AIRLINE INDUSTRY

BCG

European Airports Add New Routes to Value Creation

By Gabriele Ferri, Julien Vialade, and Luis Ponce de León

ARTICLE APRIL 02, 2026 12 MIN READ

Passenger traffic at Europe's airports has rebounded strongly since the pandemic, but structural changes in the industry are now creating an increasingly challenging operating environment. These dynamics are putting pressure on the sector's economics and weighing on its long-term outlook and continued ability to attract investment—critical to sustaining infrastructure and service levels.

The findings of a BCG study conducted in collaboration with Airports Council International Europe (ACI EUROPE) identifies four structural pressures—shifting traffic patterns, unit revenue pressures, rising operating costs, and increasingly high investment requirements. Taken together, these dynamics could put between €45 billion and €75 billion of cumulative EBITDA at risk across the European airport industry over the next two decades. That's equivalent in aggregate to an EBITDA margin decline of up to 10 percentage points.

In the face of these shifts, European airports are not standing still. As part of this study, a survey conducted among more than 50 airports—representing over 80% of European passenger traffic—shows that operators are deploying a broad set of initiatives to protect value. We see three priorities among those initiatives that we explore in this article: scaling digital and AI-enabled tools, optimizing the traffic mix, and boosting non-aeronautical revenue.

Getting the most out of these initiatives, however, will require a coordinated response across the broader ecosystem and the support of policymakers. By aligning strategies, airport stakeholders—including airlines, commercial partners, investors, regulators, and local communities—can amplify efforts and safeguard shared long-term value.

©2026 Boston Consulting Group

> By aligning strategies, airport stakeholders can amplify efforts and safeguard shared long-term value.

Market Realities After the Pandemic

Before 2020, European airports enjoyed sustained momentum. Passenger traffic grew at about 5% annually, largely fueled by the rapid expansion of low-cost carriers (LCCs), which posted passenger increases of about 10% a year. On average, airport operators were able to sustain EBITDA margins of about 45% and fund significant investments in infrastructure, technology, and service improvements, among other priorities.

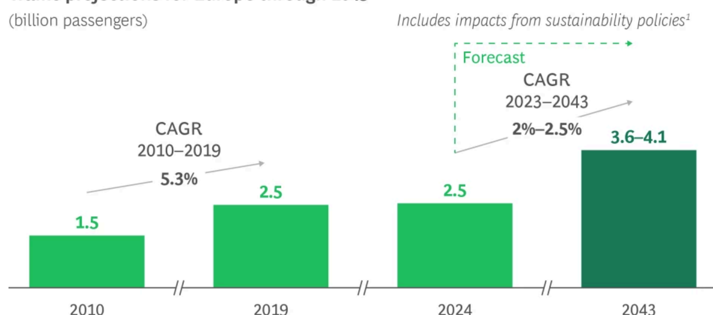
After the sea change of the pandemic, traffic has broadly recovered since 2022—yet unevenly enough to shift the industry's outlook. This study identified four structural areas of concern:

1. Shifting Traffic Dynamics. Traffic growth is expected to moderate, from around 5% annually pre-pandemic to around 2.0%-2.5% going forward into the 2040s. (See Exhibit 1.) This reflects a combination of structural factors, including potentially stricter sustainability policies—such as sustainable aviation fuel mandates and expanded emissions trading schemes.

EXHIBIT 1

Slower Traffic Growth Expected

Traffic projections for Europe through 2043
(billion passengers)



Low cost and long haul will drive growth from 2024 to 2043

	Traffic share 2024–2043 delta (pp)[2]
Full-service carriers long haul	+2
Full-service carriers short haul	(14)
Low-cost carriers	+12

Sources: ACI World Airport Traffic Forecast; Albatross; Cirium; OAG; Oxera (EU's Fit for 55); BCG analysis.
Note: CAGR = compound annual growth rate.
[1]The lower bound of the 2043 projection (3.6 billion passengers) reflects the impact of sustainability policies (e.g., SAF, ETS).
[2]The figures represent the change in traffic share in percentage points over the period.

©2026 Boston Consulting Group

Within this slower-growth environment, airline strategies are rapidly altering network dynamics and increasing competitive pressures. LCCs continue to reshape European aviation, replacing full-service carrier capacity on short-haul routes and expanding into Tier 3 airports where lower charges and flexible infrastructure provide an edge. At some airports, LCCs represent more than 70% of traffic, with further growth expected given the current strong aircraft order pipeline.

