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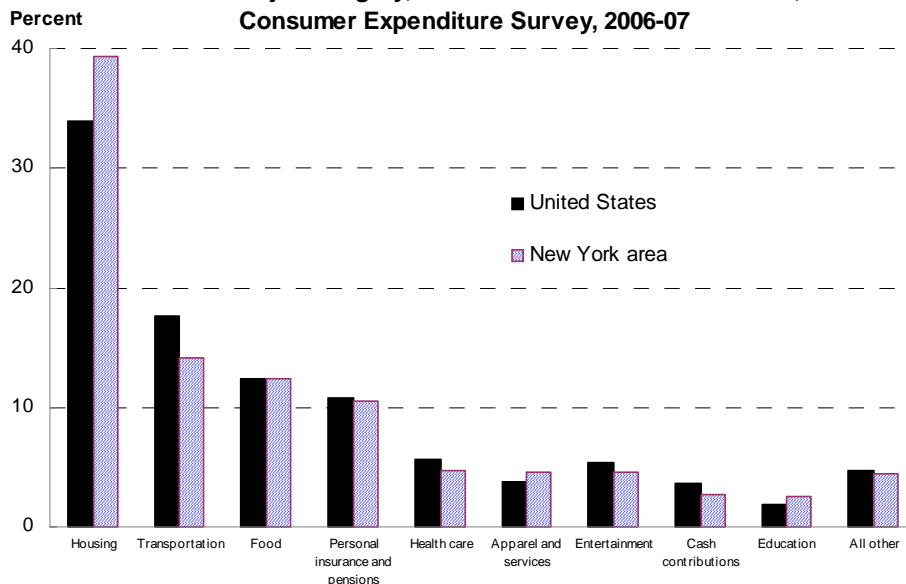
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CONSUMER EXPENDITURES IN THE NEW YORK METROPOLITAN AREA, 2006-07

Typical Household Spent 39.3 Percent of Budget on Housing

Consumer units¹ in the New York-Northern New Jersey-Long Island, N.Y.-N.J.-Pa. metropolitan area spent an average of \$56,683 per year in 2006-07, according to results from the Bureau of Labor Statistics' Consumer Expenditure Survey. Regional Commissioner Michael L. Dolfman noted that this figure was 15.0 percent higher than the \$49,279 average expenditure level for a typical household in the United States. New York area households not only spent more than the U.S. average, but they tended to allocate their dollars differently among most expenditure categories. Expenditures for housing, apparel and services, and education accounted for a significantly larger² portion of total expenditures in the New York area compared to the United States, whereas spending on transportation, health care, entertainment, and cash contributions represented significantly smaller-than-average shares of the total budget. (See chart A.)

Chart A. Percent distribution of average annual expenditures by selected major category, United States and New York area, Consumer Expenditure Survey, 2006-07



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.



Round-the-clock recorded messages for the Consumer Price Index and a variety of other *Bureau of Labor Statistics* data are available by dialing the *New York Information Office's* main telephone number: (646) 264-3600. For recorded messages, press '2'.

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. Data from the CE 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 accounted for 39.3 percent of the budget in New York in 2006-07, significantly above the 33.9 percent allocated nationally. (See table 1.) Often, an above average-expenditure share for housing is a distinctive feature of large metropolitan areas. For example, the portions of the budget spent on housing in Los Angeles (36.7 percent) and Chicago (35.3 percent), the metropolitan areas ranking second and third in population behind New York, were also above the national average.

The majority of housing expenditures in New York went toward shelter (66.6 percent), which includes mortgage interest, property taxes, repairs, and rent, among other items; this was higher than the 59.0 percent spent nationally. (See table A.) Utilities, fuels, and public services expenses accounted for 17.4 percent of total housing expenditures in New York; nationally, they made up 20.6 percent. The rate of homeownership in New York, 58 percent, was below the national average (67 percent), as it also was in Los Angeles (56 percent). The homeownership rate in Chicago (71 percent) was above the national average.

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

Category	United States	Chicago	Los Angeles	New York
Total housing	100.0	100.0	100.0	100.0
Shelter	59.0	62.3	68.4	66.6
Utilities, fuels, and public services	20.6	18.6	14.0	17.4
Household operations	5.8	5.3	5.9	5.3
Housekeeping supplies	3.8	3.2	2.8	2.6
Household furnishings and equipment	10.7	10.6	8.9	8.2

Note: Columns may not add to 100 due to rounding.

