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Average Second-Quarter Domestic Air Fares Reach Highest Quarterly Level; Top 100 Airports: Highest Fare in Cincinnati, Lowest Fare at Dallas Love Field

Average domestic air fares in the second quarter of 2008 reached the highest level of average fares for any quarter in the 13 years measured by available data (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 was $352, exceeding the highest reported average fare in the first quarter of 2001. See http://www.bts.gov/xml/atpi/src/avgfareseries.xml for historic data.

Average domestic air fares in the second quarter of 2008 were up 8.1 percent from the second quarter of 2007 (Table 1) in the largest year-to-year increase since the second quarter of 2006, and average fares increased 3.0 percent above the previous April-to-June high set in 2006 (Table 6). The second-quarter 2008 average fare was up 14.7 percent from the post-9/11 second-quarter low of $307 in 2005 (Table 6).

Average fares increased 18.5 percent from the second quarter of 1995 to the second quarter of 2008 compared to a cumulative 44.5 percent inflation rate. Second quarter 2008 fares increased 8.1 percent from the second quarter of 2007 compared to a 5.0 percent inflation rate (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 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.

Data from Spirit Airlines for the second quarter of 2008 are not included in this release because of incorrect submissions. Atlantic City, NJ, is not included because Spirit operates more than 90 percent of the flights there. The Atlantic City average fares in the July 23 press release were based on incorrect data. The data available on the BTS database for the fourth quarter of 2007 and the first quarter of 2008 have been revised to eliminate Spirit's submissions. See http://www.bts.gov/xml/atpi/src/index.xml Spirit has been notified about the incorrect data.

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Average air fares in the second quarter of 2008 rose 4.6 percent from the first-quarter 2008 average of $336 (Table 2). Quarter-to-quarter changes may be affected by seasonal factors.

Beginning with the first quarter 2008 release, BTS does not include Alaska, Hawaii and Puerto Rico airports in average fare totals and rankings. Average fares for those airports are available on the BTS Air Fare web page: http://www.bts.gov/xml/atpi/src/index.xml

Of the top 100 airports based on originating passengers, the highest second-quarter average fares were in Cincinnati; followed by Greenville/Spartanburg, SC; Knoxville, TN; Madison, WI; and Grand Rapids, MI. The lowest fares in the top 100 airports were at Dallas Love, TX; followed by Burbank, CA; Houston Hobby; Chicago Midway; and Oakland, CA (Table 3). See the BTS Air Fare web page for average fares for the top 100 airports.

The largest year-to-year average fare increases for the second quarter among the 100 largest airports, ranked by 2007 originating passengers, was 21.1 percent in Greenville/Spartanburg, SC; followed by Knoxville, TN; Minneapolis/St. Paul; Chicago Midway; and Washington Reagan National (Table 4).

The biggest year-to-year average decrease was 3.8 percent in Charleston, SC; followed by Salt Lake City; Austin, TX; Oakland; and Milwaukee (Table 4).

The largest average fare increase from the second quarter of 1995 was 196.9 percent at Dallas Love, followed by Lubbock, TX; El Paso, TX; Houston Hobby; and Las Vegas (Table 5).

The largest average fare decrease from the second quarter of 1995 to the second quarter of 2007 was 35.1 percent in White Plains, NY. The other top five average fare decreases over this period took place at Manchester, NH; Newburgh, NY; Akron/Canton, OH; and Jackson, MS (Table 5).

The Air Travel Price Index (ATPI)

A separate measure of fares, the BTS Air Travel Price Index (ATPI) reached an all-time high in the second quarter, up 4.1 percent from the previous high set in the first quarter of 2008 (Table 2). See http://www.bts.gov/xml/atpi/src/datadisp.xml?t=1 for historic data.

The ATPI was up 7.2 percent from the second quarter of 2007 to the second quarter of 2008 (Table 8).

The ATPI is up 13.0 percent from its pre-9/11 second quarter high set in 2001 and up 19.4 percent from its post-9/11 second quarter low set in 2003 (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 first quarter of 1995, which is the base quarter (1Q 1995=100).

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 about 40 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 largest year-to-year fare index increase for the second quarter among the 85 largest airline markets, ranked by passengers, was 15.9 percent in Islip, NY; followed by Buffalo/Niagara, NY; Providence, RI; Boston; and Washington, DC (Table 9).

There were no year-to-year ATPI decreases. The smallest year-to-year increases for the second quarter were for trips originating in Salt Lake City; Spokane, WA; Oakland, CA; Austin, TX; and Milwaukee (Table 9).

The largest fare index increase from the second quarter of 1995 to the second quarter of 2008 was 96.8 percent in Long Beach, CA. The other top ATPI increases over this period took place at Burbank, CA; Cincinnati; Ft. Myers, FL; and Las Vegas (Table 10).

The only second-quarter fare index decrease for the 13-year 1995-to-2008 period was 0.2 percent in Denver. The smallest increases were in Manchester, NH; Richmond, VA; Milwaukee; and Detroit (Table 10).

Alaska, Hawaii and Puerto Rico airports have been excluded from Tables 9 and 10 of this release. Those airports are included in the total ATPI and data about them can be found on the ATPI rankings on the BTS Air Fare web page.

