



15 July 2008

European Household Budgets:

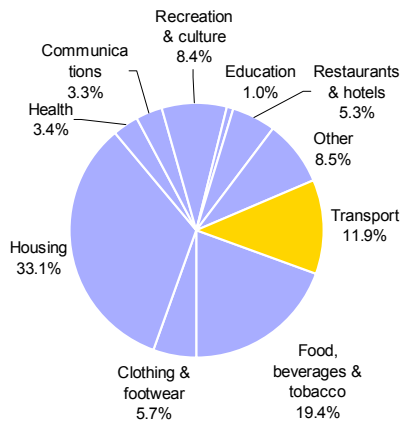
Air Travel just 1% of Total Spending

Eurostat has published its latest Household Budget Survey based on data for 2005. This report shows that on average throughout the 27 countries of the European Union 33.1% of household income is spent on housing and 19.4% on food, drink & tobacco, totalling 52.5%. For households with the lowest incomes this extends to 60%, whilst for households with the highest incomes the figure is lower, at 45%. The third largest category of spending is on transport, averaging 11.9% of disposable income, ranging from 14% for households with the highest incomes to 8% for households with the lowest incomes.

Previous Eurostat data has shown that the bulk of expenditure under 'transport' is on personal transport, i.e. cars. Less than one fifth is spent on purchased transport which includes travel by rail, ship or ferry and air travel. This would suggest that air travel amounts to between 1 and 2% on total disposable income expenditure.

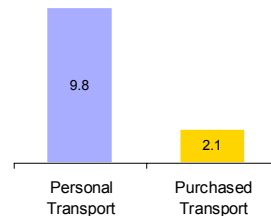
The relative low weight of the cost of air travel on the family budget may in part explain why for the moment at least the weakening economic conditions are not wholly reflected in passenger numbers or holiday bookings for summer 2008. Tour operators TUI and Thomas Cook both report buoyant sales for the current holiday period. AEA traffic figures up to May also remained buoyant although indications for June suggest the tide may be turning. [SL]

EU Household Budget consumption by category 2005



Source: Eurostat

EU Household consumption on Transport 2005



Of the 11.9% of household budget spent on transport, an estimated 82% is on 'personal' transport (cars) and 12% on 'purchased transport' or travel on rail, ship or by air. If just half of this amount is on air, then **air travel represents just 1% of total household expenditure.**

Source: AEA estimate based on Eurostat data

Reference:

Eurostat News Release, 19 June 2008

Household Budget Survey 2005 in the EU27

Households dedicated more than half of their expenditure to housing and food

http://epp.eurostat.ec.europa.eu/pls/portal/docs/PAGE/PGP_PRD_CAT_PREREL/PGE_CAT_PREREL_YEAR_2008/PGE_CAT_PREREL_YEAR_2008_MONTH_06/3-19062008-EN-AP.PDF

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