



Update of forecast scenarios for passengers and cargo

December 2024

Passenger Scenarios

International air passenger (arrivals) scenarios

1. The December 2024 forecast is more conservative than the June 2024 forecast. Table 1 shows the level of revision between the December 2024 and June 2024 forecast.

% difference - December 2024 vs June 2024					
	Q1	Q2	Q3	Q4	YE December
2024	-	-	-	-3%	-1%
2025	-3%	-6%	-10%	-6%	-6%
2026	2%	-5%	-11%	-4%	-4%
2027	7%	-1%	-6%	-	-

Table 1. Revisions to passenger forecast - December 2024 vs June 2024 forecast

2. The key factors driving the reduction in passenger numbers are:

2.1 There is a recent trend of a more stable but slower passenger volume recovery, with actuals between July and October hovering around 89-92% of 2019 levels. Figure 1 shows the actual volume of arrivals, and provides a comparison between the December 2024 and June 2024 forecast.

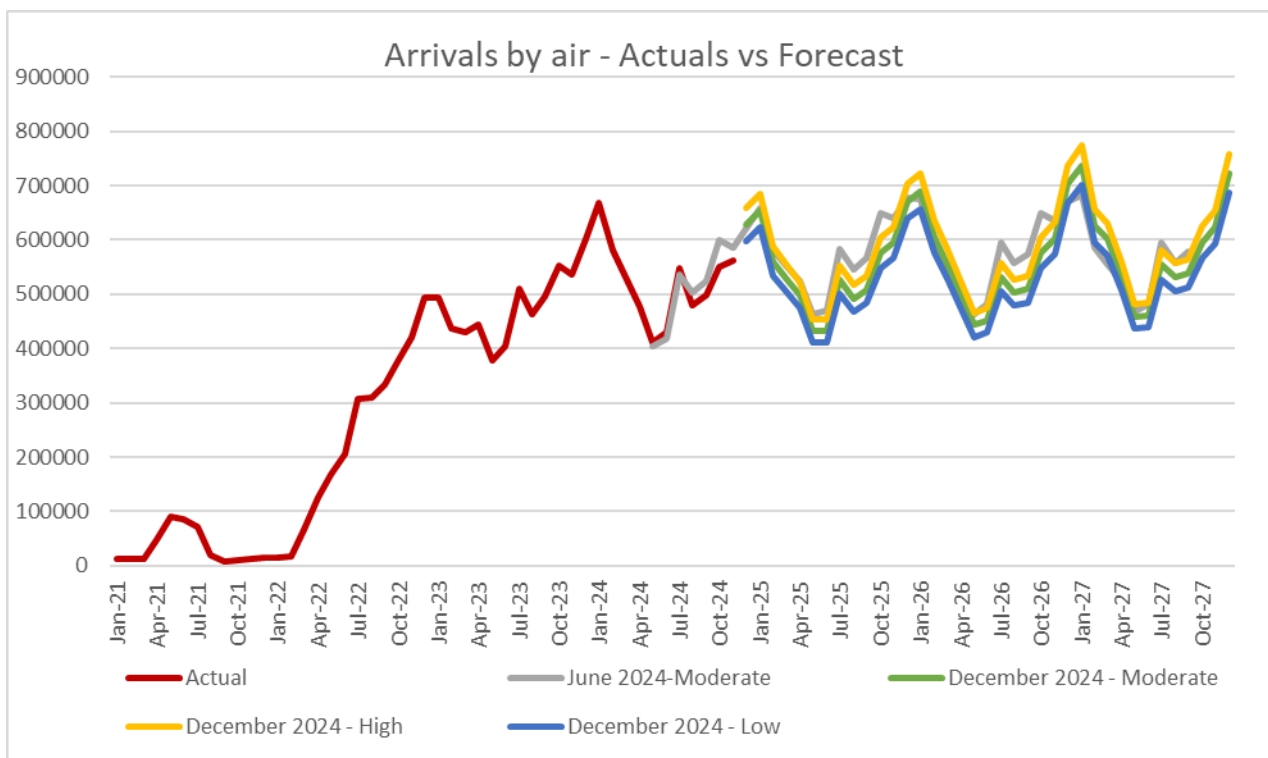


Figure 1. Comparison of actual volume of arrivals with June 2024 and December 2024 forecast (Data Source: Statistics NZ for current and historical arrival volumes, cross-referenced with load factors and schedules data from third-party vendor).

