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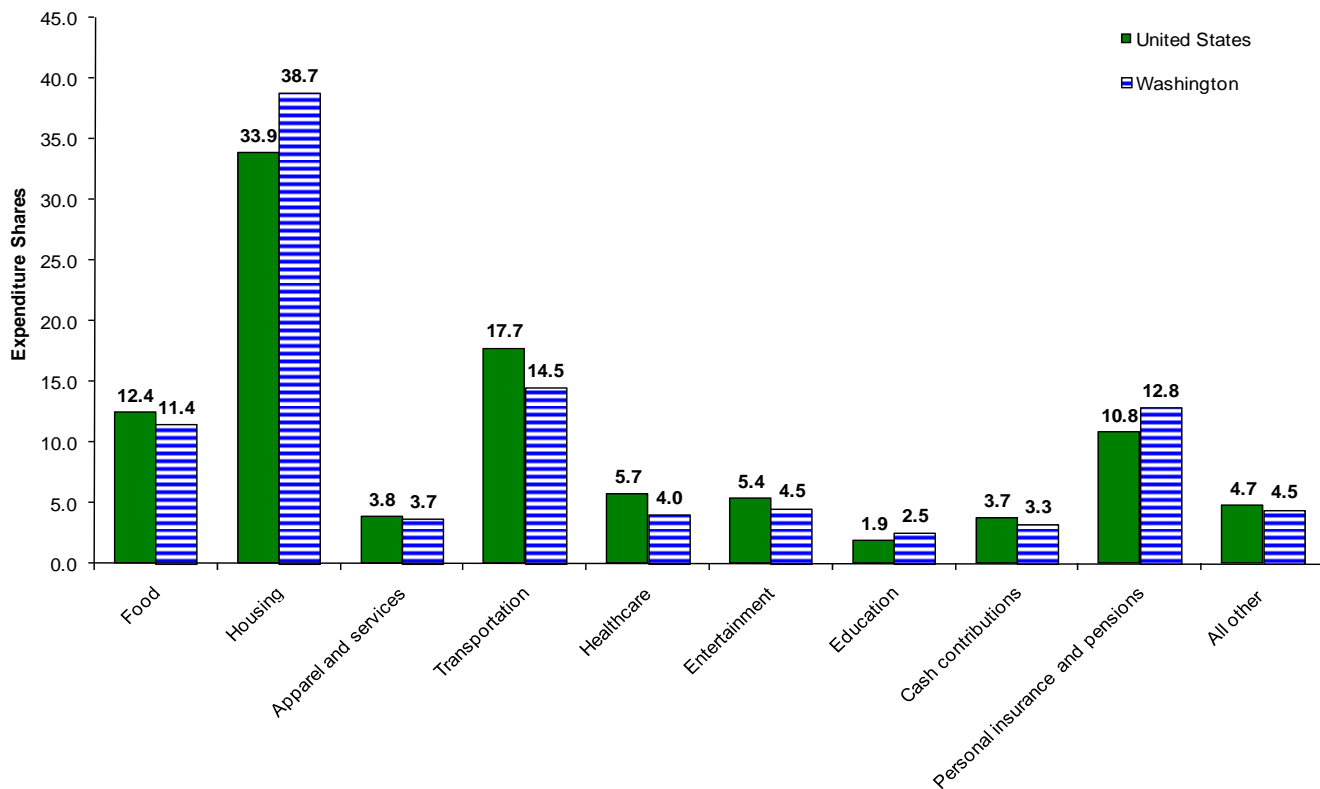
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CONSUMER SPENDING PATTERNS IN THE WASHINGTON, D.C. METROPOLITAN AREA, 2006-2007

Consumer units¹ in the Washington, D.C.-Md.-Va.-W.Va. metropolitan area spent an average of \$65,894 per year in 2006-2007, a 17.7-percent increase from 2004-2005, according to results from the Bureau of Labor Statistics' Consumer Expenditure Survey. Sheila Watkins, the Bureau's regional commissioner noted that this figure was 33.7 percent higher than the \$49,279 expenditure level for a typical household in the United States. Not only did households in the Washington area spend more than the U.S. average, they also allocated their shares of total expenditures differently. Spending on housing, personal insurance and pensions, and education accounted for a significantly larger² portion of total budgets in the Washington area than they did nationwide. Conversely, spending on transportation, food, entertainment, and healthcare represented significantly smaller shares of total expenditures. (See chart A.)

