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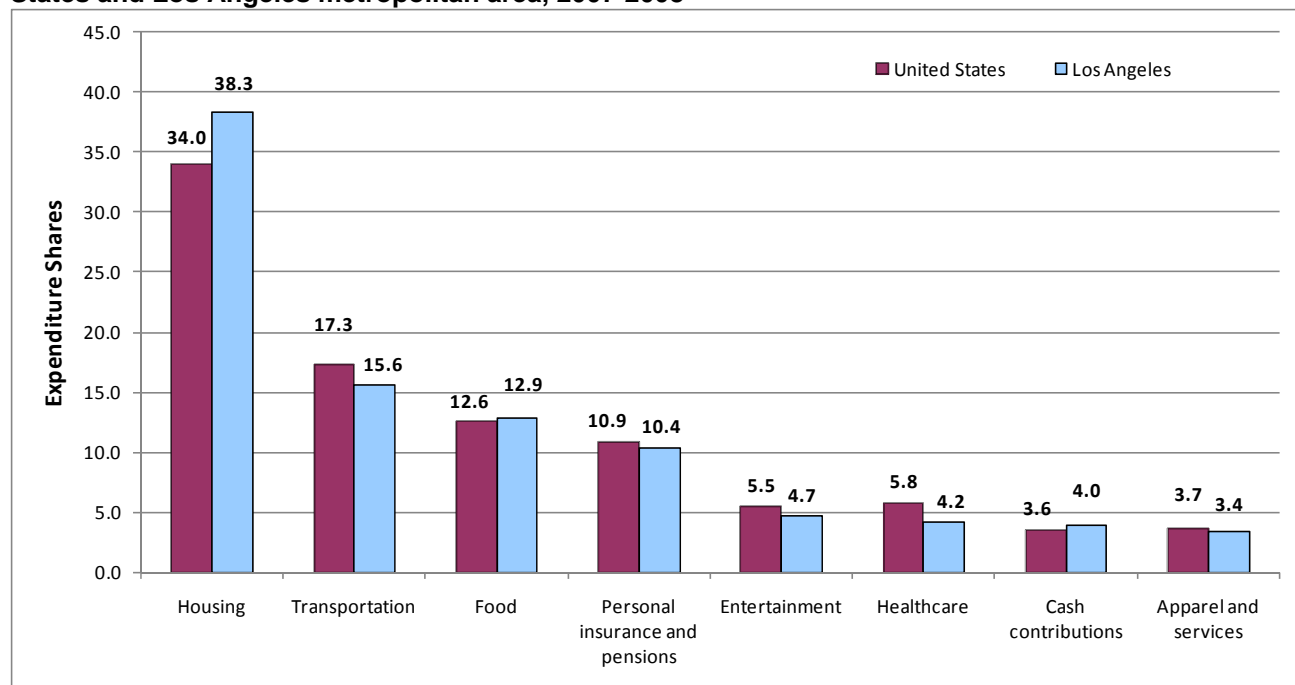
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### CONSUMER EXPENDITURES FOR THE LOS ANGELES AREA: 2007-2008

Consumer units<sup>1</sup> (households) in the Los Angeles-Long Beach-Santa Ana, California metropolitan area spent an average of \$59,131 per year in 2007-2008, according to results from the Consumer Expenditure Survey (CE) released by the U.S. Bureau of Labor Statistics. Regional Commissioner Richard J. Holden noted that this figure was over 18 percent higher than the \$50,063 average expenditure level for a typical household in the United States. Not only did households in the Los Angeles area spend more than the U.S. average, but they also tended to allocate their dollars differently among most of the 8 major categories. Expenditures for housing, which comprised 38.3 percent of a typical household's budget in the Los Angeles area, were measurably larger than the nationwide average, whereas spending on transportation, healthcare, entertainment, and personal insurance and pensions represented a significantly smaller share. (See chart 1.)

**Chart 1. Percent distribution of average annual expenditures for the eight major categories, the United States and Los Angeles metropolitan area, 2007-2008**



<sup>1</sup> See the Additional Information for the definition of a consumer unit. The terms consumer unit and household are used interchangeably throughout the text for convenience.

Housing in the Los Angeles metropolitan area averaged \$22,645 annually and was the largest expenditure category, accounting for 38.3 percent of the average Los Angeles area household's total budget. This share was significantly above the 34.0-percent national average. (See tables 1 and 2.) Overall, 11 of the 18 published metropolitan areas had expenditure shares for housing measurably above the U.S. average; only Houston had a lower-than-average share. (See chart 2.) Among the 18 areas, housing shares ranged from 44.1 percent in San Diego to 32.4 percent in Houston. (See table 3.)

