



# Air Passenger Market Analysis

December 2021

## Air travel recovery continued in December

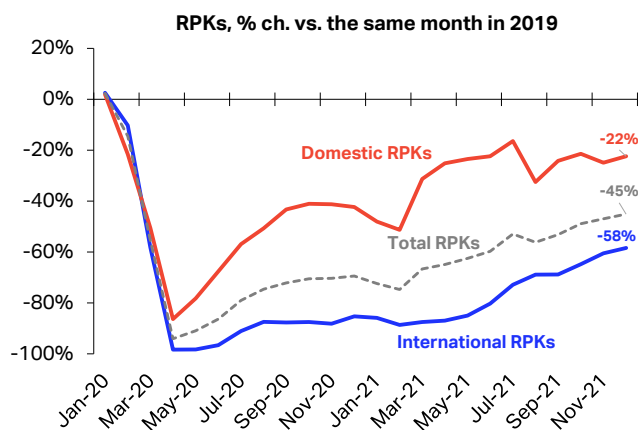
- The air-travel recovery continued into the year-end despite Omicron disruptions, with industry-wide revenue passenger-kilometers (RPKs) down 45.1% in December 2021 versus December 2019. In full 2021, global RPKs rose to 41.6% of 2019 levels compared with 34.2% in 2020 as more markets reopened with vaccination progress.
- Global passenger seat capacity (ASKs) recovered to 51.2% of pre-pandemic levels in 2021 and the global passenger load factor was at 67.2% – down 15.4 percentage points compared with 2019.
- Ticket sales for future travel deteriorated since November across domestic and international routes. This suggests that the traditionally less busy January-February period will be weaker than in the absence of Omicron.

### Air travel resilient to Omicron in December

The global air-travel recovery continued into the year-end as strong demand over the holiday season compensated for the Omicron related disruptions. The industry-wide revenue passenger-kilometers (RPKs) fell by 45.1% in December 2021 versus December 2019, after a 47.0% decline in November 2021 versus November 2019.

The December improvement was broad-based across the majority of international and key domestic markets (**Chart 1**). However, the results would have in all probability been stronger in the absence of the Omicron outbreak. At the regional level, North and Latin American airlines ended the year as the best performers with RPKs 23% below December 2019.

**Chart 1 – Global air passenger volumes (RPKs)**



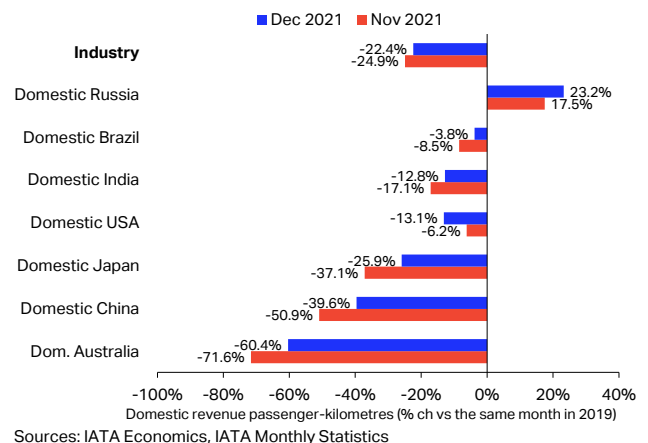
2021 remained challenging for the airline industry though it showed considerable improvement over

2020. Progress on vaccination and improved testing efficiency helped lift domestic lockdowns and reopen some international markets. This pushed global RPKs to 41.6% of 2019 levels in 2021, versus 34.2% in 2020.

### Domestic air travel continued to lead the way in 2021

Domestic markets recovered at a faster pace than international routes in 2021 thanks to generally more relaxed travel rules. However, this recovery was also more volatile because of significant sways in traffic in some of the larger domestic markets, notably China. In full 2021, global domestic RPKs were 28.2% lower than in 2019. In December, domestic RPKs were 22.4% below the same month in 2019 (**Chart 2**).

