A fundamental factor supporting the Airport City’s development is sustaining healthy growth in passenger and cargo traffic.

**Air Passenger Market**

The outlook for future global air traffic continues to be positive. Over the past few decades, aviation demand has proven to be extremely resilient to external shocks— with global air travel more than doubling in the past 10 years against many global economic and financial crises.

One of the key drivers behind the surging demand has been economic growth, which is commonly measured by Gross Domestic Product. Another has been the falling cost of air travel. Since the 1970s, average airfare has reduced by almost 60%, mainly due to increased competition in the airline industry.

Global air passenger volume is estimated to increase to **7.2 billion** in 2035.
In the coming years, air traffic is expected to continue to grow. Based on the anticipation of approximately 3% global economic growth per year up to 2035,\(^1\) the International Air Transport Association forecasts 7.2 billion passengers will travel by air in 2035, nearly doubling the 3.8 billion air travellers in 2016, with a corresponding compound annual growth rate (CAGR) of 3.7%.\(^2\)

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\(^1\) IHS Markit.
Global aircraft manufacturers, Airbus and Boeing, have an even more optimistic market outlook. They estimate that global air passenger traffic will experience a CAGR of 4.5% and 4.8%, respectively, during the period between 2015 and 2035.3

Amidst robust development in global aviation, it should be noted that the growth in the Asia-Pacific markets is particularly strong, reflecting the gravitation of global economic momentum towards Asia. The Asia-Pacific aviation markets are forecast to grow at a rate of 2-3 percentage points above those of North America and Europe.

Air Cargo Market

Similar to air passenger travel, global air cargo volume grew at an average rate of 5% per year over the last few decades, despite external shocks from economic and political events and natural disasters. While air cargo growth may have fluctuated in recent years, the global economy and international trade are picking up, contributing to an overall increase in air cargo traffic.

Both Airbus and Boeing are optimistic about global air cargo growth. They forecast that between 2015 and 2035, air cargo will grow at a CAGR of 4.0% and 4.2%, respectively.

Recent years have also witnessed the remarkable global growth of e-commerce sales and associated express parcel deliveries by air. Globally, the e-commerce sector is estimated to have enjoyed year-on-year growth of over 20%, and is expected to vastly outgrow other sectors of the air cargo industry. E-commerce is gaining an increasing footprint in global logistics, and is likely to generate substantial air cargo volume in the future.

As an international city with an open market and externally oriented economy, Hong Kong’s air traffic increase is primarily driven by economic growth. With Hong Kong’s economy projected to grow at close to 3% annually up to 2035, air traffic demand at Hong Kong International Airport is expected to reach over 120 million passengers and around 10 million tonnes of cargo (including airmail) in 2035.

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4 Current Market Outlook 2016-2035, Boeing, 2016.
6 eMarketer.
7 IHS Markit.
8 IATA Consulting.