

News

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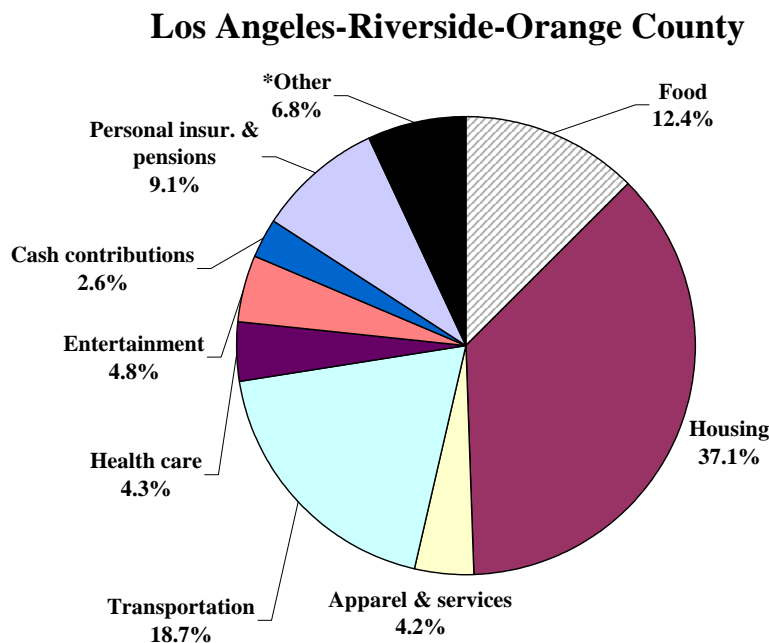
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CONSUMER SPENDING PATTERNS IN LOS ANGELES-RIVERSIDE-ORANGE COUNTY, 2001-2002

Consumer units¹ in the Los Angeles-Riverside-Orange County, California metropolitan area spent an average of \$47,459 per year in 2001-2002, about 18 percent more than the typical U.S. household, according to the latest Consumer Expenditure Survey results from the Bureau of Labor Statistics of the U.S. Department of Labor. Since 1999-2000, expenditures in the Los Angeles area increased 6.1 percent, while spending nationally increased 6.6 percent for the period. According to Acting Regional Commissioner Nancy Treadwell, housing costs in Los Angeles averaged \$17,602, 33.9 percent more than the national average. Not only did area households spend more on housing, but housing costs accounted for proportionately more of their budget than it did the average U.S. household. On the other hand, Los Angeles residents spent a smaller share of total expenditures for food and health care.

Chart A. Percent distribution of total average expenditures, 2001-2002



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

The typical Los Angeles household averaged 2.8 persons, including 1.5 wage earners, a bit larger in size than the national norm of 2.5 persons and 1.4 wage earners. Los Angeles residents were also less likely to be homeowners than their national counterparts—55 percent versus 66 percent. Not incidentally, the cost of shelter, a sub-category of housing expenses, which includes mortgage interest, property taxes, repairs, and rent, was 51.3 percent higher than the U.S. average. (See table 1.)

This report contains annual data averaged over a two-year period, 2001 and 2002. The data are from the Consumer Expenditure Survey (CE), which is conducted on an ongoing basis by the Bureau of Labor Statistics (BLS). The U.S. Census Bureau collects the survey data for BLS. The CE is the only national survey that provides both complete data on household expenditures and the demographic characteristics of those households. Survey data cannot be used to make cost of living comparisons between areas. Expenditure levels 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 item) can be used to compare spending patterns across areas. Data shown are annual averages per consumer unit. An individual consumer unit may spend more or less than the average, depending on its particular characteristics.

The percentage of the total budget spent by a typical Los Angeles household for the three largest expenditure categories--food, transportation, and housing--was 68.2 percent, above the 65.3 percent spent by an average U.S. household. Notable among the eight other areas in the West region², San Diego, Seattle, and San Francisco also had larger than average shares at 70.2, 66.8, and 66.5 percent, respectively. Anchorage and Portland, on the other hand, had among the lowest combined expenditure shares at 62.6 and 62.9 percent, respectively. (See table 2. Geographical boundaries of the region and metropolitan areas referenced in this release are contained in the Technical Note.)

Over the 2001-2002 period, the average Los Angeles household spent 37.1 percent of its budget on housing, making this the largest category of consumer expenditures. Among the other eight metropolitan areas in the West region, San Diego (40.0 percent) and San Francisco (38.2 percent) also had expenditure shares for housing well above the national average of 32.8 percent, while Anchorage (30.8 percent) and Honolulu (32.7 percent) were the only areas with shares lower than that for the nation. Shelter costs were the main component of a consumer unit's housing expenditures in Los Angeles, accounting for 66.3 percent. The typical U.S. share was 58.7 percent. Since the 1999-2000 survey, the cost of shelter in Los Angeles has increased by 13.4 percent to \$11,675. (See table A.)

