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Air Passenger Forecasts October 2019

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Country Report - Germany

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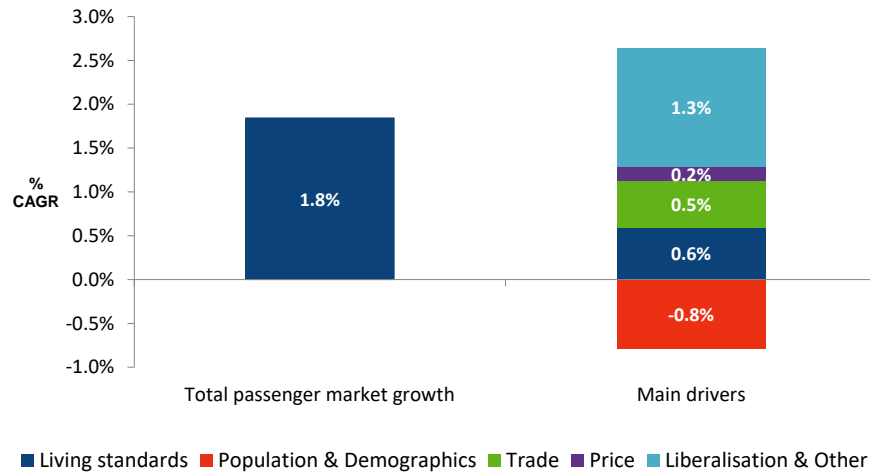
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Germany - Passenger Market Overview

Decomposition of growth, 2018-2038



The German air passenger market is forecast to grow at an average annual growth rate of 1.8% per annum over the next 20 years.

This puts Germany in the 12th percentile of fastest growing markets in our forecast during the period 2018-2038.

Improvements in living standards contribute 0.6 percentage points to annual growth. Unfavourable population and demographic factors are forecast to withdraw -0.8 percentage points from annual growth.

Favourable price factors are forecast to contribute 0.2 percentage points to annual growth.

Other factors, mainly future technological gains, will contribute 1.3 percentage points per year.

Explanation of the main drivers of growth (for more details, see the *Global Report*)

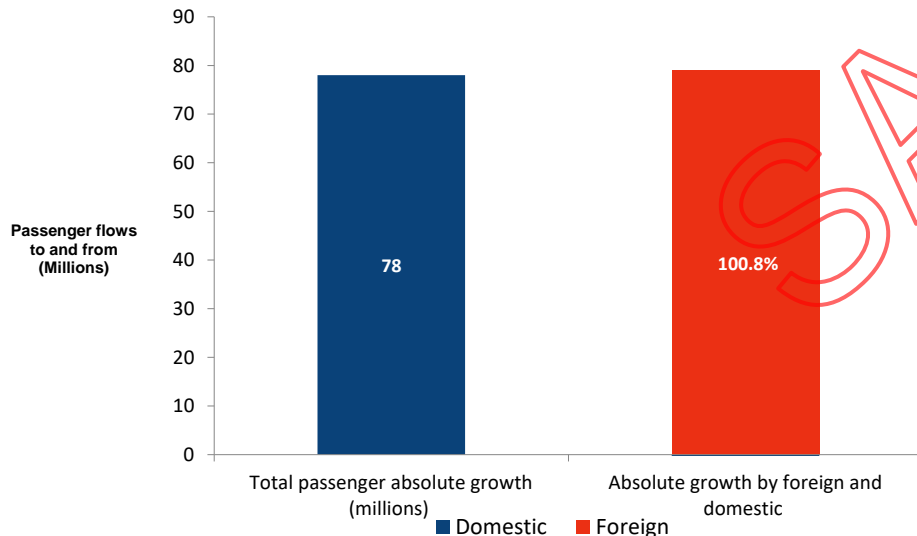
Living standards: We proxy a country's standard of living by its level of Gross Domestic Product per capita (ie, the total amount of output produced in an economy each year divided by its population). The living standards channel captures the clear relationship between the number of trips taken on average by inhabitants of a country each year and that country's standard of living.

Population and demographics: Forecasting air passenger markets requires a further understanding of how many people there will be to demand air travel in the future. This will depend on changes in total population sizes over time as well as changes in demographic structures; given that older people tend to fly less often than people in working-age groups, air market growth in countries whose populations are projected to age considerably over the coming 20 years is likely to face headwinds.

