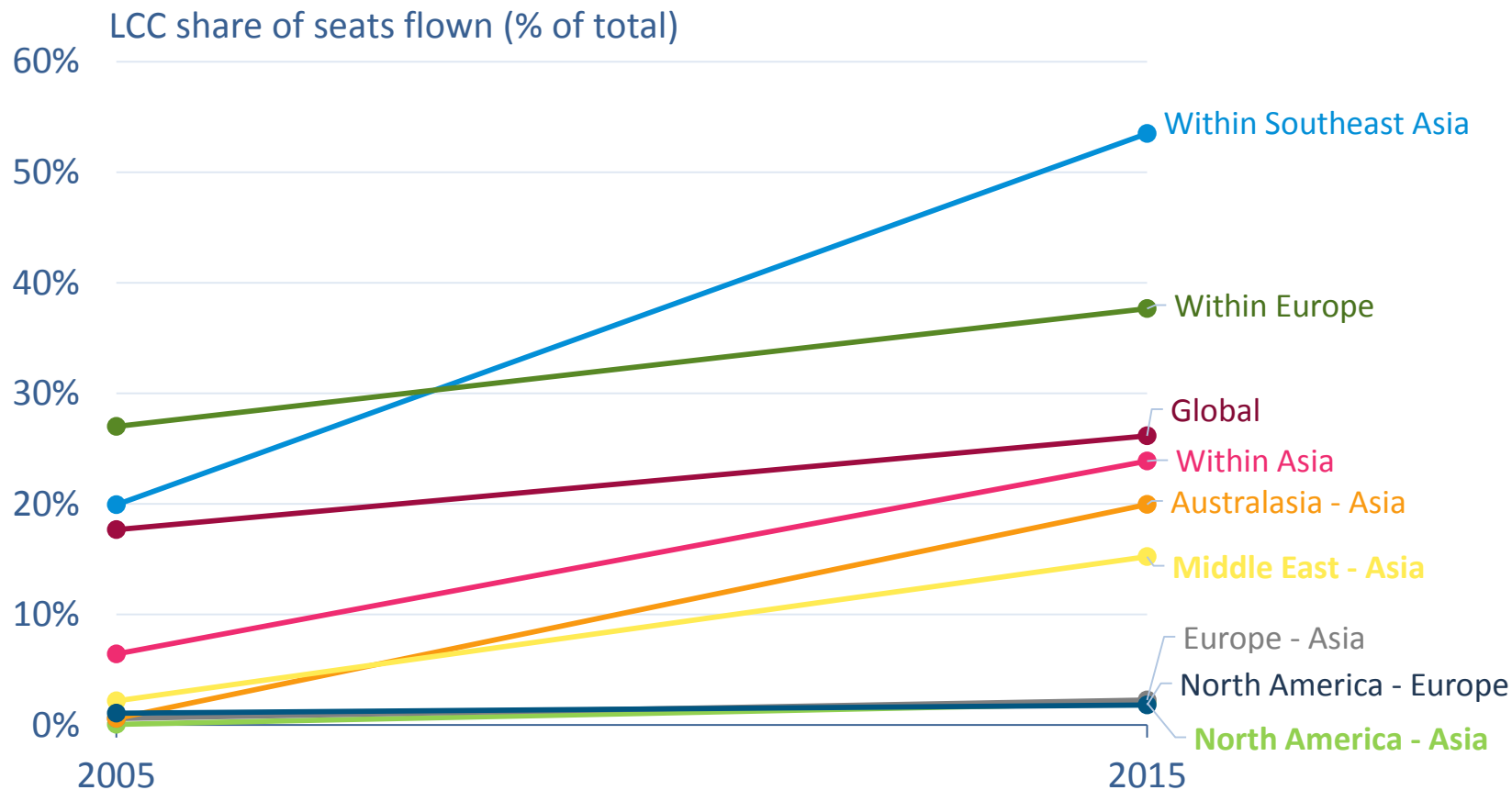
World has been stuck in a low economic growth path



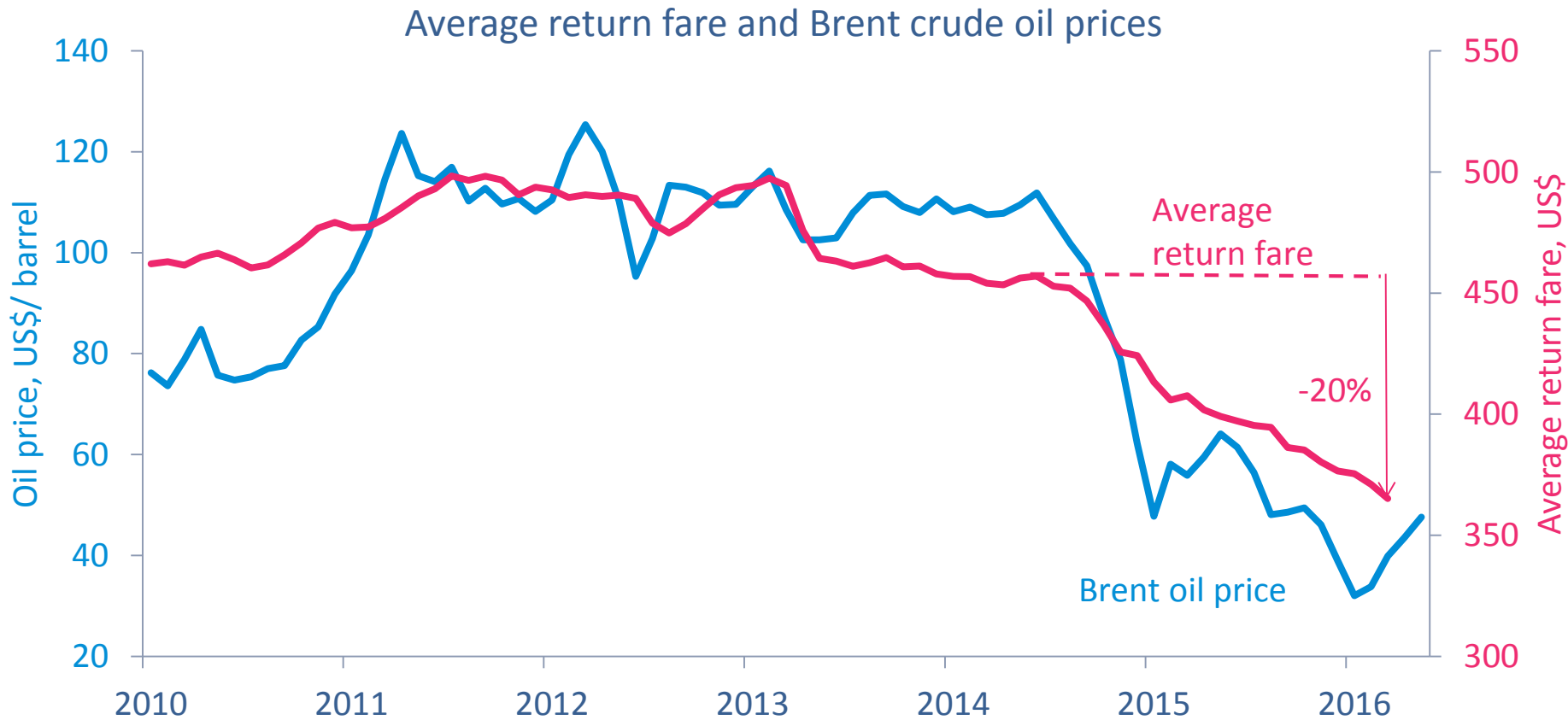
Yet we've had to revise up successive RPK forecasts