Transportation was the second largest expenditure category in the Los Angeles area accounting for 18.7 percent of a household's budget. Nationally, transportation costs made up 19.2 percent of all expenditures. In the West region, two metropolitan areas had expenditure shares for transportation at 20.0 percent or more—Seattle and Denver, while three areas—Portland, Honolulu, and San Francisco, averaged less than 17.0 percent. Households in the Los Angeles area spent a slightly higher percentage of their transportation dollars on public transit (which includes spending for buses, taxis, subways, trains, and planes) compared to those nationally--5.7 percent versus 5.1 percent. Total expenditures for transportation in Los Angeles averaged \$8,861 in 2001-2002, rising 15.1 percent since 1999-2000.

² West region includes – Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

Table A. Expenditure level and percent change in the Los Angeles metropolitan area and the U.S., by selected category, 1997-2002

Item	Los Angeles				U.S.		
	1997-1998	1999-2000	2001-2002	Percent change from 1997-98 to 2001-02	Percent change from 1999-2000 to 2001-02	Percent change from 1997-98 to 2001-02	Percent change from 1999-2000 to 2001-02
Annual expenditures	\$41,597	\$44,748	\$47,459	14.1	6.1	14.3	6.6
Food	5,060	5,490	5,883	16.3	7.2	11.7	5.0
Housing	15,562	16,550	17,602	13.1	6.4	14.2	7.9
Shelter	10,078	10,293	11,675	15.8	13.4	18.5	9.2
Apparel and services	1,689	2,450	2,001	18.5	-18.3	2.5	-3.9
Transportation	7,696	7,701	8,861	15.1	15.1	17.7	6.7
Health care	1,590	1,833	2,031	27.7	10.8	21.1	12.7
Entertainment	1,833	1,962	2,301	25.5	17.3	14.9	6.0
Personal insurance/pensions	4,283	4,038	4,325	1.0	7.1	15.6	12.5

Food accounted for 12.4 percent of total expenditures in the Los Angeles area, less than the national average of 13.3 percent. Of the nine metropolitan areas in the West, only Honolulu (14.8 percent), had an expenditure share for food that exceeded that for the nation. Consumer units in Los Angeles spent 45.4 percent of their total food budget on food prepared away from home, such as restaurant meals, carry-outs, board at school, and catered affairs; this was above the U.S. average of 42.2 percent.

Among the other expenditure categories, payments for personal insurance and pensions accounted for 9.1 percent of a Los Angeles consumer unit's budget compared to 9.5 percent for a typical U.S. household. The expenditure share for apparel and services in Los Angeles was 4.2 percent, on a par with the nationwide average of 4.4 percent. Other than Los Angeles, San Francisco was the only other area in the West to allocate more than 4.0 percent of its budget for clothing. Out-of-pocket health care expenses in Los Angeles, on the other hand, were among the lowest in the West at 4.3 percent, though no area in the region exceeded the national share of 5.7 percent.

Los Angeles is one of nine metropolitan areas in the West region and 28 areas nationwide for which Consumer Expenditure data are available. Data are also available for the four Census regions and the U.S. 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 Los Angeles Information Office at 415-975-4350.

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 sample 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 105 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 a particular unit incurred an expense for a 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, 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 Metropolitan Statistical Areas (MSAs) and Consolidated Metropolitan Statistical Areas (CMSAs) covered by the Consumer Expenditure Survey represent areas designated by the U.S. Office of Management and Budget and are based on definitions in effect as of December 1992. The general concept of an MSA is one of a large population nucleus, together with adjacent communities which have a high degree of economic and social integration with that nucleus. The following metropolitan areas are discussed in this release:

San Francisco-Oakland-San Jose, CA CMSA which is comprised of Alameda, Contra Costa, Marin, Napa, Santa Clara, Santa Cruz, San Francisco, San Mateo, Solano, and Sonoma Counties;

Los Angeles-Riverside-Orange County, CA CMSA which is comprised of Los Angeles, Orange, Riverside, San Bernardino, and Ventura Counties;

San Diego, CA MSA which is comprised of San Diego County;

Portland-Salem, OR-WA CMSA which is comprised of Clackamas, Columbia, Marion, Multnomah, Polk, Washington, and Yamhill Counties, Oregon and Clark County, Washington;

Seattle-Tacoma-Bremerton, WA CMSA which is comprised of Island, King, Kitsap, Pierce, Snohomish, and Thurston Counties;

Honolulu, HI MSA which is comprised of Honolulu County;

Anchorage, AK MSA which is comprised of Anchorage Borough;

Phoenix-Mesa, AZ MSA which is comprised of Maricopa and Pinal Counties; and

Denver-Boulder-Greeley, CO CMSA which is comprised of Adams, Arapahoe, Boulder, Denver, Douglas, Jefferson and Weld Counties.

