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## AIR SERVICE DEVELOPMENT: CITY PAIR TRENDS

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- Intangible Assets
- Enterprise Valuations.

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**Asset Management:**

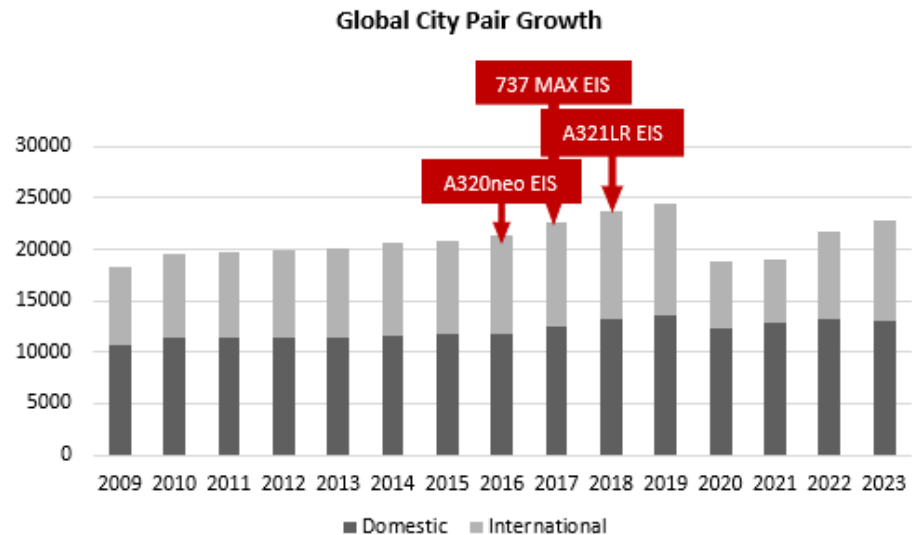
mba's Asset Management Team is comprised of seasoned aviation professionals encompassing years of experience within flight operations, engineering, and maintenance.

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Leading up to the pandemic, business and leisure travelers enjoyed an increase in unique city-pair<sup>[1]</sup> offerings across the globe. More city pairs can mean access to more travelers for airlines, economic stimulation for smaller airports and a shorter commute to the airport for the consumer. As demand was stifled during the pandemic, airlines cut capacity and modified their schedules to take advantage of whatever efficiencies they could.

The recovery period has proven resilient, with the number of city pairs expected to recover to about 93% of 2019 levels in 2023. Travelers want to get back to exploring the world and the new hybrid work environment has given them increased flexibility to do this.

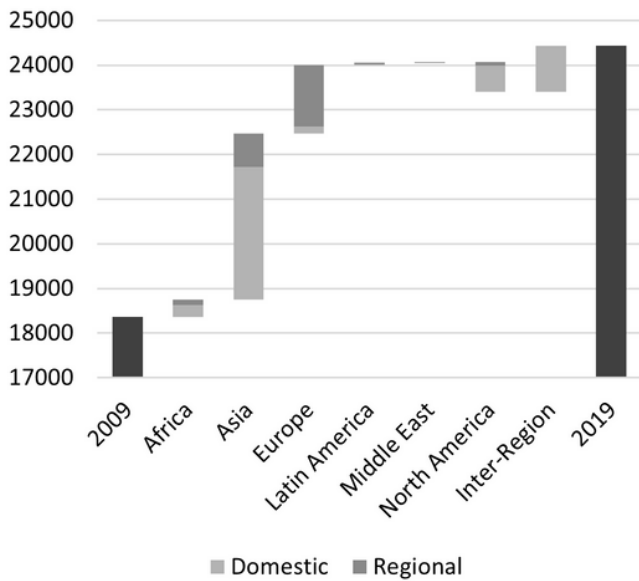


The number of unique city pairs served by airlines globally in 2019 stood at over 24,400, after steadily increasing at an average annual rate of 2.9% over the last decade. The growth in air connectivity can be attributed to numerous macro-economic, regulatory, and industry specific factors, and varies by region.

