

Macro Roundup Article

Headline: [Disentangling Rent Index Differences: Data, Methods, and Scope](#)

Article Link: <https://www.bls.gov/osmr/research-papers/2022/pdf/ec220100.pdf>

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Tweet: [. @LaraLoewenstein and @hmontag3 find that by focusing on new tenants who represent only 13-25% of rentals, alternative rent inflation indices \(e.g. Zillow, CoreLogic\) overstate average rental inflation when rents are rising.](#)

Summary: Shelter is by far the largest component of the Consumer Price Index (CPI), accounting for 32% of the index. Accurate inflation measurement therefore depends critically on accurate rent inflation measurement, which is the primary input to both tenant and owner equivalent rent. We find that most of the discrepancy between the official BLS rent index and other measures [like Zillow Observed Rent Index (ZORI) or CoreLogic Single Family Rent Index (SFRI)] is due to scope, i.e., due to the differences in rent increases for all tenants versus new tenants. In 2022q2, our Average Tenant Repeat Rent (ATTR) index was recording 6.68 percent year-over-year inflation, while the New Tenant (NTRR) inflation rate was at 11.49 percent. The published BLS rent index was at 4.78 percent. Between 13 and 25 percent of units have new tenants in a month. Several years are needed for a new tenant repeat rent index to achieve a steady sample size. For studying generalized changes in living standards over time or for escalation of social security benefits, an average tenant rent inflation measure is preferred, since it reflects what is happening to the typical household. Related: [It's All About Shelter](#) and [The Most Important New Disinflation Indicator](#) and [Furman On CPI](#)

Primary Topic: Housing

Topics: Database, GDP, Government/NGO, Housing, Inflation

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