

Airfares likely to stay high in 2025 due to strong travel demand

- A Monitor Desk Report

Date: 13 January, 2025



UAE : The global aviation industry is facing challenges with delays in aircraft deliveries, which are hindering the expansion plans of airlines in the UAE and worldwide.

According to online travel agency Musafir, airfares are expected to rise by 2 to 14 percent globally in 2025, driven by rising fuel costs and inflationary pressures. However, businesses are managing these increased costs through innovative travel strategies and loyalty programs.

“As we enter 2025, corporate travel is no longer just a logistical function; it has become a catalyst for growth and innovation,” said Sachin Gadoya, CEO and co-founder of Musafir.com.

The travel agency also highlighted that destinations such as Dubai,

Paris, and Sydney are among the top choices for "bleisure" extensions.

Global aviation consultancy OAG said average airfares are unlikely to fall in 2025 despite the price of oil falling to one of its lowest since September 2018.

"In 2025, average airfares are unlikely to fall significantly, as that balance between supply and demand remains crucial. Shortages of supply, rising operational costs, along with a strong US dollar will impact any scope for dramatic reductions," it said.

The International Air Transport Association (Iata) said last month that aircraft deliveries have fallen sharply from the peak of 1,813 aircraft in 2018. The estimate for deliveries in 2024 is 1,254 aircraft, 30 per cent fewer than what was predicted at the start of the year.

"In 2025, deliveries are forecast to rise to 1,802, having been revised down from 2,293, and further cuts to this number are to be expected," it said.

Iata added that the backlog — the cumulative number of unfulfilled orders — of new aircraft has reached 17,000 planes this year, a record high for the industry. It would take 14 years to clear the backlog at delivery rates.

International Energy Agency expect the Brent crude oil price will average \$79 a barrel in 2025 as compared to \$82 per barrel in 2024

"Our forecast for relatively little price change is based on expectations that global supply and demand of petroleum liquids will be relatively balanced," said the global body.

"We generally expect the Brent crude oil price is more likely to decline than rise because we see global oil production will more likely exceed our forecast than fall short of our forecast," it added.

Additionally, the global aviation industry is struggling with delays in aircraft deliveries, hampering the expansion plans of UAE and global airlines.

According to online travel agency Musafir, airfares are projected to rise between 2 and 14 per cent globally in 2025 due to rising fuel costs and inflationary pressures. However, businesses manage these costs through

innovative travel strategies and loyalty programs.

"As we step into 2025, corporate travel is more than a logistical function; it's a catalyst for growth and innovation," said Sachin Gadoya, CEO and co-founder of musafir.com. The travel agency noted that destinations like Dubai, Paris, and Sydney top the list for bleisure extensions.

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