Chart A. Percent distribution of total average expenditures in the United States and Washington, D.C. metropolitan area, Consumer Expenditure Survey, 2006-2007



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, 2006 and 2007. 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 CE 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 18 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 38.7 percent of the average Washington area household's total budget, exceeding the 33.9-percent national share by a significant margin. In comparison to four other metropolitan areas with similar populations to Washington, expenditure shares for housing were also measurably higher than average in Miami (40.5 percent) and Philadelphia (37.8 percent), but were similar to the national average in Dallas (33.4 percent) and significantly lower in Houston (32.1 percent). (See table 1.) Overall, 10 of the 18 published metropolitan areas had expenditure shares for housing above the U.S. average and only Houston had a lower-than-average share. (See chart 1.)

The majority of housing expenditures in Washington went toward shelter (66.8 percent), which includes mortgage interest, property taxes, repairs, and rent, among other items; this was measurably higher than the 59.0 percent allocated nationally. (See table A.) Utilities, fuels, and public service expenses accounted for 15.8 percent of total housing expenditures; nationally, it made up 20.6 percent. The rate of homeownership in Washington, at 69 percent, was close to the national average of 67 percent. Among the other four areas chosen for comparison, home ownership rates in Philadelphia (70 percent) and Houston (65 percent) were also close to the U.S. average, whereas those in Miami (63 percent) and Dallas (64 percent) were lower.

Table A. Percent distribution of housing expenditures in the United States and selected metropolitan areas, Consumer Expenditure Survey, 2006-2007

Category	United States	Washington	Dallas	Philadelphia	Houston	Miami
Total housing	100.0	100.0	100.0	100.0	100.0	100.0
Shelter	59.0	66.8	54.2	58.4	56.1	65.2
Utilities, fuels, and public services	20.6	15.8	25.0	21.6	24.2	19.3
Household operations	5.8	6.2	6.6	5.7	6.1	6.4
Housekeeping supplies	3.8	2.8	4.0	3.3	4.2	3.0
Household furnishings and equipment	10.7	8.4	10.2	11.0	9.4	6.1

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

At 14.5 percent of the total budget, the expenditure share for transportation in the Washington area was significantly below the national average of 17.7 percent. Like Washington, households in Philadelphia (15.1 percent) allocated a smaller average share of their budgets to transportation compared to the national average. However, consumer units in Houston (20.1 percent) spent a significantly larger-than-average share of expenditures on transportation. Among the 18 metropolitan areas, 8 had lower-than-average expenditure shares for transportation, while just 2 had above average shares. (See chart 2.)

Of the \$9,531 annual expenditure that Washington households spent for transportation, 91.8 percent was spent buying and maintaining vehicles; this compared to 94.0 percent spent nationally. (See table 2 for detailed expenditure levels.) The average number of vehicles per household in Washington, at 1.8, was close to the national average of 1.9. The average number of vehicles was even lower in Miami and Philadelphia (both 1.5), but closer to that for the nation in Dallas and Houston (1.9 and 1.8, respectively).

