



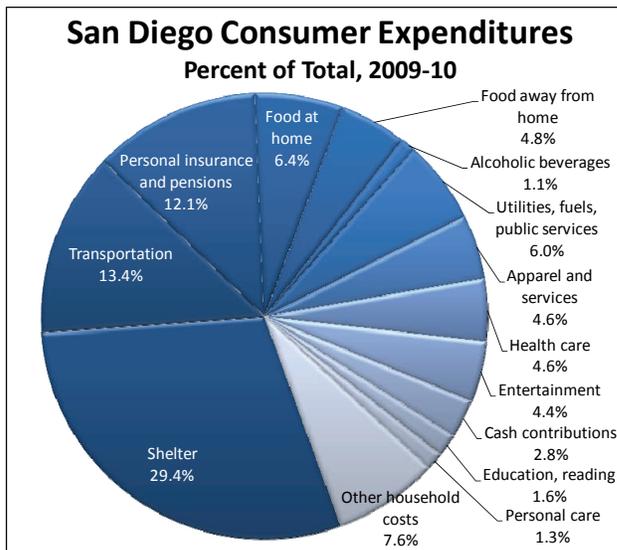
The High (and Rising) Cost of Living in San Diego

The most recently released data on household consumption underscores what is, perhaps, San Diego's greatest competitive challenge. Even after the greatest downturn of housing prices in nearly a century, the county's households continue to spend much more on shelter than most other Americans. High housing costs also crowd out other forms of consumption and act as an anchor on San Diego's economic growth and prosperity.

According to the latest U.S. Department of Labor *Bureau of Labor Statistics* (BLS) consumer expenditure survey (CES), San Diego households¹ spend an average of \$52,012 per year on goods and services. This is 7 percent above the average for all U.S. household consumption of \$48,588.

The CES reveals San Diego consumers spent 3.4 percent less in 2009-10 than in 2008-09. Adjusted for inflation the change was -4.3 percent as rising unemployment and lower consumer confidence took their toll on San Diegan's pocketbooks.

Cost of living, as measured by the San Diego consumer price index (CPI), increased 2.3 percent during 2010-11, indicating expendi-



tures further rising to \$53,228, assuming spending patterns stayed the same. We project expenditures will further rise in 2012 by an average of 3.1 percent to \$54,870 based on price increases.

Consumer unit characteristics

The CES indicates San Diego households number 1.2 million, accounting for just under 1.0 percent of the nation's households. San Diego's average of 2.4 persons per household is slightly less than the U.S. average of 2.5 per household. San Diego house-

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San Diego inflation accelerates to 3.0 percent

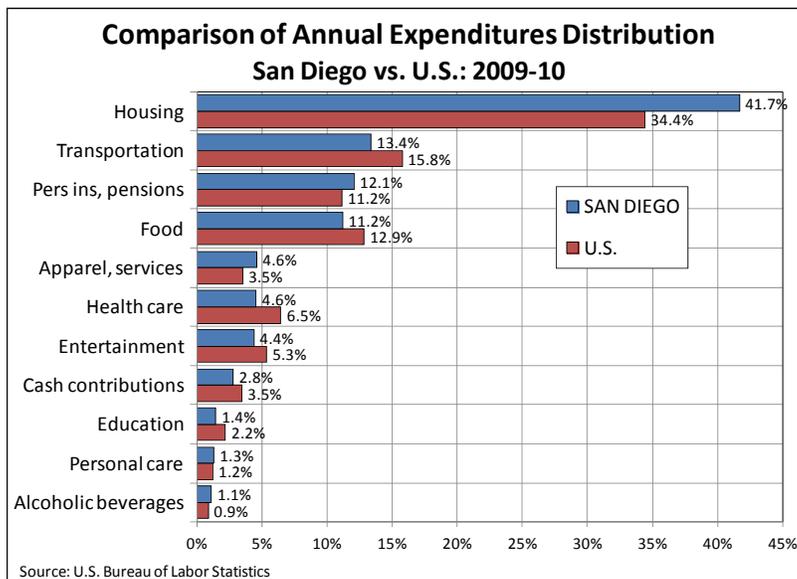
The cost of living rose 3.0 percent in San Diego during 2011 according to the Bureau of Labor Statistics (BLS) consumer price index for all urban consumers (CPI-U). The increase was led by energy prices rising 16.7 percent, including gas prices jumping 23.7 percent.

