Forecast Overview (2026–2046)

The U.S. commercial airline industry remains volatile, grappling with the lingering effects of the pandemic alongside new challenges that emerged this year. In 2025, the environment continued to divide carriers between those with diversified product offerings and those with a narrower target market, specifically between network carriers and low-cost carriers (LCCs). Passengers still displayed preferences for premium and long-haul international travel, and carriers sought to capture that demand in multiple ways, from adding rows of extra legroom seats to installing lie-flat suites. Carriers countered the ongoing slump in domestic leisure demand, which continued well into 2025—largely by scaling back capacity. Other trends that could continue for several years include supply chain constraints that limit airframer deliveries and high labor costs as negative factors, balanced by the gradual recovery of business travel as a key positive driver for high-yield revenue. Beyond those trends, however, economic uncertainty emerged during the spring, dampening consumer confidence and willingness to spend. As a result, air travel suffered during the spring and early summer but picked up in the second half of the year. The government shutdown beginning in October strained carriers further, but the recovery was prompt – evidence of the market's resilience. In general, these conditions will result in business adjustments across the industry including relatively smaller but more productive headcounts, rationalized domestic route networks, and the use of suboptimal fleets, all of which impact the forecasts.

Recent hostilities in Iran have disrupted Gulf oil supplies and inflated jet fuel prices. As this conflict began after the preparation of this report, the resulting economic impacts are not included in the current forecast.

Regarding the near- and medium-term outlook of this year's forecast, unanticipated shifts in demand that previously surprised carriers remain front-of-mind, prompting airlines to adopt somewhat cautious strategies. Demand for domestic and Latin leisure trips, for example, has softened in recent years, leaving behind excess capacity that has restrained fares. Similarly, shifts in travel patterns – both by day-of-week and time-of-day – due to fewer business trips and the rise of hybrid business and leisure trips have slowly reverted from a few years ago but are unlikely to fully reset. Meanwhile, most carriers are investing in premium seats or cabins, anticipating that customers will continue paying for upgraded experiences; however, whether this willingness will be sustained is not certain. Furthermore, geopolitics continue to weigh on some international traffic, particularly to China where traffic remains a fraction of its 2019 level. These and other factors contribute to moderate medium-term growth forecasts. According to this 2026 FAA forecast, U.S. carrier system passenger growth in 2026 is expected to be 2.4 percent, somewhat below recent years and the average during the 2010s.

Long-term aviation demand is fundamentally driven by economic activity, a growing US economy measured by GDP and consumer spending, provides the foundation for this growth. The 2026

FAA forecast calls for U.S. carrier domestic passenger growth over the next 20 years to average 2.4 percent per year. Passenger growth is forecast to be slightly higher in the first 10 years of the forecast horizon compared to the last 10 years of the forecast, largely due to a long-term deceleration in economic growth. From 2026 through 2046, real GDP growth averages 1.7 percent per year – averages of 1.8 percent in the first decade and 1.6 percent in the second.

After spiking during the pandemic, oil prices have gradually returned to more moderate levels where they remain for a few years before climbing again through the end of the forecast. Oil was $69 per barrel in 2025 and is expected to drop in 2026 to $57 per barrel – its low over the forecast horizon – driven mainly by a surplus in supply. Thereafter, oil rises steadily, though slightly slower than the overall inflation rate, to $108 per barrel in 2046.

While domestic demand is driven by U.S. economic activity, international travel demand is driven by the interplay between U.S. and foreign economic activity. The forecast for global real GDP growth in 2026 is just a tenth of a percent lower than 2025 at 2.8 percent, still solid and supported by lower oil prices, lower inflation and lower interest rates. The U.S. and the Latin America region slow somewhat below that level, but Western Europe experiences much slower growth. The Asia region, however, supports the global figure with growth above 4.0 percent. Overall, global growth is near its long-term potential.

System traffic in revenue passenger miles (RPMs) is projected to increase by 2.6 percent a year between 2025 and 2046. Domestic RPMs are forecast to grow 2.7 percent per year while International RPMs are forecast to grow slightly slower at 2.6 percent a year. System capacity as measured by available seat miles (ASMs) is forecast to grow slightly slower than RPMs over the forecast horizon, contributing to higher load factors and yields.

In aggregate, U.S. carriers posted profits in FY2025, though not all carriers or quarters were profitable. FAA expects U.S. carriers in total to remain profitable over the next few years as rising demand and airfares more than offset higher costs for labor and fuel. As carriers continue to moderate capacity growth, pay down debt, innovate their products and maintain pricing power, consistent profitability should emerge. Over the long term, we see a competitive and profitable aviation industry characterized by increasing demand for air travel and airfares growing more slowly than overall inflation, reflecting growing U.S. and global economies. From 2025 to 2026, system yields are forecast to increase at an average annual rate of 1.7 percent.