The majority of housing expenditures in Los Angeles went toward shelter, 68.5 percent, which includes mortgage interest, property taxes, repairs, and rent, among other items; this was significantly above the 59.4-percent share allocated toward shelter nationwide. (See table A.) In contrast, utilities, fuels, and public services expenses accounted for 14.9 percent of the housing budget locally, well below the national average of 20.9 percent. The rate of homeownership in Los Angeles, at 55 percent, was less than the U.S. average of 67 percent.

**Table A. Percent distribution of housing expenditures, United States and Los Angeles, 2007-2008**

| Category                              | United States | Los Angeles |
|---------------------------------------|---------------|-------------|
| Total Housing                         | 100.0         | 100.0       |
| Shelter                               | 59.4          | 68.5        |
| Utilities, fuels, and public services | 20.9          | 14.9        |
| Household operation                   | 5.8           | 5.9         |
| Housekeeping supplies                 | 3.8           | 2.8         |
| Household furnishings and equipment   | 10.1          | 7.9         |

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

At 15.6 percent of the total budget, transportation was the second-largest expenditure category in the Los Angeles area; this was significantly lower than the national average of 17.3 percent. Among the 18 metropolitan areas nationwide, only Phoenix, Houston, and Detroit had significantly above-average transportation shares. (See chart 3.) Among the remaining areas, 10 had significantly lower shares than the U.S. average, the lowest being San Diego at 12.8 percent, followed by New York at 13.9 percent.

Of the \$9,227 in annual expenditures for transportation in Los Angeles, 93.5 percent was spent buying and maintaining private vehicles compared to the national average of 94.0 percent. The remaining 6.5 percent of the average Los Angeles household's transportation budget was spent on public transit, which includes fares for taxis, buses, trains, and planes; this allocation was not significantly different than the 6.0-percent average for the nation. (See table B.) The average number of vehicles per household in Los Angeles (1.8) was comparable to the national average (1.9). Among the 18 metropolitan areas, 4 had public transportation shares above 10 percent, led by New York (14.2 percent) and San Francisco (14.0 percent).

**Table B. Percent distribution of transportation expenditures, United States and Los Angeles, 2007-2008**

| Category                       | United States | Los Angeles |
|--------------------------------|---------------|-------------|
| Total Transportation           | 100.0         | 100.0       |
| Vehicle purchases (net outlay) | 34.6          | 31.2        |
| Gasoline and motor oil         | 29.4          | 31.6        |
| Other vehicle expenses         | 30.0          | 30.6        |
| Public transportation          | 6.0           | 6.5         |

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

The portion of the average Los Angeles consumer unit's budget spent on food, 12.9 percent, was not significantly different from the 12.6-percent U.S. average. However, among the 18 metropolitan areas, 6 had food expenditure shares that were below the national average. Detroit (14.3 percent) was the only area with a food expenditure share significantly above that for the nation.

Households in Los Angeles spent \$4,298, or 56.2 percent, of their food dollars on food prepared at home and the remaining 43.8 percent on food prepared away from home, such as restaurant meals, carry-out, board at school, and catered affairs. In comparison, the typical U.S. household spent 57.3 percent of its food budget on food prepared at home and 42.7 percent on food prepared away from home.

As noted, Los Angeles is 1 of 18 metropolitan areas nationwide for which CE data are available. We encourage users interested in learning more about the Consumer Expenditure Survey to contact the West Information Office at (415) 625-2270. Metropolitan area CE data and that for the four geographic regions and the United States are available on our Web site at <http://www.bls.gov/cex/tables.htm>.

### **Additional Information**

Data contained in this report 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 data were averaged over a two-year period, 2007 and 2008. CE data are available for the nation, the 4 geographic regions of the country, and 18 metropolitan areas. The metropolitan area discussed in this release is Los Angeles-Long Beach-Santa Ana, Calif., which is comprised of Los Angeles and Orange Counties.

The survey consists of two components, a diary or recordkeeping survey, and an interview survey. 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.

A consumer unit is defined as 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.

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. 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. Users should also keep in mind that prices for many goods and services have changed since the survey was conducted.

The CE significance tests in this release compare expenditure shares for selected expenditure categories in the United States to expenditure shares in selected metropolitan areas. 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 also identified in charts 2 and 3 for the 18 published metropolitan areas. It should be remembered that 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.

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.

