



# FORECAST HIGHLIGHTS 2008-2025

The 2008 forecast for commercial aviation calls for significant continued growth over time. System capacity in available seat miles (ASMs) – the overall yardstick for how busy aviation is both domestically and internationally – will increase 2.7 percent this year, following last year's increase of 2.6 percent.

In domestic markets, capacity increases only 0.6 percent, with mainline carrier capacity up just 0.3 percent as low-cost carrier<sup>1</sup> growth slows and network carrier<sup>2</sup> capacity discipline continues. Regional carrier capacity, which depends in large part on feed from the network carriers, is forecast to increase 2.5 percent. Commercial carrier revenue passenger miles (RPMs) and enplanements are forecast to increase 0.6 and 1.0 percent, respectively.

The average size of domestic aircraft is expected to decline by 0.1 seats in FY 2008 to 120.3 seats. Mainline carrier average seats per aircraft is projected to fall by 0.7 seats as network carriers continue to reconfigure their domestic fleets and low-cost carriers with relatively smaller aircraft sizes are reigning in their growth. While demand for 70-90 seat aircraft continues to increase, we expect the number of 50 seat regional jets in service will fall, increasing the average regional aircraft size in 2008 by 0.9 seats to 50.5 seats per mile. Largely because of the impacts of capacity realignment, passenger trip length in domestic markets will decrease this year by 3.2 miles.

High fuel prices and concerns about the economy are dampening the near-term prospects for the general aviation industry, but the long-term outlook remains favorable. We see a strong growth in business aviation demand continuing driven by a growing U.S. and world economy, as well as a growing fleet of very light jets (VLJs). VLJs, with their relatively inexpensive operating costs, may redefine "on-demand" air taxi service. Next year, we project that 400 units will join the fleet, with that figure growing to 450-500 a year through 2025. Partly because of the influx of new VLJs, the number of general aviation hours flown is projected to increase an average of 3.0 percent a year through 2025.

The FAA continues to be optimistic about the future. Since 2000, U.S. airlines have dealt with the impacts of 9/11, heightened concerns about pandemics, the bankruptcy of four network carriers, and record high fuel prices. In spite of these challenges, the number of passengers traveling has grown, demonstrating the value of air transportation to the public. Last year, that number was a record 765 million. U.S. commercial aviation is on track to carry one billion passengers by 2016. In addition, international traffic is growing at much faster rates than domestic traffic.

For the first time since the 1990's, the industry enjoyed consecutive years of profitability as rising load factors coupled with fare increases offset the impact from high fuel prices. In the long run, we see a healthy, competitive, and profitable industry buoyed by increasing demand for air travel coupled with inexpensive tickets. The combination of a competitive industry and inexpensive tickets should bode well for consumers.

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<sup>1</sup> *Allegiant Air, American Trans Air, America West Airlines, AirTran Airways, Frontier Airlines, JetBlue Airways, Skybus Airlines, Southwest Airlines, Spirit Airlines, USA3000, and Virgin America Airlines.*

<sup>2</sup> *Alaska Airlines, American Airlines, Continental Airlines, Delta Air Lines, Northwest Airlines, United Airlines, and US Airways.*

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