

Spotlight:

Food Price Changes Vary Regionally

Food Price Changes Differ Across Metropolitan Areas and Regions

Across America, food price changes vary from the national trends. Local and regional price changes reflect differences in transportation costs, packaging costs, and wages, as well as different degrees of market competition among retailers and eating establishments.

The CPI for Food rose an average of 6.2 percent each year for the Nation as a whole during 1978-95 (table 1). National food price increases of 9.9 percent in 1978 and 11.0 percent in 1979 boosted the average annual increase for the 17-year period. The largest gains were in the Northeast, where the CPI for Food rose an average of 6.6 percent each year, followed by the West where food prices went up an average of 6.5 percent each year. The North Central had the smallest average annual increase of 5.7 percent. Among particular metropolitan

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areas, Honolulu, HI, had the largest average annual increase in food prices at 7.5 percent, while the average annual increase for Anchorage, AK, was the smallest at 4.8 percent.

During this time period, prices for food bought when eating out (food away from home) generally increased faster (up 7 percent) than for food bought at retail stores (food at home, up 6 percent). In the South, prices for food away from home increased at an average annual rate of 7.1 percent, while prices for food at home rose 5.8 percent. Food-away-from-home prices increased faster than food-at-home prices for all regions except the Northeast. In the Miami-Fort Lauderdale, FL, metropolitan area, food-away-from-home prices increased an average of 8.9 percent each year—the largest average annual increase among the 28 areas.

Competition in Away From Home Market Slows CPI Increase For Some Areas

After the 1990-91 recession, competition among eating places in many large markets in east and west

coast cities is believed to have held down menu prices there. As a result, for the United States as a whole, prices for food away from home rose more slowly during 1990 to 1995 (2.3 percent annually on average) than they did for food at home (2.5 percent on average each year). This was true in most of the Northeastern metropolitan areas, including Baltimore, MD, and the Washington, DC, areas, and the three California metropolitan areas. For example, in San Diego, prices for food away from home increased an average of only 1.8 percent a year from 1990 to 1995, compared with a 3.4-percent increase for food at home (table 2).

However, 18 of the 28 metropolitan areas surveyed had larger increases in the CPI for Food Away From Home than in the CPI for Food at Home during 1990-95. In some cities, food-away-from-home prices increased at almost double the rate for food-at-home prices. For example, prices for food away from home went up an average of 3.9 percent annually for the Kansas City, MO-KS, metropolitan area, compared with a 1.8-percent increase in prices for food at home.

Table 1

Northeast Region Had the Biggest Annual Food Price Increase for 1978-95

Region and metropolitan area	All food	Food at home	Food away from home
<i>Average annual percent increase from 1978 to 1995</i>			
U.S. average	6.2	6.0	7.0
Northeast region	6.6	6.3	6.2
Boston-Lawrence-Salem, MA-NH	6.1	5.7	6.9
Buffalo-Niagara Falls, NY	5.9	5.9	6.0
N.Y.-Northern N.J.-Long Island, NY-NJ-CT	7.0	6.6	5.5
Philadelphia-Wilmington-Trenton, PA-NJ-DE-MD	6.1	6.0	6.4
Pittsburgh-Beaver Valley, PA	5.6	5.3	6.4
North Central region	5.7	5.4	6.4
Chicago-Gary-Lake County, IL-IN-WI	5.8	6.0	5.6
Cincinnati-Hamilton, OH-KY-IN	5.5	5.2	6.2
Cleveland-Akron-Lorain, OH	6.4	5.6	8.2
Detroit-Ann Arbor, MI	5.4	5.6	5.1
Kansas City, MO-KS	5.6	5.0	6.7
Milwaukee, WI	6.0	5.8	6.5
Minneapolis-St. Paul, MN-WI	6.4	5.6	7.7
St. Louis-East St. Louis, MO-IL	5.9	5.5	7.0
South region	6.1	5.8	7.1
Atlanta, GA	6.3	5.7	7.4
Baltimore, MD	6.4	6.0	7.2
Dallas-Fort Worth, TX	6.3	5.4	7.9
Houston-Galveston-Brazoria, TX	6.2	6.4	6.3
Miami-Fort Lauderdale, FL	7.4	6.7	8.9
New Orleans, LA	N/A	N/A	N/A
Tampa-St. Petersburg-Clearwater, FL	N/A	N/A	N/A
Washington, DC-MD-VA	6.0	6.6	5.1
West region	6.5	6.5	6.8
Anchorage, AK	4.8	4.9	4.7
Honolulu, HI	7.5	8.0	6.7
Los Angeles-Anaheim-Riverside, CA	6.7	7.0	6.2
Portland-Vancouver, OR-WA	5.5	4.5	7.2
San Diego, CA	7.0	6.5	8.0
San Francisco-Oakland-San Jose, CA	6.8	6.8	7.3
Seattle-Tacoma, WA	6.7	6.1	7.9