The Consumer Expenditure Survey also provides data for the four regions of the country as defined by the U.S. Census Bureau—Northeast, South, Midwest, and West. Data for metropolitan areas presented in table 2 of this release are part of the West region which includes the states of Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

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.

Complete income reporter - in general, a consumer unit that provides values for at least one of the major sources of its income such as wages and salaries, self-employment income, or Social Security income. Even complete income reporters may not have provided a full accounting of all income from all sources.

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. Average annual expenditures and characteristics of all consumer units, U.S. and Los Angeles metropolitan area, Consumer Expenditure Survey, 2001-2002

	United States	Los Angeles
Income before taxes ¹	\$48,484	\$55,543
Age of reference person.....	48.1	47.4
Average number in consumer unit:		
Persons.....	2.5	2.8
Earners.....	1.4	1.5
Vehicles.....	2.0	1.9
Percent homeowner.....	66	55
Average annual expenditures.....	\$40,102	\$47,459
Food.....	5,348	5,883
Food at home.....	3,092	3,215
Cereals and bakery products.....	451	438
Meats, poultry, fish, and eggs.....	813	862
Dairy products.....	330	347
Fruits and vegetables.....	537	633
Other food at home.....	961	936
Food away from home.....	2,256	2,668
Alcoholic beverages.....	362	414
Housing.....	13,148	17,602
Shelter.....	7,716	11,675
Owned dwellings.....	5,072	7,021
Rented dwellings.....	2,147	4,065
Other lodging.....	497	589
Utilities, fuels, and public services.....	2,725	2,576
Household operations.....	691	1,012
Housekeeping supplies.....	527	478
Household furnishings and equipment.....	1,488	1,861
Apparel and services.....	1,746	2,001
Transportation.....	7,697	8,861
Vehicle purchases (net outlay).....	3,622	3,923
Gasoline and motor oil.....	1,257	1,475
Other vehicle expenses.....	2,423	2,955
Public transportation.....	394	508
Health care.....	2,267	2,031
Entertainment.....	2,017	2,301
Personal care products and services.....	505	608
Reading.....	140	158
Education.....	700	826
Tobacco products and smoking supplies.....	314	190
Miscellaneous.....	771	1,037
Cash contributions.....	1,268	1,223
Personal insurance and pensions.....	3,818	4,325

¹ Components of income and taxes are derived from "complete income reporters" only.

Table 2. Distribution of expenditures, U.S. and West region¹ metropolitan areas, Consumer Expenditure Survey, 2001-2002

Item	United States	Anchorage	Denver	Honolulu	Los Angeles	Portland	Phoenix	San Francisco	San Diego	Seattle
Average annual expenditures.....	\$40,102	\$56,169	\$49,014	\$43,458	\$47,459	\$43,358	\$41,615	\$55,346	\$42,588	\$48,348
Percent distribution:	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Food.....	13.3	12.4	11.9	14.8	12.4	12.0	12.6	11.7	11.8	12.4
Alcoholic beverages.....	0.9	0.9	1.1	1.1	0.9	1.1	1.1	1.1	0.8	0.9
Housing.....	32.8	30.8	34.4	32.7	37.1	34.8	33.4	38.2	40.0	34.4
Apparel and services.....	4.4	3.5	3.5	3.7	4.2	3.7	3.7	4.1	3.4	3.6
Transportation.....	19.2	19.3	20.6	16.6	18.7	16.1	19.7	16.7	18.3	20.0
Health care.....	5.7	4.4	4.9	5.4	4.3	5.4	5.4	4.2	4.4	4.8
Entertainment.....	5.0	7.7	5.4	5.2	4.8	6.3	5.9	4.3	4.6	5.9
Personal care products and services.....	1.3	1.1	1.3	1.4	1.3	1.2	1.3	1.0	1.2	1.1
Reading.....	0.3	0.5	0.3	0.4	0.3	0.5	0.3	0.5	0.3	0.4
Education.....	1.7	1.3	1.3	2.5	1.7	1.7	1.1	1.9	1.2	1.8
Tobacco products and smoking supplies.....	0.8	0.9	0.6	0.7	0.4	0.7	0.7	0.4	0.5	0.6
Miscellaneous.....	1.9	2.5	2.2	1.7	2.2	2.6	1.9	1.8	2.0	1.8
Cash contributions.....	3.2	3.4	3.1	2.9	2.6	3.4	2.7	2.8	2.2	2.2
Personal insurance and pensions.....	9.5	11.2	9.6	10.9	9.1	10.6	10.2	11.4	9.2	10.0

¹ West region includes: Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.