San Diego's inflation rate accelerated from virtually 0.0 percent in 2009 (the lowest annual inflation recorded in San Diego since 1954). The same measure recorded that year among urban consumers across California¹ decreased 0.3 percent, while the rest of the nation declined 0.4 percent.

San Diego's inflation rose to only 1.3 percent in 2010, before accelerating to 3.0 percent in 2011. San Diego inflation also continued to exceed other California metro area rates. Los Angeles inflation was reported to be 2.7 percent in 2011, while San Francisco's was 2.6 percent. The rest of the U.S., on the other hand, shows slightly higher inflation at 3.2 percent.

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¹The California index is based upon a composite of Los Angeles and San Francisco indexes.



Year	San Diego		California*		United States		SD vs: Calif. U.S.	
	Index	Chng	Index	Chng	Index	Chng	Calif.	U.S.
2000	182.8	5.8%	174.8	3.7%	172.2	3.4%	2.0%	2.4%
2001	191.2	4.6%	181.7	3.9%	177.1	2.8%	0.6%	1.7%
2002	197.9	3.5%	186.1	2.4%	179.9	1.6%	1.1%	1.9%
2003	205.3	3.7%	190.4	2.3%	184.0	2.3%	1.4%	1.5%
2004	212.9	3.7%	195.4	2.6%	188.9	2.7%	1.1%	1.0%
2005	220.6	3.6%	202.6	3.7%	195.3	3.4%	-0.1%	0.2%
2006	228.2	3.4%	210.5	3.9%	201.6	3.2%	-0.5%	0.2%
2007	233.3	2.2%	217.4	3.3%	207.3	2.8%	-1.0%	-0.6%
2008	242.3	3.9%	224.8	3.4%	215.3	3.8%	0.5%	0.0%
2009	242.3	0.0%	224.1	-0.3%	214.5	-0.4%	0.3%	0.3%
2010	245.5	1.3%	226.9	1.3%	218.1	1.6%	0.1%	-0.3%
2011	252.9	3.0%	232.9	2.6%	224.9	3.2%	0.4%	-0.1%

*Computed by California Department of Industrial Relations, based on Los Angeles-Long Beach, and San Francisco-Oakland indexes.
Source: U.S. Department of Labor, Bureau of Labor Statistics.

Consumer Expenditures

(Continued from page 1)

holds also average slightly fewer children under age 18 with an average of 0.5, compared to the U.S. average of 0.6. Another discrepancy is in number of vehicles per household in San Diego of only 1.6 per consumer unit, while the U.S. average is 1.9.

The most significant difference from national norms, however, is in respect to rate of homeownership. Only 50 percent of San Diego households are designated as homeowners, substantially lower than the rest of the nation at 66 percent.

While San Diego's homeownership rate in 1987-88 was less than 40 percent, the rate improved above 50 percent for most of the 1990s. A high in local homeownership was eventually reached in 2004-05 at 63 percent. Of course, homeownership might more appropriately be labeled "home-indebtedness", especially once the housing price

bubble collapsed and many lost their homes to foreclosure and bankruptcy. This resulted in San Diego's homeownership rate falling back to 50 percent by 2009-10.

Local spending patterns

San Diego household expenditures vary significantly from overall U.S. consumption patterns in nine of eleven major categories detailed by the BLS.

