

## Macro Roundup Article

**Headline:** [Have We Been Measuring Housing Inflation All Wrong?](#)

Author(s)	Justin Fox
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**Tweet:** [.@foxjust at @bloomberg argues that the lag between the new leases rent measure and the CPI's shelter component may mean the Fed "was behind the curve when it started raising interest rates in March and could end up late again in pivoting to easier monetary policy."](#)

**Summary:** The most important of those implications would seem to be that the Federal Reserve's policy-making committee was behind the curve when it started raising interest rates in March — a year after rents on new leases started exploding — and could end up late again in pivoting to easier monetary policy long after rents have started to fall. I ran the idea of switching to a new-leases rent measure by Princeton economist and former Fed Vice Chairman Alan Blinder, who wrote an influential paper in 1980 urging the switch to owner's equivalent rent. He emailed, "For most purposes, making that change would be a terrible idea. It would reflect the prices paid by a small, and not representative, minority. That said, if the BLS (or anyone) wants to create a leading indicator of inflation, using rents on new leases would be quite sensible."

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**Primary Topic:** Inflation

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**Permalink:** <https://www.edwardconard.com/macro-roundup/foxjust-at-bloomberg-argues-that-the-lag-between-the-new-leases-rent-measure-and-the-cpis-shelter-component-may-mean-the-fed-was-behind-the-curve-when-it-started-raising-interest?view=detail>

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