Price stimulation from LCC entry in significant markets

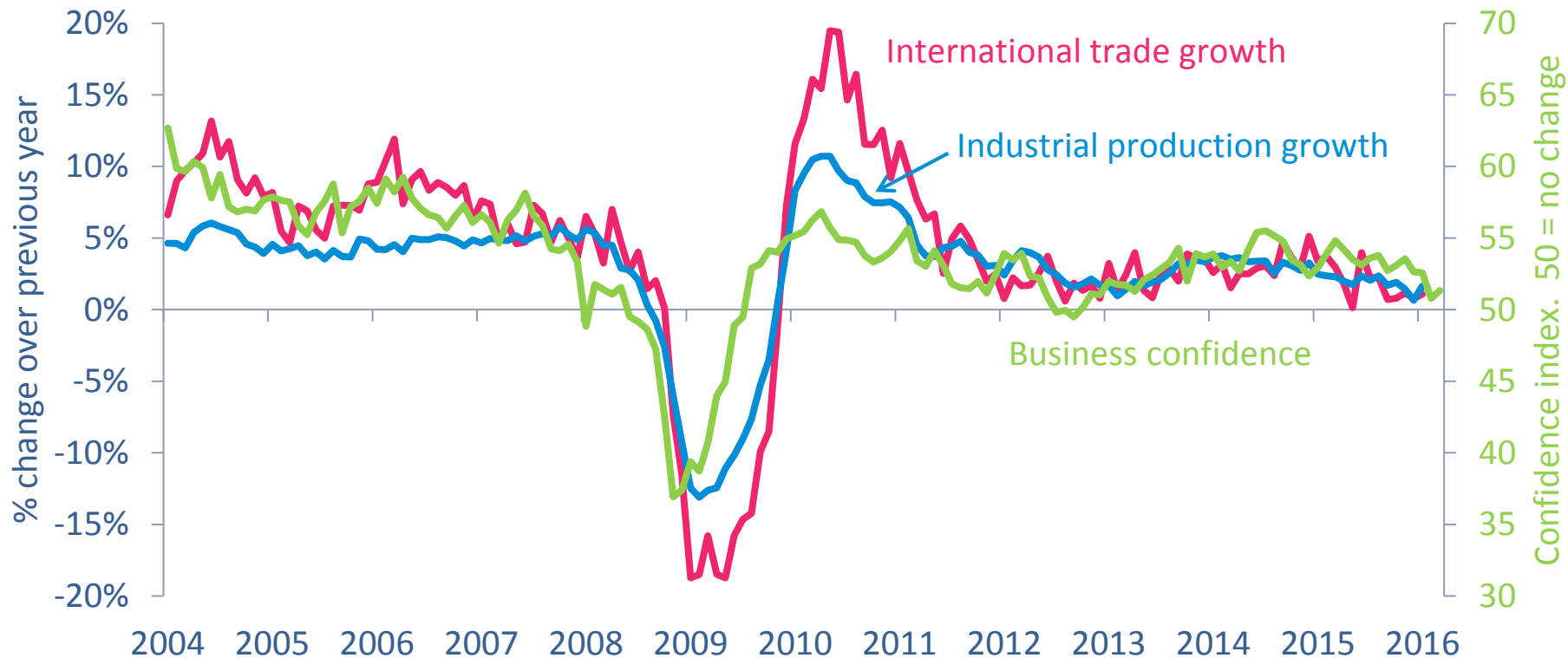


Significant price stimulation from fuel cost pass-through

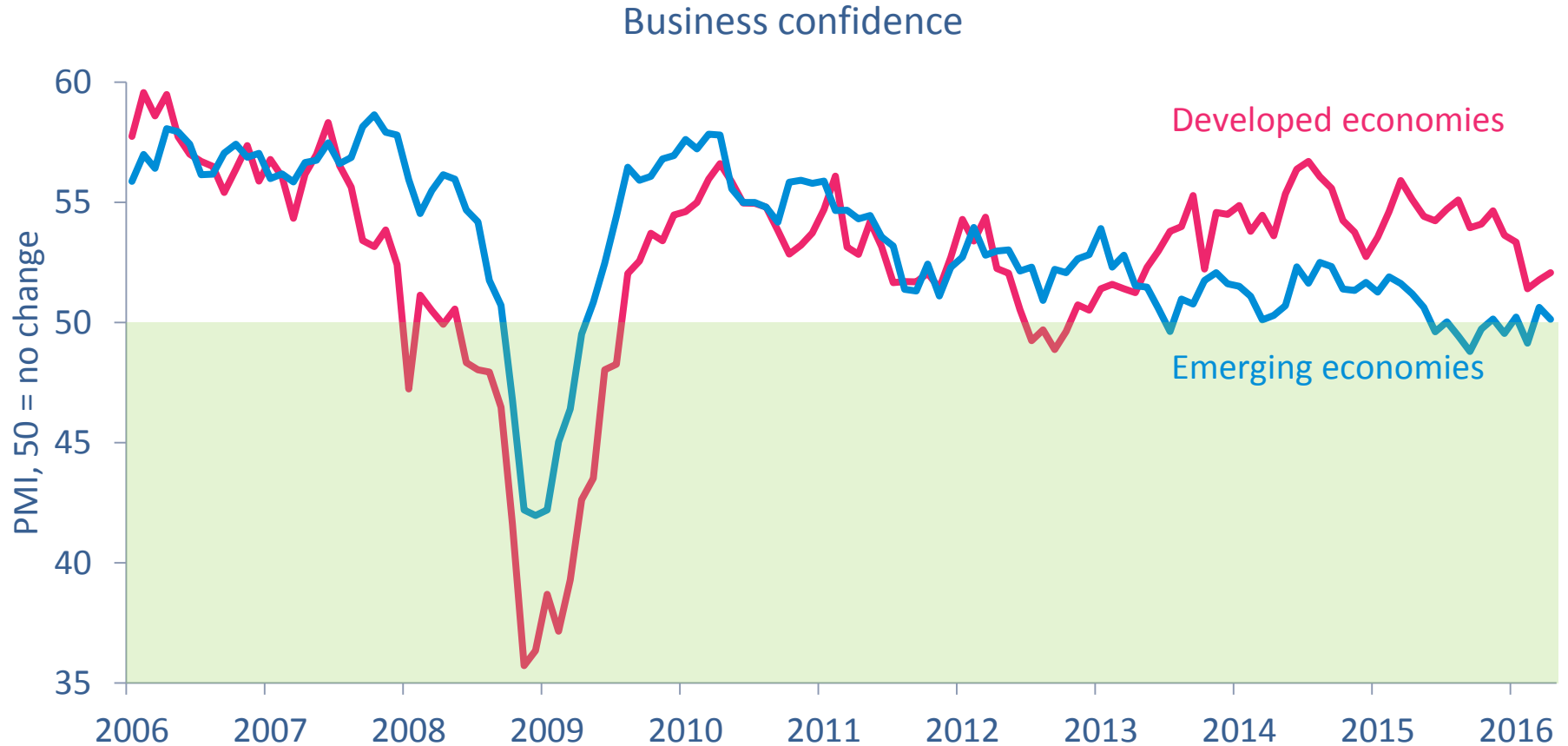


The lackluster economic cycle now seems to be slowing

Global economic cycle indicators

