COMMON SENSE INSTITUTE

MARCH 2026

THE INFLATION HANGOVER

HOW THE POST-PANDEMIC PRICE SURGE RESHAPED AFFORDABILITY IN **ARIZONA**

Just how much more are Arizona families having to spend on basic necessities today compared to 2019? The newest CSI report "The Inflation Hangover: How the Post-Pandemic Price Surge Reshaped Affordability in America" answers this question. CSI estimates that households in Arizona needed to spend $19,300 more in 2025 to cover shelter and utilities, groceries, health and car insurance, gas, and child care – more than the $15,400 increase seen on average across the country. Arizona is now the 7th least affordable state in the nation according to this analysis – a 12 position decline from its affordability ranking in 2019. Households in Arizona saw the 12th largest decline in affordability among all states since 2019.

Household Annual Cost Increases by Category

+$9,012 Shelter and Utilities

+$1,355 Car Insurance

+$3,375 Groceries

+$313 Gas

+$1,302 Health Insurance

+$3,950 Child Care

Although estimated household income did rise over 33% in the state, this was insufficient to cover the increased costs faced by households. CSI estimates households in Arizona lost 3.8% of their gross income to rising prices since 2019. In order to maintain 2019 affordability levels, households in our analysis needed to earn an additional $5,125 in 2025.

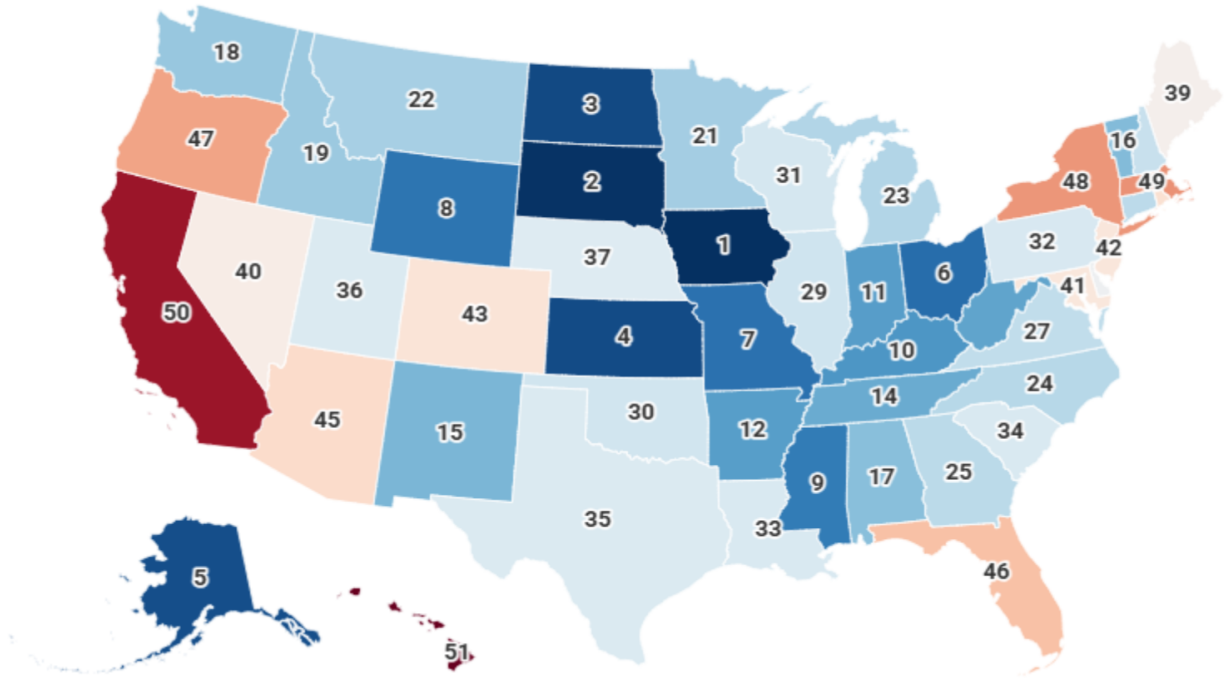
Shelter costs are the single largest expense driving down affordability both in Arizona and across the nation. In Arizona, **shelter and utilities costs for a family of four increased 59%** – the fourth largest percentage increase out of all states and Washington D.C. Arizona also saw some of the fastest growing groceries (2nd fastest) and car insurance costs (4th fastest) over the 6 year period.

As CSI has documented in previous research, child care costs strain Arizona families and can influence entry or exit from the labor market. CSI estimates it takes roughly 38% of the gross income generated by one parent working full time at the prevailing median hourly wage just to cover child care costs in the state – slightly more affordable than the 39% of income needed on average across the country.

To read the full report, visit **www.commonsenseinstituteus.org.**

State Affordability Rankings, 2025

Compared to the U.S. average, households in Arizona had to commit **5% more** of their gross household income in 2025 to cover necessary expenses.



Source: Burea of Labor Statistics, US Census Bureau, CSI Calculations • NOTE: For a full list of sources see the Appendix in "The Inflation Hangover" by CSI
Colors reflect degree of affordability as measured by % of gross income left after measured expenses.