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U.S. Airport Ratings Placed On CreditWatch Negative On Severe Passenger Declines And Weakening Credit Metrics



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BOSTON (S&P Global Ratings) Aug. 7, 2020--S&P Global Ratings placed 99 ratings on most U.S. airports and airport-related obligations on CreditWatch with negative implications, affecting 63 different obligors.

(See table 1.) The CreditWatch placements are based on our view that a material change in the performance of airports and related issuers has occurred and the magnitude of the rating impact has not been fully determined. We believe the ongoing COVID-19 pandemic will result in materially depressed, unpredictable, or anemic passenger activity levels for an extended period, which is increasingly weakening the overall credit quality of U.S. airports and airport-related issuers.

Given the highly uncertain industry conditions and challenges ahead, we see rating downgrades of one or more notches as likely. In our view, the airport sector is venturing into uncharted territory with likely slow systemwide passenger traffic growth; a smaller and weakened airline industry; and airport operators exposed to credit risk from a business model untested in the current, severely stressed operating environment. Time horizons, predictions regarding the evolution of the coronavirus pandemic, and related impacts remain highly ambiguous and we believe current airport financial forecasts based on estimates of passenger recovery scenarios are subject to considerable uncertainty. We view this precipitous decline not as a temporary disruption with a relative rapid recovery, but rather as a backdrop for what we believe will be sluggish air travel for a prolonged period.

For these reasons, we previously lowered 17 ratings on 10 not-for-profit airport infrastructure issuers (see table 2), and expect to complete our comprehensive sector review within the next 90 days. We based our rating actions on our opinion that market positions have weakened, eroding overall credit quality. Under our criteria, market position is a primary credit factor that incorporates activity-level trends; passenger volatility; rate-setting flexibility; and additional considerations outside of the operator's control, including health scares.

For those ratings placed on CreditWatch today we will likely follow a similar analytical approach by reviewing our market position assessment and other considerations. All U.S. airport and related ratings will be analyzed with respect to their ability to mitigate the financial pressures of lower traffic volumes and navigate an evolving landscape. This will inform our prospective view to determine if financial metrics are achievable, sustainable, and align with current rating levels. (See "**This Time Is Different: An Anemic And Uncertain Passenger Recovery Will Challenge Airports' Credit Quality**," published Aug. 7, 2020, on RatingsDirect.)

We believe defaults are not imminent and the sector as a whole benefits from several factors that have historically supported positive credit trends, including recovery from economic cycles and disruptions (see "**When The Cycle Turns: U.S. Airport Balance Sheets--And Exposures--Increase With Traffic**," published July 9, 2019). Given the generally strong financial flexibility across the airport sector pre-COVID-19, liquidity--including federal aid along with debt restructurings to improve cash flow debt service coverage--can provide interim credit support at the investment-grade level. However, we believe this is not a substitute for sustainable, self-supporting financial operations commensurate with higher ratings. Although airport operators have resources to ensure timely payment of debt service, our criteria give weight to sustainable financial operations from recurring revenue sources.

Our rating actions incorporate our opinion regarding the health and safety risks posed by the COVID-19 pandemic, which we view as a social factor in our environmental, social, and governance framework and is resulting in significant operating and financial pressures for the sector. We will continue to evaluate these risks as the situation evolves and update the market periodically as events warrant.

Table 1

Airport-Related Ratings Placed On CreditWatch With Negative Implications

Issuer	State	Current rating
Albany International Airport - 1st Lien GARB	NY	A
Augusta Regional Airport - 1st Lien GARB	GA	BBB
Austin Bergstrom International Airport - 1st Lien GARB	TX	A
Austin Bergstrom International Airport - 2nd Lien GARB	TX	A-
Austin-Bergstrom International Airport Rental Car Special Facility - 1st Lien CFC	TX	A
Baltimore/Washington International Airport - 1st Lien (parking facilities)	MD	A
Baltimore/Washington International Airport - 1st Lien stand-alone PFC	MD	A+
Bradley International Airport Parking - 1st Lien GARB	CT	A+
Bradley International Airport Rental Car Facility - 1st Lien CFC	CT	A-
Burbank-Glendale-Pasadena Airport Authority - 1st Lien GARB	CA	A+
Bush Intercontinental Airport and Hobby Airport - 2nd Lien GARB	TX	A+
Bush Intercontinental Airport Rental Car Facility - 1st Lien CFC	TX	A
Charleston County Airport - 1st Lien GARB	SC	A+
Charlotte/Douglas International Airport - 1st Lien GARB	NC	AA-
Charlotte/Douglas International Airport Rental Car Facility - 1st Lien CFC	NC	A
Chicago Midway International Airport - 1st Lien GARB	IL	A
Chicago Midway International Airport - 2nd Lien GARB	IL	A
Chicago O'Hare International Airport - 1st Lien GARB	IL	A
Chicago O'Hare International Airport - 1st Lien Stand-alone PFC	IL	A
City of Palm Springs - 1st Lien Stand-alone PFC	CA	A
Cleveland Hopkins International Airport - 1st Lien GARB	OH	A
Dayton International Airport - 1st Lien GARB	OH	BBB+

