

News

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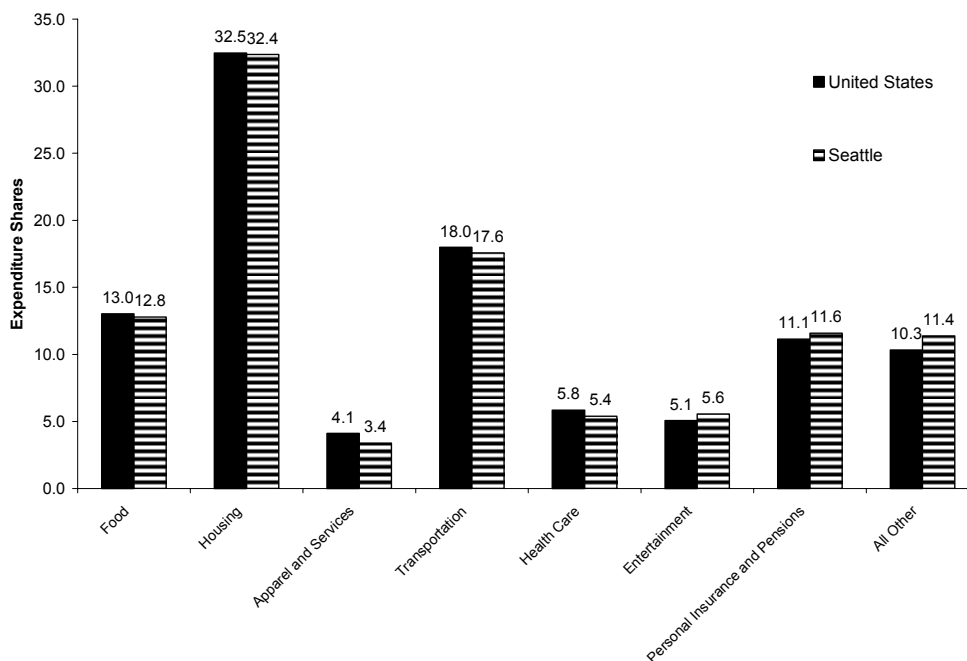
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CONSUMER SPENDING PATTERNS IN THE SEATTLE METROPOLITAN AREA, 2004-2005

Consumer units¹ in the Seattle, Washington metropolitan area spent an average of \$54,027 per year in 2004-2005, a 10.0 percent increase from 2002-2003, according to the U.S. Bureau of Labor Statistics' Consumer Expenditure Survey. Regional Commissioner Richard J. Holden noted that total expenditures in the Seattle area were 20.3 percent greater than the \$44,928 expenditure level for a typical household in the United States. Though households in Seattle spent more than the U.S. average, how they allocated their dollars was generally similar to the typical American household. While spending for apparel and services made up a smaller-than-average share of annual expenditures in the Seattle area, expenditure shares for most other items, including food, housing, transportation, healthcare, and personal insurance and pensions, did not differ significantly from the U.S. norm. (See chart A.)

Chart A. Percent distribution of average annual expenditures, United States and Seattle metropolitan area, 2004-2005



Note: Figures in chart may not add to 100 due to rounding.

¹ See the Technical Note for the definition of a consumer unit. The terms consumer unit and household are used interchangeably through 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; data are available for the nation, the four 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, 32.4 percent of a Seattle resident's total expenditures, similar to the nationwide share of 32.5 percent. Portland and Anchorage, two other metropolitan areas in the Pacific Northwest that were chosen for comparison, also had expenditure shares for housing that were not significantly different from the national average. Among the 24 metropolitan areas surveyed nationwide, 11 had significantly higher expenditure shares for housing, but only 3 had measurably lower shares. (See chart 1.) Expenditure shares in the metropolitan areas ranged from 29.8 percent in Saint Louis to 39.3 percent in Miami.

