



**RATING ACTION COMMENTARY**

# **Fitch Takes Rating Actions on U.S. Large Airports and Major Hubs Amid Progression in Travel Recovery**

Tue 03 Aug, 2021 - 4:53 PM ET

Fitch Ratings - Austin - 03 Aug 2021: Fitch Ratings has affirmed the ratings on the following large airports and major airline hub facilities and revised the Rating Outlooks to Stable from Negative:

--Atlanta, GA Hartsfield-Jackson Atlanta International Airport (ATL) 'AA-' ratings on both the senior lien airport general revenue bonds and the airport passenger facility charge and subordinate lien general revenue bonds;

--Baltimore/Washington International Thurgood Marshall Airport (BWI) 'A-' rating on its passenger facility charge revenue bonds issued by the Maryland Transportation Authority;

--Broward County Ft. Lauderdale-Hollywood International Airport, FL (FLL) 'A+' rating on its airport system revenue bonds;

--Chicago O'Hare International Airport's (ORD) 'A' rating on both the senior lien revenue bonds and passenger facility charge revenue bonds;

--Chicago Midway International Airport, IL (MDW) 'A' rating on the second-lien revenue bonds;

--Dallas-Ft. Worth International Airport (DFW) (TX) 'A+' rating on the joint revenue bonds;

--Denver International Airport, CO (DEN) 'AA-' and 'A+' ratings on the senior lien and subordinate lien general airport revenue bonds;

--Hawaii (State of) Department of Transportation, HI 'A+' and 'A' ratings on the airport system revenue bonds and certificates of participation;

--Houston Airport System, TX (IAH and HOU) 'A' rating on the subordinate lien revenue bonds;

--Los Angeles International Airport (LAX) 'AA' and 'AA-' ratings on the senior lien and subordinate lien revenue bonds, respectively, as well as the 'A' rating to LAX's related payment obligations;

--Massachusetts Port Authority (BOS) MA 'AA' rating on its revenue bonds;

--Miami-Dade County, Florida's 'A' rating on its aviation revenue bonds

--Minneapolis-St. Paul Metropolitan Airports Commission, MN (MSP) 'AA-' and 'A+' ratings on the senior lien and subordinate lien revenue bonds;

--Port of Oakland, CA (OAK) 'A+' and 'A' ratings on the senior lien and intermediate lien revenue bonds and the 'A' underlying bank bond rating for the port's commercial paper notes;

--San Diego International Airport, CA (SAN) 'AA-' and 'A+' ratings on the senior lien and subordinate lien revenue bonds, respectively, issued by the San Diego Regional Airport Authority;

--San Francisco International Airport (SFO) 'A+' rating on the second series revenue bonds;

--San Jose International Airport, CA (SJC) 'A' and 'A-' ratings on the senior lien airport revenue bonds and underlying subordinate lien bank bonds;

--Tampa International Airport, FL (TPA) 'AA-' and 'A+' ratings on the senior lien and subordinate lien airport revenue bonds, respectively, issued by Hillsborough County Aviation Authority.

The above rating affirmations and Outlook revisions to Stable reflect the diminished operational and financial risks that have challenged airports since early 2020 due to a combination of improving passenger volumes in recent months, the effective management oversight of budgets, and the financial relief accommodated by federal aid that appear to mitigate revenue impairments. While exposures remain with regard to traffic and revenue improvement, the progress suggests lessened fiscal strains, with airports better positioned to restore metrics to levels consistent with current rating levels.

The outbreak of coronavirus and related government containment measures worldwide created unprecedented disruptions for air travel affecting all airport types. The rapid progress of vaccination deployment across the country has more recently brought U.S. airport traffic levels, using daily reported TSA screenings, to 75%-80% of 2019 levels, and Fitch believes there are reasonable expectations for a continuation of the current recovery trajectory through the rest of 2021 and beyond. On July 21, 2021, Fitch issued a report detailing the revisions to the forward-looking U.S. air traffic assumptions due to the strong rebound in domestic air travel driven by increased U.S. vaccinations and a surge in U.S. leisure air traffic. Travel volumes are expected to see additional growth in 2H21 and beyond, as business and international travel climbs from pandemic lows.

