

MALAYSIA'S AIR PASSENGER TRAFFIC OUTLOOK 2025

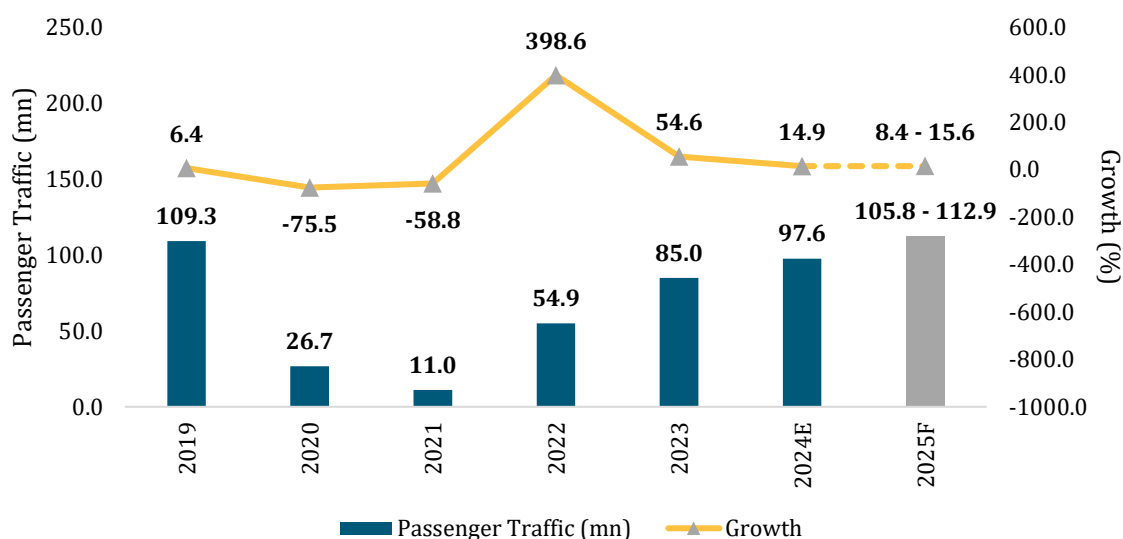
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- ➔ Malaysia's air passenger traffic is expected to hit record high in 2025 with a forecasted growth between 8.4% YoY and 15.6% YoY, translating to 105.8mn and 112.9mn passengers. The projected growth in passenger traffic for 2025 will be driven by additional seat capacity deployment by airlines, increased demand for international travel, and overall increase in household income.
- ➔ Airlines are projected to expand capacity by 15.8% YoY in 2025, driven by strong growth in the domestic sector at 21.1% YoY. The top three regions with the highest seat capacity growth are expected to be to Africa, Europe, and South Asia.
- ➔ In preparation for Visit Malaysia Year 2026, industry players are implementing a range of strategies to accommodate the anticipated increase in tourist arrivals. The expected surge in tourists requires careful planning in 2025 to maintain high-quality service standards and enhance the overall travel experience.
- ➔ The supply chain remains a significant challenge for the industry; however, airlines can capitalize on the favorable macroeconomic conditions anticipated in 2025.

Malaysia's Passenger Traffic Expected to Hit Record High in 2025

In 2025, MAVCOM forecasts Malaysia's air passenger traffic to reach between 105.8mn and 112.9mn (2024E: 97.6mn). For the first time, passenger numbers are projected to surpass the pre-pandemic high of 109.3mn recorded in 2019. This represents a growth of between 8.4% YoY and 15.6% YoY (see Figure 1).

Figure 1: Malaysia's Passenger Traffic, 2019 - 2025F



Source: MAVCOM, AOL Holders

The projected growth in passenger traffic for 2025 will be driven by several key factors, including increased capacity deployment by airlines, increased demand for international travel, and overall increase in household income. The year 2025 also serves as a preparatory period for Visit Malaysia Year 2026, with airlines strategically planning to accommodate the anticipated surge in demand.

2025 Capacity Allocation

Airlines are projected to expand Malaysia's seat capacity by 15.8% YoY in 2025, driven by strong growth in the domestic sector at 21.1% YoY (see Table 1).