In Seattle the majority of the \$17,483 spent on housing went for shelter (61.4 percent), which includes mortgage interest, property taxes, repairs, and rent among other items. This compares to a national share of 57.9 percent. (See table A.) Utilities, fuels and public services accounted for 15.8 percent of total housing expenditures, compared to the 21.0 percent share spent nationwide. In the Seattle area, 66 percent of households owned their home compared to 68 percent for the nation. In contrast, 71 percent of Anchorage households were homeowners but only 63 percent of those in Portland owned a home.

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

Category	United States	Seattle	Portland	Anchorage
Total Housing	100.0	100.0	100.0	100.0
Shelter	57.9	61.4	61.5	60.7
Utilities, fuels, and public services	21.0	15.8	17.9	17.2
Household operations	5.3	4.1	5.8	5.2
Housekeeping supplies	4.1	4.0	3.4	4.1
Household furnishings and equipment	11.7	14.5	11.3	12.7

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

At 17.6 percent of the total budget, transportation was the second largest expenditure category in the Seattle area; this was similar to the national average of 18.0 percent. While households in Portland also allocated 17.6 percent of their budgets to transportation, those in Anchorage allocated a significantly higher share, 21.2 percent. In fact, of the 24 metropolitan areas surveyed, only 3 spent an above-average share of their budgets on transportation costs, while 8 had significantly lower shares. (See chart 2.)

Of the \$9,491 spent on transportation in Seattle, 41.1 percent was spent on vehicle purchases, compared to the nationwide average of 43.0 percent. In contrast, almost 50 percent of all transportation dollars went for vehicle purchases in Anchorage, and in Portland, it was about 45 percent. (See table B.)

Seattle households allocated 9.1 percent of their transportation costs to public transit, well above the 5.5 percent spent nationally. Residents of Anchorage allocated 8.9 percent of their transportation expenditures on public transit, similar to Seattle's share. Public transportation includes fares for taxis, buses, subways, trains, and planes. Households in Phoenix and Houston had among the lowest shares for public transit at 3.6 and 3.7 percent, respectively, while those in New York, Honolulu, San Francisco, and Washington, D.C., all allocated 10.0 percent or more.

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

Category	United States	Seattle	Portland	Anchorage
Total Transportation	100.0	100.0	100.0	100.0
Vehicle Purchases (net outlay)	43.0	41.1	44.8	48.3
Gasoline and motor oil	22.3	20.2	19.7	17.1
Other vehicle expenses	29.1	29.6	28.7	25.7
Public transportation	5.5	9.1	6.7	8.9

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

Seattle consumer units spent 12.8 percent of their budget on food (\$6,904), on a par with the 13.0-percent U.S. average. Portland households spent 12.7 percent of their budget for food, also not significantly different from the national share. In contrast, Anchorage consumer units spent a measurably smaller portion of total expenditures on food, 10.8 percent.

Seattle households spent 56.6 percent of their food dollars for food prepared at home and the remaining 43.4 percent on food prepared away from home, which includes restaurant meals, carry-outs, board at school, and catered affairs; this was in line with the average U.S. household. Among the 24 metropolitan areas, only those in the Atlanta, Georgia area were more likely to spend their money eating out (51.3 percent) than they were to spend it on food prepared at home (48.7 percent).

Payments for personal insurance and pensions accounted for 11.6 percent of a typical Seattle household's budget, not measurably different from the 11.1-percent national average. In the other two areas in the Pacific Northwest, the share for personal insurance and pensions in Portland matched that for a typical consumer unit nationally, while in Anchorage, the share was significantly higher at 12.1 percent. Personal insurance and pensions includes expenditures for life and other personal insurance as well as contributions to pensions and Social Security.

Out-of-pocket health care expenses, which include health insurance premiums, medical services, drugs (prescription and nonprescription), and medical care supplies accounted for 5.4 percent of total household expenditures in the Seattle area, not significantly different from the nationwide average of 5.8 percent. Consumer units in Anchorage (5.7 percent) and Portland (5.4 percent) also allocated an expenditure share for health care that was similar to the U.S. average.

At \$1,833, spending on apparel and related services accounted for 3.4 percent of total expenditures in Seattle; statistically, this was significantly different from the 4.1-percent national average. Expenditure shares for apparel and services were also lower than that for the nation in Anchorage (3.1 percent). The expenditure share for apparel in Portland, in contrast, was not measurably different from that for the United States, at 3.6 percent.

