

News

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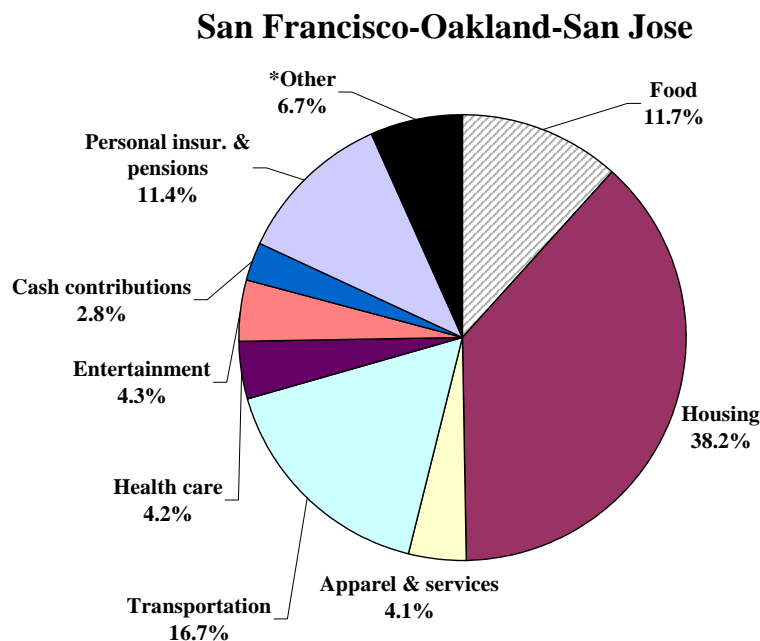
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CONSUMER SPENDING PATTERNS IN SAN FRANCISCO-OAKLAND-SAN JOSE, 2001-2002

Consumer units¹ in the San Francisco-Oakland-San Jose, California metropolitan area spent an average of \$55,346 per year in 2001-2002, about 38 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 San Francisco area increased 0.6 percent, while nationally spending increased 6.6 percent for the period. According to Acting Regional Commissioner Nancy Treadwell, San Francisco area households spent a larger than average share of their budget on housing, and personal insurance and pensions, but a smaller percentage on transportation, health care and entertainment.

Chart A. Percent distribution of total average expenditures in the San Francisco metropolitan area, 2001-2002



* Includes alcoholic beverages, personal care, reading, education, tobacco & supplies, and miscellaneous goods and services.

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 San Francisco household was made up of 2.5 persons, including 1.4 wage earners, and averaged 1.9 vehicles per consumer unit, a lot like the U.S. profile. However, much of the similarity ends there. Spending by San Francisco households was well above the national average in every major expenditure category, with the exception of tobacco products. Housing expenses in San Francisco averaged \$21,127, highest in the nation, and 60.7 percent more than the national average. The cost of shelter, a sub-category of housing expenses, which includes mortgage interest, property taxes, repairs, and rent, was 89.1 percent higher than the U.S. average. In fact, the total cost of all housing expenditures represented over 38 percent of a San Francisco household's budget, compared to a 33 percent share nationwide. However, higher expenditure levels do not necessarily translate into higher expenditure shares, as evidenced by the below average percentage allocations for food and transportation in San Francisco. For example, households in San Francisco spent \$9,223 for transportation, \$1,526 more than the national average—but this expenditure accounted for only 16.7 percent of the budget in the area compared to 19.2 percent nationally. (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 San Francisco household for the three largest expenditure categories--food, transportation, and housing--was 66.5 percent, slightly above the 65.3 percent spent by an average U.S. household. Of the eight other areas in the West region, San Diego, Los Angeles, and Seattle also had larger than average shares at 70.2, 68.2, and 66.8 percent, respectively. Anchorage, on the other hand, had the lowest expenditure share at 62.6 percent, followed by Portland at 62.9 percent. (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 San Francisco household spent 38.2 percent of its budget on housing, making this the largest category of consumer expenditures. Housing costs accounted for a higher share of the total budget for consumer units in San Francisco than for those in the U.S. (32.8 percent). Among the other eight metropolitan areas in the West region, only San Diego, at 40.0 percent, had a larger expenditure share for housing than San Francisco, while Anchorage (30.8 percent) and Honolulu (32.7 percent) were the only areas with shares lower than the national average. Shelter costs were the main component of a consumer unit's housing costs in San Francisco, accounting for 69.1 percent. The typical U.S. share was 58.7 percent. (See table 1.) Since the 1997-1998 survey, the cost of shelter in San Francisco has increased by 39.4 percent. (See table A.) In the 2001-2002 survey, expenditures for shelter alone averaged \$14,592 in San Francisco, exceeding the total cost of all housing expenditures for a typical U.S. household at \$13,148. Not surprisingly, the cost of shelter can impact the rate of homeownership, and in San Francisco, the percentage of area residents owning their own home was lower than the national average—61 percent versus 66 percent. Still, not all costs associated with housing were above the norm. Total housing expenditures include not only shelter costs, but costs for utilities, fuels, public services, home furnishings and equipment, and other items. Expenses for utilities, fuels, and services in San Francisco, at \$2,645, were similar to the \$2,725 spent by a typical U.S.