For each of the above credits, Fitch conducted individual reviews of traffic activity and operational levels through the midpoint period of this calendar year. Given the distinction of roles across these airports, ranging from international gateways to domestic regional facilities, the recovery range is still wide but all trending favorably. Each of the above airports benefit from its favorable franchise strength serving large air trade service areas to support origination/destination demand, and in some cases, these facilities have strong hubbing operations or are well-anchored international gateways.

Fitch also reviewed each airport's financial positioning including the status of its primary operating agreements with airlines and concession tenants, capital program developments and their individual allocations of federal relief funds and planned uses. In Fitch's view, the key credit metrics such as leverage, coverage levels, liquidity, and airline costs should trend towards pre-pandemic expectations over the next two to three years.

## **KEY RATING DRIVERS**

No key rating drivers were changed as part of this review. See links below to individual issuer Rating Action Commentaries with individual Key Rating Driver assessment scores and analysis.

Links to last published issuer RACs with Key Rating Driver assessments covered in the above rating actions:

<https://www.fitchratings.com/research/infrastructure-project-finance/fitch-rates-atlanta-ga-airport-sr-revs-aa-affirms-pfc-airport-sub-revs-22-09-2020>

<https://www.fitchratings.com/research/infrastructure-project-finance/fitch-affirms-maryland-transport-auth-pfc-revs-bwi-marshall-airport-at-a-outlook-negative-16-04-2021>

<https://www.fitchratings.com/research/us-public-finance/fitch-rates-broward-county-fl-airport-revs-a-outlook-stable-15-10-2019>

<https://www.fitchratings.com/research/infrastructure-project-finance/fitch-affirms-chicago-midway-airport-il-second-lien-revs-at-a-outlook-negative-03-03-2021>

<https://www.fitchratings.com/research/infrastructure-project-finance/fitch-rates-chicago-o-hare-il-airport-rev-bonds-a-outlook-negative-15-09-2020>

<https://www.fitchratings.com/research/infrastructure-project-finance/fitch-rates-chicago-o-hare-il-airport-rev-bonds-at-a-outlook-negative-10-09-2020>

<https://www.fitchratings.com/research/infrastructure-project-finance/fitch-rates-dallas-fort-worth-airport-tx-taxable-joint-rev-bonds-at-a-outlook-negative-20-07-2020>

<https://www.fitchratings.com/research/infrastructure-project-finance/fitch-rates-denver-airport-co-2020-a-b-c-revs-aa-2020-d-sub-lien-a-outlook-negative-06-10-2020>

<https://www.fitchratings.com/research/infrastructure-project-finance/fitch-rates-hawaii-airport-revenue-bonds-a-affirms-outstanding-outlook-negative-30-09-2020>

<https://www.fitchratings.com/research/infrastructure-project-finance/fitch-affirms-hillsborough-co-aviation-auth-sr-airport-revs-at-aa-sub-revs-at-a-24-02-2021>

<https://www.fitchratings.com/research/infrastructure-project-finance/fitch-affirms-houston-airport-tx-sub-lien-revs-at-a-outlook-remains-positive-24-05-2019>

<https://www.fitchratings.com/research/infrastructure-project-finance/fitch-assigns-lax-apt-ca-sub-rev-bonds-at-aa-affirms-outstanding-rtgs-outlook-negative-11-01-2021>

<https://www.fitchratings.com/research/infrastructure-project-finance/fitch-rates-massport-series-2021d-e-revenue-bonds-aa-outlook-negative-02-03-2021>

<https://www.fitchratings.com/research/infrastructure-project-finance/fitch-rates-miami-dade-county-fl-aviation-revs-a-outlook-negative-18-11-2020>

