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Average Second-Quarter Air Fares Fell 4.5 Percent from 2006; Top 100 Airports: Highest Fare in Cincinnati, Lowest Fare at Lihue (Kauai)

Average air fares in the second quarter of 2007 were down 4.5 percent from the second quarter of 2006 and remained 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 second quarter of 2007 was $326, down 4.5 percent from the average fare in the second quarter of 2006 , the post-2001 high, and down 5.8 percent from the historic second-quarter high of $346 in 2000 (Table 1).

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 previous BTS fare press releases 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 second quarter rose 2.3 percent from the first-quarter 2007 average of $319 *(Table 2)*. Quarter-to-quarter changes may be affected by seasonal factors.

Of the top 100 airports based on originating passengers, the highest second-quarter average fares were in Cincinnati, followed by Anchorage, AK; Greenville/Spartanburg, SC; Knoxville, TN; and Charleston, SC. The lowest fares in the top 100 airports were at three Hawaii airports followed by Dallas Love; and Chicago Midway (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 second quarter among the 100 largest airports, ranked by originating passengers, was 6.7 percent in Cincinnati, followed by Hartford, CT; Dallas Love; Anchorage, AK; and Salt Lake City (Table 4).

The biggest year-to-year average decrease was 28.8 percent in Lihue (Kauai), HI. The four largest year-to-year average fare decreases for the second quarter were for itineraries originating in four Hawaii airports followed by Charleston, SC (Table 4).

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

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The largest average fare decrease from the second quarter of 1995 to the second quarter of 2007 was 32.4 percent in Manchester, NH. The other top five fare index decreases over this period took place at Buffalo, NY; Akron/Canton, OH; Islip, NY; and Flint, MI (Table 5).

Second-quarter 2007 average fares were up 6.3 percent from their recent second-quarter low in 2005 but down 5.8 percent from their all-time second-quarter high in 2000 (Table 6).

The Air Travel Price Index (ATPI)

A separate measure of fares, the BTS Air Travel Price Index (ATPI) was down 2.3 percent from the second quarter of 2006 which was its highest second quarter level recorded (Table 8) (1995 1st quarter = 100)**.**

ATPI is a statistical index that documents quarterly changes in airline prices since the second 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 2.3 percent drop in the ATPI from the second quarter of 2006 to the second quarter of 2007 reversed last year’s trend when the second quarter 2006 index rose by 11.5 per cent from the second quarter of 2005, the largest second quarter year-to-year gain in the index’s history (Table 8).

While remaining high, the ATPI rose only slightly to 117.8 from 114.6 in first quarter 2006. Quarter-to-quarter changes may be affected by seasonal factors (Table 2).

The largest year-to-year fare index increase for the second quarter among the 85 largest airline markets, ranked by passengers, was 4.7 percent in Cincinnati, followed by Hartford, CT; Providence, RI; New Orleans; and Long Beach, CA (Table 9).

The biggest year-to-year ATPI decrease for the second quarter was 19.0 percent for trips originating in Kona, HI. The top three fare decreases over this period took place at Hawaiian airports. Charleston, and Savannah, GA were the non-Hawaiian markets with a top five fare decrease (Table 9).

The largest fare index increase from the second quarter of 1995 to the second quarter of 2007 was 85.8 percent in Long Beach, CA. The other top ATPI increases over this period took place at Lihui (Kauai), HI; Burbank/Glendale/Pasadena, CA; Kona, HI; and Anchorage, AK (Table 10).

The only three second-quarter 12-year fare index decreases were in Denver; Manchester, NH; and Islip (Long Island) NY. The two markets with the smallest increases were Richmond, VA; and Minneapolis/St. Paul, MN (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. Third-quarter average fare data and the ATPI will be released on Jan. 23, 2008.

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: Second 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 Fares ($)	Percent change from same quarter previous year
1995	305.11	0.2
1996	282.56	-7.4
1997	296.59	5.0
1998	307.90	3.8
1999	336.88	9.4
2000	346.35	2.8
2001	333.47	-3.7
2002	322.08	-3.4
2003	315.16	-2.2
2004	309.56	-1.8
2005	306.75	-0.9
2006	341.75	11.4
2007	326.22	-4.5

Source: Bureau of Transportation Statistics

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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
Third Quarter 2005	305.96	**-0.3**	109.2	**0.9**
Fourth Quarter 2005	314.89	**2.9**	111.5	**2.2**
First Quarter 2006	323.39	**2.7**	114.6	**2.7**
Second Quarter 2006	341.75	**5.7**	120.6	**5.3**
Third Quarter 2006	330.55	**-3.3**	117.4	**-2.6**
Fourth Quarter 2006	319.02	**-3.5**	114.0	**-2.9**
First Quarter 2007	318.92	**0.0**	114.6	**0.5**
Second Quarter 2007	326.22	**2.3**	117.8	**2.9**

Source: Bureau of Transportation Statistics

Table 3: Highest and Lowest Average Domestic Fares Second 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	Second Quarter 2007
	Highest Average Fares	
1	Cincinnati, OH	562.23
2	Anchorage, AK	487.68
3	Greenville/Spartanburg, SC	469.26
4	Knoxville TN	442.09
5	Charleston, SC	438.17
	Average Fare at All Airports	**326.22**
	Lowest Average Fares	
1	Lihue (Kauai), HI	138.66
2	Kona, HI	168.63
3	Kahului (Maui), HI	179.25
4	Dallas Love, TX	195.11
5	Chicago Midway, Il	219.25