Table B. Percent distribution of transportation expenditures in the United States and selected metropolitan areas, Consumer Expenditure Survey, 2006-2007

Category	United States	Washington	Dallas	Philadelphia	Houston	Miami
Total transportation	100.0	100.0	100.0	100.0	100.0	100.0
Vehicle purchases (net outlays)	38.1	34.8	45.2	30.6	40.9	36.0
Gasoline and motor oil	26.4	23.8	23.8	28.7	26.4	31.0
Other vehicle expenses	29.5	33.2	27.0	33.3	28.3	26.4
Public transportation	6.0	8.2	4.1	7.5	4.4	6.7

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

The remaining 8.2 percent of a Washington household's transportation budget was spent on public transportation, which includes fares for taxis, buses, subways, trains, and planes. This was significantly above the national average of 6.0 percent and above that of the four other metropolitan areas with population sizes similar to that of Washington. (See table B.) Among the 18 published metropolitan areas, only 3 allocated at least 10.0 percent of their transportation dollars to public transportation: New York (13.5 percent), San Francisco (11.5 percent), and Seattle (10.9 percent). Households in Cleveland (3.0 percent) and Dallas (4.1 percent) spent the smallest portions of their transportation budgets on public transit. (See table C.)

Table C. Spending on public transportation in the United States, regions, and 18 metropolitan areas, Consumer Expenditure Survey, 2006-2007

Area	Transportation Spending	Public Transportation	Share
United States	\$8,737	\$521	6.0
Northeast	8,107	688	8.5
New York	8,048	1,085	13.5
Philadelphia	7,345	548	7.5
Boston	8,707	618	7.1
South	8,578	342	4.0
Washington, D.C.	9,531	778	8.2
Atlanta	8,053	570	7.1
Miami	7,938	530	6.7
Baltimore	8,673	554	6.4
Houston	11,119	490	4.4
Dallas	10,764	439	4.1
Midwest	8,159	428	5.2
Chicago	8,846	806	9.1
Minneapolis-St.Paul	8,694	649	7.5
Detroit	8,743	433	5.0
Cleveland	8,371	253	3.0
West	10,116	762	7.5
San Francisco	10,792	1,238	11.5
Seattle	10,047	1,094	10.9
San Diego	7,258	702	9.7
Los Angeles	10,141	727	7.2
Phoenix	12,424	601	4.8

Payments for personal insurance and pensions, the third largest expenditure category in Washington, accounted for 12.8 percent of the typical household's budget, significantly higher than the 10.8-percent national average. Among the five areas chosen for comparison, households in Dallas (12.2 percent) and Philadelphia (11.9 percent) also spent measurably more than the national average on personal insurance and pensions. The expenditure shares for consumer units in Houston (11.3 percent) was not significantly different from that for the nation, and in Miami (9.5 percent), it was significantly less. Of the 18 metropolitan areas in the survey, Washington and San Diego were the only 2 that spent a measurably larger share of their budgets on personal insurance and pensions than on food.

Washington area consumer units spent 11.4 percent of their budgets on food, significantly below the national average of 12.4 percent. Dallas also allocated a significantly lower-than-average share (11.3 percent) of its total budget to food. In contrast, households in Miami (12.4 percent), Houston (11.8 percent), and Philadelphia (11.5 percent) allocated expenditure shares similar to that of the nation.

Households in Washington spent \$3,747, or 49.7 percent, of their food dollars on food at home and the remaining 50.3 percent on food away from home, such as restaurant meals, carry-outs, food or board at school, and catered affairs. In comparison, the average U.S. household spent 56.2 percent of its food budget on food at home and 43.8 percent on food away from home. Of the 18 localities for which data are published, Washington was the only area to spend significantly more than the U.S. average on dining out. It was also the only area where more than half of the total food budget was spent on food away from home. Among the four other similar-sized metropolitan areas being compared, only Miami allocated significantly less than the national average to dining out—about one-third (33.1 percent) of its overall food budget.

The expenditure share for entertainment for a typical Washington area household, 4.5 percent, was significantly lower than the 5.4-percent national average. Like in Washington, Miami (3.4 percent) and Dallas (4.6 percent) also allocated significantly smaller shares of their total budgets to entertainment when compared to the nation. Entertainment spending in Houston (5.0 percent) and Philadelphia (4.8 percent) represented a similar portion of the total budget to that spent nationwide.

