



PIT's performance over the last two decades

Summary: Activity at Pittsburgh International Airport (PIT) has changed dramatically over the last 20 years. With a terminal built to the specifications of USAir (later, USAirways), PIT has seen its fortunes fall in concert with that ill-fated airline. Once a major USAirways hub, PIT is now relegated to serving mostly local origination and destination passengers.

Even before the events of Sept. 11, 2001, USAirways was in serious financial trouble. As the Institute noted in a March 2000 report (*Report #2000-05*), “USAirways, similarly, is currently the least efficient major air carrier in its industry, a situation that requires a long-term remedy.” The report noted that ranked by cost per available seat mile (ASM), USAirways was the highest of the major carriers.

In late 2000, USAirways proposed merging with United Airlines. The proposal was denied by federal regulators.

Not long after that, saddled with high costs and not enough passengers, USAirways filed for its first bankruptcy reorganization in 2002 (*Policy Brief, Vol.2, No. 27*). And, as reported by the [Post-Gazette](#) in a recent retrospective (covering the period since 9/11/2001), the airline abruptly canceled its leases at PIT in 2003 as it exited bankruptcy—leases that contained provisions for the airline to pay a large share of the cost of the 1992 terminal.

After the second bankruptcy filing in 2004 the airline dropped PIT as a hub, causing passenger counts at the airport to plummet. After combining with America West and regaining financial viability, USAirways acquired American Airlines in a 2013 merger and adopted the American name for the combined carrier (*Policy Brief Vol. 13, No. 41*).

Passenger activity at PIT

The Allegheny County Airport Authority's relationship with USAirways was an important factor in construction of a \$1 billion terminal in 1992. Significant increases in passenger counts and flights were promised. As the Institute wrote in a 1999 report

(Report #1999-13), “Passenger traffic at PIT was forecast by planners to reach 30 million by 2000. In fact, passenger traffic declined in 1998 and is expected to decline again in 1999. Despite PIT’s status as a major ‘hub’ for USAirways, traffic has never reached 21 million passengers. It currently ranks 24th among the busiest airports.”

Of course, that was just the beginning of PIT’s slide in enplanement ranking. Indeed, 20 years after slipping to 24th, 2019 data rank PIT as the 46th busiest airport in the country.

In 1997 the airport posted its all-time record at 20.7 million passengers—enplaning and deplaning. Enplaning and deplaning counts include any passengers who are boarding or departing a plane and captures the hub activity of an airport. In contrast, origination and destination (O&D) passengers count only those passengers who either begin or end their travels at that airport—i.e., not making a connection.

When USAirways dropped PIT as a hub, it became mostly an O&D airport and heavily reliant on the local population and businesses for passengers. A USAirways spokesperson at the time said “The studies that were done did not show economic growth in Pittsburgh. Businesses were not growing in Pittsburgh. Businesses were leaving.” In short, the airline did not see Pittsburgh as a growing area. At the same time, it was also rapidly building a hub in Charlotte and had a lot of hub activity in Philadelphia and Phoenix where America West was headquartered. PIT was too costly and geographically no longer advantageous as a hub.

At the time of the first USAirways bankruptcy, in 2002, PIT had 15.11 million domestic O&D passengers. This count fell rather steadily as flights were reduced until 2013 when only 7.47 million O&D passengers—a drop of 51 percent from 2002—used the airport. This was the lowest point in many years. It did begin to climb but reached only 9.2 million O&D passengers in 2019—23 percent higher than in 2013 but merely 60 percent of the 2002 count.

Comparing PIT to other airports

How does PIT’s record stack up with other airports around the country?

This analysis will use a comparison group of 10 similarly sized airports— Cincinnati; Cleveland; Columbus; Fort Myers (FL); Indianapolis; Kansas City (MO); Sacramento; San Antonio; San Jose and Santa Ana—and only domestic O&D passenger counts. It will also break the time frame up into two pieces, from 2002-2013 and then 2013-2019.