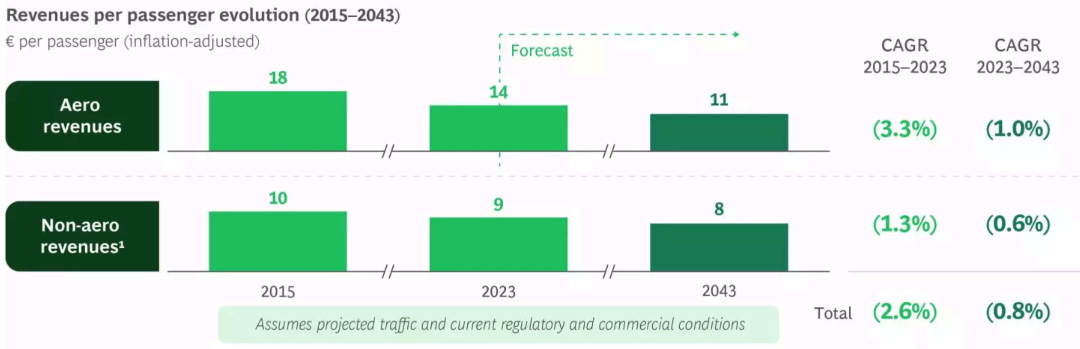
About 65% of small and midsize airports report growing reliance on LCCs, which brings volume but also increased volatility since these carriers can quickly alter routes and are constantly pushing for lower charges. As one executive noted during our survey interviews, “Airport charges remain a constant point of negotiation, especially with low-cost carriers that continuously seek favorable terms—even within long-term contracts.”

In response, several European airports have started renegotiating commercial arrangements with major LCCs to ensure that charge structures better support sustainable and value-accretive growth. Another added, “While LCCs drive most traffic growth, there’s concern that structurally lower charges cannot be sustained indefinitely, especially at smaller regional airports.”

At the same time, full-service carriers (FSCs) continue to play a critical role in hub stability. European FSCs are consolidating operations around primary hubs while optimizing short-haul networks to focus on feeder routes that sustain long-haul connectivity and profitability. Meanwhile, non-European FSCs keep expanding into long-haul markets to capture both new and underserved intercontinental demand, supported by the rise of new trade lanes and faster airline capacity expansion. This dynamic, combined with the introduction of long-haul narrow-body aircraft, is creating new opportunities for larger non-hub airports to diversify traffic beyond intra-European flights.

2. Unit Revenue Pressures. The traditional link between traffic growth and rising revenues is weakening. The growing share of LCC traffic and, in some markets, the tariff-setting frameworks are placing downward pressure on aeronautical charges. On average, aeronautical revenues have declined from €18 per passenger in 2015 to €14 in 2023 in real terms, with a further potential drop to ~€11 by 2043. In parallel, non-aeronautical revenues—passenger-focused commercial activities such as parking, retail, dining, and advertising—are under pressure by outdated commercial models and, in some cases, by retail and service offerings out of step with evolving demand. (See Exhibit 2.)

©2026 Boston Consulting Group



These trends are particularly challenging for smaller airports, as Tier 2 and 3 airports—despite driving strong traffic growth—have yet to fully convert that growth into stronger non-aeronautical revenues.

3. Rising Operating Costs. More than 50% of airports we surveyed cite increases in operating expenses (OpEx) as a persistent concern. These are rising at a rate of about 1% above inflation because of labor costs (driven by shortages of specialists) and energy and materials expenses, among other things.

Labor costs (personnel and contracted services) actually declined on a per-passenger basis from €16 in 2015 to €13 in 2023, largely reflecting scale effects from higher traffic volume, limited inflation, and efficiency improvements driven by airports. But the outlook is now more challenging. Even if productivity gains align with historical norms, post-pandemic labor shortages are projected to drive labor costs up by about 0.6% a year in real terms, toward €15 per passenger by 2043.

4. Increasing Capital Intensity. Many European airports, particularly larger ones handling more than 20 million passengers annually, operate at 90% to 100% of their declared capacity. To manage growing demand, airports have increased infrastructure efficiency and have accommodated more passengers within existing footprints. Since 2015, European airports have accommodated approximately 600 million additional passengers, while adding only about 280 million in declared passenger capacity.

But the pressure on airport infrastructure continues to mount, underscoring the need for additional investment, more efficient capacity management, and renewed efforts to upgrade, modernize, and expand facilities. By 2030 passenger traffic is projected to grow by around 940 million compared with 2015, while capacity is expected to increase by only about 350 million. (See Exhibit 3.)

