



PIT's passenger growth still anemic

Background: In a March 15, 2024, Post-Gazette article, the CEO of the Allegheny County Airport Authority—in response to the as of yet officially unposted February passenger count of 646,000—told board members “We have finally beaten the 100% mark; I look forward to not comparing us to 2019 anymore soon.”

But there are two major problems with that statement. One, the February pre-pandemic passenger count at Pittsburgh International Airport (PIT) has not been surpassed. And two, PIT's post-pandemic bounce is far slower than the national upturn. And even though PIT's passenger count began to recover following the pandemic, the longer-term gains are lagging far behind national growth and gains at fast-growing airports.

Passenger data analysis

The claim that pre-pandemic levels of 2019 have been reached or surpassed by the February 2024 posting of 646,000 passengers (enplaned and deplaned) ignores two important points:

First, the highest February reading prior to the full impact of COVID occurred in 2020, not 2019.

Second, 2020 and 2024 are leap years with 29 days in February. When the 2019, 2020 and 2024 February readings are converted to a daily average basis, the 2024 count is 1.93 percent lower than 2019 and 4.6 percent lower than February 2020.

Whether the coming months of 2024 will surpass the pre-pandemic readings of March through December of 2019—while possible—remains to be seen.

Longer term overview

Even if PIT does manage to edge above the 2019 passenger levels over the next few months, that is not exactly a reason for breaking out the champagne. PIT has lost ground in national rankings and its long-term passenger growth is woefully short of the national increase and at many airports around the country.

On a national basis, the average daily Transportation Security Administration count of passengers entering security clearance for February 2019, 2020 and 2024 shows activity up 6.7 percent between 2019 and 2024 and 4.4 percent from 2020. It's definitely a far superior performance in

terms of passenger gains compared to the PIT figures for the same periods as outlined above. Furthermore, over the 10 years—2012 to 2022—U.S. total airline passengers rose 16 percent and over the 10 years 2013 to 2023 national passengers were up 16.5 percent even though the 2019 pre-pandemic total had not been reached in 2022 or 2023.

Meanwhile, over the 10-year period of 2012 to 2022—the most recent year of official Bureau of Transportation airport ranking and passenger data for individual airports—PIT enplanements rose a mere 0.5 percent (3.868 million to 3.888 million). The slow growth dropped PIT from 46th largest (busiest in term of enplanements) airport in the nation in 2012 to 49th in 2022.

Note that PIT ranked 44th in 2008 with 4.259 million enplanements before dropping two spots by 2012. The loss of hub activity in the early 2000s greatly reduced the passenger count at the airport.

PIT, however, is not alone in its struggles to grow or maintain passenger count over the last few years. Over the 10 years from 2012 to 2022, Baltimore's 2022 count fell 0.3 percent below 2012—essentially flat. Meanwhile, Cleveland had a 1.7 percent drop and Kansas City experienced a 1.3 percent drop. Over the same period, Buffalo experienced a serious enplanement drop of 22 percent while Memphis passengers fell 35.8 percent during the period. And these are just a few of the airports facing weakening demand. PIT is not alone in having trouble growing its passenger traffic.

On the other hand, there are airports in similarly sized metro areas relative to the Pittsburgh market that are seeing much stronger demand growth than PIT. For example, Indianapolis had a gain of 18 percent over the 10 years: Columbus was up 16.6 percent, although it has slipped slightly from 2017's reading. Cincinnati posted a relatively strong rise of 25 percent over the period and Raleigh-Durham climbed 30.4 percent.

Truly impressive 10-year growth occurred in Nashville with a jump of 105 percent to rank 29th busiest. In Austin, enplanements climbed 123 percent over the 10 years, lifting the airport to the nation's 27th busiest.

Factors affecting passenger counts

Obviously several factors are at play to account for such enormous differences in airport performance. These include the loss or expansion of hubbing activity, the performance of the regional economy served by the airport, and factors affecting attractiveness or cost of operating at the airports, among others. For example, in a recent *Policy Brief Vol.24, No.7*, PIT was found to have very high operating expenses per enplanement compared to several peer airports across the country, owing in large part to its very high labor compensation expenses.

Importantly, the performance of the regional economy served by the airport can be a major driving force in airport passengers. As recent *Policy Briefs* have noted, the Pittsburgh Metropolitan Statistical Area (MSA) has fared poorly relative to faster growing regions and has yet to recover from the employment losses incurred in 2020 after the COVID pandemic started full force in March. Private-sector jobs in 2023 remained 27,050 (2.5 percent) below the 2019 reading. Then, too, in 2023 the number of MSA residents with jobs fell 39,072 (annual average) below the 2019 count.

On the other hand, note that the two fastest growth airports in this survey (Nashville and Austin) had large gains in private-sector jobs during the 2019-to-2023 period, notwithstanding the COVID losses in early 2020.

The Nashville MSA added 106,800 jobs during the period, a gain of 11.5 percent. Austin added 206,000 jobs or 22 percent. Raleigh and Durham combined for a 102,000 increase (12.7 percent) in private employment. Meanwhile, airports with declines in passengers over the last several years also have seen jobs totals weaken. For example, Cleveland had 1.4 percent fewer annual average jobs in 2023 compared to 2019, Baltimore jobs were 2 percent lower, and Buffalo saw jobs drop 2.2 percent over the period.

Obviously, employment is an important factor as are population and income growth in driving air travel demand. But there are other factors, such as airline decisions regarding flight offerings and frequencies as well as connecting flight options. Airport operations costs and subsidies of carriers will also factor in the number of flights and seats airlines will offer.

The problem with subsidizing a carrier is that it can lead to fewer travelers on the non-subsidized carrier as passengers opt for lower-priced fares at the subsidized airline. For example, as Frontier begins its heavily subsidized and very low initial fare offerings for travel to Philadelphia, what will happen to the passenger counts on the four other daily non-stop trips offered by American?

Will it lead to a reduction in daily trips? Indeed, even subsidizing flights to destinations with no current service can lead to substitution effects that result in a smaller impact on passenger counts than predicted.

Conclusion

A region such as the Pittsburgh MSA, that is very slow growing or has yet to recover from COVID employment losses, has population stagnation and a very high-cost airport will find itself leaning more and more on non-passenger or freight-related activity. The airport will increasingly rely on taxpayer financial assistance such as the \$12 million allocation of gaming revenue at PIT and the royalties on gas extracted from airport property that obviously cannot be relied on in perpetuity.

Airports, unless they are hubs, are not principal economic drivers for the region they serve. They are infrastructure that is integral to a modern economy that facilitates area growth. It would be well to bear that in mind.

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