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 2008 average fare data and the ATPI will be released on Jan. 28, 2009.

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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 Fares 1995-2008 Compared to Inflation Rate
Fares based on domestic itinerary fares, round-trip or a one-way for which no return is purchased.
Averages do not include frequent flyer fares.

		Percent change from previous year		Percent change from 1995	
	Average Domestic 2Q Fares ($)	Average Fares (2Q to 2Q)	Inflation (June from previous June)*	Cumulative Average Fares (2Q 1995 to 2Q)	Cumulative inflation rate (June of each year from June 1995)*
1995	297				
1996	276	-7.1	2.8	-7.1	3.5
1997	289	5.0	2.3	-2.5	5.9
1998	301	4.0	1.7	1.4	7.7
1999	329	9.4	2.0	10.9	9.8
2000	339	3.0	3.7	14.2	13.9
2001	329	-3.1	3.2	10.7	17.6
2002	318	-3.3	1.1	7.1	18.8
2003	315	-1.1	2.1	5.9	21.3
2004	309	-1.6	3.3	4.2	25.3
2005	307	-0.9	2.5	3.3	28.5
2006	342	11.4	4.3	15.0	34.0
2007	325	-4.7	2.7	9.6	37.6
2008	352	8.1	5.0	18.5	44.5

Source: Bureau of Transportation Statistics
Note: Percent change based on unrounded numbers
* Rate calculated using Bureau of Labor Statistics Consumer Price Index

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Table 2: Average Domestic Airline Fares and Air Travel Price Index Since Third 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
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	325	**2.4**	117.8	**2.9**
Third Quarter 2007	328	**0.7**	118.8	**0.8**
Fourth Quarter 2007	331	**1.1**	118.7	**-0.1**
First Quarter 2008	336	**1.5**	121.4	**2.3**
Second Quarter 2008	352	**4.6**	126.3	**4.1**

Source: Bureau of Transportation Statistics
* Average fare numbers for the fourth quarter of 2007 and the first quarter of 2008 were revised from the first-quarter 2008 press release issued on July 23, 2008
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 Second Quarter 2008
Top 100 Airports* Based on 2007 U.S. Originating Domestic Passengers
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 2008
	Highest Average Fares	
1	Cincinnati, OH	595
2	Greenville/Spartanburg, SC	568
3	Knoxville TN	524
4	Madison, WI	468
5	Grand Rapids, MI	461
	Average Fare at All Airports	**352**
	Lowest Average Fares	
1	Dallas Love, TX	221
2	Burbank/Glendale/Pasadena, CA	252
3	Houston Hobby, TX	256
4	Chicago Midway, Il	257
5	Oakland, CA	257

Source: Bureau of Transportation Statistics
* Not including Alaska, Hawaii or Puerto Rico

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Table 4: Top Five Average Domestic Fare Increases and Decreases, 2007-2008
Top 100 Airports* Based on 2007 U.S. Originating Domestic Passengers
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	Second Quarter 2008	Percent Change from 2nd Qtr 2007
	Largest Increases			
1	Greenville/Spartanburg, SC	469	568	**21.1**
2	Knoxville TN	442	524	**18.5**
3	Minneapolis/St. Paul, MN	361	425	**17.7**
4	Chicago Midway, Il	219	257	**17.1**
5	Washington Reagan National	358	419	**17.0**
	Average Fare at All Airports	**325**	**352**	**8.1**
	Largest Decreases			
1	Charleston, SC	433	417	**-3.8**
2	Salt Lake City, UT	339	327	**-3.3**
3	Austin, TX	344	335	**-2.8**
4	Oakland, CA	264	257	**-2.4**
5	Milwaukee, WI	328	326	**-0.7**

Source: Bureau of Transportation Statistics
Note: Percent change based on unrounded numbers
* Not including Alaska, Hawaii or Puerto Rico

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Table 5: Top Five Average Domestic Fare Increases and Decreases, 1995-2008
Top 100 Airports* Based on 2007 U.S. Originating Domestic Passengers
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 2008	Percent Change from 2nd Qtr 1995
	Largest Increases			
1	Dallas Love, TX	74	221	196.9
2	Lubbock, TX	131	291	122.2
3	El Paso, TX	161	312	93.9
4	Houston Hobby, TX	135	256	89.5
5	Las Vegas, NV	141	266	89.3
	Average Fare at All Airports	**297**	**352**	**18.5**
	Largest Decreases			
1	White Plains, NY	472	306	-35.1
2	Manchester, NH	444	321	-27.7
3	Newburgh, NY	375	278	-25.9
4	Akron/Canton, OH	376	292	-22.5
5	Jackson, MS	479	380	-20.7

Source: Bureau of Transportation Statistics
Note: Percent change based on unrounded numbers
* Not including Alaska, Hawaii or Puerto Rico

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Table 6: Percent Changes to 2008 in Domestic Average Itinerary Fares and the Inflation Rate* by Year Since 1995
(Second Quarter to Second Quarter for fares; June to June for inflation)
Fares based on domestic itinerary fares, round-trip or one-way for which no return is purchased. Averages do not include frequent flyer fares.

