

APAC growth to drive global airline revenue over USD 1tr in 2025

- A Monitor Report

Date: 16 January, 2025



Dublin : Growth in the Asia-Pacific region is expected to help drive global airline revenue over USD 1 trillion for the first time in 2025, according to a report published on January 10 by Avolon.

The paper forecast that more seats will be added to schedules in Asia-Pacific than all other regions combined in 2025, even as airlines' growth slows in the US and Europe.

Andy Cronin, CEO, Avolon, commented, "The aviation outlook for 2025 is robust, reflecting continued growth in travel demand against a backdrop of structural under-supply of new aircraft. Asia-Pacific will be the engine of that growth, and we anticipate global airline revenues will exceed the US\$1 trillion mark for the first time. In this environment, lessors will benefit from continuing strength in lease rates and valuations as airlines compete for scarce aircraft. Those lessors with

strong balance sheets and attractive orderbooks of new technology aircraft are best placed to outperform and serve the growth needs of the world's airlines."

Lower oil prices in 2024 helped to more than offset a 19 per cent increase in maintenance costs and 8 per cent rise in labour costs, helping the sector back towards pre-pandemic levels of profitability.

This trend is expected to continue in 2025 with a projected 16 per cent increase in the sector's net profit to over USD 36 billion for the year. Securing aircraft for expansion and fleet replacement will continue to be a major challenge in 2025, with slots for new aircraft sold out beyond 2030.

Airlines are adapting to the structural undersupply through lease extensions and extending the life of their existing fleet. As a result, lease rates have risen as much as 50 per cent in the past two years and are expected to remain strong in 2025, as will aircraft valuations.