Border Executive Board

Update of forecast scenarios for passengers and cargo

December 2025

Passenger Scenarios

1. The air and cruise passenger forecast scenarios use actual volume levels in the year before COVID-19 as a baseline against which current and forecast performance is measured.

International air passenger (arrivals) scenarios

2. The December 2025 passenger scenarios included in this update reflect the latest travel demand.
3. Figure 1 shows the volume of international air passenger arrivals and provides a comparison between actual arrivals, the July 2025 forecast, and the December 2025 forecast[1].
4. The monthly actual air passenger volume in recent months (January 2025 to October 2025) has recovered to between 90% and 98% of the pre-Covid level.

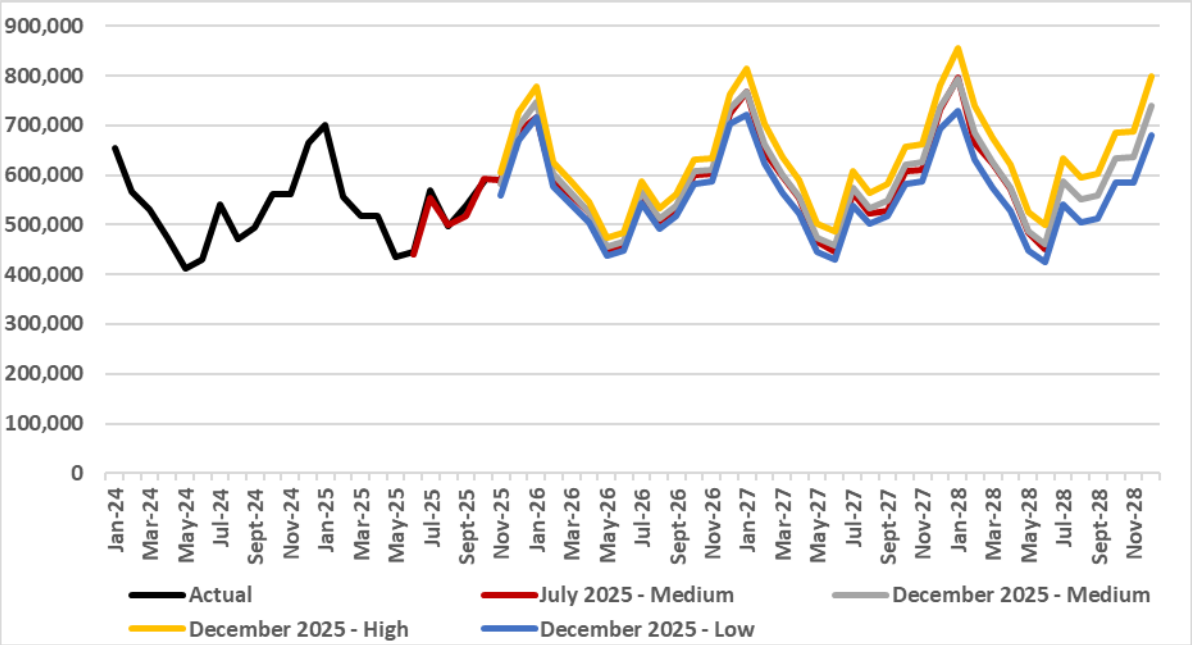

Figure 1. Actual volume, the July 2025 and December 2025 forecasts of international air passenger arrivals

(Date source: Statistics NZ for current and historical arrival volumes, cross-referenced with load factors and schedule data from a third-party vendor.)

5. The latest forecast indicates that monthly passenger volumes are expected to return to pre-COVID levels by January 2026. However, annual passenger volumes are not projected to fully recover to pre-COVID levels until 2027.

[1] MBIE is updating international tourism forecasts, which only cover the arrivals of international tourists. In contrast, passenger forecasts shown here also include arrivals by New Zealanders. Note that these passenger scenarios are short-term forecasts (typically three years). In general, much longer-term forecasts by airports would be required to inform the Regulatory Airport Spatial Undertakings work (RASUs) on airport infrastructure needs. Also note that Hamilton and Dunedin airports recently resumed their international air services, but they represent a very small share of total international passenger arrivals.

