



## VALDOSTA STATE UNIVERSITY

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# CENTER *for* BUSINESS & ECONOMIC RESEARCH

### **Overview**

Each quarter, the Council for Community and Economic Research (C2ER, formerly known as ACCRA) collects more than 90,000 prices for 60 different items ranging from housing, utilities, grocery items transportation, health care and miscellaneous goods and services from communities across the U.S. for its Cost of Living Index. The third quarter of 2015 survey comparing relative costs of living for “middle management” households among U.S. metropolitan areas and cities shows that it costs almost 8.4 percent less to live in Georgia communities, on average, than it does to live in the rest of the U.S. Therefore, for each dollar that is required to maintain the average standard of living across the country, Georgia residents are only required to spend about 91.6 cents.

Valdosta’s cost of living is slightly higher than the Georgia state average, with Valdosta residents required to spend about 93.4 cents for each dollar required to maintain the living standards of the average U.S. household. Among Georgia metropolitan areas and cities surveyed, Atlanta has the highest cost of living and both Valdosta and Marietta shared the second highest place in the third quarter 2015 Cost of Living Index. It should be worth to note that Valdosta’s cost of living noticeably decreased by 1.7 percent from the same period in 2014.

### **Cost of Living Comparisons for the Nation**

The Cost of Living Index measures regional differences in the consumer goods and services excluding taxes and non-consumer expenditures, for professional and managerial households in the top income quintile. Table 1 shows the ten most and least expensive urban areas that participated in the third quarter of 2015 Cost of Living Index. As shown in Table 1, among the 265 urban areas that participated in the third quarter 2015 Cost of Living Index, the after-tax cost for a professional/managerial standard of living ranged from more than twice the national average in New York (Manhattan) NY to more than 20 percent below the national average in McAllen, TX. Not surprisingly, there is very little change in the top ten most expensive urban areas when compared to the previous periods. The list includes the “usual suspects”, such as New York, Honolulu, San Francisco, etc. Since the national average cost of living index equals 100, the cost to live in Manhattan, for example, is 236.1% of the national average.

Cost of Living Comparisons: Valdosta, Georgia, and the Nation  
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Also in Table 1, the ten least expensive urban areas participating in the cost of living index survey are listed. Similarly to previous quarters, the least expensive urban areas are located in the southern part of the U.S. Valdosta ranks as the 151<sup>st</sup> most expensive metropolitan area (out of 265 areas) with a composite index of 93.4. It should be noted that Valdosta's ranking in the second quarter of 2015 composite index was 165<sup>th</sup> (out of 271 areas), with a composite index of 92.9.

**Table 1: The Ten Most and Least Expensive Urban Areas  
in the Cost of Living Index (COLI)**

Third Quarter in 2015

National Average for 265 Urban Areas = 100

Most Expensive		COL	Least Expensive		COL
Ranking	Urban Areas	Index	Ranking	Urban Areas	Index
1	New York (Manhattan) NY	236.1	1	McAllen TX	77.8
2	Honolulu HI	188.6	2	Harlingen TX	79.3
3	San Francisco CA	178.1	3	Richmond IN	80.1
4	New York (Brooklyn) NY	171.4	4	Norman OK	80.3
5	Orange County CA	152.4	5	Ashland OH and Sherman-Denison TX	81.9
6	Oakland CA	150.5	6	Hattiesburg MS	82.5
7	Washington DC	149.3	7	Idaho Falls ID	82.6
8	Truckee-Nevada County CA	149.2	8	Memphis TN	82.9
9	Hilo HI	146.2	9	Jackson MS	83.4
10	Stamford CT	145.8	10	Cookeville TN	84.0

**What Do Groceries Cost?**

Each quarter, C2ER collects more than 90,000 prices from communities across the US for the Cost of Living Index. With food prices a big part of the national media attention, below is a listing of communities with the most and least expensive food costs as measured by the grocery item index number. C2ER collects data on twenty-six items from a variety of surrogate categories to represent the grocery item component of the index.

**Table 2: The Five Most and Least Expensive Places for Grocery Items by Index  
Number in the Cost of Living Index (COLI)**

Third Quarter 2015

Average for 265 Urban Areas = 100

Most Expensive		COL	Least Expensive		COL
Ranking	Urban Areas	Index	Ranking	Urban Areas	Index
1	Honolulu HI	158.3	1	Waco TX	77.8
2	Hilo HI	156.7	2	Harlingen TX	78.8
3	Stamford CT	136.9	3	McAllen TX	79.7
4	New Haven CT	134.6	4	San Antonio TX	81.0
5	Kodiak AK	132.9	5	Austin TX and Brazoria TX	81.6

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**The Most Expensive and Least Expensive Cities to Buy Ground Beef**

Quarter 3 prices were collected in July, as enjoying cookouts, pool parties, and summertime with friends and family. Considering this, the following table shows the five most and least expensive places to buy a grilling staple, ground beef.