Trade flows: A high correlation is observed between a country's trade openness – measured by exports and imports as a proportion of an economy's total output – and its propensity to travel. We therefore include Oxford Economics' forecasts of trade intensity over time into our modelling.

Price and liberalisation: The decline in the price of air travel – that is the cost of air travel in both monetary terms and the time saved by more direct routes – has been a notable feature of the industry over the past 60 years or so. We expect the downward trend in the unit cost of air travel to resume in the future, mainly reflecting new technologies and efficiencies being realized. The introduction of new longer-range mid-size aircraft will connect many more city and country pairs too and lead to considerable time savings for passengers. Future potential for reductions in travel times will also be driven by changes in regulatory regimes.

Change in passenger numbers, 2018-2038



Germany is forecast to gain an additional 78 million passengers by 2038, compared to 2018.

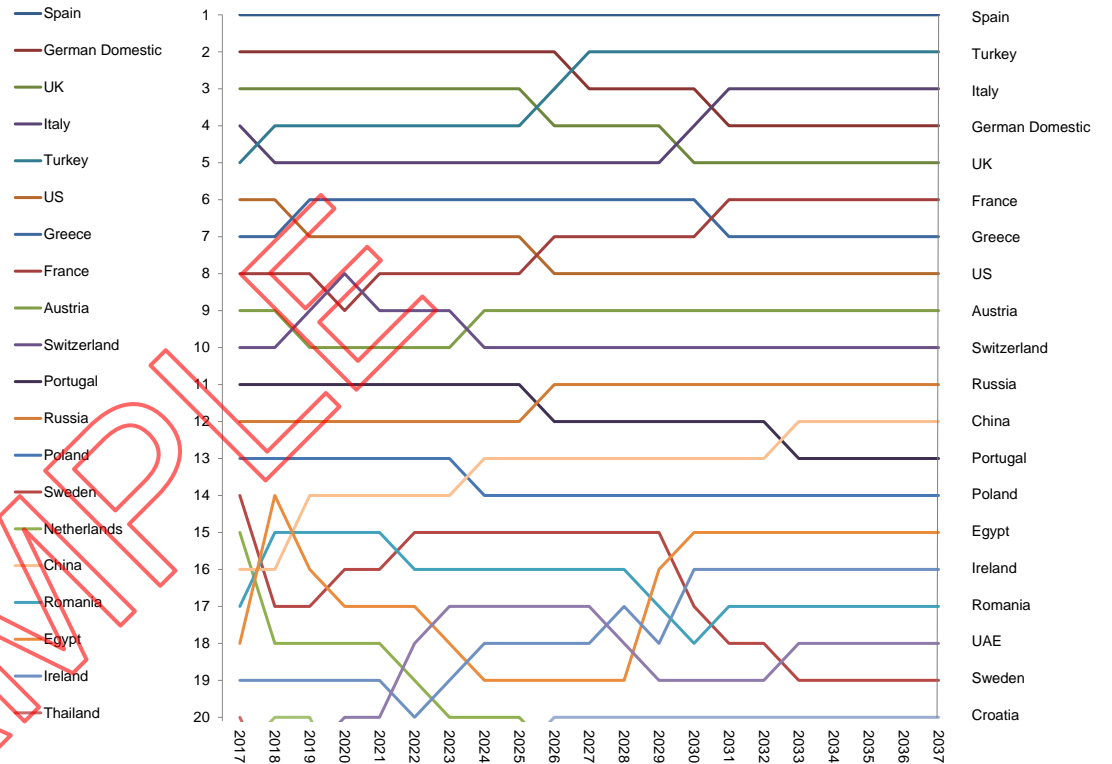
Whilst Germany is in the 12th percentile in terms of fastest growing markets over the next 20 years, it is forecast to be ranked as the 8th largest market based on the total number of passengers in 2038.

Domestic passengers will represent -0.8% of total growth over this period, accounting for -1 million additional passengers.

Foreign passengers will contribute more to overall growth, representing 100.8% of total growth, equal to 79 million additional passengers.