6. Table 1 highlights that the latest December 2025 forecast is 1.7% higher than the July 2025 forecast for outyears 2026 and 2027.

% difference – December 2025 forecast vs July 2025 forecast					
	Q1	Q2	Q3	Q4	YE December
2025	0.0%	0.5%	2.2%	-0.1%	0.6%
2026	2.7%	1.3%	1.4%	1.2%	1.7%
2027	1.0%	1.6%	2.5%	1.8%	1.7%

Table 1. Revisions to passenger forecast – December 2025 forecast vs July 2025 forecast

7. The December 2025 forecast is marginally higher than the July 2025 forecast. The key factors driving a higher air passenger forecast are:
   7.1. **higher than expected passenger growth** – actual air passenger volume from June to October of 2025 is 1.4% higher than expected by the July 2025 forecast;
   7.2. **higher than expected seat capacity** – recent announcements by airlines expect more international flights to/from New Zealand, including those on resumed or new routes (for example, the direct Qantas's Auckland – Adelaide flights). As shown in Figure 2, there will be more seats available during the 2025/26 northern winter (NW2025/26) – 5% higher than NW2024/25 and 3% higher than NW2023/24;

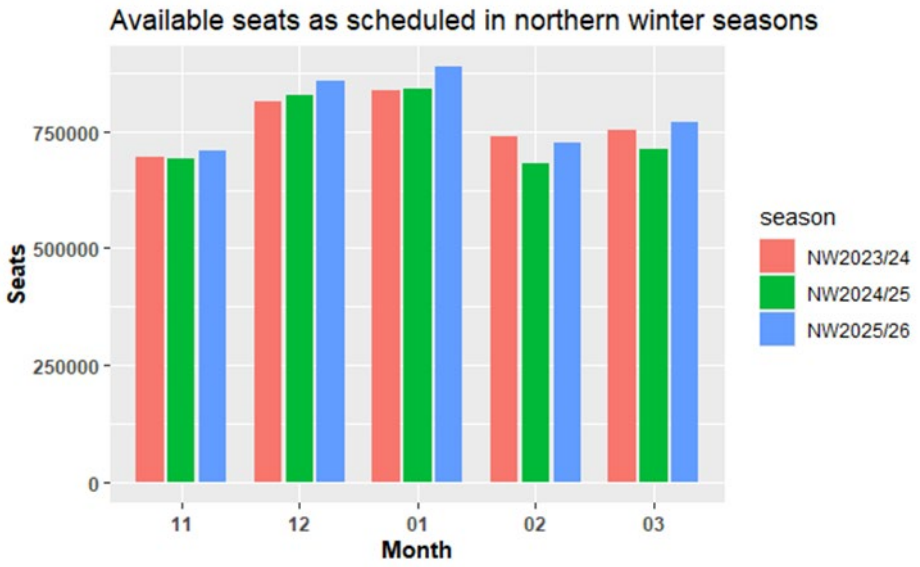

Figure 2. Seat availability in the three northern winter seasons

(Date source: a third-party vendor)

   7.3. **varied growth across airports** – the actual passenger data and schedule data expect a strong growth in international passengers in 2025 in Christchurch (13%) and Queenstown (9%) airports, but a weaker than expected growth in Auckland Airport (1.9% vs 2.5%). Note that Auckland Airport generally represents approximately 75% of total international air passengers.

8. Remaining key risk factors potentially influencing air passenger demand include ongoing capacity constraints in the aviation industry globally, geopolitical conflicts, and increased aviation and traveller costs.

Cruise passenger (arrivals) scenarios

9. Figure 3, on page 4, shows the volume of passenger arrivals by cruise and compares actual arrivals, the December 2025 forecast, and the July 2025 forecast.

10. The cruise schedule data available has not changed between the July and December forecasts. The key points of the cruise passenger forecast are:

    10.1. after a 28% reduction in the cruise passenger volume in the 2024/25 season, the forecast expects a further 19% reduction in the 2025/26 season. There is a modest growth of approximately 5% expected from 2026/27

    10.2. key risk factors include infrastructure challenges (such as facilities for hull cleaning and shore power infrastructure) and increased cruise operating costs.

