

The financial effect of airport concessions: An empirical analysis

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<報告要旨>

The purpose of this paper is to examine the financial effect of airport privatization by means of concessions, a policy introduced in Japan in 2011. By financial effect, we mean the *ex-ante* and *ex-post* change in the value of an airport under private management, reflected in increase in market capitalization and improvement in financial performance. We look at the granting of a concession for Japan's Sendai Airport, the first such concession to be made by the central government.

To measure the *ex-ante* value, we adopt the event study methodology and statistically test for any rise in the stock price of the concessionaire, Tokyu Corporation, at the time of the announcement of the bidding result. Additionally, we measure the *ex-post* value by examining any improvement in financial performance and change in the number of passengers using the airport after the concession. We find both a positive cumulative abnormal return in the stock and an increase in the number of passengers with statistical significance.

The originality of this paper lies in its finding a positive financial effect from an airport concession granted in Japan, thus contributing to the existing literature on the effect of privatizing public infrastructure. The paper also draws a policy implication in proposing expanded disclosure as a means of removing the information advantage that incumbents may have in future bidding processes.