Review of 2021

Although conditions in 2021 remained bleak, there was definite improvement from the previous year as the turmoil and uncertainty from COVID-19 began to diminish. Businesses began to reopen, employment growth stabilized, and consumer spending rebounded, supported by fiscal and monetary stimulus. Air passenger travel picked up, air cargo surged, and tower operations rose for both the air carrier and general aviation segments. UAS activity grew solidly and commercial space launches surged in 2021, both of which had expanded in 2020.

U.S. commercial aviation began the year on the back foot but saw solid movement along the path of recovery as the year progressed, while COVID-19 remained the limiting factor. TSA checkpoint throughput had come off the bottom by the end of the previous year but only improved to about 40 percent of 2019's level at the start of 2021. With the rollout of vaccinations in the spring, however, throughput rose steadily to about 80 percent of 2019's level by mid-summer. Then, the emergence of COVID-19 variants (Delta in late summer and Omicron in the final weeks of the year) hampered further recovery and throughput ended the year about where it was in the summer. The main source of strength throughout the year was from leisure travelers, both to domestic and short-haul international destinations, primarily in the Latin region. In the business segment, activity picked up although not to the same extent as in the leisure segment as many employees remained on work-from-home status and meetings, conferences and trainings were either conducted virtually or forgone.

Airlines responded aggressively to these shifts in demand, seeking to match capacity with changes in timing, markets and segments. According to the Bureau of Transportation Statistics (BTS), airline employment rose in ten months of the year to average an increase of 3,000 jobs per month. At year end, employment was 40,000 higher than in 2020 even though it remained 19,000 lower than in 2019. Airlines increased staffing to enable them to offer more flights to more, and generally smaller, destinations as leisure travelers were eager to escape pandemic restrictions. Airlines assisted by adding capacity to outdoor locales, particularly to beaches in the south and mountains in the west. International destinations in the Latin region also saw especially heavy activity with available seat miles (ASM) in the fourth quarter exceeding those in 2019.

As reflected by the TSA throughput figures, demand for air travel in 2021 began to recover. In FY2021, system traffic as measured by revenue passenger miles (RPMs) grew 3.3 percent from the previous year while system enplanements rose 9.0 percent. Domestic RPMs were 13.1 percent higher while enplanements were up 9.7 percent. International RPMs, however, fell 28.8 percent although enplanements rose by 1.4 percent, a consequence of busy short-haul Latin markets. The system-wide load factor was 68.5 percent, down a percentage point from the FY2020 level.

System nominal yields fell again in 2021. In domestic markets, all carriers, whether they normally targeted the leisure segment or not, focused on that price-sensitive segment, adding capacity and lowering fares to attract revenue. The result was a 12.9 percent drop in nominal yields. International yield, however, declined just 4.5 percent as demand was constrained more by travel restrictions than by price.

With the pickup in activity during the year, financial results improved as well. Data for FY2021 shows that the reporting passenger carriers[1] had a combined operating loss of $26.1 billion compared to an average profit over the five years ending in FY2019 of $22.1 billion. However, this obscures improvement over the course of the year that shows quarterly losses gradually declining and ending the fiscal year with a loss of under $200 million – far better than the $10 billion average loss of the previous six quarters.

The general aviation industry partially recovered from its decline in 2020 with an increase of 7.4 percent in deliveries of U.S. manufactured aircraft in 2021, with pistons slightly up by 0.5 percent (in fact, fixed-wing single engine piston aircraft deliveries were up by 2.3 percent) and turbines up by 16.6 percent. Global billings increased by 7.7 percent to $21.6 billion (still down by 8.2 percent from its 2019 level (Statistics for the U.S. billings were not available as of the publication date of this report).

Total operations in 2021 at FAA and contract towers increased by 7.4 percent compared to 2020 (down by 10.5 percent from 2019). Air carrier activity increased by 4.1 percent, while air taxi operations were up 7.1 percent. General aviation activity increased by 9.1 percent and military activity was up by 6.8 percent. Activity at large and medium hubs rose by 2.3 percent and 5.0 percent, respectively, while small and non-hub airport activity rose by 8.8 percent in 2021 compared to the prior year.

[1] Includes network carriers (Alaska Airlines, American Airlines, Delta Air Lines, and United Air Lines) and low cost carriers (Allegiant Air, Frontier Airlines, JetBlue Airways, Southwest Airlines, Spirit Air Lines, and Sun Country Airlines).