



SPRING SURPRISE

AIR & TRAIN FARES SURGE WHILE BUS FARES FALL FOR TRIPS ≤ 500 MILES

Chaddick Policy Brief | May 26, 2021

Key findings of our analysis of major U.S. routes that are 150 – 500 miles:

- The steeply discounted airfares offered at the height of the pandemic have largely disappeared.
- The lowest air & rail fares bought 3 days in advance have risen > \$80 roundtrip since January.
- Car rentals are unavailable on many routes and when available, tend to be costlier than flying.
- Intercity bus fares (e.g., Greyhound and Megabus) continue to drop for those buying in advance.
- Rising airfare prices are encouraging travelers to turn to auto and bus travel.

A surge in passenger travel due to increased vaccinations and the easing of many public health restrictions is leading to major swings in the cost of travel. This Chaddick Brief, issued during the Memorial Day holiday traffic buildup, shows how lowest fares available for air, bus, and rail travel trips have changed in recent months. The Brief focuses on short- and medium-distance routes and draws upon an innovative data collection method we have developed that compares the lowest fares available using well-defined criteria. The analysis evaluates:

- Lowest air, bus, and train fares in a stratified sample of 19 heavily traveled routes.
- 400 – 500 online searches conducted each time period, totaling 1,500 searches.
- Trips originating during daytime hours (8:30 a.m. – 4 p.m.).
- Routes 150 - 500 miles, in which air, bus, and rail trips are all regarded as viable options by many.
- Fares reviewed on four different websites to assure available options are identified.



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Photo credit (above): [Piewen Chen](#), Southwest 737-8HL at LAX on Oct. 22, 2020



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Air travel is rarely considered a viable option for distances under 150 miles, while trips over 500 miles generally are not attractive for bus travel (and, for some, train travel). Our analysis considered both differences in *mean* and *median* fares, with the latter being the focus of Finding 3. *Please refer to page 4 for a list of routes and page 8 for details on our methods.*

The analysis resulted in three principal findings.

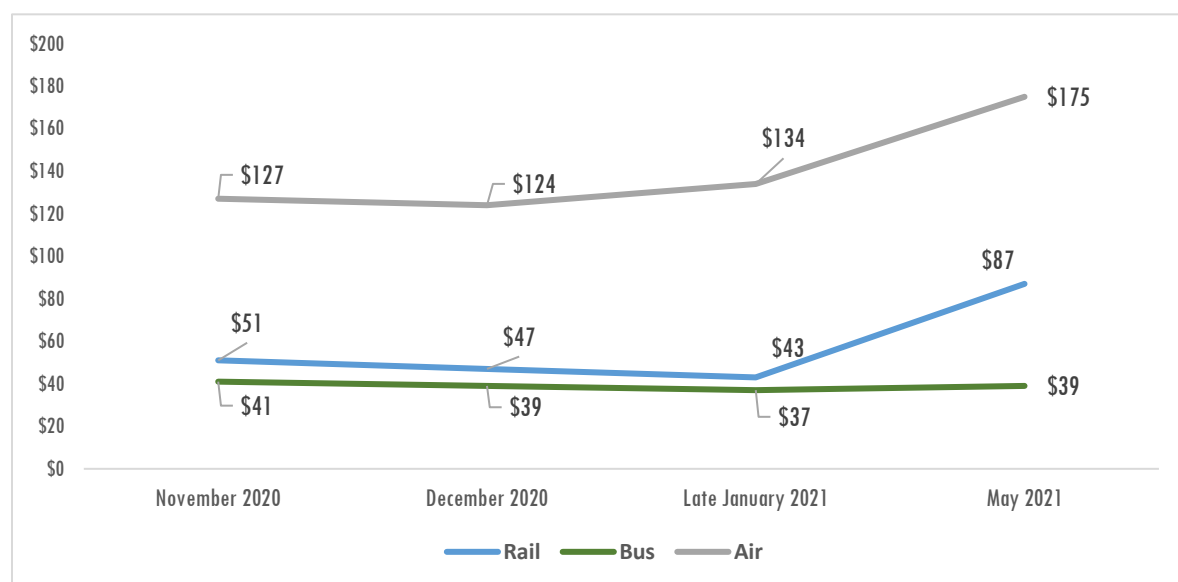
FINDING 1: Air and rail fares purchased three days in advance have risen sharply since late January, increasing by more \$40 on one-way trips. Intercity bus fares, conversely, have mostly held steady and now average less than half that of train fares and only about a fifth that of airfares. These changes are pushing more travelers onto the highways, primarily in private cars, but also onto intercity buses.

