

Melbourne-Sydney: World's 3rd busiest air route?

Air traffic data

- Based on the latest available government aviation statistics, the Melbourne-Sydney air route can claim the mantle of the third busiest route in the world. There were just over 834,000 available seats on the Melbourne-Sydney city pair, pushing it above the Fukuoka-Tokyo route in Japan.

What do the figures show and what does it all mean?

- Late last week Australia's Bureau of Infrastructure, Transport and Regional Economics (BITRE) reported that available seats on the Melbourne-Sydney air route had lifted to 834,300 in July 2010, up 15.3 per cent on a year ago. The lift in available seats means that the Melbourne-Sydney air route can lay claim to title of the world's third busiest, and arguably it is knocking on the door for second spot. Previously the Centre of Asia Pacific Aviation had calculated (as at July) that the Melbourne-Sydney route had 780,932 available seats – fourth busiest in the world – behind Fukuoka-Tokyo with 811,521.
- When you consider Australia's small relative population, the country is clearly punching above its weight on air travel. In the July 2010 list of world's busiest routes, Melbourne-Sydney had been in fourth spot, with Sydney-Brisbane in 12th place, Melbourne-Brisbane in 34th, and Adelaide-Melbourne in 47th place. Arguably the Gold Coast-Sydney route is not far off a spot in the top 50.
- Apart from Brisbane-Sydney, all of Australia's top seven routes recorded double digit annual gains in available seats in July 2010 compared with a year earlier. It was a similar story with passengers carried over the same period.
- In the year to July, Melbourne-Sydney and Adelaide-Sydney were the stand-outs with passengers carried up 13.6 per cent and 12.9 per cent respectively.

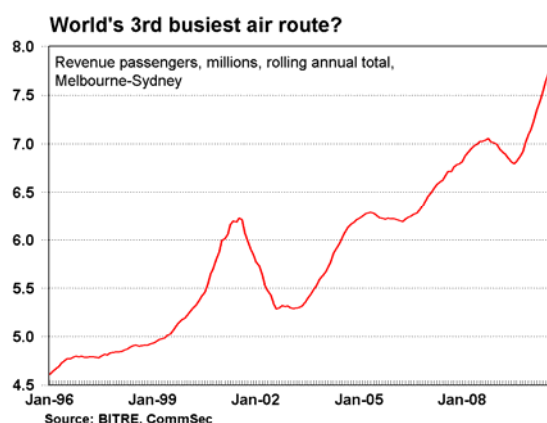
What are the implications for investors?

- The Sydney-Melbourne air route is a good indicator of the strength of Australia's economy. Clearly there is much more to Australia than what's happening in the mining sector. Passenger numbers on the Melbourne-Sydney route are growing at the fast annual rate in nine years. The strength of Australia's air travel markets raises doubts on the value of a very fast train for passenger traffic – but it is clearly worthy of consideration for freight.
- When you consider Australia's small relative population it is remarkable that the Sydney-Melbourne route is amongst the world's busiest routes. CBAs equity analysts currently rate Qantas as a BUY. The strong relative performance of predominantly business routes such as Sydney-Melbourne is positive for Qantas.

World's Busiest routes (seats per month both ways) As at Jul 2010

Origin	Destination	Seats
Tokyo	Sapporo	1253220
Jeju	Seoul	848151
Fukuoka	Tokyo	811521
Sydney	Melbourne	780932
Beijing	Shanghai	689287

Source: CAPA, CommSec



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