Rank	Country	Passenger numbers ('000s)				CAGR %		
		2018	2023	2028	2038	5 year 2018-2023	10 year 2018-2028	20 year 2018-2038
1	Spain	30,000	36,500	44,407	65,734	4.0%	4.0%	4.0%
2	German Domestic	28,500	34,675	42,187	62,447	4.0%	4.0%	4.0%
3	UK	27,000	32,850	39,967	59,160	4.0%	4.0%	4.0%
4	Turkey	25,500	31,025	37,746	55,874	4.0%	4.0%	4.0%
5	Italy	24,000	29,200	35,526	52,587	4.0%	4.0%	4.0%
6	US	22,500	27,375	33,305	49,300	4.0%	4.0%	4.0%
7	Greece	21,000	25,550	31,085	46,014	4.0%	4.0%	4.0%
8	France	19,500	23,725	28,865	42,727	4.0%	4.0%	4.0%
9	Austria	18,000	21,900	26,644	39,440	4.0%	4.0%	4.0%
10	Switzerland	16,500	20,075	24,424	36,154	4.0%	4.0%	4.0%
11	Portugal	15,000	18,250	22,204	32,867	4.0%	4.0%	4.0%
12	Russia	13,500	16,425	19,983	29,580	4.0%	4.0%	4.0%
13	Poland	12,000	14,600	17,763	26,293	4.0%	4.0%	4.0%
14	Egypt	10,500	12,775	15,543	23,007	4.0%	4.0%	4.0%
15	Romania	9,000	10,950	13,322	19,720	4.0%	4.0%	4.0%
16	China	7,500	9,125	11,102	16,433	4.0%	4.0%	4.0%
17	Sweden	6,000	7,300	8,881	13,147	4.0%	4.0%	4.0%
18	Netherlands	4,500	5,475	6,661	9,860	4.0%	4.0%	4.0%
19	Ireland	3,000	3,650	4,441	6,573	4.0%	4.0%	4.0%
20	Denmark	1,500	1,825	2,220	3,287	4.0%	4.0%	4.0%

Top Germany country pairs ranked by passenger numbers, 2018-2038



The German domestic market is ranked 2nd in 2018 and is forecast to remain as the 2nd largest market in 2038, taking 6.5% of the total market in 2038, down from 9.8% in 2018.

Whilst the German domestic market is the 2nd largest market in 2018, the largest market is Spain, accounting for 15.4% of total passengers, forecast to rise to 16.1% by 2038.

The biggest three markets in 2018 are Spain, German Domestic and the UK, while in 2038 they are forecast to become Spain, Turkey and Italy respectively.

The largest riser in the 20 year period is forecast to be India rising 9 places to be ranked 24th largest market in 2038.

Whilst the biggest faller in the period 2018-2038 is forecast to be Netherlands falling 6 places to be ranked 21st largest market in 2038.

Germany - Annual Outlook (%)

To/from Germany

Note: full access to our forecast database is available through our online webtool. Please contact us for more details (contact details can be found on the Glossary tab).

Annual % change	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
	Actual	Actual	Forecast																			
Domestic	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
North America	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Canada	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
United States	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Europe	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Germany	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
France	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Italy	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
UK	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Russia	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Spain	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Asia	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Japan	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
China	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
India	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Indonesia	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Australia	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Thailand	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Latin America	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Mexico*	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Middle East	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Saudi Arabia	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
UAE	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Africa	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Nigeria	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
South Africa	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Total	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%

*Mexico figure will be included under North America region to be consistent with other Oxford Economics databanks, but is displayed under Latin America in this report for illustrative purposes.

Germany - Annual Outlook (Passenger numbers)

