October 14, 2020 Policy Brief: Volume 20, Number 36

Can Pittsburgh International overcome Covid-19?

Summary: The pandemic and state-ordered restrictions on travel-related industries resulted in massive declines in passenger counts at the nation's airports during the March-through-June period. Pittsburgh International Airport (PIT) was no exception. Data from the Department of Transportation (DOT) show a stunningly large loss of airline traffic. Indeed, the drop in passengers was so large it may take years to fully recover to pre-coronavirus levels.

DOT data are for origination passengers—the starting point of a trip—whether for business or pleasure. Originations differ from enplanements, which count boardings regardless of where the passengers began their journeys. Enplanements count those making connections at an airport as well as those using the airport as an origination point. PIT, having lost its hub status well over a decade ago, is now primarily an origination and destination (O&D) airport.

Domestic origination passenger data available as of this analysis include only the first six months of 2020. International data are available only through March and will not be discussed here.

According to the Bureau of Transportation Statistics, in 2019 PIT ranked as the 47th-busiest airport in the country by enplanements. This *Brief* will compare PIT's domestic passenger counts with traffic at similarly ranked airports Sacramento; Kansas City; Santa Ana; Fort Myers; San Antonio; Cleveland; Indianapolis; Cincinnati and Columbus during the first half of 2020.

Passengers

For all U.S. airports, 2020 started off on a positive note as domestic origin traffic was up 6.2 percent in January over its year-ago level. February was 7.5 percent above its year-ago level. Then the pandemic arrived, and travel-related restrictions became the norm across the country in March.

The year-over-year March origination passenger count was down 51 percent (34.4 million vs. 70.2 million). April represented the low point with a mere 2.88 million originating passengers—down 95.7 percent from April 2019 (66.94 million).

May traffic saw only minor improvement falling 88.5 percent from May 2019. A further small increase in air travel followed in June with a passenger decline of 77.9 percent compared to a year earlier.

The six-month total for all U.S. airports was a decline of 53.7 percent (183.11 million vs. 395.04 million) over the first six months of 2019. For the April-May-June period, 2020's passenger count of 27.2 million was 87 percent lower than the same three months in 2019 (211.1 million).

This pattern played out at airports across the nation.

At PIT, the months of January and February had domestic origination passenger totals of 2.5 percent and 6.4 percent above their 2019 counts, respectively.

The drop-off over the next four months was initially worse than the all-airport total with March down 56 percent and April down 96.8 percent from the year-ago counts. But it was slightly better than the national declines in May, off 87.6 percent, and June, off 77.6 percent. For the first six months of 2020 origination passenger totals at PIT were 56.1 percent lower than the same period last year.

But how did PIT compare to similarly sized airports?

Compared to the nine similarly sized passenger-count-ranked airports, PIT's decline in passenger counts ranked sixth best for the first six months of the year. Fort Myers (-38.8 percent); Sacramento (-53.2 percent); Indianapolis (-53.6 percent), Cincinnati (-55.3 percent) and Cleveland (-55.8 percent) had smaller declines than PIT. However, PIT was marginally better than San Antonio (-56.8 percent); Columbus (-57.2 percent); Kansas City (-57.5 percent) and Santa Ana (-58.6 percent). Fort Myers suffered a markedly smaller decline than the other airports with the remaining nine similarly ranked airports having roughly the same passenger drops.

Flights

Much like passenger traffic, domestic origination flights for all the nation's airports were trending above the year-earlier levels for January and February, up 4.9 percent and 8.6 percent, respectively. And, again, as with passenger counts, flights fell off precipitously from March through May (-15.5 percent to -71.1 percent) before rebounding slightly in June (-63.8 percent). The six-month totals for domestic flights in 2020 was down by 36.2 percent over the same time frame from 2019. For the April-May-June period, 2020's 700,015 flights came in 68 percent lower than the same three months in 2019 (2.19 million).

For PIT, domestic origination flights follow a similar pattern, up in January and February but dramatically down from March through June. However, both the increases in those first two months and the subsequent decreases were smaller than experienced for the nation as a whole. For the first six months of 2020, the number of flights originating out of PIT was down marginally less than nationally at 34.5 percent.

Compared to the nine similarly sized airports PIT fared quite well, having the third-lowest drop in the number of flights. The only airports in the group that fared better were Fort Myers and Sacramento. For the remaining airports, the decreases ranged from -38.6 percent (Kansas City) to -69.9 percent (Indianapolis).

In sum, the pandemic and subsequent government-imposed restrictions took a heavy toll on the airline industry in the March-through-June period. Both metrics, domestic origination passenger count and number of flights were down substantially.

However, based on PIT's own reported enplanement data, July and August domestic passenger count losses compared to a year-earlier improved slightly from June's 77.4 percent drop with a 71.1 percent decline in July and a 69.4 percent drop in August.

International flights at PIT are virtually non-existent. Thus, while there has been some uptick in air travel through the summer months (likely happening at other airports as well), the strongly negative travel and tourism effects of the pandemic are still being felt by the airline industry in particular.

While the airlines have been heavily supported by federal stimulus dollars to prevent massive layoffs and a far worse financial situation, they cannot become permanent wards of the government. Major industry changes and restructuring are likely. The implication for airports, especially mid-sized facilities such as PIT, could be severe.

Some airports have spent a lot of money to subsidize carriers, especially international ones like British Airways. PIT has been among the most aggressive at airline subsidies. These so-called "investments"—"investments" that we vehemently and correctly opposed—were never likely to be recouped and now, in the pandemic curtailed industry, almost certainly will not be.

Government and airport officials should never use taxpayer money to pick airlines to subsidize. Government should ensure only an open market for carriers and provide competitively priced airport services. Bitter experience in recent years should have demonstrated this truth many times. Subsidizing overseas travel by local residents is the worst idea of all.

Now the Allegheny County Airport Authority has developed an ambitious and expensive terminal replacement plan it claims will be paid for by the airlines operating at PIT. Apparently not much has been done to advance that plan.

The airlines were seemingly reluctant to sign on even before the pandemic. They will almost certainly not be willing or able to pay for it in light of the straitened conditions they operate in now or are likely to operate in for the foreseeable future.

Frank Gamrat, Ph.D., Executive Director **Jake Haulk, Ph.D., President-emeritus**

Allegheny Institute for Public Policy
305 Mt. Lebanon Blvd.* Suite 208* Pittsburgh PA 15234
Phone (412) 440-0079
E-mail: aipp@alleghenyinstitute.org
Website: www.alleghenyinstitute.org
Twitter: AlleghenyInsti1