Of the world’s 100 busiest airports for pax, 46 have some form of private sector participation.
The ACI Inventory of privatized airports (2016) reveals that 614 commercial service airports have private sector participation.

An estimated majority (86%) of the 4,300 airports with scheduled traffic are public, in that they are owned by a government or governmental entity.

Although airports with private sector participation account for an estimated 14% of airports worldwide, these airports handle over 40% of global traffic.

Market size matters for private investment. Private investment flows to airports with high throughput or potential for high throughput:

- Of the world’s 100 busiest airports for passenger throughput, 46 have some form of private sector participation.

- Of the world’s busiest 500 airports, 38% have private sector participation.

- 41% of global airport traffic is handled by airports that are managed and/or financed by private stakeholders.

The propensity for private investment varies markedly by region:

- Europe has the highest absolute number of privatized airports (266), followed by Asia-Pacific (162) and Latin America-Caribbean (153).

- Concession contracts (41%) represent the most common private sector participation model for airports, followed by freeholds (24%), listed airports (23%) and management contracts (8%).

- Private equity flows to many of the world’s busiest airports. These airports are nexuses in the air transport value chain and gateways to major destinations and centres of commerce. Eight of the world’s top 20 and 15 of the top 50 airports are managed by airport companies and airport groups traded on stock exchanges.

- Airports with private sector involvement invested 44% of global capital expenditure (CAPEX) in 2014. Investments were made to develop both the aeronautical and non-aeronautical side of the business.

- The prevalence of and propensity for private investment are typically found in airports that move away from the single till regime. Based on data for 353 privatized airports from more than 50 major air transport markets, located both in advanced economies and emerging markets, airports handling 68% of passenger traffic operate under a dual or hybrid till regime.

- Non-aeronautical revenues on a per-passenger basis are higher among airports that dispense with single till arrangements. Single, hybrid and dual till airports earn non-aeronautical revenues per passenger of US$7.61, US$8.07 and US$8.57 respectively.
NO “ONE SIZE FITS ALL” APPROACH TO AIRPORT OWNERSHIP

ACI does not prescribe any specific type of ownership model. In short, airports should be permitted to operate under a range of ownership models. Types of ownership and participation of private capital vary from airport to airport depending on local circumstances. Each ownership model should guarantee flexibility to airport operators in developing both the aeronautical and non-aeronautical sides of the business to achieve a reasonable return on investment.

CREATE ECONOMIC INCENTIVES AND GUARANTEE CONSISTENCY IN REGULATORY FRAMEWORKS

With ACI’s global medium-term forecast showing 33% growth in passenger volumes from 2015 to 2020, many national governments may face a predicament where a surge in air transport demand is outstripping the airport infrastructure. Private investment is needed to address this challenge over the long run. Along with a consistency in regulatory frameworks, a move toward well-crafted economic incentives enables private equity to flow to the airport industry and helps contain the level of risk of such a capital intensive investment.

The single till accounting method is born of a long-standing convention to support aircraft operators at the expense of infrastructure providers. Many economists, airport operators and a growing number of regulators agree that this method introduces price distortions and creates an artificial constraint that results in market inefficiencies both for airport operators and their airline customers. A movement away from single till regimes to dual and hybrid tills induces cost efficiencies and innovations on the commercial side of the airport business.

EVIDENCE-BASED POLICYMAKING

The role of a regulator and its oversight function is to monitor and ensure there is no significant abuse of market power. The application of competition laws, robust measures of competition and market-power tests on the pricing of airport services must be data-driven. Strict forms of price regulation result in allocative inefficiencies which affect economic incentives adversely. This may result in inefficient and/or insufficient infrastructure development.

FOSTERING ENTREPRENEURSHIP AND VALUE CREATION

The potential for value creation and market innovations is omnipresent for aviation stakeholders in circumstances where airport operators are as free to grow as any other enterprise. There is ample evidence that private stakeholders re-invest portions of airport revenues generated from aeronautical and commercial activities in order to improve the quality of airport services and infrastructure. Moreover, during times of economic distress, non-aeronautical revenues serve as a cushion between airports and their airline customers with respect to charges. This has become a common practice at the worldwide level and should be further incentivized.