

**TURKISH  
AVIATION  
ACADEMY**



**İTÜ**



# **Airport Ownership and Management**

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# Airport Revenues and Charges

## □ Objective:

- Review briefly international practices concerning airport ownership and management

## □ Topics:

- Alternative “models” of ownership and management
- Trends
- Organizational structures

***Reference: Chapter 7***

# Airport Ownership and Management

- ❑ Airports were, in the past, government-owned (national, regional or local) and managed by either government organizations or by independent Airport Authorities
- ❑ Often heavily subsidized by national governments (especially w.r.t. capital costs)
- ❑ Essentially not-for-profit organizations, with principal aim to provide infrastructure for air travel
- ❑ Change began in the mid-1980s

## Airport Privatization Trend

- ❑ Growing private participation in airport ownership [about 250 privatized airports world-wide as of 2012]
- ❑ Equally important, private-sector management practices are replacing traditional government-style management in an environment demanding economic self-sufficiency
- ❑ Trend toward “outsourcing” of airport activities, lean airport organizations (“US model”)
- ❑ *Accompanied by improved understanding of need for regulatory safeguards to protect public interest and prevent monopolistic practices*

## Forms of Ownership and Management of Airports

- A. Government-owned; operated by Department or Agency of national government
- B. Government-owned; operated by a municipal or regional Department or Agency
- C. Government-owned, possibly with some private participation; operated and managed by a contractor
- D. Operated by an autonomous Airport Authority, fully owned by municipal and/or regional and/or national government
- E. As in 'D' but with minority private shareholders (some shares may be publicly traded)
- F. Privately-owned (fully or in majority, possibly with some or all shares publicly traded); operated as autonomous airport authority

# Typical Provisions for Type D Airports in US

- ❑ Board of Directors appointed by shareholders
- ❑ Often tax exempt or privileged tax status
- ❑ Authorized to acquire land via “eminent domain”
- ❑ Authorized to undertake construction, manage the airport, and be responsible for all services
- ❑ Authorized to issue tax-exempt revenue bonds
- ❑ Typically expected to be economically self-supporting; authorized to adjust user charges to this effect
- ❑ Can make “contributions” to owner in lieu of taxes
- ❑ Possibly also operate other infrastructure (e.g., seaports, bridges, tunnels, etc.)
- ❑ All property reverts to owner if Authority is dissolved

## **Ownership and Management of Airports: Comments**

- ❑ Tendency toward D - F as airports become busier and more important to local and national economies
- ❑ Many variations within categories
- ❑ “Build, operate and transfer” (BOT) agreements often associated with E and F
- ❑ E and F often involve a fixed time period (e.g. 25-50 yrs): duration of “concession”
- ❑ BOT arrangements may also be made for individual facilities within an airport (e.g., terminals, car parks, etc.)

## Sample European Airports: Ownership + Operator

Airport	Type	Operator	Ownership
Amsterdam	D	Schiphol Group	Dutch Govt. 69.77%, City of Amsterdam 20.3%, City of Rotterdam 20.3%, ADP 8%
Berlin	D	Flughafen Berlin Schönefeld, GmbH	German Govt. 26%, State of Brandenburg 37%, State of Berlin 37%
Brussels	F	Brussels Airport Co.	Macquarie Airports 75%, Belgian Govt. 25%
Copenhagen	F	Copenhagen Airport	Macquarie Airports 53.7%, Danish Govt. 39.2%, free float 8.1%
Dublin	D	Dublin Airport Authority	Irish Govt. 100%
Frankfurt	E	Fraport AG	State of Hessen 31.5%, City of Frankfurt 20.1%, Lufthansa 9.9%, Artio Global Investors 10%, free float 28.5%
Greece (except Athens)	A	Ministry of Transport	Greek Govt. 100%



