

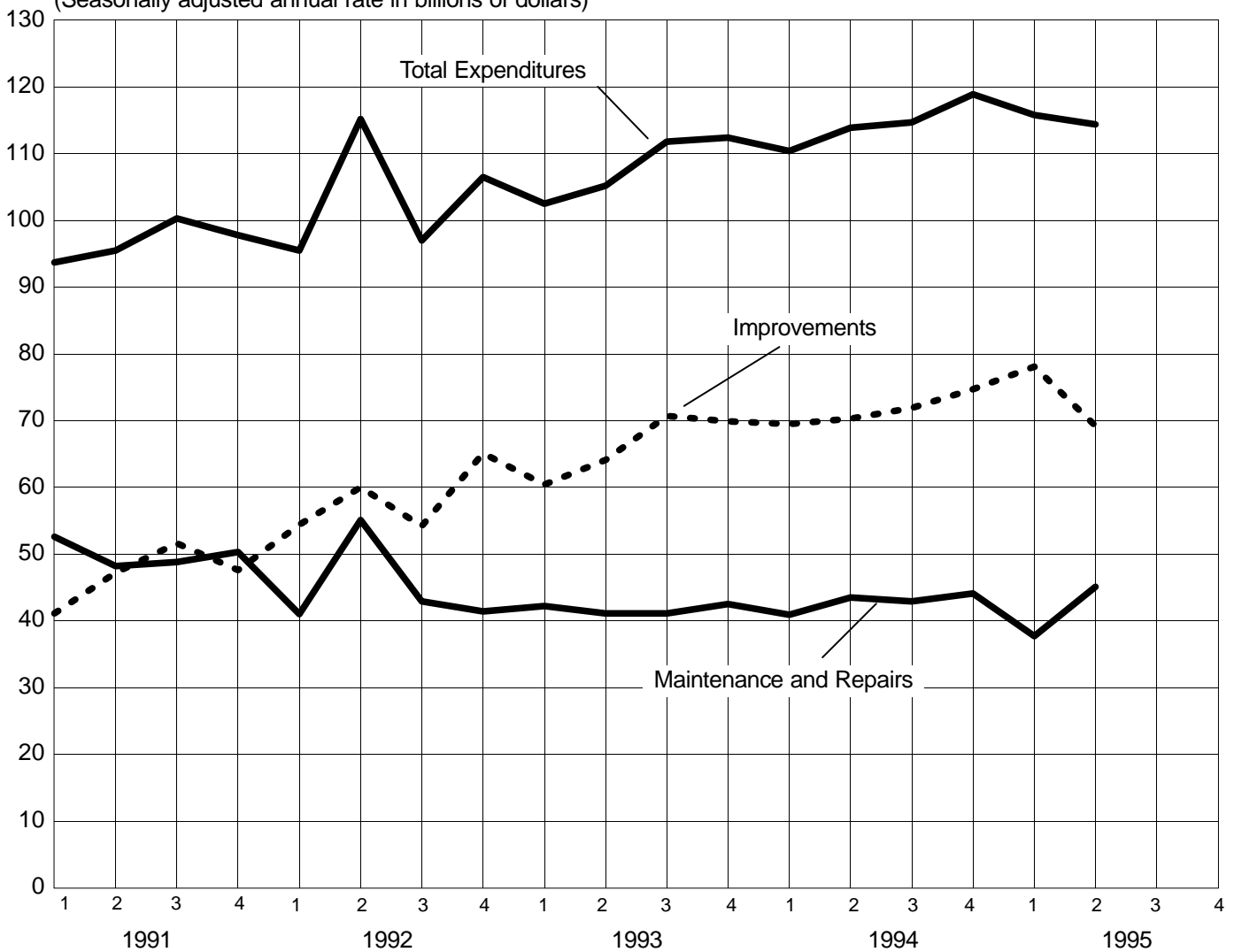
# Expenditures for Residential Improvements and Repairs

SECOND QUARTER 1995

C50/95-Q2  
 Issued November 1995

## Quarterly Expenditures for Residential Improvements and Repairs

(Seasonally adjusted annual rate in billions of dollars)



U.S. Department of Commerce  
 Economics and Statistics Administration  
 BUREAU OF THE CENSUS

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## INTRODUCTION

This report provides estimates of expenditures by property owners for construction improvements (additions, alterations, and major replacements) and maintenance and repairs to residential properties.

Table 1 presents quarterly expenditures for all properties at a seasonally adjusted annual rate in current dollars for 1988 to 1995. Table 2 shows actual (not seasonally adjusted) quarterly estimates separately by type of property (all owner-occupied, owner-occupied one-unit, and rental) for 1992 to 1995. Tables 3, 4, and 5 present actual quarterly expenditures for owner-occupied one-unit properties by region (table 3), year structure was built (table 4), and for payment to contractors or for materials purchased (table 5) for 1994 and 1995. Please note that all dollar values shown in this report are in current dollars.

Data for this report were collected by direct interview and by mail from a sample of owners of residential properties. General information about the survey including definitions, survey methodology, and reliability of the

data appears in appendixes A and B. Appendix C includes a description of the adjustments for seasonal variation.

## SUMMARY

Expenditures made by residential property owners for construction improvements and repairs during the second quarter 1995 were estimated at a seasonally adjusted annual rate of \$114.4 billion. Spending on improvements was at a seasonally adjusted rate of \$69.2 billion during the second quarter and expenditures for repairs amounted to \$45.1 billion.

Actual expenditures for improvements and repairs to all properties amounted to an estimated \$31.1 billion during the second quarter 1995. Of this amount, owners of all owner-occupied properties spent \$23.8 billion and owners of rental, vacant, and seasonal properties spent \$7.3 billion.