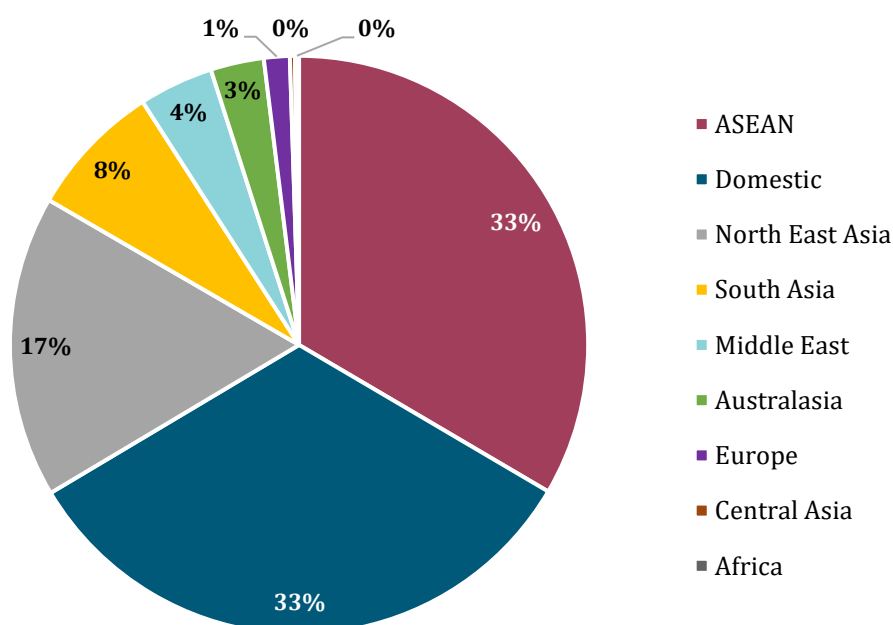
Table 1: Malaysia's Seat Capacity Growth

Region	Seat Capacity (2024E)	Seat Capacity (2025F)	Estimated Growth (%)
Domestic	28,802,192	34,881,656	21.1
International (beyond ASEAN)	30,767,141	35,618,334	15.8
ASEAN	32,244,561	35,786,519	11.0
Total	91,813,894	106,286,509	15.8

Source: MAVCOM, OAG Analyser

The allocation of seat capacity remains evenly distributed, with 33% designated for the domestic sector, 33% for the ASEAN sector, and the remaining 34% for international routes beyond ASEAN. For the international sector, most of the seat capacity is expected to be deployed to Northeast Asia, South Asia, and the Middle East (see Figure 2).

Figure 2: Malaysia's Seat Capacity Deployment by Region, 2025F



Source: MAVCOM, OAG Analyser

The top three regions with the highest seat capacity growth from Malaysia in 2025 are expected to be Africa, Europe, and South Asia (see Table 2). For the African region, a substantial increase in capacity will be driven by deployments to Jomo Kenyatta International Airport (NBO) in Nairobi whereas, for Europe, the growth will be attributed to the introduction of new direct flights from Kuala Lumpur International Airport (KUL) to Paris Charles de Gaulle Airport (CDG) and additional services from KUL to Heathrow International Airport (LHR) in London.

Table 2: Malaysia's Seat Capacity Growth by Region

Region	2024E	2025F	Estimated Growth (%)
Africa	92,002	218,773	137.8
Europe	1,085,622	1,404,732	29.4
South Asia	6,533,162	7,328,108	12.2
Domestic	28,802,192	32,045,427	11.3
Australasia	2,653,442	2,896,878	9.2
Central Asia	255,304	272,832	6.9
Northeast Asia	15,802,655	16,426,619	3.9
ASEAN	32,244,561	32,506,062	0.8
Middle East	4,344,954	4,047,138	-6.9

Source: MAVCOM, OAG Analyser

Seat capacity deployment to the Middle East is projected to slightly decline in 2025. This is following the return of 10 air traffic rights by local carriers for KUL-Jeddah (JED) and KUL-Medina (MED) in 4Q24.

Focus Routes in 2025

While the domestic sector saw slower growth in 2024—as airlines prioritised the international market—significant growth is anticipated in key domestic routes in 2025. Strong growth in seat capacity is projected from Subang Airport (SZB), with routes such as SZB – PEN and SZB – BKI recording substantial increases. This is following the resumption of narrow-body aircraft operations at Subang Airport in August 2024, which has enabled airlines to deploy additional capacity on these routes.