Passengers booking flights three days in advance in May 2021, and who are flexible in the selection of flights, paid appreciably more than those who did so as recently as late January. Average airfares (mean) rose from \$134 to \$175 each way, an increase of \$41. This increase comes in the wake of a smaller \$11 rise between December and late January. Altogether, average airfares in which each leg is purchased three days in advance have risen \$102 roundtrip since December. Amtrak fares rose from \$43 to \$87 each way between late January and May. This ends a period of steeply discounted fares that had been available on the railroad due to the pandemic. All these increases reflect rebounding demand, enhanced pricing power as more vaccinated travelers feel at ease on buses and trains, and the economic recovery.

Bus tickets largely held steady, inching upward from \$37 to \$39 each way. However, most tickets bought farther in advance fell sharply. Bus riders generally have less purchasing power and tend to buy tickets the same week as their trip. That makes being able to buy affordable bus tickets only a few days before departure particularly important.

FIGURE 1: LOWEST AVAILABLE FARE FOR 3-DAY ADVANCE PURCHASE

Average Price on 19 Major Routes 150 – 500 miles



Despite the recent increases in airfares, flights booked just three days before departure remain priced well below levels prior to the pandemic. This is due in part to the sluggishness of the county's business-travel recovery. With few corporate travelers making business trips, airlines appear less apt to raise fares above \$200 one way on routes less than 500 miles than they were before the pandemic.

Intercity bus service proved to be the least expensive option on 18 of the 19 routes during our Saturday, May 22, sample. Intercity bus lines offered the greatest savings for travel on Saturday, May 22, booked three days prior for the New York – Washington DC route, with the lowest fare being \$28, which was \$100 less expensive than Amtrak (\$128) and \$190.40 less expensive than the lowest airfare. The only route on that day in which the airfare undercut the bus was Los Angeles – Phoenix, on which American Airlines had a bargain airfare of \$48.40, a little more than \$3 less than bus fare.

FINDING 2: One-way fares for air and rail tickets purchased 10 days in advance have risen \$20 and \$37, respectively, since late January. Bus fares purchased this far ahead fell sharply and are now at the lowest levels observed since we started our data collection in November 2020. The average gap between bus and train fares has grown to \$23 each way.

Bargain hunters booking airline trips 10 days in advance have seen fares rise for two consecutive periods, increasing from \$114 in December to \$122 in January to \$142 this month. Rail fares have similarly moved upward, rising from \$43 to \$60 between late January and this month. The 39% increase in train fares is proportionally much greater than the 16% increase in airfares over this period. Intercity bus fares, meanwhile, fell sharply in part due to heightened price competition as more carriers add back service.

