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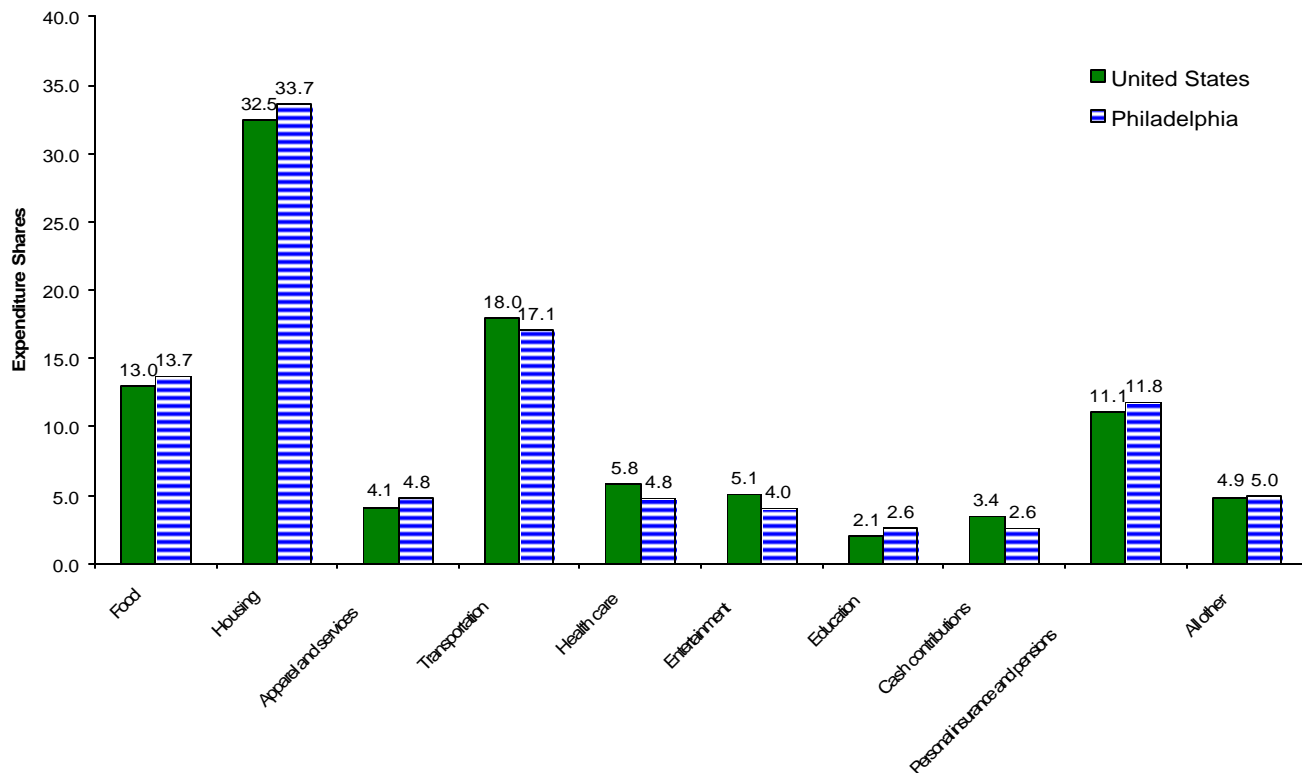
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CONSUMER SPENDING PATTERNS IN THE PHILADELPHIA METROPOLITAN AREA, 2004-2005

Consumer units¹ in the Philadelphia-Wilmington-Atlantic City, Pa.-Del.-N.J.-Md. metropolitan area spent an average of \$47,289 per year in 2004-2005, a 15.4-percent increase from 2002-2003, according to results from the Bureau of Labor Statistics' Consumer Expenditure Survey. Regional Commissioner Sheila Watkins noted that this figure was 5.3 percent higher than the \$44,928 average expenditure level for a typical household in the United States. Although households in the Philadelphia area spent more than the U.S. average, they tended to allocate their dollars similarly among the major categories, differing significantly in only 4 of the 14. Expenditures for apparel and services accounted for a significantly larger² portion of the total budget in the Philadelphia area compared to the U.S., whereas spending on health care, entertainment, and cash contributions represented significantly smaller-than-average shares of the total budget. (See chart A.)

Chart A. Percent distribution of total average expenditures in the United States and Philadelphia metropolitan area, 2004-2005



¹ See the Technical Note for the definition of a consumer unit. The terms consumer unit and household are used interchangeably throughout the text for convenience.

