

Aviation in 2026: Navigating Chaos, Capturing Opportunity

– the new rules of a fragmented sky



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If aviation
was a
movie...



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**BUT... this
is the
reality**



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Welcome to aviation's new reality...

From recovery → to reinvention

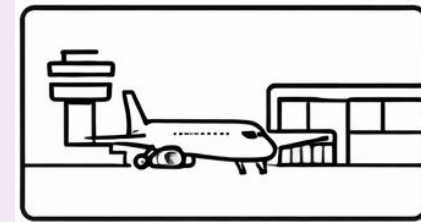
The industry has moved beyond post-pandemic recovery into a phase of structural transformation, where business models and strategies are being redefined.

Certainty → fragmentation

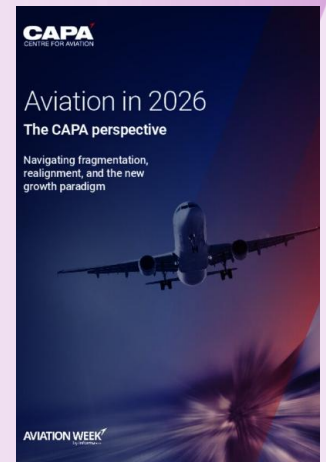
Global aviation is no longer unified; geopolitical, economic, and regulatory differences are creating increasingly regionalised dynamics.

Growth → redefined

Uncertainty is the new baseline. Disruption is no longer occasional. Volatility is now embedded in daily operations and long-term planning.



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Uncertainty is the system...

Middle East escalation

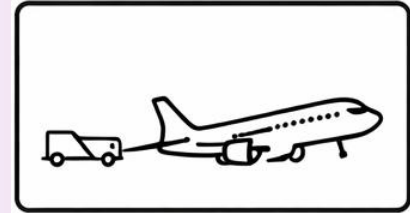
A single geopolitical event can now trigger widespread operational shutdowns across multiple regions simultaneously.

Airspace closures

Disruptions cascade rapidly through interconnected networks, amplifying their impact far beyond the initial trigger.

Network disruption

Restricted or closed airspace is becoming more frequent, forcing costly rerouting and operational inefficiencies.

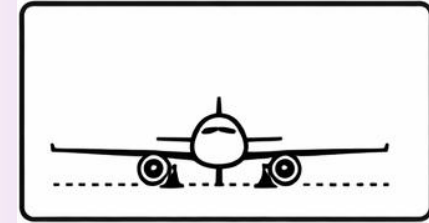


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One industry, different speeds...



Asia, Middle East: strong growth

These regions have been driving global expansion through investment, demand growth, and strategic positioning.

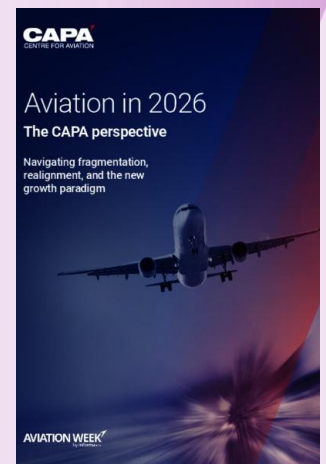
Mature markets: slowing

Europe and other developed regions face constraints from regulation, infrastructure, and economic pressures.

Divergence widening

The gap between high-growth and constrained markets is widening, complicating global network strategies.

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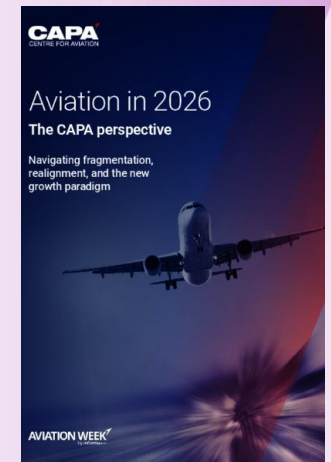




The economics are changing...



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Fuel volatility

Fluctuating fuel prices create uncertainty in cost forecasting and directly impact profitability.

Rising operating costs

Wage inflation and capacity constraints at airports are increasing the structural cost base of the industry.

Sustainability investment

Decarbonisation requires significant capital investment, adding further pressure to already tight margins.



The fuel shock...

Fuel = ~30% of airline costs

Fuel remains the single largest cost component, making airlines highly sensitive to price fluctuations.

Prices volatile and rising

Geopolitical instability and supply constraints are driving unpredictable and upward price movements.

Largest single margin risk

Even small changes in fuel prices can significantly impact profitability given thin industry margins.

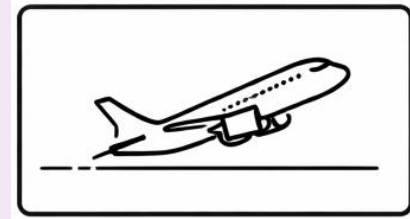


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Fuel volatility: what it means for airlines...



Margin pressure intensifies

Rising fuel costs erode already narrow profit margins, forcing airlines to reassess financial strategies.

Hedging becomes critical

Effective fuel hedging can provide a competitive advantage, separating financially resilient airlines from others.

Capacity discipline returns

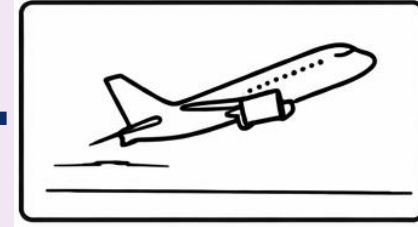
Airlines are becoming more selective in route planning, prioritising profitability over expansion.

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Fuel volatility: what it means for travellers...



Higher fares likely

Increased operating costs are gradually passed on to passengers through higher ticket prices.

Reduced route options

Marginal or less profitable routes may be cut, limiting connectivity in certain markets.

