

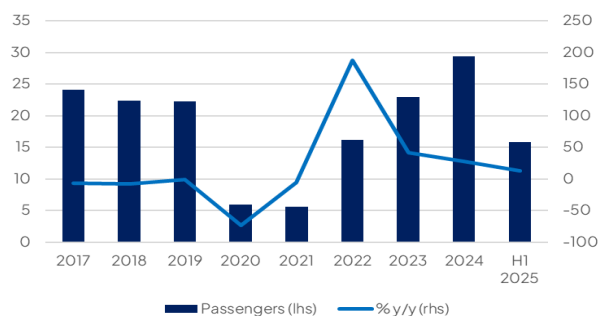
Abu Dhabi: Aviation sector expansion to continue

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- Abu Dhabi's aviation sector saw 13.1% y/y growth in H1, with 15.8m passengers, while Etihad carried 10.2m passengers, a 17% y/y increase.
- Tourism and population growth are key drivers, with new attractions like Disney Abu Dhabi set to support further expansion.
- This growth in travel volumes is reflected in national accounts data where transport & storage grew 7.5% in Q1 2025.

Abu Dhabi's aviation sector continues to record strong growth, with a new record set for H1 passenger numbers. Given rapid population growth, notable developments in the tourism sector, and expansion plans at Etihad, we expect that the industry will remain a notable economic growth driver over the coming years.

Abu Dhabi Airports passengers, mn



Source: General Civil Aviation Authority, Emirates NBD Research

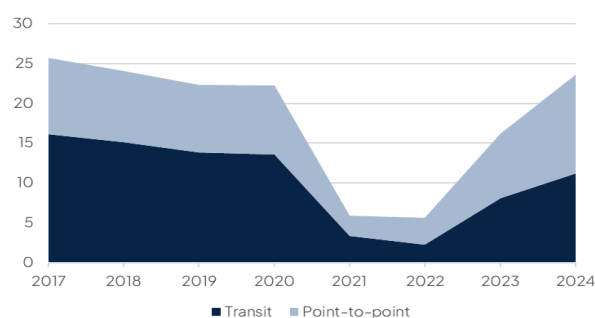
Abu Dhabi Airports has announced a handling figure of 15.8m passengers across its five commercial airports in the first half of the year, the bulk of whom (15.5m, or 98%) passed through Abu Dhabi International (AUH). This represents a y/y expansion of 13.1%, and the 17th consecutive quarter of double-digit growth. This was facilitated by an 11.4% rise in the number of flights passing through AUH in the first half of the year, with 16 new destinations added to the network.

While base effects meant that the pace of growth would likely slow from the annual growth of 41.5% in 2023 and 28.4% last year, the H1 figures indicate that the sector remains strong and that the post-pandemic surge in numbers remains in play. Passenger volumes at Abu Dhabi's airports had been falling annually prior to the Covid-19 pandemic, peaking in 2016 at 25.7mn before slipping back after that as national carrier Etihad went through a period

of restructuring. The airline remains the key determinant of the local aviation sector's fortunes, and it has expanded rapidly after ownership was transferred to ADQ in late 2022, coinciding with the post-pandemic rebound in demand for international air travel. In H1, Etihad carried 10.2m passengers, y/y growth of 17%.

Recently announced goals by Etihad to revise up its growth target to carry 38mn passengers by the end of the decade, up from the previous goal of 33mn, will be supportive of future growth at AUH. This will be driven by both increasing domestic demand, especially as Abu Dhabi reported rapid population growth of 7.5% last year, and demand from tourists and transit passengers. After seeing visitors rise by around a quarter last year, Q1 saw a further 4% growth in tourists to Abu Dhabi even as seasonal holiday changes created some downward drag.

Abu Dhabi Airports passengers, mn



Source: General Civil Aviation Authority, Emirates NBD Research

There are strong tourist offerings in Abu Dhabi, with numerous theme parks including SeaWorld and Ferrari World already open and Disney Abu Dhabi recently announced, and more highbrow options such as the Louvre available and the Guggenheim opening soon, all of which will make Etihad's ambition of expanding its point-to-point traffic more easily achievable. The proportion of transit

passengers at local airports has already declined from over 60% in 2019 to less than half in 2023 and will likely continue to do so. Overall transit traffic will continue to expand, facilitated by the enlargement of Etihad’s fleet and network, the new airport at AUH, and the advantageous geographical position.

Real GDP growth, % y/y



Source: Haver Analytics, Emirates NBD Research

The recovery in the aviation sector has been reflected in Abu Dhabi’s national accounts data, where the transport & storage sector went from years of quarterly y/y contractions to being one of the strongest performers. In 2024 it was the fastest-growing sector at 14.8%, and while the Q1 2025 growth print at 7.5% was the slowest in four years, it was still the fifth-fastest sector in the accounts data. Given that the Easter and Eid al-Fitr holidays both fell in the second quarter this year we expect that growth will accelerate again on the next print, despite the brief geopolitical disruption to air travel in June. While transport & storage is still a comparatively small proportion of GDP (around 2.3% of headline, or 4.0% of the non-oil economy), it is growing rapidly and it supports growth in a number of other sectors including accommodation & food services, wholesale & retail trade, and construction. It is also a notable employment generator.



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