Denver International Airport - 1st Lien GARB	CO	A+
Denver International Airport - 2nd Lien GARB	CO	A
Des Moines International Airport - 1st Lien GARB	IA	A+
Detroit Metro Wayne County Airport - 1st Lien GARB	MI	A
Detroit Metro Wayne County Airport - 2nd Lien GARB	MI	A-
El Paso International Airport - 1st Lien GARB	TX	A+
Fort Lauderdale-Hollywood International Airport - 1st Lien GARB	FL	A+
Fresno Yosemite International Airport - 1st Lien GARB	CA	A
Guam International Airport - 1st Lien GARB	GU	BBB+
Hartsfield Jackson Atlanta International Airport - 1st Lien GARB	GA	AA-
Hartsfield Jackson Atlanta International Airport - 2nd Lien GARB	GA	AA-
Hartsfield Jackson Atlanta International Airport Rental Car Facility Project- 1st Lien CFC	GA	A
Hawaii Airport System - 1st Lien CFC	HI	A+
Hawaii Airport System - 1st Lien GARB	HI	AA-
Hawaii Airport System - 2nd Lien GARB	HI	A+
Indianapolis International Airport - 1st Lien GARB	IN	A
Jackson County Rogue Valley Intl Medford Airport - 1st Lien GARB	OR	A
John Wayne Airport - 1st Lien GARB	CA	AA-
Kansas City International Airport - 1st Lien GARB	MO	A
Lambert-St. Louis International Airport - 1st Lien GARB	MO	A
Las Vegas-McCarran International Airport - 1st Lien GARB	NV	AA-
Las Vegas-McCarran International Airport - 2nd Lien GARB	NV	A+
Las Vegas-McCarran International Airport - 3rd Lien GARB	NV	A+
LAXFUEL Corp. - 1st Lien (fuel facilities)	CA	A
Louisville International Airport - 1st Lien GARB	KY	A+
Love Field Airport Modernization Corp. - 1st Lien GARB	TX	A
Manchester Airport - 1st Lien GARB	NH	BBB+

Massachusetts Port Authority (Boston Logan International Airport) - 1st Lien GARB	MA	AA
Massachusetts Port Authority Rental Car Facility - 1st Lien CFC	MA	A
Memphis International Airport - 1st Lien GARB	TN	A
Miami International Airport - 1st Lien GARB	FL	A
Minneapolis-St. Paul International Airport - 1st Lien GARB	MN	AA-
Minneapolis-St. Paul International Airport - 2nd Lien GARB	MN	A+
Mobile Airport Authority - 1st Lien GARB	AL	BBB+
Myrtle Beach International Airport - 1st Lien GARB	SC	A+
Nashville International Airport - 1st Lien GARB	TN	A+
Nashville International Airport Rental Car Facility - 1st Lien CFC	TN	A
New Orleans Aviation Board Rental Car Facility - 1st Lien CFC	LA	A
New Orleans Aviation Board Parking Facilities Corporation - 1st Lien	LA	BBB+
New Orleans International Airport - 1st Lien GARB	LA	A
Norfolk Airport Authority - 1st Lien GARB	VA	A
Omaha Eppley Airfield - 1st Lien GARB	NE	AA-
Ontario International Airport - 1st Lien GARB	CA	A-
Orlando International Airport - 1st Lien GARB	FL	AA-
Orlando International Airport - 2nd Lien GARB	FL	A+
Palm Beach International Airport - 1st Lien GARB	FL	A+
Philadelphia International Airport - 1st Lien GARB	PA	A
Phoenix Sky Harbor International Airport - 1st Lien GARB	AZ	AA-
Phoenix Sky Harbor International Airport - 2nd Lien GARB	AZ	A+
Phoenix Sky Harbor International Airport Rental Car Facility - 1st Lien CFC	AZ	A
Port of Oakland (Oakland International Airport) - 1st Lien	CA	A+
Port of Oakland (Oakland International Airport) - 3rd Lien	CA	A
Port of Seattle (Seattle-Tacoma International Airport) - 1st Lien	WA	AA-
Port of Seattle (Seattle-Tacoma International Airport) - 1st Lien Stand-alone PFC	WA	A+

