

Shuttle Fares to New York Top \$600

Last-Minute Cost Up 30% in a Year

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Last-minute air travel between Washington to New York has grown far more expensive in the past year, with round-trip walk-up fares on popular shuttle flights now costing more than \$600.

At the same time, US Airways is cutting back sharply on the number of discount deals it maintains with businesses. Those contracts had allowed frequent travelers to make quick trips between the two cities at rates far lower than standard refundable fares.

Travel experts are not surprised by the higher fares being charged by US Airways and Delta Air Lines the two dominant carriers between Reagan National Airport and LaGuardia Airport in New York.

Demand for such travel has grown substantially, and fuel prices have been surging in recent years, they said.

"This is one of highest-demand markets in the country," said Michael Miller, an aviation analyst with Velocity Group in Washington. "This is the equivalent of a box seat at Yankee Stadium" in the airline industry.

The top round-trip shuttle fares have jumped by more than 30 percent since last summer. In August 2005, the carriers were offering last-minute, non-refundable tickets for about \$466. Those tickets rose to \$538 by October and now are \$618, according to the airlines and outside analysts.

The increases exceed fare spikes elsewhere. In the past year, business fares on the 300 top U.S. routes rose about 19 percent, said **Bob Harrell of Harrell Associates in New York, a firm that tracks prices of flights.**

Leisure fares have increased 15 percent in the same period, Harrell said.

Executives with US Airways, which is under new management after its merger with [America West](#) last year, said they were increasing fares to keep pace with fuel prices and demand.

"We're seeing pricing pressures across the board because demand is strong and cost is high and so is the

cost of fuel," said Travis Christ, vice president of marketing for the airline. "In the shuttle market specifically, the economies in New York and Washington and Boston are doing really well. A lot of people want to fly. Our costs have gone up . . . US Airways has embraced the new realities of the airline industry."

Since the merger, US Airways has also been reviewing discount deals it has with businesses and nonprofit groups. It hopes to eliminate about half its 1,000 corporate accounts, which generally allow last-minute business travelers to fly at relatively low rates.

Christ would not say how many corporate contracts include discounts on the shuttle. The elimination of corporate accounts began last fall, Christ said. The [Washington Post Co.](#) is among companies that recently lost an account with the airline.

"It's part of the evolution of the airline business. It's moving in the direction of where corporate deals don't make as much sense," Christ said, adding that such accounts could make a comeback if the business climate changes.

Delta executives declined to comment on whether they were reviewing corporate contracts or had plans to eliminate them. The airline, which filed for Chapter 11 bankruptcy protection last year, has been raising ticket prices for the same reason as US Airways, executives said.

Outside analysts said airlines need to increase ticket prices if they are to survive. Ticket prices, adjusted for inflation, have been fairly stagnant since the late 1970s, failing to keep pace with labor costs or fuel prices, analysts said.

Travel also dropped substantially after the Sept. 11, 2001 terrorist attacks.

The old US Airways, which entered bankruptcy protection twice in the years after the terrorist attacks, merged with America West last year. It has recently been posting robust profits, in part because executives have not hesitated to increase fares, analysts said.

While increasing refundable fares, the two airlines have tried to retain some inexpensive shuttle seats that can be bought in advance, especially in the summer when business travel dips.

Advance-purchase, round-trip shuttle fares on both airlines were available on the Internet yesterday for as little as \$160.

Corporate discounts and advance purchases by business travelers help keep the average fare well below the rate for fully refundable fares, the airlines said. The average roundtrip ticket on a US Airways shuttle, for example, costs about \$270, a spokeswoman said.

Analysts said that it was not clear how the price increases and the elimination of corporate accounts

would play out.

"Other airlines might want to grab passengers who don't want to pay higher fares," said Miller, the analyst. "How the competitors react will be something to watch."

Although the two airlines don't have much competition on routes that feed the premier airports, Reagan National and LaGuardia, they do face battles with other carriers, Amtrak and bus companies.

On Aug. 17, JetBlue plans to begin service between Dulles International Airport and Kennedy International Airport in New York. The carrier is offering fares as low as \$50 one way between the airports.

[Continental Airlines](#) offers regular service between Reagan and Newark International Airport and could reduce fares or slow increases to draw more traffic, analysts said.

A round-trip ticket on Amtrak's Acela costs \$300 to \$350, less than a full-fare ticket on Delta and US Airways.

And for real bargain hunters, there's the bus. Greyhound offers a roundtrip between Washington and New York for as little as \$60, less expensive than gasoline would be for the 450-mile road trip. And discount bus services offer round-trip fares for as little as \$35, though some of them have been criticized over safety issues.

Staff researcher Richard Drezen contributed to this report.

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