

DIRECTORS GENERAL OF CIVIL AVIATION-MIDDLE EAST REGION

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Agenda Item 9: Economic Development of Air Transport

THE STATE OF THE MIDDLE EAST AIRPORT INDUSTRY: NEAR-TERM UNCERTAINTIES, IMPORTANCE OF RESTORING AIR CONNECTIVITY AND THE LONG-TERM INFRASTRUCTURE IMPERATIVE

(Presented by Airports Council International)

SUMMARY

The Middle East airports handled an estimated 468 million passengers in 2025, adding over 28 million passengers from 2024, at +6.5%. In terms of air cargo, the Middle East airports estimated to have handled over 9.2 million tonnes of air cargo in 2025, a +2.2 per cent year-on-year increase. However, for the 6-months period since the onset of the geopolitical tensions, passenger and air cargo traffic declined -27% and -25% respectively, which have led to a reduction of -28% of airports anticipated revenues, and deterioration of the region's air connectivity.

Nonetheless, despite the current challenges, regional demand fundamentals remain intact and latest traffic data show that the shock is receding. In the longer-term outlook development of the region remains very positive as passenger traffic is forecast to grow over threefold in the next three decades. This paper highlights the importance of restoring air connectivity and continuous support in timely undertaking airport infrastructure developments to meet the future demand.

1. INTRODUCTION

1.1 Airports are the principal physical and economic gateways of the Middle East aviation system. Their resilience, capacity, productivity and connectivity determine the degree to which the trade, tourism and economic benefits of air transport can be realised across the region. The ability of the Middle East airports to continue to connect travellers from across world's regions and to absorb sustained growth have direct implications for the socio-economic prosperity and well-being that underpin the region's long-term prospects of economic development.

1.2 ACI presents this paper to provide Member States with a consolidated, evidence-based view of passenger and cargo traffic trends of airports in the Middle East, particularly since the onset of geopolitical tensions in late February 2026, and its associated impacts. This paper also highlights that, despite the near-term uncertainties, the long-term outlook continues to be positive, which signifies the importance of restoring air connectivity and supporting airport infrastructure developments.

2. DISCUSSION

2.1 Middle East airports achieved strong performance in 2025

2.1.1 The Middle East airports handled an estimated 468 million passengers in 2025, adding over 28 million passengers from 2024, at +6.5%. Compared to the pre-pandemic levels, the Middle East have achieved nearly 16% growth on an aggregated basis¹.

2.1.2 At the airport level, the Middle East now hosts some of the world's largest and fast growing hubs in passenger traffic – Dubai (DXB) 95.2 million +3.1%; Doha (DOH) 54.4 million +3.1%; Jeddah (JED) 53.5 million +9.0%; Riyadh (RUH) 40.1 million +9.1%; Abu Dhabi (AUH) 32.5 million +12.6%; Sharjah (SHJ) 19.5 million +13.9%; Kuwait (KWI) 15.7 million +2.4%; Dammam (DMM) 13.2 million +8.1%; Muscat (MCT) 13.3 million +2.3%; Amman (AMM) 9.8 million +11.3%; Bahrain (BAH) 9.7 million +4.2%

2.1.3 In terms of air cargo, the Middle East airports estimated to have handled over 9.2 million tonnes of air cargo in 2025, +2.2 per cent increase from 2024. Air cargo hubs in the Middle East continued to facilitate movement of goods, mails and freight across the globe. Growth was noticeable at – Sharjah (SHJ) +24.9%; Abu Dhabi (AUH) +12.2%; Riyadh (RUH) +8.6%; Bahrain (BAH) +7.3%; Dubai (DWC) +4.8%.

2.1.4 Through extensive carriers and freighters networks, the Middle East airports served the crucial role in transferring passenger traffic between continents, as well as consolidating and redistributing air cargo from manufacturing and exporting economies, and providing vital connections with consumer and importing markets.

2.2 The rise of geopolitical tensions in the Middle East in early 2026 - Severe Shock, Active Recovery

2.2.1 However, the strong performance was met with challenging developments in 2026. The onset of the geopolitical tensions from the end of February 2026 have created operational disruptions, affecting airspace availability, flight routings, and airline schedules across the region, with potential knock-on effects on airport connectivity and financial implications.

2.2.2 ACI Asia-Pacific & Middle East have conducted an analytical assessment, involving 11 airports in the region, for the period of six months following the onset of the crisis, (end of Feb to end of August) to quantify the operational and economic impacts on airports in the region. The key findings in the assessment include the following²:

2.2.2.1 It is estimated that scheduled operations reduced to only about 30% almost immediately since the rise of tension in late February, followed by a progressive recovery which is not completed yet. The situation is observed to be normalizing, as scheduled operation recovered to an average of 84% at the end of August clear evidence that regional demand fundamentals remain intact. Overall, the average operation across the six months period was 66%, with an upward trend that indicated gradual recovery.

