

## Here's what pushed up the San Diego County inflation rate

**Blame it on gasoline prices, which pushed San Diego County's inflation rate up to 4.7 percent, ending 12 months of declines.**

By Phillip Molnar

San Diego County's inflation rate rose to 4.7 percent in September, ending a year of declines.

The rise was mostly the result of higher gasoline prices, which rose 16 percent over two months, according to data released Thursday by the U.S. Bureau of Labor Statistics' Consumer Price Index. San Diego's inflation is still down from a year ago when it was 8.2 percent, but up from 4.3 percent in July.

San Diego was not alone in increases, with the national average up 0.4 percent to 3.7 percent. However, America's Finest City was still among the regions with the highest rising prices. Of the 12 metro areas the bureau released data for Thursday, San Diego had the fourth highest inflation rate.

Tampa had the highest inflation rate at 6.7 percent. Minneapolis and urban Hawaii were tied for the lowest at 2.2 percent.

Alan Gin, an economist at the University of San Diego, said rising gas prices take millions of dollars out of the local economy and disproportionately affect the poorest San Diegans.

"They have low incomes," he said, "so if they have to drive to work, or wherever, then they have to spend more money on gas and leaves them with less money to spend on other products."

Gas prices are decreasing slightly now, but Gin said it's not like overall inflation numbers are spectacular. When volatile food and energy costs are removed from the overall inflation rate, called core inflation, San Diego County had a 0.8 percent rise in the two-month period. Gin said that isn't a great number, considering the Federal Reserve is trying to get the overall rate down to 2 percent annually.

Other increases from July to September included medical care, up 2.8 percent; meats, poultry, fish and eggs, up 2.7 percent; and housing, up 1.5 percent.

Nationally, shelter was the biggest driver of inflation, with rent prices up and mortgage rates increasing for new buyers. Housing was up 7.9 percent year-over-year in San Diego, and 7.2 percent nationally. While San Diego's rate was higher, the national rent prices have been increasing much quicker than here over the last few months.

"If the Federal Reserve is going to continue to be laser-focused on bringing down inflation to under 2 percent," wrote Bright MLS chief economist Lisa Sturtevant, "housing will continue to be the stumbling block."

She wrote that if the Fed decides to raise rates again, it will surely increase mortgage payments.

Sturtevant wrote she would prefer a strategy where all levels of government, federal and local, focus on increasing housing supply.

Some prices were down in September in San Diego County over the two-month period. New and used car prices were down 3.2 percent; Apparel was down 3.1 percent; Fruits and vegetables were down 2.2 percent; and nonalcoholic beverages were down 1.6 percent.

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

- Motor fuel: The price for unleaded regular was up 5 percent; unleaded midgrade, up 4.9 percent; and up 5 percent for unleaded premium.
- Food: Cereals and bakery products were up 8.9 percent; dairy, up 4.6 percent; fruits and vegetables, down 5.8 percent; and meats, poultry, fish, and eggs were down 2.7 percent.
- Household energy: Electricity costs were up 16.2 percent, and utility (piped) gas service was down 11.4 percent.
- Transportation costs, which include automobile maintenance, vehicle parts and car insurance, were up 1.1 percent. Used car and truck prices were down 7.7 percent.
- Apparel: Down 3.1 percent
- Medical care: Up 2.5 percent.

Inflation is up higher in the South, which is different than historic norms because the West almost always has higher inflation because of housing and gas costs.

On an annual basis, the South has seen prices rise 4.2 percent. It was followed by the West at 3.9 percent, the Midwest at 3.2 percent and the Northeast, at 3 percent.

### **Inflation increases by metro area Annual, as of September 2023**

Tampa-St. Petersburg-Clearwater, FL: 6.7 percent  
Denver-Aurora-Lakewood, CO: 5.4 percent  
Riverside-San Bernardino-Ontario, CA: 4.9 percent  
San Diego-Carlsbad, CA: 4.7 percent  
Dallas-Fort Worth-Arlington, TX: 4.6 percent  
New York-Newark-Jersey City, NY-NJ-PA: 3.7 percent  
Washington-Arlington-Alexandria, DC-VA-MD-WV: 3.3 percent  
Los Angeles-Long Beach-Anaheim, CA: 3.2 percent  
Boston-Cambridge-Newton, MA-NH: 2.6 percent  
Chicago-Naperville-Elgin, IL-IN-WI: 2.3 percent  
Minneapolis-St.Paul-Bloomington, MN-WI: 2.2 percent  
Urban Hawaii: 2.2 percent

*SOURCE: U.S. Bureau of Labor Statistics' Consumer Price Index*