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IATA Eyes Airline Record \$964 Billion 2024 Revenue, As 4.7 Billion Fly

Marisa Garcia Senior Contributor *I offer an insider's view of the business of flight.*[Follow](#)

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VICTORVILLE, CA - MARCH 24: A Delta Air Lines jet taxis passes Southwest Airlines jets to be parked ... [\[+\]](#) GETTY IMAGES

The International Air Transport Association forecasts that the airline industry will be more profitable than expected in 2023 and have an even stronger performance next year. It marks a steady recovery path following the COVID-19 pandemic.

IATA projects revenue growth of 7.6%, reaching a record \$964 billion. Airline operating profits will rise from \$40.7 billion in 2023 to \$49.3 billion in 2024. Net profits will increase more moderately, from \$23.3 billion in 2023 to \$25.7 billion in 2024—with a 2.7% net profit margin.

IATA Director General, Willie Walsh, says these projections reflect the industry's resilience and the popularity of air travel.

“People love to travel and that has helped airlines to come roaring back to pre-pandemic levels of connectivity,” he says. “The speed of the recovery has been extraordinary; yet it also appears that the pandemic has cost aviation about four years of growth. From 2024, the outlook indicates that we can expect more normal growth patterns for both passenger and cargo.”

More People Will Fly Next Year

The airline association expects 4.7 billion people to fly in 2024, surpassing pre-pandemic levels. Passenger yields should improve by 1.8% next year compared to 2023. As airlines manage their seating capacity more efficiently, planes also fly with fewer empty seats. IATA expects the average passenger load factor to reach 82.6% in 2024, slightly higher than 82% this year and on par with 2019.

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North American Airlines Lead The World On Revenue And Profits

Airlines in North America continue to outperform their global competitors. It was the first region to return to profit in 2022 and leads again in 2023. North America's projected airline net profit is \$14.3 billion for 2023, at a 4.2% net profit margin. Next year, IATA expects airlines in the region to make \$14.4 billion in net profit at a net margin of 4.0%.

Air Cargo Is Stabilizing

Air cargo demand, which has fluctuated since the pandemic, will also benefit from a moderate boost, rising from 58 million tonnes in 2023 to 61 million tonnes in 2024. However, IATA projects cargo revenues will fall to \$111 billion in 2024. That is down from the peak of \$210 billion in 2021 when airlines bridged the cargo gap for the supply chain during the shutdown. It is higher than the pre-pandemic 2019 revenues of \$101 billion. With added belly capacity from passenger aircraft returning to the skies, IATA expects cargo yields will drop by -32.2% in 2023 and by -20.9% in 2024. Cargo yields have been on a roller-coaster since the pandemic (-8.2% in 2019, +54.7% in 2020, +25.9% in 2021, +7% in 2022, -32.2% in 2023), and are now stabilizing, though high by historical standards.

Economic Challenges

Despite the positive revenue outlook, the industry faces economic challenges, including higher interest rates caused by inflation. Airline net profitability will fall 4.4 percentage points below the cost of capital.

Airline cost increases will be slightly lower than revenue growth, rising by 6.9% to \$914 billion.

Airlines will consume 99 billion gallons of fuel in 2024. IATA expects jet fuel prices to average \$113.8 per barrel in 2024, costing airlines \$281 billion, 31% of all operating costs.

On the positive side, airlines have managed to control other operating costs. In 2024, IATA expects non-fuel unit costs of 39.2 cents per available tonne-kilometer. That is 1.6% above 2023 and in line with 2019, totaling around \$633 billion.

Profit Margins Are Still Lean

“Industry profits must be put into proper perspective. While the recovery is impressive, a net profit margin of 2.7% is far below what investors in almost any other industry would accept,” says Walsh. “Of course, many airlines are doing better than that average, and many are struggling. But there is something to be learned from the fact that, on average, airlines will retain just \$5.45 for every passenger carried. That’s about enough to buy a basic ‘grande latte’ at a London Starbucks SBUX +0.1%. But it is far too little to build a future that is resilient to shocks for a critical global industry on which 3.5% of GDP depends and from which 3.05 million people directly earn their livelihoods. ”

Airfares Relatively Stable

Travelers can expect airlines to adjust their fares with higher fuel costs. However, IATA says competition keeps flying affordable. The average return airfare in 2023 was \$254, which is 20% lower than the \$315 average in 2019, adjusted for changes to the dollar.

“Airlines will always compete ferociously for their customers, but they remain far too burdened by onerous regulation, fragmentation, high infrastructure costs and a supply chain populated with oligopolies,” Walsh concludes.

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