Table 1. Expenditures for Residential Properties: Quarterly 1988 to 1995

Seasonally Adjusted Annual Rate

[Millions of dollars. Components may not add to total because of rounding]

Year and quarter	Total expenditures	Maintenance and repairs	Improvements		
			Total	Additions and alterations	Major replacements
<b>1988</b>					
1st quarter .....	92,000	42,700	49,300	33,700	15,600
2nd quarter .....	111,800	42,600	69,200	49,400	19,900
3rd quarter .....	102,100	42,300	59,800	44,100	15,700
4th quarter .....	95,900	35,900	60,000	43,300	16,700
<b>1989</b>					
1st quarter .....	96,800	38,200	58,600	42,100	16,500
2nd quarter .....	97,000	39,100	58,000	38,700	19,300
3rd quarter .....	104,000	45,500	58,500	39,800	18,700
4th quarter .....	104,500	46,600	57,900	39,200	18,700
<b>1990</b>					
1st quarter .....	110,400	48,200	62,200	41,000	21,300
2nd quarter .....	107,600	52,400	55,300	37,100	18,100
3rd quarter .....	103,600	50,400	53,200	36,200	17,000
4th quarter .....	107,100	53,700	53,400	35,900	17,400
<b>1991</b>					
1st quarter .....	93,700	52,600	41,100	24,700	16,400
2nd quarter .....	95,500	48,200	47,200	35,500	11,700
3rd quarter .....	100,300	48,800	51,600	31,600	20,000
4th quarter .....	97,800	50,300	47,600	30,000	17,600
<b>1992</b>					
1st quarter .....	95,500	41,000	54,400	38,100	16,400
2nd quarter .....	115,200	55,100	60,000	40,000	20,000
3rd quarter .....	97,000	42,900	54,200	36,900	17,300
4th quarter .....	106,500	41,400	65,100	46,000	19,100
<b>1993</b>					
1st quarter .....	102,500	42,200	60,400	40,100	20,200
2nd quarter .....	105,200	41,100	64,100	41,200	22,900
3rd quarter .....	111,800	41,100	70,700	50,600	20,100
4th quarter .....	112,400	42,500	69,900	50,200	19,600
<b>1994</b>					
1st quarter .....	110,400	40,900	69,500	51,500	18,000
2nd quarter .....	113,900	43,500	70,300	50,400	20,000
3rd quarter .....	114,700	42,900	71,900	47,400	24,400
4th quarter .....	118,900	44,100	74,700	46,400	28,300
<b>1995</b>					
1st quarter .....	115,800	37,700	78,100	52,200	25,900
2nd quarter <sup>r</sup> .....	114,400	45,100	69,200	46,400	22,800

<sup>r</sup> Revised.

Table 2. Expenditures for Residential Properties by Property Type: Quarterly 1992 to 1995

Not Seasonally Adjusted

[Millions of dollars. Components may not add to total because of rounding]

Property type, year, and quarter	Total expenditures	Maintenance and repairs	Improvements					
			Total	Additions and alterations				Major replacements
				Total	To structures		To property outside of structures	
					Additions	Alterations		
<b>ALL PROPERTIES</b>								
<b>Annual</b>								
1992 .....	103,734	45,154	58,580	40,186	6,783	22,700	10,704	18,393
1993 .....	108,304	41,699	66,606	45,797	12,757	24,782	8,259	20,809
1994 .....	115,030	42,953	72,077	48,828	9,647	28,673	10,509	23,248
Relative standard error of annual estimates . . . . .(percent) . .	4	4	5	6	14	8	12	10
<b>Quarterly</b>								
1992: 1st quarter .....	18,658	8,674	9,986	7,324	1,652	4,843	828	2,661
2nd quarter .....	30,436	13,583	16,853	11,474	1,646	5,867	3,960	5,379
3rd quarter .....	27,587	11,970	15,617	10,423	2,143	4,780	3,501	5,192
4th quarter .....	27,055	10,928	16,127	10,966	1,342	7,210	2,414	5,162
1993: 1st quarter .....	19,709	8,840	10,869	7,719	1,277	5,510	931	3,150
2nd quarter .....	28,422	10,193	18,229	11,863	3,848	5,248	2,767	6,366
3rd quarter .....	31,528	11,412	20,115	14,167	3,972	7,036	3,158	5,948
4th quarter .....	28,645	11,253	17,392	12,048	3,659	6,987	1,402	5,344
1994: 1st quarter .....	21,191	8,564	12,627	9,900	2,725	5,554	1,621	2,727
2nd quarter .....	30,988	10,811	20,177	14,518	3,158	7,350	4,009	5,659
3rd quarter .....	32,297	11,890	20,407	13,240	2,344	7,946	2,949	7,167
4th quarter .....	30,553	11,688	18,866	11,171	1,419	7,823	1,929	7,695
1995: 1st quarter .....	21,777	7,877	13,900	10,032	1,049	7,435	1,549	3,868
2nd quarter <sup>f</sup> .....	31,139	11,213	19,927	13,399	3,223	7,621	2,554	6,528
Relative standard error of current quarter estimates . .(percent) . .	5	8	7	8	26	12	21	14
<b>ALL OWNER-OCCUPIED PROPERTIES</b>								
<b>Annual</b>								
1992 .....	69,859	24,921	44,937	34,827	6,226	19,753	8,848	10,110
1993 .....	72,882	22,133	50,749	36,549	11,519	18,514	6,516	14,200
1994 .....	81,737	25,175	56,562	40,693	8,793	22,996	8,904	15,869
Relative standard error of annual estimates . . . . .(percent) . .	6	7	6	8	17	9	13	10
<b>Quarterly</b>								
1992: 1st quarter .....	12,678	4,629	8,050	6,526	1,492	4,238	796	1,523
2nd quarter .....	21,816	7,888	13,928	10,566	1,625	5,429	3,512	3,362
3rd quarter .....	18,369	7,467	10,900	8,289	1,829	3,965	2,496	2,611
4th quarter .....	16,998	4,939	12,059	9,446	1,281	6,121	2,044	2,614
1993: 1st quarter .....	12,197	3,430	8,767	6,412	1,191	4,422	799	2,355
2nd quarter .....	19,330	5,841	13,489	9,446	3,040	4,072	2,334	4,043
3rd quarter .....	22,140	6,915	15,225	11,403	3,796	5,203	2,404	3,822
4th quarter .....	19,216	5,948	13,268	9,288	3,492	4,817	979	3,980
1994: 1st quarter .....	14,262	4,326	9,936	8,142	2,437	4,277	1,429	1,794
2nd quarter .....	23,342	6,553	16,789	12,878	2,962	6,472	3,444	3,912
3rd quarter .....	22,809	7,380	15,429	10,629	2,206	5,923	2,500	4,800
4th quarter .....	21,323	6,915	14,408	9,045	1,189	6,325	1,531	5,363
1995: 1st quarter .....	14,657	4,600	10,057	6,848	517	5,149	1,183	3,208
2nd quarter <sup>f</sup> .....	23,799	7,932	15,867	10,573	2,904	5,521	2,148	5,295
Relative standard error of current quarter estimates .(percent) . .	8	12	9	10	28	13	22	16