2.2 Significant revisions to the airline schedules in Q3/Q4 2024, and updated schedules (through to March 2025), indicate fewer available seats in Q1 2025, approximately 3% lower than in Q1 2024. Figure 2 shows the rate of revision to schedules used in June 2024 forecast and Figure 3 shows the reduced seat availability for the upcoming season compared to the same period in last season.

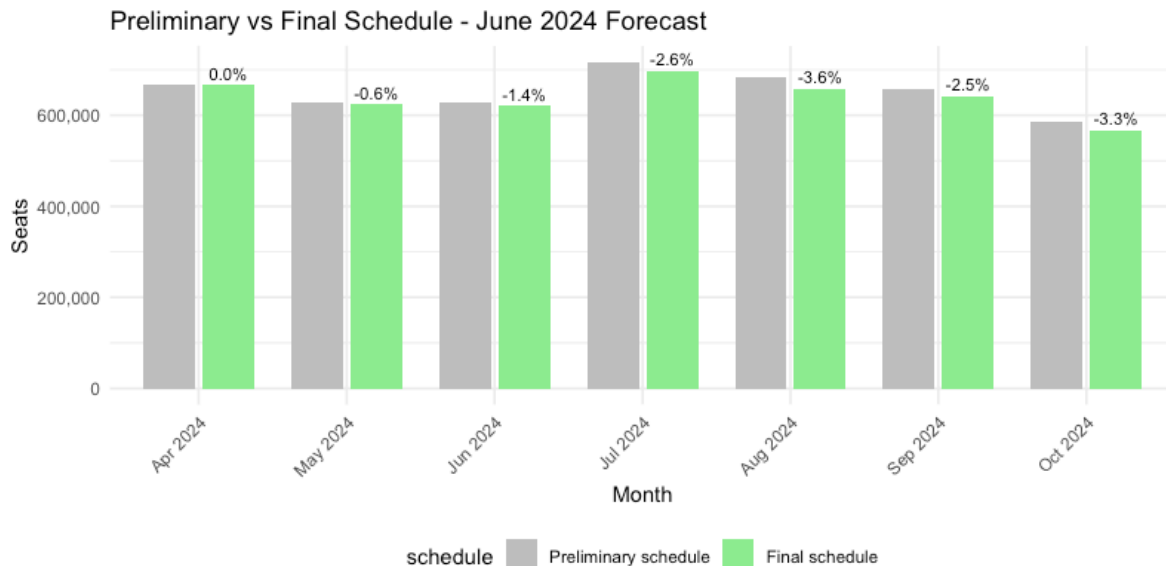


Figure 2. Rate of revisions to airline schedules

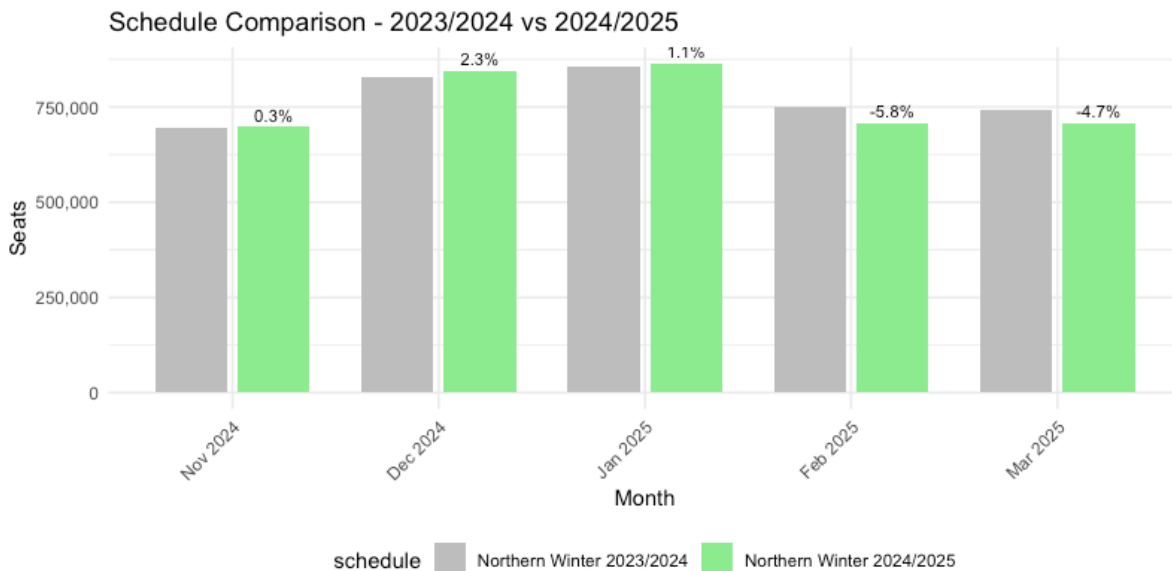


Figure 3. Seat availability – Northern Winter 2023/2024 (last season) vs Northern Winter 2024/2025 (current season)

2.3 Operational and supply chain challenges faced by airlines due to engine issues are contributing to a more cautious outlook, suggesting that passenger levels may not reach the 98% recovery mark by December 2025, as previously estimated in June.

The revised forecast now estimates recovery to 92% of 2019 baseline levels by December 2025.

- 2.4 According to a press release from Air New Zealand, the airline has grounded 10 of its aircraft, which accounts for 16% of its total fleet. They do not expect the situation to improve until early 2026.

Cruise passenger (arrivals) scenarios

- 3. Cruise passenger volumes for the 2023/24 season (Aug 2023 – Jul 2024) reached 99% of 2019 baseline levels, as previously estimated in the June 2024 forecast.
- 4. Updated cruise schedules indicate a reduction in the number of ships visiting NZ, with 13 fewer ships compared to the June 2024 forecast. This results in a net loss of 25,000 seats by September 2025.
- 5. However, the assumption of a 10% increase in capacity in 2025 and 15% in 2026, combined with higher load factors (i.e., passenger occupancy relative to total capacity) observed in Q3 of 2023 and 2024, has offset the impact of the reduced cruise schedules.
- 6. The December 2024 forecast estimates that passenger arrivals for the 2025 and 2026 seasons will drop to 74% and 76% of 2019 levels, respectively. This represents a 1% increase compared to the estimates in the June 2024 forecast. Figure 4 shows the actual volume of arrivals, and provides a comparison between the December 2024 and June 2024 forecast.

