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U.S. Department of Transportation
Office of Public Affairs
Washington, D.C.
www.dot.gov/affairs/briefing.htm

Research and Innovative Technology Administration
BTS Data

BTS 19-08
Wednesday, April 23, 2008

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Average Fourth-Quarter Air Fares Rose 4.0 Percent from 2006
Top 100 Airports: Highest Fare in Anchorage, Lowest Fare at Hilo, HI

Average air fares in the fourth quarter of 2007 were up 4.0 percent from the fourth quarter of 2006, reaching the highest fourth-quarter level since 2001 but remaining 2.7 percent below the high set in 2000 for any October-to-December period (Table 1), the U.S. Department of Transportation's Bureau of Transportation Statistics (BTS) reported today**.**

BTS, a part of the Research and Innovative Technology Administration, reported that the average domestic itinerary fare in the fourth quarter of 2007 of $331 was the highest average fare since the second quarter of 2006 (Table 2). The fourth-quarter 2007 average fare was up 11.3 percent from the post-9/11 fourth-quarter low of $297 in 2004 (Table 6).

Average fares are based on domestic itinerary fares, round-trip or one-way for which no return is purchased. Fares include taxes and fees. Averages do not include frequent-flyer or "zero fares" or a few abnormally high reported fares. Average fares in this release may not be comparable to BTS fare press releases before the second quarter of 2007 which did not exclude frequent flyer fares or abnormally high fares. Bulk fares continue to be excluded as in earlier releases.

Average air fares in the fourth quarter rose 1.0 percent from the third-quarter 2007 average of $328 (Table 2). Quarter-to-quarter changes may be affected by seasonal factors.

Of the top 100 airports based on originating passengers, the highest fourth-quarter average fares were in Anchorage, AK; followed by Cincinnati, OH; San Francisco; Madison, WI; and Knoxville, TN. The lowest fares in the top 100 airports were at four Hawaii airports followed by Dallas Love (Table 3). See http://www.bts.gov/xml/atpi/src/index.xml for average fares for the top 100 airports.

The largest year-to-year average fare increase for the fourth quarter among the 100 largest airports, ranked by originating passengers, was 16.2 percent in Houston, followed by Washington Reagan; Boston; Washington Dulles, and Honolulu (Table 4).

The biggest year-to-year average decrease was 18.5 percent in Charleston, SC, followed by White Plains, NY; Wichita, KS; Memphis, TN; and Columbus, OH (Table 4).

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Four of the five largest average fare increases from the fourth quarter of 1995 to the fourth quarter of 2007 were at Hawaii airports. The other top fare increase over this 12-year period took place at Dallas Love (Table 5).

The largest average fare decrease from the fourth quarter of 1995 to the fourth quarter of 2007 was 38.9 percent in White Plains, NY. The other top five average fare decreases over this period took place at Manchester, NH; Akron/Canton, OH; Flint, MI; and Providence, RI (Table 5).

The Air Travel Price Index (ATPI)

A separate measure of fares, the BTS Air Travel Price Index (ATPI) was up 4.1 percent from the fourth quarter of 2006 to the fourth quarter of 2007, reaching the highest fourth-quarter level recorded in the 13 years of the ATPI (Table 8) (1995 1st quarter = 100). The ATPI is up 6.4 percent from its pre-9/11 fourth quarter high set in 2000 and up 16.1 percent from its post-9/11 fourth quarter low set in 2004 (Table 7).

ATPI is a statistical index that documents quarterly changes in airline prices since the first quarter of 1995. The index measures changes in airline ticket prices used on identical routings and identical classes of service on a quarter-by-quarter basis. The index can be used to compare airfares in the most recent available quarter to any quarter since the base year of 1995.

While the ATPI measures changes in fares, average fares measure the actual amount paid by passengers, including taxes and fees. Average fares take account of both the level of fares and the number of passengers purchasing fares at different levels. Average fares do not necessarily account for the level of service, as ATPI does.

Average fare calculations and the ATPI, while similar, measure air fares in two different ways and may produce different results. ATPI measures the rise in airfares and average fares show the increased use of lower fares. The varying results reflect trends in the airline industry that have resulted in more passengers using lower air fares even though fare levels continue to rise. Three of these trends follow.

First, low-cost carriers, which generally offer lower fares, now carry more than 27 percent of all domestic enplaned passengers, up from about 14 percent in 1995. Second, the network carriers have been forced to match some of the low-cost carrier relaxed fare rules, such as eliminating the “Saturday Night Stay Rule”, which has allowed more passengers to purchase lower fares. Third, use of the internet allows almost instant price comparisons that give the customer the opportunity for unprecedented low-fare shopping.