©2026 Boston Consulting Group

These capacity constraints in Europe are reshaping competition. Major hubs in neighboring regions (such as Istanbul, Doha, Dubai, and Riyadh) are expanding aggressively to capture more intercontinental traffic. As one executive noted, “These airports are expanding heavily, putting pressure on EU hubs to stay competitive in long-haul and connecting markets.”

Moreover, the cost of adding new capacity is increasing. Capital expenditure (CapEx) per incremental passenger is projected to rise from ~€160 in 2025 to ~€220 by 2043—around 80% above the historical average. This increase reflects higher infrastructure complexity, rising construction costs, and stricter standards. For the European airport industry as a whole, this translates into €45 billion–€75 billion of cumulative EBITDA at risk over the next two decades—equivalent to a potential margin decline of up to 10 percentage points.

Given the scope of these challenges, investors have grown more cautious toward airports, adding another hurdle to financing infrastructure and improvement projects. Before the pandemic, the sector delivered total shareholder returns (TSRs) of ~15%, outperforming many infrastructure peers. (See Exhibit 4.) Since then, airport TSRs have fallen by 13 percentage points, largely reflecting the impact of the pandemic and the rising attractiveness of other asset classes such as renewables and telecoms.

More recently, investor sentiment has gradually improved from post-pandemic lows and is now stabilizing at levels broadly in line with other infrastructure asset classes. At the same time, private capital markets continue to view airports as core infrastructure assets with enduring appeal in the long run.

Airports Are Taking Action

European airports are already moving decisively to reshape their operating models and unlock new value. They are pivoting from a volume-driven growth model to a more resilient, profitability-oriented approach with a stronger emphasis on unit revenues. Among the range of strategic levers the BCG-ACI EUROPE study uncovered, three are attracting particular attention. (See Exhibit 5.)

Implementing Digital and AI-Enabled Tools. More than 90% of large European airports have made digital transformation a top priority to boost efficiency, expand capacity within existing infrastructure, and reduce OpEx pressures. They are focusing on using digital tools to improve asset utilization, streamline operations, and enhance passenger experience. As one airport executive noted, “We are investing not only in traditional infrastructure but also in software to

©2026 Boston Consulting Group

increase terminal utilization….We are optimizing subsystems to avoid stress during peaks while preparing larger-scale digital expansions."

Among the initiatives already in use are optimized gate and stand allocation, procurement control, and dynamic parking pricing. Beyond cost and revenue impacts, digital solutions such as AI-enabled passenger flow monitoring, predictive maintenance, and real-time bus dispatching are helping to unlock latent capacity and improve service quality. The potential is huge. In fact, BCG has identified more than 60 digital use cases across airport operations, revenue, and passenger services. When deployed at scale, these initiatives have delivered material results, with up to 3 percentage points of EBITDA improvement across transformation programs.

Optimizing the Traffic Mix. We found that nearly 90% of midsize airports are actively rebalancing their traffic mix to reduce overreliance on specific carriers and thus improve resilience. They are also focusing on higher-yield traffic such as long-haul and premium leisure travel. The guiding principle here is that volume alone is no longer sufficient to sustain margins. As one airport executive explained, "We are targeting long-haul growth by offering attractive commercial terms to airlines during the ramp-up period in order to support new route openings."

Ongoing initiatives include charging schemes dedicated to new intercontinental routes, joint marketing partnerships with tourism boards to attract higher-spending tourists, and predictive yield modeling to identify underserved, profitable markets. Even smaller airports are trying to rebalance their traffic mix to diversify their carriers and passenger mix and increase unit revenues. As one executive put it, "Traffic growth may be slower, but we want to increase the margin of every passenger."

Boosting Non-Aeronautical Revenue. Almost half of airports are rethinking commercial strategies and focusing on increasing non-aeronautical revenues per passenger. Surveyed airports said these initiatives could grow non-aero revenues per passenger by 5% to 10% over the next decade, helping to stabilize performance.

Smaller airports in particular (~90% of respondents) view non-aeronautical revenues as their primary lever to offset lower aero revenues. As one executive explained, "We increased the quality of service and improved the retail mix in our facilities to raise spend per passenger. With slower traffic growth, margin per passenger is becoming an increasing focus."

