



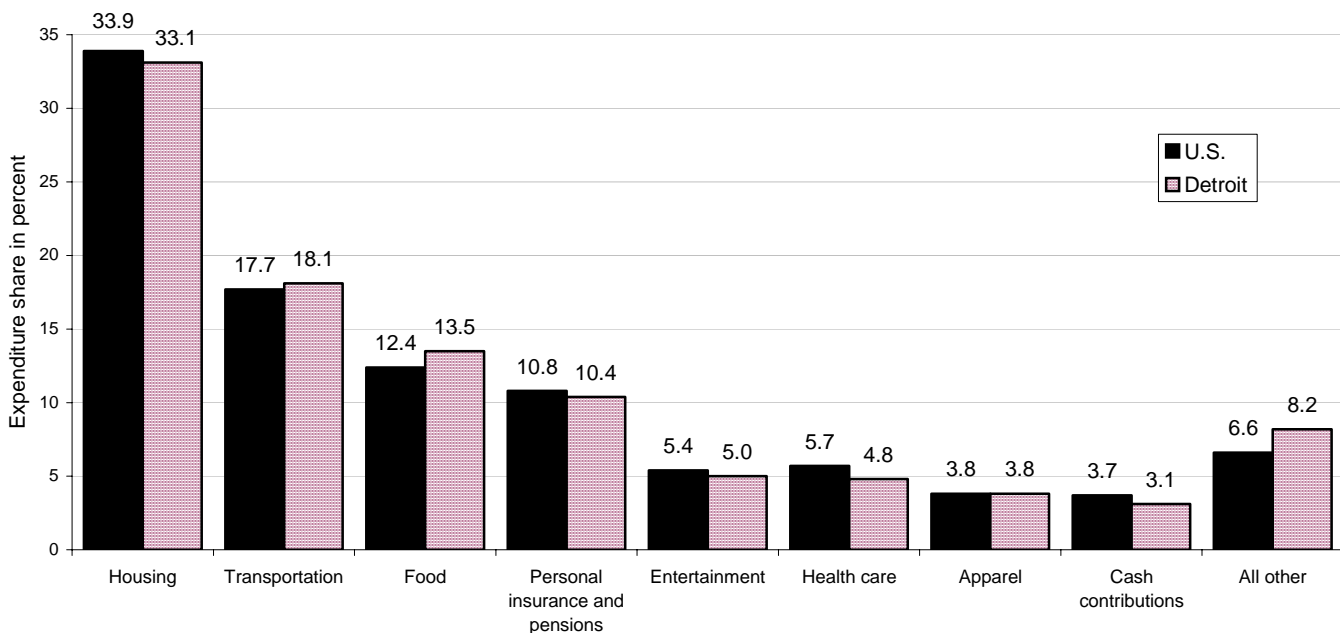
General Information: (312) 353-1880
Media Contact: Paul LaPorte
(312) 353-1138
Internet: www.bls.gov/ro5

FOR RELEASE:
Thursday, March 5, 2009

CONSUMER SPENDING PATTERNS IN THE DETROIT METROPOLITAN AREA, 2006-2007

Consumer units¹ in the Detroit-Ann Arbor-Flint, Mich. metropolitan area spent an average of \$48,348 per year in 2006-2007, according to results from the Bureau of Labor Statistics' Consumer Expenditure Survey. Regional Commissioner Jay A. Mousa noted that this figure was 1.9 percent lower than the \$49,279 average expenditure level for a typical household in the United States. Although households in the Detroit area spent less than the U.S. average, they tended to allocate their dollars similarly among the major categories with few exceptions, most notably food and health care. (See chart A.)

Chart A. Percent distribution of average annual expenditures, United States and Detroit 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.

