U.S. DEPARTMENT OF THE TREASURY

Economy Statement by Eric Van Nostrand, Acting Assistant Secretary for Economic Policy, for the Treasury Borrowing Advisory Committee May 1, 2023

May 1, 2023

INTRODUCTION

The American economy showed continued resilience in the first quarter of 2023. Real GDP rose 1.1 percent at an annual rate while employers added 345,000 payroll jobs per month. Amid the strong job growth and persistently low unemployment rates, there were also signs that labor supply grew to match demand. The overall labor force participation rate (LFPR) improved to within a percentage point of its rate just before the pandemic and the prime-age (ages 25-54) LFPR matched its pre-pandemic rate. Moreover, inflation continued to slow over the year amidst improved supply chain resiliency, lower energy prices, and tighter monetary policy. However, inflation rates remain above the Federal Reserve's 2 percent inflation target, elevated in part by price growth for rental residences and owner-occupied housing.

Although the economy experienced a strong first quarter, there are important risks ahead—not least, persistent uncertainty related to Russia's brutal war in Ukraine. But the most significant challenge would be the failure to raise the debt ceiling on time. A default by the U.S. government—including the failure to pay any of the United States' obligations—would be an economic catastrophe, sparking a global downturn of unknown but substantial severity. Such an event would cause unprecedented harm to the livelihoods of all Americans, destroying millions of jobs and reducing household incomes. Even if Congress ultimately raises the debt limit before a default occurs, the ensuing uncertainty could raise borrowing costs and induce other financial stress that would weaken our labor market and our standing in the world. And if Congress does force the government to default, millions of families would be left without the resources they were promised, making it dramatically harder for households to spend and businesses to invest.

REAL GROSS DOMESTIC PRODUCT (GDP)

In the advance estimate for real economic activity in the first quarter of 2023, real GDP rose 1.1 percent at an annual rate, following a 2.6 percent advance in the final quarter of 2022 (see Table 1 - Real Gross Domestic Product). The key driver of the deceleration in headline growth was a decrease in private inventory investment. There was also a slowdown in nonresidential fixed investment—though final domestic private demand strengthened.

Although GDP is the most comprehensive measure of the economy's performance, each of its four main components—private domestic final purchases (PDFP), government consumption and investment, net international purchases, and intermediate demand—may provide specific clues about current and future trends. For example, PDFP—which aggregates personal consumption expenditures (PCE), business fixed investment, and residential investment—captures the private sector's capacity to drive self-sustaining growth and can be an effective predictor of future economic performance. In the first quarter, real PDFP growth contributed 2.4 percentage points to total GDP growth.

Looking into the components of PDFP, household consumption accelerated solidly in the first quarter, as demand for goods shifted from a modest drag to solid growth. Goods consumption was largely boosted by purchases of motor vehicles, which alone accounted for 1.1 percentage points (or over a third) of PDFP's contribution to GDP growth. Consumer spending on services, meanwhile, strengthened due in part to increased consumption in pandemic-sensitive industries (transportation, recreation services, and food services and accommodation). Business fixed investment slowed to a near-neutral level, reflecting a sharp contraction in equipment spending. By contrast, growth of business investment in structures remained in double-digits for the third consecutive quarter, boosted by spending on manufacturing factories and mining exploration, shafts, and wells—though growth in those two categories was partly offset by drag from commercial real estate investment. The final component of PDFP, residential investment, continued to constrain overall GDP growth due to slower single-family construction. However, the reduction was the smallest in a year as new and existing home sales recovered in the first quarter.

The other three categories of GDP made mixed contributions to the overall expansion in the first quarter. Growth of total government spending accelerated in the first quarter from an already-rapid pace in the final quarter of 2022. Spending was boosted primarily by increased federal defense expenditures—though state and local employee compensation also improved over the quarter. International trade was a net positive contributor to real GDP growth as exports grew faster than imports. As noted previously, the change in private inventories was a significant drag on real economic activity, shaving 2.3 percentage points from growth. The drawdown was led by manufacturers' inventories of petroleum and coal products, as well as nonautomotive transportation equipment.

