

# Prices in the 21<sup>st</sup> Century - Iowa

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## Introduction

*Most of the data discussed in this report come from the U.S. Bureau of Labor Statistics' Consumer Price Index (CPI) database. This source, however, produces estimates of price levels neither for Iowa exclusively nor for any metropolitan area within Iowa. The report therefore references data from the Midwest region (Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin) as a proxy for inflation in Iowa.*

The chart below, inspired by the American Enterprise Institute's "Chart of the Century," displays 20 years of changes in wages, inflation, and the prices of consumer goods and services in Iowa since the beginning of the 21st century. Over the last two decades, real wages have risen locally while most durable and nondurable goods have remained affordable. Meanwhile, the rising costs of housing, health care, and higher education have increasingly crowded out more and more of every dollar of spending. Broken into two periods—before the COVID-19 pandemic and after—however, the data paints a different picture.

Prior to the fiscal and monetary stimulus in response to the COVID-19 pandemic, price trends varied by category with bouts of inflation, disinflation, and even deflation for different categories. Since 2020, however, prices have trended upward in all categories. Similarly, while Iowans' wages rose in real terms between 2002 and 2022, a stark difference appears in the trend from 2002 to 2020 versus the trend since 2020. Prior to the pandemic, Iowans' wages rose at more than double the rate of inflation—a 78% increase in wages versus a 37% increase in prices. Since 2020, however, Iowans have seen a significant decrease in real wages, as they experienced an 18% increase in prices while their wages rose only 7.5%. Fortunately, wages are recovering with a 10% surge over the last year while inflation has cooled or declined.

*Fortunately, wages are recovering with a 10% surge over the last year while inflation has cooled or declined across all categories.*

While the chart in this report offers no explanation of the reasons behind the variations in price growth between items, we hope it serves as a common starting point and inspires discussion and more informed questions.

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## Key Insights

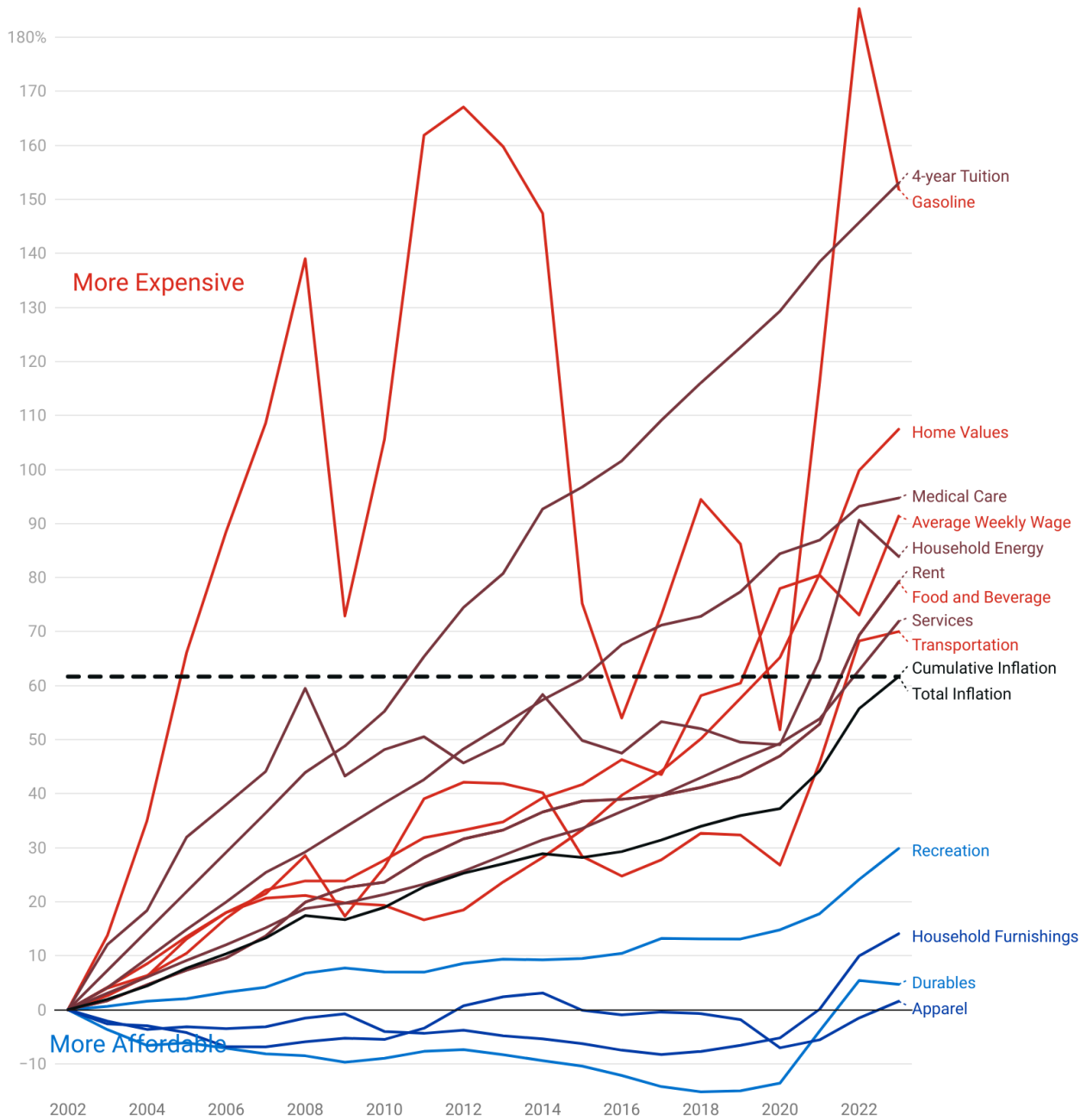
- At an increase of over 150% since 2002, the price of 4-year tuition at a public university and the price of gasoline remain dominant over all other items; however, gasoline prices remained highly volatile throughout the period with years of drastic increases and decreases, while the cost of tuition has increased steadily at 2% to 7% annually.
- Apparel, durables, household furnishings, and recreation remain well below total inflation rates. While these have increased in price since 2020, Iowa consumers enjoyed deflation in apparel, durables, and household furnishings from 2002 through 2020.
- Within the last 3 years, 12 of the 14 categories experienced their highest price increases within our captured time frame (2002-2023).