In the New York area, households spent \$8,048, or 14.2 percent of their total budgets, on transportation, the second-largest expenditure category. The New York expenditure share was significantly below the national average of 17.7 percent. Households in Chicago (15.4 percent), like those in New York, allocated a measurably smaller share of their budgets to transportation when compared to that for the nation. The 16.6 percent expenditure share for transportation in Los Angeles was not significantly different from the national average.

Of the annual expenditure for transportation in New York, 86.5 percent was spent buying and maintaining private vehicles; this compared to the national average of 94.0 percent. (See table 2 for detailed expenditure levels.) The average number of vehicles per household in New York, 1.3, was below the national average of 1.9. The average number of vehicles in Chicago and Los Angeles (each at 1.8) was close to the national average.

The remaining 13.5 percent of a New York household's transportation budget was spent on public transit, which includes fares for taxis, buses, trains, and planes; this was significantly higher than the national average of 6.0 percent. Among the three metropolitan areas chosen for comparison, only New York households allocated more than 10.0 percent of their transportation dollars to public transit. Households in Chicago (9.1 percent) and Los Angeles (7.2 percent) also spent an above-average portion of their travel budgets on public transportation.

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

Category	United States	Chicago	Los Angeles	New York
Total transportation	100.0	100.0	100.0	100.0
Vehicle purchases (net outlay)	38.1	34.9	32.9	29.2
Gasoline and motor oil	26.4	26.2	26.7	23.5
Other vehicle expenses	29.5	29.8	33.2	33.8
Public transportation	6.0	9.1	7.2	13.5

Note: Columns may not add to 100 due to rounding.

New York area households spent an average of \$7,023 on food, or 12.4 percent of their budgets, the third largest category. Nationally, households also spent 12.4 percent on food. Consumer units in Los Angeles and Chicago also allocated similar expenditure shares for food (12.8 and 12.6 percent, respectively) compared to the national average.

Households in New York spent \$3,822, or 54.4 percent, of their food dollars on food at home and the remaining 45.6 percent on food away from home, such as restaurant meals, carry-outs, 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. Residents of Los Angeles spent 45.3 percent of its food budget away from home while Chicago residents spent the same share as the national allocation.

Payments for personal insurance and pensions accounted for 10.5 percent of the typical New York household's budget, close to the 10.8-percent share allocated nationally. As in New York, consumer units in Chicago (10.9 percent) and Los Angeles (10.6 percent) had expenditure shares that were not significantly different from the national average.

Out-of-pocket health care expenses—which include health insurance premiums, medical services, drugs (prescription and nonprescription), and medical care supplies—accounted for 4.7 percent of total household expenditures in New York, significantly less than the 5.7 percent recorded nationwide. Shares for health care were also significantly lower than the national average in Chicago (5.3 percent) and Los Angeles (3.8 percent).

Households in New York allocated significantly less of their budget (4.6 percent) to entertainment compared to the national average (5.4 percent). Chicago (4.8 percent) and Los Angeles (4.6 percent) also allocated significantly smaller shares of their budgets to entertainment than the national average.

Spending on apparel and services accounted for 4.6 percent of total expenditures in New York, significantly higher than the 3.8-percent national average. Households in Chicago also allocated an above-average share (5.3 percent) of their total budgets for clothing, while Los Angeles households (3.9 percent) spent about the same portion of their expenditures for apparel as the typical United States household.

Cash contributions accounted for 2.7 percent of an average consumer unit's spending in New York and 2.8 percent in Chicago, both significantly smaller than the United States average of 3.7 percent. In Los Angeles, the share for cash contributions (4.4 percent) was not significantly different than average.

Out-of-pocket expenses for education accounted for 2.5 percent of a New York area household's total budget, above the 1.9-percent nationwide average. The expenditure share for education was also above average in Chicago (2.9 percent), but was not significantly different than the national average in Los Angeles (2.1 percent).

New York is 1 of 18 areas nationwide for which Consumer Expenditure data are available. We encourage users interested in learning more about the Consumer Expenditure Survey to contact the New York-New Jersey Information Office at (646) 264-3600. Metropolitan area CE data and that for the four geographic regions and the United States are available on the BLS Web site at <http://www.bls.gov/cex/tables.htm>.

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 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 in this release compare expenditure shares for 14 expenditure categories in the United States to expenditure shares in selected metropolitan areas (areas in this release are listed below).

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:

Chicago-Gary-Kenosha, Illinois-Indiana-Wisconsin CMSA is comprised of Cook, DeKalb, DuPage, Grundy, Kane, Kankakee, Kendall, Lake, McHenry, and Will Counties, Illinois; Lake and Porter Counties, Indiana; and Kenosha County, Wisconsin;

Los Angeles-Riverside-Orange County, California CMSA is comprised of Los Angeles, Orange, Riverside, San Bernardino, and Ventura Counties.

