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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 35-07
Wednesday, July 25, 2007

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Average First Quarter Air Fares Fell 0.6 Percent from 2006; Top 100 Airports: Highest Fare in Cincinnati, Lowest Fare at Dallas Love

Average air fares in the first quarter of 2007 were down 0.6 percent from the first quarter of 2006 and remained well below the pre-9/11 high (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 first quarter of 2007 was $380, down 0.6 percent from the average fare in the first quarter of 2006 and down 10.1 percent from the historic first-quarter high of $422 in 2000 (Table 1).

Average fares are based on domestic itinerary fares, round-trip or one-way for which no return is purchased. Averages include frequent-flyer fares.

Average air fares in the first quarter rose 0.1 percent from the fourth-quarter 2006 average of $379 but fell 6.5 percent from the post-2001 high of $406 in the second quarter of 2006 (Table 2). Quarter-to-quarter changes may be affected by seasonal factors.

Of the top 100 airports based on passenger enplanements, the highest first-quarter average fares were in Cincinnati, followed by Anchorage, AK; Honolulu; New York JFK; and San Francisco. The lowest fares in the top 100 airports were at Dallas Love Field, followed by Chicago Midway Airport; Houston William P. Hobby Airport; Islip, NY; and Buffalo, NY (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 first quarter among the 100 largest airports, ranked by passengers, was 14.7 percent in Cincinnati, followed by Dallas Love; Salt Lake City; Atlanta; and Hartford, CT. (Table 4).

The biggest year-to-year average fare decrease for the first quarter was 12.6 percent for itineraries originating in Pittsburgh, followed by Portland, ME; Kona, HI; Charlotte, NC; and Long Beach, CA. (Table 4).

The largest average fare increase from the first quarter of 2001 to the first quarter of 2007 was 30.9 percent in Lihue (Kauai), HI. The other top fare index increases over this period took place at Kahului (Maui), HI; Cincinnati; Spokane, WA; and Anchorage, AK (Table 5).

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The largest average fare decrease from the first quarter of 2001 to the first quarter of 2007 was 29.6 percent in Charlotte, NC. The other top five fare index decreases over this period took place at Long Beach, CA; Philadelphia; Pittsburgh; and Denver (Table 5).

First-quarter 2007 average fares were up 7.7 percent from their recent first-quarter low in 2005 but down 10.1 percent from their all-time first-quarter high in 2001 (Table 6).

The Air Travel Price Index (ATPI)

A separate measure of fares, the BTS Air Travel Price Index (ATPI) was virtually unchanged from the first quarter of 2006 and remained near its highest first quarter level since the first quarter of 2001 (Table 7) (1995 1st quarter = 100)**.**

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 level of fares paid by passengers. 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.

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 changed some of their fare rules, such as 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 minimal change in the ATPI from the first quarter of 2006 to the first quarter of 2007 reversed last year’s trend when the first quarter 2006 index rose by 10.3 per cent from the first quarter of 2005, the largest first quarter year-to-year gain in the index’s history (Table 8).

While remaining high, the ATPI rose only slightly to 114.6 from 114.0 in 4th quarter 2006. Quarter-to-quarter changes may be affected by seasonal factors (Table 2).

The largest year-to-year fare index increase for the first quarter among the 85 largest airline markets, ranked by passengers, was 12.6 percent in Long Beach, CA followed by Providence, RI; Hartford, CT; Miami; and Cincinnati (Table 9).

The biggest year-to-year ATPI decrease for the first quarter was 24.1 percent for trips originating in Kona, HI. The top four fare decreases over this period took place at Hawaiian airports. Columbus, OH was the non-Hawaiian market with a top five fare decrease (Table 9).

The largest fare index increase from the first quarter of 1995 to the first quarter of 2007 was 72.7 percent in Lihui (Kauai), HI. The other top ATPI increases over this period took place at Burbank/Glendale/Pasadena, CA; Anchorage, AK; Long Beach, CA; and Kona, HI (Table 10).

The only first-quarter 12-year fare index decreases were in Manchester, NH; Denver; Richmond, VA and Buffalo/Niagara, NY. The smallest increase was in Rochester, NY (Table 10).