Source: Bureau of Transportation Statistics

Table 4: Top Five Second 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	Second Quarter 2006	Second Quarter 2007	Percent Change from 2nd Qtr 2006
	Largest Increases			
1	Cincinnati, OH	526.94	562.23	6.7
2	Hartford, CT	350.75	369.31	5.3
3	Dallas Love, TX	186.63	195.11	4.5
4	Anchorage, AK	467.48	487.68	4.3
5	Salt Lake City, UT	331.62	338.59	2.1
	Average Fare at All Airports	341.75	326.22	-4.5
	Largest Decreases			
1	Lihue (Kauai), HI	194.75	138.66	-28.8
2	Kona, HI	231.32	168.63	-27.1
3	Kahului (Maui), HI	232.50	179.25	-22.9
4	Honolulu, HI	308.67	248.41	-19.5
5	Charleston, SC	509.06	438.17	-13.9

Source: Bureau of Transportation Statistics

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	Second Quarter 1995	Second Quarter 2007	Percent Change from 1995
	Largest Increases			
1	Kahului (Maui), HI	53.77	179.25	233.4
2	Kona, HI	51.02	168.63	230.5
3	Lihue (Kauai), HI	42.77	138.66	224.2
4	Dallas Love, TX	74.36	195.11	162.4
5	Honolulu, HI	119.33	248.41	108.2
	Average Fare at All Airports	**305.11**	**326.22**	**6.9**
	Largest Decreases			
1	Manchester, NH	444.46	300.27	-32.4
2	Buffalo, NY	355.52	259.49	-27.0
3	Akron/Canton, OH	376.43	279.90	-25.6
4	Islip, NY	304.66	227.67	-25.3
5	Flint, MI	389.10	291.00	-25.2

Source: Bureau of Transportation Statistics

Table 6: Percent Changes to 2007 in Average Fares
From Second Quarter Each Year Since 1995
U.S.-Origin Itineraries, Second Quarter to Second 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 2nd Quarter 2007	Since 2nd Quarter ...	Duration in Years	Average Itinerary Fare
-4.5	2006	1	341.75
6.3	2005	2	306.75
5.4	2004	3	309.56
3.5	2003	4	315.16
1.3	2002	5	322.08
-2.2	2001	6	333.47
-5.8	2000	7	346.35
-3.2	1999	8	336.88
5.9	1998	9	307.90
10.0	1997	10	296.59
15.5	1996	11	282.56
6.9	1995	12	305.11

Source: Bureau of Transportation Statistics

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

Percent Change to Second Quarter 2007	Since...	Duration in Years
-2.3	2006	1
8.9	2005	2
10.9	2004	3
11.4	2003	4
10.8	2002	5
5.4	2001	6
8.9	2000	7
15.5	1999	8
17.8	1998	9
13.9	1997	10
20.4	1996	11
16.5	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 Second Quarter to Second Quarter (Second Quarter 1995 = 100)

Year	ATPI	Percent Change from 2nd Quarter Previous Year
1995	101.1	
1996	97.8	-3.3
1997	103.5	5.8
1998	100.0	-3.4
1999	102.1	2.1
2000	108.2	6.0
2001	111.8	3.3
2002	106.4	-4.8
2003	105.8	-0.6
2004	106.2	0.4
2005	108.2	1.8
2006	120.6	11.5
2007	117.8	-2.3

Source: Bureau of Transportation Statistics

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

Rank	Origin	Second Quarter 2006	Second Quarter 2007	Percent Change from 2nd Q 2006
	Largest Increases			
1	Cincinnati, OH	137.0	143.3	4.7
2	Hartford, CT	112.6	116.2	3.2
3	Providence, RI	109.9	113.3	3.1
4	New Orleans, LA	137.4	139.8	1.8
5	Long Beach, CA	163.6	165.0	0.9
	ATPI for All U.S. Origins	**120.6**	**117.8**	**-2.3**
	Largest Decreases			
1	Kona, HI	181.5	147.0	-19.0
2	Lihue (Kauai), HI	216.7	182.2	-15.9
3	Kahului (Maui), HI	130.1	110.7	-14.9
4	Charleston, SC	141.3	122.9	-13.1
5	Savannah, GA	138.8	122.0	-12.1

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

Rank	Origin	Second Quarter 1995	Second Quarter 2007	Percent Change from 1995
	Largest Increases			
1	Long Beach, CA	88.8	165.0	85.8
2	Lihue (Kauai), HI	103.1	182.2	76.7
3	Burbank/Glendale/Pasadena, CA	101.4	162.9	60.5
4	Kona, HI	102.4	147.0	43.5
5	Anchorage, AK	107.3	153.0	42.6
	ATPI for All U.S. Origins	101.1	117.8	16.5
	Largest Decreases/Smallest Increases			
1	Denver, CO	104.5	99.1	-5.2
2	Manchester, NH	99.4	95.8	-3.7
3	Long Island, NY	104.8	104.5	-0.3
4	Richmond, VA	101.7	102.7	1.0
5	Minneapolis/St. Paul, MN	103.6	105.0	1.3

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, 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, 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
North Carolina	Charlotte, Greensboro, Raleigh/Durham
Ohio	Akron/Canton, Cincinnati, Cleveland, Columbus, Dayton

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Oklahoma	Oklahoma City, Tulsa
Oregon	Portland
Pennsylvania	Philadelphia, Pittsburgh
Rhode Island	Providence
South Carolina	Charleston, Greenville/Spartanburg
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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