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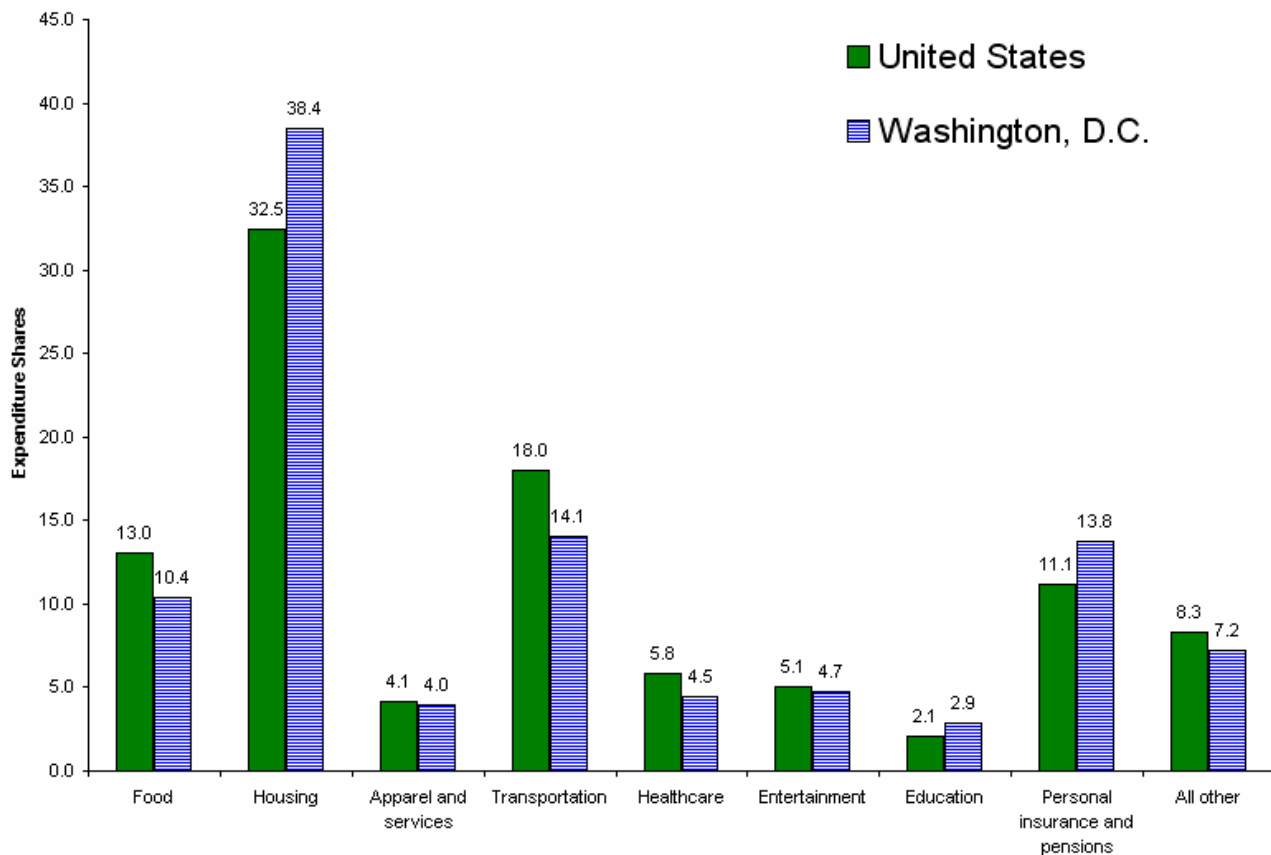
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CONSUMER SPENDING PATTERNS IN THE WASHINGTON, D.C. METROPOLITAN AREA, 2004-2005

Consumer units¹ in the Washington, D.C.-Md.-Va.-W.Va. metropolitan area spent an average of \$55,977 per year in 2004-2005, a 9.8-percent increase from 2002-2003, according to results from the Bureau of Labor Statistics' Consumer Expenditure Survey. Regional Commissioner Sheila Watkins noted that this figure was 24.6 percent higher than the \$44,928 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 dollars differently. Expenditures for housing, personal insurance and pensions, and education accounted for a significantly larger portion of total budgets in the Washington area than they did nationwide. Conversely, spending on transportation, food, 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, 2004-2005



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

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

Housing, the largest expenditure category, accounted for, on average, 38.4 percent of a Washington area household's total budget, exceeding the 32.5-percent national share by a significant margin. In comparison to four other metropolitan areas with population sizes similar to that of Washington, expenditure shares for housing were also measurably higher than average in Miami (39.3 percent), but did not differ significantly from that for the nation in Philadelphia (33.7 percent), Dallas (33.0 percent), and Houston (31.3 percent). (See table 1.) Overall, 11 of the 24 metropolitan areas surveyed had expenditure shares for housing above the U.S. average and 3 had significantly lower shares. (See chart 1.)

The majority of housing expenditures in Washington went toward shelter (65.0 percent), which includes mortgage interest, property taxes, repairs, and rent, among other items; this was above the 57.9 percent allocated nationally. (See table A.) Utilities, fuels, and public service expenses accounted for 16.8 percent of total housing expenditures; nationally, it made up 21.0 percent. The rate of homeownership in Washington, at 69 percent, was similar to the national average of 68 percent. Among the other four areas chosen for comparison, home ownership rates in Philadelphia (70 percent), Dallas and Houston (each at 68 percent), and Miami (67 percent) were either close to or equaled the U.S. average.

