

News

United
States
Department
of Labor



Bureau of Labor Statistics

Boston, MA 02203

Internet address: <http://www.bls.gov/rol/>

For information: (617) 565-2327

Media contact: Walter Marshall (617) 565-2324

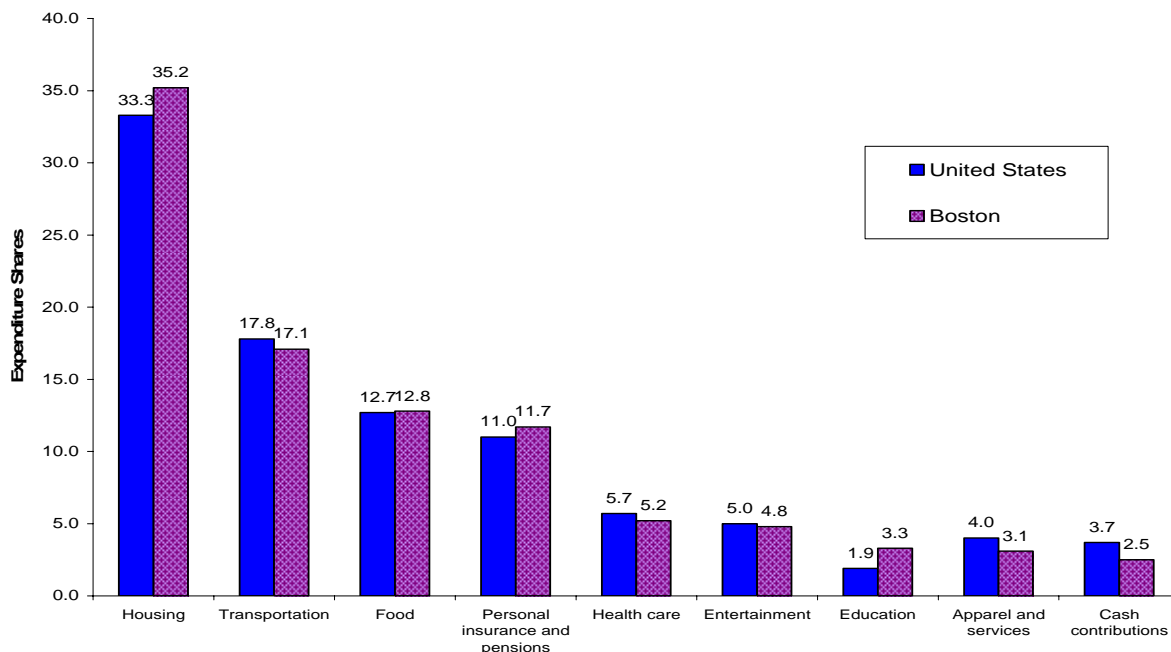
USDL-08-122

For release: Thursday, April 24, 2008

CONSUMER SPENDING PATTERNS IN THE BOSTON METROPOLITAN AREA, 2005 – 2006

Consumer units¹ in the Boston-Worcester-Lawrence, Mass.-N.H.-Maine-Conn. metropolitan area spent an average of \$53,691 per year in 2005-2006, according to results from the Bureau of Labor Statistics' Consumer Expenditure Survey. Regional Commissioner Denis M. McSweeney noted that this figure was 13.2 percent higher than the \$47,421 average expenditure level for a typical household in the United States. Not only did households in the Boston area spend more than the U.S. average, they also allocated their dollars differently. For example, expenditures for housing and education accounted for significantly larger² portions of a typical budget in the Boston area than they did nationwide. Conversely, spending on apparel and services and health care represented significantly smaller-than-average shares of total expenditures. (Chart A below shows selected expenditure shares.)

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



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, 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 CE 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.

Housing, the largest expenditure category, accounted for 35.2 percent of a Boston area household's total budget, significantly exceeding the 33.3-percent national share. (See table 1.) In comparison to four other metropolitan areas with population sizes similar to that of Boston, expenditure shares for housing were also higher than average in Washington, D.C. (41.3 percent), Miami (37.6 percent), and Philadelphia (35.7 percent), but not significantly different from that for the nation in Dallas (33.5 percent). Overall, 11 of the 18 published metropolitan areas had expenditure shares for housing above the U.S. average and 2 had significantly lower shares. (See chart 1.)

