



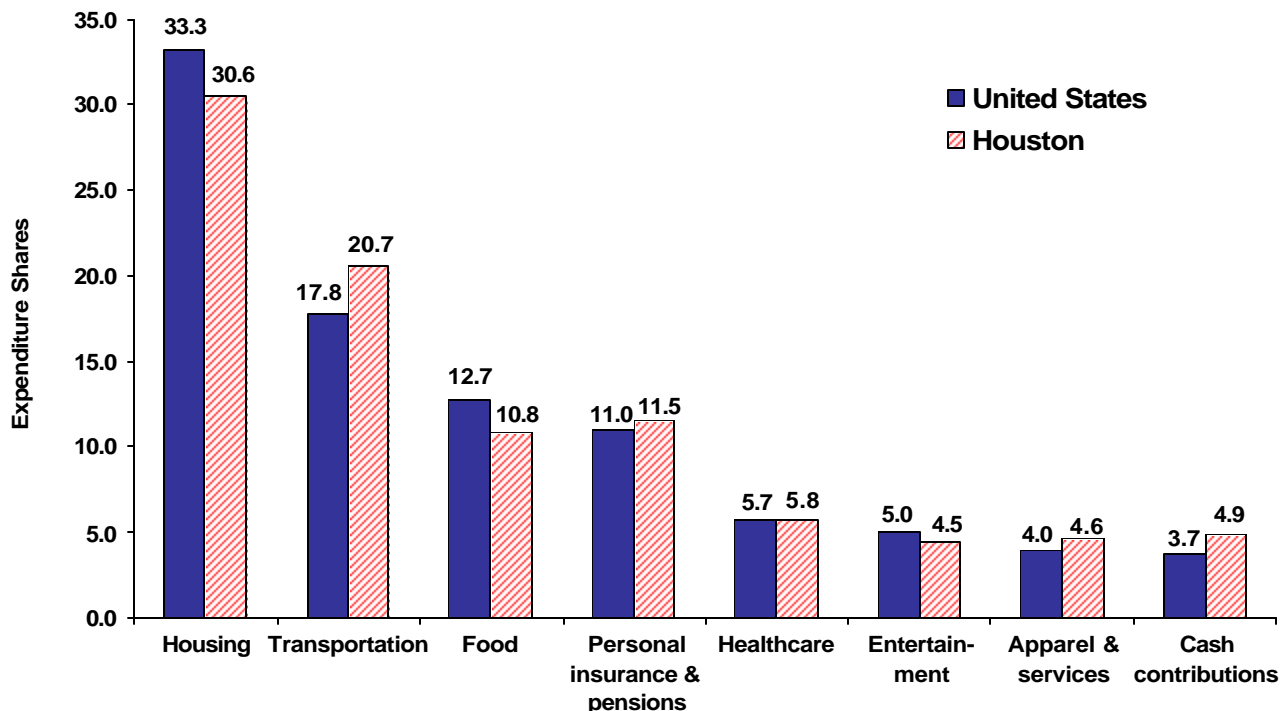
FOR FURTHER INFORMATION:
Cheryl Abbot, Regional Economist
(214) 767-6970
<http://www.bls.gov/ro6/home.htm>

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CONSUMER SPENDING PATTERNS IN HOUSTON-GALVESTON-BRAZORIA, 2005-2006

Consumer units¹ in the Houston-Galveston-Brazoria, Texas metropolitan area spent an average of \$56,260 per year in 2005-2006, according to results from the Bureau of Labor Statistics' Consumer Expenditure Survey. Regional Commissioner Stanley W. Suchman noted that this figure was 18.6 percent higher than the U.S. average household expenditure of \$47,421 during the same period. Although local households spent more than the national average, they tended to allocate their dollars similarly among the major categories, differing significantly in only 6 of the 14 categories. (See table 1). Transportation accounted for a significantly larger² portion of average expenditures in the Houston area compared to the United States, whereas spending on housing, food, and entertainment represented significantly smaller-than-average shares of local expenditures. (See Chart A.)

Chart A. Percent distribution of total average expenditures for selected categories, United States and Houston metropolitan area, Consumer Expenditure Survey, 2005-2006



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

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

This report contains annual data averaged over a two-year period, 2005 and 2006. 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 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.

Though data for 18 metropolitan areas were available for the 2005-06 period, 3 in particular—Dallas, Miami, and Atlanta—were selected for comparison with Houston, as they are all located in the South and had populations that were similar in size.

Housing, the largest expenditure category, accounted for 30.6 percent of a Houston area household's total budget; this share was significantly lower than the 33.3-percent national average. (See table 1.) Miami (37.6 percent) and Atlanta (37.0 percent) had housing shares that were measurably above the U.S. average, while the share in Dallas (33.5 percent) was not significantly different. (See chart 1.)