Additional information about average fares, including fares for the top 100 airports based on passenger enplanements, 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. Second-quarter average fare data and the ATPI will be released on Oct. 24.

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: First 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.

	Average Domestic Fares ($)	Percent change from same quarter previous year
1995	391.6	
1996	362.8	-7.3
1997	382.6	5.5
1998	411.3	7.5
1999	411.8	0.1
2000	413.8	0.5
2001	422.4	2.1
2002	377.6	-10.6
2003	378.6	0.3
2004	377.2	-0.4
2005	352.7	-6.5
2006	382.0	8.3
2007	379.8	-0.6

Source: Bureau of Transportation Statistics

Table 2: Average Domestic Airline Fares and Air Travel Price Index Since Second Quarter 2005

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
Second Quarter 2005	362.2	**2.7**	108.2	**4.1**
Third Quarter 2005	360.0	**-0.6**	109.2	**0.9**
Fourth Quarter 2005	367.2	**2.0**	111.5	**2.2**
First Quarter 2006	382.0	**4.0**	114.6	**2.7**
Second Quarter 2006	406.4	**6.4**	120.6	**5.3**
Third Quarter 2006	391.2	**-4.3**	117.4	**-2.6**
Fourth Quarter 2006	379.5	**-3.0**	114.0	**-2.9**
First Quarter 2007	379.8	**0.1**	114.6	**0.5**

Source: Bureau of Transportation Statistics

Table 3: Highest and Lowest Average Domestic Fares First 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.

Rank	Origin	First Quarter 2007
	Highest Average Fares	
1	Cincinnati OH	**531.5**
2	Anchorage AK	**526.1**
3	Honolulu HI	**489.4**
4	New York NY: JFK	**479.5**
5	San Francisco CA	**479.3**
	Average Fare at All Airports	**379.8**
	Lowest Average Fares	
1	Dallas TX: Love Field	**238.1**
2	Chicago IL: Midway	**271.2**
3	Houston TX: Hobby	**282.6**
4	Islip NY	**287.9**
5	Buffalo NY	**292.8**

Source: Bureau of Transportation Statistics

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Table 4: Top Five First Quarter Average Domestic Fare Increases and Decreases, 2006-2007
Top 100 Airports by Passenger Enplanements

Rank	Origin	First Quarter 2006	First Quarter 2007	Percent Change from 2006
	Largest Increases			
1	Cincinnati OH	463.5	531.5	**14.7**
2	Dallas TX: Love Field	215.2	238.1	**10.6**
3	Salt Lake City UT	366.0	403.7	**10.3**
4	Atlanta GA	399.6	429.0	**7.4**
5	Hartford CT	350.2	372.8	**6.4**
	Average Fare at All Airports	382.0	379.8	**-0.6**
	Largest Decreases			
1	Pittsburgh PA	368.5	322.0	**-12.6**
2	Portland ME	419.1	367.9	**-12.2**
3	Kona HI	424.2	373.9	**-11.9**
4	Charlotte NC	420.2	372.4	**-11.4**
5	Long Beach CA	347.5	316.5	**-8.9**

Source: Bureau of Transportation Statistics

Table 5: Top Five Average Domestic Fare Increases and Decreases, 2001-2007
Top 100 Airports by Passenger Enplanements

Rank	Origin	First Quarter 2001	First Quarter 2007	Percent Change from 2001
	Largest Increases			
1	Lihue (Kauai) HI	263.5	345.0	**30.9**
2	Kahului (Maui) HI	363.9	400.7	**10.1**
3	Cincinnati OH	483.6	531.5	**9.9**
4	Spokane WA	315.8	341.8	**8.2**
5	Anchorage AK	490.4	526.1	**7.3**
	Average Fare at All Airports	422.4	379.8	**-10.1**
	Largest Decreases			
1	Charlotte NC	529.4	372.4	**-29.6**
2	Long Beach CA	436.0	316.5	**-27.4**
3	Philadelphia PA	494.4	361.0	**-27.0**
4	Pittsburgh PA	437.5	322.0	**-26.4**
5	Denver CO	495.1	365.6	**-26.2**