Table 3: Top Domestic Routes with the Highest Additional Seats in 2025

Route v.v.	Estimated Additional Seats	Estimated YoY Growth (%)
KUL – BKI	515,754	17.6
SZB – PEN	274,716	62.0
SZB – BKI	261,924	186.8
KUL – MYY	250,092	28.6
KUL – BTU	194,452	39.8

Source: MAVCOM, OAG Analyser

For the ASEAN sector, additional seat capacity on routes such as KUL – KBV and KUL – DAD reflect growing interest in leisure destinations like Krabi and Da Nang (see Table 4), supported by rising disposable incomes and increasing tourism activities within the region. Given Malaysia's assumption of the ASEAN Chairmanship on 1 January 2025, the ASEAN region could play a pivotal role in shaping demand throughout the year particularly for business travel.

Table 4: Top ASEAN Routes with the Highest Additional Seats in 2025

Route v.v.	Estimated Additional Seats	Estimated YoY Growth (%)
KUL – Bangkok (DMK)	208,748	13.6
KUL – Krabi (KBV)	83,148	22.1
KUL – Da Nang (DAD)	81,058	17.1
PEN – Bangkok (DMK)	68,868	18.1
KUL – Aceh (BTJ)	68,760	30.8

Source: MAVCOM, OAG Analyser

For the international sector, the commencement of the KUL – CDG route in 2025 (see Table 5) will strengthen Malaysia’s long-haul connectivity to Europe, supporting Malaysia’s preparation for Visit Malaysia Year 2026. Significant increase in capacity is also observed from PEN due to the commencement of operations between Penang and Hong Kong in November 2024, as well as the introduction of daily direct flights between Penang and Chennai starting 21 December 2024. Additionally, the capacity to Australia is expected to see a significant increase in 2025 and beyond, following the additional bilateral air traffic rights for Australia has been agreed and finalized in the recent International Civil Aviation Organization Air Services Negotiation Event 2024 (ICAN 2024)

Table 5: Top International Routes with the Highest Additional Seats in 2025

Route v.v.	Estimated Additional Seats	Estimated YoY Growth (%)
PEN – Hong Kong (HKG)	267,168	114.6
KUL – Sydney (SYD)	187,548	27.7
KUL – Paris (CDG)	161,018	-
KUL – Nairobi (NBO)	136,351	793.0
PEN – Chennai (MAA)	131,688	3,218.0

Source: MAVCOM, OAG Analyser

International Carriers Expected to Deploy More Seat Capacity to Malaysia

In 2025, international carriers are expected to deploy more seats to Malaysia. The largest capacity addition involves airlines such as IndiGo (6E), Turkish Airlines (TK), Korean Air (KE), China Southern Airlines (CZ), AirAsia Indonesia (QZ), and Cathay Pacific (CX) (see Table 6). Additionally, British Airways (BA) will commence direct flights from KUL to London Heathrow (LHR) in 2025, further enhancing Malaysia’s connectivity to Europe.

Table 6: International Carriers with the Highest Additional Seats in 2025

Airline	Estimated Additional Seats	Estimated YoY Growth (%)
IndiGo	384,692	242.8
Turkish Airlines	178,244	35.1
Korean Air	175,680	193.7
China Southern Airlines	143,621	12.0
AirAsia Indonesia	137,700	4.8
Cathay Pacific	123,579	16.3
British Airways	118,584	-

Source: MAVCOM, OAG Analyser

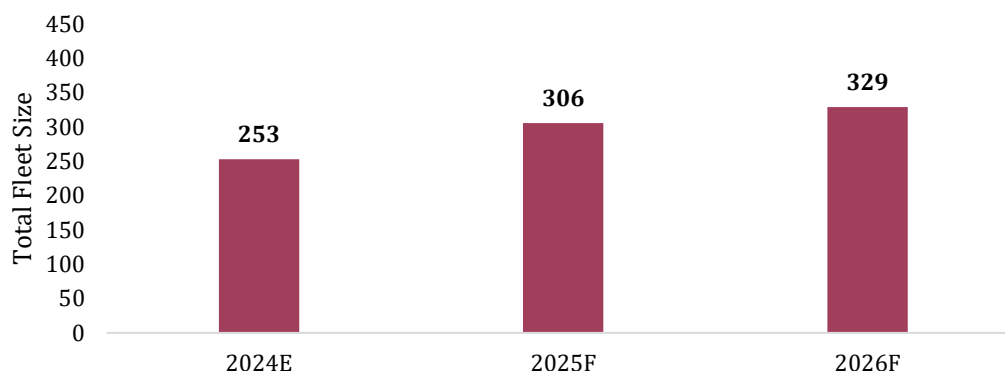
Visit Malaysia Year Preparation

In preparation for Visit Malaysia Year 2026, airlines are implementing a range of strategies to accommodate the anticipated increase in passenger traffic. Tourism Malaysia is aiming to attract 35.6mn international tourists in 2026 which will signify the highest number of tourist arrivals into Malaysia. This expected surge in tourists requires careful planning in 2025 to maintain high-quality service standards and enhance the overall travel experience.