The rate of homeownership in Houston, 70 percent, was higher than the national average of 67 percent. Atlanta (69 percent) also had a higher homeownership rate than the national average, while Dallas (65 percent) and Miami (63 percent) were lower. The majority of Houston housing expenditures went toward shelter costs (54.8 percent), which include mortgage interest, property taxes, repairs, and rent, among other items. The Houston share was significantly lower than the 58.6-percent spent nationally. (See table A.) Similarly, household furnishings and equipment accounted for a smaller share of local housing expenditures (9.8 percent) than in the U.S. (11.0 percent). In contrast, expenses for utilities, fuels, and public services accounted for 24.3 percent of total housing expenditures in the Houston metropolitan area, significantly more than the 20.9-percent national share. (See table 2 for detailed expenditure levels.)

Table A. Percent distribution of housing expenditures, United States and selected metropolitan areas, 2005-2006

Category	United States	Houston	Atlanta	Dallas	Miami
Total housing	100.0	100.0	100.0	100.0	100.0
Shelter	58.6	54.8	59.0	55.4	63.1
Utilities, fuels, and public services	20.9	24.3	23.4	24.8	21.5
Household operations	5.5	6.9	6.1	6.4	5.4
Housekeeping supplies	4.0	4.3	3.4	4.0	3.3
Household furnishings and equipment	11.0	9.8	8.1	9.5	6.7

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

Transportation, the second-largest expenditure category in the Houston area at 20.7 percent of total expenditures, was significantly higher than the 17.8-percent national average. In fact, Houston was the only area with an above-average transportation share among the 18 published metropolitan areas nationwide. Households in Miami (19.3 percent), Dallas (18.1 percent), and Atlanta (17.4 percent) allocated shares for transportation that were not significantly different from the nation. Six other areas located throughout the country had lower-than-average transportation expenditure shares. (See chart 2.)

Of the annual \$11,636 transportation expenditure in the Houston area, 95.5 percent was used in buying and maintaining private vehicles; this compared to a national average of 94.4 percent. (See table B for expenditure shares and table 2 for detailed expenditure levels.) The average number of vehicles per household in Houston was 1.9, which equaled the national average. The average number of vehicles per household was close to the U.S. average in Dallas (2.0), but lower in Atlanta (1.6) and Miami (1.5). In the Houston area, 4.5 percent of the household transportation budget was spent on public transit, which includes fares for taxis, buses, trains, and planes; nationally, the average was 5.6 percent.

Table B. Percent distribution of transportation expenditures, United States and selected metropolitan areas, 2005-2006

Category	United States	Houston	Atlanta	Dallas	Miami
Total transportation	100.0	100.0	100.0	100.0	100.0
Vehicle purchases (net outlays)	41.3	45.6	41.4	40.6	39.1
Gasoline and motor oil	25.2	23.6	28.0	24.9	25.3
Other vehicle expenses	27.9	26.4	25.9	29.1	30.3
Public transportation	5.6	4.5	4.8	5.4	5.3

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

Payments for personal insurance and pensions averaged \$6,478 and accounted for 11.5 percent of the local household budget, close to the 11.0-percent share allocated nationally. Atlanta (12.8 percent) and Dallas (12.3 percent) had an above-average share for these types of payments, while consumer units in Miami (9.4 percent) allocated a significantly smaller share of their budget to personal insurance and pensions.

The portion of a Houston household's budget spent on food, 10.8 percent, was significantly lower than the 12.7-percent share recorded nationally. While consumer units in Miami (13.3 percent) allocated a larger share of their annual budget to food, households in Dallas (12.3 percent) and Atlanta (12.1 percent) spent less than the U.S. average.

Consumer units in Houston spent \$3,231, or 53.3 percent, of their food dollars on food prepared at home, significantly below the U.S. household share of 55.7 percent. The remaining 46.7 percent of local food budgets was spent on food prepared away from home, such as restaurant meals, carry-outs, board at school, and catered meals. Compared to the national average, Atlanta households also allocated a measurably smaller share to costs for eating at home (47.4 percent), while Miami (63.7 percent) spent a significantly higher share on food at home. The share in Dallas (54.7 percent) was not significantly different from the national average.

Out-of-pocket healthcare expenses -- which include health insurance premiums, medical services, drugs (prescription and nonprescription), and medical care supplies -- accounted for 5.8 percent of total household expenditures in both Houston and Dallas, not significantly different from the 5.7-percent share recorded nationwide. However, the percentage spent on out-of-pocket health care expenses was significantly less than the national average in both Miami (5.2 percent) and Atlanta (4.6 percent).

Cash contributions accounted for 4.9 percent of an average consumer unit's spending in Houston, not significantly different from the national average of 3.7 percent. This category consists of cash contributed to persons or organizations outside the consumer unit, including alimony and child support payments; care of students away from home; and contributions to religious, educational, charitable, or political organizations. Expenditures for cash contributions were below the U.S. average in Miami (3.1 percent) and Atlanta (2.8 percent), but not significantly different in Dallas (3.9 percent).

