



Article Name: Current Investment Trends in the African Aviation Space

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Current Investment Trends in the African Aviation Space

Africa's aviation sector is ripe for investment while undergoing significant transformation, marked by numerous airport and airline expansion projects aimed at enhancing connectivity, boosting economic growth, and positioning the continent as a global aviation hub.

It is relatively driven by increasing connectivity needs, a growing middle class, and supportive government policies.

Despite rising air traffic, Africa's aviation growth is constrained by infrastructure challenges. Many airports still lack modern facilities and sufficient funding for critical upgrades, limiting their capacity to handle increasing passenger volumes and modernize operations.

On the other hand, several African countries are investing heavily in expanding existing airports and constructing new ones to accommodate growing passenger numbers.

The following are contributing factors fostering the expansion and growth of the industry;



Major Airport Expansion Projects

These are some of the airports that are currently active on the development phase:

1. Ethiopia's New Addis Ababa International Airport

Ethiopian Airlines has embarked on constructing a new international airport near Bishoftu, approximately 28 miles from Addis Ababa. The \$6 billion project, designed by Dubai-based Sidara, is slated for completion by 2029. The facility will feature four runways, accommodate 270 aircraft, and handle up to 100 million passengers annually, making it Africa's largest airport. This development addresses capacity constraints at Bole Addis Ababa International Airport and aims to solidify Ethiopia's status as a central aviation hub.

2. Kenya's Jomo Kenyatta International Airport (JKIA) Expansion

Kenya Airports Authority (KAA) has initiated plans to expand JKIA, including constructing a new passenger terminal to accommodate increasing traffic. The expansion is part of a phased investment plan, with recommendations for a public-private partnership model to finance and manage the project. The development aims to enhance JKIA's capacity and position Nairobi as a competitive regional aviation hub.

3. Rwanda's Bugesera International Airport

Rwanda is constructing Bugesera International Airport, with an initial capacity of 8 million passengers annually, expandable to 14 million in subsequent phases. Set to open by 2026, the airport aims to position Rwanda as a significant aviation hub in East Africa, enhancing connectivity and supporting economic development.

Airline Expansion Initiatives

1. Qatar Airways' Investment in Airlink



Qatar Airways has acquired a stake in South Africa's largest regional airline, Airlink. This strategic investment aims to enhance Qatar Airways' network in southern Africa, increasing passenger traffic through its Doha hub. The partnership is expected to bring mutual benefits, including expanded market reach and improved connectivity which can stimulate tourism and business travel in the region. The entry of a major international player could impact local airlines' market share.

2. South African Airways (SAA)

SAA has expanded its fleet to 20 aircraft with the addition of two Airbus A320s leased from AerCap. This marks a significant recovery from its previous downsizing to six aircraft.

The airline plans to increase flight frequencies on several routes and add five more aircraft in 2025, aiming to restore international connections and boost regional and national capacity.

3. Ethiopian Airlines

Ethiopian Airlines reported a 14% increase in revenue for the 2023/24 financial year, reaching \$7 billion, driven by a 23% rise in passenger numbers to 17.1 million.

The airline aims to carry 20 million passengers in the upcoming financial year and has ordered 125 new aircraft to support its growth strategy, including the addition of five new routes.

4. ASKY Airlines

Togo-based ASKY Airlines is restructuring its network to introduce more nonstop regional routes. The airline plans to acquire Boeing 787s by 2026 and is negotiating codeshare agreements with four African airlines to enhance connectivity.

5. Proflight Zambia



Proflight Zambia commenced a direct service between Cape Town and Livingstone on December 1, 2024, providing direct access to Victoria Falls from South Africa's tourism hub. The route operates twice weekly, with additional flights during peak seasons.

6. Air Sierra Leone

Air Sierra Leone launched direct flights from London Gatwick to Freetown starting December 2, 2024, marking the first direct UK-Sierra Leone connection since the COVID-19 pandemic. The airline operates thrice-weekly, partnering with Nigeria's Xejet Aviation.

7. Continental Fleet Projections

Boeing projects that Africa's commercial aircraft fleet will more than double by 2043, anticipating the delivery of over 800 new single-aisle jets. This growth is driven by a young and expanding population seeking increased travel opportunities.

8. Morocco: Royal Air Maroc (RAM)

The Moroccan government supports Royal Air Maroc (RAM) by funding the acquisition of modern aircraft, including Boeing 787 Dreamliners and 737 MAX planes, to expand long-haul and regional operations.

Casablanca's Mohammed V International Airport is being upgraded to strengthen its role as a major hub for transit between Africa, Europe, and the Americas.

RAM has joined the oneworld alliance, enhancing connectivity and global competitiveness.

9. EgyptAir



Egypt is upgrading Cairo International Airport to increase its passenger handling capacity, making it a key hub for Africa and the Middle East.

The government's heavy focus on tourism has prompted investments in EgyptAir to improve service quality and expand international routes.

African airlines are actively pursuing expansion and modernization initiatives to meet growing demand and position themselves competitively in the global aviation market. While these efforts offer significant benefits, they also present challenges that require strategic planning, robust financial management, and effective regulatory navigation to ensure sustainable growth.

Challenges and Considerations

A. Underutilization of Infrastructure

In Nigeria, a surge in airport construction has led to underutilized facilities, with most passenger traffic concentrated in a few airports. Critics suggest that some projects serve political prestige rather than economic necessity, leading to maintenance difficulties and costly construction.

B. Regulatory and Financial Constraints

Securing funding for large-scale projects often involves complex financial arrangements, including loans and public-private partnerships. Additionally, regulatory requirements, such as local ownership rules, can affect international investments and partnerships.

C. Environmental and Social Impacts

Large infrastructure projects can have significant environmental and social implications, including displacement of communities and ecological disturbances. Ensuring sustainable



development practices is crucial to mitigate adverse effects.

There remains a significant disparity between Governments making investments in African airlines vs those that don't. . While some African countries are actively investing in aviation infrastructure, fleet modernization, and regional connectivity, many others are lagging due to financial constraints, political instability, or competing national priorities.

Investing Governments / Airlines:

Countries such as Ethiopia, Rwanda, and South Africa are leading in aviation investments. For instance:

- Ethiopian Airlines has positioned itself as a continental leader with a modern fleet and extensive international networks.
- Rwanda, through RwandAir and the development of the Bugesera International Airport, has demonstrated long-term aviation ambitions.
- South Africa has made strides despite challenges, with continued efforts to stabilize its national carrier.

Non-Investing Governments / Airlines:

On the other hand, several countries have struggled to prioritize or sustain aviation investment due to economic hardship or policy neglect. This has left many regional and national airlines poorly funded or grounded altogether. Additionally, some African governments lack open skies agreements that could foster private and foreign investment... With challenges and gaps such as:

- Limited aviation financing options



- Inadequate airport infrastructure in rural and remote areas
- Low passenger traffic due to affordability issues
- Political barriers to liberalized air travel

This investment gap underscores the need for enhanced regional cooperation, better implementation of the Single African Air Transport Market (SAATM), and private-public partnerships to stimulate growth and development

In conclusion, Africa's airport and airline expansion projects represent a bold step toward modernizing the continent's aviation sector. While the economic benefits are substantial, careful planning, sustainable practices, and robust financial strategies are essential to address the associated challenges. By overcoming these hurdles, Africa can unlock its full potential as a global aviation powerhouse.

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I have over twenty years experience in Ground Operations. Born into aviation as both parents worked in the field. Developed the travel bug early in life, started traveling at an early age and also developed a hobby in plane spotting, I still get excited on hearing the sheer mighty roar of the engines as they prepare for take off.