



May 2, 2018

Allegheny Institute Op-Ed

590 words

Behind PIT's 2017 passenger data

By Colin McNickle

The full-year 2017 domestic passenger data are in for Pittsburgh International Airport (PIT). And while utilization numbers *are* up, a comparative analysis of like-sized airports shows the Findlay Township facility's "success" must be placed in the proper context, say scholars at the Allegheny Institute for Public Policy.

Indeed, "PIT's flights and passenger counts have risen in recent years," say Frank Gamrat, senior research associate, and Jake Haulk, president of the Pittsburgh think tank. "But other airports of similar size have seen more improvement than PIT in key gauges of activity."

And, lest it be forgotten, an improving overall economy has led to a significant increase in air travel nationally that has benefited most commercial airports.

The data cover origination passengers (that is, the starting point of a trip) and destination passengers (the farthest point of travel from the trip's origin of 75 miles or more). That's known in industry parlance as "O&D passengers."

Pittsburgh International's count for 2017 was 8.34 million passengers, 9.7 percent over 2015. But among 15 peer airports, PIT's increase ranks *ninth best*.

Despite the fact that Pittsburgh's O&D *flights* number rose by 2.8 percent from 2015 through 2017 (which was higher than the 1.4 percent growth rate for all U.S. airports) it once again ranked ninth among the 15 comparable airports.

"Load factor" is another important metric of airline productivity. That's the ratio of passenger miles flown to the number of seats available.

PIT had the lowest *origination* load factor of its peer airports in 2015 at 79.9. "In 2017 the load factor at PIT edged up to 81.2, placing its ranking at third worst," Gamrat and Haulk note (*in Policy Brief Vol. 18, No. 17*).

Pittsburgh's *destination* load factor was up 2.4 percent from 2015 to 2017, from 79.31 to 81.24, besting only Columbus among comparable airports.

“The relatively low load factor at PIT for both origination and destination 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,” the Ph.D. economists note, then making this important point:

Such a relatively low load factor almost certainly plays an important role in deciding to add new flights. If underserved markets for Pittsburgh-area travelers can be discerned, those might represent expansion opportunities.

“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,” Gamrat and Haulk say.

But the Allegheny County Airport Authority does not necessarily rely on market forces alone to entice airlines to PIT. Millions of dollars in public incentives have been used as well, the most dubious example being a nearly \$1.5 million subsidy to Qatar Airways for cargo flights that are failing, miserably, to meet tonnage goals.

It is “a glaring example of how ignoring market forces and looking for headline-grabbing announcements can be misguided and very costly,” Gamrat and Haulk emphasize.

And, unfortunately, ending carrier subsidies does not appear to be in PIT's cards. No doubt the state Legislature's decision to indefinitely keep giving the authority \$12 million annually in gaming money will see to that.

“In short, the airport needs to be a little less self-congratulatory about its better numbers,” the think tank researchers conclude.

Colin McNickle is a senior fellow and media specialist at the Allegheny Institute for Public Policy (cmcnickle@alleghenyinstitute.org).

*Op-Eds may be reprinted as long as proper attribution is given.
For more information about this and other topics, please visit our website:
www.alleghenyinstitute.org*

<p>Allegheny Institute for Public Policy 305 Mt. Lebanon Blvd.* Suite 208* Pittsburgh PA 15234 Phone (412) 440-0079 * Fax (412) 440-0085 E-mail: aipp@alleghenyinstitute.org</p>