The 4.1 percent rise in the ATPI from the fourth quarter of 2006 to the fourth quarter of 2007 is the third consecutive year-to-year increase (Table 8).

The ATPI declined 0.1 percent from the third quarter to the fourth quarter of 2007. Quarter-to-quarter changes may be affected by seasonal factors (Table 2).

The largest year-to-year fare index increase for the fourth quarter among the 85 largest airline markets, ranked by passengers, was 11.0 percent in Houston, TX, followed by Charlotte, NC; Buffalo/Niagara, NY; Boston; and Washington DC (Table 9).

The biggest year-to-year ATPI decrease for the fourth quarter was 10.8 percent for trips originating in Charleston, SC; followed by Savannah, GA; Anchorage, AK; Memphis, TN; and Kona, HI (Table 9).

The largest fare index increase from the fourth quarter of 1995 to the fourth quarter of 2007 was 182.9 percent in Long Beach, CA. The other top ATPI increases over this period took place at Lihui (Kauai), HI; Burbank/Glendale/Pasadena, CA; Phoenix; and Kona, HI. (Table 10).

The only fourth-quarter 12-year fare index decrease was in Richmond, VA. The four markets with the smallest increases were Manchester, NH; Baltimore, MD; Denver; and Rochester, NY (Table 10).

Additional information about average fares, including fares for the top 100 airports based on U.S. originating domestic passengers, can be found on the BTS website at http://www.bts.gov/xml/atpi/src/index.xml. Additional information can also be found on that page about the ATPI, including indexes for foreign-origin itineraries and the top 85 air travel markets based on originating passengers. First-quarter 2008 average fare data and the ATPI will be released on July 23.

The ATPI series are computed using a price index methodology. Although the ATPI is computed using a tested index methodology, it is considered a research series at this time.

Table 1: Fourth Quarter Average Domestic Fares from Year-to-Year
Fares based on domestic itinerary fares, round-trip or one-way for which no return is purchased. Averages do not include frequent flyer fares.

	Average Domestic 4Q Fares ($)	Percent change from same quarter previous year
1995	288	
1996	278	-3.3
1997	294	5.5
1998	316	7.7
1999	318	0.6
2000	340	7.0
2001	300	-11.8
2002	309	3.0
2003	316	2.2
2004	297	-5.9
2005	315	5.9
2006	318	1.1
2007	331	4.0

Source: Bureau of Transportation Statistics
Note: Percent change based on unrounded numbers

Table 2: Average Domestic Airline Fares and Air Travel Price Index Since First Quarter 2006

Percent Change by Quarter

Fares based on domestic itinerary fares, round-trip or one-way for which no return is purchased.

ATPI 1Q 1995=100

	Average Domestic Fares		Air Travel Price Index	
	Avg Fare* ($)	Pct. Change	Index	Pct. Change
First Quarter 2006	323	**2.7**	114.6	**2.7**
Second Quarter 2006	342	**5.6**	120.6	**5.3**
Third Quarter 2006	330	**-3.4**	117.4	**-2.6**
Fourth Quarter 2006	318	**-3.6**	114.0	**-2.9**
First Quarter 2007	318	**-0.1**	114.6	**0.5**
Second Quarter 2007	326	**2.4**	117.8	**2.9**
Third Quarter 2007	328	**0.7**	118.8	**0.8**
Fourth Quarter 2007	331	**1.0**	118.7	**-0.1**

Source: Bureau of Transportation Statistics

* Average fare numbers were revised from second-quarter 2007 press release issued on Oct. 24, 2007

Note: Quarter-to-quarter changes may be affected by seasonal factors.

Note: Percent change based on unrounded numbers

Table 3: Highest and Lowest Average Domestic Fares Fourth Quarter 2007

Top 100 Airports Based on Passenger Enplanements

Fares based on domestic itinerary fares, round-trip or one-way for which no return is purchased.

Averages do not include frequent flyer fares.

Rank	Origin	Fourth Quarter 2007
	Highest Average Fares	
1	Anchorage, AK	539
2	Cincinnati, OH	532
3	San Francisco, CA	428
4	Madison, WI	426
5	Knoxville, TN	425
	Average Fare at All Airports	**331**
	Lowest Average Fares	
1	Hilo, HI	130
2	Lihue (Kauai), HI	160
3	Kona, HI	178
4	Kahului (Maui), HI	183
5	Dallas Love, TX	200

Source: Bureau of Transportation Statistics

Table 4: Top Five Fourth Quarter Average Domestic Fare Increases and Decreases, 2006-2007
Top 100 Airports by Passenger Enplanements
Fares based on domestic itinerary fares, round-trip or one-way for which no return is purchased. Averages do not include frequent flyer fares.