LABOR MARKETS

Labor markets remained tight in the first quarter of 2023—though the signs of easing that emerged during the final quarter of 2022 continued into the new year (see Table 2 – Labor Market Indicators). After slowing somewhat in the fourth quarter to an average of 284,000 payroll job gains per month, the pace of job creation rebounded in the first quarter to an average of 345,000 per month. Even with the fluctuations, both quarterly paces were well above estimates of the growth needed to maintain a stable unemployment rate with a constant labor force participation rate. Indeed, the headline unemployment rate remained near historical lows: it dropped in January to a fresh half-century low of 3.4 percent and ended the quarter just a tick higher. Meanwhile, the broadest unemployment rate—which includes those working part-time for economic reasons and those marginally-attached to the labor force—at the end of the first quarter was just 0.2 percentage points higher than the record low of 6.5 percent set in December (series dates from January 1994).

Despite an ongoing imbalance between labor supply and demand in the economy, there were signs of improving supply in the first quarter. Labor force participation rates (LFPR) for all workers, as well as prime-age workers, improved in the first quarter after stalling in last year's final quarter. The headline participation rate increased by 0.3 percentage points to 62.6 percent from December 2022 to March 2023. In addition, the participation rate for prime-age workers moved substantially higher during the first quarter, rising to 83.1 percent by March 2023—matching the prime-age LFPR in January 2020, just before the pandemic. Even so, participation by older workers remained subdued at 38.7 percent in March 2023, or 1.7 percentage points below the 40.4 percent rate posted in February 2020. In addition to increased labor supply, demand for labor has slowly moved lower. The number of job openings and job openings rates have trended down since March 2022; as of February 2023 (latest available data), there were still 1.67 jobs per unemployed worker, the lowest ratio since November 2021. This lower ratio signals improving balance in labor markets. One labor development to monitor is the increase in weekly unemployment claims since September 2022 and the number of job losers who are not on temporary layoff over the past two quarters—though the increases are from abnormally low levels. Indeed, with inflation still uncomfortably high, the increase in unemployment claims and share of workers not on temporary layoff may be signaling a gradual return to more balanced labor markets in coming quarters.

PRICES AND WAGES

Inflation: As measured by the consumer price index (CPI), average monthly inflation was unchanged from the fourth quarter with an average monthly rate of 0.3 percent (see Table 3 – Inflation and Wage Growth Indicators). Average monthly food inflation slowed by half in the first quarter, due in part to a sharp decrease in the prices of eggs and lower prices for fruit and vegetables. Energy prices declined again, albeit at a slower pace than in the second half of 2022. In general, energy prices have returned to their levels before Russia's invasion of Ukraine last year. Looking forward to the second quarter, planned production cuts by OPEC and other oil exporting countries may add some upward pressure to energy prices but the impact in April has been subdued after the initial post-announcement shock.

Core inflation (excluding energy and food) was a touch stronger in the first quarter. Core goods prices ticked up on stronger demand, especially for automobiles. However, upstream price pressures, as captured by the producer price index and the import prices index, receded further in the first quarter, suggesting further easing of consumer goods prices in the coming quarter. Prices for core non-housing services were also somewhat faster in the first quarter. The health care insurance CPI, which is imputed from retained earnings (i.e., profit margins) of health insurance companies, has declined each month since September; however, price growth for tourism services (airfares, car rentals, lodging away from home, and recreational admissions) picked up, accounting for nearly half of the contribution from non-housing core services. For core housing, inflation for rent of housing services—that is, owners' equivalent rent and rent of primary residence—slowed modestly, growing at the smallest rate since early 2022. Still, inflation for rent of housing services remains the largest single driver of core inflation, contributing over 60 percent to core inflation in the first quarter. However, data on new leases and house prices suggest housing inflation is beginning to reflect lower costs across housing markets.

Inflation as measured by the PCE price index—the preferred measure of the Federal Reserve—assigns different weights for different components and uses a different methodology in its calculation than the CPI. Nonetheless, the drivers of both measures of inflation and the patterns in the first quarter are broadly similar.

Wage Growth: Measures of nominal wage growth in the private sector were mixed in the first quarter. Average hourly earnings rose at a 3.2 percent annualized rate from December 2022 through March 2023, comparable to pre-pandemic gains and down significantly from the outsized paces in much of 2022. After adjusting for inflation, however, real average hourly earnings declined as negative real wage growth in service sectors more than offset slower, but positive, gains in the goods sector. An alternative measure of wage growth, the Employment Cost Index (ECI), suggests that wage pressures did not moderate in first quarter. The ECI for private sector wages and salaries ran slightly higher in early 2023 than it did the second half of 2022—though, unlike in previous quarters, wage growth was stronger in goods industries than in service sectors. The ECI controls for employment shares among industries and occupations, making it a better reference for wage growth.

