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First-Quarter 2006 Air Travel Price Index (ATPI) Up 10.3 Percent from First Quarter 2005; Top Increase in Cincinnati, Top Decrease in Honolulu

The Air Travel Price Index (ATPI) rose 10.3 percent in the first quarter of 2006 from the first quarter of 2005 (Table 1), the biggest year-to-year rise since the start of the index numbers in 1995, 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 first-quarter level of 114.6 (1995 1st quarter = 100) was the second-highest level recorded in the 11-year period measured by the index. The first quarter 2006 level was exceeded only by the 116.9 level in the first quarter of 2001 (Table 2).

The ATPI is a statistical index that documents changes in airline prices using 5 million to 6 million tickets actually used by passengers each quarter. The index measures changes in airline ticket prices used on identical routings and identical classes of service on a quarter-by-quarter basis.

Data showing lower "average fares" and lower "yields" published by other government agencies and industry organizations show that passengers are increasingly using lower fares by switching from the traditional, full service options that have existed since deregulation to more limited service on newer, low-cost carriers. The ATPI demonstrates that at present even the lower fares are rising, and the index values are a measure of how much they are rising.

The largest year-to-year fare index increase for the first quarter among the 85 largest airline markets, ranked by passengers, was 36.6 percent in Cincinnati, OH, followed by Greensboro/High Point, NC; Charleston SC; Raleigh/Durham, NC; and Savannah, GA (Table 4). The biggest year-to-year fare index decrease was 4.6 percent for itineraries originating in Honolulu, HI. Other top fare decreases, in the top 85 markets were in Denver, CO and Kahului (Maui), HI while the smallest increases were recorded in Charlotte, NC and Houston, TX.

The largest 10-year first-quarter fare index increase was 123.1 percent in Lihue (Kauai), HI. Three of the top five fare increases over this period took place at Hawaiian airports. Burbank/Glendale/Pasadena, CA, and Anchorage, AK were the other non-Hawaiian airports with top fare increases (Table 5). The biggest first-quarter 10-year fare index decrease was 12.8 percent for itineraries originating in Manchester, NH, followed by Providence, RI; Buffalo/Niagara, NY; Denver, CO; and Philadelphia, PA.

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**AIR TRAVEL PRICE INDEX
ADD ONE**

The ATPI in the first quarter of 2006 was 14.6 percent above the level of the first quarter of 1995 (Table 1). The first-quarter 2006 index rose 2.7 percent from the fourth quarter 2005 level, the fifth 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.

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 second-quarter 2006 ATPI will be released on Oct. 25.

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 First Quarter Each Year Since 1995 (U.S.-Origin Itineraries, First Quarter to First Quarter)

Percentage Change to First Quarter 2006	Since 1st Quarter ...	Duration in Years
10.3	2005	1
5.5	2004	2
6.1	2003	3
5.9	2002	4
-2.0	2001	5
8.0	2000	6
12.1	1999	7
9.6	1998	8
12.3	1997	9
16.0	1996	10
14.6	1995	11

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

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**AIR TRAVEL PRICE INDEX
ADD TWO**

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

	1st Quarter ATPI	Percent change from same 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	3.9
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

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
First Quarter 2005	103.9	1.6
Second Quarter 2005	108.2	4.1
Third Quarter 2005	109.2	0.9
Fourth Quarter 2005	111.5	2.1
First Quarter 2006	114.6	2.7

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

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**AIR TRAVEL PRICE INDEX PRESS RELEASE
ADD THREE**

**Table 4: Top Five Fare Increases and Decreases, 2005-2006
Top 85 Air Travel Markets
(Air Travel Price Index Percentage Change, First Quarter 2005 to First Quarter 2006,
First Quarter 1995 = 100)**

Rank	Origin	First Quarter 2005	First Quarter 2006	Percentage Change from 2005
Largest Increases				
1	Cincinnati, OH	95.3	130.2	36.6
2	Greensboro/High Point, NC	116.3	145.1	24.8
3	Charleston, SC	102.7	126.1	22.8
4	Raleigh/Durham, NC	88.6	105.2	18.7
5	Savannah, GA	99.2	117.4	18.3
ATPI for All U.S. Origins		103.9	114.6	10.3
Largest Decreases/Smallest Increases				
1	Honolulu, HI	159.2	151.9	-4.6
2	Denver, CO	105.4	103.1	-2.2
3	Kahului (Maui), HI	133.9	131.6	-1.7
4	Charlotte, NC	117.7	122.2	3.8
5	Houston, TX	111.3	115.6	3.9

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

**Table 5: Top Five Fare Increases and Decreases, 1995-2006
Top 85 Air Travel Markets
(Air Travel Price Index Percentage Change, First Quarter 1995 to First Quarter 2006,
First Quarter 1995 = 100)**

Rank	Origin	First Quarter 1995	First Quarter 2006	Percentage Change from 1995
Largest Increases				
1	Lihue (Kauai), HI	100.0	223.1	123.1
2	Kona, HI	100.0	191.1	91.1
3	Burbank/Glendale/Pasadena, CA	100.0	156.1	56.1
4	Honolulu, HI	100.0	151.9	51.9
5	Anchorage, AK	100.0	150.5	50.5
ATPI for All U.S. Origins		100.0	114.6	14.6
Largest Decreases/Smallest Increases				
1	Manchester, NH	100.0	87.3	-12.8
2	Providence, RI	100.0	100.0	-0.1
3	Buffalo/Niagara, NY	100.0	100.5	0.5
4	Denver, CO	100.0	103.1	3.1
5	Philadelphia, PA	100.0	103.2	3.2

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

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AIR TRAVEL PRICE INDEX

ADD FOUR

For indexes 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
Rhode Island:	Providence
South Carolina:	Charleston

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AIR TRAVEL PRICE INDEX

ADD FIVE

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.

AIR TRAVEL PRICE INDEX
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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