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

Item	San Francisco					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	\$47,458	\$55,040	\$55,346	16.6	0.6	14.3	6.6
Food	6,377	7,442	6,453	1.2	-13.3	11.7	5.0
Housing	16,052	19,682	21,127	31.6	7.3	14.2	7.9
Shelter	10,467	12,963	14,592	39.4	12.6	18.5	9.2
Apparel and services	1,995	3,137	2,245	12.5	-28.4	2.5	-3.9
Transportation	7,754	9,726	9,223	18.9	-5.2	17.7	6.7
Health care	1,781	2,030	2,349	31.9	15.7	21.1	12.7
Entertainment	2,316	2,290	2,383	2.9	4.1	14.9	6.0
Personal insurance/pensions	5,132	5,915	6,294	22.6	6.4	15.6	12.5

household; however, these expenditures comprised only 12.5 percent of a housing budget in San Francisco, compared with 20.7 percent nationally.

Transportation was the second largest expenditure category in the San Francisco area accounting for 16.7 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 two other areas, Portland and Honolulu, joined San Francisco at the lower end averaging under 17.0 percent. Households in the San Francisco area spent a larger percentage of their transportation dollars on public transit at 9.0 percent compared to 5.1 percent nationally. Total expenditures for transportation in San Francisco declined by 5.2 percent since the 1999-2000 survey, but remained \$1,526 higher than the typical U.S. household.

Food accounted for 11.7 percent of total expenditures in the San Francisco area, less than the national average of 13.3 percent and the smallest share among the nine metropolitan areas surveyed in the West. Consumer units in San Francisco spent 46.9 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 well above the nationwide average of 42.2 percent.

Among the other expenditure categories, payments for personal insurance and pensions accounted for 11.4 percent of a San Francisco consumer unit's budget compared to 9.5 percent for a typical U.S. household. Total expenditures for personal insurance and pensions in the San Francisco area averaged \$6,294, or 64.9 percent above the cost paid by a typical U.S. household. The expenditure share for apparel and services in San Francisco was 4.1 percent, just below the nationwide average of 4.4 percent, but among the highest of the metropolitan areas surveyed in the West. Only Los Angeles (4.2 percent) spent a similar portion of their budget on clothing. San Francisco consumer units had the smallest expenditure shares among the nine areas in the region for both entertainment and out-of-pocket

health care costs at 4.3 and 4.2 percent, respectively; the area's shares in these two categories were also below the U.S. averages of 5.0 and 5.7 percent.

San Francisco 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 San Francisco Information Office at 415-975-4350.

TECHNICAL NOTE

The current Consumer Expenditure Survey 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 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 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 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, California CMSA which is comprised of Alameda, Contra Costa, Marin, Napa, Santa Clara, Santa Cruz, San Francisco, San Mateo, Solano, and Sonoma Counties;

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

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

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

Seattle, Washington CMSA which is comprised of Island, King Kitsap, Pierce, Snohomish, and Thurston Counties;

Honolulu, Hawaii MSA which is comprised of Honolulu County;

Anchorage, Alaska MSA which is comprised of Anchorage Borough;

Phoenix, Arizona MSA which is comprised of Maricopa and Pinal Counties; and

Denver, Colorado 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 San Francisco metropolitan area, Consumer Expenditure Survey, 2001-2002

	United States	San Francisco
Income before taxes ¹	\$48,484	\$75,270
Age of reference person.....	48.1	48.0
Average number in consumer unit:		
Persons.....	2.5	2.5
Earners.....	1.4	1.4
Vehicles.....	2.0	1.9
Percent homeowner.....	66	61
Average annual expenditures.....	\$40,102	\$55,346
Food.....	5,348	6,453
Food at home.....	3,092	3,423
Cereals and bakery products.....	451	498
Meats, poultry, fish, and eggs.....	813	826
Dairy products.....	330	359
Fruits and vegetables.....	537	733
Other food at home.....	961	1,007
Food away from home.....	2,256	3,029
Alcoholic beverages.....	362	605
Housing.....	13,148	21,127
Shelter.....	7,716	14,592
Owned dwellings.....	5,072	8,960
Rented dwellings.....	2,147	4,932
Other lodging.....	497	700
Utilities, fuels, and public services.....	2,725	2,645
Household operations.....	691	1,326
Housekeeping supplies.....	527	514
Household furnishings and equipment.....	1,488	2,050
Apparel and services.....	1,746	2,245
Transportation.....	7,697	9,223
Vehicle purchases (net outlay).....	3,622	3,962
Gasoline and motor oil.....	1,257	1,472
Other vehicle expenses.....	2,423	2,962
Public transportation.....	394	828
Health care.....	2,267	2,349
Entertainment.....	2,017	2,383
Personal care products and services.....	505	555
Reading.....	140	270
Education.....	700	1,073
Tobacco products and smoking supplies.....	314	228
Miscellaneous.....	771	997
Cash contributions.....	1,268	1,544
Personal insurance and pensions.....	3,818	6,294

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.