HOUSING MARKETS

Activity in the housing market began to slow shortly after the Federal Reserve began its current cycle of monetary tightening in March 2022. Housing conditions cooled through the rest of 2022, continuing into early 2023. However, there were some favorable signs in the first quarter that multi-family construction may be offsetting weakness in the single-family sector.

New Residential Construction: On net, new home construction weakened over the first quarter. Even so, there were signs that activity could pick-up near-term (see Table 4 – Housing Market Indicators). Single-family building permits—which precede future single-family construction—increased in the first three months of 2023, following three consecutive quarterly declines. Although multi-family permits decreased in the latest quarter, subsequent stages of construction remain strong. Since mid-2021, the share of the backlog of new construction (units authorized but not started) from multi-family units has increased from not even 40 percent to over 55 percent—even though the total backlog has remained near historical highs. In addition, increasing multi-family housing starts have more than offset fewer single-family starts. Although the inventory of homes under construction declined in the first quarter (after reaching a new high in the final quarter of 2022), the number of multi-family units under construction continued to set new records. The increased share of multi-family homes under construction, however, may reflect the relative construction times for single and multi-family units and fewer single-family starts. According to recently released data, a single-family home was constructed in slightly over 8 months, but a multi-family building required more than twice that amount of time. Meanwhile, housing completions—both total and single-family—increased in the first quarter, after declining modestly in the previous quarter.

Homes Sales and Inventories: After sizeable declines in the fourth quarter of 2022, sales of total existing homes grew solidly in the first quarter—though sales were still down by more than one-fifth over the year ending in March 2023. The number of existing homes for sale rose again in the first quarter, but at a slower rate, suggesting a general reluctance among potential sellers to assume new mortgages with higher interest rates in combination with already-high home prices.

Sales of new single-family homes rose at a strong pace for the second consecutive quarter—roughly double-digit paces in both quarters—and retracing about two-thirds of the 34 percent decline in sales from December 2021 to September 2022. Inventories of new homes for sale remain meager, and the level in March was at its lowest since April 2022. Combined with consistently faster sales, the two most recent quarters have seen sharp drops in inventory-to-sales ratios for new homes. From a post-Great Recession peak of 10.1 months in September 2022, the ratio dropped to 8.7 months of supply in December and then to 7.6 months in March 2023.

Home Prices and Rents: Home prices remain above pre-pandemic trends, having been elevated by increased demand and low mortgage rates during the early pandemic. Although both primary measures of house prices have declined on net since June 2022, the S&P/Case-Shiller indices have fallen on net more than the FHFA purchase-only indices (see Table 5 – Home Price and Rent Indicators). As measured by the S&P/Case-Shiller indices, home prices declined from June 2022 to January 2023 but rose slightly in February. Meanwhile, the FHFA measure only experienced one quarter of decline (third quarter of 2022), followed by a flat reading in the fourth quarter, and moderate increase in the first two months of 2023.

For non-owners, shelter costs eased somewhat but remained elevated according to official statistics. The CPI for rent of primary residence measure slowed to 8.2 percent at an annual rate in the first quarter; although still a rapid pace, it was a marked improvement over the roughly 9.5 percent annual rate posted in each of the previous two quarters. More timely measures, such as those from rental unit listing services, signal that rents for new tenants continue to decline, as they have since summer 2022. The CPI for rent lags these data by about four quarters.

RISKS TO THE OUTLOOK

Failure to Act on the Debt Limit: On January 19, 2023, the outstanding public debt of the United States reached the statutory limit. Once at the debt limit, Treasury began taking extraordinary measures to prevent the United States from defaulting on its obligations.

As discussed above, a default by the U.S. government—including the failure to pay any of the United States' obligations—would be an economic catastrophe, sparking a global downturn of unknown but substantial severity. Such an event would cause unprecedented harm to the livelihoods of all Americans, destroying millions of jobs and reducing household incomes. Economists forecast that a default could cause a financial crisis of historic proportion, with millions facing unemployment and a significant decline in real GDP. These effects could persist well beyond any short-term resolution to the debt ceiling. Credit agencies would probably downgrade U.S. securities, raising borrowing costs for businesses and consumers. Families, veterans, and those most reliant on government assistance would be squeezed as the government loses the ability to pay its bills for Social Security, Medicare, veterans' benefits, and more.