Port of Seattle (Seattle-Tacoma International Airport) - 2nd Lien	WA	A+
Port of Seattle (Seattle-Tacoma International Airport) - 3rd Lien	WA	A+
Portland International Airport - 1st Lien GARB	OR	AA-
Portland International Airport - 1st Lien Stand-alone PFC	OR	A+
Portland International Airport - CFCs - 1st Lien CFC	OR	A-
Portland International Jetport - 1st Lien GARB	ME	A-
Rhode Island Economic Development Corp. Rental Car Special Facility - 1st Lien CFC	RI	A
Rhode Island T. F. Green International Airport - 1st Lien GARB	RI	A
Salt Lake City International Airport - 1st Lien GARB	UT	A+
San Antonio International Airport - 1st Lien CFC	TX	A
San Antonio International Airport - 1st Lien GARB	TX	A+
San Antonio International Airport - 2nd Lien GARB	TX	A
San Jose International Airport - 1st Lien GARB	CA	A
SEATAC Fuel Facilities, LLC - 1st Lien (Fuel facilities)	WA	A
SFO Fuel Co LLC - 1st Lien (fuel facilities)	CA	A
Southwest Florida International Airport - 1st Lien GARB	FL	A
Tampa International Airport - 1st Lien GARB	FL	AA-
Tampa International Airport - 2nd Lien GARB	FL	A+
Tampa International Airport CONRAC - 1st Lien CFC	FL	A
Tri-Cities Airport - 1st Lien GARB	WA	A-
Tulsa International Airport - 1st Lien GARB	OK	A
Will Rogers World Airport - 2nd Lien GARB	OK	A+

GARB--General airport revenue bonds. CFC--Customer facility charge. PFC--Passenger facility charge.

Table 2

Airport-Related Rating Actions Taken Since March 26, 2020

Issuer	State	Current rating/outlook	Previous rating/outlook	Rating action	Rating action date
Chicago O'Hare International Airport Rental Car Facility - 1st Lien CFC	IL	BBB/Negative	BBB/Negative	Affirmation	July 2, 2020
Chicago O'Hare International Airport Rental Car Facility - 2nd Lien CFC (TIFIA Loan)	IL	BBB/Negative	BBB/Negative	Affirmation	July 2, 2020
Dallas-Fort Worth International Airport - 1st Lien GARB	TX	A/Negative	A+/Negative	Downgrade	June 26, 2020
Los Angeles International Airport - 1st Lien GARB	CA	AA-/Negative	AA/Negative	Downgrade	August 4, 2020
Los Angeles International Airport - 2nd Lien GARB	CA	A+/Negative	AA-/Negative	Downgrade	August 4, 2020
Metropolitan Washington Airports Authority - 1st Lien GARB	DC	A+/Negative	AA-/Negative	Downgrade	July 31, 2020
New York Liberty Development Corp. (4 World Trade Center) - Based on Port Authority of New York & New Jersey rating	NY	A/Negative	A+/Negative	Downgrade	June 26, 2020
Newark Housing Authority (Port Authority of New York & New Jersey)	NY	A+/Negative	AA-/Negative	Downgrade	June 26, 2020

Philadelphia Parking Authority - 1st Lien (Philadelphia International Airport)	PA	A-/Negative	A/Negative	Downgrade	August 5, 2020
Port Authority of New York & New Jersey - 1st Lien	NY	A+/Negative	AA-/Negative	Downgrade	June 26, 2020
Sacramento International Airport - 1st Lien GARB	CA	A/Negative	A+/Negative	Downgrade	July 30, 2020
Sacramento International Airport - 2nd Lien GARB	CA	A-/Negative	A/Negative	Downgrade	July 30, 2020
San Diego County Regional Airport Authority Rental Car Facility - 1st Lien CFC	CA	BBB+/Negative	A/Negative	Downgrade	July 30, 2020
San Diego County Regional Airport Authority - 1st Lien GARB	CA	A/Negative	A+/Negative	Downgrade	July 31, 2020
San Diego County Regional Airport Authority - 2nd Lien GARB	CA	A-/Negative	A/Negative	Downgrade	July 31, 2020
San Francisco International Airport - 1st Lien GARB	CA	A/Negative	A+/Negative	Downgrade	July 24, 2020
Tulsa International Airport - 1st Lien GARB	OK	A/Negative	A/Negative	Affirmation	April 2, 2020

GARB--General airport revenue bonds. CFC--Customer facility charge.

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at

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