See footnotes at end of table.

Table 2. Expenditures for Residential Properties by Property Type: Quarterly 1992 to 1995—Con.

Not Seasonally Adjusted

[Millions of dollars. Components may not add to total because of rounding]

Property type, year, and quarter	Total expenditures	Maintenance and repairs	Improvements						Major replacements
			Total	Additions and alterations				To property outside of structures	
				Total	To structures		Alterations		
					Additions	Alterations			
<b>OWNER-OCCUPIED ONE-UNIT PROPERTIES</b>									
<b>Annual</b>									
1992 .....	67,316	23,802	43,514	33,783	6,220	18,866	8,696	9,731	
1993 .....	70,746	21,175	49,571	35,798	11,501	17,828	6,469	13,773	
1994 .....	77,270	24,241	53,030	37,946	8,360	21,527	8,059	15,084	
Relative standard error of annual estimates .....	5	7	6	7	17	9	13	10	
<b>Quarterly</b>									
1992: 1st quarter .....	12,018	4,372	7,646	6,287	1,492	4,047	748	1,359	
2nd quarter .....	21,084	7,475	13,610	10,304	1,619	5,245	3,440	3,306	
3rd quarter .....	17,718	7,220	10,498	8,011	1,829	3,693	2,490	2,487	
4th quarter .....	16,496	4,735	11,760	9,181	1,281	5,881	2,019	2,580	
1993: 1st quarter .....	11,912	3,287	8,625	6,298	1,191	4,308	799	2,327	
2nd quarter .....	18,803	5,595	13,208	9,298	3,029	3,966	2,303	3,910	
3rd quarter .....	21,555	6,664	14,892	11,126	3,789	4,944	2,393	3,765	
4th quarter .....	18,476	5,629	12,847	9,076	3,492	4,610	974	3,771	
1994: 1st quarter .....	13,693	4,138	9,555	7,778	2,321	4,086	1,371	1,777	
2nd quarter .....	21,212	6,240	14,973	11,237	2,648	5,816	2,772	3,736	
3rd quarter .....	21,690	7,109	14,582	10,118	2,206	5,462	2,450	4,464	
4th quarter .....	20,675	6,755	13,920	8,814	1,184	6,164	1,466	5,106	
1995: 1st quarter .....	14,110	4,524	9,585	6,684	517	5,062	1,105	2,901	
2nd quarter <sup>r</sup> .....	23,046	7,580	15,466	10,313	2,869	5,311	2,132	5,154	
Relative standard error of current quarter estimates ..	8	12	9	11	28	14	23	17	
<b>RENTAL PROPERTIES<sup>1</sup></b>									
<b>Annual</b>									
1992 .....	33,875	20,233	13,643	5,359	557	2,947	1,856	8,283	
1993 .....	35,423	19,566	15,857	9,248	1,238	6,268	1,742	6,609	
1994 .....	33,293	17,778	15,515	8,135	854	5,676	1,605	7,380	
Relative standard error of annual estimates .....	6	7	9	14	37	19	28	15	
<b>Quarterly</b>									
1992: 1st quarter .....	5,980	4,045	1,936	798	*160	*605	*32	1,138	
2nd quarter .....	8,620	5,695	2,925	908	*21	*438	*448	2,017	
3rd quarter .....	9,218	4,503	4,715	2,134	*314	*815	*1,005	2,581	
4th quarter .....	10,057	5,989	4,068	1,520	*61	*1,089	*370	2,548	
1993: 1st quarter .....	7,512	5,410	2,102	1,307	*86	*1,088	*132	795	
2nd quarter .....	9,093	4,352	4,740	2,418	*808	*1,176	*433	2,323	
3rd quarter .....	9,388	4,498	4,890	2,764	*177	*1,833	*754	2,127	
4th quarter .....	9,430	5,306	4,124	2,760	*167	*2,170	*423	1,364	
1994: 1st quarter .....	6,929	4,238	2,691	1,758	*289	*1,277	*193	933	
2nd quarter .....	7,646	4,258	3,388	1,640	*197	*879	*565	1,748	
3rd quarter .....	9,489	4,510	4,979	2,611	*139	*2,023	*449	2,368	
4th quarter .....	9,230	4,772	4,458	2,126	*230	*1,498	*398	2,332	
1995: 1st quarter .....	7,120	3,277	3,844	3,184	*532	*2,286	*366	659	
2nd quarter .....	7,340	3,281	4,059	2,826	*319	*2,101	*407	1,233	
Relative standard error of current quarter estimates ..	14	16	18	26	44	32	48	29	

\*These estimates are subject to high sampling errors. Caution should be used in estimating quarterly differences.