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 conducted 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, the largest expenditure category, accounted for 33.1 percent of a Detroit area household's total budget; this share was not significantly different from the 33.9-percent national average (see table 1). Expenditure shares for housing were also similar to that for the nation in Cleveland and Minneapolis (each at 34.7 percent), but significantly higher than average in Chicago (35.3 percent). These three areas were selected for comparison with Detroit because they are large metropolitan areas in the same geographic region of the country. Overall, 10 of the 18 published metropolitan areas had expenditure shares for housing significantly above the U.S. average and only 1 (Houston) had a lower-than-average share. (See chart 1).

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

Category	United States	Detroit	Chicago	Cleveland	Minneapolis
Total housing	100.0	100.0	100.0	100.0	100.0
Shelter	59.0	59.8	62.3	58.5	55.5
Utilities, fuels, & services	20.6	22.7	18.6	22.7	15.8
Household operations	5.8	3.8	5.3	4.7	13.8
Housekeeping supplies	3.8	4.0	3.2	3.4	2.7
Household furnishings	10.7	9.7	10.6	10.7	12.2

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

The majority of housing expenditures in Detroit went toward shelter (59.8 percent), which includes mortgage interest, property taxes, repairs, and rent, among other items. (See table A.) Nationally, households allocated 59.0 percent of their housing expenditures toward shelter. Utilities, fuels, and public services expenses accounted for 22.7 percent of a Detroit household's housing expenses compared to 20.6 percent nationwide. The homeownership rate in Detroit, 73 percent, was higher than the national average of 67 percent. Ranked from highest to lowest, the remaining Midwestern areas had

homeownership rates close to the U.S. average: Minneapolis (73 percent), Chicago (71 percent), and Cleveland (68 percent).

At 18.1 percent of the total budget, transportation was the second-largest expenditure category in the Detroit area; this was not significantly different from the national average of 17.7 percent. Like Detroit, households in Cleveland (17.5 percent) allocated a similar share of their budgets to transportation when compared to the national average. Households in Chicago (15.4 percent) and Minneapolis (14.5 percent) spent a smaller portion of their budgets on transportation. Among the 18 published metropolitan areas nationwide, 6 others joined Chicago and Minneapolis in having lower-than-average expenditure shares for transportation, while 2 others had above average shares. (See chart 2.)

Of the \$8,743 annual expenditure for transportation in Detroit, 95.0 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 owned per household in Detroit was 2.0, close to the national average of 1.9. The average number of vehicles owned was slightly above the national average in Minneapolis (2.2) and Cleveland (2.1). Consumer units in Chicago owned an average of 1.8 vehicles, below the national average and lowest among the Midwestern metropolitan areas shown here.

The remaining 5.0 percent of a Detroit household's transportation budget was spent on public transit, which includes fares for taxis, buses, trains, and planes; this compares to the national average of 6.0 percent. (See table B.) Public transportation accounted for 3.0 percent of total transportation in Cleveland, 7.5 percent in Minneapolis, and 9.1 percent in Chicago.

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

Category	United States	Detroit	Chicago	Cleveland	Minneapolis
Total transportation	100.0	100.0	100.0	100.0	100.0
Vehicle purchases (net outlay)	38.1	25.2	34.9	39.4	42.4
Gasoline and motor oil	26.4	29.8	26.2	26.0	24.7
Other vehicle expenses	29.5	40.1	29.8	31.6	25.4
Public transportation	6.0	5.0	9.1	3.0	7.5

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

The portion of a Detroit consumer unit's budget spent on food, 13.5 percent, was significantly higher than the 12.4-percent U.S. average. In the other three comparison areas, Chicago (12.6 percent), Cleveland (11.5 percent), and Minneapolis (11.4 percent) allocated expenditure shares similar to that of the nation.

Households in Detroit spent \$3,886, or 59.3 percent, of their food dollars on food prepared at home and the remaining 40.7 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 56.2 percent of its food budget on food prepared at home and 43.8 percent on food prepared away from home. Among the three comparison cities, consumers in Cleveland spent 39.6 percent of their food budget on food prepared away from home, while households in Chicago and Minneapolis allocated 43.8 and 43.9 percent, respectively.