The largest difference and main factor in higher cost of living locally are **housing** expenses. Despite the severe downturn of home values in recent years, **shelter** costs still account for 29.4 percent of San Diegan's total cost of living. This is the highest proportion of shelter expenditures among 18 large metro areas detailed by the BLS. Shelter costs nationally average only

CONSUMER UNIT CHARACTERISTICS Consumer Expenditure Survey, 2009-2010			
Item	U.S.	SAN DIEGO	S.D./ U.S.
Number of consumer units (000s)	121,107	1,193	1.0%
Consumer unit characteristics:			
Income before taxes	\$62,669	\$76,848	123%
Age of reference person	49.4	47.0	95
Average number in consumer unit:			
Persons	2.5	2.4	96
Children under 18	0.6	0.5	83
Persons 65 and over	0.3	0.3	100
Earners	1.3	1.3	100
Vehicles	1.9	1.6	84
Percent homeowner	66	50	76

Source: U.S. Department of Labor, Bureau of Labor Statistics; National University System Institute for Policy Research.

20.5 percent. While Washington DC, San Francisco, and New York households spend more dollars on shelter than San Diego, those communities also have substantially higher household incomes.

Over the past four years, expenditures by San Diego consumers with mortgage payments and charges, a subcomponent of shelter costs, fell 17.2 percent between 2005-06 and 2009-10. Spending by renters, on the other hand, over the same four-year period leaped 30.0 percent, and were nearly 2½ times above the U.S. average.

Relative to overall expenditures, it is clear shelter costs in San Diego also had the greatest increase over the past 20+ years. Shelter costs averaged only 22 percent of San Diegan's annual consumer budgets in 1986-87, just 2 percentage points higher than the average spent for transportation at the time. As of 2009-10 that difference ballooned to a 16 percentage point difference.

In contrast with much higher shelter costs, **utilities, fuels and public services** are disproportionately lower in San Diego with only 14.4 percent of expenditures. The comparable U.S. average is 21.8 percent. Although spending on utilities is far less than in San Diego, this does not mean energy prices are significantly lower. Largely because of the mild climate in both winter and summer much less energy is consumed.

Surprisingly, **transportation** expenditures are also lower in San Diego, with one major exception of spending 9.0 percent more for gas at the pumps. Transportation, overall, accounts for San Diego's second-largest expenditure category at 13.4 percent of total spending, significantly below the national

average of 15.8 percent. This reflects local spending patterns for vehicle purchases, as well differences in costs and amount of travel. This category also shows the most volatility over the past 20+ years.

Only six large metro areas spend significantly less on transportation than the overall U.S. average. San Diego is one of those six metro areas, along with San Francisco and New York, while nearby Los Angeles, perhaps not surprisingly, is not.

Among the 18 large metro areas, public transportation accounted for more than 10 percent of expenditure budgets in only 4 areas, led by New York (13.5 percent) and San Francisco (12.5 percent). San Diego's expenditures were much lower at only 6.3 percent.

Food expenditures follow a somewhat similar but less volatile pattern than transportation. San Diegans eat out more than other American consumers. Households in San Diego spend 56.9 percent of their food budget for consumption at home, while the remaining 43.1 percent is spent for food away from home. By comparison, U.S. households typically spend 59.0 percent for food at home and 41.0 percent away. (It is important to note these figures do not include or reflect visitor spending at local restaurants.)

San Diegans apparently like both their veggies and their beer. We spend, more on fruits