<sup>1</sup>Includes rental, vacant, and seasonal properties.<sup>r</sup> Revised.

Note: Quarterly relative standard errors are derived from an average of the most recent 4 quarters. Annual standard errors are derived from an average of the most recent 3 years.

**Table 3. Expenditures for Owner-Occupied One-Unit Properties by Region: Quarterly 1994 to 1995**  
 Not Seasonally Adjusted

[Millions of dollars. Components may not add to total because of rounding]

Year and quarter	United States	Region			
		Northeast	Midwest	South	West
<b>TOTAL EXPENDITURES</b>					
1994: Total .....	77,270	16,958	20,804	22,292	17,216
1st quarter .....	13,693	2,515	3,420	4,740	3,017
2nd quarter .....	21,212	4,311	5,650	6,688	4,565
3rd quarter .....	21,690	4,963	6,492	5,425	4,811
4th quarter .....	20,675	5,169	5,243	5,439	4,823
1995: 1st quarter .....	14,110	2,815	3,052	5,424	2,819
2nd quarter .....	23,046	4,367	6,778	7,515	4,387
Relative standard error estimates (percent):					
Annual .....	5	8	8	12	15
Quarter .....	8	15	14	15	23
<b>MAINTENANCE AND REPAIRS</b>					
1994: Total .....	24,241	5,851	5,304	7,810	5,277
1st quarter .....	4,138	719	912	1,470	1,037
2nd quarter .....	6,240	1,805	1,432	1,725	1,278
3rd quarter .....	7,109	1,713	1,724	2,088	1,583
4th quarter .....	6,755	1,614	1,236	2,527	1,378
1995: 1st quarter .....	4,524	482	991	2,102	950
2nd quarter .....	7,580	1,635	1,496	3,092	1,358
Relative standard error estimates (percent):					
Annual .....	7	11	11	14	13
Quarter .....	12	19	18	22	26
<b>TOTAL IMPROVEMENTS</b>					
1994: Total .....	53,030	11,107	15,501	14,483	11,939
1st quarter .....	9,555	1,797	2,508	3,270	1,980
2nd quarter .....	14,973	2,505	4,218	4,963	3,287
3rd quarter .....	14,582	3,249	4,767	3,338	3,227
4th quarter .....	13,920	3,555	4,007	2,912	3,445
1995: 1st quarter .....	9,585	2,333	2,061	3,322	1,869
2nd quarter .....	15,466	2,732	5,282	4,423	3,029
Relative standard error estimates (percent):					
Annual .....	6	10	9	14	17
Quarter .....	9	16	16	18	26

Note: Quarterly relative standard errors are derived from an average of the most recent 4 quarters. Annual standard errors are derived from an average of the most recent 3 years.

**Table 4. Expenditures for Owner-Occupied One-Unit Properties by Year Built: Quarterly 1994 to 1995**  
**Not Seasonally Adjusted**

[Millions of dollars. Components may not add to total because of rounding]

Year and quarter	All years	Year built					
		1990 to 1995	1980 to 1989	1970 to 1979	1960 to 1969	Before 1960	Not reported
<b>TOTAL EXPENDITURES</b>							
1994: Total .....	77,270	3,786	9,963	14,291	13,942	29,676	5,611
1st quarter.....	13,693	884	2,206	2,839	1,938	5,110	716
2nd quarter.....	21,212	1,149	3,105	3,709	3,101	8,387	1,762
3rd quarter.....	21,690	804	2,848	3,864	4,146	8,432	1,597
4th quarter.....	20,675	949	1,806	3,879	4,757	7,748	1,536
1995: 1st quarter.....	14,110	1,047	2,749	3,547	2,190	3,954	623
2nd quarter.....	23,046	1,814	2,505	4,428	3,399	8,427	2,472
Relative standard error estimates (percent):							
Annual .....	5	20	12	12	12	7	16
Quarter .....	8	28	20	21	22	14	23
<b>MAINTENANCE AND REPAIRS</b>							
1994: Total .....	24,241	702	3,301	3,928	4,502	10,096	1,711
1st quarter.....	4,138	143	609	740	656	1,693	297
2nd quarter.....	6,240	111	875	981	874	2,935	464
3rd quarter.....	7,109	147	1,223	1,078	1,092	2,989	580
4th quarter.....	6,755	303	593	1,129	1,880	2,479	370
1995: 1st quarter.....	4,524	450	788	934	1,033	1,051	268
2nd quarter.....	7,580	627	964	986	968	3,303	732
Relative standard error estimates (percent):							
Annual .....	7	25	14	15	16	9	18
Quarter .....	12	28	24	31	31	16	40
<b>TOTAL IMPROVEMENTS</b>							
1994: Total .....	53,030	3,084	6,663	10,363	9,440	19,581	3,900
1st quarter.....	9,555	742	1,596	2,099	1,282	3,417	418
2nd quarter.....	14,973	1,038	2,230	2,728	2,227	5,452	1,298
3rd quarter.....	14,582	657	1,624	2,786	3,053	5,443	1,017
4th quarter.....	13,920	646	1,212	2,750	2,877	5,269	1,166
1995: 1st quarter.....	9,585	597	1,961	2,613	1,157	2,903	355
2nd quarter.....	15,466	1,188	1,541	3,443	2,431	5,124	1,740
Relative standard error estimates (percent):							
Annual .....	6	22	17	14	14	8	20
Quarter .....	9	36	26	23	25	18	28

Note: Quarterly relative standard errors are derived from an average of the most recent 4 quarters. Annual standard errors are derived from an average of the most recent 3 years.