11. It is important to note that the volume of cruise passengers is small and volatile. It is therefore difficult to forecast cruise passenger volume in the longer term as the schedule data is only available until September 2026.

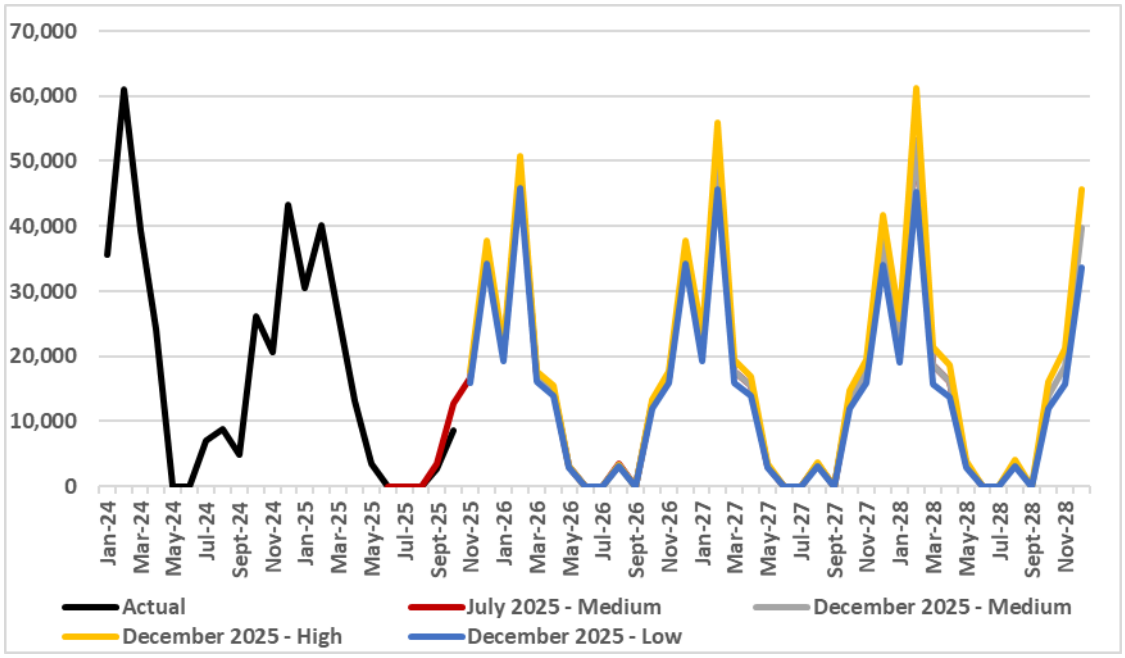

Figure 3. Actual volume, the December 2025 and July 2025 forecasts of cruise passenger arrivals
(Data source: New Zealand Customs Service for actual passenger and schedule volumes)

Assumptions for passenger scenarios

12. Table 2 describes the assumptions used in the December 2025 update for the air and cruise passenger forecast scenarios.

	Low	Medium Approved for planning	High
Air	4% lower than the medium forecast in 2026, 6% lower in 2027, and 8% lower in 2028	Base forecast cross-referenced by load factor and schedule data, as well as the forecasts by major NZ airports, where appropriate	4% higher than the medium forecast in 2026, 6% higher in 2027, and 8% higher in 2028
Cruise	5% lower than the medium forecast in 2026, 10% lower in 2027 and 15% lower in 2028	Schedule data for the 2025/26 season as the basis. 5% higher than the base capacity in 2027 and 10% higher in 2028	5% higher than the medium forecast in 2026, 10% higher in 2027 and 15% higher in 2028

Table 2. Assumptions for the air and cruise passenger scenarios

Cargo Forecast (import entries over $1000)