² Statistical significance tests were introduced for metropolitan area expenditure shares beginning with 2004-2005 data. See the Technical Note for further discussion of Consumer Expenditure significance testing.

This report contains annual data averaged over a two-year period, 2004 and 2005. The data are from the Consumer Expenditure Survey (CE), which is collected on an ongoing basis by the U.S. Census Bureau for the Bureau of Labor Statistics (BLS). The Consumer Expenditure Survey is the only national survey that provides both complete data on household expenditures and the demographic characteristics of those households. CE data are available for the nation, the 4 geographic regions of the country, and 24 metropolitan areas. Survey data cannot be used to make cost of living comparisons between areas. Expenditures vary among areas not only because of economic factors such as the prices of goods and services and family income, but also because of differences such as the age of the population, climate, consumer tastes, family size, etc. However, expenditure shares, or the percentage of a consumer unit's budget spent on a particular category, can be used to compare spending patterns across areas. The survey provides average expenditures for consumer units. An individual consumer unit may spend more or less than the average, depending on its particular characteristics.

Housing, the largest expenditure category, accounted for 33.7 percent of a Philadelphia area household's total budget; this share was not significantly different from the 32.5-percent national average. (See table 1.) Among five other metropolitan areas with population sizes similar to that of Philadelphia, expenditure shares for housing were also similar to that for the nation in Dallas (33.0 percent) and Houston (31.3 percent), but significantly higher than average in Miami (39.3 percent), Washington (38.4 percent), and Boston (34.5 percent). (See table 1.) Overall, 11 of the 24 metropolitan areas surveyed had expenditure shares for housing significantly above the U.S. average and 3 had lower-than-average shares. (See chart 1.)

The majority of housing expenditures in Philadelphia went toward shelter (58.4 percent), which includes mortgage interest, property taxes, repairs, and rent, among other items; this was about the same as the 57.9 percent spent nationally. (See table A.) Utilities, fuels, and public services expenses accounted for 22.6 percent of total housing expenditures in Philadelphia; nationally, they made up 21.0 percent. The rate of homeownership in Philadelphia, 70 percent, was similar to the national average of 68 percent. Among the other five areas chosen for comparison, homeownership rates in Washington (69 percent), Dallas and Houston (each at 68 percent), and Miami (67 percent) were either close to or equaled the U.S. average, whereas Boston (64 percent) was below the average.

Table A. Percent distribution of housing expenditures, United States and selected metropolitan areas, 2004-2005

Category	United States	Philadelphia	Washington, D.C.	Dallas-Fort Worth	Houston	Miami	Boston
Total housing	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Shelter	57.9	58.4	65.0	56.6	55.7	63.9	63.8
Utilities, fuels, and public services	21.0	22.6	16.8	22.9	23.3	21.2	17.8
Household operations	5.3	4.3	6.2	5.6	6.4	5.0	5.2
Housekeeping supplies	4.1	3.9	2.6	3.9	3.9	3.5	3.8
Household furnishings and equipment	11.7	10.7	9.4	11.0	10.6	6.3	9.4

Note: Numbers may not add to 100.0 due to rounding.

At 17.1 percent of the total budget, transportation was the second-largest expenditure category in the Philadelphia area; this was similar to the national average of 18.0 percent. Like Philadelphia, households in Houston (19.5 percent), Dallas (17.5 percent), Miami (16.7 percent), and Boston (16.6 percent) allocated a similar share of their budgets to transportation when compared to the national average. On the other hand, consumer units in Washington (14.1 percent) spent a significantly smaller-than-average share of their budget on transportation. Among the 24 metropolitan areas, 7 others joined Washington in having lower-than-average expenditure shares for transportation, while 3 others had above average shares. (See chart 2.)

Of the \$8,084 annual expenditure for transportation in Philadelphia, 93.9 percent was spent buying and maintaining private vehicles; this compared to the national average of 94.5 percent. (See table 2 for detailed expenditure levels.) The average number of vehicles per household in Philadelphia and Miami, at 1.5 each, was below the national average of 2.0. The average number of vehicles was equal to the U.S. in Dallas (2.0), and close to the national average in Houston (1.9), and Washington and Boston (each at 1.8).