**Table 5. Expenditures for Owner-Occupied One-Unit Properties by Payments to Contractors or Materials Purchased by Owner: Quarterly 1994 to 1995**

Not Seasonally Adjusted

[Millions of dollars. Components may not add to total because of rounding]

Year and quarter	All payments	Total payments to contractors or hired labor <sup>1</sup>	Payments for building materials purchased by owner—		
			Total	For jobs done by owner <sup>2</sup>	For jobs done under contract
<b>TOTAL EXPENDITURES</b>					
1994: Total .....	77,270	60,211	17,060	14,224	2,835
1st quarter .....	13,693	10,319	3,373	3,065	308
2nd quarter .....	21,212	17,013	4,199	3,630	569
3rd quarter .....	21,690	16,386	5,304	4,589	716
4th quarter .....	20,675	16,492	4,183	2,941	1,242
1995: 1st quarter .....	14,110	11,006	3,104	2,547	557
2nd quarter .....	23,046	17,877	5,170	3,939	1,231
Relative standard error estimates (percent):					
Annual .....	5	6	9	8	21
Quarter .....	8	10	12	14	28
<b>MAINTENANCE AND REPAIRS</b>					
1994: Total .....	24,241	17,922	6,318	5,499	820
1st quarter .....	4,138	2,930	1,208	1,089	119
2nd quarter .....	6,240	4,657	1,583	1,412	171
3rd quarter .....	7,109	4,862	2,246	1,888	358
4th quarter .....	6,755	5,473	1,281	1,110	171
1995: 1st quarter .....	4,524	3,485	1,039	966	73
2nd quarter .....	7,580	5,686	1,893	1,815	79
Relative standard error estimates (percent):					
Annual .....	7	7	9	9	21
Quarter .....	12	14	17	18	36
<b>TOTAL IMPROVEMENTS</b>					
1994: Total .....	53,030	42,288	10,741	8,726	2,015
1st quarter .....	9,555	7,389	2,166	1,977	189
2nd quarter .....	14,973	12,357	2,616	2,218	398
3rd quarter .....	14,582	11,524	3,058	2,700	357
4th quarter .....	13,920	11,019	2,901	1,830	1,071
1995: 1st quarter .....	9,585	7,520	2,065	1,581	484
2nd quarter .....	15,466	12,190	3,276	2,124	1,152
Relative standard error estimates (percent):					
Annual .....	6	7	11	11	25
Quarter .....	9	11	14	17	34

<sup>1</sup>Includes building materials supplied by the contractor or hired labor.

<sup>2</sup>Includes building materials purchased to have on hand.

Note: Quarterly relative standard errors are derived from an average of the most recent 4 quarters. Annual standard errors are derived from an average of the most recent 3 years



## Appendix A.

# Definitions and Explanations

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### PROPERTIES INCLUDED IN THIS REPORT

This report presents improvement and repair expenditures by property owners for residential properties in the 50 States and the District of Columbia with the exceptions noted below. These data cover single and multiunit structures, publicly and privately owned structures, nonfarm and farm properties, and residential properties which are occupied by owners or renters or are vacant.

Information on properties classified as primarily non-residential is excluded even though such properties may contain some residential space. Residential properties are defined as those having half or more of the enclosed space devoted to nontransient residential use. Also excluded are residential structures on the grounds of institutions, schools, convents, Armed Forces installations, etc.; hotels, motels, tourist cabins, mobile homes, and boarding houses; and unusual living quarters, such as tents, boats, etc.

Expenditures made by renters are not included in this report. A study of renters' expenditures in 1989 showed that they accounted for less than 1 percent of all expenditures for improvements and repairs.

### EXPENDITURES INCLUDED IN THIS REPORT

The expenditures covered in this report are those connected with construction activity intended to maintain or improve the property. The expenditures involve expenses for maintenance and repairs, additions, alterations, and major replacements which are made on the property by the owners. Included are all costs, for both the inside and outside of the house, whether on the main dwelling, on other structures on the property incidental to the residential use of the main dwellings, or for the grounds on which the structures are erected.

As a general principle, expenses connected with items not permanently attached or firmly affixed to some part of the house or property are not included in the report. Thus, expenses connected with the repair or replacement of household appliances, such as stoves, refrigerators, television sets, room air-conditioners, etc., are excluded, as are costs connected with house furnishings such as furniture, rugs, and draperies. While the cost of appliances is excluded, the construction cost of building-in such appliances (e.g., the cost of building-in a wall oven) is included in the scope of this report. Everyday household and housekeeping expenses such

as waxing floors and furniture, cleaning walls and windows, etc., are not within the scope of this report. Expenditures for grading, draining, fencing, and paving are included, but costs of landscaping (i.e., planting of flowers, trees, shrubs, etc.) are not included in this report.

### Kinds of Expenditures

Expenditures included in this report cover work done under contract or by hired labor, materials purchased by owners, and the cost of purchasing or renting tools and equipment for purposes of carrying on jobs which fall within the scope of the report. However, no attempt is made to estimate or include the value of labor in do-it-yourself jobs.

