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KBRA Releases Research - 2024 Public Finance Sector Outlook: U.S. Airports Navigate Strong Post-Pandemic Landing

KBRA believes the U.S. airport sector has successfully weathered the COVID-19 pandemic and the accompanying sharp decrease in passenger activity that began in March 2020. The combination of generally robust pre-pandemic balance sheet resources, federal recovery payments together with expenditure reductions, as well as support of airlines/concessionaires all contributed to financial stability. Also crucial were cost recovery mechanisms embedded in airline use and lease agreements that ensured coverage of debt service requirements. Significant federal aid (~\$18.5 billion) was provided to airport operators as economic assistance to prevent, prepare for, and respond to the pandemic and to offset the loss of revenues.

Key Takeaways

- Passenger activity approached, and in many instances exceeded pre-pandemic volume, although recovery was uneven across airports.
- Federal recovery funds, airport operator actions, and balance sheet resources assisted in maintenance of stable financial postures.
- Significant infrastructure needs remain to be addressed and financing source adequacy is ongoing.
- Environmental issues as well as potential reputational and cybersecurity risks remain prominent.

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