Out-of-pocket health care expenses—which include health insurance premiums, medical services, drugs (prescription and nonprescription), and medical care supplies—accounted for 4.0 percent of total household expenditures in Washington, significantly less than the 5.7 percent recorded nationwide. Like Washington, the percentage spent on out-of-pocket health care expenses was also significantly less than that of the nation in Philadelphia (4.5 percent) and Miami (4.7 percent). Expenditure shares in Houston (5.9 percent) and Dallas (5.5 percent) were similar to the national average.

Spending on apparel and services accounted for 3.7 percent of total expenditures in Washington, similar to the 3.8-percent share allocated nationally. Among the other four areas, households in Houston and Philadelphia (each at 4.2 percent) and Dallas (3.5 percent), also spent a similar share for clothing compared to the nation. The expenditure share for Miami (2.7 percent) was significantly lower than the national share.

Cash contributions accounted for 3.3 percent of an average consumer unit's spending in Washington, comparable to the 3.7-percent nationwide average. Shares for cash contributions were also close to that for the nation in Dallas (4.1 percent) and Houston (3.3 percent) but were significantly smaller than average in Philadelphia and Miami (each at 3.1 percent).

Out-of-pocket expenses for education accounted for 2.5 percent of an average Washington area household's total expenditures, significantly higher than the 1.9 percent spent nationally. In Philadelphia, the expenditure share for education matched Washington's and was also significantly higher than that for the nation. Expenditure shares for education in Miami (2.3 percent) and Houston (1.7 percent) were similar to the national average, whereas the share in Dallas (1.4 percent) was significantly below average.

As noted, Washington is 1 of 18 metropolitan areas nationwide for which Consumer Expenditure (CE) 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 2007

In 2007 there were a number of revisions to the survey questionnaires to capture new products and services that are available to consumers. This was the latest in a series of periodic revisions to keep the surveys current with changes in the marketplace. Also for 2007, a number of expenditure items changed survey source from the Interview Survey to the Diary Survey or vice versa. Due to the overlap in the item coverage between the two surveys, the survey source is periodically reviewed and statistical methods are used to select the best source.

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 7,000 consumer units are sampled for the Diary Survey. The Interview Survey is conducted on a rotating panel basis, with about 7,000 consumer units participating each quarter. The data are collected on an ongoing basis in 91 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 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 14 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 18 published metropolitan areas.

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 the 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:

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 in Texas.

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.

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

Miami-Fort Lauderdale, Fla. CMSA: includes Broward and Miami-Dade Counties in Florida.

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.

