

Air Monitor 2024: American Express Global Business Travel Forecasts Flattening Air Fares

Amex GBT Consulting's annual report finds modest price rises and falls likely on key business routes.

Airfares look set to stabilise across key routes around the world during 2024, according to new forecasts from the consulting team at American Express Global Business Travel (Amex GBT). Air Monitor 2024, expects marginal price rises, and some falls, on regional and international business travel routes.

Across all regions, airfare fluctuations reveal mixed trends – with a broad outlook of increased price stability in 2024. North America is expected to see minor changes in fares within the region (less than 1%) and to Europe (+0.3% business class, -2.5% economy), while airfares to Asia are projected to decline in 2024. Flights within Europe are projected to rise around 1%, with declines in prices between Europe and the Middle East (-3.5% business class, -2.8% economy) and South America (-3.9% business class, -10.4% economy). All price movements are versus 2023 prices. These trends take account of a range of influencing factors, including airline capacity, local inflation, foreign exchange, and fuel surcharges.

The 2024 Landscape

Airlines reported record earnings in 2023, resulting from robust demand, high fares, and a drop in the price of jet fuel. However, leisure travel, which boosted 2023 revenues thanks to 'revenge tourism,' is expected to

slow down in specific areas as consumer preferences fall prey to high interest rates. Simultaneously, rising oil and jet fuel prices since June 2023, are exerting pressure on carriers, and adding to the cost burden.

Despite strides in rebuilding balance sheets through 2023, the aviation industry continues to grapple with substantial debt burdens. Increasing labour expenses worldwide are coupled with a scarcity of talent in specific areas. Ongoing supply chain issues are anticipated to persist, potentially delaying new aircraft production and impacting expansion plans.

Rates And Retailing

Air Monitor 2024, offers advice on airline negotiations and programme strategies. Negotiated corporate discounts are likely to come under pressure as airlines continue to prioritise yield management. During 2024, further adoption of New Distribution Capability (NDC) could impact corporate travel programmes as airlines' pricing strategies evolve and become increasingly dynamic.

Environmental Impact

Sustainability is expected to be a growing priority for corporations and travellers, urging swift integration of sustainability metrics in air sourcing. Air Monitor 2024, underscores the impact of making modal shift from air to rail where feasible on competitive routes. Customers are reporting significant carbon emissions reductions where their travellers are switching from trains to planes.

"While the expected softening of fare rises is good news for our customers, sourcing for corporate travel programmes remains a challenging environment," said Dan Beauchamp, Head of Consulting at Amex GBT. "We are helping customers deploy smarter strategies as they navigate the changes and drive value for their organisations. Meanwhile, I believe the Air Monitor 2024 report is a useful industry resource for gaining better understanding of many factors influencing the air pricing landscape".

Methodology

Amex GBT used Prophet time series modelling to generate the price forecasts in Air Monitor 2024. The data for the analysis came from Amex GBT's vast data lake, International Air Transport Association (IATA) passenger data and airline capacity data, including number of seats and Available Seat Mile (ASM) data, from Cirium Diio. We have used Inflation and GDP forecasts from the International Monetary Fund (IMF) in our predictive model. Prices are in local currency.



**GLOBAL
BUSINESS
TRAVEL**

AMERICAN EXPRESS GLOBAL BUSINESS TRAVEL

American Express Global Business Travel (Amex GBT) is the world's leading B2B travel platform, providing software and services to manage travel, expenses, and meetings and events for companies of all sizes. We have built the most valuable marketplace in B2B travel to deliver unrivaled choice, value and experiences. With travel professionals in more than 140 countries, our customers and travelers enjoy the powerful backing of American Express Global Business Travel. Visit amexglobalbusinesstravel.com for more information about Amex GBT

Forecasts on key routes	Business class	Economy
Flights within North America	+0.8%	+0.3%
North America <-> Europe	+0.3%	-2.5%
North America <-> Asia	-3.6%	-6.5%
N. America <-> South America	-1.1%	+0.2%
Flights within Europe	+1.1%	+1.0%
Europe <-> Asia	-4.0%	-3.4%
Europe <-> Middle East	-3.5%	-2.8%
Europe <-> South America	-3.9%	-10.4%
Flights within Asia	+3.0%	+3.1%
Australia <-> Asia	-5.1%	-3.4%