New York-Northern New Jersey-Long Island, New York-New Jersey-Connecticut-Pennsylvania CMSA is comprised of Bronx, Dutchess, Kings, Nassau, New York, Orange, Putnam, Queens, Richmond, Rockland, Suffolk, and Westchester Counties, New York; Bergen, Essex, Hudson, Hunterdon, Mercer, Middlesex, Monmouth, Morris, Ocean, Passaic, Somerset, Sussex, Union, and Warren Counties, New Jersey; parts of Fairfield, Litchfield, Middlesex, and New Haven Counties, Connecticut; and Pike County, Pennsylvania.

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, United States and selected metropolitan areas, Consumer Expenditure Survey, 2006-07

Item	United States	Chicago	Los Angeles	New York
Consumer unit characteristics:				
Income before taxes	\$61,820	\$75,463	\$76,384	\$76,022
Age of reference person	48.8	49.6	47.7	50.7
Average number in consumer unit:				
Persons	2.5	2.6	2.8	2.5
Children under 18	.6	.7	.8	.6
Persons 65 and over	.3	.3	.3	.3
Earners	1.3	1.4	1.5	1.3
Vehicles	1.9	1.8	1.8	1.3
Percent homeowner	67	71	56	58
Average annual expenditures				
Total (percent):	\$49,279	\$57,304	\$60,932	\$56,683
	100.0	100.0	100.0	100.0
Food	12.4	12.6	12.8	12.4
Alcoholic beverages	1.0	1.4	.9	.9
Housing	33.9	35.3	36.7	39.3
Apparel and services	3.8	5.3	3.9	4.6
Transportation	17.7	15.4	16.6	14.2
Health care	5.7	5.3	3.8	4.7
Entertainment	5.4	4.8	4.6	4.6
Personal care products and services	1.2	1.2	1.3	1.2
Reading	.2	.2	.2	.2
Education	1.9	2.9	2.1	2.5
Tobacco products and smoking supplies	.7	.5	.3	.4
Miscellaneous	1.7	1.5	1.9	1.8
Cash contributions	3.7	2.8	4.4	2.7
Personal insurance and pensions	10.8	10.9	10.6	10.5

Table 2. Average annual expenditures, United States and selected metropolitan areas, Consumer Expenditure Survey, 2006-07

Item	United States	Chicago	Los Angeles	New York
Average annual expenditures:	\$49,279	\$57,304	\$60,932	\$56,683
Food	6,122	7,202	7,785	7,023
Food at home	3,441	4,046	4,257	3,822
Cereals and bakery products	453	537	494	528
Meats, poultry, fish and eggs	787	932	1,026	955
Dairy products	378	406	416	396
Fruits and vegetables	596	713	879	743
Other food and home	1,227	1,457	1,442	1,199
Food away from home	2,681	3,156	3,528	3,202
Alcoholic beverages	477	801	543	533
Housing	16,684	20,238	22,336	22,295
Shelter	9,849	12,612	15,271	14,848
Owned dwellings	6,624	9,043	9,260	9,327
Rented dwellings	2,596	2,680	5,394	4,438
Other lodging	629	889	616	1,084
Utilities, fuels, and public services	3,437	3,761	3,125	3,879
Household operations	966	1,063	1,321	1,171
Housekeeping supplies	639	654	628	572
Household furnishings and equipment	1,793	2,146	1,990	1,824
Apparel and services	1,893	3,019	2,383	2,619
Transportation	8,737	8,846	10,141	8,048
Vehicle purchases (net outlay)	3,332	3,084	3,338	2,349
Gasoline and motor oil	2,306	2,322	2,712	1,892
Other vehicle expenses	2,577	2,635	3,364	2,721
Public transportation	521	806	727	1,085
Healthcare	2,810	3,020	2,324	2,674
Entertainment	2,637	2,740	2,790	2,600
Personal care products and services	586	662	776	685
Reading	117	130	126	118
Education	917	1,644	1,298	1,420
Tobacco products and smoking supplies	325	291	199	221
Miscellaneous	827	837	1,141	1,006
Cash contributions	1,845	1,633	2,652	1,517
Personal insurance and pensions	5,303	6,241	6,439	5,924
Life and other personal insurance	316	352	254	338
Pensions and Social Security	4,987	5,889	6,185	5,586