Rank	Origin	Fourth Quarter 2006	Fourth Quarter 2007	Percent Change from 4th Qtr 2006
	Largest Increases			
1	Houston Bush, TX	342	397	16.2
2	Washington Reagan National	337	381	13.3
3	Boston, MA	328	372	13.2
4	Washington Dulles	361	404	11.9
5	Honolulu, HI	241	268	11.6
	Average Fare at All Airports	**318**	**331**	**4.0**
	Largest Decreases			
1	Charleston, SC	460	375	-18.5
2	White Plains, NY	326	291	-10.8
3	Wichita, KS	374	349	-6.7
4	Memphis, TN	394	374	-5.2
5	Columbus, OH	295	281	-4.6

Source: Bureau of Transportation Statistics
Note: Percent change based on unrounded numbers

Table 5: Top Five Average Domestic Fare Increases and Decreases, 1995-2007
Top 100 Airports by Passenger Enplanements
Fares based on domestic itinerary fares, round-trip or one-way for which no return is purchased. Averages do not include frequent flyer fares.

Rank	Origin	Fourth Quarter 1995	Fourth Quarter 2007	Percent Change from 4th Qtr 1995
	Largest Increases			
1	Lihue (Kauai), HI	40	160	296.4
2	Kona, HI	46	178	283.9
3	Kahului (Maui), HI	50	183	266.7
4	Hilo, HI	41	130	221.8
5	Dallas Love, TX	76	200	162.6
	Average Fare at All Airports	**288**	**331**	**15.0**
	Largest Decreases			
1	White Plains, NY	476	291	-38.9
2	Manchester, NH	427	298	-30.4
3	Akron/Canton, OH	367	272	-25.9
4	Flint, MI	369	282	-23.8
5	Providence, RI	394	307	-22.2

Source: Bureau of Transportation Statistics
Note: Percent change based on unrounded numbers

Table 6: Percent Changes to 2007 in Average Fares
From Fourth Quarter Each Year Since 1995
U.S.-Origin Itineraries, Fourth Quarter to Fourth Quarter

Fares based on domestic itinerary fares, round-trip or one-way for which no return is purchased. Averages do not include frequent flyer fares.

Percent Change to 4th Quarter 2007	Since 4th Quarter ...	Duration in Years	Average 4Q Itinerary Fare
	2007		331
4.0	2006	1	318
5.1	2005	2	315
11.3	2004	3	297
4.8	2003	4	316
7.1	2002	5	309
10.3	2001	6	300
-2.7	2000	7	340
4.0	1999	8	318
4.6	1998	9	316
12.7	1997	10	294
18.8	1996	11	278
14.9	1995	12	288

Source: Bureau of Transportation Statistics
Note: Percent change based on unrounded numbers

Table 7: Percent Changes to 2007 in the Air Travel Price Index
From Fourth Quarter Each Year Since 1995
U.S.-Origin Itineraries, Fourth Quarter to Fourth Quarter

Percent Change to 4th Quarter 2007	Since 4th Quarter ...	Duration in Years
4.1	2006	1
6.4	2005	2
16.1	2004	3
11.4	2003	4
13.3	2002	5
15.4	2001	6
6.4	2000	7
16.7	1999	8
19.8	1998	9
10.1	1997	10
19.5	1996	11
20.0	1995	12

Source: Bureau of Transportation Statistics

Table 8: Year-to-Year Changes in the Air Travel Price Index (ATPI) Since 1995
U.S.-Origin Itineraries Fourth Quarter to Fourth Quarter (First Quarter 1995 = 100)

Year	ATPI	Percent Change from 4th Quarter Previous Year
1995	99.0	
1996	99.3	**0.4**
1997	107.8	**8.6**
1998	99.1	**-8.1**
1999	101.7	**2.7**
2000	111.6	**9.7**
2001	102.9	**-7.8**
2002	104.7	**1.8**
2003	106.6	**1.8**
2004	102.2	**-4.1**
2005	111.5	**9.1**
2006	114.0	**2.2**
2007	118.7	**4.1**

Source: Bureau of Transportation Statistics

Table 9: Top Five Fourth Quarter Air Travel Price Index Increases and Decreases, 2006-2007
Top 85 Air Travel Markets
Air Travel Price Index Percent Change, Fourth Quarter 2006 to Fourth Quarter 2007 (First Quarter 1995 = 100)