Actuals to date

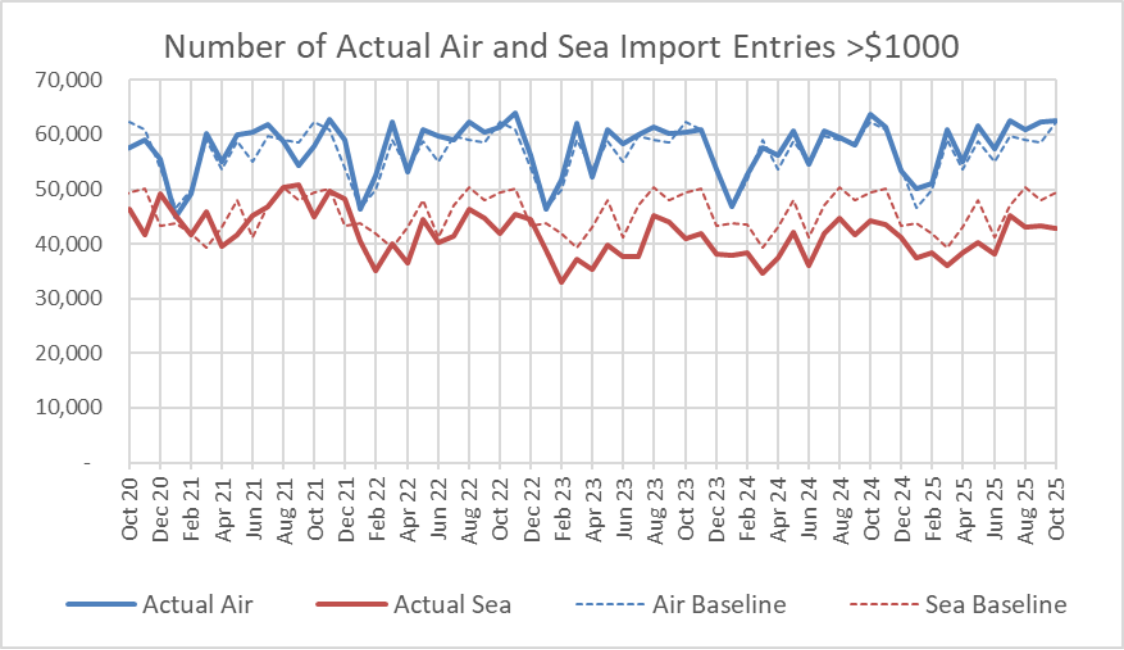

Figure 4 - Air and Sea Import Entries over $1000

Air

13. Since the border opened in July 2022 post COVID-19, the quantity of air cargo import entries (over $1000) has followed close to the levels in the 2019 ‘baseline’ year. The air cargo actual performance is stable, and this trend remains in the forecast.
14. In contrast, there has been substantial growth in online shopping imports which arrive through the low value air goods stream. This only impacts the low value air channel and does not impact the quantity of import entries over $1000.

Sea

15. The volume of sea cargo import entries (over $1000) has remained below baseline levels since July 2022. Historically, sea cargo has fluctuated to a greater extent than air. The December 2025 year to date volumes have increased approximately 1.5% on 2024, prior year volumes. This is in line with forecast New Zealand economic growth of between 0.5% - 1.8% from 2024 to 2025. Although this trend is promising, there are no strong indications that sea cargo volumes are returning to pre-COVID-19 levels.

Cargo forecast scenarios

16. The economic conditions for trade in New Zealand are uncertain due to global market volatility, fluctuating exchange rates, and unpredictable geopolitical factors, which make it challenging to accurately forecast trade volumes.
17. Although sea cargo volumes have shown year-on-year improvement, there is still no indication they will return to pre-COVID levels. For this reason, the combined cargo growth assumption for the ‘medium’ scenario remains at 0%.
18. The forecast incorporates this growth trend; however, we have not applied any additional growth assumptions at this stage. This will be reviewed in the next update if the upward trend continues.