FIGURE 2: LOWEST AVAILABLE FARE FOR 10-DAY ADVANCE PURCHASE

Average Price on 19 Major Routes 150 – 500 miles

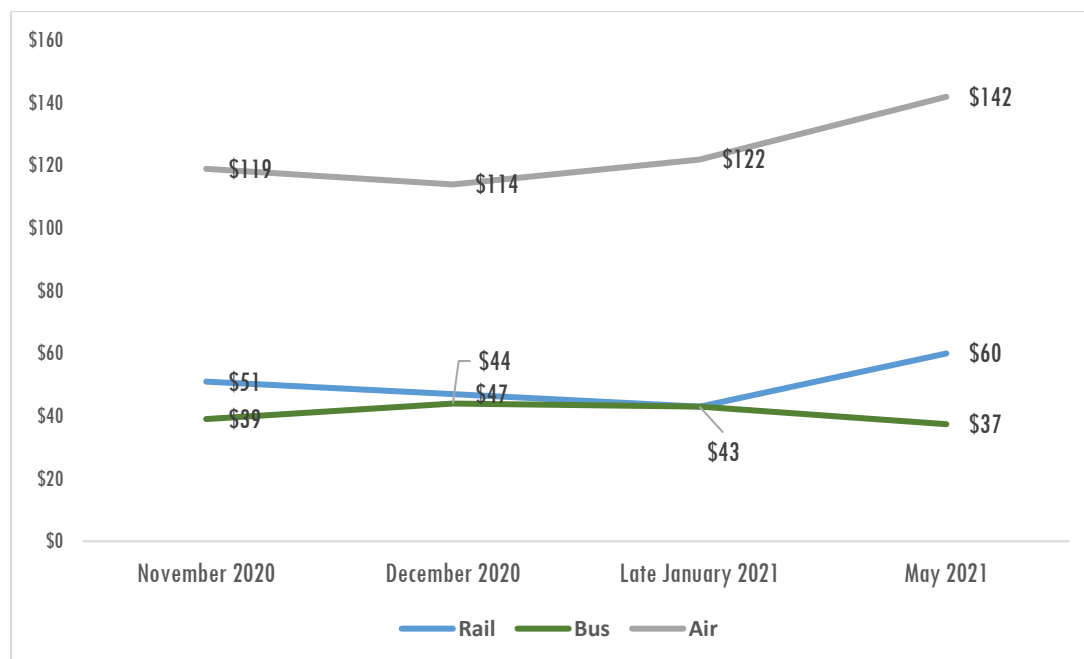


FIGURE 3: LOWEST AVAILABLE FARE FOR FRIDAY, MAY 28, 2021 WITH TEN DAY ADVANCE PURCHASE

Average Price in 19 Major Routes 150 – 500 miles

Route	Bus Lines sold on Wanderu.com		Megabus	Amtrak	Airlines on Orbitz.com		Southwest Airlines	Car Rental	
	Price	Carrier			Price	Carrier		Price	Company
New York - Washington, DC	\$29.00	Our Bus	\$39.99	\$128	\$218.40	Jet Blue	Long	\$725.16	Dollar
Buffalo - New York	\$55.00	Our Bus	No Route	\$68	\$238.41	Delta	No Flights	\$127.44	Dollar
New York - Pittsburgh	\$80.00	Greyhound	\$69.99	\$102	\$214.20	United	\$421.00	no cars	
New York - Providence	\$31.00	Peter Pan	No Route	\$95	Long	Long	No Flights	\$151.08	Dollar
Boston - New York	\$30.00	Our Bus	\$39	\$111	\$78.40	Jet Blue	Long	\$143.03	Dollar
Chicago - Detroit	\$35.00	Greyhound	No Route	\$40	\$162.40	Delta	\$163.00	no cars	
Chicago - St. Louis	\$42.00	Greyhound	No Route	\$25	\$136.40	American	\$172.00	\$559.32	Hertz
Atlanta - Nashville	\$32.00	Greyhound	No Route	No Route	\$217.71	American	\$163.00	\$332.52	Dollar
Miami - Orlando	\$43.00	Greyhound	\$42.99	\$39	\$98.40	American	\$219.00	\$147.93	Avis
Denver - Salt Lake City	No route		No Route	\$86	\$162.40	Delta	\$109.00	\$829.81	Hertz
Milwaukee-Minneapolis/St. Paul	\$46.00	Greyhound	\$59.99	\$50	\$253.20	United	No Flights	\$294.57	Hertz
Los Angeles - San Francisco+	\$52.00	Greyhound	No Route	\$67	\$98.40	United	\$134.00	no cars	
Los Angeles - Phoenix	\$60.00	Greyhound	No Route	no route	\$98.40	Delta	\$124.00	no cars	
Portland - Seattle	\$31.00	Bolt Bus	No Route	\$36	\$88.40	Alaska	Long	\$171.77	National
Seattle - Spokane	No Route		No Route	\$29	\$88.40	Alaska	\$334.00	\$148.79	Budget
Dallas - San Antonio	\$40.00	Greyhound	\$49.99	\$19	\$162.40	American	\$222.00	no cars	
Dallas - Houston	\$35.00	Greyhound	\$39.99	No route	\$162.40	American	\$163.00	no cars	
Memphis - New Orleans	No Route		No Route	No route	\$315.20	American	Long	\$347.10	Hertz
Philadelphia - Washington, DC	\$17.00	Peter Pan	\$24.99	\$37	Not included*		Not included*	no cars	