The year 2013 represents PIT’s lowest point of O&D passengers over the last 30 years. From 2002-2013, PIT’s loss of 51 percent was not the largest drop in this sample. Cincinnati, once a Delta hub in the early 2000s, saw its O&D passenger count fall 73 percent. Meanwhile, San Jose (-17 percent), Cleveland (-13 percent) and Kansas City (-6 percent) also posted declines during this period. For all U.S. airports, the domestic O&D passenger count rose 17 percent. The other airports in the sample all had increases, led by Fort Myers (47 percent) while Sacramento’s O&D passengers ticked up just 2 percent.

All O&D data is from the U.S. Department of Transportation's Bureau of Transportation Statistics (BTS).

More recently, over the period from 2013-19, PIT's O&D climbed a healthy 23 percent. However, in this 10-airport group, it was better only than Cleveland (13 percent), Santa Ana (16 percent) and Kansas City (19 percent). It trailed the other seven airports. Cincinnati had the largest jump (60 percent) followed by San Jose (55 percent) and Sacramento (50 percent). For all U.S. airports the rise in O&D passengers was 26 percent.

Comparing flight growth

In 2002, there were nearly 242,000 domestic flights at PIT. In this sample of airports, it was second behind Cincinnati (383,500). PIT's low point for flights came in 2014 when only 99,700 flights were recorded. Still, for this 10-airport group it ranked third highest behind Kansas City (113,770) and Cleveland (108,700).

By 2019 the number of domestic flights at PIT had risen 16 percent from 2014 to 115,300, the second most behind San Jose (139,700). It is worth noting that all but two airports—Cleveland and Kansas City—had increases in the number of domestic flights from 2014 to 2019. Noteworthy, however, is the fact that the number of flights at PIT in 2019 was only 48 percent of the 2002 count.

PIT performance in the pandemic

The pandemic of 2020 disrupted air travel even more than the terrorist attacks of 2001. With lockdowns of businesses and restrictions on travel both domestically and internationally, airlines and airports suffered huge declines in passengers and flights. For all U.S. airports, domestic passenger counts in 2020 came in at 335.1 million—just 41 percent of 2019's 811.5 million domestic passengers. PIT's 2020 total domestic O&D passenger count of 3.5 million was 38 percent of 2019. For this sample, PIT's total is better than only Cincinnati (3.4 million) and Columbus (3.1 million).

BTS data is available only through June 2021 when the pandemic was showing signs of waning. Through June, 2.7 million domestic O&D passengers used PIT. Projected over 12 months, it implies about 5.4 million passengers—about 60 percent less than in 2019 (9.2 million). The BTS data does not yet cover most of the busy summer travel season when passenger counts were much stronger, so the final tally for the year may be higher. But travel will unlikely approach 2019 levels as the pandemic is still very much a part of the environment as of this writing.

When compared to the 10-airport sample, this projected total has PIT finishing in the middle of the pack in January-June 2021 domestic O&D passengers carried.

Conclusion

Over the last 20 years, PIT has had an interesting run of events. With a new terminal built as a hub for USAirways, its fortunes fell as the airline declared two bankruptcies and eventually dropped the airport as a hub. The airport was left with tremendous debt in the wake of the airline's decline for the cost of that facility. With the help of taxpayers, as the state Legislature moved gaming proceeds to help retire that debt, it shook the yoke of USAirways.

But change was in the offing as PIT went from a hub to a primarily origination and destination airport dependent upon local travelers—and for that matter the local economy. And as we have well-documented over the years, the local economy has failed to keep up with national growth. As we have also documented, the Airport Authority began using subsidies to lure new carriers, including WOW, Condor, OneJet and British Airways. All have failed completely to produce the predicted sustained travel, just as the Institute warned they would.

In this environment, PIT has announced an ambitious terminal construction plan. Once priced at about \$1 billion, expected costs have already escalated to nearly \$1.4 billion. Much like the 1992-built terminal, PIT claims it will be paid for by the airlines. Given recent history, and travel that has been negatively affected by the pandemic, this is a project that should not be undertaken.

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