Rank	Origin	Fourth Quarter 2006	Fourth Quarter 2007	Percent Change from 4th Qtr 2006
	Largest Increases			
1	Houston, TX	111.7	124.0	11.0
2	Charlotte, NC	109.9	121.5	10.6
3	Buffalo/Niagara, NY	101.3	111.4	10.0
4	Boston, MA	105.9	115.3	8.9
5	Washington, DC	108.0	117.0	8.3
	ATPI for All U.S. Origins	114.0	118.7	4.1
	Largest Decreases			
1	Charleston, SC	128.3	114.4	-10.8
2	Savannah, GA	120.3	116.4	-3.3
3	Anchorage, AK	155.2	151.7	-2.3
4	Memphis, TN	110.8	108.5	-2.1
5	Kona, HI	149.9	147.7	-1.5

Source: Bureau of Transportation Statistics

AIR TRAVEL PRICE INDEX
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Table 10: Top Five Air Travel Price Index Increases and Decreases (Smallest Increases), 1995-2007
Top 85 Air Travel Markets
Air Travel Price Index Percent Change, Fourth Quarter 1995 to Fourth Quarter 2007 (First Quarter 1995 = 100)

Rank	Origin	Fourth Quarter 1995	Fourth Quarter 2007	Percent Change from 4th Qtr 1995
	Largest Increases			
1	Long Beach, CA	59.1	167.1	182.9
2	Lihue (Kauai), HI	102.1	183.3	79.4
3	Burbank/Glendale/Pasadena, CA	95.7	166.7	74.1
4	Phoenix, AZ	80.2	125.9	57.1
5	Kona, HI	98.5	147.7	49.9
	ATPI for All U.S. Origins	99.0	118.7	20.0
	Largest Decreases/Smallest Increases			
1	Richmond, VA	102.9	101.3	-1.6
2	Manchester, NH	95.6	96.6	1.1
3	Baltimore, MD	106.0	112.0	5.7
4	Denver, CO	97.6	103.8	6.5
5	Rochester, NY	99.5	106.0	6.5

Source: Bureau of Transportation Statistics

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For **air fares** for the following airports, go to http://www.bts.gov/xml/atpi/src/index.xml:

Multiple airport areas for which a single average fare calculation is available are: Boston, Chicago, Dallas-Fort Worth, Houston, Los Angeles, New York, San Francisco and Washington, DC.

Airports covered by average fare calculations are:

Alabama	Birmingham
Alaska	Anchorage
Arizona	Phoenix, Tucson
Arkansas	Little Rock
California	Burbank, Long Beach, Los Angeles Intl, Oakland, Ontario/San Bernardino, Sacramento, San Diego, San Francisco, San Jose, Santa Ana (Orange County)
Colorado	Colorado Springs, Denver
Connecticut	Hartford
District of Columbia	Dulles, Reagan National
Florida	Ft. Lauderdale, Ft. Myers, Jacksonville, Miami, Orlando, Pensacola, Tampa, West Palm Beach
Georgia	Atlanta
Hawaii	Honolulu, Hilo, Kahului (Maui), Kona, Lihue (Kauai)
Idaho	Boise
Illinois	Chicago Midway, Chicago O'Hare
Indiana	Indianapolis
Iowa	Des Moines
Kansas	Wichita
Kentucky	Louisville
Louisiana	New Orleans
Maine	Portland
Maryland	Baltimore
Massachusetts	Boston
Michigan	Detroit, Grand Rapids, Flint
Minnesota	Minneapolis/St. Paul
Mississippi	Jackson/Vicksburg
Missouri	Kansas City, St. Louis
Nebraska	Omaha
Nevada	Las Vegas, Reno
New Hampshire	Manchester
New Jersey	Newark
New Mexico	Albuquerque
New York	Albany, Buffalo, Islip, New York JFK, New York LaGuardia, Rochester, Syracuse, White Plains
North Carolina	Charlotte, Greensboro, Raleigh/Durham
Ohio	Akron/Canton, Cincinnati, Cleveland, Columbus, Dayton

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Oklahoma	Oklahoma City, Tulsa
Oregon	Portland
Pennsylvania	Harrisburg, Philadelphia, Pittsburgh
Rhode Island	Providence
South Carolina	Charleston
Tennessee	Knoxville, Memphis, Nashville
Texas	Austin, Dallas Love, Dallas/Ft. Worth, El Paso, Houston Bush, Houston Hobby, San Antonio
Utah	Salt Lake City
Vermont	Burlington
Virginia	Norfolk, Richmond
Washington	Seattle, Spokane
Wisconsin	Madison, Milwaukee
Puerto Rico	San Juan