## Year-to-Year Changes

- Overall inflation clocked in at 3.8% from 2022 to 2023.
- The price increases in food and beverage, services, recreation, and rent have all outpaced overall inflation over the last year.
- Across all categories, the recent surge of inflation peaked in 2022. The price of gasoline, household energy, and durables all fell from 2022-2023. For all other categories, the rate of increase in prices slowed over the last year relative to the previous year.
- Gasoline, while growing rapidly over the past two years at 68% in 2021 and 46% in 2022, experienced a sharp decrease in price of 13% in 2023.
- After a 10% increase from 2021 to 2022, the increase in home prices over the last year returned closer to the 20-year mean of just below 4%.
- After falling by 4% from 2022 to 2023, Iowans' average weekly wages grew by 10.5% over the last year.

## Iowa Prices in the 21st Century (through 2023)

This chart, inspired by AEI's "Chart of the Century," tracks the change in the prices of different goods and services in Iowa from 2002 through 2023 based primarily on the U.S. Bureau of Labor Statistics Midwest survey area. Red lines represent categories of goods and services whose prices have risen faster than the rate of inflation since 2002. Blue lines represent categories that have seen price declines in real dollars since 2002.



See the table below for a full list of sources. View AEI's "Chart of the Century" here: <https://www.aei.org/carpe-diem/chart-of-the-day-or-century-5/>  
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## "Iowa Prices in the 21st Century" Chart Sources

Data	Source	Region
In-state Tuition and Fees (Public 4-year)	State of Iowa Open Data, Iowa Colleges and Universities Average Costs by Academic Year and Sector	Iowa
Gasoline	Midwest Regular All Formulations Retail Gasoline Prices (EIA)	Midwest
Home Values	Zillow Home Value Index All Homes (SFR, Condo/Co-op)	Iowa
Medical Care	Consumer Price Index for All Urban Consumers: Medical Care in Midwest - Size Class A	Midwest
Household Energy	Consumer Price Index for All Urban Consumers: Household Energy in Midwest - Size Class A	Midwest
Rent	Consumer Price Index for All Urban Consumers: Rent in Midwest - Size Class A	Midwest
Services	Consumer Price Index for All Urban Consumers: Services in Midwest - Size Class A	Midwest
Recreation	Consumer Price Index for All Urban Consumers: Recreation in Midwest - Size Class A	Midwest
Overall Inflation	Consumer Price Index for All Urban Consumers: All Items in Midwest - Size Class A	Midwest
Food and Beverage	Consumer Price Index for All Urban Consumers: Food and Beverage in Midwest - Size Class A	Midwest
Transportation	Consumer Price Index for All Urban Consumers: Transportation in Midwest - Size Class A	Midwest
Apparel	Consumer Price Index for All Urban Consumers: Apparel in Midwest - Size Class A	Midwest
Durables	Consumer Price Index for All Urban Consumers: Durables in Midwest - Size Class A	Midwest
Household Furnishings	Consumer Price Index for All Urban Consumers: Household Furnishings in Midwest - Size Class A	Midwest
Average Weekly Wage	Average Weekly Wages for Employees in Total Covered Establishments in Des Moines-West Des Moines	Des Moines

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