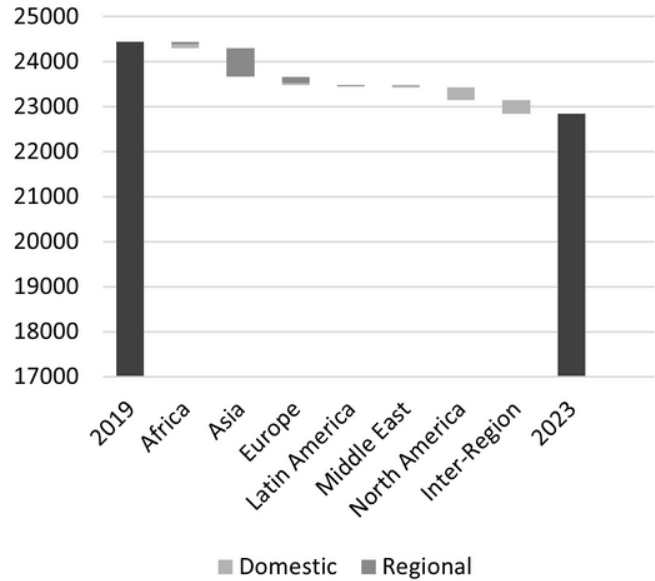
In domestic China, and regional Europe, which have some of the largest city pair offerings and have seen the strongest growth in connectivity up to 2019, growth in low cost carrier (LCC) activity and the introduction of newer, more efficient aircraft types capable of operating longer ranges have played an important role in driving increased connectivity. In China, continued investment in airport infrastructure has also been a significant factor in city pair growth.

[1] For the purpose of the paper, city pairs are defined as pair of cities connected by a scheduled direct flight that is either non-stop or has one or more stops, with at least a once daily seasonal frequency.

**City-Pair Change by Region (2009-2019)**

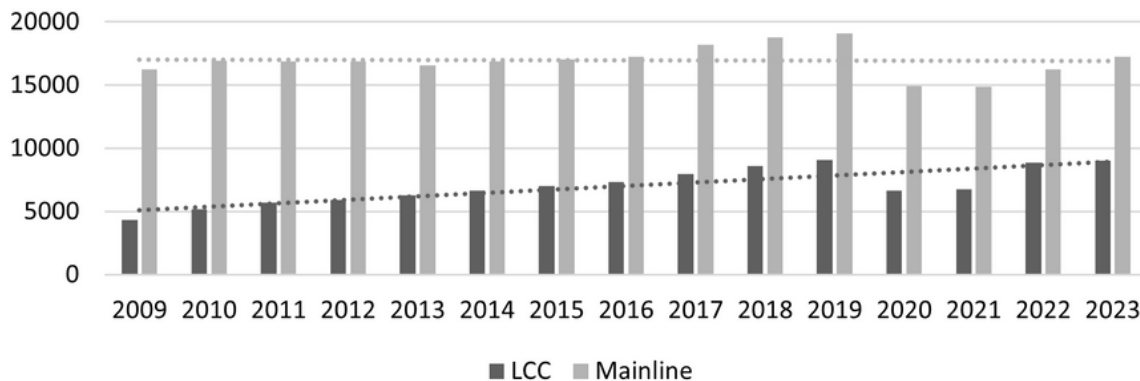


**City-Pair Change by Region (2019-2023)**



As a result of the pandemic, the number of city pairs saw a steep decline to under 18,900 routes in 2020. However, with travel restrictions lifted in most of the world and with the surge of “revenge travel”, the number of unique city pairs globally is expected to be nearly 23,000 in 2023, a little under 2018 levels. Regional Asia has seen the biggest drop due to travel restrictions, primarily in China. A reversal in these restrictions is expected to be the largest marginal driver in increased connectivity.

**Global City Pairs by Operator Type**



LCCs have played a pivotal role in the growth in connectivity prior to pandemic and in the recovery since. LCCs have gone from accounting for less than a quarter of overall city pair offerings in 2009 to account for 40% of total city pairs offerings in 2023. Given the large outstanding aircraft orders from these carriers, we expect them to continue to drive growth in connectivity in the coming years.

***If you have any questions, comments or would like to discuss any of the above topics in more detail, please contact mba Aviation team at [mba@mba.aero](mailto:mba@mba.aero).***