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Challenges ahead for Pittsburgh International

As if the challenges wrought by weak population and anemic economic growth and the coronavirus pandemic have not been enough for Pittsburgh International Airport (PIT), now comes the reality of inflation and the specter of international hostilities.

"The war in Ukraine and its impact on fuel costs and the economy and demand for air travel, especially international travel, could be substantial over the coming months," says Jake Haulk, president-emeritus of the Allegheny Institute for Public Policy.

"At the same time, with the effects of COVID waning, there is reason to expect an increasing willingness to fly," the Ph.D. economist notes (in *Policy Brief Vol. 22, No. 11*).

While PIT's December and January passenger numbers were very disappointing, there are signs that the national pace of travel picked up markedly in the last half of February, which should bode well for a February increase at PIT as well.

"Nonetheless, with the war in Ukraine having a major effect on fuel prices, and perhaps on consumer sentiment as well, the air travel industry is facing another round of headwinds and uncertainties," says Haulk. "Early March national passenger data suggest some negative impact on travel is already happening."

That said, national data are somewhat encouraging for PIT, at least for the February count.

"With a return to travel as robust as the late February figures show, there is reason to believe that PIT passenger counts will see marked gains compared to the December and January experience as well," the think tank scholar says.

"Unfortunately, March is likely to pose a new set of difficulties for air travel," Haulk warns.

But PIT has other, chronic, hurdles facing it.

"The reality is that non-hub airports must rely on the local market for travelers, whether local residents flying out or visitors coming to the region for business, family or tourist reasons," Haulk reminds.

"In a region with little population or employment growth, the prospects for air travel passenger growth will be much weaker than for areas that are growing rapidly, such as Nashville, Austin or Raleigh, for example," he says.

Indeed, PIT has been incredibly and uniquely fortunate to have had access to a large sum of gaming revenue taxes—as provided by the state Legislature—and to have natural gas reserves on the property that are accessible through fracking that generates additional revenue.

And, lest one forget, in recent years, it has received a special bolus of federal dollars from COVID stimulus spending.

But what of the future?

"In short, the future for travel in the near term is facing a combination of unusual and hard to assess factors," Haulk says. "At the same time, the fundamentals for passenger growth near term and long term at PIT are not very encouraging compared to many other areas of the country."

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