The majority of housing expenditures in Boston went toward shelter (64.8 percent), which includes mortgage interest, property taxes, repairs, and rent, among other items; nationwide, 58.6 percent was allocated for this expenditure. (See table A.) Utilities, fuels, and public services accounted for 19.0 percent of total housing expenditures in Boston; nationally, they made up 20.9 percent. The rate of homeownership in Boston, 63 percent, was below the national average of 67 percent. Among the four areas chosen for comparison, homeownership rates were higher than the national average in Philadelphia (71 percent), close to the national average in Washington, D.C. (68 percent) and Dallas (65 percent), and below the national average in Miami (63 percent).

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

Category	United States	Boston	Philadelphia	Washington, D.C.	Miami	Dallas-Fort Worth
Total housing	100.0	100.0	100.0	100.0	100.0	100.0
Shelter	58.6	64.8	59.2	66.4	63.1	55.4
Utilities, fuels, and public services	20.9	19.0	23.0	15.9	21.5	24.8
Household operations	5.5	4.9	5.3	6.0	5.4	6.4
Housekeeping supplies	4.0	3.1	3.9	2.5	3.3	4.0
Household furnishings and equipment	11.0	8.3	8.6	9.2	6.7	9.5

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

At 17.1 percent of the total budget, transportation was the second-largest expenditure category in the Boston area; this share was not significantly different from the national average of 17.8 percent. Like Boston, households in Miami (19.3 percent) and Dallas (18.1 percent) allocated a similar share of their budgets to transportation when compared with that for the nation. On the other hand, consumer units in Philadelphia (15.4 percent) and Washington, D.C. (12.6 percent) spent significantly smaller shares of their budget on transportation. Among the 18 metropolitan areas, 6 had lower-than-average expenditure shares for transportation, while only 1 had an above-average share. (See chart 2.)

Of the annual \$9,170 spent on transportation in Boston, 93.7 percent went towards buying and maintaining private vehicles; nationally, 94.4 percent of a household's transportation dollars was spent for this purpose. (See table B for shares and table 2 for detailed expenditure levels.) The average number of vehicles per household in Boston was 1.8, close to the national average of 1.9. The average number of vehicles was close to that for the nation in Dallas (2.0) and Washington, D.C. (1.7) and below average in Philadelphia and Miami (each at 1.5).

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

Category	United States	Boston	Philadelphia	Washington, D.C.	Miami	Dallas-Fort Worth
Total transportation	100.0	100.0	100.0	100.0	100.0	100.0
Vehicle purchases (net outlays)	41.3	43.7	37.5	29.1	39.1	40.6
Gasoline and motor oil	25.2	21.4	25.1	26.7	25.3	24.9
Other vehicle expenses	27.9	28.6	31.4	34.1	30.3	29.1
Public transportation	5.6	6.3	5.9	10.2	5.3	5.4

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

The remaining 6.3 percent of a Boston household's transportation budget was spent on public transit, which includes fares for taxis, buses, trains, and planes; the national average was 5.6 percent. (See table C.) Among all 18 published metropolitan areas, only 3 allocated at least 10.0 percent of their transportation dollars to public transit: New York (13.1 percent), Washington, D.C. (10.2 percent), and San Francisco (10.1 percent). Households in Cleveland (4.2 percent), along with those in Phoenix and Houston (each at 4.5 percent), spent the smallest portion of their transportation budgets on public transit. (See table C.)

Table C. Spending on public transportation as a share of total transportation, United States, 4 regions and 18 metropolitan areas, 2005 - 2006

Area	Transportation Spending	Public Transportation	Share
United States	\$8,427	\$476	5.6
Northeast	7,776	633	8.1
New York	7,792	1,022	13.1
Philadelphia	7,092	421	5.9
Boston	9,170	576	6.3
South	8,244	305	3.7
Washington, D.C.	7,341	747	10.2
Baltimore	7,554	476	6.3
Atlanta	7,599	364	4.8
Miami	8,186	437	5.3
Dallas-Fort Worth	9,662	517	5.4
Houston	11,636	519	4.5
Midwest	7,626	393	5.2
Chicago	8,453	706	8.4
Detroit	8,652	411	4.8
Minneapolis-St. Paul	8,915	673	7.5
Cleveland	7,596	318	4.2
West	10,112	707	7.0
Los Angeles	10,716	727	6.8
San Francisco	10,080	1,017	10.1
San Diego	11,115	862	7.8
Seattle	10,127	810	8.0
Phoenix	10,964	493	4.5

The portion of a Boston consumer unit's budget spent on food, \$6,865, or 12.8 percent, was nearly identical to the 12.7-percent U.S. average. In the other four similarly sized metropolitan areas, households in Miami (13.3 percent), Philadelphia (13.1 percent), and Dallas (12.3 percent) also had expenditure shares that were not significantly different from that for the nation. However, a typical Washington, D.C. household spent a significantly smaller share (10.9 percent) of its total budget on food.