**Chart 2 – Domestic RPK growth versus the same month in 2019, region of registration basis**



Russia was the only market to see growth in RPKs in 2021, with RPKs on average 24.2% above 2019 levels. The market's growth was the strongest in the June-

## Air passenger market overview - December 2021

	World share in 2021 <sup>1</sup>	December 2021 (% ch vs the same month in 2019)				December 2021 (% year-on-year)			
		RPK	ASK	PLF (%-pt) <sup>2</sup>	PLF (level) <sup>3</sup>	RPK	ASK	PLF (%-pt) <sup>2</sup>	PLF (level) <sup>3</sup>
<b>TOTAL MARKET</b>	<b>100.0%</b>	<b>-45.1%</b>	<b>-37.6%</b>	<b>-9.8%</b>	<b>72.3%</b>	<b>79.5%</b>	<b>45.5%</b>	<b>13.7%</b>	<b>72.3%</b>
International	37.6%	-58.4%	-50.7%	-12.8%	68.9%	182.8%	98.1%	20.6%	68.9%
Domestic	62.4%	-22.4%	-15.0%	-7.2%	75.7%	34.5%	14.8%	11.1%	75.7%

<sup>1</sup>% of RPKs

<sup>2</sup>Change in load factor vs same month in 2019

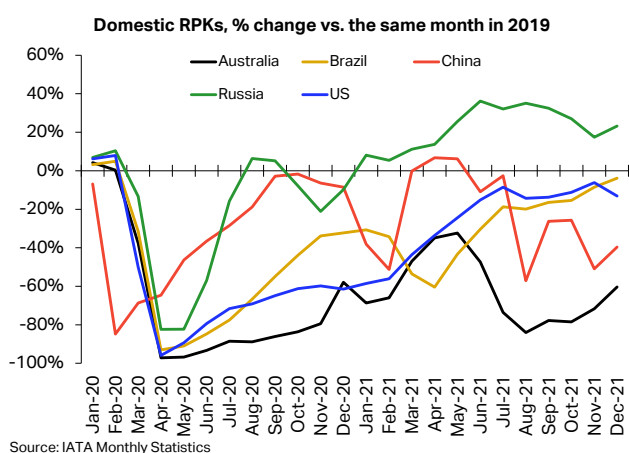
<sup>3</sup>Load factor level

September period (up between 32-35% versus 2019), supported by booming domestic tourism when most international destinations were closed (**Chart 3**). Although the RPK expansion decelerated during Q4 because of the new strong COVID wave, December 2021 still recorded a robust 23% above the December 2019 level.

**US'** domestic air-travel swiftly rebounded in the first half of the year (**Chart 3**) as large-scale vaccination efforts allowed the reopening of domestic routes. However, the Delta outbreak in late-summer and more recently also the new Omicron coronavirus variant, caused staff shortages which, coupled with bad weather conditions, stopped the RPKs short of pre-pandemic levels in H2. US domestic RPKs fell by 13.1% in December and by 23.8% in 2021 as a whole compared with 2019 levels.

In **China**, domestic RPKs exceeded pre-crisis levels in April and May amid successful pandemic containment. Since then, small virus outbreaks were followed by sweeping restrictions, pushing RPKs deep into contraction territory on several occasions. This left Chinese domestic RPKs at 60.4% of 2019 levels in December and at 75.6% of 2019 traffic in full 2021.

**Chart 3: Domestic RPKs – time series**



Following a recovery set back in Q2 attributable to COVID resurgence, **Brazil's** domestic RPKs trended upward, reaching 96.2% of 2019 levels in December. The market's swift recovery was supported by successful vaccination and strong travel demand in the region. Full-year RPKs were 27.2% below 2019.

**India's** domestic air travel followed a similar trajectory to Brazil's although the deterioration in Q2 was more pronounced. In December 2021, the market's RPKs were 12.8% below December 2019, and in 2021 as a whole, they fell by 41.8% compared with 2019.