Spending on apparel and services accounted for 4.6 percent of total expenditures in Houston, not significantly different from the 4.0-percent national average. Households in Atlanta (4.2 percent) and Dallas (3.8 percent) allocated a similar share of their total budgets for clothing when compared to the typical U.S. household, while the expenditure share in Miami (2.9 percent) was significantly lower than the nation.

Houston area households allocated a significantly lower share (4.5 percent) of their budgets to entertainment expenditures when compared to the national average (5.0 percent). Consumer units in Dallas (4.3 percent) and Miami (3.6 percent) also spent lower portions of their total budgets on entertainment, while the share in Atlanta was not significantly different from the U.S. average.

As noted, Houston is 1 of 18 areas nationwide for which Consumer Expenditure data are available. Users interested in learning more about the Consumer Expenditure Survey may contact the Southwest Information Office at (214) 767-6970. 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/home.htm>. This release is available in text and PDF format on the Dallas BLS Web site at <http://www.bls.gov/ro6/home.htm>.

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.

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.

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 the 14 major expenditure categories in the United States to expenditure shares in selected metropolitan areas (areas in this release are listed below). Expenditure shares that are above or below that for the nation after testing for significance at the 95-percent confidence interval are identified in the tables and charts of this release.

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:

Atlanta, Ga. -- includes Barrow, Bartow, Butts, Carroll, Cherokee, Clayton, Cobb, Coweta, Dawson, De Kalb, Douglas, Fayette, Forsyth, Fulton, Gwinnett, Haralson, Henry, Newton, Paulding, Pickens, Pike, Rockdale, Spalding, and Walton Counties in Georgia; and Cleburne County in Alabama

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

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

Miami-Fort Lauderdale, Fla. -- includes Broward and Miami Dade Counties

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, 2005-2006

Item	United States	Houston	Atlanta	Dallas	Miami
Consumer unit characteristics:					
Income before taxes	\$59,628	\$68,659	\$64,217	\$66,261	\$51,232
Age of reference person	48.7	45.7	46.1	44.9	50.4
Average number in consumer unit:					
Persons	2.5	2.8	2.5	2.8	2.5
Children under 18	.6	.8	.7	.8	.6
Persons 65 and over	.3	.2	.2	.2	.4
Earners	1.3	1.4	1.3	1.6	1.3
Vehicles	1.9	1.9	1.6	2.0	1.5
Percent homeowner	67	70	69	65	63
Average annual expenditures	\$47,421	\$56,260	\$43,727	\$53,294	\$42,379
Percent distribution:	100.0	100.0	100.0	100.0	100.0
Food	12.7	10.8	12.1	12.3	13.3
Alcoholic beverages	1.0	1.1	.6	.9	.6
Housing	33.3	30.6	37.0	33.5	37.6
Apparel and services	4.0	4.6	4.2	3.8	2.9
Transportation	17.8	20.7	17.4	18.1	19.3
Healthcare	5.7	5.8	4.6	5.8	5.2
Entertainment	5.0	4.5	4.3	4.3	3.6
Personal care products and services	1.2	1.3	1.1	1.3	1.5
Reading	.3	.2	.2	.2	.1
Education	1.9	1.8	1.5	1.5	1.7
Tobacco products and smoking supplies	.7	.5	.4	.5	.4
Miscellaneous	1.7	1.8	1.2	1.6	1.2
Cash contributions	3.7	4.9	2.8	3.9	3.1
Personal insurance and pensions	11.0	11.5	12.8	12.3	9.4

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

Numbers in bold indicate shares that were significantly different from the U.S. average at the 95-percent confidence interval.

Table 2. Consumer unit characteristics and average annual expenditures, U.S. and selected metropolitan areas, Consumer Expenditure Survey, 2005-2006

