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# Housing expenditures

Regardless of their income, family size, or geographic location, consumers must obtain food, clothing, and housing. This report compares housing expenditures of various demographic groups.

Data from the Bureau of Labor Statistics' Consumer Expenditure (CE) Survey show that housing expenditures typically constitute the largest portion of the average consumer's outlays. In 1999, total expenditures averaged $36,995 per consumer unit (CU),[1] of which 32.6 percent ($12,057) was allocated to total housing. Because housing is such a major expense for consumers, it is important to understand how the expenditures differ across demographic groups such as homeowners and renters, age groups, and family types. Shares, or percentages of average annual expenditures, are used to show how different groups allocate their total annual expenditures.

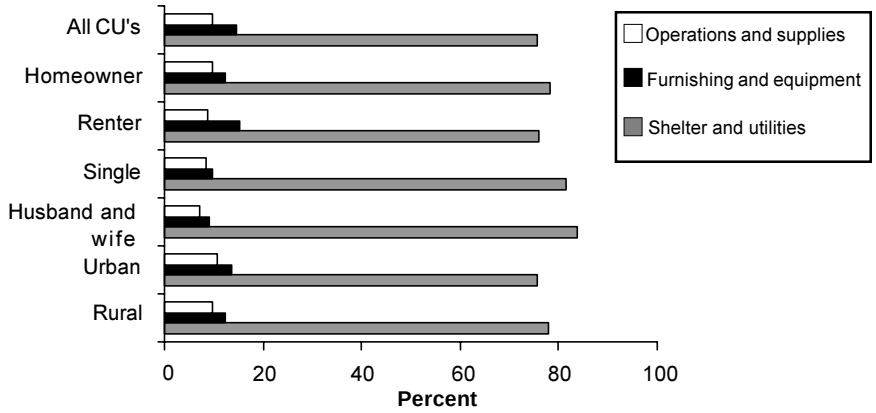
In the CE survey, housing expenditures are divided into five major categories: Shelter; utilities, fuels, and public services; household operations; housekeeping supplies; and household furnishings and equipment. In 1999, the average consumer unit had expenditure shares of 19.0 percent ($7,016) for shelter; 6.4 percent ($2,377) for utilities, fuels, and public services; 1.8 percent ($666) for household operations; 1.3 percent ($498) for housekeeping supplies; and 4.1 percent ($1,499) for household furnishings and equipment. Shelter and utilities together accounted for 25.4 percent ($9,085) of expenditures. The expenditures for shelter are combined with those for utilities, fuels, and public services to allow for comparisons among demographic groups that have different proportions of homeowners and renters because renters often have utility costs included in their rent payments.

***Housing tenure.*** Homeowners had higher average annual expenditures ($42,753) than did renters ($26,310) in 1999. However, homeowners allocated a smaller share (32 percent) of average annual expenditures to housing than did renters (35 percent). This is mainly due to a difference in shares allocated for shelter and utilities.[2] Homeowners allocated 24 percent of average annual expenditures to shelter and utilities, whereas renters allocated 29 percent. This difference may be explained by the effect of income on expenditure patterns.

Homeowners had average annual income[3] of $53,056, nearly twice that of renters, who had $27,514. Renters, with much less discretionary income, allocate a higher percentage of expenditures to "necessities." In the other housing expenditure categories, homeowners and renters had relatively similar expenditure shares.

***Age.*** Expenditures on housing varied among age groups.[4] The oldest age group (that is, those consumer units whose reference person is aged 75 or older) allocated the largest share: of the total spending ($22,884) by the oldest age group, 36 percent was spent on housing. This group also spent the second largest share on shelter and utilities (26.6 percent), and the largest share on household operations (5 percent). However, the 75-and-older age group spent the least on household furnishings and equipment (3 percent), which could be attributable to the fact that they have had a lifetime to accumulate furnishings and equipment. The 25-to-34 age group allocated the second largest share (35 percent) of average annual expenditures ($36,158) for housing. Most of their housing dollars went to shelter and utilities, which accounted for 27.3 percent of their total spending, the largest share among all of the age groups. Those consumer units with reference persons under age 25 allocated the smallest share for housing, at 30 percent of average annual ex-

CHART 1. **Shares of total housing expenditures spent on subcomponents, by selected demographic groups, Consumer Expenditure Survey, 1999**




[1] 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.

[2] The CE survey does not include mortgage principal payments as a component of housing expenditures, as principal payments are considered to be reductions in liabilities; however, it does include the interest payment portion of the mortgage.

[3] All income figures represent income before taxes.