Traffic recovery in **Australia** and **Japan** suffered from on and off strict travel rules that kept full-year RPKs in both countries at 58-62% below where they were in 2019. However, monthly developments were different

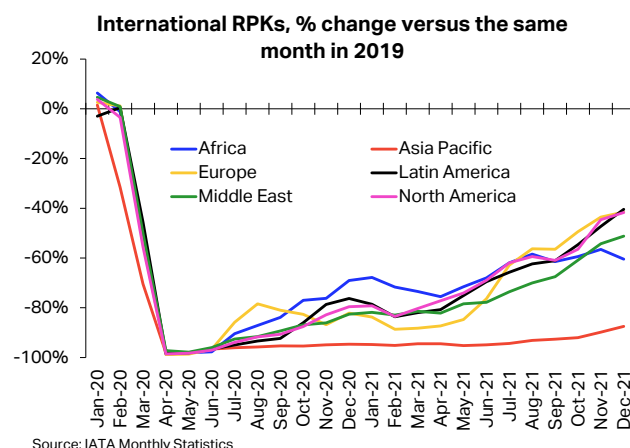
in the two markets. In Japan, air-travel recovery stalled throughout most of 2021, but accelerated in Q4, reaching 74.1% of pre-crisis levels in December. In contrast, Australian domestic air-travel peaked in Q2 and has not recovered since, with December RPKs 60.4% below 2019.

**International RPKs started to recover mid-2021**

Recovery in international air-travel stagnated in the first half of 2021 but improved gradually from June amid the reopening of some short-haul markets. In full 2021, international RPKs were 75.5% below 2019 levels. This was similar to 75.4% in 2020 due to still strong international travel in January-February 2020.

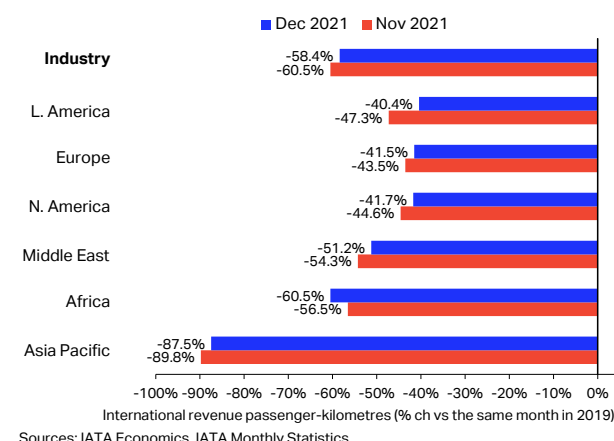
Most regions followed a similar international RPKs trajectory in 2021 (**Chart 4**), recording a full year traffic 65-72% below 2019. Asia Pacific airlines were the only significant outliers, showing little improvement from the peak of the crisis in April 2020. This can be attributed to risk averse behavior of regional governments towards border openings.

**Chart 4: International RPKs, % change vs. 2019**



Despite the Omicron outbreak, international RPK rose to 41.6% of 2019 levels (**Chart 5**) in December thanks to resilient trips to visit friends and relatives. Africa was the only region that weakened due to travel bans from southern Africa aimed to limit the Omicron spread.

**Chart 5 – International RPK growth versus the same month in 2019 (airline region of registration basis)**



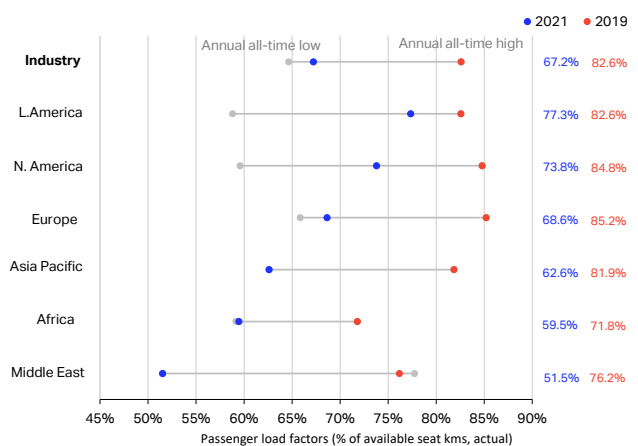
### Load factors in 2021 remained well below 2019

Despite the negative impact of flight cancellations, global seat capacity (ASKs) improved to 62.4% of 2019 levels in December compared with 60.2% in November. Looking at 2021 as a whole, ASKs fell by 48.8% in 2021 versus 2019 – a 7.8 percentage points improvement over 2020 as airlines continued to restore capacity to meet the recovering passenger demand.

