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Banking & Financial Services

How bad is inflation in Denver? New data sheds light on the rising cost of living

Many of the areas with the steepest cost of living increases have also seen massive rent hikes.



New data shows the local effects of inflation in the second quarter.

JAVIER GHERSI VIA GETTY IMAGES

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While gas prices and other contributors to inflation have eased during the late summer, new data sheds light on how steep inflation was in the second quarter.

The recently updated Cost of Living Index from the Council of Community and Economic Research reveals the average cost of living in America increased 11% between

the first quarters of 2019 and 2022 – across the 208 urban areas included in the quarterly report. The index calculates the cost of living using both professional and executive households.

Denver's cost of living saw an even steeper increase, with the total cost of living rising 12.53% in that same three-year timeframe.

The total cost of living for the second quarter was \$3,564.61 – an 8.48% increase from the same quarter a year ago, when the cost of living totaled \$3,285.86. Nationwide, the average cost of living totaled \$3,116, rising 7.1% from a year ago.

In Denver, the average cost of a 26-item basket of groceries climbed nearly 8% from the second quarter of 2021, with grocery costs in the most recent quarter averaging \$96.41 per basket for a single person. At the same time, the price of gas in Denver averaged \$3.83 per gallon – a 28.6% increase from the second quarter of the previous year.

At the national level, the average price for groceries and gas rose 10.7% and 43.27%, respectively, between 2021 and now, according to the report.

The largest contributor to the overall rise continues to be rent, with monthly rent for a two-bedroom apartment in Denver averaging \$1,809.25 in the second quarter of this year. That's a 13.4% increase compared to last year and a 19.4% increase from the pre-pandemic year of 2019.

During those same time periods, average rents nationwide rose by 9% from the second quarter of 2021 and 15.6% from 2019. Since rent plays a key role in overall inflation, many of the areas with the steepest cost of living increases have also seen massive rent hikes.

Rising rents

These urban areas saw the highest increase in rent costs between the second quarter of 2021 and the second quarter of 2022

	Average cost of living in 2Q 2022	Average cost of living in 2Q 2021	Percent change
Huntsville, Alabama	\$1,077.50	\$750.56	46%
Hattiesburg, Mississippi	\$1,102.25	\$800.15	45.5%
Cape Coral-Fort Myers, Florida	\$1,825.00	\$1,277.78	42%
Bozeman, Montana	\$2,153.57	\$1,505.00	41.2%
Salisbury, North Carolina	\$1,387.33	\$953.59	41.1%
Stockton, California	\$1,898.67	\$1,515.97	35.6%
Pensacola, Florida	\$1,457.80	\$1,149.42	35.4%
Salt Lake City, Utah	\$1,643.50	\$1,251.35	35.4%
Dothan, Alabama	\$1,180.33	\$862.70	34.8%
Pueblo, Colorado	\$1,502.00	\$1,191.41	34.1%

Source: Cost of Living Index from the Council for Community and Economic Research

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When it comes to the most expensive markets for renters, several of the nation's largest metros led the way, with Manhattan, New York, setting the high bar (\$4,658.22).

Among larger metros, McAllen, Texas (\$650); Des Moines, Iowa (\$741.90); and Winston-Salem, North Carolina (\$770.71); had the lowest average rents.

The ever-rising cost of rent in America has hit urban areas the hardest, with the largest increases mainly found within the West and Sun Belt. When applying for apartments, the general rule provided by property management companies is that the gross monthly income of an applicant should be at least three times the rent in order to qualify.

A recent study by Seattle-based insurance search engine QuoteWizard of U.S. Census Bureau data revealed that 50% of Colorado renters spent more than 30% of their income on housing costs, ranked eighth out of 50. The U.S. Department of Housing and Urban Development classifies those renters as “cost-burdened,” as spending that much on rent can make affording other basic necessities more difficult. QuoteWizard found that under that definition, 47% of renters nationwide are considered cost burdened.

Where the cost of living is rising the most

Florida’s Cape Coral-Fort Myers was home to the steepest increase in the cost of living over the last year – rising 23% to \$3,681.61 since the second quarter of 2021. That same area saw a 42% increase in average rent prices from last year.

Looking at the urban areas with the largest cost of living spikes nationwide, Colorado's own Pueblo is ranked third overall with a 19.36% increase in the same period of time. That makes Pueblo the least affordable urban city in the state.

Least affordable cities

Here's a closer look at the 10 most expensive cities in the U.S. based on average cost of living in the first quarter

	Average cost of living in 1Q 2022	Average cost of living in 1Q 2019	Percent change
New York City (Manhattan), NY	\$6,690.30	\$6,452.94	6.77%
Honolulu	\$5,841.54	\$5,842.93	9.24%
San Francisco	\$5,785.67	\$5,633.16	-0.65%
New York City (Brooklyn), NY	\$5,638.89	\$5,696.26	5.85%
Seattle	\$5,194.41	\$4,891.06	11.5%
Los Angeles-Long Beach	\$5,156.48	\$5,105.18	11.92%
Washington DC	\$5,025.24	\$5,006.11	6.96
San Diego	\$4,952.28	\$4,856.94	11.33%
New York City (Queens)	\$4,896.35	\$4,816.99	5.26%
Oakland	\$4,850.23	\$4,851.04	6.25%

Source: Cost of Living Index from the Council for Community and Economic Research

Only 16 urban areas included in the analysis reported a decline in the cost of living over the past year – the largest decrease (6.92%) was in Baton Rouge, Louisiana.

Although Pueblo took home Colorado’s highest cost of living hike, it was far from being the state’s only urban area to see a sharp increase in living expenses.

The average cost of living is on the rise in Colorado urban areas

Ranked by percentage increase since Q2 2019

Total **Rent** **Groceries** **Gas**

Pueblo

\$3,203.65

16.88%



Westminster

\$3,673.24

13.41%



Denver

\$3,564.61

12.53%



Colorado Springs

\$3,287.43

9.49%



The average cost of rent is on the rise in Colorado urban areas

Ranked by percentage increase since Q2 2019

Total **Rent** **Groceries** **Gas**

Pueblo

\$1,502.00

32%



Westminster

\$ 2,091.00

23%



Denver

\$ 1,809.25

19.4%



Colorado Springs

\$ 1,485.60

14.8%



The average cost of gas is on the rise in Colorado urban areas

Ranked by percentage increase since Q2 2019

Total Rent Groceries Gas

Pueblo

\$ 4.04

55.5%

Denver

\$ 3.83

51.3%

Colorado Springs

\$ 3.97

48.5%

Westminster

\$ 3.79

33%

The average cost of groceries is on the rise in Colorado urban areas

Ranked by percentage increase since Q2 2019

Total Rent Groceries Gas

Colorado Springs

\$ 101.74

30.5%

Pueblo

\$ 103.68

25.6%

Westminster

\$ 90.16

24.4%

Denver

\$ 96.41

22.7%

Chart: Matt Wolfinger • Source: Council for Community and Economic Research • Created with Datawrapper

– *The Business Journals National Data Reporter Connor Penegar contributed to this report.*