

Americans spend less on transportation today than 3 decades ago

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Transportation Expenditures

Changes from 1989 to 2016

In 1989, US households averaged **18.9%** of all expenditures on transportation, compared to **15.8%** in 2016.

Vehicle Purchases

Vehicle purchases accounted for **6.3%** of all 2016 expenditures, down from **8.4%** in 1989.



Gasoline and Oil

Gasoline and motor oil represented **3.3%** of expenditures—down from **3.5%** in 1989.



Household Budget

While transportation costs accounted for the second-largest household budget category in both 1989 and 2016, transportation expenditures relative to housing costs declined from **61.6%** in 1989 to **47.9%** in 2016.

Credit: University of Michigan

Although the average cost of a new vehicle today is well over \$30,000 and the price of gasoline has more than doubled in the past 30 years, Americans spend less on transportation today than they did back when the first George Bush was president.

In 1989, American households averaged 18.9 percent of all expenditures on transportation (vehicle purchases, gasoline, other related expenses). But last year, transportation expenses had fallen to 15.8 percent of all personal expenditures, say researchers at the University of Michigan.

Using data from the Bureau of Labor Statistics' Consumer Expenditures Survey, Michael Sivak and Brandon Schoettle of the U-M Transportation Research Institute examined transportation expenditures for 1989 and 2016 and for three groups of consumers (all income levels and the lowest and highest quintiles of income).

They found that the absolute expenditures for transportation, adjusted for inflation, dropped by 11.3 percent—from \$5,268 in 1989 to \$4,675 in 2016.

Specifically, vehicle purchases accounted for 6.3 percent of all expenditures last year, while gasoline and motor oil represented an additional 3.3 percent—down from 8.4 percent and 3.5 percent, respectively, in 1989.

While transportation costs accounted for the second-largest household budget category behind housing expenses in both 1989 and 2016, transportation expenditures relative to housing costs declined from 61.6

percent in 1989 to 47.9 percent last year.

Perhaps not surprisingly, the researchers found that total transportation expenditures in 2016 for the lowest quintile of income were proportionally higher than for the highest quintile (15 percent vs. 14.4 percent).

In addition, transportation expenditures for households in the lowest quintile of income were lower than food [costs](#) for both 1989 and 2016. In contrast, those in the highest quintile of [income](#) spent more on transportation than food in both years.

Provided by University of Michigan

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