



Pittsburgh International woes continue

Summary: November 2022 passenger counts from Pittsburgh International Airport (PIT) shows the facility struggling to regain levels experienced before the pandemic. However, in metro areas with robust economies and non-hub airports, passenger traffic is up, showing that the performance of the local economy is more important than gimmicks like airline subsidies.

November statistics from PIT show the airport continues to struggle to return to November 2019 pre-pandemic passenger levels, both domestic and international. Moreover, airport operations—a measure including plane arrivals and departures—lagged further behind the same month in 2019.

Specifically, November 2022 total passengers were 12.3 percent short of the three-year-earlier figure while international passengers remained 34.2 percent below the November 2019 count notwithstanding the resumption of British Airways service to London earlier in the year. In a very negative development, November 2022 airport operations fell 21.1 percent behind the same month in 2019. Meanwhile, the only bright spot in the airport's performance since the pandemic has faded dramatically. While cargo handled was up 5 percent from November 2019, it fell 26.7 percent from the November 2021 reading.

By way of comparison the Transportation Security Administration (TSA) national checkpoint count for November was only 5.7 percent below the November 2019 reading. Indeed, the TSA passenger tracker showed far more improvement toward 2019 levels than PIT has achieved.

December data for PIT were not available at the time of this writing.

The lagging recovery of passengers and the large decline in operations at PIT are very worrisome in light of the tremendous expenditures that are being made to build a new terminal facility. But the inability to increase the passenger count should not be too surprising considering the near zero population growth in the region PIT serves (*Policy Brief, Vol. 22, No.18*). Moreover, the failure of payroll employment to return to 2019

levels also points to a slow growth in incomes (*Policy Brief, Vol. 23, No.3*). Population, employment and income are, and will be, important determinants in air travel.

PIT compared to more successful airports

As has been noted before, unless an airport is a hub airport it is basically part of transportation infrastructure for the area served. It is not in itself a driver of economic activity but a supporter of the area's economy. A comparison shows the importance of job growth and air travel. Nashville's airport saw its November 2022 passenger count rise 19 percent above the November 2019 reading. Private employment in the Nashville Metropolitan Statistical Area (MSA) in November rose 7.7 percent above its November 2019 posting.

Meanwhile, Pittsburgh metro private jobs are still 38,000, or 3.5 percent, below the 2019 level and have risen only 3,000, or 0.3 percent, in 10 years. The importance of economic strength and growth in non-hub airport traffic is clear. Unless PIT becomes a hub again, its passenger counts will languish along with the very slow or nearly nonexistent employment growth in the area economy.

The airport's efforts to stimulate passenger growth by subsidizing travel is doomed to fail as a permanent solution to boosting passenger counts on two grounds. The primary objection is that subsidies merely help people in the area to fly out of the region who might not otherwise fly or to fly more often than they would have absent the subsidy. Lower-cost flights should be provided by the carriers at their expense, not the airport's. How does it help the Pittsburgh economy to use local dollars to subsidize area residents to leave the region and spend money?

Growing economies such as Nashville, Raleigh, etc., not only create travel demand for leisure and personal travel but their significant job growth also indicates that businesses are expanding and new businesses are coming into the region thus driving business travel as well.

For example, the performance of the Nashville area has been very strong, before the pandemic of 2020 and since. As noted earlier, from November 2019 to November 2022, private-sector employment climbed 7.7 percent compared to the shortfall of 3.5 percent in the Pittsburgh metro area in the same period. And over the last 10 years, Nashville jobs have climbed 40 percent. Pittsburgh-area private jobs are essentially flat compared to 10 years ago.

The Raleigh area has also had tremendous job gains with the private count up 10 percent from November 2019 to November 2022. and over the past 10 years jobs have increased 39 percent.

Airport rankings by passenger count (from the U.S. Department of Transportation's Bureau of Transportation Statistics) reflect the tremendous economic gains in the two right-to-work state metro areas. Note that in the pre-pandemic year of 2019, Nashville's

airport ranked 31st among U.S. airports and Raleigh-Durham ranked 27th for *domestic originating passenger* enplanements. Note that using domestic originating passengers to rank airports eliminates the effects of hubbing activity. On this measure PIT ranked 43rd. In this ranking, Raleigh-Durham's passenger count was 41 percent higher than PIT with Nashville's count 40 percent above PIT. Note for comparison that the Pittsburgh MSA's population was 16 percent greater than the 13-county Nashville metro in 2019 and significantly larger than the Raleigh-Durham area.

In short, in a well-established economic region there is no substitute for growth in jobs, business activity and incomes to drive air travel.

Subsidies are not justified

Subsidization of travel beyond that which is implied in building and maintaining an airport is a policy that, once started, is hard to stop. Travelers get accustomed to it. But even worse, airlines use it as leverage as well. What's worse, the British Airways subsidy basically flows to travelers from the region to go overseas to spend money. We have yet to see a report from the airport or British Airways that shows the percentage of passengers who are U.S. citizens and the percentage of foreigners traveling to Pittsburgh. And the claim of significant numbers of foreigners coming to Pittsburgh is the major factor in estimating the economic impact of the subsidy on the region.

The argument that it helps local business travelers who need to go to Europe is a weak one. Travel to Europe with one stop in New York or Philadelphia is available. And to the extent it benefits large companies who can afford the travel as opposed to small businesses that do not need overseas travel, it fails on fairness grounds. Just as subsidizing personal travel is likely to benefit people who can afford it over those who cannot.

The area had a Delta nonstop to Europe that was subsidized by the business community. Delta canceled that flight almost immediately after the British Airways subsidy was announced. Moreover, the ending of subsidies to WOW and Condor left only British Airways for direct flights to Europe.

Needed actions

The key to building passenger traffic at PIT—barring a carrier establishing a major hub—is not using subsidies for airlines. The primary factor is growth in the region's economy and population. New business startups and investment coming from other parts of the country or overseas will be crucial to achieving acceleration in the economy.

Accomplishing an economic revival in the region will require a dramatic shift in the business climate and the regulatory environment. Otherwise, the airport will struggle to grow passengers and will continue to offer subsidies to artificially stimulate demand. It should be focused on lowering costs. The cost of the new terminal will saddle the airport

with bond payment costs for decades. County and state help beyond that already in place through gaming dollars will eventually be needed.

Conclusion

But the airport, like Pittsburgh Regional Transit, Pittsburgh Public Schools and Pittsburgh city government, is locked into the same overly expensive pattern that is driven by union demands and long-term political concerns. And taxpayers end up with the bills—a major reason jobs and population are not growing in the Pittsburgh metro area and, hence, the slow passenger gains at the airport.

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