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Fitch: U.S. Toll Roads Hold Steady as Summer Travel Approaches and Recession Looms

Fitch Ratings-New York-20 June 2023: The typical seasonal upswing in traffic going into the summer months bodes well for U.S. toll roads, although a potential recession could soften demand for leisure and commercial traffic, according to Fitch Ratings.

A positive trend for leisure traffic this year is lower gas prices. The average U.S. gas price is relatively high compared to historical levels but is lower than prices of over \$4 per gallon last summer. Vehicle miles travelled peak in the summer months thanks largely to leisure traffic, which is more prone to declines from high gas prices than commuter traffic. 2023 traffic growth will continue to be driven by the strength of regional economies. Growth due to recovery from the pandemic has tapered off and new traffic patterns have settled, according to Fitch.

“Passenger traffic has not fully recovered largely due to telecommuting, which trends higher in the northeast than the south,” said Anne Tricerri, Director at Fitch Ratings. “Downward shifts in traffic since the pandemic are relatively small and have not been material enough to result in downgrades.”

Fitch does not anticipate rating action from a potential mild recession in 2023 since its forward-looking metrics assess credit quality through the full economic cycle.

Traffic on facilities with significant leisure traffic, such as Mid-Bay Bridge (BBB+/BBB/Stable), which links to the beach in the Florida panhandle and Rickenbacker Causeway (BBB+/Stable) in Miami surged past pre-pandemic levels in the summer of 2021 due to pent-up travel demand. Last summer, traffic declined year-over-year but was still higher than in 2019.

Facilities across the southern U.S. have performed well since the pandemic due to underlying economic drivers. Florida and Texas had the third and sixth highest compound annual growth rates in population from 2020 to 2022, according to the U.S. Census Bureau. High population growth is evident in the increase in toll transactions. Fitch-rated toll roads in Florida and Texas have on average been the fastest to recover. Traffic on Florida’s Central Florida Expressway (A+/A/Stable), Miami-Dade Expressway (BBB+/Stable), and Alligator Alley (A+/Stable) and Texas’ Harris County Toll Road Authority (AA/Stable) surpassed 2019 levels by the end of 2021 and continues to grow.

In the Northeast, commercial traffic on Pennsylvania Turnpike (AA-/A/Stable) and New Jersey Turnpike (A+/Stable) exceeds 2019 levels, though total traffic has not fully recovered due to lower passenger traffic.

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