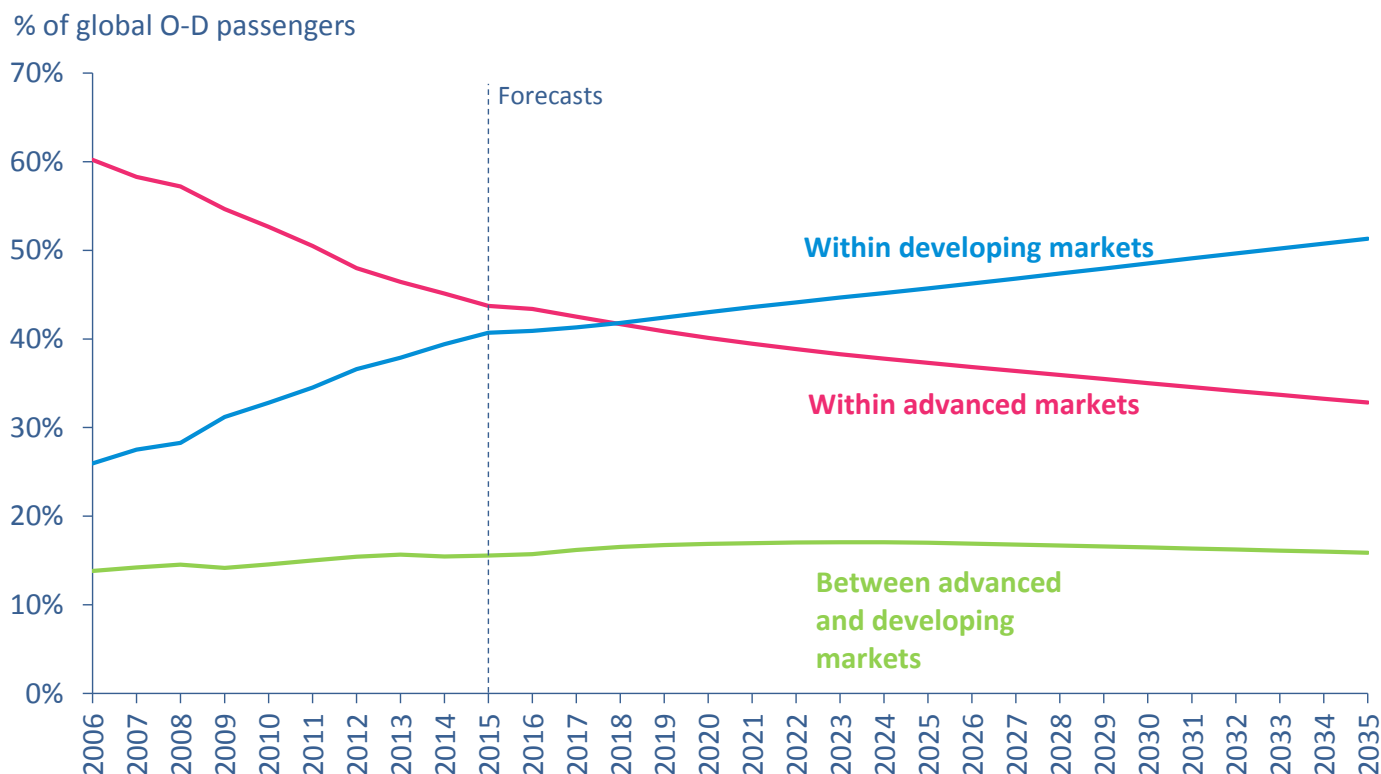




IATA ECONOMICS' CHART OF THE WEEK

28 OCTOBER 2016

THE TIMES THEY ARE A-CHANGING



Sources: IATA PaxIS+, IATA/TE passenger forecasts (www.iata.org/pax-forecast)

- One of the key trends we've seen in the global air passenger market over the past decade or so has been the rising share of developing markets as a proportion of total passenger flows. Origin-destination traffic within developing markets (which includes domestic flows in developing markets and international traffic between them) rose from 26% of total traffic in 2006 to 41% in 2015. This has come at the expense of traffic within the so-called 'advanced' markets, whose share has shrunk from 60% to 44% over the same period.
- This trend is partly a reflection of aviation's center of gravity shifting eastward. Indeed, increases in the domestic passenger markets of India and China alone account for half of the increase since 2006. The general shift eastward relates to stronger growth – and future growth potential – in developing markets.
- In turn, the faster growth in these markets reflects the combination of a number of factors, including 'catch-up' growth in per capita incomes, as well as generally more favorable population and demographic factors. Ongoing network development and expansion in the developing markets, including increased frequencies, also saves time for passengers and has the same stimulatory impact on demand as a cut in airfares.
- Crucially, these trends are set to continue in the future. Indeed, according to our long-run passenger forecasts, the 'Within developing market' group is on course to overtake the 'Within advanced' group in 2018 and to exceed 50% of total passenger traffic in the early-2030s. (See [here](#) for further details of the forecasting service.)

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