Review of 2025

As 2024 came to a close, the U.S. aviation industry was on a strengthening path. With much of the excess domestic capacity that suppressed yields having been withdrawn from the system, air carriers were optimistic for 2025. However, that optimism began to fade early in the year when demand pulled back amid emerging macroeconomic uncertainty, causing consumers to curb air travel spending, primarily in domestic markets. In addition, supply chain constraints continued to hamper aircraft deliveries, limiting fleet optimization. Meanwhile, international travel and premium products remained significant sources of strength for carriers with such offerings, a reflection of a K-shaped economy (i.e. when different segments of the economy recover at different rates and opposite directions) with resilient spending from high-income consumers. Significantly, low-cost carriers evolved to meet this demand, adding premium elements to better capture spending from the upper part of the 'K'. In the second half of the year, business travel, the slowest segment to recover from the pandemic, finally surpassed pre-pandemic levels, further benefiting mainline carriers. The government shutdown beginning in October created another headwind to industry demand, impacting carrier financial performance, though demand quickly rebounded in time for a Thanksgiving surge. Even as areas of stress remained at year-end, including soft domestic demand, carriers generally believed the environment had stabilized and become more predictable.

Air cargo activity grew only marginally as consumer spending eased due to macroeconomic and tariff uncertainty. The general aviation segment saw growth in aircraft deliveries, as well as in total flight hours. Unmanned Aircraft System(s) (UAS) activity grew solidly, and commercial space launches surged in 2025, both of which had expanded in 2024.

U.S. system passengers grew in 2025 to 6 percent above 2019 levels with domestic levels 5 percent higher and international 16 percent higher. Compared to 2024, however, system passengers declined by 0.4 percent, led by a similar decline in domestic markets while international passengers grew by less than 1 percent. Transportation Security Administration (TSA) checkpoint throughput was also essentially flat, edging up to 2.40 million average daily passengers in 2025 compared to 2.39 million in 2024. Like system passengers, throughput was about 7 percent higher than in 2019. International leisure traffic, mainly in the Atlantic and Pacific regions, drove much of the overall increase during the year, although it was aided by the business segment where activity increased markedly, finally surpassing 2019 levels.

Despite unusual variability in industry hiring reflecting the choppy economic environment, hiring showed considerable strength during 2025. According to the Bureau of Transportation Statistics (BTS), airline employment rose during the year with an average increase of about 2,500 jobs per month, well above the pre-pandemic rate in 2019 of 1,500 per month. Year-end employment was 30,000 higher than the year before and 96,000 above the December 2019 level. FAA has steadily increased its hiring goals for air traffic controllers, raising the goal from 1,800 in 2024 to 2,000 in

2025, both of which were slightly exceeded by actual hiring. In 2026, the target rose further to 2,200.

In FY2025, system traffic as measured by RPMs grew just 0.8 percent from the previous year while system enplanements eased 0.4 percent lower. Domestic RPMs were flat while enplanements were 0.4 percent lower. International RPMs increased by 3.0 percent, while enplanements rose a meager 0.1 percent – the relative difference due to the strength in long-haul Atlantic markets. Generating excess capacity, system ASM grew faster than RPM, up 1.9 percent with domestic ASM growing 1.8 percent and international up 2.2 percent. As a result, the system-wide load factor fell 0.9 percentage points to 82.4 percent.

System nominal yields rose slightly in 2025, up 0.6 percent after falling 3.0 percent in 2024. Firming business traffic offset tepid leisure demand in domestic markets, contributing to a modest increase in domestic yields. Solid demand in international markets continued to generate strong revenue even as yields edged down with some increased capacity.

Despite uneven activity during the year, aggregate financial results for the full year improved, driven mainly by the few largest carriers. Reporting passenger carriers posted a combined operating profit of $12.3 billion—a 9 percent increase over FY2024, yet still significantly trailing the average profit of $22.1 billion over the five years ending in FY2019. As with operations, profitability varied more than usual from one quarter to the next as combined profits were just $136 million during the March quarter. Conversely, strong activity during the June quarter generated profits of $5.0 billion, nearing pre-pandemic highs.

The general aviation industry continued its upward trajectory in CY2025, with deliveries of U.S.-manufactured aircraft increasing by 6.8 percent over the previous year -- a 30.8 percent rise above 2019 levels. Piston aircraft deliveries grew by 7.8 percent, while turbine deliveries rose by 5.6 percent, driven by a 13.1 percent surge in the business jet segment. Globally, billings reached $31.0 billion, a 16.1 percent year-over-year increase and 32.0 percent above 2019 benchmarks.

Total operations in 2025 at FAA and contract towers increased by 1.4 percent compared to 2024, the fifth consecutive year of growth. Air carrier activity increased by 2.2 percent, and air taxi operations rose by 3.8 percent. General aviation activity was up by 0.8 percent and military activity was down by 4.7 percent. Activity at large and medium hubs rose by 1.7 percent and 1.3 percent, respectively, while small and non-hub airport activity rose by 0.7 percent in 2025 compared to the prior year.