Payments for personal insurance and pensions accounted for 10.4 percent of the typical Detroit household's budget, similar to the 10.8-percent share allocated nationally. Like Detroiters, consumer units in Minneapolis (11.0 percent) and Chicago (10.9 percent) had expenditure shares that were not significantly different from the national average for personal insurance and pensions. On the other hand, households in Cleveland (9.8 percent) spent a smaller-than-average share of their budgets on personal insurance and pensions. Of the 18 published metropolitan areas, 7 spent larger-than-average shares on insurance and pensions, 3 allocated smaller shares, and 8 were close to the national average.

Spending on apparel and services accounted for 3.8 percent of total expenditures in Detroit, the same as the national average. Among the other three areas, expenditure shares for apparel and services were significantly higher than that for the nation in Chicago (5.3 percent), while households in Cleveland (4.7 percent) and Minneapolis (3.7 percent) allocated a similar share of their budgets.

Out-of-pocket health care expenses—which include health insurance premiums, medical services, drugs (prescription and nonprescription), and medical care supplies—accounted for 4.8 percent of total household expenditures in Detroit, significantly less than the 5.7 percent recorded nationwide. Like Detroit, the percentage spent on out-of-pocket health care expenses was also significantly less than that of the nation in Chicago (5.3 percent). However, expenditure shares in Minneapolis (6.2 percent) were close to the national average, while Cleveland's (6.9 percent) were significantly higher.

Detroit area households allocated a similar share, (5.0 percent), of their budget to entertainment when compared to the national average (5.4 percent). Minneapolis (6.6 percent) and Cleveland (4.7 percent) also spent a similar portion of their total budgets on entertainment when compared to the nation. Consumer units in Chicago (4.8 percent) allocated a significantly smaller share.

Out-of-pocket expenses for education accounted for 2.7 percent of a Detroit area household's total budget, comparable to the 1.9-percent nationwide average. Among the other three areas, expenditure shares for education were significantly higher than for the nation in Chicago (2.9 percent) and comparable to the nation in Cleveland (2.1 percent) and Minneapolis (1.8 percent).

Cash contributions accounted for 3.1 percent of an average consumer unit's spending in Detroit, not significantly different from the national average of 3.7 percent. Shares for cash contributions were also not measurably different than average in Cleveland (3.3 percent) and Minneapolis (4.9 percent), but were significantly lower in Chicago (2.8 percent).

As noted, Detroit 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 Chicago Information Office at (312) 353-1880. 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/ro5/.

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). 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 metropolitan areas published.

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:

Chicago-Gary-Kenosha, Ill.-Ind.-Wis.: includes Cook, De Kalb, Du Page, Grundy, Kankakee, Kane, Kendall, Lake, McHenry, and Will Counties in Illinois; Lake and Porter Counties in Indiana; and Kenosha County in Wisconsin;

Cleveland-Akron, Ohio: includes Ashtabula, Cuyahoga, Geauga, Lake, Lorain, Medina, Portage, and Summit Counties;

Detroit-Ann Arbor-Flint, Mich.: includes Genesee, Lapeer, Lenawee, Livingston, Macomb, Monroe, Oakland, St. Clair, Washtenaw, and Wayne Counties;

Minneapolis-St. Paul, Minn.-Wis.: includes Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, Sherburne, Washington, and Wright Counties in Minnesota; and Pierce and St. Croix Counties in Wisconsin.