Notes: *Long*: flight duration exceeded duration of bus trip so not included based on criteria noted in Appendix. * Air travel excluded due to low travel volumes as reported in Federal Aviation Administration T-100 travel statistics. + Amtrak service provided from Oakland, CA.

For trips made on Saturday, May 28 and booked 10 days in advance, airfares exceeded \$200 on seven routes: New York – Washington, DC; Buffalo – New York; Boston – New York; New York – Pittsburgh; Atlanta – Nashville; and Minneapolis/St. Paul – Milwaukee, and Memphis – New Orleans. However, fares were below \$100 on six routes, showing just how widely discounts vary by market.

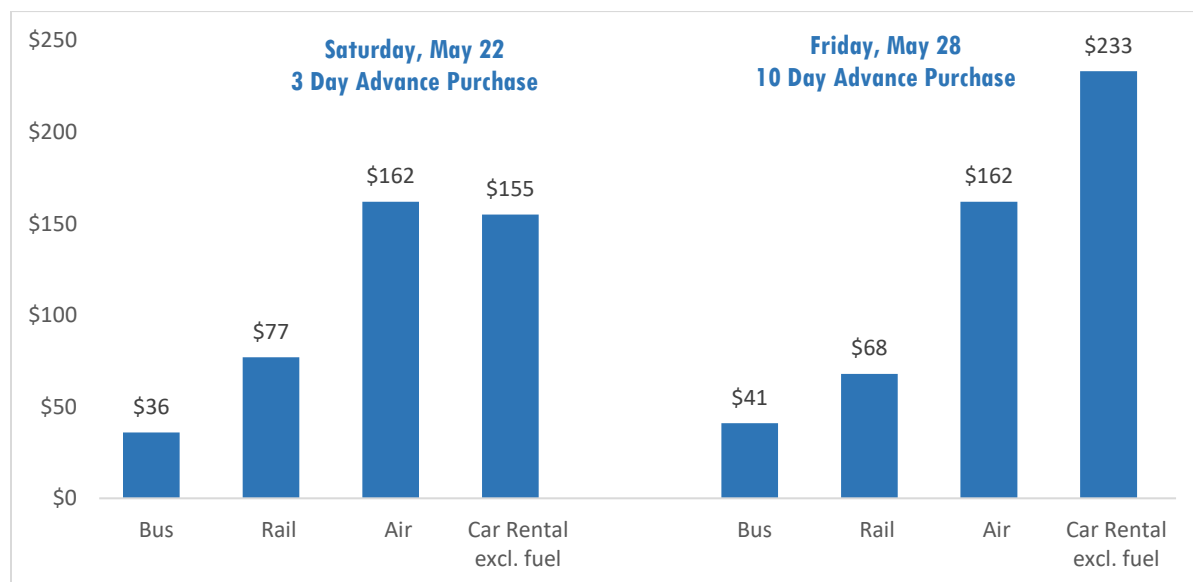
Fifteen of the 19 routes for May 28 were least expensive by bus. Bus travel offered the greatest savings (a \$99 savings) on the New York – Washington route (Figure 3). On three routes Amtrak fares undercut bus fares. The largest savings margin was between Chicago and St. Louis, on which the train fare was \$25 versus \$42 on the bus, a \$17 differential. Amtrak offered savings between Dallas and San Antonio, TX (a \$21 saving), perhaps due to the fact it had only tri-weekly service at the time and travel times were considering longer than for bus trips, as well as between Miami – Orlando, FL (a \$3.99 saving). The highest bus fare was on the New York – Pittsburgh route (\$80.00), and the lowest fares were available on the New York – Washington (\$29) and Philadelphia – Washington (\$17) routes.

