Lear | INSIGHT

October, 2026



BEYOND GEOGRAPHY: THE ENDOGENEITY OF AIRPORT CATCHMENT AREAS

Authors: Nada Gajic, Rossella Mossucca, Salvatore Nava

In airport competition analysis, the concept of **catchment area** is used to identify the geographic area from which an airport can reasonably expect to attract passengers. It can, consequently, help assess which airports may have overlapping catchment areas and exert competitive pressure on each other. In practice, this area is often proxied by distance or travel time. The European Commission's *Guidelines on State aid to airports and airlines* (the "Aviation Guidelines" or "AG"), for example, for purposes of State aid notification to the European Commission, refer to a benchmark of around 100 kilometres or 60 minutes travelling time, while recognising that the relevant area may vary depending on the airport's specific characteristics, including its business model, location and destinations served.

The *Evaluation Support Study for the Revision of the Guidelines on State Aid to Airports and Airlines* (the "Report"), prepared for DG COMP by a consortium led by Lear, together with DIW and EY, investigated, among other issues, how catchment areas are shaped in practice and which criteria may make their assessment more reflective of market reality. The Report finds that the current AG benchmark is generally considered too restrictive, as substitutability may extend up to at least 200 km or 120 min, while the effective scope of competition varies with airport size, route overlap, route length, business model, cross-border dynamics and local transport conditions.

Some elements shaping a catchment area can be considered as fixed, at least in the short run. These include the characteristics of the airport's location, such as local geography, the quality of existing road or rail infrastructure, population distribution and wealth, and the characteristics of the local economy. These factors affect the pool of passengers that can reach the airport at a given cost and within a given time.

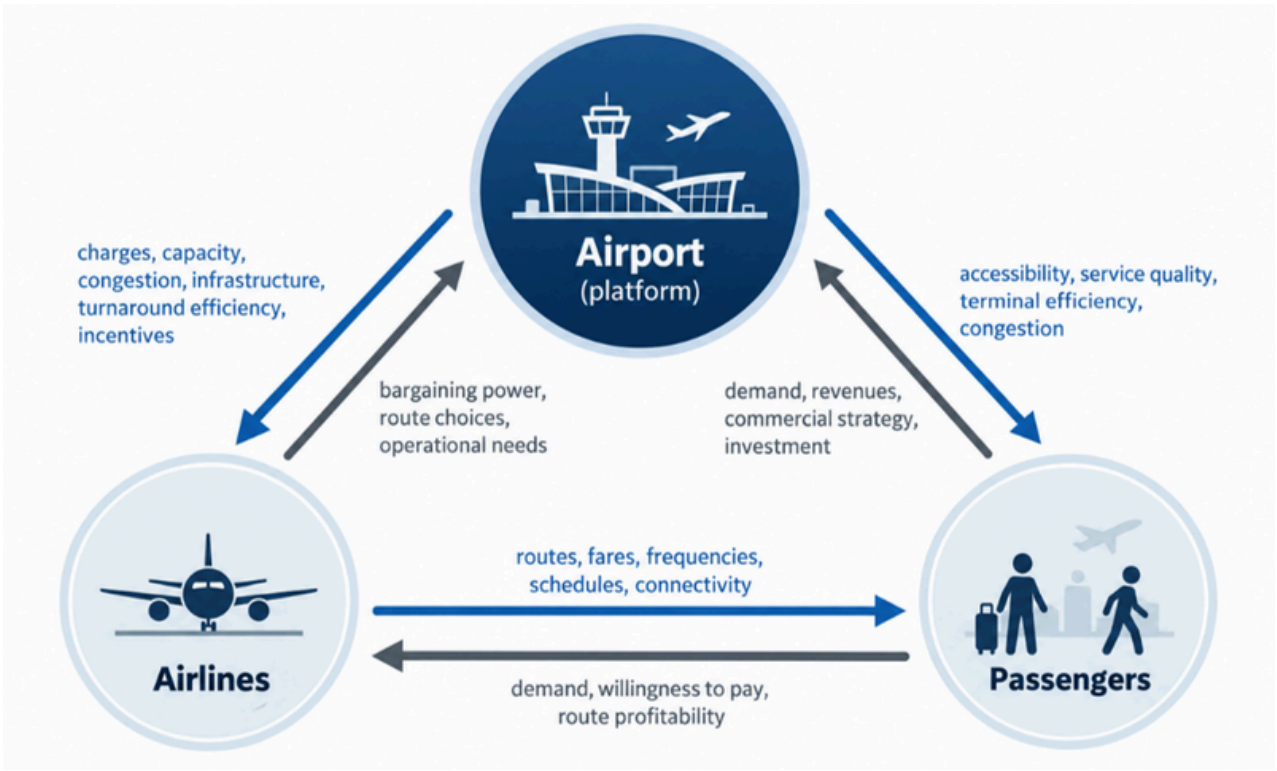
However, these factors do not fully determine the actual catchment area. What matters is not only where passengers are located, but whether they are willing to use that airport rather than another one. This depends on the airport's relative attractiveness, and that attractiveness is largely shaped by market outcomes.