Risks to the Banking System: Despite positive indications that present credit concerns are not systemic, persistent, or worsening, financial instability—including general financial sector contagion—remains an important risk to monitor. In response to the failures of Silicon Valley Bank, Signature Bank, and First Republic Bank, the authorities took decisive actions to protect the U.S. economy and to strengthen public confidence in the banking system. Today, the banking system remains sound and well capitalized, and we have even seen important signs of strength and stabilization across regional banks. The U.S. government is committed to taking action to ensure the system is safe, depositors can feel secure, and institutions can provide credit to families and businesses.

Inflation: Although inflation has fallen from the highs of mid-2022, it remains well-above pre-pandemic historical experience and the Federal Reserve's inflation target. Excluding food and energy prices, core inflation is likely to stay above the Federal Reserve's 2-percent target throughout 2023, reflecting elevated inflation for housing rent as well as for core services excluding rent of housing. Inflationary pressures from rent are expected to ease in the coming months based on decreases in rents for new lease agreements and some reductions in home prices. Core services excluding rent of housing, the component of inflation that is particularly related to wage costs, also remains elevated, but is expected to ease in 2023 in response to higher interest rates.

Interest Rates and the Housing Market: Higher interest rates have led to reductions in residential investment. Home prices remain well above the pre-pandemic trend and higher mortgage rates have reduced affordability and lowered transaction volumes. To date, sharply lower volumes have yet to translate into steep reductions in price. Further declines in home prices may improve affordability—but may bring with them negative wealth effects. Broader impacts of higher interest rates may be taking hold, given recent easing in the labor market—particularly in terms of the reduction of job openings—and declines in retail sales in February and March.

Geopolitical Risks: Russia's brutal war against Ukraine continues to add uncertainty to the medium-run outlook. In addition, uncertainty about China's economic prospects and the impact of announced oil production cuts by OPEC+ have created concern about energy prices in the coming months. At the same time, central banks around the world are continuing to tighten monetary policy to fight high global rates of inflation. According to the latest World Economic Outlook from the International Monetary Fund released on April 11, 2023, global growth is forecast to slow to just 2.7 percent in 2023. This slowdown in global economic activity may feed back into the U.S. outlook by weakening international demand for U.S. goods and service exports.

CONCLUSION

The American economy faces many challenges but remains resilient, bolstered by President Biden's economic plan. Over the past two years, the Biden Administration has made significant investments to strengthen the foundations of our post-pandemic economy. We now need Congress to quickly pass a clean debt ceiling increase to ensure that our economy and reputation as a country that pays its bills is not damaged by a self-inflicted wound.

TABLE 1 - REAL GROSS DOMESTIC PRODUCT

	Percent Change (annual rate)		Contribution to GDP Growth (percentage points)	Percent Change (Q4 / Q4)	
	Q4 '22	Q1 '23	Q1 '23	2021	2022
Real GDP Growth	2.6	1.1	--	5.7	0.9

Private Domestic Final Purchases	**0.0**	**2.9**	**2.4**	**6.4**	**0.9**
Personal Consumption Expenditures (PCE)	1.0	3.7	2.5	7.2	1.7
Goods	-0.1	6.5	1.5	7.1	-0.8
Services	1.6	2.3	1.0	7.2	3.0
Business Fixed Investment	4.0	0.7	0.1	5.0	4.5
Equipment	-3.5	-7.3	-0.4	4.7	3.9
Structures	15.7	11.2	0.3	-5.1	-1.8
Intellectual Property Products	6.2	3.8	0.2	10.9	8.2
Residential Investment	-25.1	-4.2	-0.2	-0.3	-18.8
Total Government Purchases	**3.8**	**4.7**	**0.8**	**0.5**	**0.9**
Federal	**5.8**	7.8	0.5	0.4	0.1
State and Local	**2.6**	2.9	0.3	0.6	1.3
Net Exports (change, billions of real (2012) dollars)	**30**	**3**	**0.1**	**-194**	**59**
Imports (percent change, annual rate)	**-5.5**	2.9	0.3	10.1	1.5
Exports (percent change, annual rate)	**-3.7**	4.8	-0.2	6.5	4.6
Change in Private Inventories (change, billions (2012) dollars)	**98**	**-138**	**-2.3**	**139**	**-61**

Source. Bureau of Economic Analysis*, Gross Domestic Product (Advance Estimate), First Quarter 2023.*

* Percentage point contribution to GDP growth.