The remaining 6.1 percent of a Philadelphia household's transportation budget was spent on public transit, which includes fares for taxis, buses, trains, and planes; this was similar to the national average of 5.5 percent. (See table B.) Among all 24 metropolitan areas surveyed, only 4 allocated at least 10.0 percent of their transportation dollars to public transportation: New York (13.9 percent), Honolulu (10.8 percent), and Washington and San Francisco (each at 10.0 percent). Households in Phoenix (3.6 percent) and Houston (3.7 percent) spent the smallest portions of their transportation budgets on public transit. (See table C.)

Table B. Percent distribution of transportation expenditures, United States and selected metropolitan areas, 2004-2005

Category	United States	Philadelphia	Washington, D.C.	Dallas-Fort Worth	Houston	Miami	Boston
Total transportation	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Vehicle purchases (net outlays)	43.0	47.0	35.0	40.6	44.4	32.0	43.8
Gasoline and motor oil	22.3	18.3	21.9	22.4	21.8	26.0	20.3
Other vehicle expenses	29.1	28.6	33.0	31.7	30.1	36.4	29.1
Public transportation	5.5	6.1	10.0	5.3	3.7	5.6	6.7

Note: Numbers may not add to 100.0 due to rounding.

Table C. Spending on public transportation in the United States, regions, and 24 metropolitan areas, 2004-2005

Area	Transportation Spending	Public Transportation	Share
United States	\$8,081	\$444	5.5
Northeast	7,646	637	8.3
New York	7,581	1,054	13.9
Philadelphia	8,084	495	6.1
Boston	8,586	579	6.7
Pittsburgh	7,456	393	5.3
South	7,620	288	3.8
Washington, D.C.	7,876	790	10.0
Dallas	8,838	469	5.3
Houston	10,326	386	3.7
Miami	6,282	353	5.6
Atlanta	6,044	242	4.0
Baltimore	5,799	363	6.3
Midwest	7,795	371	4.8
Chicago	8,875	644	7.3
Detroit	9,246	444	4.8
Minneapolis-St. Paul	8,550	731	8.5
St. Louis	8,649	415	4.8
Cleveland	6,095	263	4.3
West	9,498	606	6.4
Los Angeles	10,972	635	5.8
San Francisco	9,518	953	10.0
Phoenix	10,549	380	3.6
Seattle	9,491	867	9.1
San Diego	11,301	939	8.3
Denver	8,646	789	9.1
Portland	8,845	596	6.7
Honolulu	9,921	1,069	10.8
Anchorage	12,596	1,119	8.9

The portion of Philadelphia consumer units' budgets spent on food, 13.7 percent, was not significantly different from the 13.0-percent U.S. average. In the other five similar-sized metropolitan areas, households in Boston (14.0 percent) and Dallas (12.7 percent) also allocated expenditure shares similar to that of the nation. On the other hand, Miami households (14.7 percent) spent a significantly larger-than-average share of their total budgets on food, while those in Washington (10.4 percent) and Houston (11.1 percent) spent significantly smaller-than-average shares.

Households in Philadelphia spent \$3,620, or 55.9 percent, of their food dollars on food prepared at home and the remaining 44.1 percent on food prepared away from home, such as restaurant meals, carry-outs, board at school, and catered affairs. In comparison, the average U.S. household spent 56.7 percent of its food budget on food prepared at home and 43.3 percent on food prepared away from home. Among the other five similar-sized metropolitan areas being compared, only residents of Miami allocated a measurably smaller-than-average share (31.3 percent) of their food budget to dining out.

Payments for personal insurance and pensions accounted for 11.8 percent of the typical Philadelphia household's budget, similar to the 11.1-percent share allocated nationally. Like Philadelphia, consumer units in Boston allocated expenditure shares (11.3 percent) that were close to the national average for personal insurance and pensions. On the other hand, households in Washington (13.8 percent), Houston (12.2 percent), and Dallas (12.0 percent) spent a significantly larger-than-average share of their budgets on personal insurance and pensions, while those in Miami (10.2 percent) allocated a significantly lower-than-average share. Of the 24 metropolitan areas in the survey, only 5 (Washington, Minneapolis-St. Paul, Baltimore, Anchorage, and Houston) spent a measurably larger share of their budgets on personal insurance and pensions than on food.

Spending on apparel and services accounted for 4.8 percent of total expenditures in Philadelphia, significantly higher than the 4.1-percent national average. Among the other five areas, expenditure shares for apparel and services were significantly lower than that for the nation in Miami (2.5 percent), while households in Dallas (4.4 percent), Houston (4.3 percent), Washington (4.0 percent), and Boston (3.7 percent) allocated a similar share of their total budget for clothing when compared to the nation.