Airports operate as **platforms in two-sided markets**, bringing together airlines and passengers. As platform operators, airports take decisions that affect both sides of the market. They influence airlines through charges and commercial terms, as well as infrastructure and operational conditions (e.g. the availability of slots and sufficient runway capacity may allow airlines to launch new routes or increase frequencies), which affect the costs and attractiveness of operating at a given airport. They also influence passengers directly through accessibility (e.g. convenient road and rail connections or parking facilities), congestion and terminal efficiency (e.g. shorter waiting times at security and check-in) and service quality (e.g. cleanliness, availability of assistance and reliability of airport services), which affect the overall cost and convenience of using the airport.

Airlines' and passengers' choices, in turn, feed back into the platform. Airlines' operational requirements (e.g. fast turnaround times, infrastructure allowing passengers to board on foot, potentially through both aircraft doors) and the prospect of attracting new routes (e.g. LCCs being able to generate high passenger volumes) may lead airports to adapt their infrastructure or its usage (e.g. airports may provide aircraft stands allowing passengers to board directly from the apron, rather than using jet bridges, to accommodate LCCs' requirements for faster and cheaper turnaround operations), to modify their charges (by adopting discount schemes) and commercial terms in general (e.g. regional airports offering marketing support or entering a bilateral long-term agreement with LCCs). Passenger demand and the associated revenues may influence airports' investment capacity and commercial strategies such as terminal services, capacity expansion or route-development efforts (e.g. an airport may introduce a premium lounge and upgrade its retail offering in response to an increase in business passengers).

Airlines and passengers also affect one another. Airlines shape the offer available to passengers through routes (e.g. introducing new direct connections that were previously unavailable from a given airport), fares (e.g. LCCs offering lower prices), frequencies and schedules (e.g. offering multiple daily flights or convenient departure times) and connectivity (e.g. providing connections to major hubs and their wider destination networks). Passengers respond to this offer through their travel choices (e.g. choosing a more distant airport because it offers cheaper flights or more convenient connections); their demand and willingness to pay, in turn, affect route profitability and feed back into airlines' commercial decisions (e.g. increasing frequencies or launching additional routes where demand is sufficiently strong, or discontinuing routes that are not commercially viable).

The loop is illustrated in the picture below.



The stakeholder evidence collected for the Report illustrates this mechanism, and a notable example relates to LCCs. Airports, especially regional ones, may adapt their offer to attract LCCs, for example through lower charges, marketing incentives, simpler infrastructure or shorter turnaround times. LCCs choose airports based on these conditions, but also on the passenger demand they expect to generate. Their entry shapes the offer available to passengers through lower fares, point-to-point routes, frequencies and destinations served. Passengers may then be willing to travel farther to use an airport where the combination of fares, routes and airport conditions makes the journey worthwhile.

This circular dynamic makes the catchment area **endogenous**. Within a reasonable geographic range, it is shaped not only by exogenous factors such as airport location, population distribution and surface access, but also by airport, airline and passenger choices and by the cross-side externalities they generate.

The mechanism explained in this insight is particularly relevant for State aid assessment. State aid may affect the airport's choices and conditions, for example by financing infrastructure, supporting operating costs or facilitating incentives to attract airlines. These changes may affect the routes, frequencies, fares and destinations offered by airlines, and therefore the offer available to passengers. As a result, aid may alter the effective scope of competition, including by creating or strengthening competitive interactions between airports whose catchment areas would not appear to overlap under a static catchment-area assessment.