



VALDOSTA STATE UNIVERSITY

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 second quarter of 2017 survey, comparing relative costs of living for “middle management” households among U.S. metropolitan areas and cities, shows that it costs 9.4 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 90.6 cents.

Valdosta’s cost of living is slightly higher than the Georgia state average, with Valdosta residents required to spend about 92.8 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, Valdosta ranked second, and the Augusta-Aiken area landed in third place in this second quarter 2017 Cost of Living Index.

Cost of Living Comparisons for the Nation

The Cost of Living Index measures regional differences in 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 second quarter of 2017 Cost of Living Index. As shown in Table 1, among the 253 urban areas that participated in the second quarter 2017 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 232.0% of the national average.

Cost of Living Comparisons: Valdosta, Georgia, and the Nation
Second Quarter of 2017

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 147th most expensive metropolitan area (out of 253 areas) with a composite index of 92.8.

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

Second Quarter in 2017 National Average for 253 Urban Areas = 100				
Ranking	Most Expensive	COL	Least Expensive	COL
	Urban Areas	Index	Urban Areas	Index
1	New York (Manhattan) NY	235.0	McAllen TX	76.0
2	San Francisco CA	192.3	Conway AR	77.8
3	Honolulu HI	186.0	Harlingen TX	78.5
4	New York (Brooklyn) NY	180.2	Richmond IN	78.7
5	Washington DC	153.4	Tupelo MS	79.2
6	Orange County CA	152.4	Kalamazoo MI	80.5
7	Oakland CA	150.4	Wichita Falls TX	80.5
8	San Diego CA	146.9	Knoxville TN	82.2
9	Seattle WA	146.9	Martinsville-Henry County VA	82.4
10	Hilo HI	146.8	Memphis TN	82.8

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)

Second Quarter 2017 Average for 253 Urban Areas = 100				
Ranking	Most Expensive	COL	Least Expensive	COL
	Urban Areas	Index	Urban Areas	Index
1	Honolulu HI	155.4	Jackson-Madison County TN	79.2
2	Hilo HI	151.8	Kalamazoo MI	80.6
3	Kodiak AK	150.1	Harlingen TX	80.7
4	New York (Manhattan) NY	145.1	Temple TX	80.8
5	Juneau AK	138.1	McAllen TX	81.4

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The Most Expensive and Least Expensive Cities to Buy Gasoline

Last year, we saw gasoline prices fluctuate drastically, namely an initial significant fall in prices which subsequently gave way to a gradual and steady increase that has continued into Quarter 2 of 2017. Considering Quarter 2 prices were collected in the season of spring break vacations and road trips, we decided to look at the most and least expensive cities to buy gas and hit the road.

Table 3: The Five Most and Least Expensive Places to Buy Gasoline

Second Quarter 2017 National Average for 253 Urban Areas = \$2.30				
Ranking	Most Expensive		Least Expensive	
	Urban Areas	Avg. Price	Urban Areas	Avg. Price
1	Hilo HI	3.24	Omaha NE	1.64
2	San Francisco CA	3.15	Oklahoma City OK	1.95
3	Orange County CA	3.13	Auburn-Opelika AL	1.95
4	Los Angeles-Long Beach CA	3.09	Tulsa OK	1.96
5	Olympia WA	3.05	Chattanooga TN	1.97

Results for the Valdosta Metropolitan Statistical Area

Table 4 suggests that Valdosta has a cost of living that is approximately 7.2 percent below the national average. Valdosta’s cost of living remains relatively low, principally because of 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 81.5 suggesting that housing costs are 18.5 percent less than the national average house price (\$338,950) for all urban areas in this survey. However, compared to other cities in Georgia, Valdosta’s cost of living is around 2.2 % 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>
Albany	90.8	105.2	71.9	94.7	104.6	101.0
Atlanta	97.8	107.2	94.1	81.3	98.8	108.2
Augusta-Aiken	91.0	106.7	74.0	80.3	80.9	95.0
Dalton	88.8	92.0	73.6	105.4	94.4	90.4
Savannah	88.7	93.5	65.5	107.2	95.0	97.6
Statesboro-Bulloch County	84.3	89.9	70.2	94.3	86.3	81.9
<i>Valdosta</i>	92.8	102.0	81.5	96.6	106.2	97.2
Average	90.6	99.5	75.8	94.3	95.2	95.9

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Random Comparisons

The cost of living data tells us that the Composite Index for Manhattan, NY is 235.0; for Valdosta, GA it is 92.8. 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 \$19,744.68 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 \$126,616.40 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

Manhattan, NY to Valdosta, GA			
	$\$50,000 \times (92.8/235)$	=	\$ 19,744.68
Valdosta, GA to Manhattan Metro, NY			
	$\$50,000 \times (235/92.8)$	=	\$ 126,616.40

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

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

Hattiesburg, MS to Valdosta, GA			
	$\$50,000 \times (92.8/83.3)$	=	\$ 55,702.28
Valdosta, GA to , Hattiesburg, MS			
	$\$50,000 \times (83.3/92.8)$	=	\$ 44,881.46

According to the information tabulated in Table 6, an individual making \$50,000 per year in Hattiesburg, MS would need \$5,702.28 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 the Valdosta area could earn \$5,118.54 less in Hattiesburg, MS. and maintain the same standard of living as in Valdosta.

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.

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CBER conducts applied research for the business community and provides a conduit between the community and the expertise of the Langdale College of Business 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 second quarter of 2017, 253 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 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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