FINDING 3: The *median* rail fare tends to be about half that of air fares, while bus fares are generally about half to two thirds that of rail fares. Rental cars have generally become the least affordable option of all. Median car rental prices (excluding fuel, insurance, and tolls) tend to be higher than airfares—if cars were even available, which was not the case on more than a third of the routes evaluated in late May.

Comparing the median prices for travel on the 19 routes on Saturday, May 22 and Friday, May 28, 2021 reveals similar differences in air, bus, and rail to those mentioned in the previous sections that focused on mean prices. Prices for May 22 are based on a three-day advance purchase while those for May 28 are based on a 10-day advance purchase.

Figure 4: Comparison by *Median* Prices, including Car Rental

Median Price for 19 Major Routes



We included one-way car rental rates excluding gas, tolls, and insurance for these comparisons. We found that:

- On both days, passengers save more than a third by taking the bus instead of the train and save more than half by taking a train instead of flying.
- Rental cars were completely unavailable for six of the 20 routes on Saturday, May 22 and seven routes on Friday, May 28, even when expanding the search to include cars offered at neighborhood locations away from city centers or airports.
- Rental cars, when available, were priced (excluding fuel, tolls, and insurance) slightly less expensively than flying for individual passengers making trips on May 22. When fuel is included (even without factoring in tolls and insurance), however, car rentals markedly exceeded the cost of flying.
- Rental cars on Friday, May 28, in the Memorial Day travel buildup, were more than 40% more costly than flying, about four times the train fares and about eight times the bus fare, again, without considering fuel, tolls, and insurance. The highest rental car option we observed on this day was \$829.81 between Denver, CO and Salt Lake City, UT.

SUMMARY AND PREDICTIONS

Airlines and Amtrak are rapidly moving away from pandemic-related discounts for travel distances between 150 and 500 miles. Intercity bus fares are priced below Amtrak by a considerable margin, while Amtrak tends to be priced consistently well below airfares. Our future analysis will explore the degree to which price differences vary by region. Our data show Amtrak fares tend to exceed bus fares by a greater margin in the Northeast than in other regions, whereas bus and rail fares are more similar elsewhere.

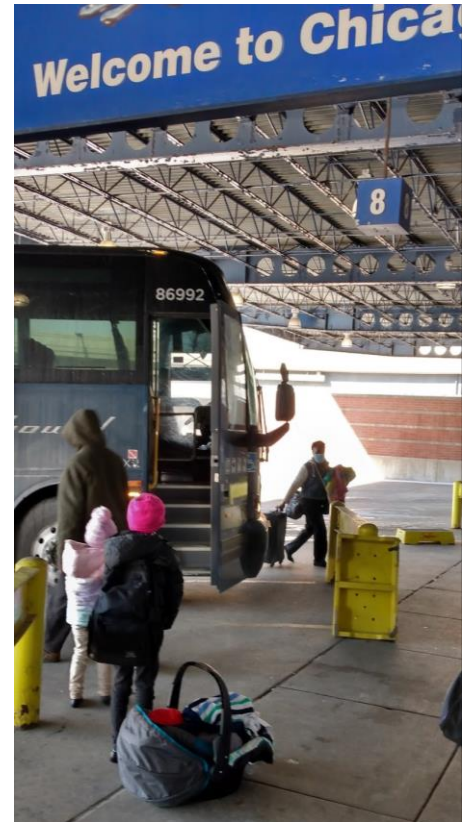


We make several **predictions**:

- ***Airfares will rise sharply*** through summer as demand escalates. As airlines respond to the heightened demand, some carriers will shift mainline capacity to longer-distance routes in which

leisure travel is stronger than it is on short-hop routes. This could put further upward pressure on fares for routes of 150 - 500 miles.