2.2.2.2 The assessment indicated that an estimated 47million passenger traffic (-27% year-on-year), and 0.9 million tonnes of cargo traffic (-25% year-on-year) were lost across the region. However, the impacts have been uneven. Airports in Oman and Saudi Arabia demonstrated resiliency, operated about 90% of the scheduled flights. On the other hand, airports that are located geographically closer to the tensions, such as those in Bahrain and Kuwait, operated between 30% and 60% of the scheduled flights.

¹ ACI World, Annual World Airport Traffic Dataset 2026

² ACI Asia-Pacific & Middle East, Air Transport Disruptions in the Middle East, Edition 5, September 2026

2.2.2.3 Additionally, since many of the airports in the region were established to be connecting hubs for passengers travelling between Asia-Pacific, Europe, Africa and the Americas, many of the passengers had to find alternative transfer points, travel directly or cancel their trips. In 2025, there were estimated 197 million passengers travelled between Asia-Pacific, Europe, Africa and Americas, which is equivalent to 16 million passengers monthly. Typically, about 18% of the traffic between those regions travelled via the Middle East. Since the onset of the tensions, up to 70% of the passenger traffic via the Middle East were lost.

2.2.2.4 The operational disruptions affecting airspace availability, flight routings, and adjustments in airline schedules across the region have resulted in reduction of supply in seat capacity, which coupled with the fluctuations of jet fuel prices (likely to continue in the longer term as jet fuel is almost 100% more costly than last year on 11th Sept. 2026), have led to elevated airfares. Airfares for flights to/from the Middle East in March increased more than 20% compared to 2025 average, and forward-looking tickets are 20-30% higher compared to last year. Airfares for flying directly from Asia-Pacific to Europe, Africa and the Americas in March were +30% more expensive than flying via Middle East hubs, and +50% more expensive in April. On the contrary, airfares for flying via Middle East hubs peaked in May and June at 18%-30% more expensive than flying direct due to tightening capacity and rising demand.

2.2.2.5 The geopolitical tensions have also led to significant damage to airports' financial performance. The revenue shortfall sustained by airports is attributable to the severe drop in passenger and cargo volumes. It is estimated that the revenue shortfall sustained by the 11 airports in aggregate since the onset of the crisis is approximately USD 1.8 billion. This represents a shortfall equivalent to 28% of anticipated revenues, a loss of exceptional magnitude for an industry characterised by regulated margins, fixed cost structures, and long-term capital commitments tied to infrastructure programmes.

2.2.2.6 Recovery is expected to follow a gradual “swoosh-shaped” trajectory, a slow initial rebound followed by a longer, gradual climb back to baseline, rather than a rapid rebound. Continued airspace restrictions, security risks, and elevated fuel prices are likely to weigh on demand and airline capacity. The pace of recovery will depend on coordinated airspace reopening, stabilisation of the fuel price, and the ability of the Middle Eastern carriers to rebuild networks and restore passenger confidence.

2.3 The importance of restoring air connectivity

2.3.1 The aviation sector generates economic benefits and contributes to economic development through activities within the aviation industry and a wide spectrum of other industries such as tourism, hospitality, retail, logistics and trade. Air connectivity catalyses economic activities and facilitate international trade. It is clear that improvements in air connectivity can drive national and regional economic and social development and enhance our well-being.

2.3.2 In 2023, ACI Asia-Pacific & Middle East developed its own connectivity index that measures not just the conventional indicators focus on direct and indirect connectivity such as frequency of flights, seat capacity and the number of destinations, but also considers the importance of a range of factors that emphasise the options of carrier categories, options of alliances, connection time and the economic importance of the destinations to the reference market.

2.3.3 Based on the ACI Asia-Pacific & Middle East Connectivity Index, in 2025, the Middle East posted +21% annual growth in air connectivity, driven by network expansion of Gulf-based carriers, growth in international trade and increase in labour flows. Based on the index score, Dubai (DXB) +15% continued to ranked top, followed by Doha (DOH) +6% and Jeddah (JED) +6%. Other airports such as Sharjah (SHJ) +59%, Medina (MED) +33%, Abu Dhabi (AUH) +21% and Muscat (MCT) +16% recorded significant growth in air connectivity contributed by the expansion of low-cost carriers, development of national tourism strategies and airport infrastructure expansion³.

