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## **Fitch: Post-Coronavirus "Next Phase" Key for Public Finance & Infrastructure**

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Fitch Ratings-New York-07 October 2020: Four areas of change brought on or accelerated by the coronavirus pandemic could have an outsized impact on both public finance and infrastructure throughout the world, according to Fitch Ratings in a new report.

The past nine months have seen changes to personal, corporate and government behavior of unprecedented rapidity and scope, according to Laura Porter, Fitch's Global Head of Public Finance and Infrastructure. 'In many ways, the coronavirus outbreak seems to have accelerated shifts that were already under way,' said Porter. 'However, the extent to which the landscape has fundamentally changed can only be truly discerned once pandemic conditions have passed.'

The trends that are key to watch, particularly once pandemic conditions have passed, are:

- Work-from-home;
- Residential preference shifts;
- Virtual delivery of both goods and services;
- Globalization trends.

Local and regional governments, along with certain transportation assets are exposed to the largest number of potential permanent changes, although the severity of impact for specific risks could be higher for other sectors.

Working from home has become the norm on a much grander scale during the pandemic. Whether this leads to vastly changing residential preferences remains to be seen. For example, suburban or more rural areas with larger living spaces may have become fundamentally more competitive versus high-density cities.

Though increasing in prominence for many years, e-commerce and the virtual provision of services has grown dramatically due to the coronavirus. Government tax systems, supply and distribution chains and brick and mortar retailers have already adjusted their business models to accommodate this trend to varying degrees. 'Virtual offerings provide an additional delivery option that is likely to further reduce traditional demand, making a complete return to pre-pandemic behaviors highly unlikely,' said Senior Director James Batterman.

'The Next Phase: How Coronavirus-Related Changes Could Permanently Alter the Global Public Finance and Infrastructure Landscape' is available at '[www.fitchratings.com](http://www.fitchratings.com)'.

Contact:

Laura Porter

Managing Director, Global Head of Public Finance & Infrastructure  
+1 212 908-0575  
Fitch Ratings, Inc.  
300 W 57th St  
New York, NY 10019

James Batterman, CFA  
Senior Director  
+1 212 908-0385

Media Relations: Sandro Scenga, New York, Tel: +1 212 908 0278, Email:  
[sandro.scenga@thefitchgroup.com](mailto:sandro.scenga@thefitchgroup.com)

Additional information is available on [www.fitchratings.com](http://www.fitchratings.com)

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