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The wrong way to stimulate demand at PIT

By Colin McNickle

Cheerleaders for the Allegheny County Airport Authority and Pittsburgh International Airport (PIT) continue to claim major success in “growing” the number of flights out of the Findlay Township facility.

But a new analysis by the Allegheny Institute for Public Policy shows the success is very modest in relation to similarly sized airports across the country.

Meanwhile, airport officials “continue to double-down by subsidizing new carriers to come to PIT,” which isn’t a very efficacious way to stimulate demand for air travel, says Frank Gamrat, executive director of the Pittsburgh think tank (*in Policy Brief Vol. 19, No. 17*).

Data released for 2018 by the U.S. Department of Transportation – covering domestic passengers, flights and load factors – show Pittsburgh International has kept pace with neither all airports nor those comparable.

To wit, in 2008 the total domestic origination and destination (O&D) count at PIT was just over 8.4 million. “Ten years later, in 2018, the total had grown by 7 percent to 8.98 million,” say Gamrat, a Ph.D. economist, noting that for all 1,229 airports across the country the growth was 19.4 percent during the same time.

“Within the similar-sized airport sample, O&D passenger growth ranged from a high of 39 percent in San Jose to a low of minus 35.38 percent at Cincinnati’s international airport,” Gamrat says. “PIT’s growth ranked 11th among the 15 (comparably sized) international airports in the sample with the bottom four – San Juan, Milwaukee, Cleveland and Cincinnati – suffering losses.”

To place the statistics in better context, the number of flights at PIT stood at 127,569 in 2008 but fell to 99,680 in 2014.

“The number of flights began to climb afterwards, reaching 114,845 in 2018 – an improvement but still shy of the pre-recession level,” the think tank scholar notes. “The net decade drop in flights at PIT was

the seventh-worst at 9.9 percent but still better than eight others that experienced declines over the 10-year period.”

When it comes to the “load factor” – the ratio of passenger miles flown to the number of seat miles available – PIT’s load factor for originating flights rose 4.8 percent from 2008 to 2018 (78.97 to 82.78). For all airports, 2018’s load factor was 84.46, up nearly 5.9 percent from 2008’s 79.74. But among the 15 comparably sized airports, the increase in PIT’s load factor was only 11th best and the 10th highest load factor.

And this all comes in a climate of Airport Authority officials continuing to attempt to artificially stimulate demand by subsidizing airlines to fly to and from Pittsburgh International. Among those, WOW Air and OneJet failed. And a large subsidy for British Airways to fly direct to London appears to have played a role in previously subsidized Delta Air Lines pulling its direct flights to Paris.

These subsidies also continue as the authority embarks on a billion- dollar-plus reconfiguration of PIT, its initially stated \$1.1 billion price tag now being called a “placeholder” based on a “very, very early design.”

But the bottom line remains this:

“The demand for air travel depends far more on growth of the local population” – still declining, according to U.S. Census estimates – “and the strength of the economy” – still laggard according to government metrics – “than on luring airlines with subsidies,” Gamrat stresses.

Indeed, as the national economy has picked up, so has air travel at PIT.

But, “Still, if local officials want to boost demand for air travel, they need to concentrate on helping (to) improve the regional economy rather than trying to artificially stimulate demand through subsidizing carriers so they can offer cheaper fares than they otherwise would need to cover costs,” Gamrat says.

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