

### A Comparative Analysis of Pittsburgh International Airport Passenger Data

**Summary:** From 2015 to 2017 flights and passenger counts rose at Pittsburgh International Airport. While the numbers are certainly much improved, are they better than the performance at similarly sized airports? This *Brief* finds the Pittsburgh gains to be about average relative to the study group and well short of the best performers.

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A *Policy Brief* from earlier this year looked at the passenger data from the U.S. Department of Transportation and compared the performance of Pittsburgh International Airport (PIT) to that of similarly sized airports around the country.

But when that *Brief* was published data for domestic passengers in 2017 covered only through October. The data for domestic passengers have been finalized for 2017 which enables a full-year comparison. Domestic travelers account for the vast majority (98 percent in 2016) of airline passengers at PIT and will be the focus of this *Brief*.

The data cover origination passengers—the starting point of a trip—and destination passengers—the farthest point of travel from the origin of a trip of 75 miles or more (as per U.S. Department of Transportation criteria).

Based on information as of October, it was noted that passenger count at PIT had moved higher. The full year of data did not change that finding. Predictably, local officials are touting the recent gain. However, as shall be shown in this *Brief*, some perspective on the latest uptick in passengers is called for.

In 2015 the number of domestic origination and destination *passengers* (O&D) using PIT was just above 7.61 million. The count for 2017 was 8.34 million, an increase over the two years of 9.7 percent. Bear in mind that PIT's 8.34 million O&D passengers represent a mere 0.56 percent of the national figure of 1.483 billion. PIT's percentage growth over the two year period is better than the total for all airports (6.55 percent).

Interestingly, the two year gain at the major airports (the busiest 30) was only 5.5 percent with the remaining airports posting a nearly 9 percent higher count. The extent of concentration of airline flight O&D is demonstrated by the fact that the 30 highest

passenger count airports account for 69 percent of all domestic O&D passengers. Nonetheless, faster growth appears to be happening at the smaller airports, perhaps because there is more capacity for additional flights. Note that PIT ranked as the 48<sup>th</sup> busiest airport in terms of enplanements (2016).

Of the 15 similarly sized airports—those ranking 38<sup>th</sup> through 52<sup>nd</sup> in the Federal Aviation Administration’s ranking by 2016 enplaned passengers—Cincinnati experienced the biggest jump in O&D at 25 percent, and ranked 52<sup>nd</sup>, followed by San Jose (up 23.4 percent, ranked 40<sup>th</sup>) and Raleigh (up 14 percent, ranked 39<sup>th</sup>). PIT’s 2015 to 2017 increase ranks ninth best in this group of 15 comparable airports. San Juan, Puerto Rico (down 3.4 percent, 43<sup>rd</sup>) Santa Ana, California (up 3.8 percent, 41<sup>st</sup>) and Fort Meyers, Florida (up 4.9 percent, 45<sup>th</sup>) recorded the weakest two-year performances. Of course San Juan was beset by problems with the 2017 hurricane season that undoubtedly reduced air travel sharply. The average growth rate for the 15-airport sample is 10.5 percent.

Another metric of airport performance is the number of O&D flights at each airport. PIT’s supporters point to a rise in number of flights being offered, but again how does that stand up to the activity at similarly sized airports?

From 2015 through 2017 the number of O&D *flights* at PIT rose by 2.8 percent. For the 15-airport sample the average growth rate to O&D flights is four percent. For all airports around the country that growth was more subdued at just 1.4 percent. At the major airports the gain was a bit better at 1.5 percent while the remaining airports had O&D flight growth of just 1.3 percent. In the group of 15 comparison airports, PIT’s growth in flights ranks ninth. At the top is San Jose (25.4 percent) and Sacramento (12 percent, 42<sup>nd</sup>) while San Juan (-13 percent) and Milwaukee (-3 percent, 51<sup>st</sup>) sit at the bottom with drops in traffic. In fact five airports from this group had either no gains or declines.

An important measure of airline productivity is the “load factor.” Load factor is defined by the airline industry as the ratio of passenger miles flown to the number of seat miles available. For originating flights across all airports the load factor for 2017 was 84.57—down slightly from the 2015 level of 84.98. For airports ranked in the top 30, the origination load factor in 2017 was 85.43, down from 85.79 in 2015 while for the remainder the factor was 81.99 down from 82.46.

In 2015 PIT had the lowest origination load factor of the 15 airports in the comparison group at 79.07. In 2017 the load factor at PIT edged up to 81.2, placing its ranking at third worst just ahead of Cincinnati (81.07) and Columbus (80.37). San Juan had the highest load factor in both 2015 (89.19) and 2017 (90.97), while the average for the comparison group stood at 82.51 in 2015 and 83.14 in 2017.

Destination load factors are about the same as origination load factors, as one would expect. The load factor for PIT’s destination flights stands at 81.24 up 2.4 percent from 79.31 in 2015. While this percentage rise is respectable, the load factor remains low compared to the all airport total of 84.57 and the ratio of 85.55 posted at major airports.

PIT's 2017 load factor was better than Columbus (81.07) but trailed the rest of the airports in the sample. The sample average in 2017 was 82.78 for destination flights.

The relatively low load factor at PIT for both O&D flights points to substantially more unfilled seats than the national average as well as 2.4 percent more unfilled seats than the comparison group average. This relatively low load factor is almost certainly a consideration in decisions about adding flights. If underserved markets for Pittsburgh area travelers can be ferreted out, there might be further expansion. Otherwise gains in passenger counts will depend heavily on growth in the population age groups that have high propensities to travel by air and on the growth of employment and incomes in the airport's service area.

However, as has been documented, officials in charge of PIT don't necessarily rely on market forces alone to help airlines make decisions. For example, a late January news article noted that in 2017 PIT paid out \$3.4 million in incentives to offer passenger service to five destinations and cargo service by a Middle Eastern carrier. OneJet also received a million dollars to begin service over the next two years and Allegiant Air has begun service to Charleston, S.C. with a "small marketing" incentive. Unfortunately, six months into the cargo flights things are not going well and the airport may be on the hook for \$1.5 million in wasted subsidies—a glaring example of how ignoring market forces and looking for headline grabbing announcements can be misguided and very costly.

More unfortunately, there seems to be no sign of ending carrier subsidies. Subsidy-happy airport officials must have warmly welcomed the Legislature's indefinite extension of the \$12 million per year in gaming money that was about to come to an end.

The bottom line: PIT's flights and passenger counts have risen in recent years. But other airports of similar size have seen more improvement than PIT in key gauges of activity. Plus there has been a significant rise of air travel nationally that has benefitted most commercial airports. In short, the airport needs to be a little less self-congratulatory about its better numbers.

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