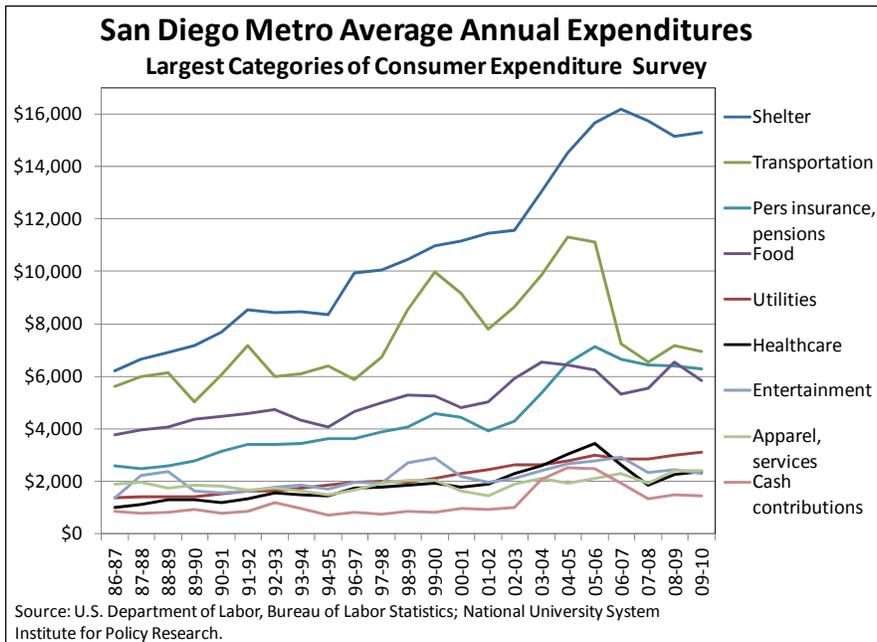
RANKING BY AVERAGE ANNUAL SHELTER, AND PERCENT OF TOTAL EXPENDITURES Consumer Expenditure Survey, 2009-2010

Area	Total annual expenditures		Housing Shelter Expenditures		Shelter % of expenditures	
	Amount	Rnk	Amount	Rnk	Amount	Rnk
San Francisco	\$67,360	2	\$19,190	1	28.5%	3
Washington, D.C.	70,075	1	16,398	2	23.4%	8
New York	58,942	5	15,321	3	26.0%	4
SAN DIEGO	52,012	13	15,305	4	29.4%	1
Los Angeles	54,576	8	14,126	5	25.9%	5
Seattle	65,317	3	13,453	6	20.6%	11
Baltimore	52,815	11	13,293	7	25.2%	6
Chicago	57,022	6	13,218	8	23.2%	9
Boston	63,063	4	12,866	9	20.4%	12
Miami	42,266	18	12,274	10	29.0%	2
Philadelphia	52,041	12	12,268	11	23.6%	7
Minneapolis-St.Paul	54,420	9	11,045	12	20.3%	13
Houston	56,764	7	10,903	13	19.2%	16
Atlanta	47,502	16	10,849	14	22.8%	10
Dallas-Fort Worth	52,977	10	10,183	15	19.2%	15
Detroit	50,608	14	9,665	16	19.1%	17
Phoenix	49,016	15	9,476	17	19.3%	14
Cleveland	44,561	17	8,337	18	18.7%	18
United States	\$48,588		\$9,943		20.5%	
West	53,220	2	12,307	1	23.1%	1
Northeast	53,336	1	11,859	2	22.2%	2
Midwest	45,918	3	8,636	3	18.8%	3
South	44,978	4	8,322	4	18.5%	4

Source: U.S. Department of Labor, Bureau of Labor Statistics; National University System Institute for Policy Research.

and vegetables than other Americans, but otherwise, spend less on cereals, meats, and other foods (at least to eat at home). San Diegans also typically spend a greater amount on alcoholic beverages, with average annual expenditures of \$581, compared to the rest of the U.S. average at \$423.³

Apparel and related services are also apparently very important for San Diego consumers spending 40 percent more than typical U.S. consumers. Spending on **personal care products** and services is above average as well.



Source: U.S. Department of Labor, Bureau of Labor Statistics; National University System Institute for Policy Research.

San Diegans seem to offset those expenditures by spending less on other discretionary areas.

Entertainment spending is surprisingly lower than average. San Diego's abundant opportunities for low or no-cost recreational and outdoor pursuits may contribute to the relatively low level of spending. Expenditures on **education and reading** are below average as well.

Spending on **health care** by San Diegans is surprisingly much lower than national average.