## Sample European Airports: Ownership + Operator

Airport	Type	Operator	Ownership
Lisbon	D	ANA	Portuguese Govt. 100%
London Heathrow	F	Heathrow Airport Holdings, Ltd.	Ferrovial Consortium 62%, Cdp du Quebec 28%, Baker Street Investment 10%
London Gatwick	F	Gatwick Airport, Ltd.	Global Infrastructure Partners (GIP) 100%
Madrid	D	AENA	Spanish Govt. 100%
Manchester	D	Manchester Airport Group	Council of City of Manchester 55%, 9 Borough Councils 45%
Milan (Malpensa+Linate)	D	SEA	City of Milan 84.5%, Region of Lombardy 14.5%, various 1%
Moscow Domodedovo	F	East Line Group	East Line Group 100%
Moscow Sheremetyevo	D	Joint Stock Company	Russian Govt. 100%
Munich	D	Flughafen München, GmbH	German Govt. 26%, State of Bavaria 51%, City Munich 23%
Paris (Charles de Gaulle + Orly)	E	Aéroports de Paris (ADP)	French Govt. 52.4%, various institutional investors 29.1%, Schiphol Group 8%, free float 8.5%, ADP employees 2%
Prague	D	Joint Stock Company	Czech Govt. 100%

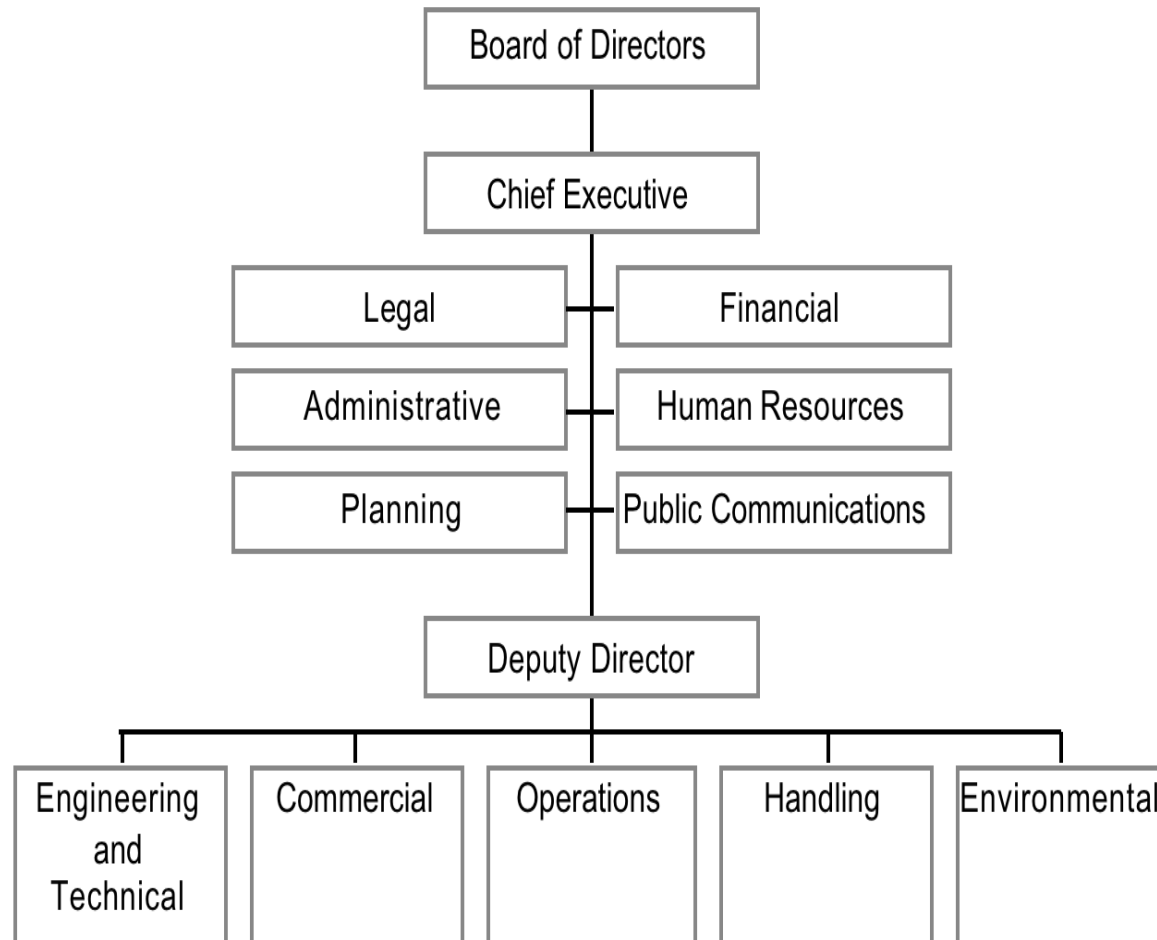
## Commercialization and Away-from-Home Ventures

