

Air traffic in Germany

HIGH LOCATION COSTS HINDERING RECOVERY

Air transport in Europe is almost back to pre-crisis level. A number of countries are already setting new records. In Germany, however, air transport is recovering rather slowly. Why is that?

There is increasing speculation about Lufthansa's influence on the still underdeveloped flight offer in the German aviation market.

The facts: In Europe and Germany, high demand for air travel often meets an infrastructure with limited capacity. Following the events of last summer, the industry has drawn important conclusions to bolster its resilience. Lufthansa is currently in the midst of a robust staffing initiative, and many airports are actively seeking new employees.

Priority: stable flight plan

There are, however, still bottlenecks with service providers, airspace management and spare parts supply. Given this situation, Lufthansa's main focus is offering as many connections as possible that can be operated reliably. Our top priority is to maintain a stable flight schedule, particularly in hub traffic. The feeder network requires careful coordination and reliable execution. Despite the diligent planning, there may be instances where our customers experience a decline in service quality due to certain shortcomings, such as baggage transport issues.

In addition to this: For numerous domestic routes, the train presents a convenient alternative. Lufthansa has further strengthened and expanded its cooperation with Deutsche Bahn. For every feeder flight to Frankfurt, Lufthansa now offers an intermodal option: Lufthansa Express Rail. A total of 550,000 passengers opted for this combined ticket last year. The offer covers 26 destinations across Germany.

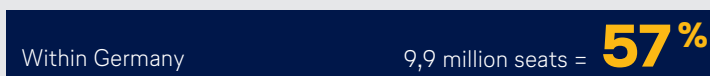
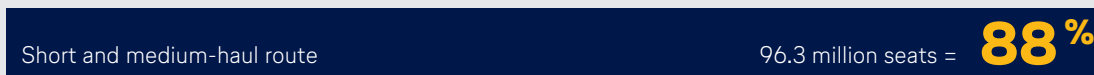
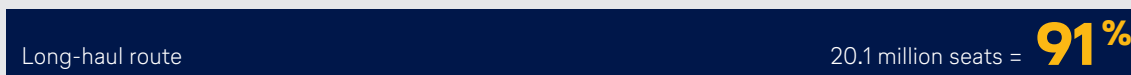
Low-cost airlines are withdrawing

Point-to-point traffic within Germany – beyond the Frankfurt and Munich hubs – is in noticeable decline. This is due to the gradual withdrawal of low-cost airlines from Germany. The trend began even before the Coronavirus pandemic – and it continues. In August 2019, for example, Ryanair decided to remove all domestic flights in Germany from its program. Since then, the Irish company has reduced its fleet stationed in Germany almost by half.

EasyJet has significantly reduced its presence at Berlin airport, operating from a much smaller base than before. Eurowings has partially filled the gap left by easyJet's withdrawal.

Seat capacity by target region

2nd half of 2023

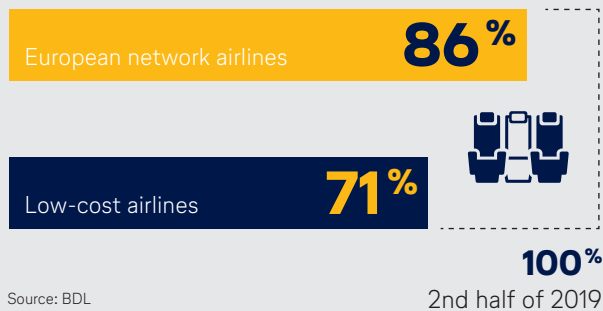


100%

2nd half of 2019

Trend in seat capacity from Germany

2nd half of 2023 compared with the same period in 2019



The decision of the low-cost carriers appears to be voluntary and intentional, for one recurring reason: High location costs in Germany. Consequently, for airlines such as Ryanair it is simply more profitable to allocate their aircraft to other regions in Europe. These low-cost airlines aggressively seek growth primarily in Southern and Southeast Europe, showing limited commitment to specific locations. They tend to withdraw their services in regions where subsidies are not or no longer available. Interestingly, there is little disparity between price developments in markets dominated by low-cost operators and those in international aviation. For instance, in Italy, Ryanair holds a dominant market position as the leading low-cost provider, alongside two other competitors. Nevertheless, despite this strong competition, the price increase in the Italian market remains notably higher than in Germany.

Location costs at a record level

Germany is one of the most expensive aviation locations in Europe. The air traffic tax was increased just before the Coronavirus pandemic and the aviation security charges remain high. Moreover, at the beginning of 2023, air traffic control fees reached a record level. In just two years, the terminal charge in Germany has nearly doubled.

These soaring charges are having a particularly strong impact on domestic air traffic within the country. Additionally, politically induced costs continue to rise, partly due to the latest EU resolutions on climate change policy. It is evident that an integrated transport and climate change policy is necessary to optimize Germany's international connectivity. Unfortunately, Germany is falling behind in a European comparison due to the conflicting goals it pursues. The expectations to provide as many flight connections as possible are not realistic if the shift to rail is politically desired.

Train to the plane

Lufthansa offers ICE feeder connections to Frankfurt Airport from 26 cities - with one ticket and a transfer guarantee.



How to book Lufthansa Express Rail

1. In the flight search, select one of our many Lufthansa Express Rail stations as your departure airport.
2. Then determine your Lufthansa Express Rail connection in the flight overview.
3. Book easily and check in online for both your train and flight between 23 hours and 15 minutes before departure.
4. Enjoy a seamless and relaxed journey to your departure at Frankfurt Airport - with a transfer guarantee.

“Overall, Germany has become less attractive as a location. (...) There is a lack of incentives to expand our presence in Germany. (...) However, we will prefer to station new aircraft in other markets where airlines have incentives to station capacity, for example in Poland or Italy.”

Annika Ledeboer

Ryanair, Country Manager for Germany