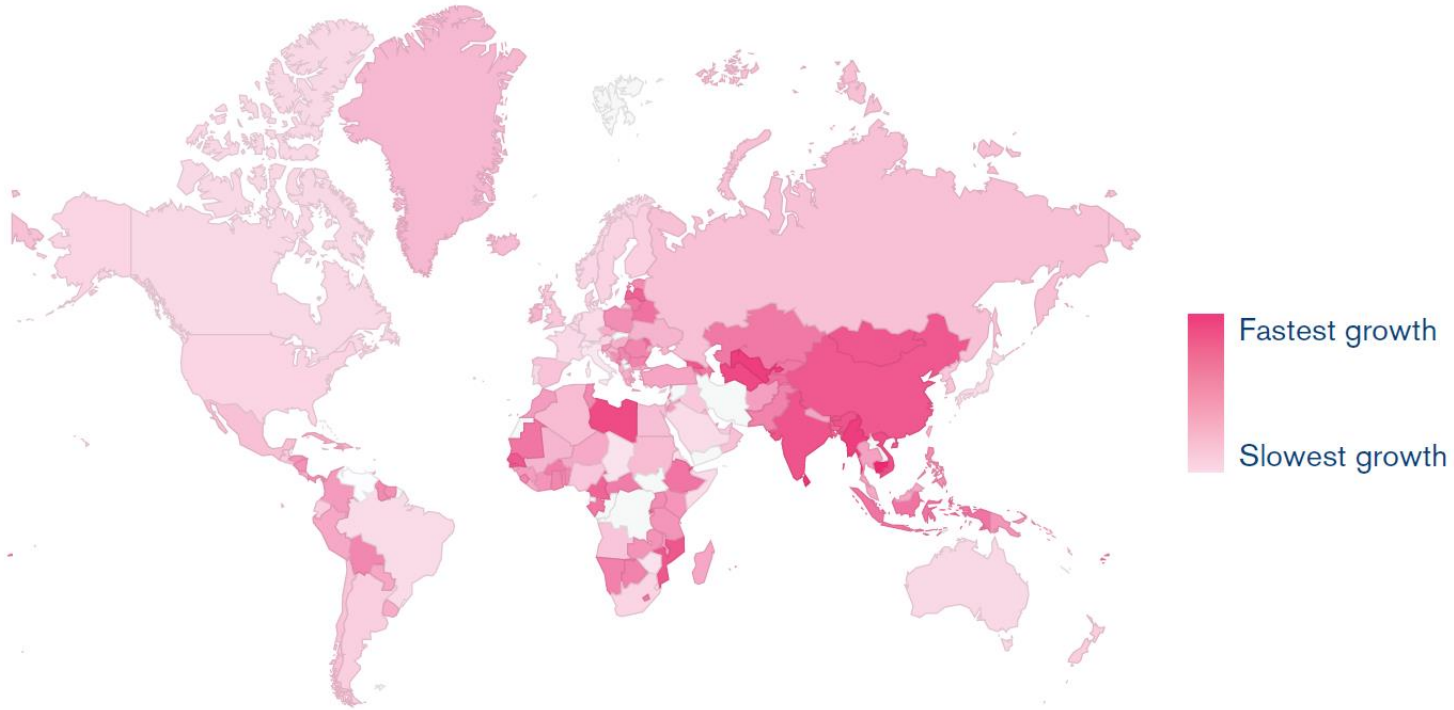


Both developed and emerging economies now weaker



But living standards are expected to rise over 20 years

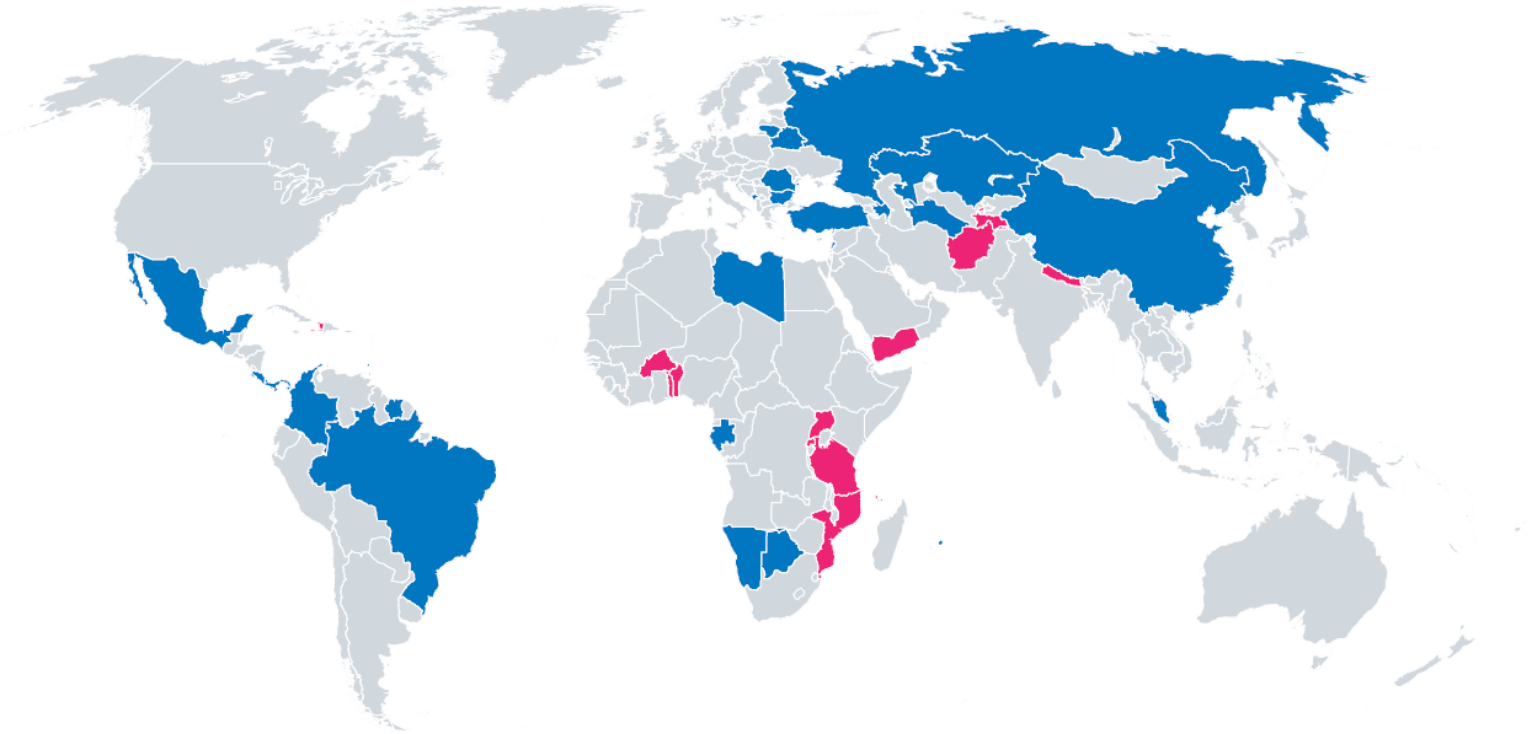
Chart 7 – Forecast growth in GDP per capita (% CAGR, 2015-2035)