- **Amtrak fares will stabilize** as the passenger railroad adds capacity back to its network, including the return to daily schedules for long-distance trains that had been operating only three times per week in recent months. The reintroduction of many state-supported corridor trains will further help the carrier meet demand without large scale price increases, although discounting may become increasingly rare throughout the summer.
- **Air and rail passengers** who have grown accustomed to waiting until the last minute to book during the pandemic will face strong incentives to book farther in advance. Ticket purchase habits developed during the pandemic will be gradually undone by increasing prices.
- **Intercity bus fares will slowly rebound to more normal levels** in June as the industry recovers from the depressed conditions it has faced since the start of the pandemic.
- **Summer 2021 will be a difficult time** for travelers seeking to purchase one-way car rentals due to strong demand and the supply lag that is occurring as companies work to increase their supply of cars, which was markedly reduced during the pandemic.



APPENDIX: HOW WE COMPARED FARES

The Chaddick Institute team simulated the behavior of travelers who search on multiple booking platforms to find the best option that meets their travel needs. Our data team recorded prices for the 19 routes on four to five travel scenarios (day of travel and advance purchase combination) during each of the four time periods, resulting in 100 “lowest prices” being identified on each day that was sampled, as shown on Figure 3. Altogether, the data team conducted 1,500 searches involving five different booking platforms, with each search typically yielding several dozen available options.

The analysis considered the lowest fare bus, train, and air option departing between 8:30am and 4:00pm (local time for the departure city). The bus options considered were limited to those no more than 90 minutes longer than the shortest trip anytime during the day. Both 3- and 10-day advance purchase scenarios were considered. Bus fares were collected by viewing all options on megabus.com and wanderu.com (which has listings for more than two dozen bus lines including Greyhound, Trailways affiliates, and Peter Pan). We included applicable booking fees imposed by carriers. Amtrak fares were collected on Amtrak.com and wanderu.com. Airfares were based on options on Orbitz.com and Southwest.com. Carriers with unbundled pricing, such as Frontier, were excluded due to their add-on costs to basic tickets. Distances are based on fastest highway route on the first day data was collected.

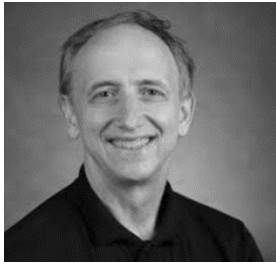
ROUTES:

Fares were collected for 19 routes: Atlanta, GA – Nashville, TN*; Boston MA – New York, NY; Chicago, IL – Detroit, MI; Chicago, IL – St. Louis, MO; Dallas/Ft. Worth, TX – San Antonio, TX; Dallas/Ft. Worth, TX* – Houston, TX; Denver, CO – Salt Lake City, UT; New York, NY – Washington, DC; Buffalo, NY – New York, NY; New York, NY – Pittsburgh, PA; New York, NY – Providence, RI^; Miami, FL – Orlando, FL; Milwaukee, WI – Minneapolis/St. Paul, MN; Los Angeles, CA – San Francisco, CA+; Los Angeles, CA – Phoenix, AZ; Portland, OR – Seattle, WA; Seattle WA – Spokane, WA; Memphis, TN – New Orleans, LA; Philadelphia, PA – Washington, DC^.

SYMBOLS:

* no Amtrak; + Used Oakland, CA for Amtrak fares; ^Air fares not included due to short travel distance.

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