
KBRA Releases Research – Coronavirus (COVID-19) Impacts and Fears: A Focus on U.S. Airport Credit

Kroll Bond Rating Agency (KBRA) releases a research report discussing the growing coronavirus threat and the impact that it may have at U.S. airports.

Over the last week, it has become clear that the new coronavirus' impact will not be limited to distant parts of the world. As confirmed cases of coronavirus infection and deaths increase, U.S. businesses, schools, and families have begun to significantly curtail travel. In the short run, at least, this will impact hotels, airlines, and other travel-related industries. Meanwhile, the myriad secondary effects from supply chain and other economic disruptions has led most economists to believe there is at least a 50% chance of a U.S. recession in late 2020. For the Public Finance market, KBRA notes that all these issues will likely have the most immediate impact on economically sensitive taxes (e.g., sales tax) and on passenger traffic at airports. The extent of this impact will depend on the spread of the disease, the local and federal response to containment, and the public's confidence in those efforts.

In this report, we examine the impact that the COVID-19 threat may have on U.S. airports and the layers of protection that airports typically have available to them against disruptions in air traffic and related revenues. KBRA believes that airport impacts will vary, but our expectations are that strong cost recovery processes will support debt obligation repayment.

To access the report, click here.

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