To/from Germany

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Passenger numbers ('000s)	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
	Actual	Actual	Forecast																			
Domestic	20,000	20,800	21,632	22,497	23,397	24,333	25,306	26,319	27,371	28,466	29,605	30,789	32,021	33,301	34,634	36,019	37,460	38,958	40,516	42,137	43,822	45,575
North America	10,000	10,400	10,816	11,249	11,699	12,167	12,653	13,159	13,686	14,233	14,802	15,395	16,010	16,651	17,317	18,009	18,730	19,479	20,258	21,068	21,911	22,788
Canada	1,000	1,040	1,082	1,125	1,170	1,217	1,265	1,316	1,369	1,423	1,480	1,539	1,601	1,665	1,732	1,801	1,873	1,948	2,026	2,107	2,191	2,279
United States	9,000	9,360	9,734	10,124	10,529	10,950	11,388	11,843	12,317	12,810	13,322	13,855	14,409	14,986	15,585	16,208	16,857	17,531	18,232	18,962	19,720	20,509
Europe	140,000	145,600	151,424	157,481	163,780	170,331	177,145	184,230	191,600	199,264	207,234	215,524	224,145	233,110	242,435	252,132	262,217	272,706	283,614	294,959	306,757	319,028
Germany	18,000	18,720	19,469	20,248	21,057	21,900	22,776	23,687	24,634	25,620	26,644	27,710	28,819	29,971	31,170	32,417	33,714	35,062	36,465	37,923	39,440	41,018
France	6,000	6,240	6,490	6,749	7,019	7,300	7,592	7,896	8,211	8,540	8,881	9,237	9,606	9,990	10,390	10,806	11,238	11,687	12,155	12,641	13,147	13,673
Italy	11,000	11,440	11,898	12,374	12,868	13,383	13,919	14,475	15,054	15,656	16,283	16,934	17,611	18,316	19,048	19,810	20,603	21,427	22,284	23,175	24,102	25,066
UK	13,000	13,520	14,061	14,623	15,208	15,816	16,449	17,107	17,791	18,503	19,243	20,013	20,813	21,646	22,512	23,412	24,349	25,323	26,336	27,389	28,485	29,624
Russia	3,000	3,120	3,245	3,375	3,510	3,650	3,796	3,948	4,106	4,270	4,441	4,618	4,803	4,995	5,195	5,403	5,619	5,844	6,077	6,321	6,573	6,836
Spain	30,000	31,200	32,448	33,746	35,096	36,500	37,960	39,478	41,057	42,699	44,407	46,184	48,031	49,952	51,950	54,028	56,189	58,437	60,774	63,205	65,734	68,363
Asia	11,000	11,440	11,898	12,374	12,868	13,383	13,919	14,475	15,054	15,656	16,283	16,934	17,611	18,316	19,048	19,810	20,603	21,427	22,284	23,175	24,102	25,066
Japan	1,000	1,040	1,082	1,125	1,170	1,217	1,265	1,316	1,369	1,423	1,480	1,539	1,601	1,665	1,732	1,801	1,873	1,948	2,026	2,107	2,191	2,279
China	2,000	2,080	2,163	2,250	2,340	2,433	2,531	2,632	2,737	2,847	2,960	3,079	3,202	3,330	3,463	3,602	3,746	3,896	4,052	4,214	4,382	4,558
India	1,000	1,040	1,082	1,125	1,170	1,217	1,265	1,316	1,369	1,423	1,480	1,539	1,601	1,665	1,732	1,801	1,873	1,948	2,026	2,107	2,191	2,279
Indonesia	1,000	1,040	1,082	1,125	1,170	1,217	1,265	1,316	1,369	1,423	1,480	1,539	1,601	1,665	1,732	1,801	1,873	1,948	2,026	2,107	2,191	2,279
Australia	500	520	541	562	585	608	633	658	684	712	740	770	801	833	866	900	936	974	1,013	1,053	1,096	1,139
Thailand	1,000	1,040	1,082	1,125	1,170	1,217	1,265	1,316	1,369	1,423	1,480	1,539	1,601	1,665	1,732	1,801	1,873	1,948	2,026	2,107	2,191	2,279
Latin America	1,000	1,040	1,082	1,125	1,170	1,217	1,265	1,316	1,369	1,423	1,480	1,539	1,601	1,665	1,732	1,801	1,873	1,948	2,026	2,107	2,191	2,279
Mexico*	500	520	541	562	585	608	633	658	684	712	740	770	801	833	866	900	936	974	1,013	1,053	1,096	1,139
Middle East	5,000	5,200	5,408	5,624	5,849	6,083	6,327	6,580	6,843	7,117	7,401	7,697	8,005	8,325	8,658	9,005	9,365	9,740	10,129	10,534	10,956	11,394
Saudi Arabia	300	312	324	337	351	365	380	395	411	427	444	462	480	500	520	540	562	584	608	632	657	684
UAE	1,000	1,040	1,082	1,125	1,170	1,217	1,265	1,316	1,369	1,423	1,480	1,539	1,601	1,665	1,732	1,801	1,873	1,948	2,026	2,107	2,191	2,279
Africa	5,000	5,200	5,408	5,624	5,849	6,083	6,327	6,580	6,843	7,117	7,401	7,697	8,005	8,325	8,658	9,005	9,365	9,740	10,129	10,534	10,956	11,394
Nigeria	100	104	108	112	117	122	127	132	137	142	148	154	160	167	173	180	187	195	203	211	219	228
South Africa	100	104	108	112	117	122	127	132	137	142	148	154	160	167	173	180	187	195	203	211	219	228
Total	200,000	208,000	216,320	224,973	233,972	243,331	253,064	263,186	273,714	284,662	296,049	307,891	320,206	333,015	346,335	360,189	374,596	389,580	405,163	421,370	438,225	455,754

*Mexico figure will be included under North America region to be consistent with other Oxford Economics databanks, but is displayed under Latin America in this report for illustrative purposes.

