

## FORECAST HIGHLIGHTS 2007-2020

The 2007 forecast for commercial aviation calls for a return to growth and over time, the industry is expected to grow significantly. System capacity – the overall yardstick for how busy aviation is both domestically and internationally – will increase 2.8 percent this year, following last year’s decline of 0.2 percent.

In domestic markets, capacity is expected to increase 2.1 percent, as network carrier capacity stabilizes and low cost carriers continue to grow. Regional carrier capacity, which depends in large part on feed from the legacy carriers, is forecast to increase 2.9 percent. Revenue passenger miles will increase 2.8 percent while enplanements are expected to increase faster, up 3.6 percent.

The average size of domestic aircraft is expected to increase this year by 0.3 seats to 120.5 seats. Network carriers are reconfiguring their domestic fleets to increase the number of seats, while low-cost carriers with relatively smaller aircraft sizes continue to grow at a faster rate. The result is a slight decrease in overall aircraft size for the mainline carrier group in aggregate. While demand for 70–90 seat aircraft continues to increase, we expect that the number of 50 seat regional jets in service will continue to fall, increasing the average regional aircraft in 2007 by 0.8 seats to 50.8 seats per mile. Domestic passenger trip length is expected to decrease by 7 miles in 2007 as network carrier trip length remains steady while trip length in the growing low-cost carrier sector falls.

General aviation is expected to receive a boost from the certification of Very Light Jets (VLJ’s). These relatively inexpensive twin-engine microjets may redefine “on-demand” air taxi service. Next year, we project that 350 microjets will join the fleet, with that figure growing to 400-500 per year through 2020. Partly as a result of the influx of new microjets, the number of general aviation hours flown is projected to increase an average of 3.4 percent per year through 2020.

The FAA continues to be optimistic about the future. Since 2000, the industry has been battered with 9/11, the spread of the Severe Acute Respiratory Syndrome (SARS) and concerns about pandemics, the bankruptcy of 4 network carriers, and record high fuel prices. An important yardstick, though, remains the number of passengers that traveled. Last year, that number was a record 741 million. U.S. commercial aviation remains on track to carry one billion passengers by 2015. In addition, international traffic is growing at much faster rates than domestic traffic.

For the first time since 2000, the industry returned to profitability as capacity decreases coupled with fare increases offset the impact from rising fuel prices. We see the industry returning to a period of sustained profitability buoyed by a strong national economy. In the long run, a healthy industry, inexpensive tickets, and increasing demand for seats aboard aircraft should bode well for consumers.