- ❑ Fast-growing non-aeronautical revenues as a result of emphasis on commercial activities and other landside services (due to growing traffic and to numbers and longer dwell times of connecting and departing passengers)
- ❑ Ventures away from home, sometimes in activities not directly related to airports (e.g., real estate)
- ❑ Evolving organizational structures reflecting these trends

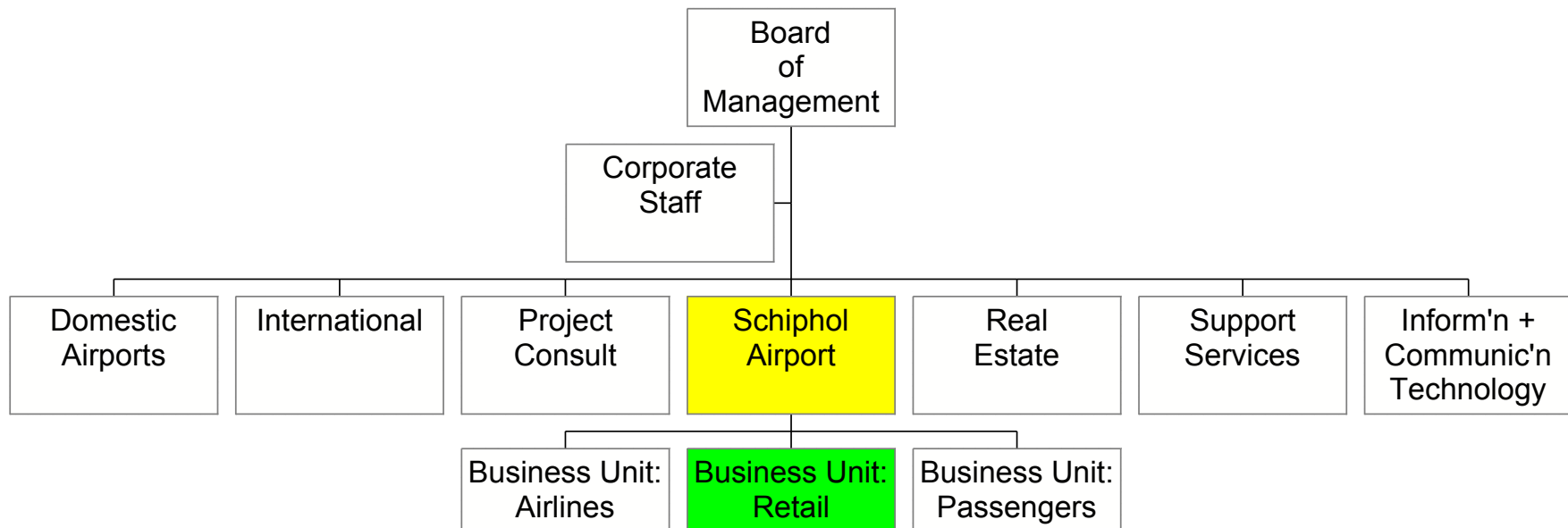
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- ❑ Ventures away from home, sometimes in activities not directly related to airports (e.g., real estate)
- ❑ “Global airport operators” (Fraport -- \$500 million revenue from airports elsewhere in 2011, Vinci, TAV, Vantage, GMR, etc.)
- ❑ Evolving organizational structures reflecting these trends

# Traditional 2-Tier Organizational Chart



# Organizational Structure: The Amsterdam Schiphol Group



# Questions? Comments?