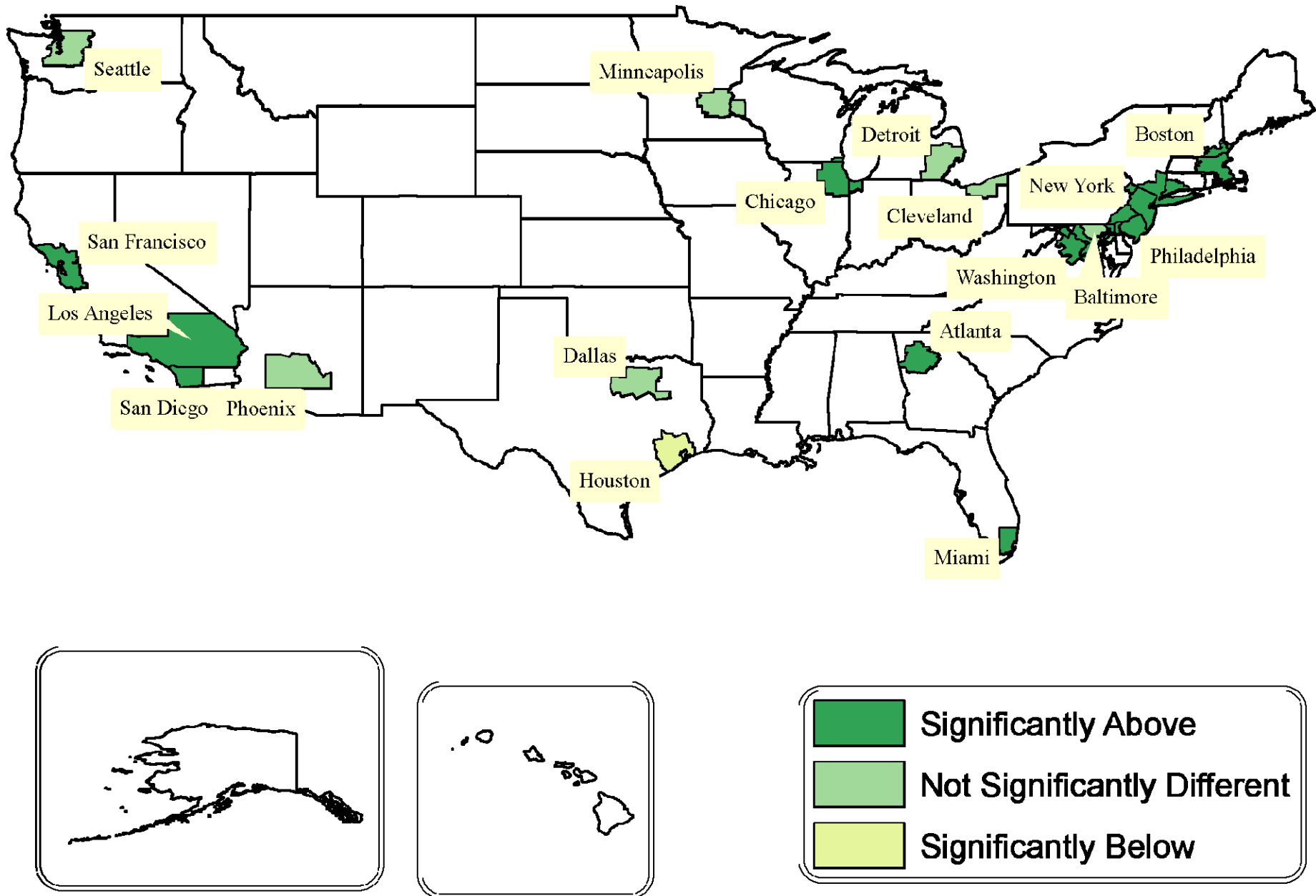
Table 1. Consumer unit characteristics and percent distribution of expenditures in the United States and selected metropolitan areas, Consumer Expenditure Survey, 2006-2007

Item	United States	Washington	Dallas	Philadelphia	Houston	Miami
Consumer unit characteristics:						
Income before taxes	\$61,820	\$100,486	\$67,145	\$65,637	\$71,124	\$54,990
Age of reference person	48.8	45.8	45.5	48.4	45.3	48.8
Average number in consumer unit:						
Persons	2.5	2.6	2.8	2.4	2.7	2.4
Children under 18	.6	.6	.9	.6	.8	.6
Persons 65 and over	.3	.2	.2	.3	.2	.3
Earners	1.3	1.6	1.5	1.3	1.5	1.4
Vehicles	1.9	1.8	1.9	1.5	1.8	1.5
Percent homeowners	67	69	64	70	65	63
Average annual expenditures	\$49,279	\$65,894	\$54,334	\$48,649	\$55,381	\$46,201
Percent distribution:						
Food	12.4	11.4	11.3	11.5	11.8	12.4
Alcoholic beverages	1.0	1.0	.7	.9	1.1	.6
Housing	33.9	38.7	33.4	37.8	32.1	40.5
Apparel and services	3.8	3.7	3.5	4.2	4.2	2.7
Transportation	17.7	14.5	19.8	15.1	20.1	17.2
Healthcare	5.7	4.0	5.5	4.5	5.9	4.7
Entertainment	5.4	4.5	4.6	4.8	5.0	3.4
Personal care products and services	1.2	1.0	1.4	1.2	1.4	1.4
Reading	.2	.2	.2	.2	.2	.1
Education	1.9	2.5	1.4	2.5	1.7	2.3
Tobacco products and smoking supplies	.7	.4	.5	.8	.5	.4
Miscellaneous	1.7	1.9	1.4	1.4	1.4	1.7
Cash contributions	3.7	3.3	4.1	3.1	3.3	3.1
Personal insurance and pensions	10.8	12.8	12.2	11.9	11.3	9.5