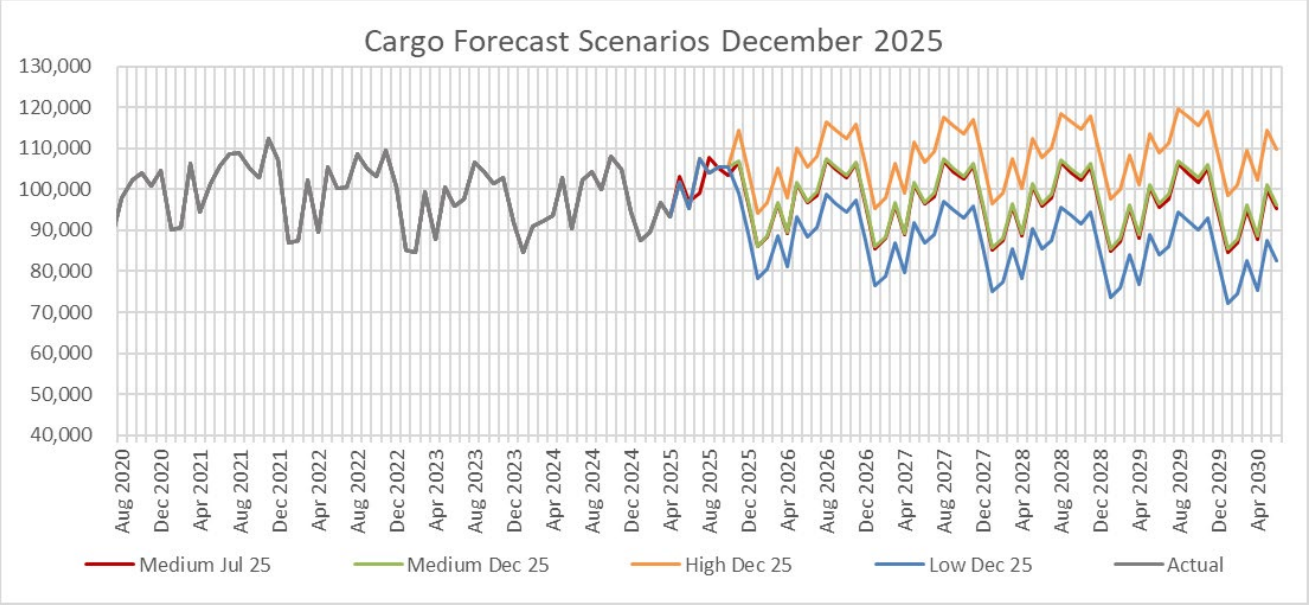

Figure 5 - Cargo Forecast Scenarios for December 2025. Data source: New Zealand Customs Import Entry Transaction Fee trade records.

19. When compared to the July 2025 forecast, the combined December 2025 cargo forecast has increased 0.75%. This is primarily due to the recent volume growth from 2024 to 2025 in sea cargo of approximately 1.5% with air cargo performance being relatively flat.

Combined Air and Sea Volumes

Forecast	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030
	actual	*actual*	*actual*	*actual*	*actual*	*forecast*	*forecast*	*forecast*	*forecast*	*forecast*
Medium	1,186.6	1,217.0	1,181.0	1,159.8	1,178.3	1,186.3	1,177.9	1,175.5	1,173.1	1,170.8
High	1,186.6	1,217.0	1,181.0	1,159.8	1,178.3	1,251.2	1,289.9	1,303.4	1,315.9	1,327.9
Low	1,186.6	1,217.0	1,181.0	1,159.8	1,178.3	1,121.4	1,065.9	1,047.7	1,030.4	1,013.6
Previous Forecast						1,176.8	1,172.4	1,168.0	1,163.6	1,159.1
Var %						0.80%	0.47%	0.65%	0.82%	1.00%

Table 4 - Combined Cargo Forecast Scenarios for December 2025 and variance to July 2025 forecast. Data source: New Zealand Customs Import Entry Transaction Fee trade records.

Assumptions for Cargo scenarios

20. Table 3 describes the assumptions used in the December 2025 update for the air and sea cargo forecast scenarios.

Assumptions	High	Medium Approved for planning	Low
Initial steady state as a percentage of baseline • The Medium steady state assumes import entries continue at the same level seen over the last two years, following the seasonal fluctuation. • The High steady state starts 5% above the Medium state. • The Low steady state starts 5% below the Medium state.	Air: **+5%** Sea: **+5%**	Air: **0%** Sea: **0%**	Air: **-5%** Sea: **-5%**

Table 3 - Assumptions/drivers for cargo forecast

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