

## Review of 2024

As the US aviation industry entered the fourth year since the start of the COVID-19 pandemic and approached the one-year anniversary of the end of the public health emergency, it finally surpassed 2019 levels of both domestic and international RPMs. Domestic passengers also exceeded 2019's level, a milestone international passengers achieved the previous year. However, the industry continued to grapple with conditions that were still evolving in response to the pandemic. After being caught somewhat unprepared in 2023 for the surge in demand, carriers feared a repeat in 2024. To ensure sufficient capacity to match projected demand, carriers increased utilization and added aircraft even as they were hindered somewhat by delivery delays of new aircraft. As the year progressed, excess capacity became evident, particularly in leisure markets, and yields moved lower. Demand that had showed strength in domestic markets in 2023 had shifted its interest to international markets in 2024. Premium product demand, however, continued and benefited carriers with such offerings. Low-Cost Carriers (LCCs) generally lacked both premium and long-haul international products, constraining their ability to capitalize on those areas of demand strength and harming their outlooks. Mainline carriers were impacted by a business travel recovery surge that never materialized, growing slowly and generally remaining below pre-pandemic volumes. By the end of the year and the busy holiday season, carriers had started to rein in capacity growth and reduce it in some areas, leading to a solid improvement in profitability.

Air cargo activity pulled back from the boost it received during the pandemic, consistent

with the normalization of consumer spending from goods back into services. The general aviation segment saw growth in aircraft deliveries, although total flight hours were little changed from the year before. Unmanned Aircraft System(s) (UAS) activity grew solidly, and commercial space launches surged in 2024, both of which had expanded in 2023.

U.S. system passengers grew to 8 percent above 2019 levels with domestic levels 6 percent higher and international 24 percent higher. Transportation Security Administration (TSA) checkpoint throughput reflected this activity and comfortably exceeded 2019's levels. In 2024, average daily throughput was 2.39 million passengers compared to 2.28 million in 2023 and 2.25 million in 2019. International leisure traffic, mainly in the Atlantic and Latin regions, drove much of the strength during the year. In the business segment, activity increased but never displayed a recovery surge as leisure traffic had done previously. Consistent with reduced business travel, reports indicated that office occupancy rates in major metro areas remained at about half of 2019 levels, where they had been for more than a year.

The overall increase in activity supported industry employment during 2024 after a slowdown in 2023. According to the Bureau of Transportation Statistics (BTS), airline employment rose during the year with an average increase of about 1,400 jobs per month, not far below the pre-pandemic rate in 2019 of 1,500 per month. At year end, employment was 66,000 higher than in December 2019 and the staffing issues of previous years had largely dissipated.

## FAA Aerospace Forecast Fiscal Years 2025–2045

Attrition rates were returning to normal, regional carriers had the crews needed to build back operations, and some carriers were pausing hiring. The FAA increased its hiring of air traffic controllers as it worked to eliminate shortages at some facilities. In FY2024, the FAA met its hiring goal of 1,800 controllers, bringing the total number in training to about 3,400.

In FY2024, system traffic as measured by RPMs grew 9.1 percent from the previous year while system enplanements rose 7.0 percent and were 7.6 above 2019 levels. Domestic RPMs were 5.5 percent higher while enplanements were up 5.9 percent. International RPMs increased by 18.4 percent after increasing by more than 36 percent in 2023, while enplanements rose by 15.6 percent – the relative difference due to the pickup in long-haul Atlantic markets. Despite being hampered by constraints, system ASM grew faster than RPMs, up 9.9 percent with domestic ASM growing 6.0 percent and international up 20.3 percent. As a result, the system-wide load factor fell 0.7 percent to 83.1 percent.

System nominal yields fell in 2024, down 2.9 percent after rising 8.2 percent in 2023. Several factors contributed, primarily the addition of excess capacity in lower yielding leisure markets (Florida, Caribbean). On the demand side, consumers were eager to travel as demand remained robust and, in aggregate, tolerated the fare increases.

With the surge in activity during the year, financial results improved as well. Data for FY2024 shows that the reporting passenger carriers had a combined operating profit of

\$14.7 billion – a number approaching the average profit of \$22.1 billion over the five years ending in FY2019 but not beginning to recover the \$58 billion in combined losses in 2020 and 2021. As with operations, profitability was uneven throughout the year as combined profits were just \$26 million during the March quarter. On the other hand, strong activity during the June quarter generated profits of \$7.7 billion that rivalled pre-pandemic highs.

The general aviation industry continued its growth in CY2024 with an increase of 3.1 percent in deliveries of U.S. manufactured aircraft from the previous year (22.5 percent above its 2019 levels), Deliveries of piston aircraft were up by 5.4 percent while turbine deliveries were up by 0.4 percent (business jet segment of turbines were up by 4.1 percent). Global billings increased by 14.3 percent to \$26.7 billion (13.7 percent above 2019 levels), however specific figures for U.S. factory billings were not available as of the publication date of this report.

Total operations in 2024 at FAA and contract towers increased by 3.6 percent compared to 2023, the fourth consecutive year of growth. Air carrier activity increased by 5.5 percent, exceeding pre-COVID (2019) levels, while air taxi operations rose by 4.3 percent. General aviation activity increased by 3.5 percent and military activity was down by 11.2 percent. Activity at large and medium hubs rose by 4.1 percent and 3.4 percent, respectively, while small and non-hub airport activity rose by 4.2 percent in 2024 compared to the prior year.