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, 2006-2007

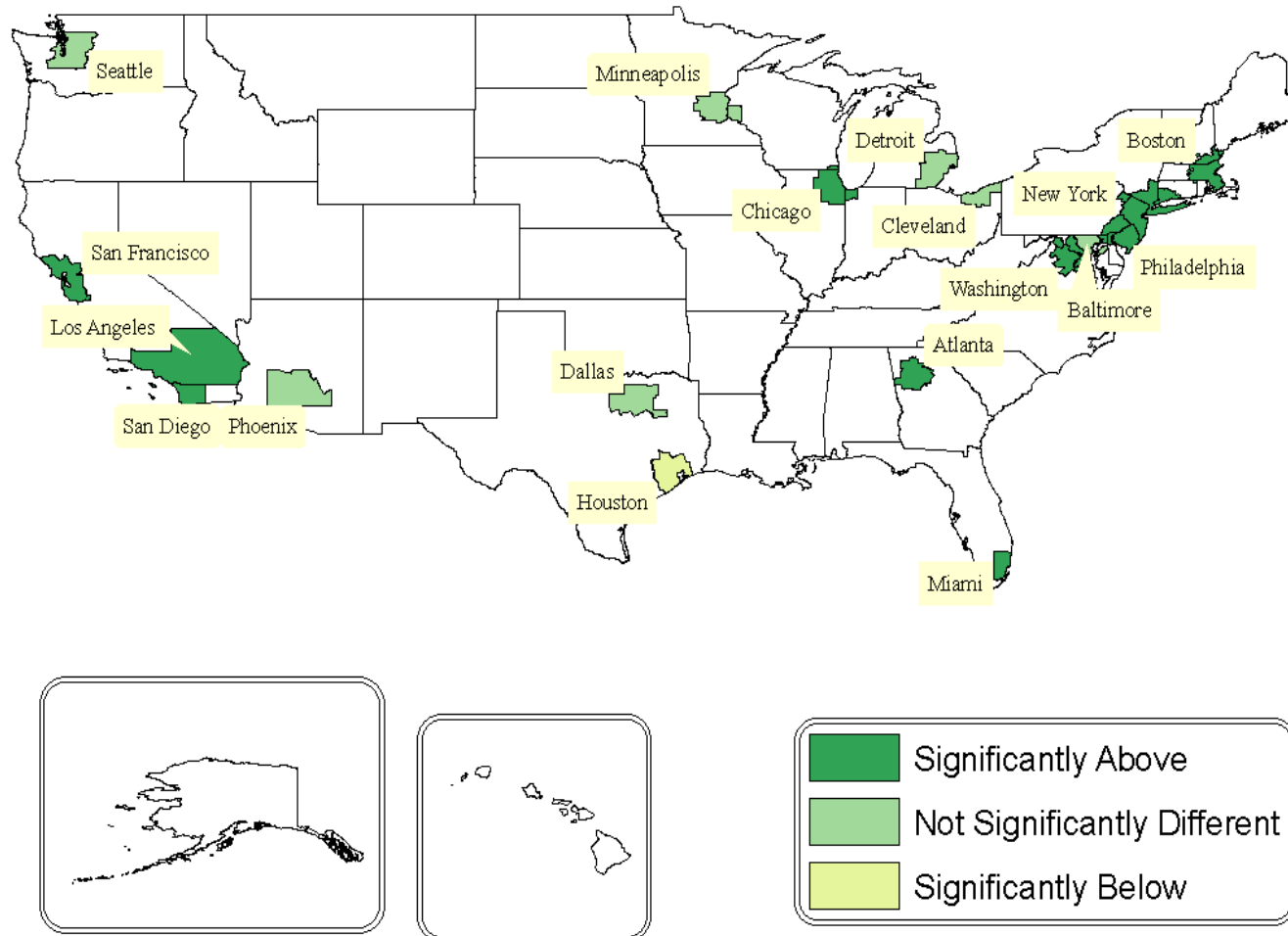
Item	United States	Detroit	Chicago	Cleveland	Minneapolis
Consumer unit characteristics:					
Income before taxes	\$61,820	\$58,414	\$75,463	\$62,104	\$76,772
Age of reference person	48.8	49.3	49.6	53.0	48.1
Average number in consumer unit:					
Persons	2.5	2.4	2.6	2.5	2.3
Children under 18	.6	.6	.7	.6	.5
Persons 65 and over	.3	.3	.3	.3	.3
Earners	1.3	1.3	1.4	1.4	1.4
Vehicles	1.9	2.0	1.8	2.1	2.2
Percent homeowner	67	73	71	68	73
Average annual expenditures	\$49,279	\$48,348	\$57,304	\$47,890	\$60,059
Total (percent):	100.0	100.0	100.0	100.0	100.0
Food	12.4	13.5	12.6	11.5	11.4
Alcoholic beverages	1.0	1.0	1.4	.8	1.5
Housing	33.9	33.1	35.3	34.7	34.7
Apparel & services	3.8	3.8	5.3	4.7	3.7
Transportation	17.7	18.1	15.4	17.5	14.5
Health care	5.7	4.8	5.3	6.9	6.2
Entertainment	5.4	5.0	4.8	4.7	6.6
Personal care products & services	1.2	1.2	1.2	1.2	1.1
Reading	.2	.2	.2	.3	.3
Education	1.9	2.7	2.9	2.1	1.8
Tobacco products & smoking supplies	.7	.9	.5	.8	.5
Miscellaneous	1.7	2.0	1.5	1.7	1.9
Cash contributions	3.7	3.1	2.8	3.3	4.9
Personal insurance & pensions	10.8	10.4	10.9	9.8	11.0