<b>Table 3: The Five Most and Least Expensive Places to Buy Ground Beef</b>					
Third Quarter 2015					
National Average for 265 Urban Areas = \$4.51					
Most Expensive			Least Expensive		
Ranking	Urban Areas	Avg. Price	Ranking	Urban Areas	Avg. Price
1	Kodiak AK	7.999	1	Hattiesburg MS	1.76
2	New York (Manhattan and Brooklyn) NY	6.99	2	Lake Charles LA	1.76
3	Hartford CT	6.55	3	Round Rock TX	1.88
4	Colorado Springs CO	6.43	4	Tulsa OK	1.88
5	Manchester NH	6.32	5	Houma-Thibodaux LA	1.88

**Results for the Valdosta Metropolitan Statistical Area**

Table 4 suggests that Valdosta has a cost of living that is approximately 6.6 percent below the national average. Valdosta’s cost of living remains relatively low, principally because of the low housing prices. It also must be noted that the housing index carries the largest weight in the composite index because of its relative importance in the average consumer’s budget. According to table 4, the housing index for Valdosta is 80.7 suggesting that housing costs are 19.3 percent less than the national average house price (\$317,582) for all urban areas in this survey. However, compared to other cities in Georgia, Valdosta’s cost of living is around 1.84 % higher than the average of all Georgia cities included in the survey.

**Table 4: Indices for Georgia Metropolitan Statistical Areas  
(Listed alphabetically by city name)**

	<i>Composite Index</i>	<i>Grocery</i>	<i>Housing</i>	<i>Utilities</i>	<i>Transportation</i>	<i>Health Care</i>
Atlanta	100	107.4	96.8	98.2	103.1	101.2
Augusta	91.4	108.8	78.8	87.5	85.3	98.6
Columbus	86.3	101.7	74	65.8	89	113.2
Dalton	90.1	97.1	71.8	96.3	100.5	94.4
Marietta	93.4	99.2	81.1	90.2	94.4	103.3
Savannah	88.7	98.6	63.8	110.5	95.8	96.7
Statesboro-Bulloch County	90.0	97.2	74.2	93.8	87.2	82.5
<i>Valdosta</i>	<i>93.4</i>	<i>103.8</i>	<i>80.7</i>	<i>101.7</i>	<i>95.0</i>	<i>96.1</i>
Average	91.6	101.9	76.8	91.8	93.8	90.0

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**Random Comparisons**

The cost of living data tells us that the Composite Index for Manhattan, NY is 236.1; for Valdosta, GA it is 93.4. Using this information, we can answer the following questions:

1. What is the Valdosta salary that is equivalent to a Manhattan salary of \$50,000?
2. What is the Manhattan salary that is equivalent to a Valdosta salary of \$50,000?

Two jobs with identical salaries may not have identical purchasing power if one is located in a relatively high-cost city while the other is located in a relatively low-cost city. An individual would only need about \$19,779.75 in Valdosta to maintain the same standard of living as someone making \$50,000 in Manhattan, NY. On the other hand someone having a salary of \$50,000 per year in Valdosta would need \$126,391.86 in Manhattan to maintain the same standard of living. Table 5 below shows how to calculate the equivalent salaries in these two cities. Note that the formula in Table 5 can be used to compare any of the indices presented here (i.e. health care, transportation, utilities, housing, and groceries) between cities of interest. This kind of information is very useful to households considering a move to a different urban area.

**Table 5: Cost Comparison for Valdosta, GA and Manhattan, NY**

<b>Manhattan, NY to Valdosta, GA</b>			
$\$50,000 \times (93.4/236.1)$	=		\$ 19,779.75
<b>Valdosta, GA to Manhattan Metro, NY</b>			
$\$50,000 \times (236.1/93.4)$	=		\$ 126,391.86

Table 6 compares Hattiesburg, MS, to the Valdosta Metro area, areas which are located in the southern part of the U.S.

**Table 6: Cost Comparison for Valdosta, GA and Hattiesburg, MS**

<b>Hattiesburg, MS to Valdosta, GA</b>			
$\$50,000 \times (93.4/82.5)$	=		\$ 56,606.06
<b>Valdosta, GA to , Hattiesburg, MS</b>			
$\$50,000 \times (82.5/93.4)$	=		\$ 44,164.88

According to the information tabulated in table 6, an individual making \$50,000 per year in Hattiesburg, MS would need only \$6,606.06 more in order to maintain the same standard of living as an individual making \$50,000 in Valdosta, GA. However, an individual earning \$50,000 in Valdosta area would need to make \$5,835.12 less in Hattiesburg, MS.

**Methodology and Data Limitations**

The findings presented come from an analysis of national survey data performed by the Center for Business and Economic Research (CBER) at Valdosta State University. CBER conducts applied research for the business community and provides a conduit between the community and the expertise of the Langdale College of Business

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Administration faculty. The survey itself is conducted by The Council for Community and Economic Research, a nonprofit professional organization located in Arlington, VA. C2ER has been publishing quarterly measures of living cost differentials since 1968.

For the third quarter of 2015, 265 communities in the United States collected price data. The average index number for all participating communities is 100; each individual community's index should be read as a percentage of the average for all communities. This cost of living index measures *relative* prices for consumer goods and services only in the communities that participate in the process. No information on inflation (the general increase in prices over time) can be determined from these price indices. See [www.coli.org](http://www.coli.org) for more information about the methodology behind the index.

Cost of living data are useful as indicators of local economic conditions, but should be interpreted with caution. A relatively low cost of living is not necessarily a positive attribute for a community; and a relatively high cost of living is not necessarily negative. For example, relatively low prices may encourage job and population migration into the area; or relative low prices may mean that the area is depressed, and jobs and individuals are moving out of the area.

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