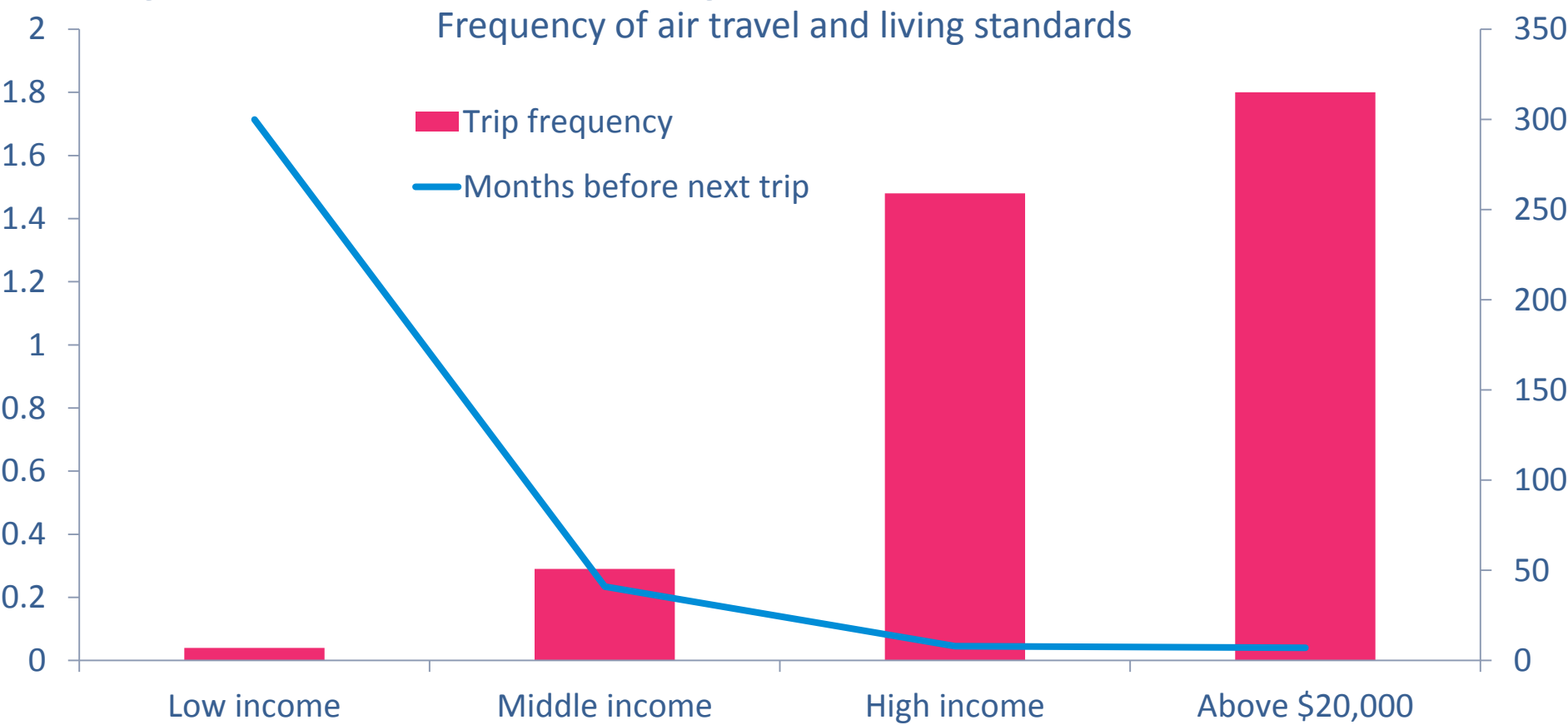
Source: IATA/TE passenger forecasts

Important living standard thresholds to be reached

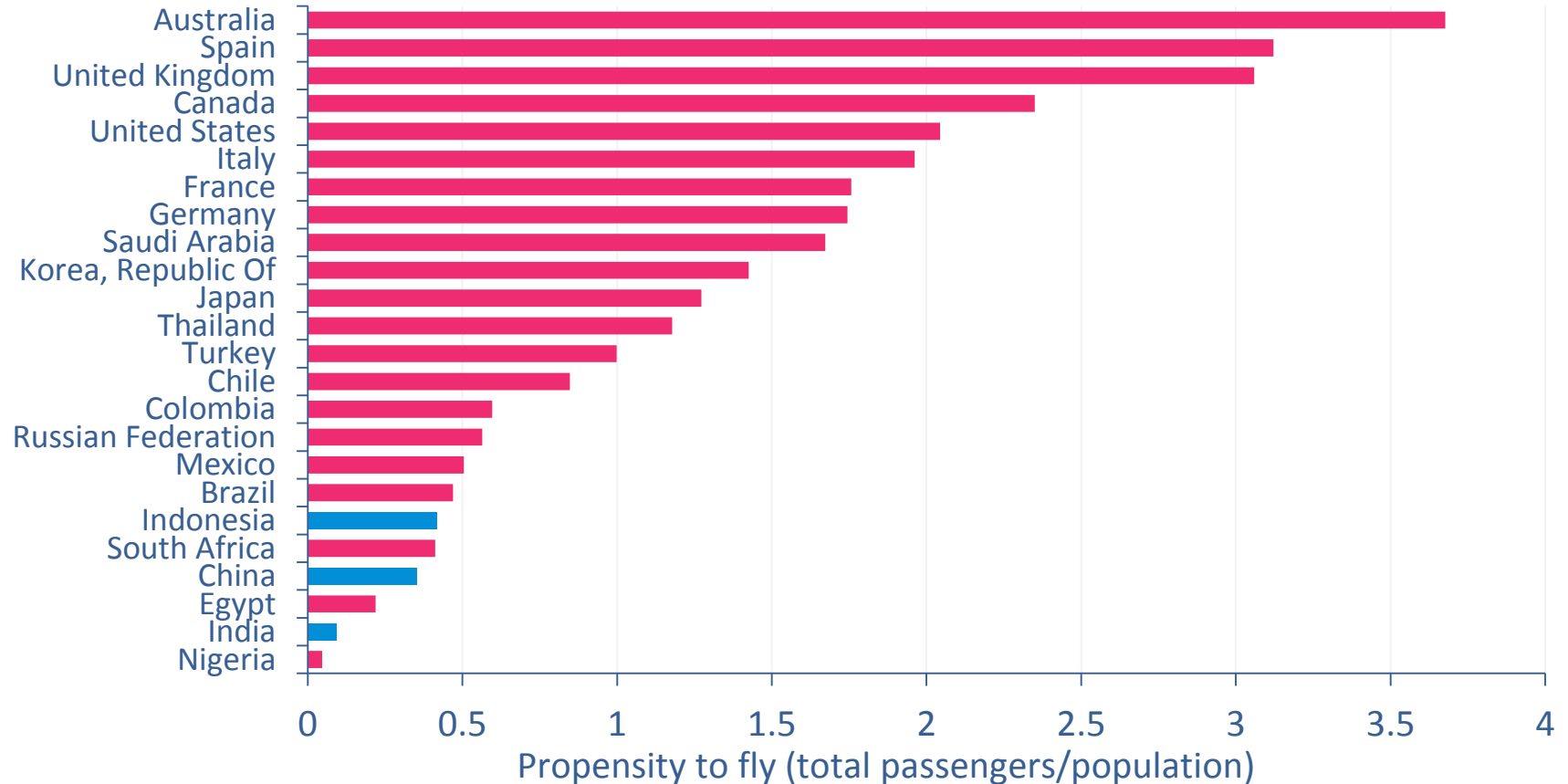
