

Rocky Mountain News

Leisure fares to Denver slide 18%

City bucks national trend as Southwest adds competition

By Joanne Kelley, Rocky Mountain News

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Denver continues to buck a nationwide trend in rising airfares as ticket prices for both leisure and business travel come under increased pressure from discount carrier Southwest Airlines' arrival here this year.

The disparity has widened this month, with leisure fares to Denver down by 18 percent last week vs. the same period last year, according to data from industry consulting firm Harrell Associates. Nationwide, prices were up 2 percent last week from a year ago.

"It's good to be in Denver," said New York-based Bob Harrell, the principal for the firm compiling the fare data. "The simple answer is Southwest."

With its rock-bottom prices, the Dallas carrier typically has a dramatic impact on airfares whenever it enters a new market.

The so-called Southwest Effect boosts traffic even for rival airlines, who draw new business for themselves after cutting their own ticket prices in response to the competition.

Southwest set up shop at DIA in early January.

Business travel fares to Denver also fell, with average ticket prices down 2 percent last week, while nationwide business fares rose 18 percent.

The low fares, combined with an increase in the number of flights to and from Denver International Airport, has boosted passenger traffic.

DIA posted a 10.5 percent increase in passengers in February compared with the same month a year ago, the busiest February on record and the biggest monthly gain since September 2004, the airport said Thursday.

It was the 10th consecutive monthly traffic record at DIA, bringing its year-to-date traffic total to almost 6.9 million, up from the roughly 6.3 million travelers who used the airport during the first two months of 2005.

"These numbers support what the airlines have been telling us, that load factors are extremely high," DIA

Manager Turner West said in a statement. "There are many low fares available, and travelers obviously are taking advantage of the good buys."

Southwest Airlines carried 80,384 passengers in February, up from 78,648 travelers in January, its first month at the airport.

United and its discount carrier, Ted, also posted increases. Frontier Airlines reported a 20.1 percent increase in passengers vs. the same month last year.

"It's an increase in capacity on a year-over-year basis," said Frontier spokesman Joe Hodas. "We have more seats to fill, so we carry more passengers."

Among the destinations Frontier has added this year: Detroit, San Antonio and Tulsa.

The Harrell Associates data showed the average price of a one-way leisure ticket dropping to \$99 last week, compared with \$121 a year ago.

Fares to cities where Southwest flies direct from Denver have posted big year-over-year declines. Tickets on the Phoenix-Denver route now fetch about 50 percent less, while Chicago prices have dropped 37 percent, according to Harrell's weekly airfare monitor.

The relatively cheap fares could attract interest from tourists and potential conventiongoers who remain on the fence about whether to come to Denver, according to Richard Scharf, the city's convention bureau president.

"It means a lot to us because we are one of the most remote cities in the country, and a greater percentage of people have to fly to Denver than the U.S. norm," Scharf said. "We are really dependent on our airport. As those rates decrease, it really helps us with converting the business we try to influence."

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