Table 2. Average annual expenditures in the United States and selected metropolitan areas, Consumer Expenditure Survey, 2006-2007

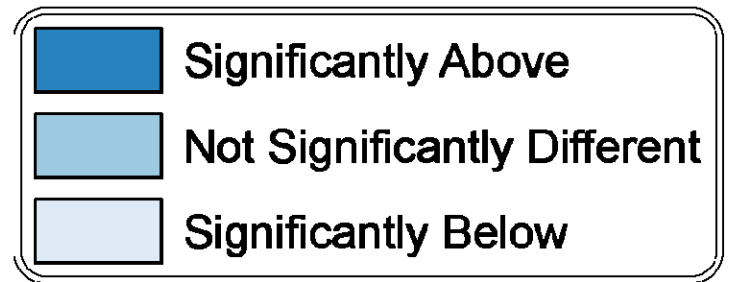
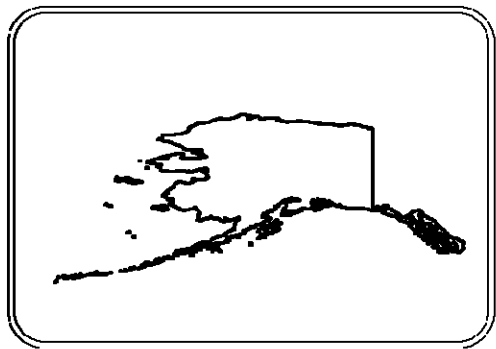
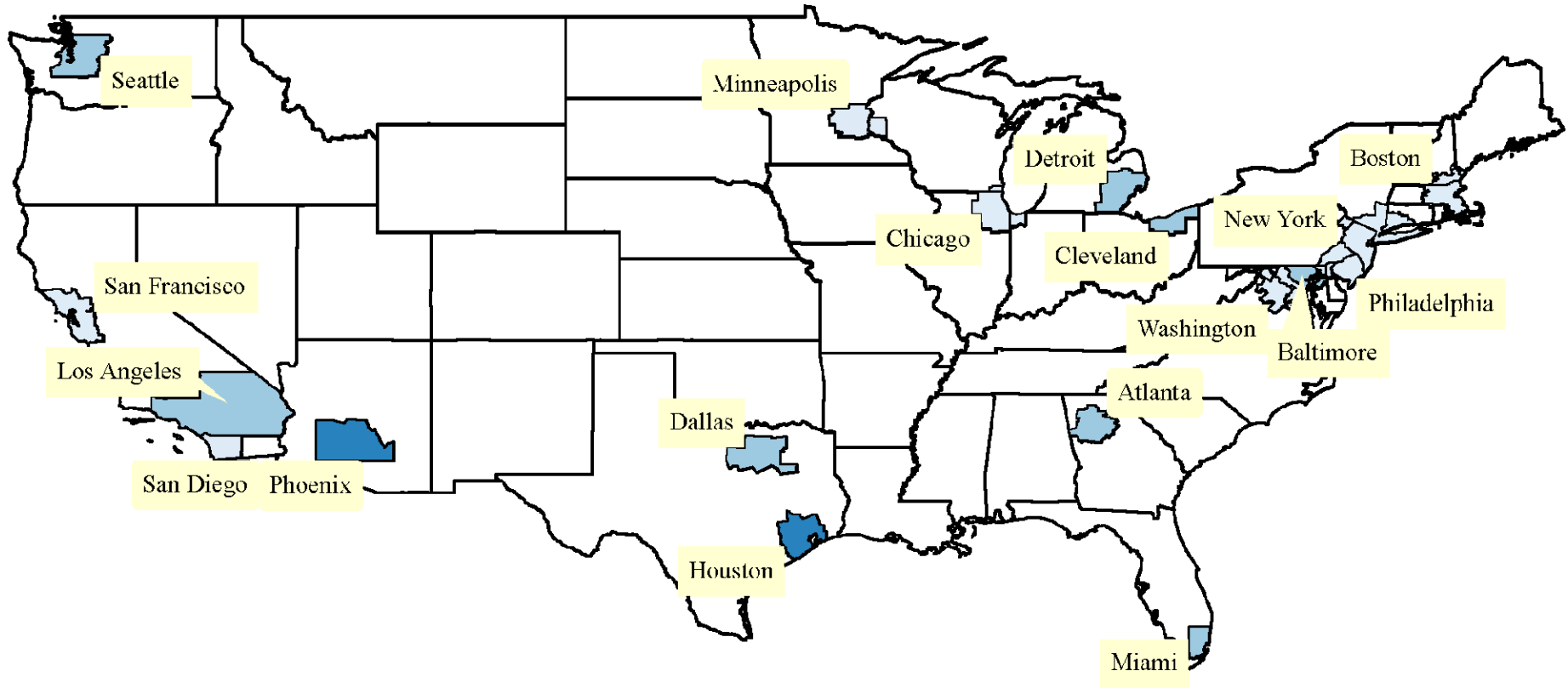
Item	United States	Washington	Dallas	Philadelphia	Houston	Miami
Average annual expenditures	\$49,279	\$65,894	\$54,334	\$48,649	\$55,381	\$46,201
Food	6,122	7,533	6,160	5,600	6,547	5,728
Food at home	3,441	3,747	3,498	3,028	3,447	3,830
Cereals and bakery products	453	451	434	408	419	476
Meats, poultry, fish, and eggs	787	864	774	734	802	949
Dairy products	378	407	381	343	355	443
Fruits and vegetables	596	780	605	559	607	854
Other food at home	1,227	1,244	1,304	984	1,264	1,107
Food away from home	2,681	3,786	2,662	2,571	3,099	1,898
Alcoholic beverages	477	650	381	451	603	276
Housing	16,684	25,525	18,169	18,411	17,752	18,708
Shelter	9,849	17,040	9,843	10,755	9,965	12,190
Owned dwellings	6,624	12,380	6,446	7,410	6,872	8,100
Rented dwellings	2,596	3,947	2,892	2,613	2,533	3,809
Other lodging	629	713	505	732	560	281
Utilities, fuels, and public services	3,437	4,037	4,551	3,981	4,297	3,611
Household operations	966	1,592	1,192	1,054	1,080	1,197
Housekeeping supplies	639	703	728	602	746	569
Household furnishings and equipment	1,793	2,153	1,856	2,020	1,664	1,140