### Timing of Expenditures

For one-to-four-housing-unit properties with one unit owner-occupied and owner-occupied condominiums, expenditures are reported in the month of payment for labor and materials regardless of when the work was done.

For one-to-four-housing-unit properties with no unit owner occupied and all properties with five housing units or more, expenditures appear in the quarter in which they are found in the owners' or managers' records.

### PROPERTY CHARACTERISTICS

#### Residential Property

A property consists of the land in one ownership unit, all residential structures on this land, and any facilities attached to the land. It includes the house and additional residential structures on the land, and auxiliary nonresidential structures such as a garage or a workshop. For the nonresident owners and owners of properties with five housing units or more, property identification is generally determined by bookkeeping practices. Groups of buildings owned by one person or organization can be classified as one or more properties depending on whether separate expenditure data are kept by the owner.

#### Housing Unit

In general, a housing unit is a group of rooms or a single room occupied as separate living quarters by a family, a group of unrelated persons living together, or by a person living alone. Vacant living quarters which are intended for occupancy as separate quarters are also housing units. Separate living quarters are defined

as having either (1) direct access from the outside or through a common hall, or (2) a kitchen or cooking equipment for the exclusive use of the occupants.

## REGIONS

The standard census geographic regions are used in the tables of this report. States contained in each region are as follows: **Northeast**—Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, New York, Pennsylvania, and New Jersey; **Midwest**—Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota, Iowa, Missouri, Kansas, Nebraska, North Dakota, and South Dakota; **South**—Delaware, Maryland, District of Columbia, Virginia, West Virginia, North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Tennessee, Kentucky, Arkansas, Louisiana, Oklahoma, and Texas; **West**—Montana, Wyoming, Colorado, New Mexico, Arizona, Utah, Idaho, Alaska, Washington, Oregon, Nevada, California, and Hawaii.

## TYPES OF EXPENDITURES

Expenditures are classified broadly as either maintenance and repairs or construction improvements. Improvements are further classified as additions to residential structures, alterations within residential structures, additions and alterations on property outside residential structures, and major replacements.

In general, when a maintenance or repair job is undertaken as part of a more extensive alteration or construction improvement, the cost of it is reported with the alteration or improvement of which it is a part. For example, repair of a floor as part of remodeling a room is reported with the alteration.

### Maintenance and Repairs

Expenditures represent current costs for incidental maintenance and repairs which keep a property in ordinary working condition, rather than additional investment in the property.

Maintenance includes expenses for painting, papering, floor sanding, furnace cleaning or adjustment, etc. Repairs include many kinds of expenditures for plumbing, heating, electrical work, and other kinds of activity involved in the upkeep of residential properties. Repairs also include replacements of parts and of whole units except for a select list specified below as major replacement expenditures. For example, roof repairs (including replacement of shingles, gutters, etc.) are classified under maintenance and repairs, but a complete reroofing is classified as a major replacement. Plumbing repairs may include extensive replacement of water pipes, but if the entire piping system is removed and a new one put in, the expenditures for the work are classified as major replacements.

Maintenance and repairs do not include expenses for trash and snow removal, lawn maintenance and landscaping, or cleaning and janitorial services.

## Construction Improvements

Expenditures for construction improvements are capital expenditures which add to the value or useful life of a property. Since the classification is based on the concept of additions, alterations, and major replacements rather than dollar value, some very small expenditures which may not be considered capital investments are included among the improvements, such as installing a new electrical socket or garbage disposal. Construction improvements as noted above cover additions to residential structures, alterations within residential structures, additions and alterations on properties outside residential structures, and major replacements.

**Additions to Residential Structures.** These refer to the actual enlargement of the structure either by adding a wing, room, porch, attached garage, shed, or a carport, or by raising the roof, or digging a basement.

**Alterations Within Residential Structures.** These include changes or improvements made within or on the structure. The changes or improvements range from a complete restructuring, which involves removal of the entire interior of the structure and remodeling it, to the installation of a new electric service outlet, wall switch, or new shelves.

**Additions and Alterations on Property Outside Residential Structures.** These include laying or improving walks or driveways; building walls or fences; creating or improving recreational facilities such as swimming pools, tennis courts, barbecue fireplaces; constructing detached garages, sheds, patios, green houses, or the improvement of these by the installation of electricity, drains or new storage facilities. Grading and filling are included, but not landscaping.

**Major Replacements.** The following is a list of relatively expensive items that, when replaced, are considered to be construction improvements as opposed to repairs:

Complete furnace or boiler	All water pipes
Entire roof	Windows
Central air-conditioner	Septic tank or cesspool
All siding	Sink or laundry tub
Water heater	Complete walks or driveways
Entire electrical wiring	Garbage disposal unit
Doors	
Plumbing fixtures	

In general, the distinction between major replacements and additions and alterations is that major replacements are not innovations. Installation of a bathtub where there had not been one before is an alteration, but the substitution of a new bathtub for an old one is a major replacement.

## Appendix B.

# Survey Methods and Reliability of Data

### INTRODUCTION

This appendix describes the data sources, sample design, and estimation procedures used to develop quarterly estimates of expenditures for the improvement and repairs to residential properties. This description refers to the revised survey methods effective with first quarter 1984 data. A description of the earlier methods appears in Construction Reports C50-84-A, issued April 1985.

### SOURCES OF DATA

The data presented in this report are compiled from two sources:

1. Household survey of a sample of consumer units, and
2. Mail survey of owners of a sample of rental or vacant properties.