Chart 13 – Forecast changes in income groups (2015 -2035)



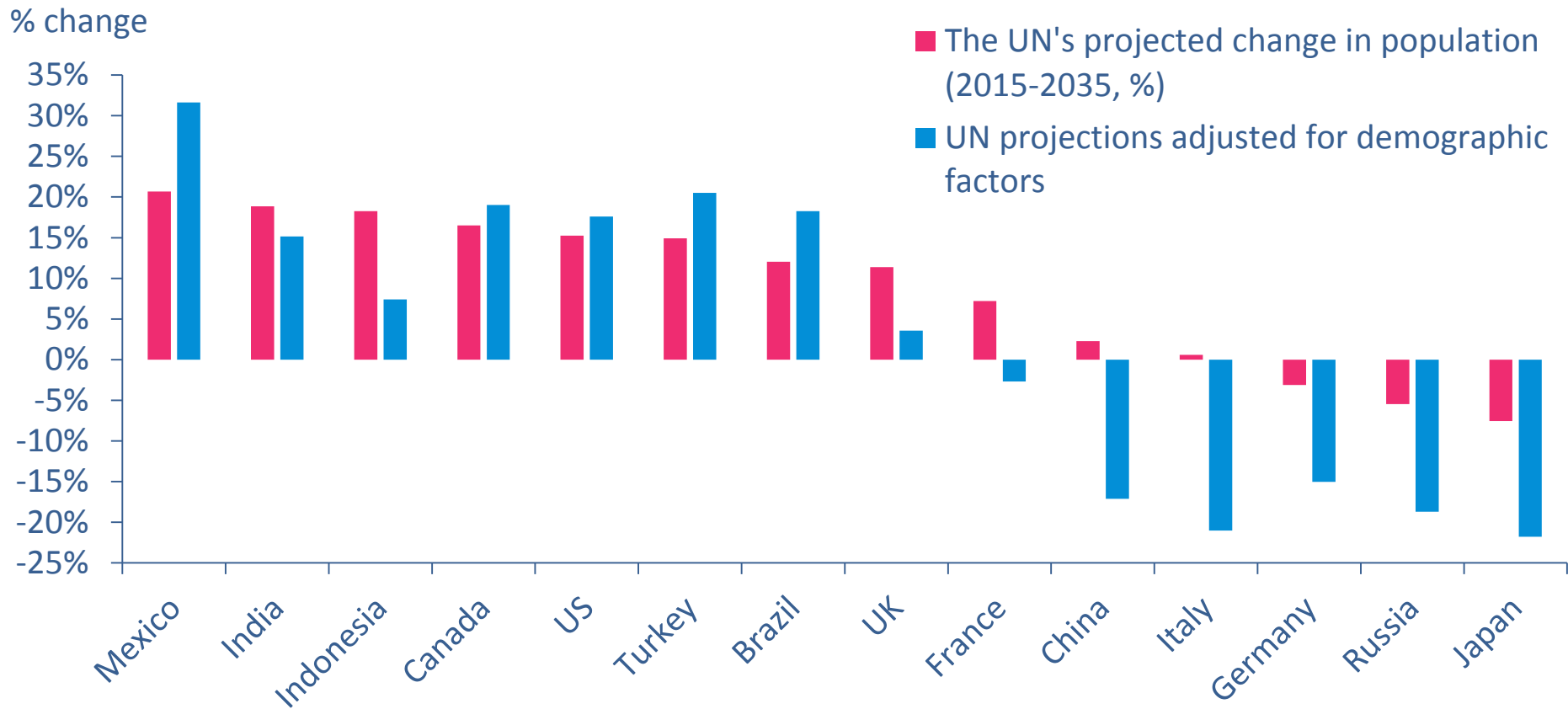
Living standards make big difference to travel frequency



