

KEY TRENDS

Addison Schonland, aviation analyst with Innovation Analysis Group, said: "With so much money flowing into the region, incomes are rising fast. This enables much higher O&D [origin and destination] traffic. It is bringing in lots of business traffic. I expect this to continue in 2007.

"In fact, I would suspect the percentage of connection traffic to fall as O&D rises. I am not sure that O&D will grow as quickly as connection traffic slows."

Analysts identify the stir being

created in the market by low-cost carriers as another highlight of the year.

"The concept of the low-cost carrier has arrived in the market. This is going to upset the current set-up as people start to fly these. Lots of frequency on smaller planes such as Boeing 737 and Airbus 320 will be attractive. This will generate intra-regional traffic. This makes Dubai International Airport attractive because it is so much more open compared with, say, Saudi Arabia. I

think we will see lots of weekend traffic like we see in the US to Las Vegas," said Schonland.

And then, of course, most of the key Middle East carriers carry a "huge order book".

"I am concerned about where all these seats will be flown. Orders exceed everyone's traffic forecasts. We do not know where the traffic will be coming from. So I expect to see huge price wars to get better load factors. It could get messy," said Schonland.

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