

CHINA AIR TRAVEL REPORT

July 2018



Capacity growth at Pearl River Delta Airports

PRD seats up by 33% over 5 years

In July 2018 airline capacity to and from the 5 airports of the Pearl River Delta (PRD) will be 11.15m seats.

This is 33% up on July 2013 but over the past 5 years the various airports have grown at different rates with some attracting more of the additional capacity than others.

The largest, Hong Kong, has 18% more capacity but as that is less than the PRD average its share of PRD seats has fallen from 40% to 36%.

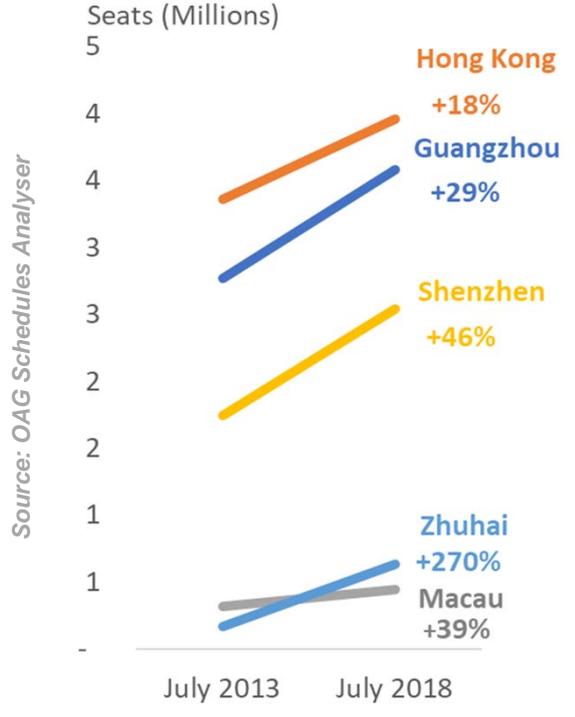
Guangzhou Airport, the 2nd largest in the region, has added 811,000 seats in July compared to July 2013 and has grown by 29% but also lost capacity share to the smaller airports of Shenzhen (SZX) and Zhuhai.

Shenzhen, the third largest airport of the region has added almost as much capacity at Guangzhou, with 798,000 more monthly seats operated now than 5 years ago, a 46% increase.

The fastest growing airport is the smaller Zhuhai which has overtaken Macau in capacity and now has around 50% more capacity than Macau.

While some PRD airports have been growing faster than others, it appears there is still plenty of growth in the market for all airports to be growing at a healthy rate.

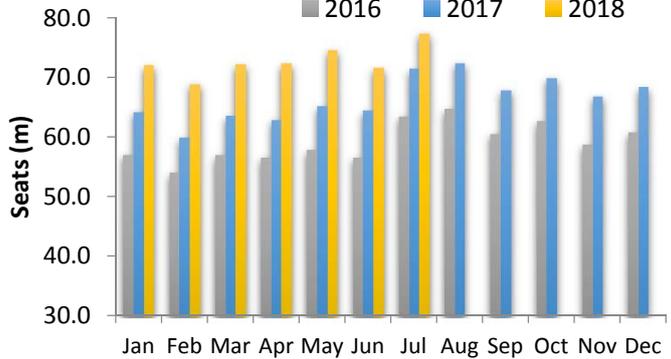
5-Year growth at Pearl River Delta airports



Capacity Has growth peaked in July?

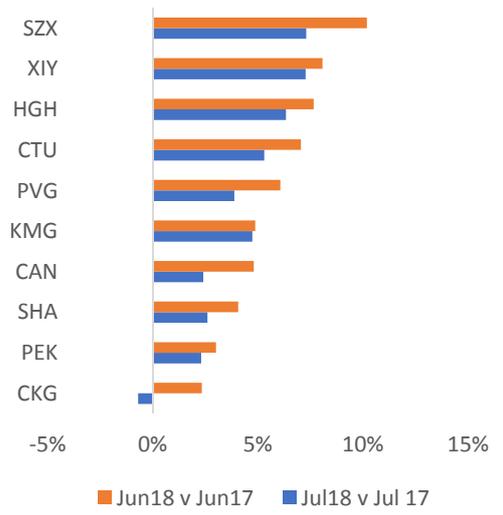
Capacity growth in China has slowed slightly in July 2018, with carriers adding 8.2% more seats, which is below the trend in recent months of 13% growth. With the exception of Kunming where growth remains in line with June growth, all of the top 10 airports have seen growth trimmed back by 1-2% when compared to June growth.