A key focus is on commercial and capacity expansion by airlines, with plans to increase connectivity and flight frequencies to major destinations such as China, India, Indonesia, South Korea, Australia, and Gulf countries, while also launching new routes to Europe, Kazakhstan, Kenya, and Pakistan. The capacity expansion is further supported by the increasing projected fleet size of major Malaysian carriers. Overall, the Malaysian carrier’s

fleet is projected to grow from 253 aircraft in 2024 to 329 in 2026, representing a 30.0% increase (see Figure 3).

Figure 3: Malaysian Carriers Fleet Size, 2024E – 2026F



Source: MAVCOM, Airline's Submission

Operational readiness is another critical area of focus. Airlines are working to ensure sufficient staffing, including pilots, cabin crew, and ground handling teams, to prevent disruptions. Ground support equipment and aircraft maintenance are being prioritized to ensure reliability, while robust recovery measures, such as accommodations, transport, and meals for delayed passengers, are being established.

Airport operators also play an important role in ensuring the airport's terminal facilities are optimized to handle higher passenger volumes efficiently. Airport operators are working closely with airlines and Tourism Malaysia to coordinate campaigns. Achieving these goals will require sustained and coordinated efforts across all stakeholders relating to marketing, infrastructure development, and international collaborations.

Global Market Trends

The aviation market is expected to normalize with global passenger traffic growth projected at 11.2% YoY and 8.0% YoY for 2024 and 2025, respectively. Higher GDP growth globally is driving an increase in disposable incomes, boosting demand for both leisure and business travel. The rising demand for air travel is further supported by demographic shifts, with younger generations expected to account for nearly 90% of trips by 2030 as older populations decline.

The demographic shift ties in with the digital transformation which is reshaping travel behavior in the aviation industry, with mobile and online bookings expected to dominate. By 2026, mobile bookings are projected to capture 72%¹ of the market, reflecting an increasing preference for seamless digital experiences and personalized travel solutions.

Asia Pacific remains the fastest-growing region, projected to account for 50% of global passenger traffic by 2043. This growth is fueled by the region's expanding middle class and significant infrastructure investments, such as Vietnam's Long Thanh International Airport² and the New Manila International Airport³. The rise in capacity in the region is expected to make airfares more competitive, albeit lower yields for airlines.

¹ Airline's submission

² First commercial flights planned in September 2026.

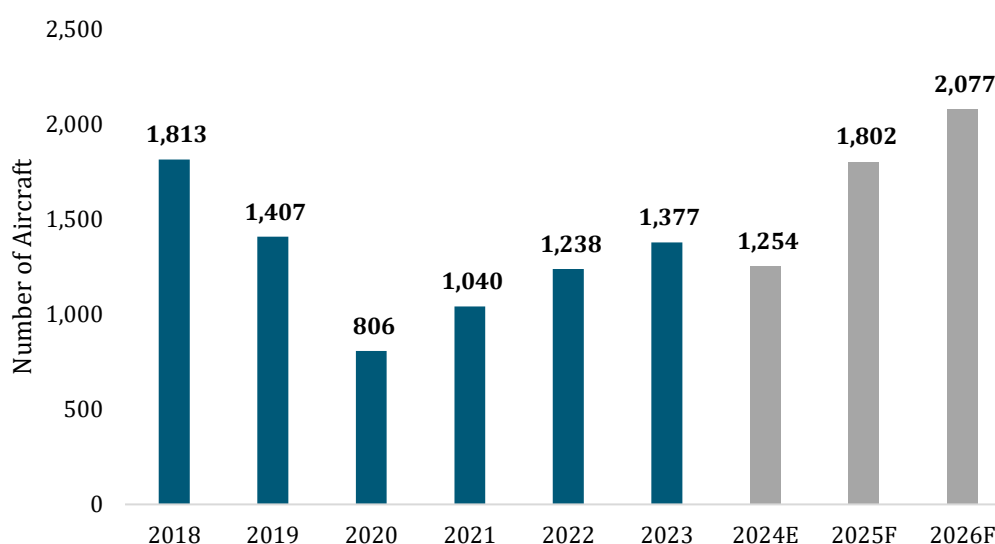
³ Operations to commence in 2028.