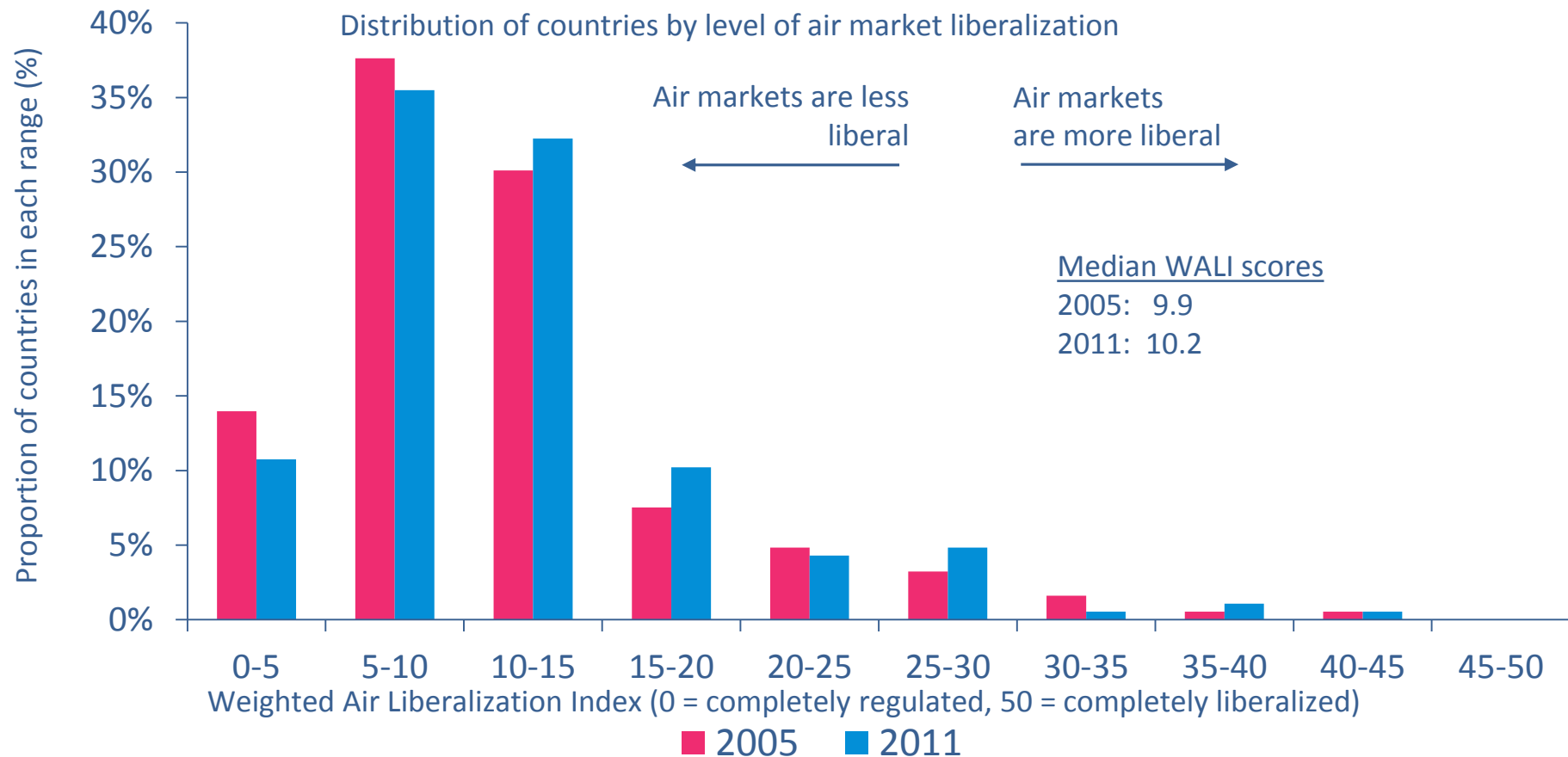
Diverse trip frequency shows the potential for growth