<https://www.fitchratings.com/research/infrastructure-project-finance/fitch-rates-minneapolis-st-paul-airport-sub-revs-a-outlook-stable-16-08-2019>

<https://www.fitchratings.com/research/infrastructure-project-finance/fitch-rates-port-of-oakland-ca-sr-int-rev-refunding-bonds-05-11-2020>

<https://www.fitchratings.com/research/infrastructure-project-finance/fitch-rates-san-diego-airport-auth-ca-sub-revs-a-upgrades-sr-bonds-to-aa-07-11-2019>

<https://www.fitchratings.com/research/infrastructure-project-finance/fitch-rates-san-francisco-international-airport-ca-revs-a-outlook-negative-25-03-2021>

<https://www.fitchratings.com/research/infrastructure-project-finance/fitch-rates-san-jose-ca-senior-airport-revenue-bonds-a-outlook-negative-15-03-2021>

## **RATING SENSITIVITIES**

Factors that could, individually or collectively, lead to positive rating action/upgrade:

--Positive rating action is not expected in the near future as forward-looking key metrics are still progressing to levels anticipated prior to the pandemic where normal air traffic patterns should stabilize airport finances.

Factors that could, individually or collectively, lead to negative rating action/downgrade:

--Persistent adverse developments to air travel that present further challenges to stabilize the finances of the affected airports;

--Further credit erosion of the major air carriers or payment delinquencies to the airports;

--Sustained deterioration in airport liquidity levels.

## **BEST/WORST CASE RATING SCENARIO**

Ratings of Sovereigns, Public Finance and Infrastructure issuers have a best-case rating upgrade scenario (defined as the 99th percentile of rating transitions, measured in a positive direction) of three notches over a three-year rating horizon; and a worst-case rating downgrade scenario (defined as the 99th percentile of rating transitions, measured in a negative direction) of three notches over three years. The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Best- and worst-case scenario credit ratings are based on historical performance. For more information about the methodology used to determine sector-specific best- and worst-case scenario credit ratings click [here](#).

## **REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING**

The principal sources of information used in the analysis are described in the Applicable Criteria.

## **ESG CONSIDERATIONS**

Unless otherwise disclosed in this section, the highest level of ESG credit relevance is a score of '3'. This means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. For more information on Fitch's ESG Relevance Scores, visit [www.fitchratings.com/esg](http://www.fitchratings.com/esg)

### RATING ACTIONS

ENTITY/DEBT	RATING			PRIOR
Broward County (FL) [Airport]				
● Broward County (FL) /Airport Revenues/1 LT	LT	A+ Rating Outlook Stable	Affirmed	A+ Ra Outlo Negat
San Francisco (City & County) Airport Commission (CA) [Airport]				
● San Francisco (City & County) Airport Commission (CA) /Airport Revenues/1 LT	LT	A+ Rating Outlook Stable	Affirmed	A+ Ra Outlo Negat

[VIEW ADDITIONAL RATING DETAILS](#)

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## APPLICABLE CRITERIA

[Infrastructure and Project Finance Rating Criteria \(pub. 24 Mar 2020\) \(including rating assumption sensitivity\)](#)

[Airports Rating Criteria \(pub. 22 Oct 2020\) \(including rating assumption sensitivity\)](#)

## APPLICABLE MODELS

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

GIG AST Model, v1.1.0 (1)

## ADDITIONAL DISCLOSURES

[Dodd-Frank Rating Information Disclosure Form](#)

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Atlanta (GA)	EU Endorsed, UK En
Maryland Transportation Authority (MD)	EU Endorsed, UK En
Broward County (FL)	EU Endorsed, UK En
Chicago (IL)	EU Endorsed, UK En
Chicago (IL)	EU Endorsed, UK En
Dallas-Fort Worth (TX)	EU Endorsed, UK En
Denver (City & County) (CO)	EU Endorsed, UK En



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