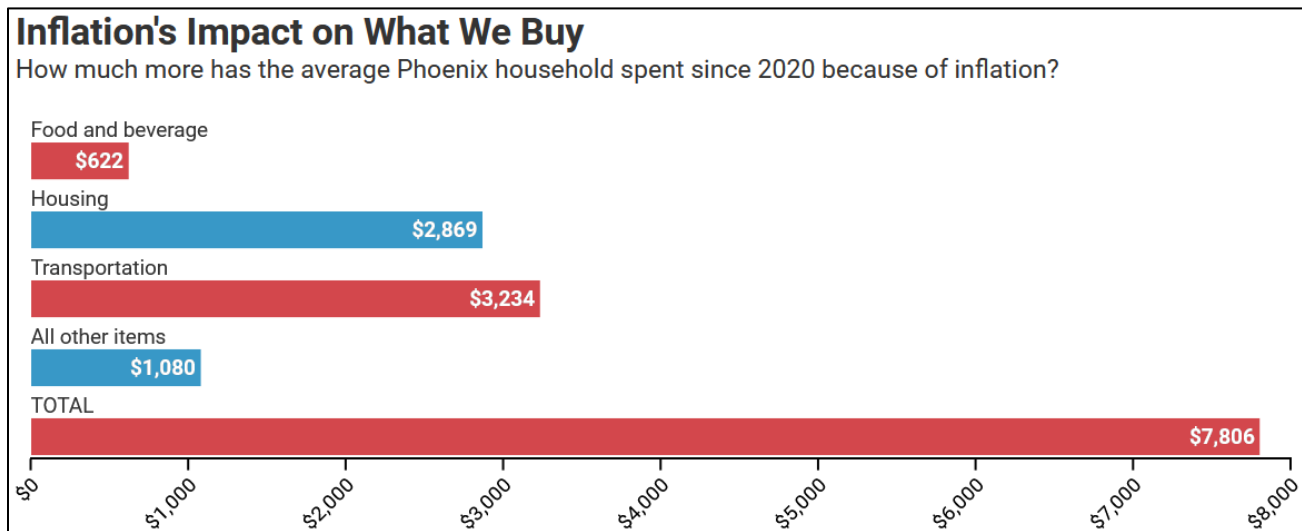


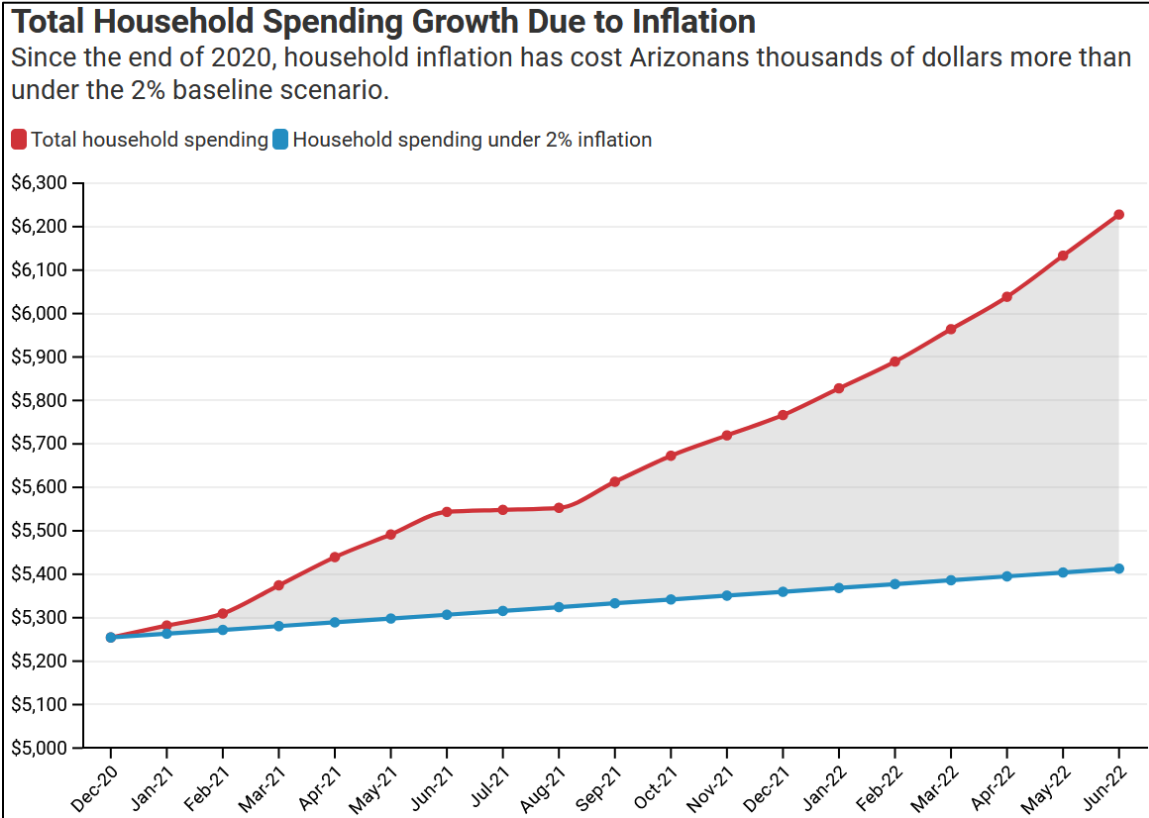
Inflation in Arizona: June 2022 Update

Consumer prices in the United States continued their record ascent in June, rising 9.1% over the last 12 months - the highest rates in 41 years. At 12.3%, price inflation in the Phoenix metropolitan area remains both well above the national average and at the highest levels ever recorded for the city. In fact, since the end of 2020 prices in Phoenix have risen a combined 18.5% - more than anywhere else measured by the BLS. Local prices have been rising at an average rate of more than 1% per month for eight consecutive months, and at the current rate prices here will double in less than 4 years, versus 35 years at the 2% target rate. Price increases are concentrated in transportation, housing and food costs - with gasoline alone costing the average household \$1,066 more compared to one year ago.

Inflation in Metro Phoenix was 3.1% between April and June and 12.3% over the Last 12 Months - June '21 through June '22 - (BLS CPI Survey)