#### Household Survey

**Description of Survey.** Data based on personal interviews are obtained from household members as part of the Consumer Expenditure (CE) Surveys conducted by the Bureau of the Census for the Bureau of Labor Statistics (BLS). The CE survey is designed to collect data on major items of consumer expense, household characteristics, and income. The expenditures covered by the survey are those which respondents can be expected to recall fairly accurately for 3 months or longer, including expenditures for maintenance and repairs and improvement of properties. Each sample household is interviewed once per quarter for five consecutive quarters.

For the initial interview, information is collected on demographic and family characteristics and on the inventory of major durable goods of each consumer unit. Construction expenditure information is also collected in this interview, using a 1-month recall, and is used solely for bounding purposes: that is, to prevent the reporting of expenditures outside the reference period in subsequent interviews.

The second through fifth interviews use uniform questionnaires to collect expenditures for the previous months and the current month to date. Six months of data collection are required to account for all the expenditures for a quarter.

Households which move from their sample address between interviews are dropped from the survey. New households which move into the sample address are screened for eligibility and included in the survey if found qualified.

**Sample Design.** The sample for the CE survey is a national probability sample of households designed to be representative of the urban U.S. civilian population. The eligible population is composed of all civilian non-institutional persons.

The first step in sampling was the selection of primary sampling units (PSU's) which consist of counties (or parts thereof), groups of counties, or independent cities. The set of sample PSU's used for the survey is composed of 101 areas. The PSU's in this part of the design represent only the metropolitan and urban nonmetropolitan parts of the United States and are classified according to the following four categories: "A" PSU's, which comprise 29 self-representing areas, are large metropolitan statistical areas with nonfarm population greater than 1.2 million plus the Anchorage and Honolulu MSA's; 20 "L" PSU's defined as medium-size metropolitan areas; 24 "M" PSU's defined as small metropolitan areas; and 12 "R" PSU's defined as urban places in nonmetropolitan areas. The population break between "L" and "M" PSU's is different in each of the regions and varies from 330,000 in the West to 500,000 in the Northeast. Since these PSU's do not represent the nonmetropolitan rural population, it was necessary to supplement this design with 16 additional PSU's, denoted as "T" PSU's, to represent this population. The "L," "M," and "R" PSU's were selected using a controlled selection procedure to insure a distribution across States and other stratifying characteristics.

The sampling frame (the list from which housing units were chosen) for this survey was generated from the 1980 Census 100-percent-detail file, augmented by new construction permits, and an area sample frame to represent all areas which do not have good 1980 Census addresses, which are in nonpermit areas, and which have permit office problems.

The sample design is a rotating panel survey. Each rotation comprises one-fourth of a sample and is interviewed for five consecutive quarters. In each quarter, the housing units in five rotations are interviewed but the rotation which is being interviewed for the first time is used solely to bound the data to be collected in the four

subsequent quarters. Allowing for the bounding interviews and for nonresponse (including vacancies), the number of usable interviews per quarter is targeted at 3,700.

Two sample reductions were implemented in 1988. In January, the number of sample households was reduced by 16 percent in 84 PSU's and subsequently in April 8 PSU's were dropped from the survey. Seven of the 8 PSU's were from the 84 PSU's and 1 from the remaining 25 PSU's.

**Estimation and Data Adjustment Procedures.** Estimates of expenditures for improvements and repairs are tabulated from responses to the CE questionnaire (CE302), Section 5, "Construction Repairs, Alterations, and Maintenance of Property," and Section 7, "Service Contracts," by owner occupants of one- to four-unit properties and condominiums. Each sample household included in the survey represents a given number of households in the United States. The sum of the weighted sample households is the estimate of total households in the U.S. or the universe. The translation of sample households into the universe of households is known as weighting.

There are six basic steps in determining the weight for each interviewed household:

1. The basic weight assigned to a household is the inverse of the probability of selection of the housing unit containing the household.
2. A weight control factor is given to each household for which subsampling was performed in the field.
3. A noninterview adjustment is made for housing units selected from the permit frame for which the addresses were no longer available at the permit office.
4. A noninterview adjustment is made for interviews which could not be collected from occupied housing units because of refusals or because no one was home (type A). The adjustment is performed as a function of region, tenure, family size, and race.
5. A ratio adjustment is made at the national level to adjust the age, sex, and race levels from the survey to independently derived controls.
6. A final weight adjustment is made to account for the composition of the households.

## Mail Survey

**Description of the Survey.** Nonresident owners of rental or vacant properties with one to four housing units and owners of rental or vacant properties containing five housing units or more, as identified in the CE household survey, are mailed a questionnaire to report detailed

maintenance and repairs and improvement expenditures for their entire property. Approximately 2,000 owners are queried each quarter.

All mail questionnaires, including those from the initial mailing, are used in the tabulation of data for this report. This is based on an assumption that owners of rental properties keep detailed records of their expenditures for improvements and repairs and that the reports would be based on such records rather than on memory alone.

**Sample Design.** The mail survey consists of owners of the properties identified in the household survey as being one to four unit properties with no resident owner and all properties (excluding owner occupied condominiums) with five housing units or more. A result of this method of sampling is that the probability of selection of a property is proportionate to the number of housing units in the property.

**Estimation and Data Adjustment Procedures.** The data collected on form SORAR-705 are adjusted for unreturned or unusable forms by region and MSA status. The weights are adjusted so that sample counts of renter occupied and vacant housing units agree with independently derived controls from the Current Population Survey.

## RELIABILITY OF DATA

The statistics in this report are based on sample surveys and may differ from statistics which would have been obtained from a complete census using the same forms and procedures. An estimate based on a sample survey is subject to both sampling error and nonsampling error. The accuracy of a survey result is determined by the joint effect of these errors.