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

Table 2. Average annual expenditures, U.S. and selected metropolitan areas, Consumer Expenditure Survey, 2006-2007

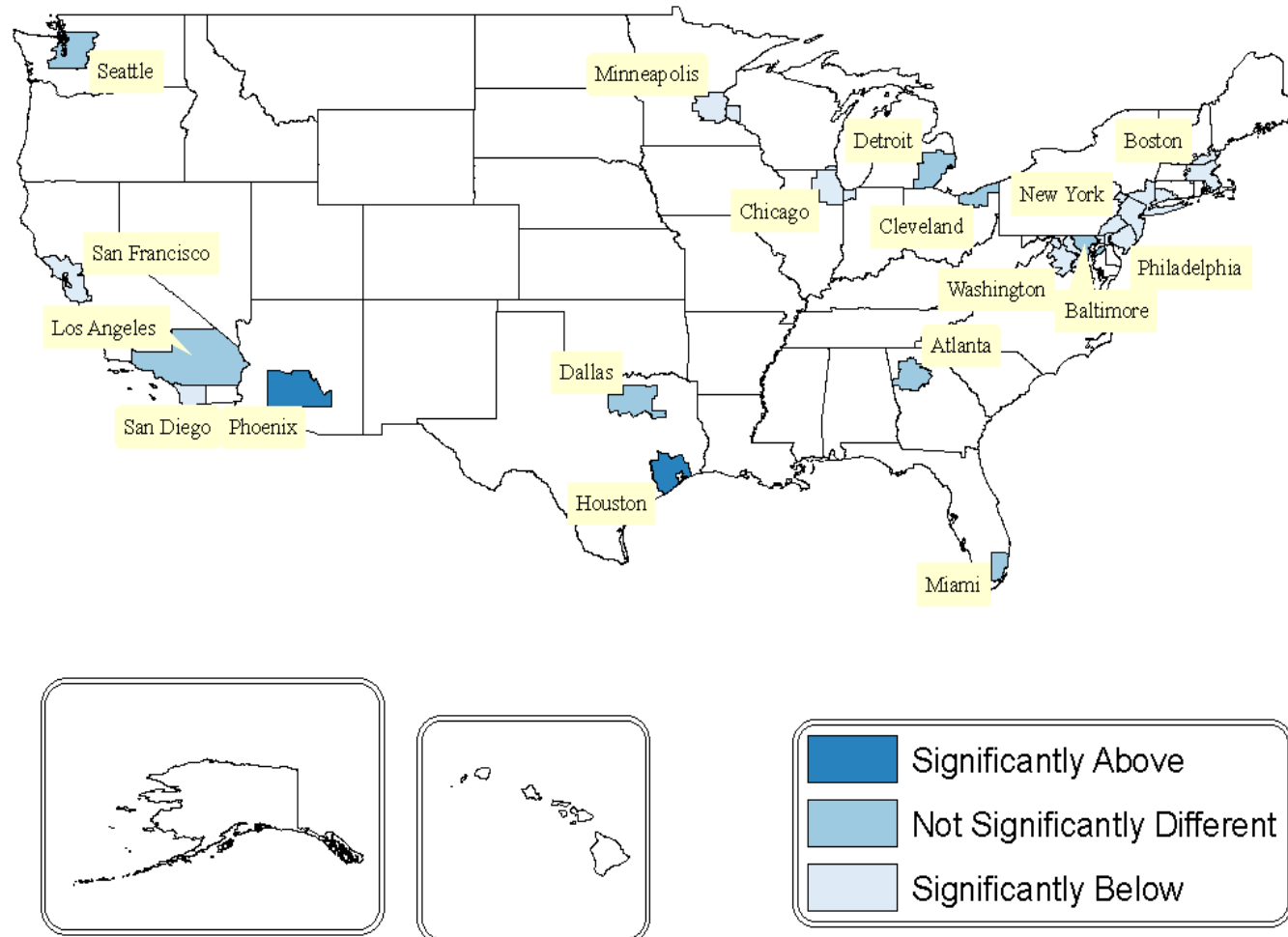
Item	United States	Detroit	Chicago	Cleveland	Minneapolis
Average annual expenditures:	\$49,279	\$48,348	\$57,304	\$47,890	\$60,059
Food	6,122	6,550	7,202	5,514	6,848
Food at home	3,441	3,886	4,046	3,331	3,845
Cereals and bakery products	453	579	537	422	517
Meats, poultry, fish and eggs	787	871	932	934	703
Dairy products	378	420	406	320	475
Fruits and vegetables	596	635	713	531	731
Other food at home	1,227	1,381	1,457	1,125	1,419
Food away from home	2,681	2,663	3,156	2,183	3,003
Alcoholic beverages	477	495	801	401	928
Housing	16,684	15,995	20,238	16,602	20,819
Shelter	9,849	9,568	12,612	9,719	11,559
Owned dwellings	6,624	7,077	9,043	6,269	8,592
Rented dwellings	2,596	1,841	2,680	2,773	2,222
Other lodging	629	650	889	678	745
Utilities, fuels & public services	3,437	3,637	3,761	3,768	3,294
Household operations	966	602	1,063	775	2,871
Housekeeping supplies	639	642	654	561	562
Household furnishings & equipment	1,793	1,545	2,146	1,778	2,533
Apparel & services	1,893	1,848	3,019	2,241	2,193