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Contacts

David Oxley (oxleyd@iata.org)

Tourism Economics

Tourism Economics is an Oxford Economics company with a singular focus on quantitative analysis of the travel industry. By combining rigorous modeling with industry knowledge, Tourism Economics develops custom market strategies, industry forecasts, policy analysis and economic impact studies. Our parent company, Oxford Economics, is one of the world's leading providers of economic analysis, forecasts and consulting advice. Founded in 1981 as a joint venture with Oxford University's business college, Oxford Economics enjoys a reputation for high quality, quantitative analysis and evidence-based advice.

Contacts

Dave Goodger (dgoodger@oxfordeconomics.com)

Glossary

Country pair

Annual flow of air passengers between two countries on a bi-directional basis (eg, the country pair 'United States - United Kingdom' includes passenger flows from the US to the UK as well as from the UK to the US). The country pairs are reported on an origin-destination basis. For example, if a passenger flies from an origin in the UK to a destination in the US via a connection in another country, the trip will be recorded as a passenger traveling from the UK to the US.

Annual percentage change

Amount of growth or decline from the same period last year. Calculated as $((\text{This year} - \text{Last year}) / \text{Last year}) * 100$.

Passenger market

The annual flow of air passengers to, from and within the market in question. Equals the sum of the country-pair flows for that country.

Market

Market totals measure the annual flow of passenger to, from and within the country or region in question.

Compound Annual Growth Rate (CAGR)

The smoothed annualized growth rate over a given time period. Calculated as $(\text{Ending Value} / \text{Beginning Value})^{(1 / \text{Number of Years})} - 1$.

Definition of passengers

The passenger numbers in our service are taken from IATA's Passenger Intelligence Service (better known as PaxIS: www.pax-is.com) and are derived from ticket sales settled through IATA's Billing and Settlement Plan offices around the world. The PaxIS data directly cover 80% of the world ticket sales, but include accurate estimates of other sales channels such as direct sales by airlines and by low cost carriers, to capture 100% of traffic. The data cover scheduled flights only and measure the annual flow of air passengers between two countries on a bi-directional basis (eg, the country pair 'United States - United Kingdom' includes passenger flows from the US to the UK as well as from the UK to the US). The country pairs are also reported on an origin-destination basis. For example, if a passenger flies from an origin in the UK to a destination in the US via a connection in another country, the trip will be recorded as a passenger traveling from the UK to the US.

Market and regional definitions

Note that the market totals are calculated from our underlying bi-directional country-pair forecasts. The individual markets therefore represent the total number of passenger journeys to, from and within a given market. As with the individual market totals, the regional numbers represent the total number of passenger journeys to, from and within a given region. Note that for conceptual reasons, and to avoid double counting, regional totals do not equal the sum of their respective individual markets.

Living standards

We proxy a country's standard of living by its level of Gross Domestic Product per capita (ie, the total amount of output produced in an economy each year divided by its population). The living standards channel captures the clear relationship between the number of trips taken on average by inhabitants of a country each year and that country's standard of living.

Population and demographics

Forecasting air passenger markets requires a further understanding of how many people there will be to demand air travel in the future. This will depend on changes in total population sizes over time as well as changes in demographic structures over time; given that older people tend to fly less often than people in working-age groups, air market growth in countries whose populations are projected to age considerably over the coming 20 years is likely to face headwinds.

Trade flows

A high correlation is observed between a country's trade intensity – measured by exports and imports as a proportion of an economy's total output – and its propensity to travel. We therefore include Oxford Economics' forecasts of trade intensity over time into our modelling.

Price and liberalisation

The decline in the price of air travel – that is the cost of air travel in both monetary terms and the time saved by more direct routes – has been a notable feature of the industry over the past 60 years or so. We expect the downward trend in the unit cost of air travel to resume in the future, mainly reflecting new technologies and efficiencies being realized. The introduction of new longer-range mid-size aircraft will connect many more city and country pairs too and lead to considerable time savings for passengers. Future potential for reductions in travel times will also be driven by changes in regulatory regimes.

Passenger market

The annual flow of air passengers to, from and within the market in question. Equals the sum of the country-pair flows for that country.