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

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

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

At 14.1 percent of the total budget, the expenditure share for transportation in the Washington area was significantly below the national average of 18.0 percent. In the other four metropolitan areas, households in Houston (19.5 percent), Dallas (17.5 percent), Philadelphia (17.1 percent), and Miami (16.7 percent) all allocated a similar share of their budgets to transportation when compared to the U.S. average. Among the 24 metropolitan areas surveyed, 7 others joined Washington in having measurably lower expenditure shares for transportation. (See chart 2.)

Washingtonians spent \$7,876 for transportation, making it the second-largest expenditure category. Ninety percent of all transportation dollars were spent buying and maintaining vehicles compared to 94.5 percent spent nationally. (See table 2 for detailed expenditure levels.) The average number of vehicles per household in Washington, at 1.8, was below the national average of 2.0. 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 (2.0 and 1.9, respectively).

The remaining 10.0 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 well above the national average of 5.5 percent and above that of the four other metropolitan areas with population sizes similar to that of Washington. (See table B.) Among all 24 metropolitan areas surveyed, only 4 allocated at least 10.0 percent of their transportation dollars to public transportation: New York (13.9 percent), Honolulu (10.8 percent), and San Francisco and Washington (both 10.0 percent). In contrast, households in Phoenix (3.6 percent) and Houston (3.7 percent) spent the smallest portions of their transportation budgets on public transit. (See table C.)

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

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

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

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

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

Payments for personal insurance and pensions, the third largest expenditure category in Washington, accounted for 13.8 percent of the typical household's budget, significantly higher than the 11.1-percent national average. Washington households also spent a significantly larger share of their budgets on payments for personal insurance and pensions compared to the other four similarly-sized metropolitan areas. The portions of the budget spent on personal insurance and pensions in those areas ranged from 12.2 percent in Dallas to 10.2 percent in Miami. Of the 24 metropolitan areas in the survey, only 5 (Washington, Minneapolis-St. Paul, Baltimore, Anchorage, and Houston) spent a measurably larger share of their budgets on personal insurance and pensions than on food.

Washington area consumer units spent 10.4 percent of their budgets on food, significantly below the national average of 13.0 percent. Washington's share was one of the lowest among the 24 metropolitan areas surveyed, along with Anchorage and San Diego (10.8 percent each), Baltimore (11.0 percent), and Houston (11.1 percent). In contrast, Miami households (14.7 percent) spent a higher-than-average percentage of their budget on food. In Philadelphia (13.7 percent) and Dallas (12.7 percent), expenditure shares for food were not measurably different from that for the nation.

Households in Washington spent \$3,055, or 52.4 percent, of their food dollars on food prepared at home and the remaining 47.6 percent on food prepared away from home, such as restaurant meals, carry-outs, board at school, and catered affairs. In comparison, the average U.S. household spent 56.7 percent of its food budget on food at home and 43.3 percent on food away from home. Among the four other similar-sized metropolitan areas being compared, residents of Houston allocated 46.8 percent of their food budget to dining out, similar to that of Washingtonians. In contrast, households in Miami allocated less than one-third (31.3 percent) of their food dollars to dining out.

The expenditure share for entertainment for a typical Washington area household, 4.7 percent, did not differ significantly from the 5.1-percent national average. Unlike Washington, the other selected areas all spent a measurably lower portion of their budgets on entertainment than did the typical U.S. household: Houston (4.4 percent), Dallas (4.2 percent), Philadelphia (4.0 percent), and Miami (3.7 percent).

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

Spending on apparel and services accounted for 4.0 percent of total expenditures in Washington, similar to the 4.1-percent share allocated nationally. Among the other four areas, expenditure shares for apparel and services were significantly higher than that for the nation in Philadelphia (4.8 percent) and significantly lower in Miami (2.5 percent). Households in Houston and Dallas allocated 4.3 and 4.4 percent, respectively, of their total budgets for clothing, not measurably different to the national share.

Cash contributions accounted for 3.0 percent of an average consumer unit's spending in Washington, comparable to the 3.4-percent nationwide average. Shares for cash contributions were significantly higher than average in Houston (5.1 percent) and significantly lower in Philadelphia (2.6 percent) and Miami (2.3 percent). Consumer units in Dallas, like those in Washington, allocated a similar share of their budgets to cash contributions when compared to the typical U.S. household.

Out-of-pocket expenses for education accounted for, on average, 2.9 percent of a Washington area household's total expenditures, significantly higher than the 2.1 percent spent nationally. In comparison, the percentage spent on out-of-pocket education expenses was significantly less than that of the nation in Miami (1.5 percent), but not notably different in Dallas (1.8 percent), Houston (2.0 percent), and Philadelphia (2.6 percent).

As noted, Washington is 1 of 24 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 2004

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

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

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

Technical Note

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

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

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

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

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

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

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

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

NOTE: A value that is statistically different from another does not necessarily mean that the difference has economic or practical significance. Statistical significance is concerned with our ability to make confident statements about a universe based on a sample. It is entirely possible that a large difference between two values is not significantly different statistically, while a small difference is, since both the size and heterogeneity of the sample effect 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.: 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: includes Collin, Dallas, Delta, Denton, Ellis, Henderson, Hood, Hunt, Johnson, Kaufman, Parker, Rockwall, Tarrant, and Wise counties in Texas.

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

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

Philadelphia-Wilmington-Atlantic City, Pa.-Del.-N.J.-Md.: 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.

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, 2004-2005

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

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

Table 2. Average annual expenditures in the United States and selected metropolitan areas, Consumer Expenditure Survey, 2004-2005

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