Out-of-pocket health care expenses—which include health insurance premiums, medical services, drugs (prescription and nonprescription), and medical care supplies—also accounted for 4.8 percent of total household expenditures in Philadelphia, significantly less than the 5.8 percent recorded nationwide. Like Philadelphia, the percentage spent on out-of-pocket health care expenses was also significantly less than that of the nation in Miami (5.3 percent), Boston (5.1 percent), and Washington (4.5 percent). However, Dallas (6.0 percent) and Houston (5.6 percent) expenditure shares were close to the national average.

Philadelphia area households allocated a significantly lower share (4.0 percent) of their budgets to entertainment when compared to the national average (5.1 percent). Like Philadelphia, nearly all of the other selected areas also spent a significantly lower portion of their total budgets on entertainment when compared to the typical U.S. household: Boston (4.5 percent), Houston (4.4 percent), Dallas (4.2 percent), and Miami (3.7 percent). Consumer units in Washington (4.7 percent) allocated a similar share of their total budgets to entertainment when compared to the nation.

Out-of-pocket expenses for education accounted for 2.6 percent of a Philadelphia area household's total budget, comparable to the 2.1-percent nationwide average. Among the other five areas, expenditure shares for education were significantly higher than for the nation in Boston (3.4 percent) and Washington (2.9 percent), but significantly lower in Miami (1.5 percent). Households in Houston and Dallas allocated 2.0 and 1.8 percent, respectively, of their total budget for education, close to the national share.

Cash contributions accounted for 2.6 percent of an average consumer unit's spending in Philadelphia, significantly lower than the national average of 3.4 percent. Shares for cash contributions were also significantly smaller than average in Boston (2.1 percent) and Miami (2.3 percent), but were significantly higher than average in Houston (5.1 percent). In Dallas (3.7 percent) and Washington (3.0 percent), expenditure shares for cash contributions were similar to that of the U.S.

As noted, Philadelphia is 1 of 24 metropolitan areas nationwide for which Consumer Expenditure Survey data are available. We encourage users interested in learning more about the Consumer Expenditure survey to contact the Mid-Atlantic Information Office at (215) 597-3282. Metropolitan area CE data and that for the four geographic regions and the United States are available on our Web site at www.bls.gov/ro3/.

Changes in 2004

Beginning in 2004, the Consumer Expenditure Survey tables included imputed income estimates. While the imputed data provide more reliable income estimates because they allow the inclusion of households for which income data are not otherwise available, income data from 2004 and 2005 are not strictly comparable to data from 2003 and earlier years.

This change also affected those expenditure items in the personal insurance and pensions component that are derived from income data. As a result of the changes that started in 2004, income data, personal insurance and pensions, and average annual expenditures are not strictly comparable to data from previous years. Data for 2004 and 2005 are comparable to each other.

For further information, contact the Division of Consumer Expenditure Surveys, Office of Prices and Living Conditions, Bureau of Labor Statistics, 2 Massachusetts Ave., N.E., Washington, DC 20212-0001 or call 202-691-6900.

Technical Note

The current Consumer Expenditure Survey (CE) program began in 1980. Its principal objective is to collect information on the buying habits of American consumers. The consumer expenditure data are used in a wide variety of research by government, business, labor, and academic analysts. The data are also required for periodic revision of the Consumer Price Index (CPI).

The survey consists of two components, a diary or recordkeeping survey, and an interview survey. The Diary Survey, completed by participating consumer units for two consecutive 1-week periods, collects data on frequently-purchased smaller items. The Interview Survey, in which the expenditures of consumer units are obtained in five interviews conducted every 3 months, collects data for larger-cost items and expenditures that occur on a regular basis. The U.S. Census Bureau collects the survey data.

Each component of the survey queries an independent sample of consumer units which is representative of the U.S. population. Over the year, about 7,500 consumer units are sampled for the Diary Survey. The Interview Survey is conducted on a rotating panel basis, with about 7,500 consumer units participating each quarter. The data are collected on an ongoing basis in 102 areas of the country.

The integrated data from the BLS Diary and Interview Surveys provide a complete accounting of consumer expenditures and income, which neither survey component alone is designed to do. Due to changes in the survey sample frame, metropolitan area data in this release are not directly comparable to those prior to 1996.