The single largest discrepancy from national norms evident from the expenditure survey is San Diego residents spend much less on **tobacco and related products**, one-third the amount typically spent by American consumers.³

Cash contributions includes spending on persons or organizations outside of the consumer unit, including alimony and child support payments; care for students away from home; and contributions to religious, educational, charitable, or political organizations. San Die-

gans spend much less than average on these types of expenditures.

Spending for **personal insurance and pensions** make up the third highest category of San Diegans' total expenditure budgets. This includes all contributions to Social Security paid by employees, government retirement, and private pension programs, as well as retirement programs of self-employed residents. San Diegans spend greater amounts for these items largely because of significantly higher incomes on average, as well as over-

all high cost of living. Spending on personal insurance and pensions rose significantly paralleling income gains reaching a peak in 2005-06, before slipping as the economy and incomes overall faltered.

Methodology - Understanding and interpreting consumer expenditure averages

The BLS cautions interpreting expenditure data, especially when relating averages to individual circumstances. It is important to understand the data reflects all spending within the region divided by total consumer units or households. Expenditure averages therefore do not necessarily represent individual consumer unit income or spending patterns, which may vary significantly from consumption and expenditure averages. Income, family size, age of family members, geographic location within the region, and individual tastes and preferences also influence expenditure patterns.

Expenditure details are averages for all consumer units regardless of whether individuals incurred the expense of the specific item. Average expenditures for an item therefore may be considerably less than the expenditures of consumer units actually purchasing the item. The less frequently an item is purchased, the greater the difference between the average for all consumer

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AVERAGE ANNUAL CONSUMER EXPENDITURES					
U.S. vs SAN DIEGO - Consumer Expenditure Survey, 2009-2010					
Item	U.S.	SAN DIEGO	S.D./ U.S.	Percent of Total	
				U.S.	S.D.
Average annual expenditures	\$48,588	\$52,012	107%	100.0%	100.0%
Food	6,250	5,831	93	12.9%	11.2%
Food at home	3,689	3,319	90	7.6%	6.4%
Cereals, bakery products	504	447	89	1.0%	0.9%
Meats, poultry, fish, eggs	813	663	82	1.7%	1.3%
Dairy products	393	347	88	0.8%	0.7%
Fruits and vegetables	668	717	107	1.4%	1.4%
Other food at home	1,311	1,146	87	2.7%	2.2%
Food away from home	2,562	2,512	98	5.3%	4.8%
Alcoholic beverages	423	581	137	0.9%	1.1%
Housing	16,726	21,679	130	34.4%	41.7%
Shelter	9,943	15,305	154	20.5%	29.4%
Owned dwellings	6,410	7,877	123	13.2%	15.1%
Rented dwellings	2,880	6,989	243	5.9%	13.4%
Other lodging	653	439	67	1.3%	0.8%
Utilities, fuels, public services	3,652	3,114	85	7.5%	6.0%
Household operations	1,009	1,352	134	2.1%	2.6%
Housekeeping supplies	635	547	86	1.3%	1.1%
Household furnishings, equipment	1,486	1,362	92	3.1%	2.6%
Apparel and services	1,712	2,398	140	3.5%	4.6%
Transportation	7,668	6,963	91	15.8%	13.4%
Vehicle purchases (net outlay)	2,623	1,819	69	5.4%	3.5%
Gasoline and motor oil	2,059	2,246	109	4.2%	4.3%
Other vehicle expenses	2,500	2,461	98	5.1%	4.7%
Public transportation	486	438	90	1.0%	0.8%
Health care	3,141	2,370	75	6.5%	4.6%
Entertainment	2,599	2,278	88	5.3%	4.4%
Personal care products, services	589	681	116	1.2%	1.3%
Reading	105	79	75	0.2%	0.2%
Education	1,071	754	70	2.2%	1.4%
Tobacco products, smoking supplies	371	132	36	0.8%	0.3%
Miscellaneous	833	536	64	1.7%	1.0%
Cash contributions	1,678	1,447	86	3.5%	2.8%
Personal insurance and pensions	5,422	6,283	116	11.2%	12.1%
Life and other personal insurance	314	234	75	0.6%	0.4%
Pensions and Social Security	5,108	6,049	1.2	10.5%	11.6%

Source: U.S. Department of Labor, Bureau of Labor Statistics; National University System Institute for Policy Research.