In the remaining expenditure categories, Seattle households allocated 5.6 percent of their budget for entertainment and 3.8 percent on cash contributions, both in line with the national shares of 5.1 and 3.4 percent, respectively. Consumer units in the other two Pacific Northwest metropolitan areas of

Portland, and Anchorage, also had expenditure shares for cash contributions and entertainment that were not significantly different than those of the typical U.S. household.

As noted, Seattle is 1 of 24 metropolitan areas for which Consumer Expenditure Survey data are available. Data tables for all of these areas, as well as the four geographic regions of the country and the nation are offered on the BLS Internet site <http://www.bls.gov/cex/home.htm> in both text and PDF formats. For personal assistance or further information on the Consumer Expenditure Survey, as well as other Bureau programs, contact the San Francisco Information Office at 415-625-2270.

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:

San Diego, California: includes San Diego County;

Los Angeles-Riverside-Orange County, California: includes Los Angeles, Orange, Riverside, San Bernardino, and Ventura Counties;

San Francisco-Oakland-San Jose, California: includes Alameda, Contra Costa, Marin, Napa, Santa Clara, Santa Cruz, San Francisco, San Mateo, Solano, and Sonoma Counties;

Portland-Salem, Oregon-Washington: includes Clackamas, Columbia, Marion, Multnomah, Polk, Washington, and Yamhill Counties, Oregon, and Clark County, Washington;

Seattle-Tacoma-Bremerton, Washington: includes Island, King, Kitsap, Pierce, Snohomish, and Thurston Counties;

Honolulu, Hawaii: includes Honolulu County;

Anchorage, Alaska: includes the Anchorage and Matanuska-Susitna Boroughs;

Phoenix-Mesa, Arizona: includes Maricopa and Pinal Counties; and

Denver-Boulder-Greeley, Colorado: includes Adams, Arapahoe, Boulder, Denver, Douglas, Jefferson and Weld Counties.

