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S&P Updated Activity Estimates For U.S. Transportation Infrastructure Show Recovery For Air Travel Demand Accelerating And Public Transit Lagging.

Key Takeaways

- The combination of federal stimulus aid, vaccine progress, easing mobility restrictions, strong economic growth, and pent-up demand is improving the recovery curves for our activity estimates among certain asset classes like air travel, while the prospect of a continued or permanent shift to remote or hybrid work and the growth of online shopping will limit the recovery in public transit ridership for the foreseeable future.
- The U.S. public transit and airport sectors still face the longest recovery relative to other U.S. transportation subsectors, with our current baseline activity estimates for 2021 showing public transit recapturing 45% and airports 70% of pre-pandemic activity levels.
- We see public transit ridership recovering to only 80% of pre-pandemic levels by the end of 2023 and full U.S. systemwide enplanements not returning to near pre-pandemic levels until late 2023 or early 2024, with the international component lagging the broader domestic rebound.
- The threat of coronavirus variants or weakening consumer confidence could slow or stall the recovery for certain modes of transportation, like transit or air travel. However, S&P Global Economics forecasts that U.S. economic activity and growth will accelerate in 2021 as mobility increases and business activity catches up to the reopening demand surge.
- Any upgrades to individual transportation debt ratings lowered in the past 12-18 months will depend on our assessment of the staying power of current recovery trends along with issuer forecasts demonstrating a return to sustainable financial performance metrics consistent with their pre-pandemic levels.

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