Since 2nd Quarter ...	Duration in Years	Average 2Q Itinerary Fare	Percent Change in Average Fare to 2nd Quarter 2008	Inflation Rate to June 2008
2008		**352**		
2007	1	325	8.1	5.0
2006	2	342	3.0	7.8
2005	3	307	14.7	12.5
2004	4	309	13.7	15.3
2003	5	315	11.9	19.1
2002	6	318	10.7	21.6
2001	7	329	7.0	22.9
2000	8	339	3.7	26.9
1999	9	329	6.8	31.7
1998	10	301	16.9	34.2
1997	11	289	21.5	36.5
1996	12	276	27.6	39.6
1995	13	297	18.5	43.5

Source: Bureau of Transportation Statistics
Note: Percent change based on unrounded numbers
* Rate calculated using Bureau of Labor Statistics Consumer Price Index

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Table 7: Percent Changes to 2008 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 2nd Quarter 2008	Since 2nd Quarter ...	Duration in Years
7.2	2007	1
4.7	2006	2
16.8	2005	3
18.9	2004	4
19.4	2003	5
18.7	2002	6
13.0	2001	7
16.8	2000	8
23.8	1999	9
26.3	1998	10
22.1	1997	11
29.1	1996	12
24.9	1995	13

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 (First Quarter 1995 = 100)

Year	ATPI	Percent Change from 2nd Quarter Previous Year
1995	101.12	
1996	97.83	-3.3
1997	103.49	5.8
1998	100.00	-3.4
1999	102.06	2.1
2000	108.18	6.0
2001	111.77	3.3
2002	106.39	-4.8
2003	105.79	-0.6
2004	106.24	0.4
2005	108.20	1.8
2006	120.61	11.5
2007	117.83	-2.3
2008	**126.33**	**7.2**

Source: Bureau of Transportation Statistics

Table 9: Top Five Second Quarter Air Travel Price Index Increases and Decreases, 2007-2008

Top 85 Air Travel Markets*
Air Travel Price Index Percent Change, Second Quarter 2007 to Second Quarter 2008
(First Quarter 1995 = 100)

Rank	Origin	Second Quarter 2007	Second Quarter 2008	Percent Change from 2nd Qtr 2007
	Largest Increases			
1	Islip, NY	104.5	121.1	15.9
2	Buffalo/Niagara, NY	105.3	119.8	13.8
3	Providence, RI	113.3	127.9	12.8
4	Boston, MA	110.9	125.0	12.7
5	Washington, DC	112.8	126.9	12.5
	ATPI for All U.S. Origins	**117.8**	**126.3**	**7.2**
	Largest Decreases			
1	Salt Lake City, UT	140.2	140.1	0.0
2	Spokane, WA	115.1	115.7	0.5
3	Oakland, CA	132.1	135.0	2.2
4	Austin, TX	119.9	122.5	2.2
5	Milwaukee, WI	111.3	114.0	2.4

Source: Bureau of Transportation Statistics
* See Top 85 Market Rankings Table 16 for Alaska, Hawaii and Puerto Rico airports

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Table 10: Top Five Air Travel Price Index Increases and Decreases (Smallest Increases), 1995-2008
Top 85 Air Travel Markets
Air Travel Price Index Percent Change, Second Quarter 1995 to Second Quarter 2008
(First Quarter 1995 = 100)

Rank	Origin	Second Quarter 1995	Second Quarter 2008	Percent Change from 2nd Qtr 1995
	Largest Increases			
1	Long Beach, CA	88.8	174.7	96.8
2	Burbank/Glendale/Pasadena, CA	101.4	176.1	73.6
3	Cincinnati, OH	102.7	156.0	51.9
4	Ft. Myers, FL	97.6	146.7	50.4
5	Las Vegas, NV	101.0	147.7	46.3
	ATPI for All U.S. Origins	**101.1**	**126.3**	**24.9**
	Largest Decreases/Smallest Increases			
1	Denver, CO	104.5	104.3	-0.2
2	Manchester, NH	99.4	107.1	7.7
3	Richmond, VA	101.7	110.6	8.8
4	Milwaukee, WI	103.8	114.0	9.8
5	Detroit, MI	100.5	111.1	10.6

Source: Bureau of Transportation Statistics
* See Top 85 Market Rankings Table 15 for Alaska, Hawaii and Puerto Rico airports

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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
Arizona	Phoenix, Tucson
Arkansas	Little Rock
California	Burbank, Fresno, 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
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, Newburgh, Rochester, Syracuse, White Plains
North Carolina	Charlotte, Greensboro, Raleigh/Durham

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Ohio	Akron/Canton, Cincinnati, Cleveland, Columbus, Dayton
Oklahoma	Oklahoma City, Tulsa
Oregon	Portland
Pennsylvania	Harrisburg, 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, Lubbock, San Antonio
Utah	Salt Lake City
Vermont	Burlington
Virginia	Norfolk, Richmond
Washington	Seattle, Spokane
Wisconsin	Madison, Milwaukee

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

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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
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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