Key Challenge: Supply Chain

The supply chain remains a critical challenge in the aviation industry. The pandemic has exacerbated global supply chain issues, leading to delays in aircraft manufacturing, shortages of essential components, and disruptions in logistics. This has resulted in a backlog of orders, fueled by the growing demand for new-generation, fuel-efficient aircraft as airlines focus on reducing operating costs and emissions.

This challenge is not confined to Malaysia but is being experienced worldwide. Global aircraft deliveries have significantly declined from the 2018 peak of 1,813 units (see Figure 4). In 2024, deliveries are estimated at 1,254 aircraft, marking a 30% reduction from initial projections by IATA. While deliveries in 2025 are forecasted to increase to 1,802, this figure has already been revised down from an earlier estimate of 2,293, with further reductions likely⁴.

Figure 4: Aircraft deliveries (delivered and scheduled), 2018 – 2026F



Source: IATA

According to IATA, the global fleet's average age has also risen to 14.8 years due to delivery delays, a significant increase from the 13.6-year average recorded between 1990 and 2024. Older aircraft require more maintenance and consume more fuel, contributing to slower gains in fuel efficiency. Supply chain disruptions have also driven up demand for used aircraft, causing narrowbody lease rates to rise by 20-30% compared to 2019 which has led to increased financing costs for airlines and pressured profitability.

In Malaysia, Malaysian carriers have demonstrated commendable efforts in addressing supply chain challenges by proactively re-evaluating cost structures, optimizing maintenance schedules, renegotiating supplier contracts, and effectively reducing overhead expenses. The goal is to increase supply chain resilience which can be achieved by diversifying suppliers, investing in advanced demand forecasting technologies, and developing contingency plans. Some Malaysian carriers are also leveraging AI and data analytics to further enable them to improve inventory management, streamline operations, and make data-driven decisions based on real-time insights.

⁴ IATA Sustainability and Economics

Key Opportunity: Favourable Macroeconomic Outlook

Despite ongoing supply chain challenges, the macroeconomic outlook for 2025 appears favorable for the aviation industry. Global economic growth is expected to remain stable in 2025, growing by 3.2% YoY, whilst the ASEAN-5⁵ region is expected to grow by 4.5% YoY⁶. Additionally, Malaysia's GDP is projected to grow by 4.5%–5.5% YoY⁷, supported by robust tourism demand and rising household incomes—positive indicators for the aviation industry. According to the latest data from Tourism Malaysia, tourist receipts saw an outstanding growth of 50.8% YoY in the first half of 2024, surpassing 2019 levels, while tourist arrivals increased by 28.9% YoY. This upward trend is anticipated to continue into 2025, providing a strong foundation for demand growth.

Furthermore, the stabilization of the Ringgit at RM4.45 against the US dollar offers some relief to airlines managing dollar-denominated expenses. Jet fuel prices are forecasted to average at \$87 per barrel⁸ in 2025, down from \$99 per barrel in 2024, with a jet fuel crack spread of \$12 per barrel and Brent Crude Oil projected at \$75 per barrel. On average, fuel is expected to account for 26.4% of operating costs in 2025, a reduction from 28.9% in 2024, offering airlines some cost relief.

CONCLUSION

Malaysia's aviation sector is set for a remarkable year in 2025, with passenger traffic forecasted to surpass pre-pandemic levels, reaching between 110.0mn and 114.4mn passengers. This growth is supported by increased seat capacity deployment, rising international travel demand, and improving household incomes. Airlines are also preparing for the anticipated surge in tourist arrivals during Visit Malaysia Year 2026 by expanding connectivity, introducing new routes, and increasing fleet sizes to meet the growing demand starting in 2025. However, the supply chain remains a critical challenge in the aviation industry. Airlines are challenged by the delay in aircraft deliveries, a growing backlog of unfulfilled orders, and rising operational costs. Addressing these issues will require airlines to adopt cost optimization strategies, invest in supply chain resilience, and leverage advanced technologies to streamline operations. Despite these challenges, airlines have the opportunity to leverage on the favorable macroeconomic conditions coming in 2025. The recovery in tourism continues to provide a strong foundation for demand, while the stabilized Ringgit and lower jet fuel prices are expected to ease cost pressures for airlines.

⁵ Indonesia, Malaysia, the Philippines, Singapore, and Thailand

⁶ IMF

⁷ BNM

⁸ IATA

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