

## San Diego inflation rate drops to lowest level in three years

By Phillip Molnar

San Diego County's inflation rate in January dropped to its lowest level in three years.

Prices were up 3.8 percent to start the year, down from 5.2 percent in November, according to data released Tuesday by the U.S. Bureau of Labor Statistics' Consumer Price Index. It was the lowest inflation rate since January 2021.

San Diego's reduced rate was mainly the result of electricity prices dropping after major surges at the start of last year. Other factors lowering the rate were reductions in used car and apparel costs.

Yet the report wasn't a slam dunk for consumers, with overall prices rising 0.4 percent from November to January. National prices rose 0.3 percent during the same period, higher than Wall Street expected, and causing the stock market to drop substantially Tuesday morning.

Alan Gin, economist at the University of San Diego, said shelter costs — up 7.6 percent annually — were the biggest driver of rising prices in the region. When volatile food and energy costs are removed from the overall inflation rate, called core inflation, San Diego County had a 5 percent annual rise.

"Housing is contributing to the overall core rate of inflation," he said. "It is a huge part of the consumer market basket."

The other standout in annual San Diego price gains were the price of cereals and bakery products up 8.2 percent annually. The Russia-Ukraine war has impacted access to wheat because the region accounts for one-third of the world's wheat supply.

While higher grain prices are a pain for San Diegans, Gin noted it could be worse: The United Nations released a report in December that said at least three-fourths of Africans can't afford a healthy diet, and one-fifth are undernourished due to an "unprecedented food crisis" brought on by the war and climate change affecting grain supply.

San Diego metro, which includes all of San Diego County, had the fourth-highest inflation rate out of the 12 metro areas the bureau released data for Tuesday. Dallas was the highest at 5.3 percent, followed by Tampa and urban Hawaii, both at 3.9 percent. That's somewhat of an improvement from last summer when San Diego had the second-highest inflation in the nation.

Housing costs were up significantly in the most expensive markets, even compared to San Diego's 7.6 percent rise. Shelter costs were up 6.8 percent in Dallas, 7.2 percent in Tampa and 8.1 percent in Hawaii. Shelter includes rent, which is down slightly or flat across much of the nation, as well as homeowner's costs, which the bureau calls the owners' equivalent of rent. It's calculated by looking at what a homeowner would spend on renting a similar place that they own.

On an annual basis, these are the areas where prices changed in San Diego County:

- Motor fuel: The price for unleaded regular was up 2.7 percent; unleaded midgrade, up 2.8 percent; and up 2.7 percent for unleaded premium.
- Food: Cereals and bakery products were up 8.2 percent; dairy, up 1.2 percent; fruits and vegetables, down 0.1 percent; and meats, poultry, fish, and eggs were up 0.1 percent.
- Household energy: Electricity costs were down 27.6 percent, and utility (piped) gas service was down 59.1 percent.
- Transportation costs, which include automobile maintenance, vehicle parts and car insurance, were up 2.3 percent. Used car and truck prices were down 3.5 percent.
- Apparel: Down 3.1 percent.
- Medical care: Up 4 percent.

Nationally, inflation continues to be higher in the South, as it has been for several months. Inflation is usually highest in the West because of housing and gas costs.

On an annual basis, the South has seen prices rise 3.4 percent. It was followed by the West at 3.3 percent, the Midwest at 2.7 percent and the Northeast, at 2.5 percent.

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Inflation increases by metro area  
*Annual, as of January 2024*

Dallas-Fort Worth-Arlington, Texas: 5.3 percent

Tampa-St. Petersburg-Clearwater, Fla: 3.9 percent

Urban Hawaii: 3.9 percent

San Diego-Carlsbad: 3.8 percent

Washington-Arlington-Alexandria, DC-VA-MD-WV: 3.6 percent

Denver-Aurora-Lakewood, Colo: 3.5 percent

Chicago-Naperville-Elgin, IL-IN-WI: 3.3 percent

New York-Newark-Jersey City, NY-NJ-PA: 3.1 percent

Riverside-San Bernardino-Ontario: 2.9 percent

Minneapolis-St.Paul-Bloomington, MN-WI: 2.6 percent

Los Angeles-Long Beach-Anaheim: 2.5 percent

Boston-Cambridge-Newton, MA-NH: 2 percent