At the regional level, North American airlines returned the most seats back to the market (70.1% of 2019), owing to the traffic recovery on the US domestic and North-Central America routes.

Although more seats were filled with passengers in 2021 than in 2020, the passenger loads (PLFs) were nowhere near the pre-crisis levels in any of the region apart from Latin America (**Chart 6**). The industry-wide PLF was 67.2% in 2021 as a whole – 15.4 percentage points below 2019. In December 2021, global PLF stood at 72.3% compared with 82.1% in December 2019.

**Chart 6:** Passenger load factor by region



Sources: IATA Economics, IATA Monthly Statistics \*Data from 1990 onwards

### Looking into 2022...

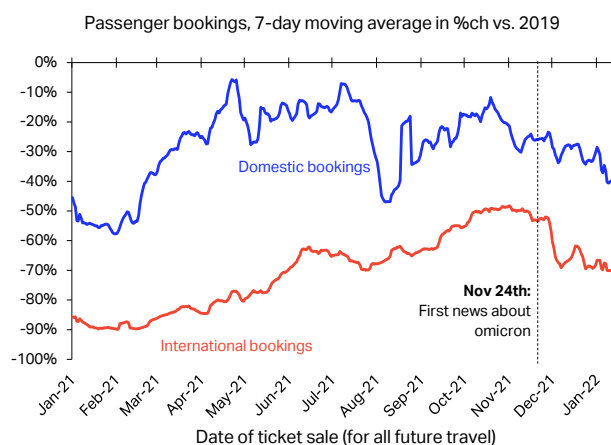
Global air-travel started 2022 on soft note. The Omicron outbreak resulted in new travel rules that negatively impacted both passenger capacity and demand. Globally, tickets sold for travel in any point in the future were at 45% of 2019 levels in the first half of January - a deterioration compared with 50% in December and 56% in November. Since travelers tend to book on a short notice, this fall in ticket sales indicates that the traditionally weak months of January and February will likely be somewhat weaker than would have been the case in the absence of the Omicron outbreak.

Developments in international ticket sales (**Chart 7**) suggest that international travel will be affected more than domestic routes by the Omicron wave. This is because countries reintroduced restrictions on international arrivals or abandoned plans to lift

contemporary restrictions. In the first half of January, international bookings were at 29% of pre-crisis levels, compared with 43% in November.

The impact of the Omicron disruptions on domestic ticket sales was initially quite limited since travel rules tend to be more relaxed on domestic routes. However, a downward trend seems to have emerged more recently, suggesting that domestic travel will also soften somewhat in the near-term. Tellingly, after a 32% fall in November and 38% in December, the contraction in domestic bookings versus the same period in 2019 accelerated to 45% in the first two weeks of January.

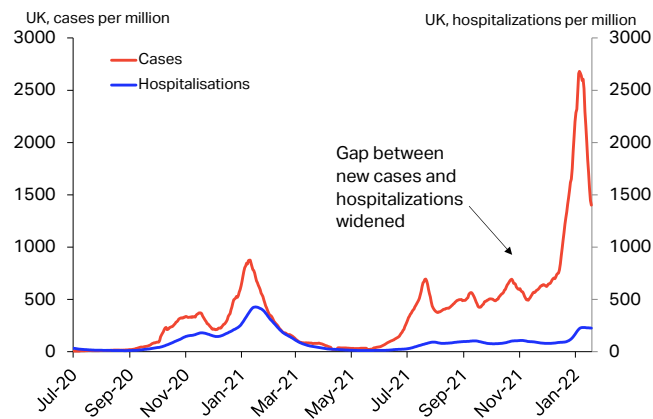
**Chart 7:** Trends in passenger bookings (dom. vs. int'l)