[4] Age group is determined by the age of the reference person, who is the first person mentioned by the respondent when asked to "start with the name of the person or one of the persons who owns or rents the home." It is with respect to this person that the relationship of the other CU members is determined.

penditures ($21,704). This group also had the lowest expenditure shares for household operations (0.8 percent) and for housekeeping supplies (1 percent). The under-25 age group had expenditure shares of 25 percent for shelter and utilities. The 55-to-64 age group had the second lowest expenditure share for housing (31 percent) and spent the least for shelter and utilities (24 percent). In addition, this group had the largest share for household furnishings and equipment (5 percent).

***Composition of consumer unit.*** Housing expenditure shares also tend to be allocated differently across different family types. Single consumer units allocated 37 percent of average annual expenditures ($22,373) for housing; the shelter and utilities component totaled 30 percent of average annual expenditures. In contrast, consumer units with a husband, wife, and children allocated 32 percent of average annual expenditures ($51,154) for housing, and spent approximately 24 percent on shelter and utilities. These differences in housing shares between singles and husband-and-wife households may reflect differences in the distribution of homeowners and renters. As noted previously, renters, on average, have significantly less income than homeowners and, therefore, less discretionary income. Among single consumer units, 49 percent are homeowners and 51 percent are renters. This is in contrast to the 79 percent of married-couple-with-children consumer units who report owning and the 21 percent who report renting their homes. Therefore, the larger proportion of single consumer units that are renters may explain the larger expenditure shares that they allocate to total housing and to shelter and utilities. Also, single consumer units have substantially less income ($25,247) than husband-and-wife-with-children consumer units ($63,666). Expenditure shares for household operations, housekeeping supplies, and household furnishings and equipment are relatively similar for single consumer units (2 percent, 1 percent, 4 percent) and husband-and-wife-with-children consumer units (2 percent, 1 percent, 4 percent).

For further information about the data presented here, contact Meaghan Duetsch in the Division of Consumer Expenditure Surveys, Bureau of Labor Statistics at (202) 691-6871 or by e-mail at *duetsch_m@bls.gov*. To find Consumer Expenditure Survey data on the Internet, access **http://www.bls.gov/csxhome.htm**, the BLS Consumer Expenditure Survey homepage. Material in this publication is in the public domain, and, with appropriate credit, may be reproduced without permission. This information is available to sensory impaired individuals upon request. Voice phone: (202) 691-5200; Federal Relay Service: 1-800-877-8339.

**Table. Average annual expenditures and housing expenditure shares, Consumer Expenditure Survey, 1999**

| Item | Total expenditures | Percent home-owner | Percent renter | Expenditure shares | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | Housing | Shelter | Utilities | Operations | Supplies | Furnish-ings |
| All consumer units | $36,995 | 65 | 35 | 32.6 | 19.0 | 6.4 | 1.8 | 1.3 | 4.1 |
| Housing tenure: | | | | | | | | | |
| Homeowner | 42,753 | 100 | 0 | 31.9 | 17.7 | 6.5 | 2.0 | 1.4 | 4.3 |
| Renter | 26,310 | 0 | 100 | 34.6 | 22.9 | 6.1 | 1.3 | 1.1 | 3.2 |
| Age: | | | | | | | | | |
| Under 25 | 21,704 | 13 | 87 | 30.3 | 19.1 | 5.4 | 0.8 | 1.0 | 4.0 |
| 25 to 34 | 36,158 | 45 | 55 | 34.6 | 21.1 | 6.2 | 2.1 | 1.2 | 4.0 |
| 35 to 44 | 42,792 | 67 | 33 | 33.2 | 20.1 | 6.0 | 1.9 | 1.4 | 3.7 |
| 45 to 54 | 46,511 | 77 | 23 | 31.2 | 18.3 | 6.1 | 1.3 | 1.2 | 4.3 |
| 55 to 64 | 39,394 | 80 | 20 | 30.7 | 16.9 | 6.6 | 1.2 | 1.4 | 4.5 |
| 65 to 74 | 29,864 | 82 | 18 | 32.2 | 16.5 | 7.9 | 1.5 | 1.7 | 4.5 |
| 75 and older over | 22,884 | 77 | 23 | 35.9 | 18.3 | 8.3 | 4.7 | 1.5 | 3.2 |
| Composition of consumer unit: | | | | | | | | | |
| Single | 22,373 | 49 | 51 | 36.7 | 23.0 | 6.9 | 2.1 | 1.1 | 3.6 |
| Total, husband and wife with children | 51,154 | 79 | 21 | 32.0 | 18.4 | 5.9 | 2.2 | 1.4 | 4.0 |

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