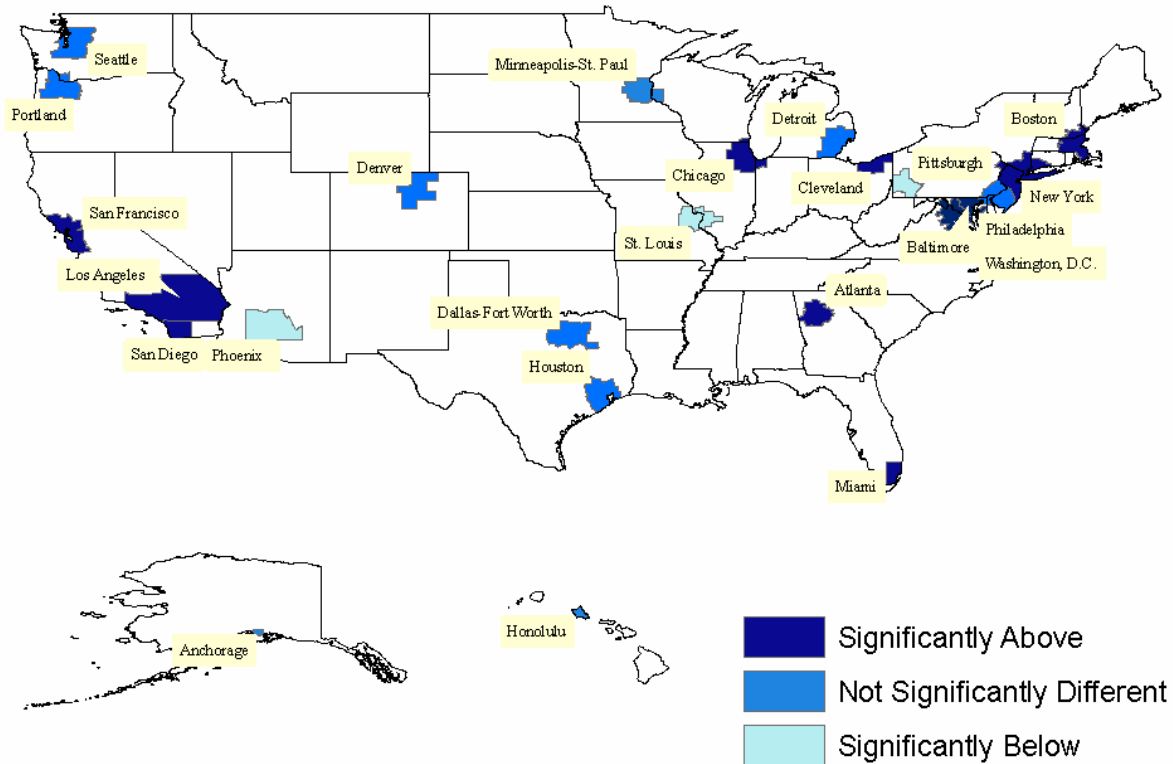
Definitions

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.

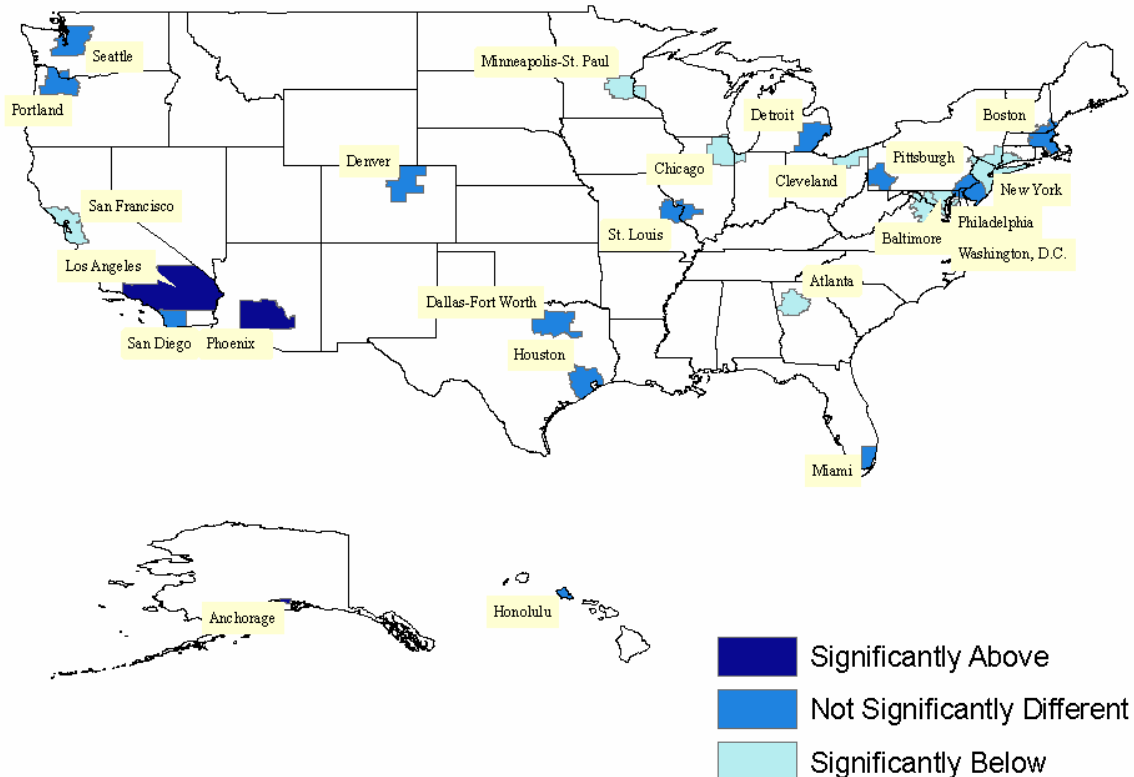
Income before taxes - the total money earnings and selected money receipts during the 12 months prior to the interview date.