The expenditure data in this release should be interpreted with care. The expenditures are averages for consumer units with the specified characteristics, regardless of whether or not a specific unit incurred an expense for that specific item during the recording period. The average expenditure may be considerably lower than the expenditure by those consumer units that purchased the item. This study is not intended as a comparative cost of living survey, as neither the quantity nor the quality of goods and services has been held constant among areas. Differences may result from variations in demographic characteristics such as consumer unit size, age, preferences, income levels, etc. Users should keep in mind that prices for many goods and services have risen since the survey was conducted.

In addition, sample surveys are subject to two types of errors. Sampling errors occur because the data are collected from a representative sample rather than the entire population. Nonsampling errors result from the inability or unwillingness of respondents to provide correct information, differences in interviewer ability, mistakes in recording or coding, or other processing errors. The year-to-year changes are volatile and should be interpreted carefully. Sample sizes for the metropolitan areas are much smaller than for the nation, so the U.S. estimates and year-to-year changes are more reliable than those for the metropolitan areas.

Some expenditure components are subject to large fluctuations from one year to the next because these components include expensive items that relatively few consumers purchase each year. Thus, shifts from year to year in the number of consumers making such purchases can have a large effect on average expenditures. Examples of these types of expenses are purchases of new cars and trucks in the transportation component, and spending on boats and recreational vehicles in the entertainment component.

The CE significance tests are used in this release to compare expenditure shares for the 14 major expenditure categories in the United States to selected metropolitan areas (areas in this release are listed below). Expenditure shares for housing and transportation that are above or below that for the nation after testing for significance at the 95-percent confidence interval are identified in charts 1 and 2 for the 24 metropolitan areas surveyed.

NOTE: A value that is statistically different from another does not necessarily mean that the difference has economic or practical significance. Statistical significance is concerned with our ability to make confident statements about a universe based on a sample. It is entirely possible that a large difference between two values is not significantly different statistically, while a small difference is, since both the size and heterogeneity of the sample affect the relative error of the data being tested.

Metropolitan areas definitions are based on Core-Based Statistical Areas defined by the U.S. Office of Management and Budget. The metropolitan areas and their component counties and cities discussed in this release are:

Philadelphia-Wilmington-Atlantic City, Pa.-Del.-N.J.-Md. CMSA: includes Bucks, Chester, Delaware, Montgomery and Philadelphia Counties in Pennsylvania; Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester and Salem Counties in New Jersey; New Castle County in Delaware; and Cecil County in Maryland.

Washington, D.C.-Md.-Va.-W. Va. PMSA: includes the District of Columbia; Calvert, Charles, Frederick, Montgomery, Prince George's, and Washington Counties in Maryland; Alexandria, Fairfax, Falls Church, Fredericksburg, Manassas, and Manassas Park cities and Arlington, Clarke, Fairfax, Fauquier, King George, Loudoun, Prince William, Rappahannock, Spotsylvania, Stafford, and Warren Counties in Virginia; and Berkeley and Jefferson Counties in West Virginia.

Dallas-Fort Worth, Texas CMSA: includes Collin, Dallas, Delta, Denton, Ellis, Henderson, Hood, Hunt, Johnson, Kaufman, Parker, Rockwall, Tarrant, and Wise counties.

Houston-Galveston-Brazoria, Texas CMSA: includes Austin, Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery, San Jacinto, and Waller counties.

Miami-Fort Lauderdale, Fla. CMSA: includes Broward and Miami Dade counties.

Boston-Brockton-Nashua, Mass.-N.H.-Maine-Conn. CMSA: includes Bristol, Essex, Hampden, Hampshire, Middlesex, Norfolk, Plymouth, Suffolk and Worcester counties in Massachusetts; Hillsborough, Merrimack, Rockingham and Strafford counties in New Hampshire; York County in Maine; and Windham County in Connecticut.

Definitions

Consumer unit - members of a household related by blood, marriage, adoption, or other legal arrangement; a single person living alone or sharing a household with others but who is financially independent; or two or more persons living together who share responsibility for at least 2 out of 3 major types of expenses - food, housing, and other expenses. The terms household or consumer unit are used interchangeably for convenience.

Expenditures - consist of the transaction costs, including excise and sales taxes, of goods and services acquired during the interview or recordkeeping period. Expenditure estimates include expenditures for gifts, but exclude purchases or portions of purchases directly assignable to business purposes. Also excluded are periodic credit or installment payments on goods or services already acquired. The full cost of each purchase is recorded even though full payment may not have been made at the date of purchase.

Income before taxes - the total money earnings and selected money receipts during the 12 months prior to the interview date.