**Table 1. Percent distribution of average annual expenditures, United States and Los Angeles, Consumer Expenditure Survey, 2007-2008**

| Category                              | United States | Los Angeles |
|---------------------------------------|---------------|-------------|
| Average annual expenditures           | \$50,063      | \$59,131    |
| Percent distribution                  | 100.0         | 100.0       |
| Food                                  | 12.6          | 12.9        |
| Alcoholic beverages                   | .9            | .9          |
| Housing                               | 34.0          | 38.3*       |
| Apparel and services                  | 3.7           | 3.4         |
| Transportation                        | 17.3          | 15.6*       |
| Healthcare                            | 5.8           | 4.2*        |
| Entertainment                         | 5.5           | 4.7*        |
| Personal care products and services   | 1.2           | 1.3         |
| Reading                               | .2            | .2          |
| Education                             | 2.0           | 1.9         |
| Tobacco products and smoking supplies | .6            | .3*         |
| Miscellaneous                         | 1.6           | 1.9         |
| Cash contributions                    | 3.6           | 4.0         |
| Personal insurance and pensions       | 10.9          | 10.4*       |

\* Statistically significant difference from the U.S. average at the 95-percent confidence level.  
 Note: Columns may not add to 100 due to rounding.

**Table 2. Consumer unit characteristics and average annual expenditures, United States and Los Angeles, Consumer Expenditure Survey, 2007-2008**

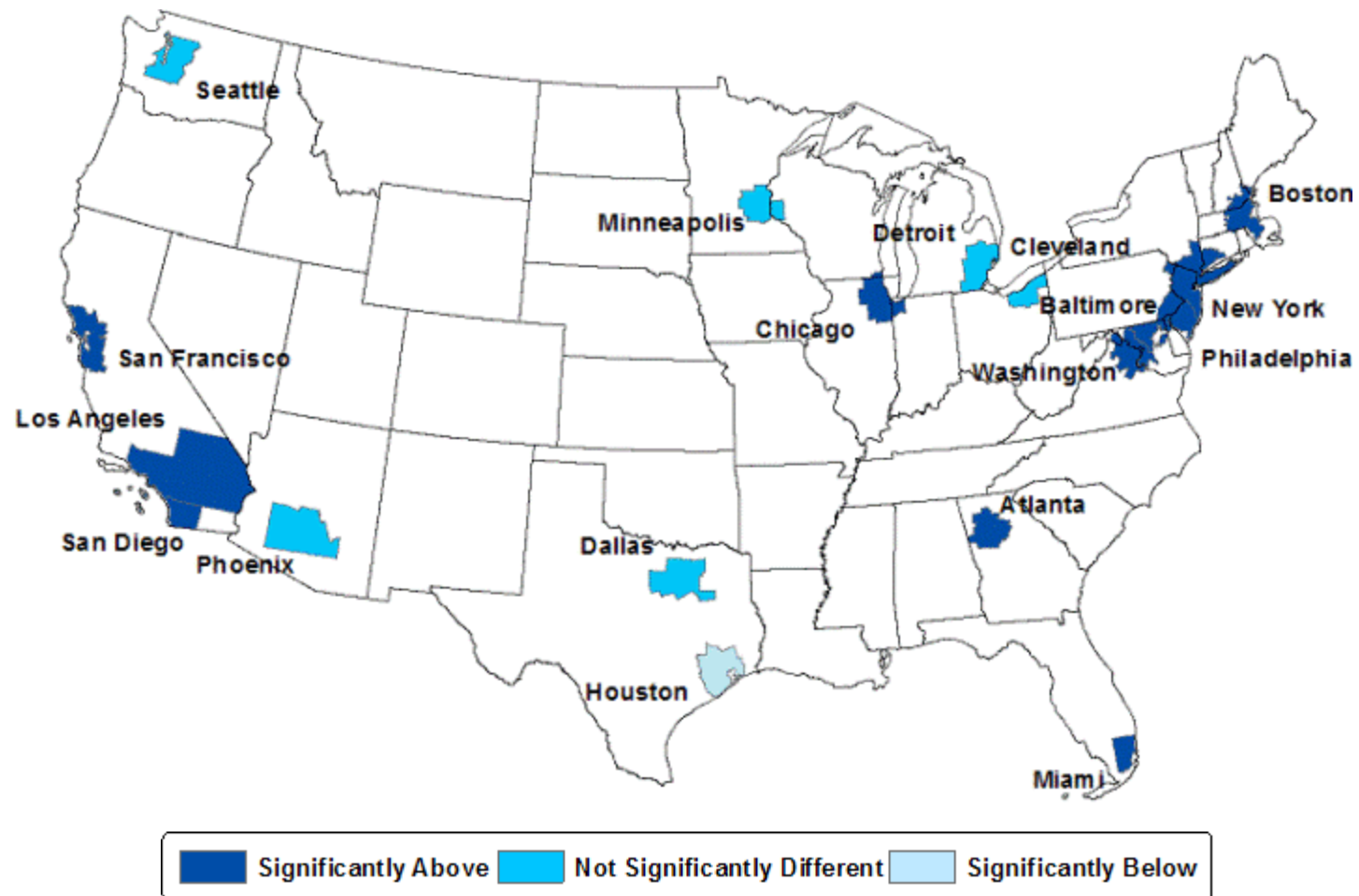
| Category                              | United States | Los Angeles |
|---------------------------------------|---------------|-------------|
| <b>Consumer unit characteristics:</b> |               |             |
| Income before taxes                   | \$63,328      | \$74,851    |
| Age of reference person               | 49.0          | 48.9        |
| Average number in consumer unit:      |               |             |
| Persons                               | 2.5           | 2.8         |
| Children under 18                     | .6            | .8          |
| Persons 65 and over                   | .3            | .3          |
| Earners                               | 1.3           | 1.4         |
| Vehicles                              | 1.9           | 1.8         |
| Percent homeowner                     | 67            | 55          |
| <b>Average annual expenditures</b>    |               |             |
|                                       | \$50,063      | \$59,131    |
| Food                                  | 6,288         | 7,641       |
| Food at home                          | 3,605         | 4,298       |
| Cereals and bakery products           | 483           | 502         |
| Meats, poultry, fish, and eggs        | 812           | 1,023       |
| Dairy products                        | 409           | 437         |
| Fruits and vegetables                 | 628           | 881         |
| Other food at home                    | 1,273         | 1,455       |
| Food away from home                   | 2,683         | 3,343       |
| Alcoholic beverages                   | 450           | 515         |
| Housing                               | 17,015        | 22,645      |
| Shelter                               | 10,103        | 15,521      |
| Owned dwellings                       | 6,745         | 9,077       |
| Rented dwellings                      | 2,663         | 5,857       |
| Other lodging                         | 694           | 587         |
| Utilities, fuels, and public services | 3,563         | 3,364       |
| Household operations                  | 991           | 1,343       |
| Housekeeping supplies                 | 647           | 623         |
| Household furnishings and equipment   | 1,711         | 1,794       |
| Apparel and services                  | 1,841         | 2,026       |
| Transportation                        | 8,680         | 9,227       |
| Vehicle purchases (net outlay)        | 2,999         | 2,883       |
| Gasoline and motor oil                | 2,550         | 2,913       |
| Other vehicle expenses                | 2,607         | 2,826       |
| Public transportation                 | 525           | 604         |
| Healthcare                            | 2,914         | 2,512       |
| Entertainment                         | 2,767         | 2,782       |
| Personal care products and services   | 602           | 752         |
| Reading                               | 117           | 123         |
| Education                             | 996           | 1,117       |
| Tobacco products and smoking supplies | 320           | 178         |
| Miscellaneous                         | 824           | 1,110       |
| Cash contributions                    | 1,779         | 2,356       |
| Personal insurance and pensions       | 5,471         | 6,148       |
| Life and other personal insurance     | 313           | 247         |
| Pensions and Social Security          | 5,158         | 5,902       |