Chart 1: Expenditure shares spent on housing for 24 metropolitan areas compared to the United States average, 2004-2005



Note: Statistical significance testing at the 95 percent confidence interval

Chart 2: Expenditure shares spent on transportation for 24 metropolitan areas compared to the United States average, 2004 to 2005



Note: Statistical significance testing at the 95 percent confidence interval

Table 1. Consumer unit characteristics and percent distribution of expenditures, United States and selected metropolitan areas, Consumer Expenditure Survey, 2004-2005

Item	United States	Seattle	Portland	Anchorage
Consumer unit characteristics:				
Income before taxes ¹	\$56,593	\$63,888	\$56,702	\$71,031
Age of reference person	48.5	47.8	47.9	45.8
Average number in consumer unit:				
Persons	2.5	2.3	2.5	2.5
Children under 18	0.6	0.5	0.6	0.7
Persons 65 and over	0.3	0.2	0.3	0.2
Earners	1.3	1.5	1.4	1.5
Vehicles	2.0	2.4	2.2	2.5
Percent homeowners	68.0	66	63	71
Average annual expenditures	\$44,928	\$54,027	\$50,313	\$59,427
Percent distribution:	100.0	100.0	100.0	100.0
Food	13.0	12.8	12.7	10.8
Alcoholic beverages	1.0	1.4	1.0	1.1
Housing	32.5	32.4	31.9	31.6
Apparel and services	4.1	3.4	3.6	3.1
Transportation	18.0	17.6	17.6	21.2
Healthcare	5.8	5.4	5.4	5.7
Entertainment	5.1	5.6	6.1	5.8
Personal care products and services	1.2	1.2	1.1	1.0
Reading	0.3	0.4	0.4	0.4
Education	2.1	2.3	2.4	1.4
Tobacco products and smoking supplies	0.7	0.4	0.7	0.7
Miscellaneous	1.7	1.9	2.6	2.1
Cash contributions	3.4	3.8	3.5	3.1
Personal insurance and pensions	11.1	11.6	11.1	12.1

¹ Components of income and taxes are derived from "complete income reporters" only; see definition

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

Item	United States Average	Seattle	Portland	Anchorage
Average annual expenditures	\$44,928	\$54,027	\$50,313	\$59,427
Food	5,855	6,904	6,377	6,412
Food at home	3,322	3,908	3,557	3,713
Cereals and bakery products	453	475	453	457
Meats, poultry, fish, and eggs	822	840	783	846
Dairy products	374	457	432	437
Fruits and vegetables	556	666	650	605
Other food at home	1,116	1,469	1,239	1,369
Food away from home	2,533	2,996	2,820	2,698
Alcoholic beverages	442	781	526	636
Housing	14,586	17,483	16,039	18,764
Shelter	8,448	10,741	9,862	11,391
Owned dwellings	5,688	7,144	6,650	7,814
Rented dwellings	2,273	2,737	2,535	2,850
Other lodging	487	860	677	727
Utilities, fuels, and public services	3,057	2,769	2,878	3,228
Household operations	777	725	933	985
Housekeeping supplies	603	706	553	771
Household furnishings and equipment	1,701	2,541	1,813	2,388
Apparel and services	1,851	1,833	1,822	1,820
Transportation	8,081	9,491	8,845	12,596
Vehicle purchases (net outlay)	3,478	3,897	3,964	6,082
Gasoline and motor oil	1,806	1,914	1,742	2,157
Other vehicle expenses	2,354	2,813	2,542	3,239
Public transportation	444	867	596	1,119
Healthcare	2,625	2,910	2,693	3,397
Entertainment	2,279	3,002	3,057	3,420
Personal care products and services	561	625	578	615
Reading	128	214	188	218
Education	924	1,217	1,200	842
Tobacco products and smoking supplies	303	236	344	440
Miscellaneous	751	1,004	1,303	1,227
Cash contributions	1,535	2,070	1,775	1,853
Personal insurance and pensions	5,006	6,256	5,565	7,187
Life and other personal insurance	386	346	367	581
Pensions and Social Security	4,619	5,910	5,198	6,606