Source: Bureau of Transportation Statistics

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

Percent Change to First Quarter 2007	Since...	Duration in Years
-0.6	2006	1
7.7	2005	2
0.7	2004	3
0.3	2003	4
0.6	2002	5
-10.1	2001	6
-8.2	2000	7
-7.8	1999	8
-7.7	1998	9
-0.7	1997	10
4.7	1996	11
-3.0	1995	12

Source: Bureau of Transportation Statistics

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

Percent Change to First Quarter 2007	Since...	Duration in Years
0.0	2006	1
10.3	2005	2
5.5	2004	3
6.1	2003	4
5.9	2002	5
-2.0	2001	6
7.9	2000	7
12.1	1999	8
9.6	1998	9
12.3	1997	10
16.0	1996	11
14.6	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 First Quarter to First Quarter (First Quarter 1995 = 100)

Year	ATPI	Percent Change from 1st Quarter Previous Year
1995	100.0	
1996	98.7	**-1.3**
1997	102.0	**3.3**
1998	104.6	**2.5**
1999	102.2	**-2.3**
2000	106.1	**3.8**
2001	116.9	**10.2**
2002	108.2	**-7.5**
2003	108.0	**-0.2**
2004	108.6	**0.6**
2005	103.9	**-4.3**
2006	114.6	**10.3**
2007	114.6	**0.0**

Source: Bureau of Transportation Statistics

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

Rank	Origin	First Quarter 2006	First Quarter 2007	Percent Change from 2006
	Largest Increases			
1	Long Beach, CA	133.2	149.9	12.6
2	Providence, RI	100.0	108.3	8.3
3	Hartford, CT	105.6	113.5	7.5
4	Miami, FL	106.8	114.2	6.9
5	Cincinnati, OH	130.2	138.7	6.5
	ATPI for All U.S. Origins	114.6	114.6	0.0
	Largest Decreases			
1	Kona, HI	191.1	144.9	-24.1
2	Lihue (Kauai), HI	223.1	172.7	-22.6
3	Kahului (Maui), HI	131.6	107.1	-18.6
4	Honolulu, HI	151.9	130.9	-13.8
5	Columbus, OH	123.7	112.4	-9.2

Source: Bureau of Transportation Statistics

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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, First Quarter 1995 to First Quarter 2007
(First Quarter 1995 = 100)

Rank	Origin	First Quarter 1995	First Quarter 2007	Percent Change from 1995
	Largest Increases			
1	Lihue (Kauai), HI	100.0	172.7	72.7
2	Burbank/Glendale/Pasadena, CA	100.0	156.5	56.5
3	Anchorage, AK	100.0	153.8	53.8
4	Long Beach, CA	100.0	149.9	49.9
5	Kona, HI	100.0	144.9	44.9
	ATPI for All U.S. Origins	100.0	114.6	14.6
	Largest Decreases/Smallest Increases			
1	Manchester, NH	100.0	91.0	-9.0
2	Denver, CO	100.0	96.5	-3.5
3	Richmond, VA	100.0	98.9	-1.1
4	Buffalo/Niagara, NY	100.0	99.0	-1.0
5	Rochester, NY	100.0	101.5	1.5

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:

Alabama	Birmingham
Alaska	Anchorage
Arizona	Phoenix, Tucson
Arkansas	Little Rock
California	Burbank, Indio/Palm Springs, 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, Sarasota/Bradenton, Tampa, West Palm Beach
Georgia	Atlanta, Savannah
Hawaii	Honolulu, 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
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
North Carolina	Charlotte, Greensboro, Raleigh/Durham
Ohio	Akron/Canton, Cincinnati, Cleveland, Columbus, Dayton
Oklahoma	Oklahoma City, Tulsa
Oregon	Portland
Pennsylvania	Philadelphia, Pittsburgh
Rhode Island	Providence
South Carolina	Charleston, Greenville/Spartanburg
Tennessee	Knoxville, Memphis, Nashville

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Texas	Austin, Dallas Love, Dallas/Ft. Worth, El Paso, Houston Bush, Houston Hobby, San Antonio
Utah	Salt Lake City
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
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

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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 first 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 first quarter of 1995, while values above 100 represent cost of flying levels that exceed those of the first 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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