³ ACI Asia-Pacific & Middle East, 2026 Air Connectivity Report – Passenger Air Connectivity Index

2.3.4 Nonetheless, the rise of geopolitical tensions in early 2026 has led to sharp contraction in air connectivity across the region. The large hubs in the Gulf region were particularly affected, consistent with the reduced schedules following the closure of airspaces and given their reliance on long-haul transfer traffic routes. In aggregate, the region's connectivity reduced by -23% in the first half of 2026 versus the same period in 2025. Riyadh (RUH) was the notable exception with +6% increase in connectivity, due to route diversions and reallocations, and it also reflected Saudi Arabia's domestically-anchored expansion.

2.3.5 While the half-year snapshot indicated the results caused by the rise in geopolitical tensions, this temporary reduction in the connectivity of the airports in the Gulf region shall reverse as operation schedules normalise. The industry shall evaluate the importance and opportunities of restoring air connectivity, as well as the risks and challenges in the short and medium-to-long term that would influence the recovery and future development of air connectivity. The importance and opportunities should include the revival of economic activities, catalysation of travel and tourism, and the facilitation of foreign investments. The risks and challenges should encompass both supply-side factors among industry stakeholders, and demand-side factors, including geopolitics and macroeconomics.

2.4 The long-term infrastructure imperatives

2.4.1 Despite the near-term uncertainties, the outlook of demand for air travel remains positive. The ACI World Air Traffic Forecast 2025-2054 (WATF) projects that passenger traffic in the Middle East will reach over 1.4 billion in 2054, which is equivalent to approximately +220% increase, or at a compound annual growth rate (CAGR) of +3.9% for three decades. Saudi Arabia is projected to lead the growth in the region's outlook, and is estimated to account for about 36% of the region's total growth, growing at +4.5% CAGR. United Arab Emirates will account for about 31% of the region's total growth, at +3.9% CAGR.

2.4.2 Growth is front-loaded: the Middle East passenger traffic CAGR is projected at +5.2% for the next five-year sectoral period, gradually slowing to +3.1% CAGR for the final five-year sectoral period up to 2054. The high pace of growth implies that capital expenditures (CAPEX) on airport infrastructure to increase their throughputs and capacities are imperatives, and that the highest growth pressure on the existing infrastructure falls in the current decade.

2.4.3 To meet the future demand for air travel, significant investments in airport infrastructure will be required. In general, CAPEX projects are categorised into two types: brownfield and greenfield. Brownfield projects involve the expansion, upgrading, and maintenance of existing (and often aging) airport infrastructure, whereas greenfield projects pertain to the development of entirely new airports, constructed from the ground up on a new site. Investments in greenfield airports are particularly necessary, especially in cases where the current infrastructure is unable to handle the increasing traffic volumes due to capacity constraints.

2.4.4 ACI Asia-Pacific & Middle East estimated that, on a regional level, between 2026 and 2056, approximately USD 211 billion of airport total CAPEX will be needed to address the long-term trend in passenger demand. Greenfield airport development projects remain pivotal in the Middle East, particularly in markets such as Saudi Arabia and United Arab Emirates, while large proportion of the brownfield projects CAPEX will concentrate on expanding and developing passenger terminal buildings, followed by airfield infrastructure, land & site developments and airport & digital systems⁴.

2.4.5 The region's ability to finance CAPEX projects depends on the maintenance of a stable, predictable and economically sustainable airport revenue framework, on the active and informed engagement of States as long-term policy partners, and on the avoidance of measures that extract value out of the aviation system without redirecting it to the infrastructure on which the system depends.

⁴ ACI Asia-Pacific & Middle East, Assessment of Airport CAPEX in APAC & MID

Compliance with ICAO's Policies on Charges for Airports and Air Navigation Services (Doc 9082) and Policies on Taxation (Doc 8632) is foundational. Equally, the region's ability to attract private capital investments depends on the predictability of the regulatory and economic environment, including a stable approach to airport charges, transparent capacity declarations and a clear policy framework.

2.4.6 Investing in airport infrastructure is important for the region's future economic and social welfare. Incentivising airport infrastructure developments with appropriate financial mechanisms and facilitating access to funds will be crucial. Additionally, economic and financing frameworks should be developed in consultation with industry stakeholders to ensure inclusion, and to promote sustainability and resilience.

3. ACTIONS BY THE MEETING

3.1 The meeting is invited to:

- 3.1.1 note the information contained in this Working Paper;
- 3.1.2 encourage States to undertake applicable measures to restore and develop air connectivity, and to work with other industry stakeholders and authorities who play critical roles in facilitating traffic recovery;
- 3.1.3 acknowledge the outlook of demand for air travel in the Middle East remains positive for the coming decades, and the imperious needs for financing airport infrastructure development projects to increase throughputs and capacities; and
- 3.1.4 encourage States to incentivise airport infrastructure developments with appropriate financial mechanisms and to support access to funds. Encourage the development of economic and financing frameworks that facilitates CAPEX in an economically sustainable manner that involves consultations with industry stakeholders.