TABLE 2 - LABOR MARKET INDICATORS

	Average Monthly Change (thousands)		Annual Change (December/December)	
Establishment Survey	**Sept '22 to Dec '22**	**Dec '22 to Mar '23**	**2021**	**2022**
Payroll Employment	**284**	**345**	**7267**	**4793**
Private Sector	**253**	**269**	**6882**	**4518**
Manufacturing	19	3	385	390
Construction	21	10	239	265
Service Providing	208	254	6236	3814
Education and Health Services	84	87	544	935
Leisure and Hospitality	81	87	2478	1058
Temporary Help Services	-31	3	333	-30
Government	**31**	**75**	**385**	**275**
State and Local Education	7	46	419	114

	Monthly Average		Annual Change (December/December)	
Household Survey	**Sept '22 to Dec '22**	**Dec '22 to Mar '23**	**2021**	**2022**
Household Employment (% Total Population)	**60.0**	**60.3**	**2.1**	**0.6**

Prime-Age (% of Population Ages 25 to 54)	79.9	80.5	2.8	1.0
55+ (% of Population Ages 55+)	37.8	37.6	1.1	0.4
Unemployment Rate, U-3 (% of Total Labor Force)	**3.6**	**3.5**	**-2.8**	**-0.4**
Underemployment Rate, U-6*	6.6	6.7	-4.4	-0.8
Long-Term (27+ weeks)	0.7	0.7	-1.3	-0.6
Labor Force Participation Rate (% Total Population)	**62.2**	**62.5**	**0.5**	**0.3**
Prime-Age (% of Population Ages 25 to 54)	82.4	83.0	0.9	0.5
55+ (% of Population Ages 55+)	38.8	38.6	-0.1	0.3

	Monthly Average		**Annual Change (December/December)**	
Job Openings and Labor Turnover Survey	**Sept '22 to Dec '22**	**Dec '22 to Feb '23**	**2021**	**2022[2]**
Job Openings (thousands)	**10817**	**10247**	**4972**	**-592**
Private Sector	9772	9237	4543	-595
Professional Business Services	2033	1962	663	-82
Education and Health Services	2100	1937	921	-100
Leisure and Hospitality	1700	1545	1068	21
Separations Rate (% of Payroll Employment)	**3.8**	**3.8**	**0.1**	**-0.3**

Quits Rate	2.6	2.6	0.5	-0.3
Layoffs and Discharges Rate	1.0	1.1	-0.4	0.1
Job Openings per Unemployed Person	**1.8**	**1.8**	**1.2**	**0.1**

Sources. Bureau of Labor Statistics, *The Employment Situation - March 2023; Job Openings and Labor Turnover - February 2023*.

[1] The U6 measure is the broadest measure of unemployment, and includes those marginally attached to the labor force as well as those working part-time for economic reasons.

[2] Through February 2023.

TABLE 3 - INFLATION AND WAGE GROWTH INDICATORS

	Average Monthly Percent Change		**Percent Change (December / December)[1]**	
Inflation	**Sept '22 to Dec '22**	**Dec '22 to Mar '23**	**2021**	**2022**
Consumer Price Index (CPI)	**0.3**	**0.3**	**7.0**	**6.5**
Foods	0.6	0.3	6.3	10.4
Energy	-0.9	-0.7	29.3	7.3
Core (ex. Food and Energy) CPI	**0.3**	**0.4**	**5.5**	**5.7**
Core Goods	-0.2	0.1	10.7	2.1
Core Services ex. Rent of Shelter[1]	0.3	0.4	3.7	6.2
Rent of Shelter	0.7	0.6	3.7	7.7
PCE Price Index	**0.3**	**0.3**	**6.0**	**5.3**

Core PCE Price Index	0.3	0.4	5.0	4.6

	Percent Change (annual rate)		**Percent Change (December / December)**	
Wages and Earnings	**Sept '22 to Dec '22**	**Dec '22 to Mar '23**	**2021**	**2022**
Average Hourly Earnings (AHE), Total Private[3]	**4.9**	**3.2**	**5.0**	**4.8**
Good Producing	5.0	4.8	4.7	4.5
Services Providing	4.9	2.7	5.1	4.8
Employment Cost Index (ECI), Wages & Salaries, Total Private	**4.7**	**4.9**	**5.0**	**5.1**
Good-Producing Industries	4.5	6.1	4.0	4.9
Service-Providing Industries	4.7	4.6	5.2	5.2
Real AHE, Private[3]	**1.5**	**-0.7**	**-2.0**	**-1.6**
Good Producing	1.5	1.1	-2.3	-1.9
Services Providing	1.5	-1.1	-2.0	-1.4

Sources. Bureau of Labor Statistics, *Consumer Price Index - March 2023; The Employment Situation - March 2023; Employment Cost Index - March 2023. Bureau of Economic Analysis, Personal Income and Outlays, March 2023.*

[1] For CPI, 12-month growth is not seasonally adjusted.