More ancillary pricing

Airlines are expanding additional revenue streams through unbundled services and optional extras.

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Fuel volatility: industry-wide impact...

Inflationary pressure

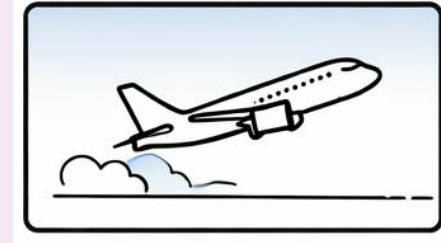
Higher fuel costs contribute to broader inflation across the aviation value chain and related sectors.

Slower growth in some markets

Price-sensitive regions may experience reduced demand as travel becomes more expensive.

Sustainability tension increases

Rising conventional fuel costs make the transition to even more expensive sustainable fuels more challenging.



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AI becomes aviation's backbone...

94% airline adoption

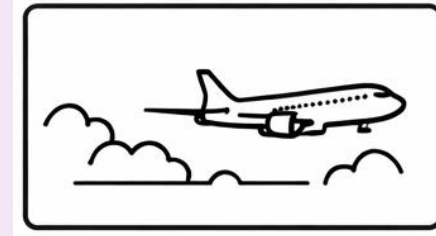
The vast majority of airlines are already implementing AI across various operational and commercial functions.

Operational efficiency gains

AI enables optimisation in areas such as scheduling, maintenance, and pricing, improving overall performance.

Customer journey transformation

Personalisation and automation are enhancing the end-to-end passenger journey.



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The new traveller...

More price-sensitive

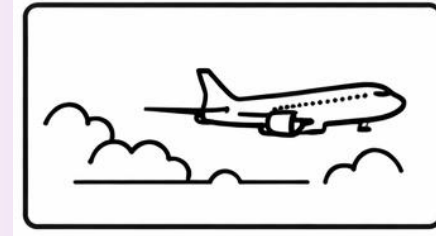
Economic pressures are making travellers more focused on value and cost when making decisions.

More selective

Passengers are choosing flights based on convenience, experience, and flexibility rather than loyalty alone.

Premium fragmentation

Demand for premium travel remains strong but is becoming more segmented and less predictable.

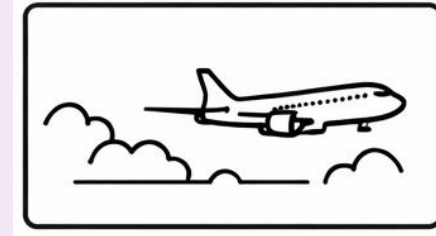


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The rules of route planning are changing...



Long-range narrowbodies

New aircraft technology enables airlines to serve thinner, long-haul routes more efficiently.

Ultra-long haul flights

Non-stop flights over extreme distances are redefining travel convenience and competitive positioning.

Hub bypassing

Airlines are increasingly connecting secondary cities directly, reducing reliance on traditional hubs.

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Net zero meets reality...

SAF <1% of supply

Sustainable aviation fuel remains in very limited supply, constraining widespread adoption.

Costs rising

The significantly higher cost of SAF presents a major economic barrier for airlines.

Net zero target remains

Despite challenges, the industry remains committed to achieving net zero emissions by 2050.



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What this means for leaders...

Agility > scale

The ability to respond quickly to change is becoming more important than sheer size.

Flexibility > efficiency

Building adaptable operations is now more valuable than maximising efficiency alone.

Resilience = competitive advantage

Organisations that can withstand and recover from shocks will outperform competitors.



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Cautious confidence...

Growth continues

Demand for air travel remains strong, supporting continued industry expansion.

Risks intensify

Geopolitical, economic, and operational risks are increasing in both frequency and impact.

Opportunities expand

New markets, technologies, and business models are creating fresh avenues for growth.



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The final thought...

Uncertainty is permanent

Volatility is now a defining characteristic of the aviation industry.

Adaptability is survival

Success depends on the ability to respond quickly and effectively to change.

Opportunity is everywhere

Despite challenges, the evolving landscape presents significant opportunities for those who adapt.



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✈ Numbers that define aviation today...



“We’re an industry where fuel is ~30% costs and margins are just 3% - that’s the reality!”

🌐 Global Demand & Traffic

- ~4.7 billion passengers
- ~104% of 2019 traffic
- ~40 million flights annually

Air traffic approaching pre-pandemic peak levels
Industry has surpassed pre-COVID demand
Global commercial flights per year

🌱 Sustainability

- <1% SAF usage globally
- SAF costs ~2–4x conventional fuel
- 2050 net zero target

Still at very early adoption stage
Major economic barrier
Industry-wide commitment

📈 Growth & Regional Dynamics

- +7–10% growth (Asia-Pacific)
- ~5% global passenger growth (2025–26)
- ~60% of future traffic growth from Asia

Fastest-growing aviation region
Continued but moderating expansion
Long-term demand shift eastward

🛩 Technology & Operations

- ~94% of airlines using AI
- ~20–30% potential efficiency gains

Rapid adoption
Strong upside

✈ Fleet & Infrastructure

- ~28,000 commercial aircraft in service
- ~20,000 aircraft on order decade

Global fleet size
Massive backlog shaping next

💰 Financial Performance

- ~\$1 trillion industry revenue
- ~\$30 billion net profit

Airlines crossing the trillion-dollar mark
Profitable, but margins still thin

⚠ Disruption & Risk

- ~19,000 daily delays (peak disruption)

Strong system fragility

📊 Costs & Economics

- Jet fuel ~\$90–110/barrel equivalent
- Labour costs up ~20% since 2019


Volatility remains a major risk
Structural cost pressure

Airline Leader Summit

Airlines in Transition

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