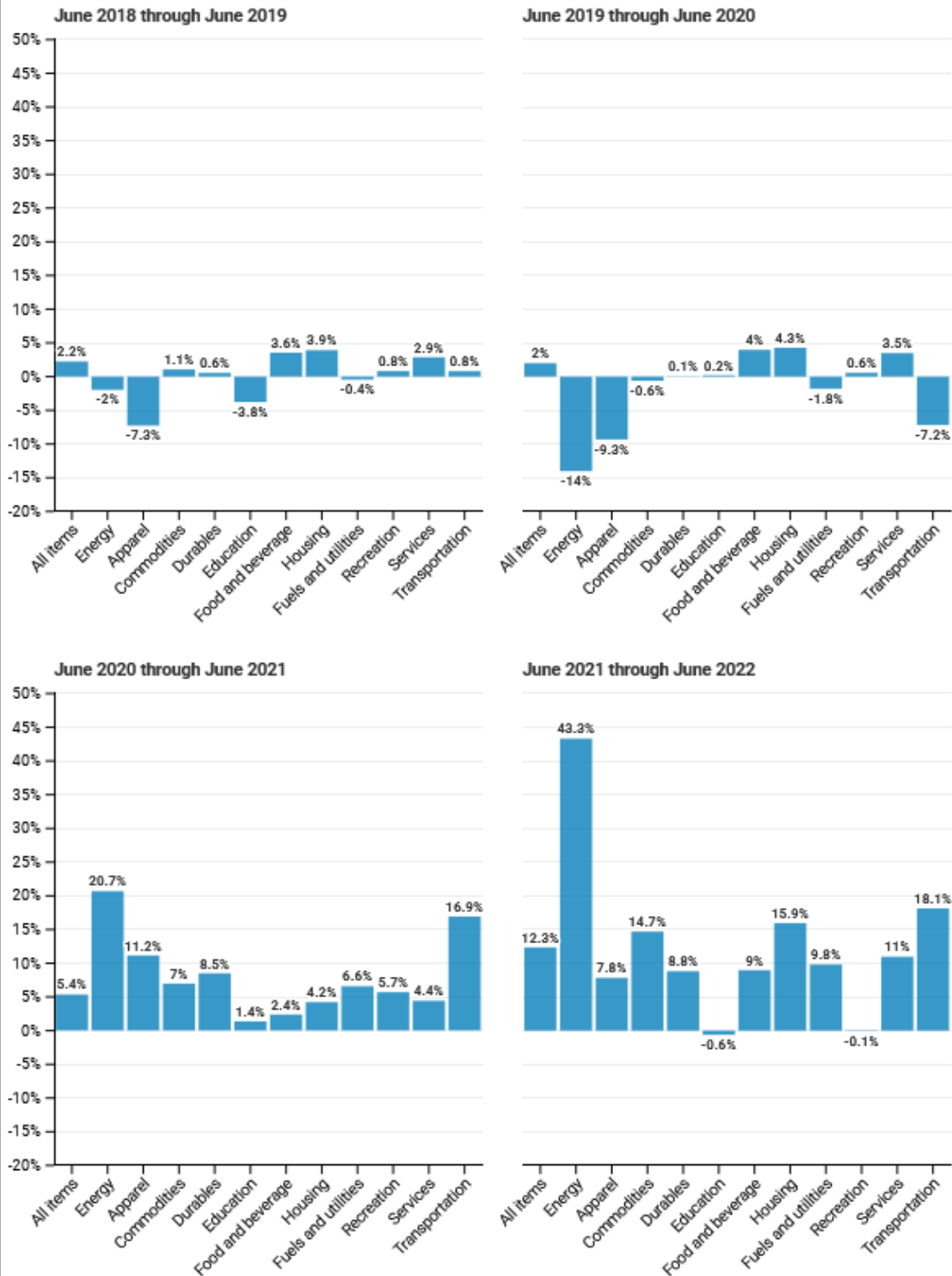


- The typical Arizona household has spent a combined \$7,806 more on food, housing, transportation, medical care, and other goods and services since the end of 2020.ⁱ The cost of food, housing, and gasoline accounts for nearly 60% of this.ⁱⁱ
- Inflation in metro Phoenix over the past 12 months was 3.2 points higher than the national average of 9.1%.
- Inflation remains high since spiking in the first quarter of 2021. Despite hope inflation would begin to cool, headline and core inflation both accelerated in June. It appears increasingly unlikely that national inflation can be brought under control without significant economic contraction.



- Of the 23 urban consumer price indices tracked by the BLS, the Phoenix metro area had the second-highest rate of inflation in June, behind only urban Alaska.
- If prices in Phoenix and San Francisco continued rising at their respective current rates, the cost of living here would be higher than in San Francisco by 2034.ⁱⁱⁱ
- Rents and the cost of housing in the Phoenix metro area grew by 15.9% over the past 12 months - 2.9 times the rate for the United States as a whole, according to the Bureau of Labor Statistics.^{iv}
- US core inflation sped up again in June, to 0.7% month over month. High inflation rates are likely to persist for many more months, and due to compounding the economic damage will only accelerate.

Source: BLS CPI-U Data



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ⁱ This figure corresponds to the data in the first graph. These are generated by distributing the consumer expenditure estimates from <https://www.bls.gov/cex/tables/geographic/mean/cu-msa-west-2-year-average-2020.pdf> across the individual months of 2020 and weighting them according to their corresponding CPI levels. We then assume that any price changes since January 2021 have resulted in increased costs relative to this average 2020 price level.

ⁱⁱ https://www.bls.gov/regions/mountain-plains/news-release/consumerexpenditures_denver.htm

ⁱⁱⁱ According to nerdwallet.com, the cost of living in San Francisco is roughly double Phoenix currently. Assuming the current 12% and 7% inflation rates for Phoenix and San Francisco, respectively, persisted for 13 years, that gap would close and reverse.

^{iv} For more on housing and what this means for the cost of living here, see our quarterly Housing Affordability Update reports. The June report will be released on Thursday, July 14.