[2] Imputed from CPI Data.

TABLE 4 - HOUSING MARKET INDICATORS

	Thousands	**Average Monthly Percent Change**	**Percent Change (December / December)**

New Residential Construction	*Mar '23*	*Sept '22 to Dec '22*	*Dec '22 to Mar '23*	*2021*	*2022*
Building Permits, Total	**1430**	**-5.1**	**2.3**	**9.6**	**-29.5**
Single-Family	819	-5.6	3.9	-7.8	-34.6
Units Authorized but Not Started, Total[1]	**291**	**-0.9**	**0.0**	**40.6**	**10.6**
Single-Family[1]	130	-1.6	-2.0	34.6	-1.4
Housing Starts, Total	**1420**	**-2.7**	**1.7**	**7.1**	**-23.8**
Single-Family	861	-0.4	-0.8	-7.3	-27.3
Units Under Construction, Total[1]	**1674**	**0.0**	**-0.5**	**20.9**	**11.3**
Single-Family[1]	716	-1.5	-1.9	27.1	-1.4
Housing Completions, Total	**1542**	**-1.1**	**3.6**	**-3.7**	**4.4**
Single-Family	1050	-1.6	1.8	7.2	-1.8

	Thousands	**Average Monthly Percent Change**		**Percent Change (December / December)**	
Home Sales	**Mar '23**	**Sept '22 to Dec '22**	**Dec '22 to Mar '23**	**2021**	**2022**
Existing Homes, Total	**4440**	**-4.9**	**3.3**	**-6.1**	**-34.0**
Single-Family	3990	-4.8	3.3	-6.2	-33.5

New Homes, Single-Family	**683**	**4.2**	**3.2**	**-3.7**	**-25.9**

	Thousands	**Average Months' Supply (inventory / sales)**		**Change in Month's Supply (December / December)**	
Inventories of Home for Sale	**Mar '23**	**Sept '22 to Dec '22**	**Dec '22 to Mar '23**	**2021**	**2022**
Existing Homes, Total	**980**	**3.1**	**2.7**	**-0.2**	**1.1**
Single-Family	870	3.1	2.7	-0.1	1.1
New Homes, Single-Family	**432**	**9.2**	**8.0**	**1.4**	**3.1**

Sources. Census Bureau, *Monthly New Residential Construction, March 2023; Monthly New Residential Sales, March 2023. National Assocation of Realtors, Existing-Home Sales.*

[1] Units at the end of the period, levels not at an annual rate

TABLE 5 - HOME PRICE AND RENT INDICATORS

	Percent Change (annual rate)		**Percent Change (December / December)**	
Home Price Indices (HPI)	**Sept '22 to Dec '22**	**Dec '22 to Feb '23**	**2021**	**2022**
S&P Core Logic Case-Shile National HPI*	**-3.4**	**-0.4**	**18.9**	**5.6**
Composite 20-City HPI*	-5.4	-2.0	18.5	4.6
FHFA Purchase-Only HPI	**0.0**	**3.6**	**18.0**	**6.7**
Zillow Total Home Value Index (HVI)	**-3.5**	**-1.2**	**16.6**	**10.5**

Bottom-Tier Homes HVI	0.1	10.6	14.5	12.7

	Percent Change (annual rate)		Percent Change (December / December)	
Rent Indices	**Sept '22 to Dec '22**	**Dec '22 to Mar '23**	**2021**	**2022**
CPI Rent of Primary Residence	**9.5**	**8.2**	**3.3**	**8.4**
Zillow Observed Rent Index	**-3.0**	**2.9**	**16.3**	**7.5**

Sources. Standard & Poor's, *S&P CoreLogic Case-Shiller Home Price Indices. Federal Housing Financing Agency, Home Price Index (HPI) Monthly Report. Zillow, Housing Data. Bureau of Labor Statistics, Consumer Price Index - March 2023.*

** 12-month percent change not seasonally adjusted.*