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Fitch Ratings: U.S. Transportation Infrastructure Growth to Mirror Slower GDP in 2020

Fitch Ratings-New York-09 December 2019: U.S. transportation infrastructure growth will continue moving more or less in step with leveling off GDP next year, according to Fitch Ratings' 2020 outlook report.

Volume growth remains favorable for U.S. airports, ports and toll roads and will remain largely tethered to U.S. GDP movement, which Fitch projects will fall below 2% for 2020. That said, "Some softness in growth may take hold to the extent issuers are exposed to global economic markets and protectionist trade policies," said Senior Director Scott Zuchorski.

Likely to pace volume growth will be U.S. airports, with Fitch projecting 2%-3% thanks to continued healthy demand for travel. Passenger traffic will also remain healthy for both large and small hub airports following a spike this past year. One outlier to watch next year will be the continued grounding of the Boeing 737 Max.

Moving more closely in tandem with U.S. GDP next year will be U.S. toll roads and ports. Stronger performance is expected for toll roads in the Southeast and Southwest regions in particular, due to stronger demographic trends versus the U.S. overall. Meanwhile, volumes at East Coast ports are likely to continue outpacing those of their West Coast counterparts due to their higher exposure to Chinese tariffs. Over time, revenues may start to decline at West Coast ports the longer the trade impasse with China continues.

Two other key developments are worth close watch next year, the first being the fate of PPPs as developer risk allocation led to some contractors exiting the U.S. market. The second is emerging technologies like driverless cars and connected vehicles. Parking assets and managed lanes appear most vulnerable to this change, though more widespread risk is unlikely to manifest for at least the next decade.

Fitch's "2020 Outlook: U.S. Transportation Infrastructure" is available at www.fitchratings.com.

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