China – Scheduled airline capacity



July and August are peak months for capacity in China with typically 7-9% more capacity in these months than the average. This July, capacity is slightly below that trend at 6% above average.

Capacity Growth Rates at China's 10 Biggest Airports



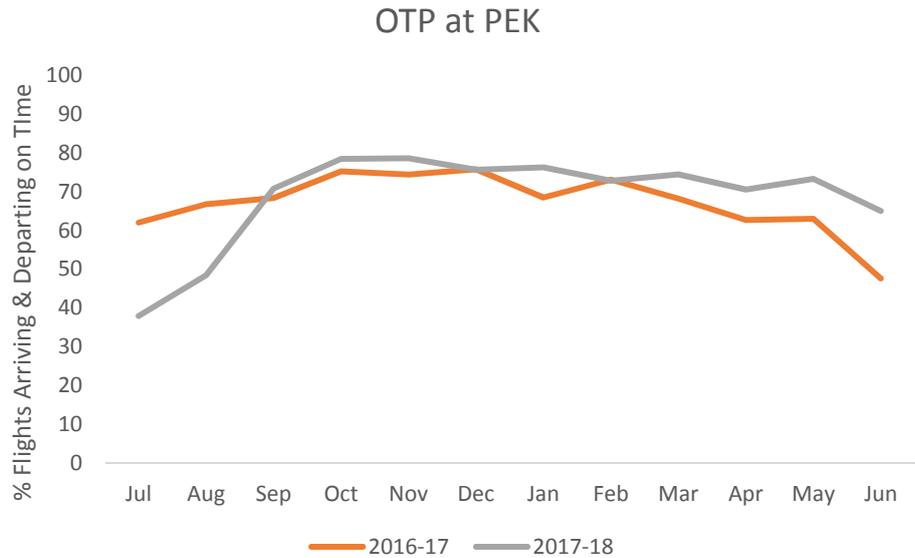
Source: OAG Schedules Analyser

PEK sees improvement in OTP

In June, on time performance at China's biggest airport, Beijing Capital (PEK), was 64.9%. This was lower than the previous few months but considerably better than last year when OTP hit a low in July 2017 of below 40%.

With capacity growth slowing slightly in June and July, this may allow PEK some breathing space to maintain current levels of OTP over the summer.

Undoubtedly PEK is facing capacity challenges which will hopefully be aided by the opening of the new Beijing Airport, scheduled for 2019.



Source: OAG Flight Status Database

Strong growth in China-US travel

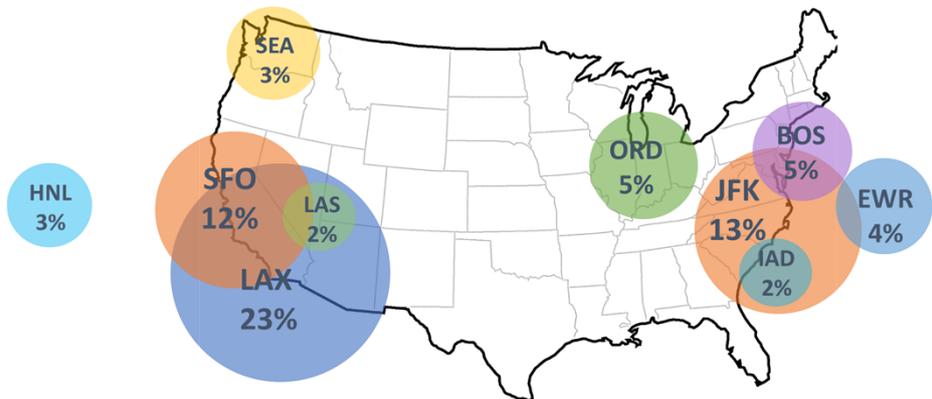
23% of China-US travelers head for Los Angeles

The market for travel between China and the US continues to grow strongly. In the first quarter 2018 1.8 million passengers flew from Chinese airports to US airports, and this was 32% up on three years earlier.

Almost half of all these passengers are destined for one of three airports - Los Angeles (LAX - 23%), New York (JFK - 13%) or San Francisco (SFO - 12%).

The largest of these, Los Angeles, has seen traffic to and from China grow by 47% over the last 3 years.

Almost half of all passengers flew directly between their origin and destination airport, while slightly more than half, 53%, flew via a gateway. Of those, two in five used a Chinese gateway airport of which Beijing and Shanghai were the most popular. Another two in five used a US gateway with Chicago and San Francisco being the most prevalent. The most used gateway located in neither the US or mainland China is Hong Kong.



Source: OAG Traffic Analyser

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