Inflation Rate

(Continued from page 1)

Price category indexes

As with the rest of the country, food and energy prices showed the greatest volatility during 2011, driving most of the inflationary increases felt in San Diego. The price of food intended for consumption at home jumped 5.9 percent. Food purchased for consumption away from home (usually at restaurants) increased by less than half that rate at 2.7 percent, likely the lingering effects of the recession as restaurateurs absorbed higher input costs rather than increase prices for customers. At the same time, alcoholic beverage prices actually fell by an average of -0.5 percent over the year.

Costs for housing overall increased only 0.8 percent in 2011 following a -0.7 percent decrease in 2010. The measure for shelter prices are a composite of the costs to rent a home and an equivalent rate of expenditures for homebuyers. These increases show shelter costs rose 0.8 percent, following a -0.7 percent decrease in 2010.

Other housing costs include fuels and other utilities rising 3.5 percent, led by electricity prices jumping 3.9 percent, while prices of household furnishings and operations fell 1.9 percent.

As previously noted, transportation prices showed the increases in 2011, as gas prices jumped 23.7 percent.

The BLS publishes the CPI for San Diego on a semi-annual basis, with both halves calculating the annual average. It is important to note gasoline prices rose 23.4 percent in the 1st half of 2011, before declining 1.2 percent in the 2nd half. With prices spiking so far in 2012 (as of early March) prices already exceed a year ago and if continue to climb, the index will likely show increases exceeding those recorded in 2011.

Medical care is one category of consumer prices in San Diego that has continually increased over the past decade. Prices continued to rise relatively modestly in 2011 by 2.0 percent.

Special aggregate indexes are composites of price categories. The "commodity" price index showed a 5.6 percent increase overall, largely spurred by energy prices. "Services", on the other hand, rose only 1.7 percent.

San Diego's cost of living, other than energy prices, increased only 1.9 percent, according to the "all items less energy" index. Since shelter accounts for such a large proportion of overall costs, the "all items less shelter" index reveals prices otherwise increased 4.7 percent.

With the volatility of food and energy, economists and other analysts often refer to the indexes that exclude these two categories of prices. The "all items less food and energy" index shows prices otherwise increased only 1.5 percent. Since food and energy are such large components of local consumer's annual budget (22 percent), it does not seem to make much sense to ignore these two important price categories when considering regional cost of living changes.

Index of change

The CPI measures change from the designated date of reference year (1982-84) equal to 100.0 (unless otherwise designated). The index expresses changes in dollar values. For example, San Diego's "unleaded regular gasoline" index of 316.991 indicates the same type of gas purchased in 1982-84 for \$1 cost \$3.17 in 2011.

San Diego is one of only 18 large urban metro areas CPI data is provided by the BLS. Metro area indexes are subject to substantially more sampling

SAN DIEGO CONSUMER PRICE INDEX ALL URBAN CONSUMERS (CPI-U) (1982-84=100, unless otherwise noted)

