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American Airports That Binged on Debt See Travel Slowly Revive.

- **Number of passengers last week most since early in pandemic**
- **Despite industry's pain, bondholders see long-term recovery**

Americans are slowly starting to fly again, which signals a positive turnaround for owners of the more than \$120 billion of municipal debt sold by the nation's airports.

Some 5.7 million travelers passed through checkpoints in the week ended Oct. 10, the most since the coronavirus pandemic scuttled air travel and halted tourism, according to the Transportation Security Administration. On Sunday alone, the agency counted more than 980,000 travelers, the most since March 16.

The activity is still significantly lower than before the pandemic reached the U.S. and major carriers are idling thousands of employees as a resurgence in the virus threatens to keep travel depressed this year.

But it marks a welcome turn for airports that borrowed tens of billions of dollars in recent years to build new facilities before the coronavirus sent the economy hurtling into the worst recession in modern history. Airport bonds are typically backed by reserves and a combination of fees from passengers, airlines and rental cars or parking.

Jason Appleson, a portfolio manager at PT Asset Management in Chicago, said muni-bond investors anticipate that air travel will eventually return to normal once coronavirus vaccines are developed and widely distributed. Such optimism has allowed airports to continue to borrow easily despite the financial hit dealt to the industry and the deadlock in Washington over further measures to stoke the economy.

Chicago's O'Hare International sold more than \$1 billion worth of securities in late September and Hawaii's airport system sold \$582 million last week. Denver International Airport and Kansas City International Airport are slated to sell a combined \$1.5 billion of bonds this week.

"People still need to travel city to city, state to state — I don't think that will be going away," Appleson said. "It may not happen in the next six months, but in a year, or two years, things should come back."

Even so, airport bonds have lagged other municipal securities during the pandemic, with investors anticipating a risk of widespread rating downgrades. They have returned about 1.9% this year, according to Bloomberg Barclays index, less than the 2.9% gain for the broader market.

Bloomberg Markets

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