Source: IATA Economics using DDS ticket sales as of 14 January

On a positive note, the air travel recovery is expected to restart again from March. The new Omicron variant seems to lead to less severe symptoms than the previous strains, with a ratio of hospitalizations per cases falling in most countries (**Chart 8**). This raises hopes that the latest outbreak might pass faster than the previous waves and allow air travel to restart just at the time for the traditionally stronger Q2 and Q3 travel period.

**Chart 8:** COVID cases and hospitalizations in the UK



Source: Our World in Data

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 25 January 2022

## Air passenger market in detail - December 2021

	World share in 2021 <sup>1</sup>	December 2021 (% ch vs the same month in 2019)				December 2021 (% year-on-year, 2020)			
		RPK	ASK	PLF (%-pt) <sup>2</sup>	PLF (level) <sup>3</sup>	RPK	ASK	PLF (%-pt) <sup>2</sup>	PLF (level) <sup>3</sup>
<b>TOTAL MARKET</b>	<b>100.0%</b>	<b>-45.1%</b>	<b>-37.6%</b>	<b>-9.8%</b>	<b>72.3%</b>	<b>79.5%</b>	<b>45.5%</b>	<b>13.7%</b>	<b>72.3%</b>
Africa	1.9%	-57.1%	-52.1%	-7.6%	64.7%	32.1%	19.0%	6.4%	64.7%
Asia Pacific	27.5%	-65.6%	-55.0%	-19.1%	62.5%	-4.6%	-5.1%	0.3%	62.5%
Europe	24.9%	-37.4%	-30.4%	-8.5%	74.5%	177.5%	120.3%	15.4%	74.5%
Latin America	6.5%	-22.8%	-22.2%	-0.7%	81.6%	83.4%	65.7%	7.9%	81.6%
Middle East	6.5%	-49.6%	-41.3%	-11.0%	66.3%	163.6%	76.7%	21.8%	66.3%
North America	32.6%	-22.9%	-16.9%	-6.1%	79.3%	139.4%	61.8%	25.7%	79.3%
<b>International</b>	<b>37.6%</b>	<b>-58.4%</b>	<b>-50.7%</b>	<b>-12.8%</b>	<b>68.9%</b>	<b>182.8%</b>	<b>98.1%</b>	<b>20.6%</b>	<b>68.9%</b>
Africa	1.5%	-60.5%	-54.9%	-8.9%	63.3%	27.7%	13.3%	7.2%	63.3%
Asia Pacific	3.1%	-87.5%	-79.7%	-31.4%	50.4%	133.0%	55.1%	16.8%	50.4%
Europe	18.6%	-41.5%	-33.3%	-10.3%	73.4%	228.0%	144.9%	18.6%	73.4%
Latin America	2.1%	-40.4%	-40.0%	-0.6%	81.3%	150.8%	98.5%	17.0%	81.3%
Middle East	6.0%	-51.2%	-42.8%	-11.4%	66.0%	180.1%	83.6%	22.7%	66.0%
North America	6.2%	-41.7%	-31.6%	-12.5%	72.2%	185.5%	87.0%	24.9%	72.2%
<b>Domestic</b>	<b>62.4%</b>	<b>-22.4%</b>	<b>-15.0%</b>	<b>-7.2%</b>	<b>75.7%</b>	<b>34.5%</b>	<b>14.8%</b>	<b>11.1%</b>	<b>75.7%</b>
Dom. Australia <sup>4</sup>	0.7%	-60.4%	-36.3%	-31.4%	51.5%	-5.8%	23.5%	-16.1%	51.5%
Domestic Brazil <sup>4</sup>	1.9%	-3.8%	-1.8%	-1.7%	82.3%	42.0%	41.5%	0.3%	82.3%
Dom. China P.R. <sup>4</sup>	17.8%	-39.6%	-22.1%	-18.4%	63.4%	-34.0%	-27.0%	-6.7%	63.4%
Domestic India <sup>4</sup>	2.2%	-12.8%	-3.6%	-8.4%	79.8%	52.4%	34.2%	9.5%	79.8%
Domestic Japan <sup>4</sup>	1.1%	-25.9%	-14.8%	-9.1%	60.7%	55.4%	12.9%	16.6%	60.7%
Dom. Russian Fed. <sup>4</sup>	4.5%	23.2%	9.4%	9.9%	87.6%	36.7%	24.4%	7.9%	87.6%
Domestic US <sup>4</sup>	25.6%	-13.1%	-9.0%	-3.9%	82.0%	125.7%	53.5%	26.2%	82.0%