**Table 3. Percent share of average annual expenditures for housing, food, and transportation, United States and 18 metropolitan areas, Consumer Expenditure Survey, 2007-2008**

| <b>Area</b>   | <b>Housing</b> | <b>Food</b> | <b>Transportation</b> |
|---------------|----------------|-------------|-----------------------|
| United States | 34.0           | 12.6        | 17.3                  |
| Atlanta       | 37.0*          | 12.9        | 15.7                  |
| Baltimore     | 38.5*          | 11.4*       | 14.8*                 |
| Boston        | 37.0*          | 13.3        | 14.4*                 |
| Chicago       | 36.0*          | 12.4        | 15.4*                 |
| Cleveland     | 34.9           | 11.7        | 17.2                  |
| Dallas        | 33.5           | 11.7        | 19.1                  |
| Detroit       | 33.0           | 14.3*       | 19.1*                 |
| Houston       | 32.4*          | 12.3        | 19.5*                 |
| Los Angeles   | 38.3*          | 12.9        | 15.6*                 |
| Miami         | 39.2*          | 12.0        | 18.1                  |
| Minneapolis   | 34.1           | 12.2        | 16.6                  |
| New York      | 39.6*          | 12.2        | 13.9*                 |
| Philadelphia  | 37.5*          | 11.0*       | 15.5*                 |
| Phoenix       | 34.3           | 11.3*       | 20.5*                 |
| San Diego     | 44.1*          | 10.9*       | 12.8*                 |
| San Francisco | 37.9*          | 12.2        | 15.4*                 |
| Seattle       | 33.8           | 11.5*       | 15.2*                 |
| Washington    | 37.0*          | 11.5*       | 14.8*                 |

