All Clear for Takeoff Evidence from Airports on the Effects of Infrastructure Privatization

**Author:**Sabrina T. Howell, Yeejin Jang, Hyeik Kim, Michael S. Weisbach

Infrastructure assets have undergone substantial privatization in recent decades. How do different types of owners target and manage these assets? And does the contract form—control rights (concession) vs. outright ownership (sale)—matter? We explore these questions in the context of global airports, which like other infrastructure assets have been privatized by private firms and private equity (PE) funds. Our central finding is that PE acquisitions bring marked improvements in airport performance along a rich array of dimensions such as passengers per flight, total passengers, number of routes, number of airlines, cancellations, and awards. Net income increases after PE acquisitions, which does not reflect lower costs or layoffs. In contrast, in the few cases where non-PE acquisitions bring some improvement, it appears to reflect targeting rather than operational changes. Overall, we find little evidence that privatization alone increases airport performance; instead, infrastructure funds improve performance both in privatization and subsequent acquisitions from non-PE private firms. These effects are largest when there is a competing airport nearby. Finally, we show that outright ownership rather than control rights alone is associated with the most improvement after privatization.

**Url:**<https://www.nber.org/papers/w30544>