Note: N/A = Not available. Source: Average annual calculations by USDA's Economic Research Service, using U.S. Bureau of Labor Statistics data.

In the larger metropolitan areas on the east and west coasts, population, employment, and incomes grew faster than the Nation as a

whole after the 1990-91 recession. Away-from-home food sales are strongly correlated with these factors, attracting new chains to grow-

ing areas. Larger metropolitan areas are known for their broad spectrum of eating places. Two of the fastest growing chains, Boston Market and

Table 2

In Over a Third of the Metropolitan Areas, Prices for Food at Home Rose Faster Than for Food Away From Home During 1990-95

Region and metropolitan area	All food	Food at home	Food away from home
<i>Average annual percent increase from 1990 to 1995</i>			
U.S. average	2.4	2.5	2.3
Northeast region	2.5	2.7	2.0
Boston-Lawrence-Salem, MA-NH	2.1	2.4	1.7
Buffalo-Niagara Falls, NY	2.2	1.9	2.8
N.Y.-Northern N.J.-Long Island, NY-NJ-CT	2.3	2.6	1.8
Philadelphia-Wilmington-Trenton, PA-NJ-DE-MD	2.6	2.9	2.0
Pittsburgh-Beaver Valley, PA	3.0	3.1	2.6
North Central region	2.4	2.2	2.7
Chicago-Gary-Lake County, IL-IN-WI	3.1	3.2	2.8
Cincinnati-Hamilton, OH-KY-IN	1.3	0.5	2.6
Cleveland-Akron-Lorain, OH	2.8	2.5	3.4
Detroit-Ann Arbor, MI	2.6	2.4	2.8
Kansas City, MO-KS	2.6	1.8	3.9
Milwaukee, WI	2.7	2.6	3.0
Minneapolis-St. Paul, MN-WI	2.3	1.5	3.5
St. Louis-East St. Louis, MO-IL	1.5	1.4	1.8
South region	2.3	2.2	2.4
Atlanta, GA	2.2	2.1	2.3
Baltimore, MD	2.5	3.0	1.6
Dallas-Fort Worth, TX	1.8	1.2	2.6
Houston-Galveston-Brazoria, TX	1.6	1.5	2.0
Miami-Fort Lauderdale, FL	3.1	3.0	3.1
New Orleans, LA	2.5	1.7	3.6
Tampa-St. Petersburg-Clearwater, FL	2.0	1.8	2.1
Washington, DC-MD-VA	2.2	2.7	1.8
West region	2.6	2.9	2.2
Anchorage, AK	2.3	2.2	2.5
Honolulu, HI	2.7	2.4	3.3
Los Angeles-Anaheim-Riverside, CA	3.3	3.9	2.2
Portland-Vancouver, OR-WA	1.6	1.3	2.0
San Diego, CA	2.7	3.4	1.8
San Francisco-Oakland-San Jose, CA	2.4	2.9	1.8
Seattle-Tacoma, WA	2.8	2.6	2.7

Source: Average annual calculations by USDA's Economic Research Service, using U.S. Bureau of Labor Statistics data.

Kenny Rogers Roasters, continue to introduce new outlets in major metropolitan areas. Eating places are competing for consumers' away-

from-home food dollars, contributing to lower average annual price increases for food away from home in these cities during 1990-95. ■