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News Release

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Airlines for America Forecasts 151 Million Flyers for Record-High Spring Travel Season

Airlines are adding 114,000 seats per day to accommodate record demand

Airlines carried a record number of passengers in 2017 and marked the safest year in aviation history

WASHINGTON, March 14, 2018 – Airlines for America (A4A), the industry trade organization for the leading U.S. airlines, expects an all-time high of 150.7 million passengers – 2.47 million per day – to fly globally on U.S. airlines between March 1 and April 30, a four percent increase from 145 million passengers in the spring of 2017. To prepare for the expected increase, which averages 94,000 additional passengers per day, airlines are adding 114,000 seats per day across their networks.

"Travelers are taking to the skies this spring in record numbers, thanks to persistently low fares, unsurpassed levels of investment in the product, increasing competition, and unprecedented access for passengers of all regions, age groups, and income levels," said A4A Vice President and Chief Economist John Heimlich. "An expanding economy, employment gains and surging household net worth are also contributing to the growth in demand for air travel. There has never been a better time to fly, as evidenced by the record number of 151 million flyers expected to travel this spring."

In 2017, airlines transported a record number of passengers and marked the safest year in aviation history. Competition continued to intensify as low-cost carriers entered even more markets and grew at a rate far outpacing more established brands, keeping fares low and boosting the number of available seats to an all-time high. In 2017, domestic airfares – including ancillary services – were over 40 percent less than in 1980. As demand continues to rise in 2018, airlines are responding by boosting staffing levels and taking new aircraft deliveries at the rate of approximately one plane per day.

Airlines Continue to Invest in Products and Employees

As demand continues to grow, U.S. airlines are investing heavily in their products and their employees. From 2010 to 2017, they used 75 percent of operating cash flow – $102.4 billion – to enhance their products, including new planes, in-flight WiFi and entertainment systems, renovated airport lounges and upgraded security lanes at airport checkpoints. Steadily improving finances have allowed airlines to reinvest in the customer experience, with the nation's nine largest passenger carriers directly investing $20 billion in 2017 alone to enhance flight and ground equipment, facilities and information technology, including taking delivery of more than 450 new aircraft.

Airlines are committed to partnering with airports around the country for investment in important capital projects that will benefit not only passengers and shippers, but their local communities as well. This collaboration has led to $130 billion of capital projects completed, underway or approved at the 30 largest U.S. airports alone – up 86 percent from 2015. This development includes new runways at Fort Lauderdale, Washington Dulles, Seattle, and Charlotte; new international facilities at Atlanta and Los Angeles; and new, expanded terminals at Miami, Las Vegas, Orlando, Honolulu, Houston, Denver, Seattle, Salt Lake City and San Francisco.

U.S. airlines are also hiring at double the rate of overall U.S. jobs and have exceeded overall U.S. job growth for the last three years. December 2017 marked the 50th consecutive month of job growth, with

426,100 full-time equivalent employees (FTEs) – the industry's largest workforce since 2004. Airlines spent $47 billion in employee wages and benefits in 2017, up 54 percent since 2010, driven in part by additional workers and a $34,000-per-year increase in compensation per FTE. From 2010 through 2017, the largest U.S. passenger airlines spent $295 billion on employee compensation.

"Through high-quality, lucrative careers and significant economic stimulation around the country, U.S. passenger and cargo airlines are dedicated to investment in their people, products, and facilities. Airlines serve as valued partners to airports and will continue to do so, without the need for higher taxes on passengers or shippers," continued Heimlich.

Thanks in large part to collaboration between airlines, airports, and the Department of Homeland Security, enrollment in trusted traveler programs, which yield significantly higher levels of air traveler satisfaction, rose by 3.5 million for the second straight year.

Airline Competition Increased Around the Country, Driving Down Fares

Strong competition across the airline industry has driven down fares, providing travelers with more options than ever before. Competition between U.S. city pairs has increased, with an average of 3.53 airlines on itineraries flown by domestic passengers, up from 3.33 in 2000. Smaller carriers have been growing the fastest thanks to high demand by an increasingly price-sensitive population. The presence of low-cost and ultra-low-cost carriers continues to expand in airports across the country, prompting larger, more established carriers to respond with basic economy products of their own to satisfy the burgeoning demand for no-frills fares.

The affordability of air travel has allowed more Americans than ever before to take to the skies, with 88 percent having flown at least once in their lifetime and 48 percent having flown in 2017. Comparatively, in 1977, only 63 percent had flown in their lifetime and just 25 percent of Americans had taken a flight that year.

Strong Operational Performance Continued in 2017

Despite a challenging year of severe weather – including three major hurricanes, air traffic controller staffing shortages, construction and power outages at key airports and Federal Aviation Administration (FAA) and Customs facilities, security events and other disruptions, Department of Transportation (DOT) statistics show strong airline performance on a number of fronts. Airlines completed 98.5 percent of flights, down only slightly from 98.8 percent in 2016, and posted an on-time arrival rate of 80.2 percent, down from 81.4 percent in 2016 – especially impressive considering the operational impact of Hurricanes Harvey, Irma and Maria. Airlines delivered their best-ever baggage-handling performance, properly handling 99.75 percent of bags (up from 99.73 in 2016) and their best-ever rate of involuntary denied boardings, which fell to just 3.4 per 100,000 passengers, down from 6.2 in 2016. Customer complaints also fell in 2017, with just 1.35 complaints to DOT per 100,000 passengers – the lowest rate since 2013.

Although 2017 revenues rose 4.5 percent thanks primarily to higher traffic volumes, expenses – led by fuel, labor and aircraft – rose significantly faster, up 8.3 percent from 2016. Accordingly, pre-tax profitability fell to $17.6 billion or 11 percent of revenues, down from a 14.1 percent profit margin in 2016. The 11 percent margin put U.S. passenger airlines ahead of Ford and Chipotle but left them far behind Starbucks, Disney, Comcast, Apple, McDonald's and other well-known brands. Even in its best years, the U.S. airline industry lags the U.S. corporate average, with the gap having widened in 2016 and 2017. In 2017, carriers retired an additional $6.1 billion in debt and returned $8.8 billion to shareholders.

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ABOUT A4A

Annually, commercial aviation helps drive $1.5 trillion in U.S. economic activity and more than 10 million U.S. jobs. Airlines for America (A4A) vigorously advocates on behalf of the American airline industry as a model of safety, customer service and environmental responsibility and as the indispensable network that drives our nation's economy and global competitiveness.

America needs a cohesive National Airline Policy that will support the integral role the nation's airlines play in connecting people and goods globally, spur the nation's economic growth and create more high-paying jobs. A4A works collaboratively with the airlines, labor groups, Congress and the Administration to improve air travel for everyone.

For more information about the airline industry, visit our website airlines.org and our blog, A Better Flight Plan, at airlines.org/blog.
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