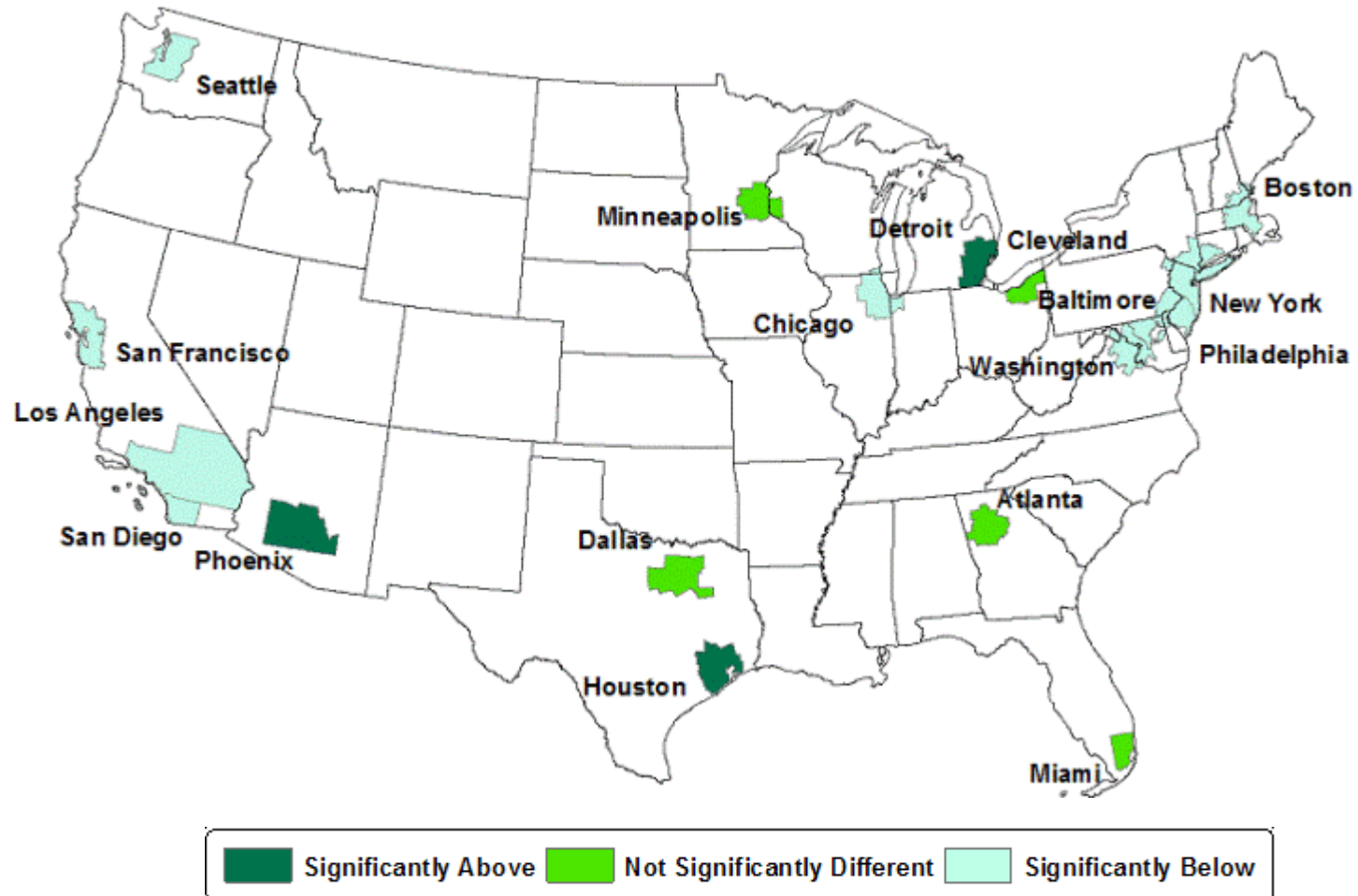
\*Statistically significant difference from the U.S. average at the 95-percent confidence level.

Chart 2. Expenditure shares spent on housing in all 18 metropolitan statistical areas compared to the U.S. average, Consumer Expenditure Survey, 2007-2008



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

Chart 3. Expenditure shares spent on transportation in all 18 metropolitan statistical areas compared to the U.S. average, Consumer Expenditure Survey, 2007-2008



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