Transportation	8,737	8,743	8,846	8,371	8,694
Vehicle purchases (net outlay)	3,332	2,201	3,084	3,296	3,689
Gasoline & motor oil	2,306	2,602	2,322	2,177	2,151
Other vehicle expenses	2,577	3,506	2,635	2,644	2,204
Public transportation	521	433	806	253	649
Healthcare	2,810	2,307	3,020	3,293	3,705
Entertainment	2,637	2,441	2,740	2,250	3,952
Personal care products & services	586	570	662	571	647
Reading	117	113	130	154	156
Education	917	1,325	1,644	1,010	1,079
Tobacco products & smoking supplies	325	445	291	398	320
Miscellaneous	827	985	837	815	1,149
Cash contributions	1,845	1,500	1,633	1,557	2,953
Personal insurance & pensions	5,303	5,031	6,241	4,713	6,615
Life and other personal insurance	316	318	352	429	283
Pensions & Social Security	4,987	4,713	5,889	4,285	6,332

Chart 1. Expenditure shares spent on housing in all 18 metropolitan statistical areas compared to the U.S. average, Consumer Expenditure Survey, 2006-2007



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

Chart 2. Expenditure shares spent on transportation in all 18 metropolitan statistical areas compared to the U.S. average, Consumer Expenditure Survey, 2006-2007



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