Apparel and services	1,893	2,440	1,907	2,041	2,345	1,269
Transportation	8,737	9,531	10,764	7,345	11,119	7,938
Vehicle purchases (net outlay)	3,332	3,319	4,866	2,244	4,544	2,859
Gasoline and motor oil	2,306	2,272	2,559	2,106	2,936	2,457
Other vehicle expenses	2,577	3,163	2,902	2,447	3,149	2,092
Public transportation	521	778	439	548	490	530
Healthcare	2,810	2,641	2,967	2,175	3,293	2,167
Entertainment	2,637	2,995	2,515	2,327	2,789	1,583
Personal care products and services	586	682	747	602	782	641
Reading	117	130	101	109	89	42
Education	917	1,664	739	1,228	918	1,054
Tobacco products and smoking supplies	325	237	265	406	299	197
Miscellaneous	827	1,234	765	689	761	770
Cash contributions	1,845	2,168	2,223	1,486	1,821	1,421
Personal insurance and pensions	5,303	8,463	6,632	5,778	6,264	4,407
Life and other personal insurance	316	341	346	289	417	192
Pensions and Social Security	4,987	8,123	6,286	5,488	5,847	4,215

Chart 1. Expenditure shares spent on housing for 18 metropolitan areas compared to the United States average, Consumer Expenditure Survey, 2006-2007



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

Chart 2. Expenditure shares spent on transportation for 18 metropolitan areas compared to the United States average, Consumer Expenditure Survey, 2006-2007



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