Item	United States	Houston	Atlanta	Dallas	Miami
Average annual expenditures	\$47,421	\$56,260	\$43,727	\$53,294	\$42,379
Food	6,022	6,063	5,289	6,537	5,637
Food at home	3,357	3,231	2,506	3,573	3,593
Cereals and bakery products	446	382	323	468	464
Meats, poultry, fish, and eggs	781	784	661	805	910
Dairy products	373	329	234	392	427
Fruits and vegetables	572	587	443	596	727
Other food at home	1,185	1,149	846	1,312	1,066
Food away from home	2,665	2,832	2,783	2,964	2,044
Alcoholic beverages	462	604	265	461	255
Housing	15,782	17,198	16,158	17,854	15,928
Shelter	9,253	9,427	9,539	9,883	10,053
Owned dwellings	6,250	6,501	6,467	6,793	6,385
Rented dwellings	2,468	2,293	2,523	2,478	3,445
Other lodging	535	634	549	611	222
Utilities, fuels, and public services	3,291	4,179	3,773	4,424	3,421
Household operations	875	1,181	990	1,140	856
Housekeeping supplies	625	732	548	714	532
Household furnishings and equipment	1,737	1,679	1,307	1,693	1,065
Apparel and services	1,880	2,608	1,847	2,048	1,242
Transportation	8,427	11,636	7,599	9,662	8,186
Vehicle purchases (net outlay)	3,482	5,305	3,146	3,919	3,199
Gasoline and motor oil	2,121	2,743	2,124	2,410	2,069
Other vehicle expenses	2,347	3,068	1,965	2,816	2,480
Public transportation	476	519	364	517	437
Health care	2,716	3,259	2,017	3,075	2,190
Entertainment	2,382	2,528	1,861	2,285	1,523
Personal care products and services	563	737	460	713	633
Reading	122	114	72	110	43
Education	914	998	652	799	724
Tobacco products and smoking supplies	323	274	190	260	168
Miscellaneous	827	1,025	522	839	524
Cash contributions	1,767	2,736	1,207	2,077	1,328
Personal insurance and pensions	5,237	6,478	5,587	6,573	4,000
Life and other personal insurance	351	441	266	382	221
Pensions and Social Security	4,886	6,038	5,321	6,191	3,779

Chart 1. Expenditure shares spent on housing in all 18 metropolitan statistical areas compared to the U.S. average, 2005-2006

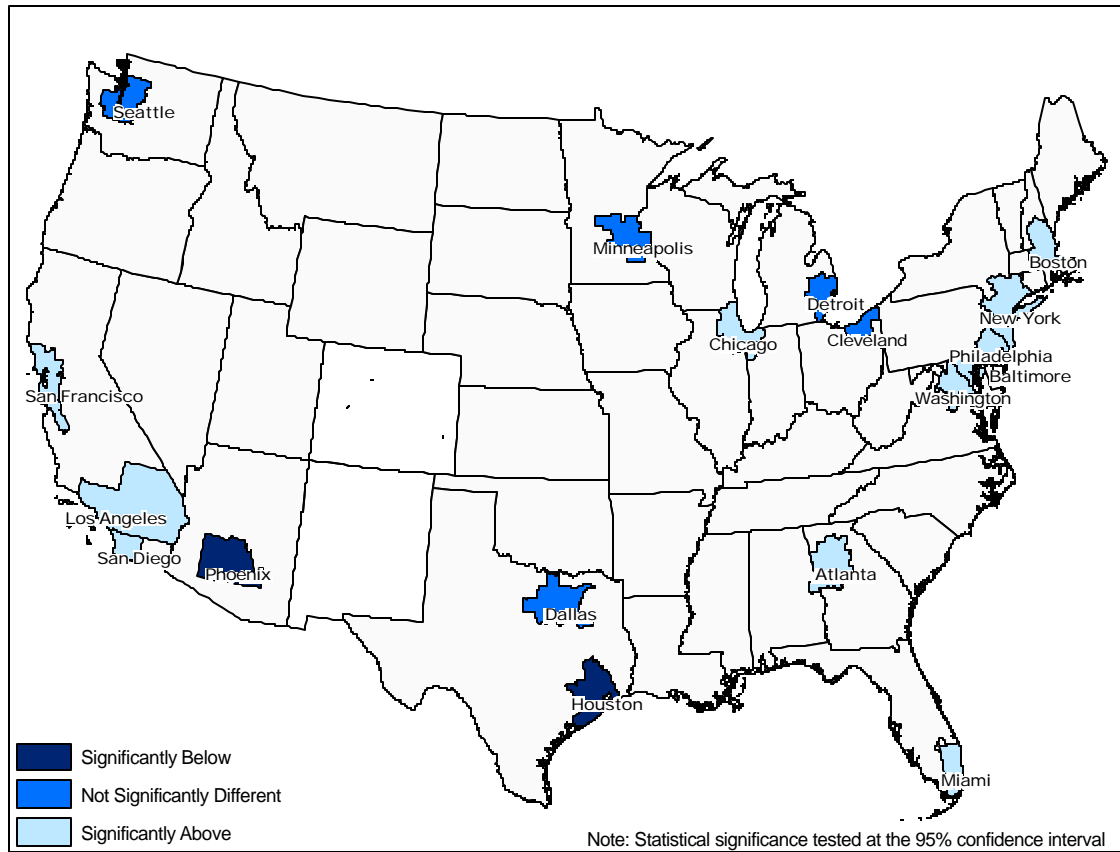


Chart 2. Expenditure shares spent on transportation in all 18 metropolitan statistical areas compared to the U.S. average, 2005-2006