<sup>1</sup>% of RPKs

<sup>2</sup>Change in load factor vs same month in 2019

<sup>3</sup>Load factor level

<sup>4</sup>Note: the seven domestic passenger markets for which broken-down data are available account for approximately 46% of global total RPKs and 86% of total domestic RPKs

Note: The total industry and regional growth rates are based on a constant sample of airlines combining reported data and estimates for missing observations. Airline traffic is allocated according to the region in which the carrier is registered; it should not be considered as regional traffic.

### 2021 calendar year (% ch. versus 2019)

	2021, % change versus 2019			
	RPK	ASK	PLF (%-pt) <sup>2</sup>	PLF (level) <sup>3</sup>
<b>TOTAL MARKET</b>	<b>-58.4%</b>	<b>-48.8%</b>	<b>-15.4%</b>	<b>67.2%</b>
Africa	-62.8%	-55.1%	-12.3%	59.5%
Asia Pacific	-66.9%	-56.7%	-19.2%	62.6%
Europe	-61.3%	-51.9%	-16.6%	68.6%
Latin America	-47.4%	-43.9%	-5.2%	77.3%
Middle East	-69.9%	-55.5%	-24.6%	51.5%
North America	-39.0%	-29.9%	-11.0%	73.8%

<sup>2</sup>Change in load factor vs same period in 2019

<sup>3</sup>Load factor level

	2021, % change versus 2019			
	RPK	ASK	PLF (%-pt) <sup>2</sup>	PLF (level) <sup>3</sup>
<b>International</b>	<b>-75.5%</b>	<b>-65.3%</b>	<b>-24.0%</b>	<b>58.0%</b>
Africa	-65.2%	-56.7%	-14.1%	57.3%
Asia Pacific	-93.2%	-84.9%	-44.3%	36.5%
Europe	-67.6%	-57.4%	-20.6%	65.0%
Latin America	-66.9%	-62.2%	-10.2%	72.6%
Middle East	-71.6%	-57.7%	-25.1%	51.1%
North America	-65.6%	-52.0%	-23.8%	60.2%

<sup>2</sup>Change in load factor vs same period in 2019

<sup>3</sup>Load factor level

	2021, % change versus 2019			
	RPK	ASK	PLF (%-pt) <sup>2</sup>	PLF (level) <sup>3</sup>
<b>Domestic</b>	<b>-28.2%</b>	<b>-19.2%</b>	<b>-9.3%</b>	<b>74.3%</b>
Dom. Australia	-62.4%	-50.4%	-19.6%	61.2%
Domestic Brazil	-27.2%	-25.1%	-2.3%	80.4%
Dom. China P.R.	-24.4%	-8.9%	-14.4%	70.2%
Domestic India	-41.8%	-28.8%	-15.9%	71.4%
Domestic Japan	-57.9%	-38.3%	-23.4%	50.4%
Dom. Russian Fed.	24.2%	19.4%	3.4%	86.5%
Domestic US	-23.8%	-16.7%	-7.3%	78.0%

<sup>2</sup>Change in load factor vs same period in 2019

<sup>3</sup>Load factor level

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