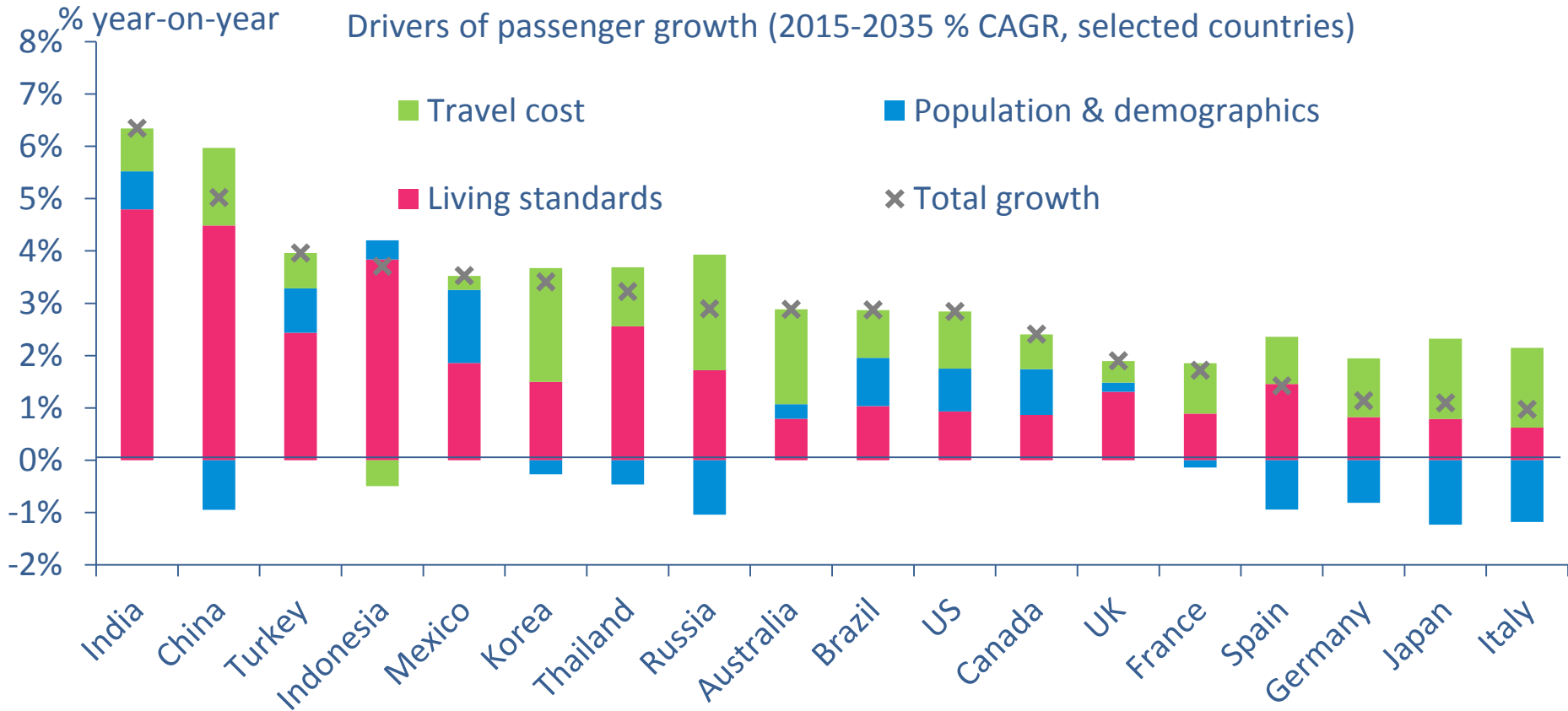
Also very different demographic futures



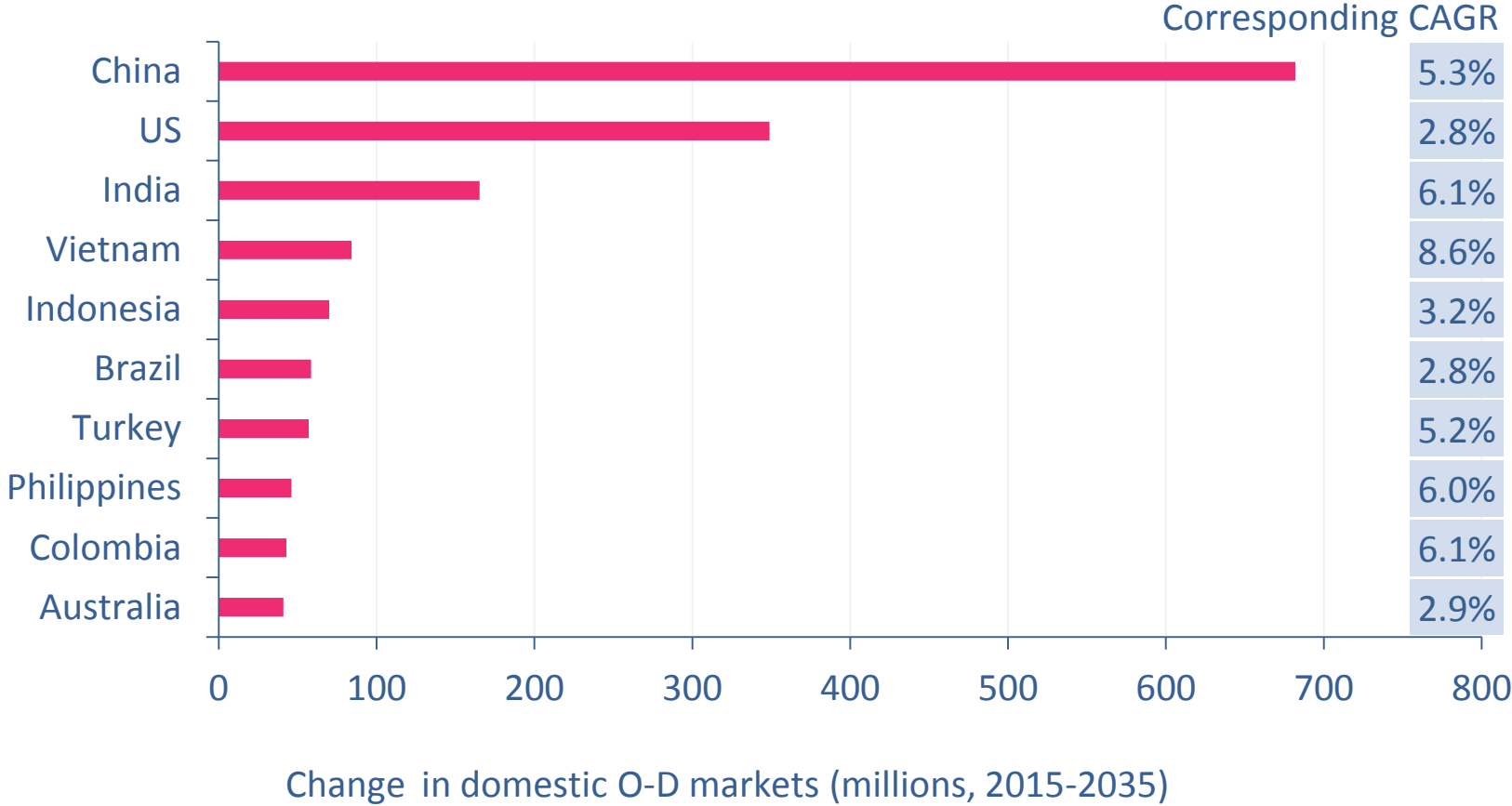
There is also still a lot of pent-up demand (and supply)