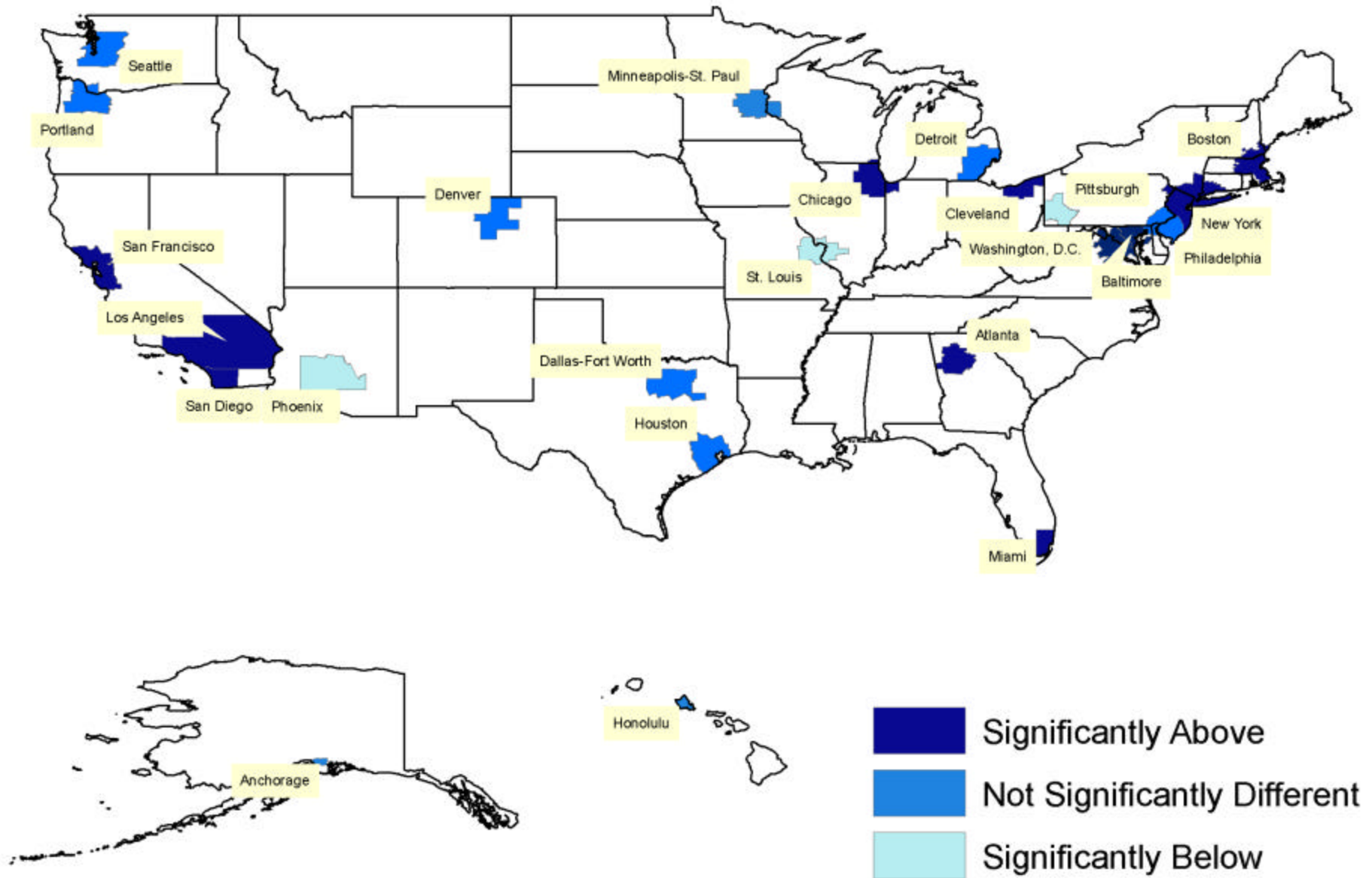
Table 1. Consumer unit characteristics and percent distribution of expenditures, U.S. and selected metropolitan areas, Consumer Expenditure Survey, 2004-2005