The general aviation (GA) sector has experienced rapid growth over the last few years, as private aviation became an attractive alternative for wealthy individuals during the pandemic -- a trend that has largely persisted. Flight hours for single-engine piston aircraft, commonly used for training, reached record highs in 2021 and 2023, coinciding with record numbers of new pilot certifications across nearly all categories. Though this surge is beginning to soften, FAA expects turbine activity, which is primarily used for business and closely tracks economic growth, to remain robust in the long term, despite potential near-term fluctuations. Hence, the long-term

outlook for general aviation remains promising, as high-end growth offsets the ongoing retirement of traditional, low-end piston aircraft.

The active GA fleet is forecast to increase by 12.1 percent between 2026 and 2046. The turbine fleet -- including rotorcraft -- remained resilient between 2019 and 2024, growing by 4.9 percent in 2024 alone. It is projected to maintain an average annual growth rate of 2.1 percent through the forecast period. In contrast, the total piston fleet (comprising single- and multi-engine aircraft and piston rotorcraft) declined by 1.7 percent between 2019 and 2024 and is estimated to have shrunk by another 0.4 percent in 2025. Over the next 20 years, the piston fleet's average annual growth is forecast at -0.04 percent. However, when experimental aircraft are included, the majority of which are pistons, the growth rate of this combined fleet reaches 0.1 percent per year over the forecast period, with a total growth of 2.0 percent by 2046. While steady GDP and corporate profits growth support the turbine and rotorcraft sectors, the largest segment of the fleet, fixed-wing piston aircraft will contract slightly, by nearly 2,000 aircraft. This decline will be offset by the growing experimental aircraft fleet. Consequently, any net growth in the GA fleet is expected to stem from turbine aircraft. Despite modest fleet growth of 0.6 percent annually between 2024 and 2046, total GA hours flown are projected to rise by 25.5 percent during this period (1.0 percent annually) as increases in turbine, rotorcraft, and experimental activity will more than offset the decline in fixed-wing piston hours.

With robust air travel demand growth in 2026 and steady growth thereafter, FAA expects increased controller workload. Large and medium hubs will continue to see faster increases than small and non-hub airports, largely due to the commercial nature of their operations. Over the forecast period, operations at FAA and contract towers are forecast to grow 1.0 percent a year with commercial activity growing at 1.6 percent or over three times the rate of non-commercial (general aviation and military) activity at 0.5 percent.

Commercial space operations have grown consistently over the past five years, culminating in a record-breaking year of 204 launches and re-entries during FY2025 and representing 21 percent of all activity since 1989. FAA projections suggest activity will rise to between 209–214 operations in FY2026 and potentially reach 507 by 2036. This surge is fueled by an intensifying demand for cislunar and deep-space missions encompassing everything from in-orbit assembly to human settlements on the Moon and beyond.[1]

The Unmanned Aircraft Systems (UAS) segment has been experiencing healthy growth in the United States and around the world over the past decade. The last few years have been no

[1] Effective March 10, 2026, following a five-year transition period, FAA Part 450 became the exclusive mandatory framework for U.S. commercial space flights. By replacing rigid, vehicle-specific legacy regulations (Parts 415, 417, 431, and 435)—which narrowly restricted licenses to a single vehicle configuration and trajectory—Part 450 establishes a unified, performance-based framework. This shift allows operators to secure a single license for multi-mission portfolios, accelerating launch cadences through batch approvals and fostering innovation by regulating safety outcomes rather than specific engineering designs.

exception despite the profound impact of COVID-19 on the overall economy. The introduction of UAS in the National Airspace System (NAS) has opened numerous possibilities, especially from a commercial perspective. That introduction has also brought operational challenges including the safe and secure integration of UAS into the NAS. Despite these challenges, the UAS sector holds enormous promise; potential uses range from individuals flying solely for recreational purposes to individual businesses carrying out focused missions to large companies delivering commercial packages and medical supplies. Public service uses, such as conducting search and rescue support missions following natural disasters, are proving to be promising as well. FAA forecasts that the recreational small UAS fleet will (*i.e.*, base scenario) attain its peak over the next 5 years, from the present 1.55 million units to approximately 1.62 million units by 2030, thus attaining a cumulative annual growth rate of 0.9 percent between 2025 and 2030. Based on registration data, the size of the commercial UAS fleet (> 0.5 lbs. and up to 55 lbs.) totaled approximately 1.1 million aircraft at the end of 2025 and will grow to 1.5 million aircraft by the end of 2030.

Another sector showing promise is Advanced Air Mobility (AAM). It is still unclear when AAM entry into service (EIS) is likely to occur. Starting from limited services to initial launch cities, services will be experimental, slow, and likely gain a gradual trajectory of growth until 2030. It is expected that the initial five years after EIS will be required to resolve many outstanding issues including establishing solid AAM business cases. Depending upon the sector's resolution of the outstanding issues, the 2030-2040 timeframe will see a moderate growth trajectory. Beyond that period, FAA anticipates a sustainable, mature sector on a longer-term growth trajectory.