Wide range of growth expected over next 20 years

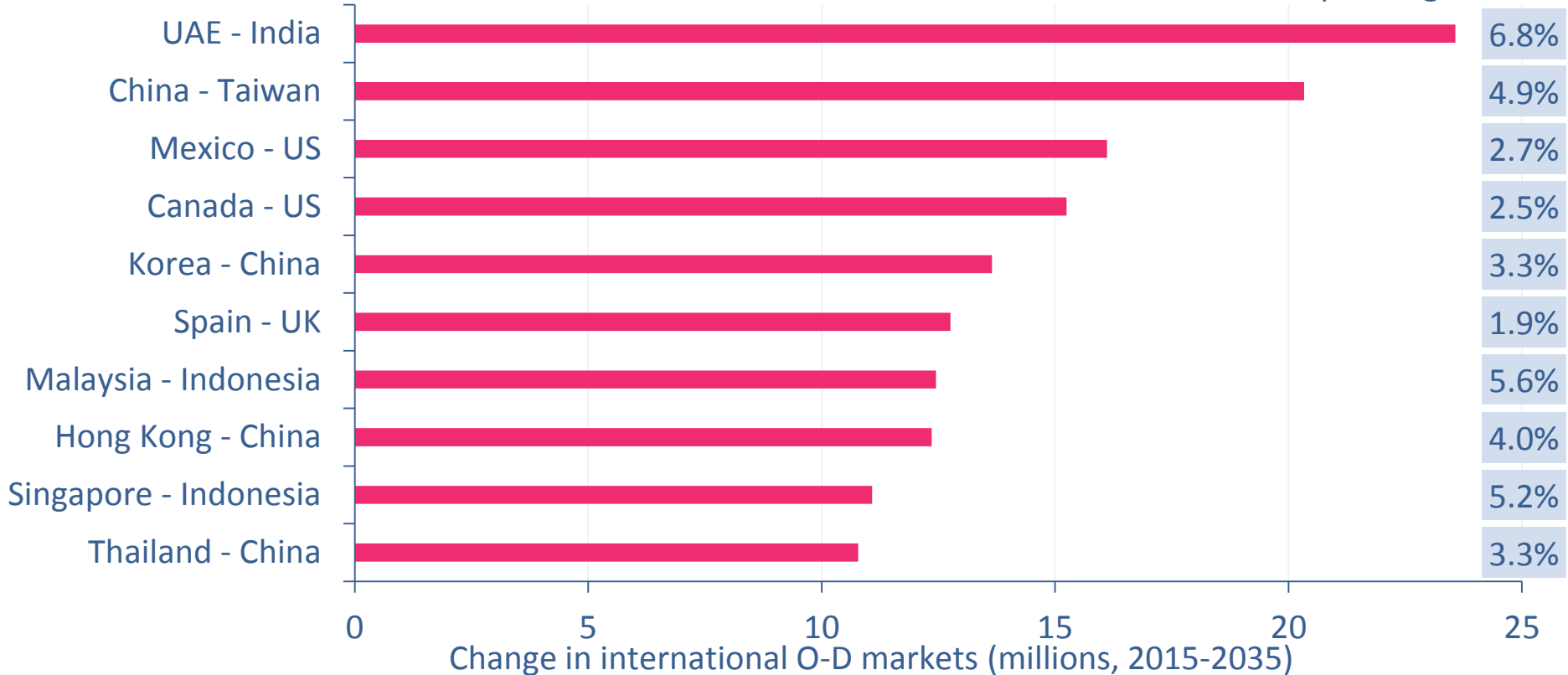


The largest growth will be in domestic travel markets

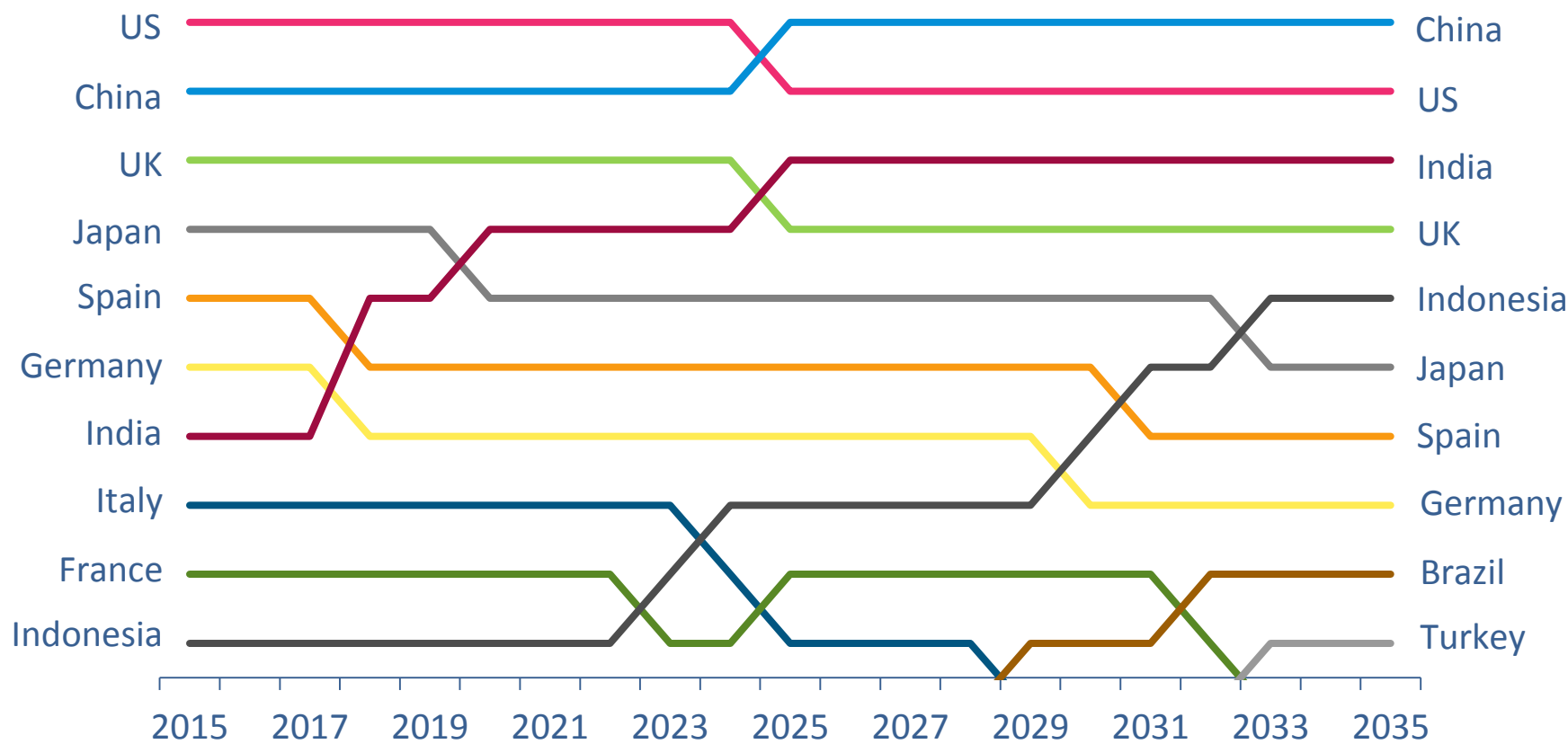


Top international travel markets for incremental growth

Corresponding CAGR



Significant change in the top-10 over the next 20 years





TOURISM ECONOMICS

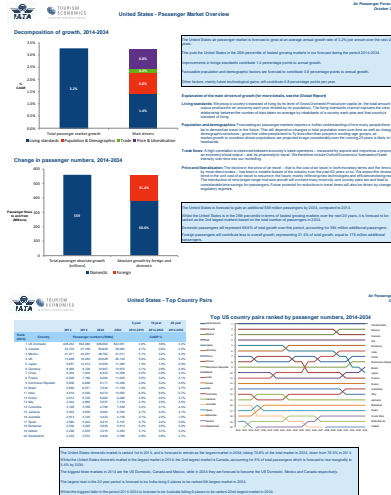
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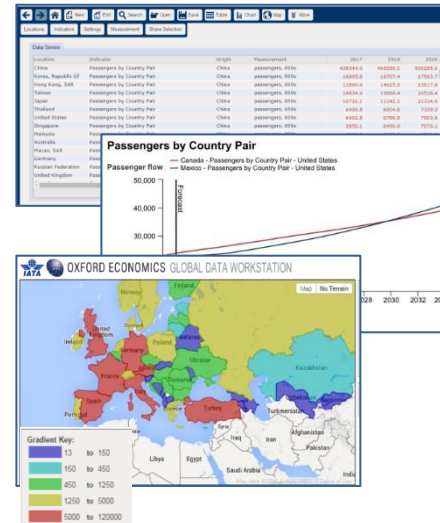
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Online database/webtool



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