Item	United States	Philadelphia	Washington	Dallas-Fort Worth	Houston	Miami	Boston
Consumer unit characteristics:							
Income before taxes	\$56,593	\$61,496	\$86,526	\$61,753	\$69,557	\$51,799	\$67,927
Age of reference person	48.5	49.3	47.0	44.9	45.1	50.4	48.8
Average number in consumer unit:							
Persons	2.5	2.5	2.5	2.8	2.9	2.6	2.4
Children under 18	.6	.6	.6	.8	1.0	.7	.6
Persons 65 and over	.3	.3	.2	.2	.2	.4	.3
Earners	1.3	1.3	1.5	1.5	1.5	1.3	1.3
Vehicles	2.0	1.5	1.8	2.0	1.9	1.5	1.8
Percent homeowners	68	70	69	68	68	67	64
Average annual expenditures	\$44,928	\$47,289	\$55,977	\$50,637	\$52,998	\$37,673	\$51,679
Percent distribution:	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Food	13.0	13.7	10.4	12.7	11.1	14.7	14.0
Alcoholic beverages	1.0	1.2	1.0	1.1	.8	.7	1.6
Housing	32.5	33.7	38.4	33.0	31.3	39.3	34.5
Apparel and services	4.1	4.8	4.0	4.4	4.3	2.5	3.7
Transportation	18.0	17.1	14.1	17.5	19.5	16.7	16.6
Health care	5.8	4.8	4.5	6.0	5.6	5.3	5.1
Entertainment	5.1	4.0	4.7	4.2	4.4	3.7	4.5
Personal care products and services	1.2	1.4	1.1	1.5	1.4	1.4	1.1
Reading	.3	.3	.3	.2	.2	.1	.4
Education	2.1	2.6	2.9	1.8	2.0	1.5	3.4
Tobacco products and smoking supplies	.7	.6	.3	.5	.5	.4	.6
Miscellaneous	1.7	1.5	1.5	1.5	1.7	1.2	1.2
Cash contributions	3.4	2.6	3.0	3.7	5.1	2.3	2.1
Personal insurance and pensions	11.1	11.8	13.8	12.0	12.2	10.2	11.3

Table 2. Average annual expenditures, U.S. and selected metropolitan areas, Consumer Expenditure Survey, 2004-2005