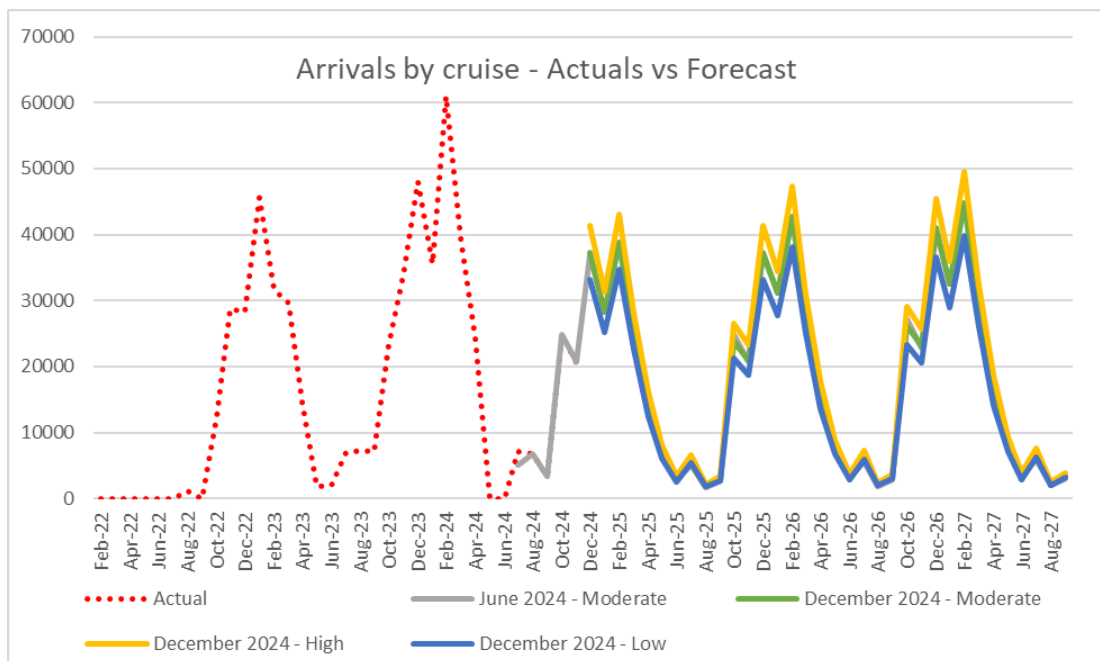


Figure 4. Comparison of actual volume of arrivals with June 2024 and December 2024 forecast (Data source - NZ Customs for cruise arrival volumes, load factors and future schedules)

Cargo Scenarios (import entries over \$1000)

Actuals to date

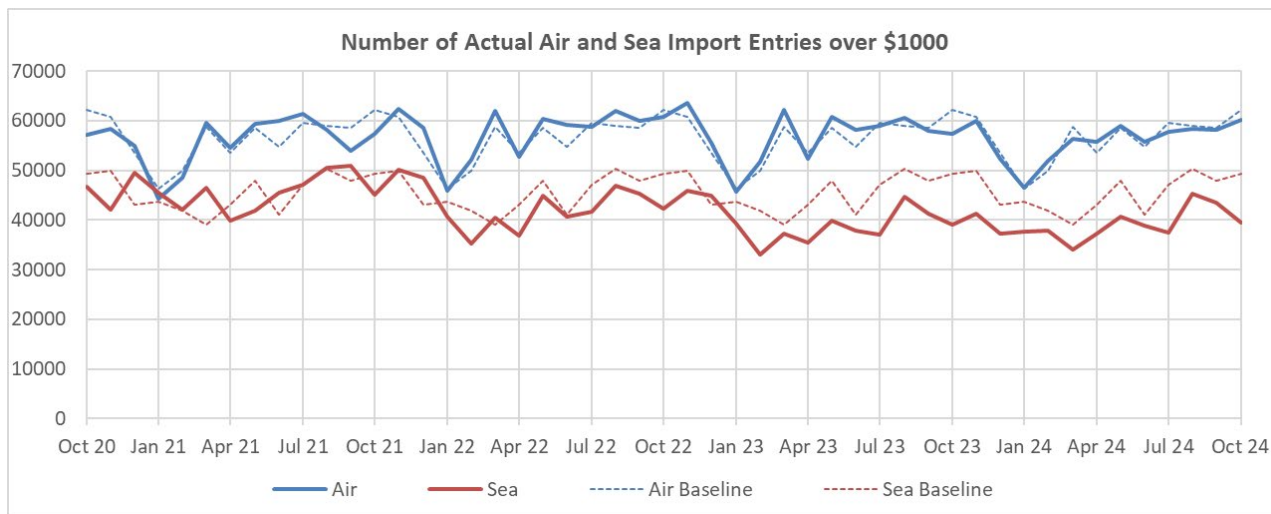


Figure 5 - Air and Sea Import Entries over \$1000

7. Since the border opened in July 2022, the quantity of air cargo import entries (over \$1000) has remained very close to the levels in the 2019 ‘baseline’ year.
8. The quantity of sea cargo import entries (over \$1000) has remained almost entirely below baseline levels since July 2022. Historically, sea cargo has fluctuated to a greater extent than air, and the current levels are not outside of the ranges recorded previously.
9. In contrast, there has been substantial growth in internet shopping which arrives through the low value goods stream. This is very much limited to that stream and does not affect the quantity of import entries over \$1000.