Expenditure category	2009	2010	2011	Annual Change	
				'10/'09	'11/'10
All items	242.270	245.464	252.910	1.3%	3.0%
Food and beverages	224.040	224.230	233.676	0.1%	4.2%
Food	220.977	221.047	231.376	0.0%	4.7%
Food at home	206.360	208.574	220.848	1.1%	5.9%
Food away from home	238.764	235.266	241.680	-1.5%	2.7%
Alcoholic beverages	250.083	250.967	249.781	0.4%	-0.5%
Housing	275.649	273.489	275.606	-0.8%	0.8%
Shelter	308.985	306.798	309.211	-0.7%	0.8%
Rent of primary residence*	298.517	298.462	301.031	0.0%	0.9%
Owners' equivalent rent of primary residence*#	328.806	327.817	329.833	-0.3%	0.6%
Fuels and other utilities	232.325	233.043	241.257	0.3%	3.5%
Household energy	201.231	192.897	199.176	-4.1%	3.3%
Gas (piped) and electricity	198.649	189.852	195.728	-4.4%	3.1%
Electricity*	186.124	175.559	182.448	-5.7%	3.9%
Utility natural gas service*	162.992	172.984	171.949	6.1%	-0.6%
Household furnishings and operations	183.429	178.876	175.441	-2.5%	-1.9%
Apparel	125.723	125.371	130.757	-0.3%	4.3%
Transportation	184.718	200.398	222.685	8.5%	11.1%
Private transportation	179.005	192.985	214.653	7.8%	11.2%
Motor fuel	211.098	245.095	303.864	16.1%	24.0%
Gasoline (all types)	212.124	245.946	304.329	15.9%	23.7%
Unleaded regular	219.950	255.531	316.991	16.2%	24.1%
Unleaded midgrade@	183.206	211.406	259.978	15.4%	23.0%
Unleaded premium	217.348	249.947	306.140	15.0%	22.5%
Medical care	377.166	384.149	391.870	1.9%	2.0%
Recreation+	140.299	138.870	141.778	-1.0%	2.1%
Education, communication+	125.701	136.030	141.921	8.2%	4.3%
Other goods and services	363.262	359.823	363.975	-0.9%	1.2%
Special aggregate indexes:					
Commodities	182.042	186.150	196.562	2.3%	5.6%
Commodities less food	163.910	169.423	179.732	3.4%	6.1%
Nondurables	199.004	203.389	217.951	2.2%	7.2%
Services	295.548	297.932	303.087	0.8%	1.7%
Energy	204.916	221.632	258.627	8.2%	16.7%
All items less medical care	235.803	238.809	246.163	1.3%	3.1%
All items less shelter	215.905	221.676	232.106	2.7%	4.7%
All items less energy	247.399	249.308	254.072	0.8%	1.9%
All items less food, energy	253.363	255.592	259.451	0.9%	1.5%

*This index was calculated using a Laspeyres estimator. All other item stratum index series converted to a geometric means estimator in January 1999.

#Index is on a November 1982=100 base.

@Index is on a December 1993=100 base.

+Index is on a December 1997=100 base.

Source: U.S. Department of Labor, Bureau of Labor Statistics.

and other measurement error and therefore not as much detail is revealed for categories as in national indexes. Local area indexes also often have much greater volatility than the national index, although long-term trends are usually similar. Area indexes also do not measure differences among level of

prices between cities, but only measures the average change of prices within each metro area.

Nevertheless, both the CES and CPI show San Diego's cost of living is relatively higher and rising much more on average than in the rest of the nation over the past nearly 30 years.

Consumer Expenditures

(Continued from page 3)

units and average of those actually purchasing the item.

Spending also does not necessarily directly indicate differences in prices for consumer goods and services. Consumption may vary as much as price differences among metro areas and the entire nation.

The study is also not intended as a comparative cost of living survey, as neither the quantity nor quality of goods and services are held constant among areas. CES makes no attempt to measure the cost of a standard bundle of goods and services, but instead tracks actual expenditure levels by consumer units. Differences result from variations in demographic characteristics, percentage of a consumer unit size, age, preferences, income levels, etc. However, expenditure shares or percentages for a consumer unit's budget spent on particular categories may be used to compare spending patterns across areas.

Prices of many goods and services have changed since the survey was conducted. For example, gasoline (all types), as measured by the CPI in San Diego show prices rose 4.4 percent between 2009 and 2011. (See CPI table on page 4.)

