Forecast Uncertainties

The forecasts in this document are forecasts of aviation demand, driven by models built on forecasts of economic activity. There are many assumptions in both the economic forecasts and in FAA models that could affect the degree to which these forecasts are realized. Now that passenger and traffic volumes have returned to pre-COVID levels, this year's forecast is driven—particularly in the near term—by the strength of the U.S. and global economies. Potential downside risk can be looked at from supply chain constraints and delays in aircraft deliveries. It also goes without saying that international conflicts are one of the most significant global risks to aviation growth. Any terrorist incident and escalating conflicts such as Iran could affect the demand for aviation services.

The changes in the geo-political landscape could lead to outcomes very different than the forecasts provided in this document. The magnitude of the impacts remains difficult to quantify at this stage, as outcomes depend heavily on the duration and potential escalation of the conflict. A swift resolution, coupled with the prompt restoration of crude shipments and refining capacity, would likely limit long-term damage. However, a prolonged or expanding conflict could have broader economic repercussions, leading to more significant impacts on the industry.

For now, effects are largely confined to rising fuel prices. Airlines have begun to respond through modest fare increases and plans for slight capacity reductions. Flights to the Persian Gulf region have been curtailed, though this represents a relatively small market for U.S. carriers. In addition, more indirect effects—so far less pronounced—include higher Treasury yields, declining airline stock prices, and increased gasoline prices. These factors may erode consumer discretionary spending and, in turn, dampen demand for air travel.

Towered airports handled a total of 57.4 million operations in 2025. There was also an overall increase of 0.8 percent in operations at towered airports since FY 2024, following a 4.0 percent increase from FY 2023 to FY 2024. FAA's forecasts of both demand and operations are unconstrained in that they assume that there will be sufficient infrastructure to handle the projected levels of activity. Should the infrastructure be inadequate and result in even more congestion and delays, it is likely that the forecasts of both demand and operations would not be achieved. Similarly, if infrastructure has the ability to expand more significantly and the NAS is able to operate efficiently through infrastructure investment, aviation will grow accordingly.

Notably, in May 2025, Transportation Secretary Sean Duffy announced a major initiative to modernize the air traffic control system for NAS efficiency and safety. Without the implementation of this initiative, the likely result would be greater congestion and delays at airports, increasing airline passenger dissatisfaction. Furthermore, slower growth in new entrant activity could occur, delaying or reducing the benefits to the nation from expansion of these activities. Not only is the volume of aircraft operating at most large hubs expected to increase over the next 20 years, but the mix of aircraft and vehicles is changing as well. The expected increases in the numbers of larger regional

jets and business jets as well as the anticipated widespread deployment – and integration -- of UAS and Advanced Air Mobility (AAM) vehicles into the national airspace system will make FAA's job more challenging. For example, with these new vehicles entering the system, traditional aircraft may be replaced. The integration of UAS and AAM could add to the workload above and beyond the current demand for aviation services. Commercial Space launches will increase and require efficient planning and analysis to minimize delays.