

Inflation Report for May 02, 2024

While we have repeatedly discussed the impact of recent rising prices and the likely trajectory of prices for many items, shelter is a unique cost in most people's budgets. Specifically, shelter likely represents the largest single portion of the typical household budget, and has been growing substantially even before the COVID pandemic. Accordingly, rent, or the price of a residence, has a large weighting in the measure of the CPI. Shelter prices, however, do vary across the country. As the US government's "eviction moratorium" runs out (and is subsequently reinstated), landlords are finding themselves in a precarious position, with many deciding to exit the business rather than continue to accrue losses. In exchange, businesses such as Zillow, are positioning themselves by buying these assets en masse and generating long-term revenue streams. The market's demands for these types of investments will likely become increasingly harsh, and could affect rents (and, hence, CPI levels) over the next several years. This report illustrates the changes of CPI as attributed to rent or a mortgage in different major MSAs.

Inflation Based on Personal Consumption Expenditures

Consumer Price Index (CPI) for All Urban Consumers by Area

CPI for Owners' Equivalent Rent of Residence, Northeast Region

CPI for Owners' Equivalent Rent of Residence, Midwest Region

CPI for Owners' Equivalent Rent of Residence, South Region

CPI for Owners' Equivalent Rent of Residence, West Region