Households in Boston spent \$3,760, or 54.8 percent, of their food dollars on food prepared at home and the remaining 45.2 percent on food prepared away from home, such as restaurant meals, carry-outs, board at school, and catered affairs. The typical U.S. household spent 55.7 percent of its food expenditures on food prepared at home and 44.3 percent on food prepared away from home. Among the four other selected metropolitan areas, only Miami allocated a measurably larger share (63.7 percent) of their food budgets to food prepared at home. On the other hand, Washington, D.C. residents spent significantly less of their food dollars (48.6 percent) on eating at home.

Payments for personal insurance and pensions accounted for \$6,269, or 11.7 percent, of the typical Boston household's budget, close to the 11.0-percent share allocated nationally. Households in Dallas (12.3 percent), Philadelphia (12.7 percent), and Washington, D.C. (13.2 percent) each spent a larger-than-average share of their budgets on personal insurance and pensions, while those in Miami (9.4 percent) allocated a significantly smaller share. Of the 18 published metropolitan areas, only Miami residents spent less than 10.0 percent of their budgets on personal insurance and pensions.

Out-of-pocket health care expenses – which include health insurance premiums, medical services, drugs (prescription and nonprescription), and medical supplies – accounted for 5.2 percent of total household expenditures in Boston, significantly less than the 5.7 percent recorded nationwide. Like Boston, the percentage spent on out-of-pocket health care was also significantly lower than that for the nation in Washington, D.C. (4.3 percent), Philadelphia (4.8 percent) and Miami (5.2 percent). The expenditure share on health care in Dallas (5.8 percent) was not measurably different from the national average.

Boston area households allocated 4.8 percent of their budgets to entertainment, not significantly different from the national average of 5.0 percent. Consumer units in each of the four cities chosen for comparison spent significantly smaller portions of their total budgets on entertainment: Miami (3.6 percent), Philadelphia (4.1 percent) and Washington, D.C. and Dallas (both 4.3 percent).

Expenses for education accounted for 3.3 percent of a Boston area household's total budget, significantly higher than the 1.9-percent nationwide average. Among the four similarly-sized areas, Washington, D.C. (2.5 percent), Philadelphia (2.3 percent) and Miami (1.7 percent) had expenditure shares for education that were not significantly different from that for the nation, while Dallas (1.5 percent) had a significantly lower share.

Spending on apparel and services accounted for 3.1 percent of total expenditures in Boston, significantly lower than the 4.0-percent national average. The expenditure share for apparel and services was also significantly lower than that for the nation in Miami (2.9 percent) but similar to the national average in Dallas and Washington, D.C. (both 3.8 percent) and Philadelphia (4.5 percent).

Cash contributions accounted for 2.5 percent of a typical consumer unit's spending in Boston, significantly lower than 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 national average in Washington, D.C. and Philadelphia (both 2.8 percent) and Miami (3.1 percent), but not significantly different in Dallas (3.9 percent).

As noted, Boston 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 England Information Office at (617) 565-2327. Metropolitan 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 Boston BLS Web site at <http://www.bls.gov/ro1/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 three 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 with 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. Differences among areas 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 those 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 with expenditure shares in 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 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:

Boston-Worcester-Lawrence, Mass.-N.H.-Maine-Conn. – includes all or parts of Bristol, Essex, Hampden, Hampshire, Middlesex, Norfolk, Plymouth, Suffolk and Worcester counties in Massachusetts; all or parts of Hillsborough, Merrimack, Rockingham and Strafford Counties in New Hampshire; all or parts of York County in Maine; and all or part of Windham County in Connecticut.

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.

Washington, D.C.-Md.-Va.-W. Va. -- includes the District of Columbia; Calvert, Charles, Frederick, Montgomery, and Prince George's Counties in Maryland; Alexandria, Fairfax, Falls Church, Fredericksburg, Manassas, and Manassas Park cities and Arlington, Clarke, Culpeper, Fairfax, Fauquier, King George, Loudoun, Prince William, Rappahannock, Spotsylvania, Stafford, and Warren Counties in Virginia; and Berkeley and Jefferson Counties in West Virginia.

