

2022 Calendar

TBA

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U.S. BUREAU OF LABOR STATISTICS

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What is the CPI?

"The Consumer Price Index (CPI) is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services. Indexes are available for the U.S. and various geographic areas. Average price data for select utility, automotive fuel, and food items are also available." <https://www.bls.gov/cpi/>

To understand the CPI, consider the following basic components as quoted from [bls.gov](https://www.bls.gov/):

- The "market basket" is a package of goods and services that consumers purchase for day-to-day living. The weight of each item is based on the amount of expenditure reported by a sample of households.
- The most commonly referred to CPI are the CPI-U and CPI-W. These CPI are provided as national, regional, and on an area basis.
- CPI-U is the Urban consumer group representing about 93 percent of the total U.S. population. It is based on the expenditures of almost all residents of urban or metropolitan areas, including professionals, the self-employed, the poor, the unemployed, and retired people, as well as urban wage earners and clerical workers.
- CPI-W is for Urban Wage Earners and Clerical Workers. The CPI-W population represents about 29 percent of the total U.S. population and is a subset of the CPI-U population.
- The CPI Index for All Urban Consumers (CPI-U) All Items includes the categories of Food at home and Away from home, Energy, Shelter, Services including Medical Care and Transportation Services, Commodities such as Apparel, Vehicles, Alcoholic beverages, smoking products.

"The all items index rose 7.0 percent for the 12 months ending December [2021], the largest 12-month increase since the period ending June 1982." For the previous 12 month period, December 2019 to December 2020, the increase was 1.4 Percent."

... continued on next page.

January 2022 Commission Actions Taken

Cases Sent to the Attorney General for Review and Disposition by Consent Order or by Hearing	1
Cease & Desist Orders Issued	2
Citations Issued	8
Letter of Findings Issued	2
Consent Orders Entered Into	0
Final Orders of Revocation of Licensure	2
Cases Closed for Insufficient Evidence or No Apparent Violation	16
Licensing Cases - Applicant has a Criminal Conviction - License Issued	10
Licensing Cases - Applicant has a Criminal Conviction - License Denied	0
Total	41

[Click here to review a legend of the disciplinary actions the Commission may impose.](#)

SUBMIT**Comments
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Suggestions****Online
Courses
from GREC****\$10 each
3 Hour CE
Course
Total of 9
Hours CE
Available**(Also Approved
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Atlanta, GA 30303-1605
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What is the CPI?...

...continued from page 1

Most related conversations address the increase in the CPI, not the actual CPI Index. The Index itself is a number, not a percentage, so a calculation must be made based upon the specific CPI, Region or City, and the base year used. The Base Year for most CPI indices is 1982. (1982-84=100).

The actual CPI-U for all items, U.S. City Average for December 2021 is **278.802**.
The actual CPI-U for all items, U.S. City Average for December 2020 is **260.474**.
The Percentage increase is calculated as follows:

$$\frac{(278.802-260.474)}{260.464} \text{ is } = 7\%$$

In addition to the two population groups (CPI-U and CPI-W), specific statistics such as the following are available at [U.S. Bureau of Labor Statistics \(bls.gov\)](https://www.bls.gov):

- Monthly and annual indices and increases
- CPI for four Census regions, two size of city classes, and 23 local areas
- select categories of consumer expenditures, such as energy, services, and further items within each category

For more information on identifying and calculating CPI increases, visit the U.S. [Bureau of Labor Statistics \(BLS\) website](https://www.bls.gov) .*



U.S. BUREAU OF LABOR STATISTICS *

Escalations

Whether a rate escalation clause appears in an apartment lease, a residential income property, an office lease, or an industrial lease, its negotiation has an economic impact on the parties involved in the lease. When interest rates rise, inflation is usually also rising. In those circumstances, the landlord expects to recover those increased costs.

Landlords often use the Consumer Price Index (CPI) as a reference index on which to base future rental rates when inflation seems to be rising. When inflation is very low, landlords may prefer a fixed percentage increase, or he/she could use another index produced by a reliable source.

As the economy adjusts to rising energy costs and other factors, the CPI or some other reliable index may again become popular for future lease negotiations or other agreements incorporating escalations. When negotiating an escalation clause for a client, it is critical to identify clearly which specific CPI the calculation is to be based upon so that the parties can calculate rentals and other items in the future.



Focus on Terminology: ““Cost-of -Living Index”

A cost-of-living(COLA) index measures differences in the price of goods and services and allows for substitutions to other items as prices change. A Consumer Price Index measures a price change for a constant market basket of goods and services from one period to the next within the same city (or in the Nation). The CPIs are not true cost-of-living indexes and should not be used for place-to-place comparisons.