

Long-term air cargo capacity outlook remains uncertain

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By Damian Brett



While air cargo capacity is expected to remain constrained in the short term, opinion is divided on the supply-demand balance in the longer term.

Speaking during Cargo Talks, an online event hosted by Turkish Cargo, Wouter Dewulf, academic director, C-MAT, University of Amsterdam, said that it was likely that cargo capacity would remain constrained over the coming three or four years.

However, beyond that period, he expects the situation to change, particularly when the outlook is extended to around 10 years' time.

Dewulf explained that air cargo is expected to grow by around 2-4% per year.

Meanwhile, capacity will in the long term be passenger driven and — once the sector is back on track in three to five years' time — the forecast for growth in passenger numbers is 4-6%, outstripping cargo demand.

There are also more cargo friendly widebody aircraft — B787-9s and A350s — coming onto the market at the expense of metal with a lower cargo capacity, such as the A380.

“In six to 10 years' time you will see the passenger flows really taking off again and you will see capacity coming back onto the market even faster than the cargo growth,” he said. “All the models show that we will get out of that capacity squeeze.”

Dewulf added that if the price of oil remains low over the next five to 10 years — as is forecast to happen — then older aircraft, including freighters, will remain in operation.

“I see capacity increasing faster than the demand for cargo which means the golden time which we have for the moment might disappear.

“Don't think ‘wow it's doing great’ in three to five years things might change and in 10 years, for sure, we will have a capacity growth that is significantly higher than the cargo growth.”

In contrast, Ceva chief operating officer, airfreight, Peter Penseel said he expected capacity constraints to continue for up to seven years.

“I totally think differently,” he said in response to Dewulf. “I don't think the passenger aircraft will come back that rapidly.”

He explained that airlines continue to face cash flow issues and will therefore further reduce their fleet through the early retirement of aircraft.

Also, while passenger numbers might increase, this might not be on routes that match up with cargo demand.

He also questioned which airlines had the money to buy expensive aircraft to expand their fleet.

“I don't see [supply outstripping demand] happening that quickly, so I am slightly more pessimistic when it comes to the cargo capacity that will be needed for the next five, six, seven years being under scrutiny.”

Marco Bloemen, managing director, Seabury Consulting, said that capacity constraints would remain in the medium term.

“We are anticipating that the widebody belly space won't return in a short time frame,” he said.

On the demand side there are also several emerging trends that will drive air cargo growth, he said.

Bloemen explained that e-commerce growth has accelerated over the last year as Covid is forcing large and small retailers alike to expand their online presence. That trend will continue, he said.

He added that sustainability demand is driving growth in electronic products — such as electric cars — and this is turn increasing the need to transport small parts for manufacturing these items, such as semi-conductors.