Initiatives to expand and diversify non-aero revenues include strengthening food and beverage offerings to capture strong demand in this segment, revamping retail footprints with more flexible formats and pop-up concepts, as well as introducing omnichannel retail formats. Several airports are also piloting real-time personalized offers based on passenger data. Others are testing flexible concession models that shorten tender processes and link rents for airport commercial space to performance to adapt to changes in traffic patterns and customer demand faster. Additional emerging revenue streams include solar farms and onsite energy hubs.

©2026 Boston Consulting Group

Unlocking Value Across the Ecosystem

To amplify individual initiatives and generate greater value across the ecosystem, all stakeholders will need to collaborate. Airlines, commercial partners, investors, regulators, and public institutions each have an important role to play—notably through better data sharing, closer operational coordination, and improved alignment of commercial and regulatory frameworks. Together, these efforts can enhance operational efficiency, strengthen commercial performance, and address structural misalignments in business models that today limit value creation across the system.

Airports are uniquely positioned to orchestrate this collective response. As the central hub where these interests converge, they manage the operational interface between stakeholders and can balance commercial and regulatory requirements. Moreover, they have the systemwide perspective to coordinate efforts that enhance service quality, unlock efficiencies, and create long-term value for all players. Each stakeholder group can contribute in distinct and complementary ways.

Airlines. Airports and airlines can partner to improve operational performance and optimize CapEx planning. By sharing data and coordinating on passenger insights, they can jointly develop tailored retail, food and beverage, and loyalty initiatives that enhance the overall travel experience and unlock non-aeronautical revenue opportunities.

Commercial Partners. Supported by better data-sharing and advanced analytics, airports can partner with retailers to test flexible formats and adapt space usage more dynamically. As noted, concession models may need to evolve toward shorter tender cycles and rents based on aligned performance criteria. This would create more room for innovation and faster adaptation to changing passenger needs.

Investors. Airport investors are in an excellent position to foster cross-operator collaboration and capitalize on portfolio-wide efficiencies, which will boost returns for operators and investors alike. Opportunities include innovation through portfolio synergies, replicating cross-asset best practices, and enabling more service-focused decision making.

Regulators. Where applicable, airports and regulators can work together to better align investment, remuneration schemes, and timeframes to support planning and efficiency gains. This would help airports build new capacity and improve service quality. Regulation can also evolve to reflect the diverse profiles of airports, designing charging frameworks that respond to market shifts and ensure remuneration appropriately reflects the scale, timing, and risk profile of required investments.

©2026 Boston Consulting Group

Public Institutions. Municipal governments, tourism boards, transport authorities, and other public-sector actors can help sustain demand by, for example, promoting destinations internationally, expanding traffic rights to facilitate growth, and implementing local policies. Such policies include land-use planning decisions, environmental permitting frameworks, and coordinated regional development strategies that support sustainable airport development.

Europe’s airports are central to the continent’s economic growth, competitiveness, and global positioning. Safeguarding and unlocking sustained value will require deploying key levers—from strengthening unit revenues and optimizing CapEx to accelerating digital transformation, enhancing traffic quality, and expanding non-aeronautical models. Just as important, airports will need to collaborate more deeply with ecosystem partners and seek regulatory support to scale the impact of these initiatives, accelerate innovation, and enhance the collective performance of the aviation system.

Authors

Gabriele Ferri

Managing Director & Partner
Milan

Julien Vialade

Partner and Associate Director, Infrastructure
Paris

Luis Ponce de León

Managing Director & Partner
Dubai

©2026 Boston Consulting Group

ABOUT BOSTON CONSULTING GROUP

Boston Consulting Group partners with leaders in business and society to tackle their most important challenges and capture their greatest opportunities. BCG was the pioneer in business strategy when it was founded in 1963. Today, we work closely with clients to embrace a transformational approach aimed at benefiting all stakeholders—empowering organizations to grow, build sustainable competitive advantage, and drive positive societal impact.

Our diverse, global teams bring deep industry and functional expertise and a range of perspectives that question the status quo and spark change. BCG delivers solutions through leading-edge management consulting, technology and design, and corporate and digital ventures. We work in a uniquely collaborative model across the firm and throughout all levels of the client organization, fueled by the goal of helping our clients thrive and enabling them to make the world a better place.

© Boston Consulting Group 2026. All rights reserved.

For information or permission to reprint, please contact BCG at permissions@bcg.com. To find the latest BCG content and register to receive e-alerts on this topic or others, please visit bcg.com. Follow Boston Consulting Group on Facebook and X (formerly Twitter).