**Measures of Sampling Errors.** Sampling error reflects the fact that only a particular sample was surveyed rather than the entire population. The sample selected for the CE survey is one of a large number of similar probability samples that, by chance, might have been selected under the same specifications. Estimates derived from the different samples would differ from each other. The standard error, or sampling error, of a survey estimate is a measure of the variation among the estimates from all possible samples and, thus, is a measure of the precision with which an estimate from a particular sample approximates the average from all possible samples.

Estimates of standard errors have been computed from the sample data for statistics in this report. They are presented in the tables in the form of relative standard errors. The relative standard error equals the standard error divided by the estimated value to which it refers.

The sample estimate and an estimate of its standard error allow us to construct interval estimates with prescribed confidence that the interval includes the average result of all possible samples with the same size and design. A 90-percent confidence interval is defined to be from 1.6 standard errors below the estimate to 1.6 standard errors above the estimate. If all possible samples were selected and surveyed under essentially the same conditions and all the respective 90 percent confidence intervals were generated, then approximately nine-tenths of the intervals would include the average value of all sample estimates and approximately one-tenth would not include this estimate. For example, this report shows that residential property owners spent \$31.1 billion for improvements and repairs in the second quarter 1995 and that the average relative standard error of this estimate is 5 percent. Multiplying \$31.1 billion by .05, we obtain \$1.6 billion as the standard error. To obtain a 90 percent confidence interval, multiply \$1.6 billion by 1.6, yielding limits of \$28.6 billion and \$33.6 billion (\$31.1 billion plus or minus \$2.5 billion). The average estimate for the specified quarter may or may not be contained in this computed interval, but one can say that the average estimate from all possible samples is included in the constructed interval with a specified confidence of 90 percent.

The sampling errors of some estimates are too great to allow meaningful comparisons among these estimates. The sampling errors should be regarded as orders of magnitude rather than absolute measurements.

**Nonsampling Errors and Other Limitations.** As calculated for this report, the estimated relative standard errors measure certain nonsampling errors, but do not measure any systematic biases in the data. Bias is the

difference, averaged over all possible samples with the same size and design, between the estimates and the true value being estimated. Nonsampling errors can be attributed to many sources: inability to obtain information about all cases in the sample; definitional difficulties; differences in interpretation of questions; inability or unwillingness of respondents to provide correct information; and errors made in processing the data. These nonsampling errors also occur in complete censuses. Although no direct measurements of the biases have been obtained, it is believed that most of the important response and operational errors were detected in the course of reviewing the data for reasonableness and consistency.

Six potential sources of bias are:

1. Nonresponse to the survey as a result of selecting housing units from the permit frame for which addresses are no longer available at the permit office.
2. Nonresponse resulting from interview refusal or because no one was home.
3. Undercoverage in the sampling frame with respect to demographic and family characteristics of sample consumer units.
4. Memory failure, including failure to remember exact values, and the reporting of information for an earlier or later time period than it actually occurred (telescoping).
5. Problems in classifying the types of jobs performed.
6. Adjustment for extreme values where a weighted value of \$300 million or more is contributed by a single job.

## Appendix C. Adjustments for Seasonal Variations

### ADJUSTMENTS FOR SEASONAL VARIATIONS

Quarterly estimates of expenditures for improvements and repairs are adjusted to eliminate the effect of changes that normally occur about the same time and in about the same magnitude each year. The seasonally adjusted estimates are converted to annual rates by multiplying by 4. Estimates for expenditures at seasonally adjusted annual rates are shown in table 1.

The factors used for making the adjustment were developed using the X-11 ARIMA version of the Census Method II seasonal adjustment program. A description of the X-11 ARIMA program appears in "The X-11 ARIMA Seasonal Adjustment Method," by Estela Bee Dagum, Statistics Canada.

Table C. Factors Used to Seasonally Adjust Expenditures for Residential Properties

Year and quarter	Total expenditures	Maintenance and repairs	Improvements		
			Total	Additions and alterations	Major replacements
<b>1991</b>					
1st quarter .....	80.5	85.5	74.1	77.3	69.3
2nd quarter .....	104.4	97.9	111.0	114.1	101.5
3rd quarter .....	115.0	112.4	117.4	114.0	122.9
4th quarter .....	101.9	104.3	99.4	94.8	107.2
<b>1992</b>					
1st quarter .....	78.2	84.5	73.4	77.0	65.0
2nd quarter .....	105.7	98.6	112.3	114.6	107.6
3rd quarter .....	113.7	111.7	115.3	113.1	120.1
4th quarter .....	101.6	105.6	99.1	95.3	108.2
<b>1993</b>					
1st quarter .....	76.9	83.9	72.0	76.9	62.2
2nd quarter .....	108.1	99.2	113.7	115.2	111.0
3rd quarter .....	112.8	111.0	113.9	112.1	118.4
4th quarter .....	102.0	105.9	99.6	95.9	108.8
<b>1994</b>					
1st quarter .....	76.8	83.7	72.6	76.9	60.6
2nd quarter .....	108.9	99.4	114.8	115.3	113.4
3rd quarter .....	112.6	111.0	113.6	111.7	117.3
4th quarter .....	102.8	106.0	101.0	96.3	108.7
<b>1995</b>					
1st quarter .....	75.2	83.7	71.2	76.8	59.7
2nd quarter .....	108.9	99.4	115.1	115.4	114.6
3rd quarter .....	(NA)	110.9	(NA)	111.5	116.7
4th quarter .....	(NA)	106.0	(NA)	96.4	108.6

(NA) Not available.