The CPI measures changes over time for a fixed market basket of goods and services. The allocation of change is assigned according to the percentage of total expenditures measured by the CES. These changes of expenditure categories within San Diego may vary significantly from other parts of the nation.

¹A consumer unit is defined as members of a household related by blood, marriage, adoption, or other legal arrangement; a single person living

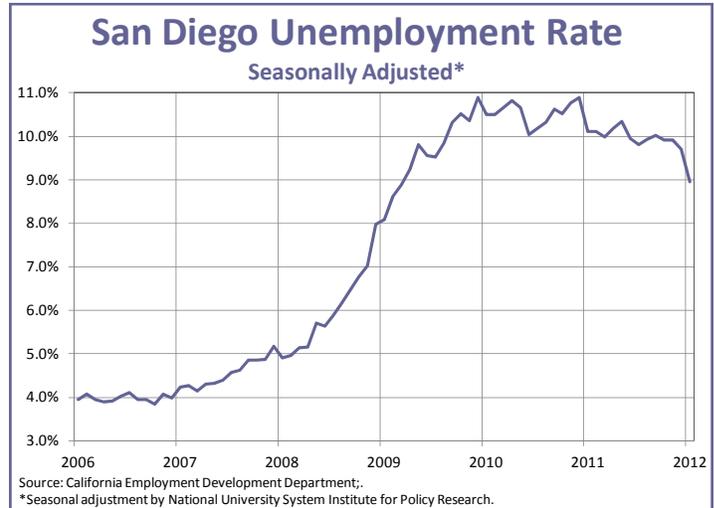
Dashboard Observations—January 2012

By Kelly Cunningham, Economist, Senior Fellow

San Diego's unemployment rate, as reported by the California Employment Development Department, increased from 9.0 percent in December 2011 to 9.3 percent in January 2012. Because of seasonal variations occurring every year in January with temporary seasonal holiday jobs and companies often holding on to employees until the end of the year, the adjustment indicates the unemployment rate was at the lowest level since May 2009. This welcome bit of good news, coming after two years of unemployment being above 10 percent, is particularly important for the 54,000 more residents finding jobs over the past two years.

The number of residential units authorized for construction dropped significantly from the previous month with or without seasonal adjustment. Although 2011 ended the year 54 percent higher than the previous year, the sudden decrease in January 2012 does not bode well for construction in the upcoming year. We will see if this significantly lowered pace continues throughout the year. If the trend continues, it would have the dubious honor of shattering the record set in 2009 for lowest number of permits issued during a calendar year in more than 60 years.

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.



Indicator	Jan 2012	Month Change (Sea. Adj.)	Annual Change
Unemployment Rate¹ San Diego County	9.3%	-0.7% ▲	-1.2% ▲
Residential Building² Units authorized for construction San Diego County	216	-49.7% ▼	-53.7% ▼
New Business Licenses³ Issued by City of San Diego	1,045	8.8% ▲	5.2% ▲
San Diego Stock Index⁴ San Diego based companies	117	4.8% ▲	-8.2% ▼

¹California Employment Development Department.
²U.S. Bureau of the Census.
³Business Tax Program, City of San Diego.
⁴Second Thursday of month, Bloomberg News, San Diego Daily Transcript.

More positive news can be found in the data on new business licenses issued by the City of San Diego. These increased 8.8 percent between December and January and were 5.2 percent higher than the number a year ago.

The stock index of publicly-traded companies in San Diego slightly rose in January, although lower than the same month a year ago. The index significantly increased over the first half of 2011, before slipping during the second half.

²Public services refer to charges for garbage and trash collection, sewerage maintenance, septic tank cleaning, and telephone charges.

³Expenditure averages may be considerably lower than actual expenditures by those purchasing the item. For example, while average spending

on "tobacco products and smoking supplies" in San Diego was \$132 per year, in reality, households that consume tobacco products probably spend considerably more, while households that do not consume any tobacco spend nothing.



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