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

Dallas-Fort Worth, Texas -- includes Collin, Dallas, Delta, Denton, Ellis, Henderson, Hood, Hunt, Johnson, Kaufman, Parker, Rockwall, Tarrant and Wise 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 average annual expenditures, U.S. and selected metropolitan areas, Consumer Expenditure Survey, 2005 – 2006

Item	United States	Boston	Philadelphia	Washington, D.C.	Miami	Dallas-Fort Worth
Consumer unit characteristics:						
Income before taxes	\$59,628	\$76,273	\$60,304	\$88,551	\$51,232	\$66,261
Age of reference person	48.7	47.3	48.4	45.9	50.4	44.9
Average number in consumer unit:						
Persons	2.5	2.3	2.4	2.5	2.5	2.8
Children under 18	.6	.6	.6	.6	.6	.8
Persons 65 and over	.3	.2	.3	.2	.4	.2
Earners	1.3	1.4	1.3	1.5	1.3	1.6
Vehicles	1.9	1.8	1.5	1.7	1.5	2.0
Percent homeowners	67	63	71	68	63	65
Average annual expenditures	\$47,421	\$53,691	\$45,922	\$58,236	\$42,379	\$53,294
Percent distribution:	100.0	100.0	100.0	100.0	100.0	100.0
Food	12.7	12.8	13.1	10.9	13.3	12.3
Alcoholic beverages	1.0	1.1	1.0	1.0	.6	.9
Housing	33.3	35.2	35.7	41.3	37.6	33.5
Apparel and services	4.0	3.1	4.5	3.8	2.9	3.8
Transportation	17.8	17.1	15.4	12.6	19.3	18.1
Health care	5.7	5.2	4.8	4.3	5.2	5.8
Entertainment	5.0	4.8	4.1	4.3	3.6	4.3
Personal care products and services	1.2	1.0	1.3	1.1	1.5	1.3
Reading	.3	.4	.2	.2	.1	.2
Education	1.9	3.3	2.3	2.5	1.7	1.5
Tobacco products and smoking supplies	.7	.6	.8	.3	.4	.5
Miscellaneous	1.7	1.3	1.2	1.8	1.2	1.6
Cash contributions	3.7	2.5	2.8	2.8	3.1	3.9
Personal insurance and pensions	11.0	11.7	12.7	13.2	9.4	12.3

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

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

Item	United States	Boston	Philadelphia	Washington, D.C.	Miami	Dallas-Forth Worth
Consumer unit characteristics:						
Income before taxes	\$59,628	\$76,273	\$60,304	\$88,551	\$51,232	\$66,261
Age of reference person	48.7	47.3	48.4	45.9	50.4	44.9
Average number in consumer unit:						
Persons	2.5	2.3	2.4	2.5	2.5	2.8
Children under 18	.6	.6	.6	.6	.6	.8
Persons 65 and over	.3	.2	.3	.2	.4	.2
Earners	1.3	1.4	1.3	1.5	1.3	1.6
Vehicles	1.9	1.8	1.5	1.7	1.5	2.0
Percent homeowners	67	63	71	68	63	65
Average annual expenditures						
Food	6,022	6,865	6,031	6,357	5,637	6,537
Food at home	3,357	3,760	3,372	3,092	3,593	3,573
Cereals and bakery products	446	561	454	393	464	468
Meats, poultry, fish, and eggs	781	866	834	687	910	805
Dairy products	373	405	382	370	427	392
Fruits and vegetables	572	634	620	642	727	596
Other food at home	1,185	1,295	1,082	1,000	1,066	1,312
Food away from home	2,665	3,105	2,659	3,264	2,044	2,964
Alcoholic beverages	462	573	437	572	255	461
Housing	15,782	18,922	16,417	24,059	15,928	17,854
Shelter	9,253	12,256	9,722	15,976	10,053	9,883
Owned dwellings	6,250	8,351	6,748	11,628	6,385	6,793
Rented dwellings	2,468	3,020	2,510	3,765	3,445	2,478
Other lodging	535	885	464	582	222	611
Utilities, fuels, and public services	3,291	3,590	3,771	3,827	3,421	4,424
Household operations	875	918	877	1,447	856	1,140
Housekeeping supplies	625	584	634	603	532	714
Household furnishings and equipment	1,737	1,574	1,413	2,206	1,065	1,693
Apparel and services	1,880	1,690	2,063	2,195	1,242	2,048
Transportation	8,427	9,170	7,092	7,341	8,186	9,662
Vehicle purchases (net outlay)	3,482	4,011	2,661	2,133	3,199	3,919
Gasoline and motor oil	2,121	1,958	1,783	1,958	2,069	2,410
Other vehicle expenses	2,347	2,625	2,227	2,503	2,480	2,816
Public transportation	476	576	421	747	437	517
Healthcare	2,716	2,794	2,188	2,505	2,190	3,075
Entertainment	2,382	2,555	1,871	2,480	1,523	2,285
Personal care products and services	563	554	575	625	633	713
Reading	122	189	108	135	43	110
Education	914	1,779	1,064	1,446	724	799
Tobacco products and smoking supplies	323	302	371	187	168	260
Miscellaneous	827	699	561	1,039	524	839
Cash contributions	1,767	1,330	1,301	1,635	1,328	2,077
Personal insurance and pensions	5,237	6,269	5,842	7,661	4,000	6,573
Life and other personal insurance	351	360	323	412	221	382
Pensions and Social Security	4,886	5,909	5,519	7,249	3,779	6,191