For the **ATPI** for the following markets, go to http://www.bts.gov/xml/atpi/src/index.xml:

Alabama:	Birmingham
Alaska:	Anchorage
Arizona:	Phoenix, Tucson
Arkansas:	Little Rock
California:	Burbank, Greater Los Angeles, Long Beach, Los Angeles, Oakland, Ontario, Sacramento, San Diego, San Francisco, San Jose, Santa Ana (Orange County)
Colorado:	Colorado Springs, Denver
Connecticut:	Hartford
District of Columbia:	Washington, DC (Dulles and Reagan National combined)
Florida:	Ft. Lauderdale, Ft. Myers, Jacksonville, Miami, Orlando, Tampa, West Palm Beach
Georgia:	Atlanta, Savannah
Hawaii:	Honolulu, Kahului (Maui), Kona, Lihue (Kauai)
Idaho:	Boise
Illinois:	Chicago (Midway and O'Hare combined)
Indiana:	Indianapolis
Iowa:	Des Moines
Kentucky:	Louisville
Louisiana:	New Orleans
Maryland:	Baltimore
Massachusetts:	Boston
Michigan:	Detroit, Grand Rapids
Minnesota:	Minneapolis/St. Paul
Missouri:	Kansas City, St. Louis
Nebraska:	Omaha
Nevada:	Las Vegas, Reno
New Hampshire:	Manchester
New Jersey:	New York/Newark

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New Mexico:	Albuquerque
New York:	Albany, Buffalo, Long Island, New York/Newark, Rochester, Syracuse
North Carolina:	Charlotte, Greensboro/High Point, Raleigh/Durham
Ohio:	Cincinnati, Cleveland, Columbus, Dayton
Oklahoma:	Oklahoma City, Tulsa
Oregon:	Portland
Pennsylvania:	Philadelphia, Pittsburgh
Rhode Island:	Providence
South Carolina:	Charleston
Tennessee:	Memphis, Nashville
Texas:	Austin, Dallas/Ft. Worth, El Paso, Houston, San Antonio
Utah:	Salt Lake City
Virginia:	Norfolk, Richmond
Washington:	Seattle, Spokane
Wisconsin:	Milwaukee
Puerto Rico:	San Juan

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Brief Explanation of the ATPI

The ATPI is based on fares paid by travelers and draws its data from the BTS Passenger Origin and Destination Survey. Through this survey, BTS collects information from the airlines on a 10-percent sample of airline tickets. Each ticket sold is assigned an identification number, and if this number ends in 0, the ticket is in the sample.

The index measures the aggregate change in the cost of itineraries originating in the United States, whether the destinations are domestic or international, but only for U.S. carriers (excluding charter air travel). The ATPI is based on the changes in the price of individual itineraries, that is, round trips or one-way trips for which no return trip is purchased, and the relative value of each itinerary, for the set of matched itineraries.

The index uses the second quarter of 1995 as the reference point (expressed as the number 100) against which all subsequent quarterly prices are measured. ATPI values below 100 represent overall "cost of flying" levels less than those in the second quarter of 1995, while values above 100 represent cost of flying levels that exceed those of the second quarter of 1995. ATPI levels can be used to compute percentage changes in overall fare costs between any two quarters in an ATPI series.

Unlike many other price index estimates, the ATPI is not based on a fixed "market basket" of air travel services. Rather, all of the data from the Passenger Origin and Destination (O&D) Survey are fed into the estimation system each quarter, and this collection of itineraries varies from one quarter to the next. New entry, including routes and carriers, will not be included in the ATPI calculations until it has been present in the O&D Survey for two consecutive quarters.

For price comparison purposes, itineraries flown in each quarter are "matched up" with identical or very similar itineraries flown in other quarters. A price index formula is then used to compute aggregate index estimates such as those that appear in this release.

The fares reported in the O&D Survey include taxes, so the ATPI values reflect changes in tax rates as well as changes in fares received by the airlines. The ATPI values in this release are not adjusted for seasonality, so some movements in the series are due to seasonal variations in airfares.

The ATPI differs from the Bureau of Labor Statistics' (BLS) airfare index, a component of the Consumer Price Index. The BLS index is based on fares advertised through SABRE, a leading computerized airline ticket reservation system, while the ATPI uses actual fares paid by travelers. Since a growing number of tickets are purchased through the internet at discounted prices not listed with SABRE, the ATPI does not show the same levels of increases as the BLS index.

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