Cargo forecast scenarios

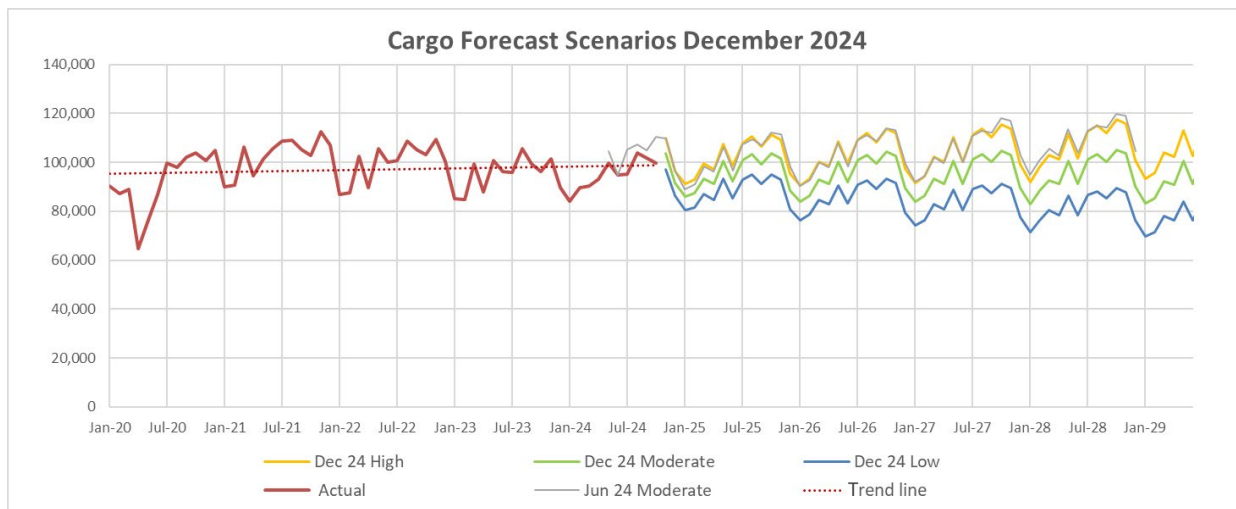


Figure 6 - Cargo Forecast Scenarios for December 2024 (Data source - NZ Customs import entry records)

10. The ‘moderate’ scenario assumes an initial steady state of 0% for both air and sea cargo. When compared to the June 2024 forecast, this is 2% lower for air and 10% higher for sea. The June forecast assumed a slow increase from levels seen since the borders opened however this has not eventuated.
11. The long term trend for the ‘moderate’ scenario assumes 0% growth for both air and sea cargo. This is a balance of slight growth in air cargo (which is the higher quantity of import entries) and a slow rate of reduction in sea cargo. When compared to the June forecast, this is a reduction of 2.76% air cargo and 0.57% for sea cargo.

Assumptions/drivers	High	Moderate	Low
<p>Initial steady state as a percentage of baseline</p> <ul style="list-style-type: none"> The Moderate steady state assumes import entries continue at the same level seen over the last two years, following the seasonal fluctuation. The High forecast steady state starts 5% above the Moderate state. The Low forecast steady state starts 5% below the Moderate state. 	<p>Air: +5% Sea: +5%</p>	<p>Air: 0% Sea: 0%</p>	<p>Air: -5% Sea: -5%</p>
<p>Long-term trend</p> <ul style="list-style-type: none"> The Moderate trend assumes import entries continue at the same level seen over the last two years, following the seasonal fluctuation. The High forecast trend models a return to the average rate of growth/decline recorded in the five years pre COVID. The Low forecast trend continues the rate of growth/decline in the past year. 	<p>Air: +3.87% Sea: +1.36%</p>	<p>Air: 0% Sea: 0%</p>	<p>Air: -2.18% Sea: -8.36%</p>

Table 2 - Assumptions/drivers for cargo forecast