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

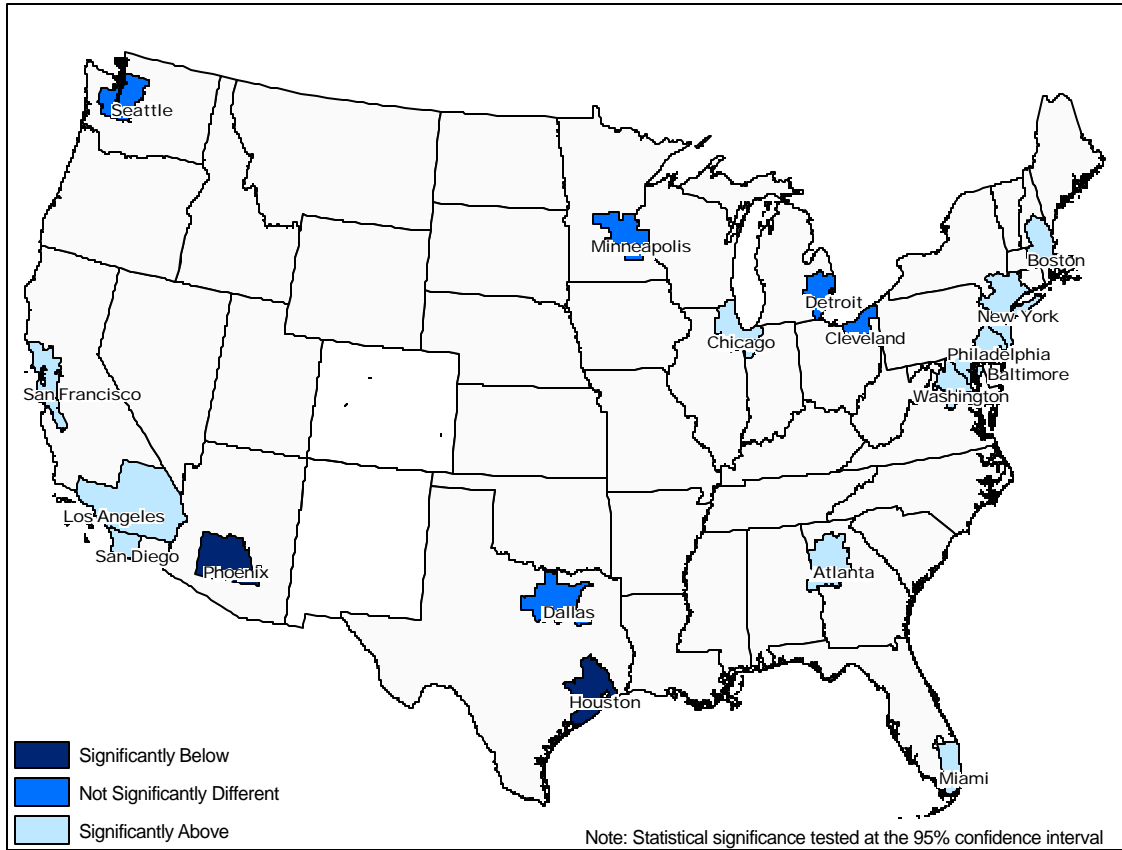


Chart 2. Expenditure shares spent on transportation in all 18 metropolitan statistical areas compared to the U.S. average, 2005-2006

