Market Structure Minute:  
When Will Then Be Now?

Reopening. Return to ‘normal.’ Recovery. Many of us are trying to understand the path ahead – and when productivity, consumer activity and different parts of life resume levels witnessed in February of this year. In many ways, this crisis lacks precedent. When the Spanish Flu wended its way across the world – we were still nearly a decade away from true, broad based commercial aviation. But we do have some precedent for part of a “return” (at least from an aviation perspective) – the months and years following 9/11. Below we explore the return to ‘normal’ flight frequency and capacity.

In August of 2001, commercial air travel was soaring. That month, more than 65 million passengers took to the air, notching all time highs. Then came the exogenous shock of 9/11 and flights, capacity and passengers all plummeted. How long did it take to resume August 2001 numbers? About three years. And not only that – it reshaped the landscape of the airline industry in the U.S. We explore below.

In the wake of 9/11 – essentially everything changed for the airline industry. We had fewer flights, fewer seats, fewer passengers and fewer employees. It took years for levels to approach those witnessed in August 2001 – and even then, the terrain of the industry changed substantially. Employment types and levels shifted across network and low-cost carriers. Low cost carriers grew in size and scope. Looking at air travel and passenger enplanements post 2008 shows something similar, with passenger totals returning to pre-08 levels about three years later.

Number of Months to Return to Passenger Levels Post 9/11

![Number of Months to Return to Passenger Levels Post 9/11](image)

Source: Bureau of Transportation Statistics
Change in Passenger Levels | 2000 - 2011

Source: Bureau of Transportation Statistics, Jefferies

Number of Employees in July for Passenger Airlines | 2001–2005

<table>
<thead>
<tr>
<th>July</th>
<th>Network Carriers</th>
<th>Low-cost carriers</th>
<th>Total (excluding regional and other carriers)</th>
<th>Regional Carriers</th>
<th>Other Carriers</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>465,198</td>
<td>69,569</td>
<td>534,767</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2002</td>
<td>394,686</td>
<td>71,263</td>
<td>465,949</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2003</td>
<td>332,376</td>
<td>74,025</td>
<td>406,401</td>
<td>44,280</td>
<td>8,277</td>
<td>458,958</td>
</tr>
<tr>
<td>2004</td>
<td>325,436</td>
<td>75,994</td>
<td>401,430</td>
<td>58,038</td>
<td>12,668</td>
<td>472,136</td>
</tr>
<tr>
<td>2005</td>
<td>308,714</td>
<td>75,145</td>
<td>383,859</td>
<td>60,738</td>
<td>13,631</td>
<td>458,228</td>
</tr>
</tbody>
</table>

Source: Bureau of Transportation Statistics, Jefferies

Source: Bureau of Transportation Statistics, Jefferies

Seat Capacity For Low Cost Carriers | 2000 vs. 2004 (Annual, Low Cost Carriers only)

Source: Bureau of Transportation Statistics, Jefferies

Shannon Murphy
Head of Strategic Content
Shannon.murphy@jefferies.com

Lily Calcagnini
Strategic Content
LCalcagnini@jefferies.com
IMPORTANT DISCLAIMER

THIS MESSAGE CONTAINS INSUFFICIENT INFORMATION TO MAKE AN INVESTMENT DECISION.

Lorem ipsum.

© 2020 Jefferies LLC