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Air Travel Price Index (ATPI) Up 6.4 Percent in Third-Quarter 2005 from Third Quarter 2004; Top Increase in Orange County, CA, Top Decrease in Kahului (Maui), Hawaii

The Air Travel Price Index (ATPI) rose 6.4 percent in the third quarter of 2005 from the same period in 2004 (Table 1), the biggest one-year increase in four years, to reach the highest index level since the second quarter of 2001, 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 6.4 percent year-to-year rise in the third-quarter level to 109.2 (1995 1st quarter = 100) was the biggest rise in the index level from the same period the previous year since the first quarter of 2001. The third quarter level is the highest of any June-to-September period since the index began in 1995 (Table 2).

The largest year-to-year fare index increase for the third quarter among the 85 largest airline markets, ranked by passengers, was 14.0 percent in Santa Ana (Orange County), CA, followed by Atlanta, Phoenix, AZ, Grand Rapids, MI and Des Moines, IA (Table 4). The biggest year-to-year fare index decrease was 7.1 percent for itineraries originating in Kahului (Maui), HI. Other top fare decreases were recorded in Richmond, VA, Kona, HI, Cleveland, OH, and Charlotte, NC.

The largest 10-year third-quarter fare index increase was 122.1 percent in Lihue (Kauai), HI. Three of the top five fare increases over this period took place at Hawaiian airports. Long Beach, CA, and Burbank/Glendale/Pasadena, CA, were the non-Hawaiian airports with the top fare increases (Table 5). The biggest third-quarter 10-year fare index decrease was 17.0 percent for itineraries originating in Manchester, NH, followed by Providence, RI, Hartford, CT, West Palm Beach, FL, and Baltimore, MD.

The ATPI in the third quarter of 2005 was 8.8 percent above the level of the third quarter of 1995 (Table 1). The third-quarter 2005 index rose 0.9 percent from the second quarter 2005 level, the third consecutive increase from the previous quarter (Table 3). Quarter-to-quarter changes may be affected by seasonal factors.

The ATPI is a quarterly measure of changes in airfares since the first quarter of 1995 for itineraries on U.S. carriers beginning in the United States. The ATPI was released for the first time in March 2004. The numbers are not adjusted for inflation.

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Additional information about the ATPI, including indexes for foreign-origin itineraries and the top 85 air travel markets based on originating passengers, can be found on the BTS website, <http://www.bts.gov/xml/atpi/src/index.xml>. The fourth-quarter 2005 ATPI will be released on Apr. 26.

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: Percentage Changes to 2005 in the Air Travel Price Index, from Third Quarter Each Year Since 1995 (U.S.-Origin Itineraries, Third Quarter to Third Quarter)

Percentage Change to Third Quarter 2005	Since...	Duration
6.4	2004	One Year
3.5	2003	Two Years
5.6	2002	Three Years
3.0	2001	Four Years
0.2	2000	Five Years
8.7	1999	Six Years
9.8	1998	Seven Years
6.8	1997	Eight Years
11.0	1996	Nine Years
8.8	1995	Ten Years

SOURCE: BTS, based on calculations using data from the BTS Passenger Origin and Destination Survey.

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Table 2: Year-to-Year Changes in the Air Travel Price Index (ATPI) Since 1995 for U.S.-Origin Itineraries, (Third Quarter to Third Quarter, First Quarter 1995 = 100)

Year	ATPI	Percentage Change from Previous Year
1995	100.4	
1996	98.4	-2.0
1997	102.2	3.9
1998	99.5	-2.7
1999	100.4	1.0
2000	109.0	8.5
2001	106.1	-2.7
2002	103.4	-2.5
2003	105.5	2.1
2004	102.6	-2.8
2005	109.2	6.4

SOURCE: BTS, based on calculations using data from the BTS Passenger Origin and Destination Survey.

Table 3: Quarter-to-Quarter Changes in the Air Travel Price Index (ATPI) for the Latest Five Quarters (U.S.-Origin Itineraries, First Quarter 1995 = 100) Quarter-to-Quarter changes may be affected by seasonal factors

Quarter and Year	ATPI	Percentage Change from Previous Quarter
Third Quarter 2004	102.6	-3.4
Fourth Quarter 2004	102.2	-0.4
First Quarter 2005	103.9	1.6
Second Quarter 2005	108.2	4.1
Third Quarter 2005	109.2	0.9

SOURCE: BTS, based on calculations using data from the BTS Passenger Origin and Destination Survey.

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**Table 4: Top Five Fare Increases and Decreases, 2004-2005
Top 85 Air Travel Markets
(Air Travel Price Index Percentage Change, Third Quarter 2004 to Third Quarter 2005,
First Quarter 1995 = 100)**

Rank	Origin	Third Quarter 2004	Third Quarter 2005	Percentage Change from 2004
Largest Increases				
1	Santa Ana (Orange County), CA	99.6	113.5	14.0
2	Atlanta, GA	95.7	108.0	12.9
3	Phoenix, AZ	101.9	114.7	12.7
4	Grand Rapids, MI	90.5	101.8	12.5
5	Des Moines, IA	92.8	104.2	12.3
	ATPI for All U.S. Origins	102.6	109.2	6.4
Largest Decreases				
1	Kahului (Maui), HI	142.9	132.7	-7.1
2	Richmond, VA	107.4	101.5	-5.5
3	Kona, HI	192.5	184.3	-4.2
4	Cleveland, OH	115.6	112.4	-2.8
5	Charlotte, NC	118.0	114.9	-2.6

SOURCE: BTS, based on calculations using data from the BTS Passenger Origin and Destination Survey.

**Table 5: Top Five Fare Increases and Decreases, 1995-2005
Top 85 Air Travel Markets
(Air Travel Price Index Percentage Change, Third Quarter 1995 to Third Quarter 2005,
First Quarter 1995 = 100)**

Rank	Origin	Third Quarter 1995	Third Quarter 2005	Percentage Change from 1995
Largest Increases				
1	Lihue (Kauai), HI	102.5	227.7	122.1
2	Kona, HI	100.4	184.3	83.6
3	Long Beach, CA	86.7	142.8	64.7
4	Honolulu, HI	105.7	159.6	51.0
5	Burbank/Glendale/Pasadena, CA	101.2	148.9	47.2
	ATPI for All U.S. Origins	100.4	109.2	8.8
Largest Decreases				
1	Manchester, NH	96.3	79.9	-17.0
2	Providence, RI	100.7	93.7	-6.9
3	Hartford, CT	97.7	93.5	-4.3
4	West Palm Beach/Palm Beach, FL	97.1	93.3	-4.0
5	Baltimore, MD	103.2	99.2	-3.8

SOURCE: BTS, based on calculations using data from the BTS Passenger Origin and Destination Survey.

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Cities covered are:

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
Rhode Island:	Providence
South Carolina:	Charleston

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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

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.

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ADD SIX

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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