

Average domestic airfare drops to lowest level since 2009



Competition from ultra-low-cost carriers such as Spirit Airlines has helped push the average domestic airfare down to the lowest level since 2010, according to the U.S. Department of Transportation. (Spirit Airlines)

By **Hugo Martin**

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It may not seem like it when you're planning a trip, but the average domestic airfare has dropped to its lowest level in years, according to government data released Tuesday.

The average domestic airfare was \$353 in the April-through-June period, down nearly 10% from the same period in 2015, the U.S. Department of Transportation said. The average is the lowest since the fourth quarter of 2010, when it was \$335.

When adjusted for inflation, the \$353 average is the lowest since the third quarter of 2009, when the average was \$343.

Critics of the airline industry point out that despite falling airfares, airlines continue to generate hefty revenues from passenger fees, such as charges to check bags and to change flights. Those fees can quickly

fatten the cost of the typical trip.

But the trade group for U.S. airlines contends that surveys show most passengers want a low fare and the choice of paying for extra features such as food and entertainment.

“Customers today are able choose among carriers and select the best service offerings, amenities and price combinations to meet their individual needs,” said Vaughn Jennings, a spokesman for Airlines for America.

The Transportation Department data show that the share of total revenue that the nation’s airlines collect from fares has remained relatively stable at about 74% over the last few years.

Industry experts attribute the lower fares to fuel prices that have plunged over the last two years. A gallon of jet fuel costs \$1.32, a 52% drop from the \$2.73 price in September 2014.

Also helping to keep prices down is competition from ultra-low-cost carriers such as Spirit Airlines and Frontier Airlines.

Such low-cost airlines carry only a fraction of the passengers who travel on major carriers such as American, United and Delta, but they continue to pressure the larger airlines to keep fares low, said Jan K. Brueckner, an economics professor at UC Irvine.

“A few flights here and there will really make a difference,” he said.

In fact, American and United have announced plans to roll out “basic economy” fares next year. Delta began offering the fares in 2012. Basic economy fares are no-frills tickets that don’t allow passengers to pick seats or change flights.

Airline officials have said the no-frill tickets are being offered to better compete with the low-cost carriers.

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