



Passenger counts in 2019 have weakened abruptly at Pittsburgh International

Summary: After posting very strong growth between August 2016 and August 2017, with further good gains from August 2017 to August 2018, passenger counts, especially for international passengers, at Pittsburgh International (PIT) have slowed dramatically through August of this year, the latest monthly data available from the Airport Authority.

In August 2019 the international passenger count fell an astonishing 37.3 percent compared to the same month in 2018 despite the heavily touted arrival of British Airways (BA) in April. Note that changes comparing data to the same month a year earlier are methodologically necessary because of significant seasonal variations in international passengers for which summer counts typically dwarf those in the winter months.

Although international passengers make up only 3 percent of total passengers, the 37 percent drop, combined with a tiny domestic increase, resulted in a decline in total passengers in August, albeit small, at 0.7 percent. Year-to-date the August domestic count is up 2.2 percent compared to the 5.9 percent increase posted a year earlier.

The year-to-date international count in August was down 21.9 percent—a major reversal from the 15.8 percent increase for the first eight months last year. International passenger counts have fallen every month this year compared to 2018 except in April when they rose with the advent of BA flights. However, during each of the last three months of available data, June through August, international passenger boardings and deplanements have plunged by more than 30 percent from their 12-month earlier readings.

This abrupt slowing is *not* due to an overall weakening nationally. Nationwide, domestic enplanements through August are up year-to-date by 4.1 percent, down slightly from 2018 but stronger than 2017. Meanwhile, international enplanements through August are up 4.4 percent which is actually much better than 2018's 2.6 percent.

Thus, the PIT passenger count weakening must be attributable to other factors, especially the huge drop in international passengers. Virtually all the international gains at PIT made in 2017 and 2018 are gone. The August 2019 count of 25,951 is down almost 16,000 from a year ago and stands just above the 2016 reading.

Note that PIT releases data for combined enplanements and deplanements. Keep in mind that while these two counts might vary slightly in the very short term at an airport, over a month or year they will be virtually the same as FAA data shows. Thus, using either enplanements or combined data will yield identical percentage changes.

Bear in mind too that while much was being made of PIT's success in recent years, the success at PIT was not unique. For example, in 2015 PIT was ranked as the 47th-largest airport in the United States measured by enplanements. In 2018 it had moved up to 45th – a good result. However, over the same three years, Cleveland moved from 46th to 44th and Cincinnati climbed from 53rd to 48th. And just as impressive, Nashville jumped from 35th to 31st. In short, good growth was occurring at several mid-sized airports.

It is also important to remember that nationally there were 890 million enplanements in 2018. Thus, Atlanta, the biggest airport, with 51.9 million enplanements accounted for only 5.8 percent of the national total. The top 20 airports account for 52 percent of all enplanements with all above 20 million. PIT with 4.7 million in 2018 was only 0.53 percent of total. Of course, most of the top airports are hubs and a large share of their passengers are connecting. Still, the local area economic impact of an airport, in terms of direct employment and income, will depend on total passengers. When USAirways dropped PIT as a hub and flights were cut dramatically, several thousand employees at the airport lost jobs in the years following.

The important question is what happened at PIT that caused the big drop in international passengers, especially in light of all the great hoopla surrounding the coming of British Airways. Through December of last year, the international passenger count posted gains year-over-year and had done so in all but a couple of months during 2018, ending the year with a nice annual pickup of 13.5 percent.

But in January of this year things started to go sour with a near 17 percent drop from the level in January 2018. As noted earlier, 12-month changes in international travel at PIT have been down each month in 2019, except for April. The declines in January through March most likely reflect the cessation of WOW Air service in January as that carrier succumbed to financial pressure. WOW was also a recipient of a PIT subsidy.

The big declines since May are no doubt due to Delta's ending its flights to Paris. Once the months of Delta's seasonal flights have passed this year, the monthly year-over-year passenger declines should become smaller. But what has been revealed is that the British Airways flights are not carrying nearly as many people over the June through August period as Delta apparently was.

Whether their passenger count in the offseason will be enough to make up for the Delta loss remains to be seen. But it probably won't since international travel volume drops substantially after the summer season. Keep in mind too that BA is receiving \$3 million dollars from PIT over two years to operate four weekly flights—an additional factor in the net benefits calculation of having BA at PIT. As was noted in previous *Policy Briefs*

(Vol. 18, No. 31, Vol. 19, No.14), British Airways does not get subsidies to operate in Florida airports, Los Angeles, New York or any high-volume U.S. airport. And it operates in 26 U.S. airports currently.

Also not known at this point is how many Pittsburgh-to-London or other European destination passengers BA has siphoned off from other carriers such as American Airlines' one-stop service to London. And because the data are not available it is unknown what percentage of passengers on the BA flights are local citizens and how many are foreign visitors.

These percentages are important to know since the regional economic impact projections presented by BA depend heavily on the number of foreign visitors brought by the carrier—projections the Institute has shown to be overly optimistic. Besides that, the British Airways impact calculation does not look at net benefits in that it ignores the dollars leaving the region through BA ticket purchases and expenditures by regional residents abroad.

The apparent slowing of domestic gains in 2019 compared to both the two previous years and nationally could be the result of several factors. If that trend continues over the next several months, the Allegheny Institute will analyze possible causes and likely effects.

For now, suffice to say that the sizable gains in 2017 and 2018 have made it more difficult to continue exceptionally fast growth. Moreover, the seven-county Pittsburgh metropolitan area is still losing population, the labor force has shown no net increase since the early 2000s and jobs gains are slowing. All of which make it hard for local demand for air travel to keep growing at very strong rates.

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