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Space vs. Place: Riyadh Air, Emirates, and Gulf Aviation

DO NOT COPY

On a hot morning in early August 2026, Tony Douglas, chief executive officer of Riyadh Air, sat in the same glass-walled conference room where, ten weeks earlier, he had weighed whether the new Saudi airline was ready to sell a ticket to the public. That question had been answered. On June 10, days after the first two company-owned Boeing 787-9 Dreamliners were flown across the Atlantic from their builders in Charleston, South Carolina, and Everett, Washington, Riyadh Air had opened public sales and begun scheduled service to London Heathrow — several weeks ahead of the date Douglas had once set. Service to Jeddah followed on June 14, Dubai on June 18, and Cairo on June 25, and then Madrid and Málaga in mid-July. Service to Manchester would start in September.[1]

The airline had launched into a lull that did not last: a fragile truce had, in mid-June, hardened into an announced settlement reopening the Strait of Hormuz to shipping,[2] but within weeks the truce collapsed, the strait closed again, and fighting between the United States and Iran resumed.[3] War-risk insurance premiums and the cost of jet fuel, which had eased during the June calm, climbed again.

In front of Douglas that morning lay three folders, as they had in May. The first was no longer an operational-readiness briefing but a record of the airline's first weeks in the market: load factors, booking curves, and the early economics of a six-destination network. The second was a competitive-intelligence note. Among its items was a small but, to Douglas, telling one: AirAsia X, the low-cost arm of the Malaysian group, had in June postponed the launch of its new Bahrain hub and its Kuala Lumpur–Bahrain–London service — a plan built almost entirely on renting Bahrain's position between East and West — citing an operating environment not yet aligned with its objectives.[4] The third folder was the risk committee's, and it was thicker than it had been in May.

The decision in front of Douglas had changed shape. Riyadh Air was flying; the question was no longer whether to move, but how hard to push. He had to decide how quickly to add destinations and capacity,

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