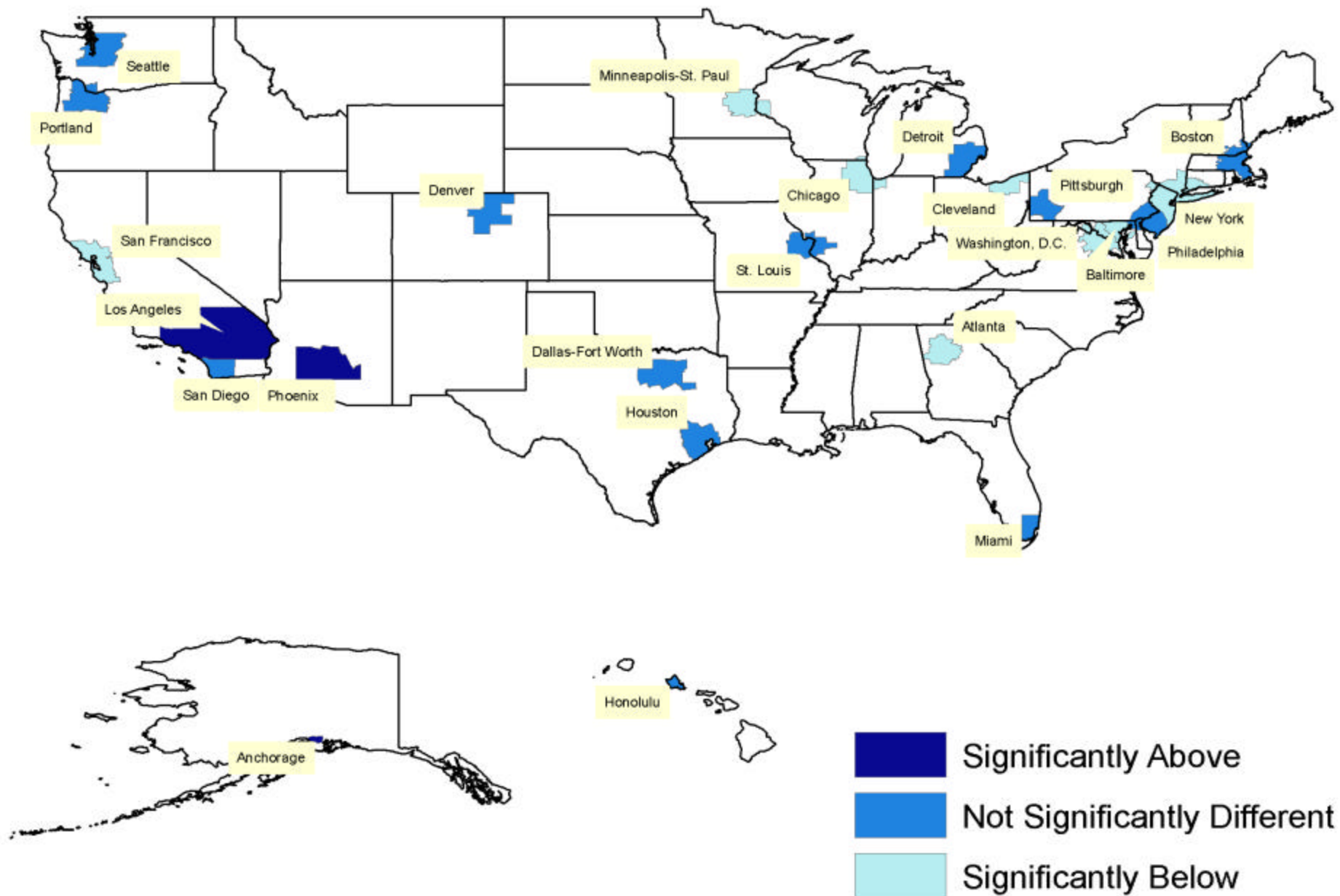
Item	United States	Philadelphia	Washington	Dallas-Fort Worth	Houston	Miami	Boston
Average annual expenditures	\$44,928	\$47,289	\$55,977	\$50,637	\$52,998	\$37,673	\$51,679
Food	5,855	6,481	5,831	6,426	5,862	5,522	7,223
Food at home	3,322	3,620	3,055	3,560	3,118	3,793	3,977
Cereals and bakery products	453	522	407	489	422	507	579
Meats, poultry, fish, and eggs	822	963	766	805	776	1,029	998
Dairy products	374	408	337	414	338	470	410
Fruits and vegetables	556	611	597	579	556	736	686
Other food at home	1,116	1,116	949	1,273	1,025	1,052	1,304
Food away from home	2,533	2,861	2,776	2,867	2,744	1,729	3,247
Alcoholic beverages	442	567	551	540	430	272	834
Housing	14,586	15,915	21,523	16,706	16,609	14,807	17,805
Shelter	8,448	9,289	13,997	9,453	9,245	9,465	11,364
Owned dwellings	5,688	6,344	10,250	6,818	6,373	6,150	7,882
Rented dwellings	2,273	2,470	3,178	2,147	2,255	3,027	2,899
Other lodging	487	475	570	488	617	289	583
Utilities, fuels, and public services	3,057	3,600	3,618	3,833	3,877	3,140	3,169
Household operations	777	687	1,326	929	1,067	741	917
Housekeeping supplies	603	628	567	645	653	525	684
Household furnishings and equipment	1,701	1,709	2,015	1,845	1,767	936	1,670
Apparel and services	1,851	2,279	2,224	2,228	2,265	954	1,929
Transportation	8,081	8,084	7,876	8,838	10,326	6,282	8,586
Vehicle purchases (net outlay)	3,478	3,802	2,758	3,587	4,584	2,013	3,759
Gasoline and motor oil	1,806	1,477	1,726	1,982	2,249	1,633	1,747
Other vehicle expenses	2,354	2,310	2,601	2,799	3,107	2,284	2,502
Public transportation	444	495	790	469	386	353	579
Health care	2,625	2,254	2,510	3,027	2,942	2,003	2,624
Entertainment	2,279	1,895	2,632	2,111	2,338	1,412	2,347
Personal care products and services	561	643	637	767	746	516	591
Reading	128	132	166	118	129	33	195
Education	924	1,235	1,610	921	1,061	576	1,744
Tobacco products and smoking supplies	303	275	188	228	246	141	287
Miscellaneous	751	729	847	783	879	455	599
Cash contributions	1,535	1,227	1,667	1,855	2,677	852	1,063
Personal insurance and pensions	5,006	5,573	7,713	6,090	6,488	3,846	5,851
Life and other personal insurance	386	350	609	437	425	218	393
Pensions and Social Security	4,619	5,222	7,104	5,652	6,063	3,628	5,458

Chart 1. Expenditure shares spent on housing in all 24 metropolitan statistical areas compared to the U.S. average, 2004-2005



NOTE: Statistical significance testing at the 95 percent confidence interval.

Chart 2. Expenditure shares spent on transportation in all 24 metropolitan statistical areas compared to the U.S. average, 2004-2005



NOTE: Statistical significance testing at the 95 percent confidence interval.