



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 first quarter of 2014 survey comparing relative costs of living for “middle management” households among U.S. metropolitan areas and cities shows that it costs almost 7.3 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 92.7 cents.

Valdosta’s cost of living is slightly higher than the Georgia state average, with Valdosta residents required to spend about 96.1 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, Fayetteville ranked second and Valdosta area landed in the third place in this first quarter 2014 Cost of Living Index. It is worth mentioning that, Valdosta’s cost of living decreased almost 1.2 percent from the same period in 2013.

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 first quarter of 2014 Cost of Living Index. As shown in Table 1, the after-tax cost for a professional / managerial standard of living ranged from more than twice the national average in Manhattan, NY to almost 19 percent below the national average in Norman, OK. 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 220.3% of the national average.

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 area is located in Texas. Consistent with the previous quarters of 2013, no metropolitan area from Georgia appears on either the ‘Least Expensive’ or ‘Most Expensive’ list. Valdosta ranks as the 131th most expensive metropolitan area (out of 288 areas) with a

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composite index of 96.1. It should be noted that Valdosta's ranking in the first quarter of 2013 composite index was 112th (out of 302 areas), with a composite index of 97.3.

**Table 1: The Ten Most and Least Expensive Urban Areas
in the Cost of Living Index (COLI)
First Quarter in 2014**

National Average for 288 Urban Areas = 100

Most Expensive			Least Expensive		
Ranking	Urban Areas	COL Index	Ranking	Urban Areas	COL Index
1	New York (Manhattan) NY	220.3	1	Norman OK	81.2
2	Honolulu HI	175.1	2	Harlingen TX	81.4
3	San Francisco CA	163.9	3	Ashland OH	84.3
4	New York (Brooklyn) NY	163.4	4	Salina KS	84.6
5	Hilo HI	150.6	5	Pueblo CO	84.8
6	San Jose CA	148.3	6	Memphis TN	84.9
7	Orange County CA	143.9	7	Temple TX	85.0
8	Washington DC	139.9	8	Richmond IN	85.4
9	Oakland CA	137.6	9	Jackson MS	86.1
10	Fairbanks K	136.4	10	Hattiesburg MS	86.2

What Does Breakfast Cost?

Each quarter, C2ER collects more than 90,000 prices from communities across the U.S. 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. The data for the first quarter reveals the big increases in the price of both pork sausage and eggs. Thinking of the impact this may have on breakfast all over the United States, this study decided to highlight the five most and expensive places to buy both based on the price data submitted for the first quarter.

**Table 2: The Five Most and Least Expensive Places to Buy a 16 oz. Package of Pork Sausage in the Cost of Living Index (COLI)
First Quarter 2014**

National Average for 288 Urban Areas = 4.11

Most Expensive			Least Expensive		
Ranking	Urban Areas	Index	Ranking	Urban Areas	Index
1	Hilo HI	6.64	1	Houston TX	3.04
2	Portland OR	6.59	2	Conroe TX	3.13
3	Oakland CA	5.99	3	San Marcos TX	3.17
4	San Francisco CA	5.99	4	Kalamazoo MI	3.20
5	Kodiak AK	5.49	5	Bowling Green KY	3.23

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**Table 3: The Five Most and Least Expensive Places to Buy a Dozen Eggs
in the Cost of Living Index (COLI)**

First Quarter 2014

National Average for 288 Urban Areas = 1.94

Most Expensive			Least Expensive		
Ranking	Urban Areas	Avg. Price	Ranking	Urban Areas	Avg. Price
1	Hilo HI	3.93	1	Jackson-Madison County TN	1.36
2	Honolulu HI	3.65	2	Twin Falls ID	1.42
3	Boston MA	3.13	3	Conroe TX	1.44
4	Burlington-Chittenden Co VT	2.99	4	Boise ID	1.46
5	San Francisco CA	2.85	5	St. George UT	1.47

Results for the Valdosta Metropolitan Statistical Area

Table 4 suggests that Valdosta has a cost of living that is approximately 3.9 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 87.9 suggesting that housing costs are 12.1 percent less than the national average house price (\$302,901) for all urban areas in this survey. However, compared to other cities in Georgia, Valdosta’s cost of living is 3.4% 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)**

	Composite Index	Grocery	Housing	Utilities	Transportation	Health Care
Albany	91.3	106.9	77.7	91.9	94.5	97.4
Atlanta	97.6	103.6	92.5	93.0	100.3	96.3
Augusta	86.4	96.7	67.5	95.0	93.3	94.6
Dalton	89.6	99.8	77.9	102.2	97.6	89.2
Dublin	90.2	96.7	77.2	103.1	93.3	88.1
Fayetteville	96.2	98.5	91.4	90.5	93.1	117.5
Savannah	93.2	98.8	71.4	109.4	102.2	99.5
Statesboro	93.7	105.4	76.3	91.8	97.2	88.8
<i>Valdosta</i>	96.1	106.8	87.9	95.3	98.6	96.0
Average	92.7	101.5	80.0	96.9	96.7	96.4

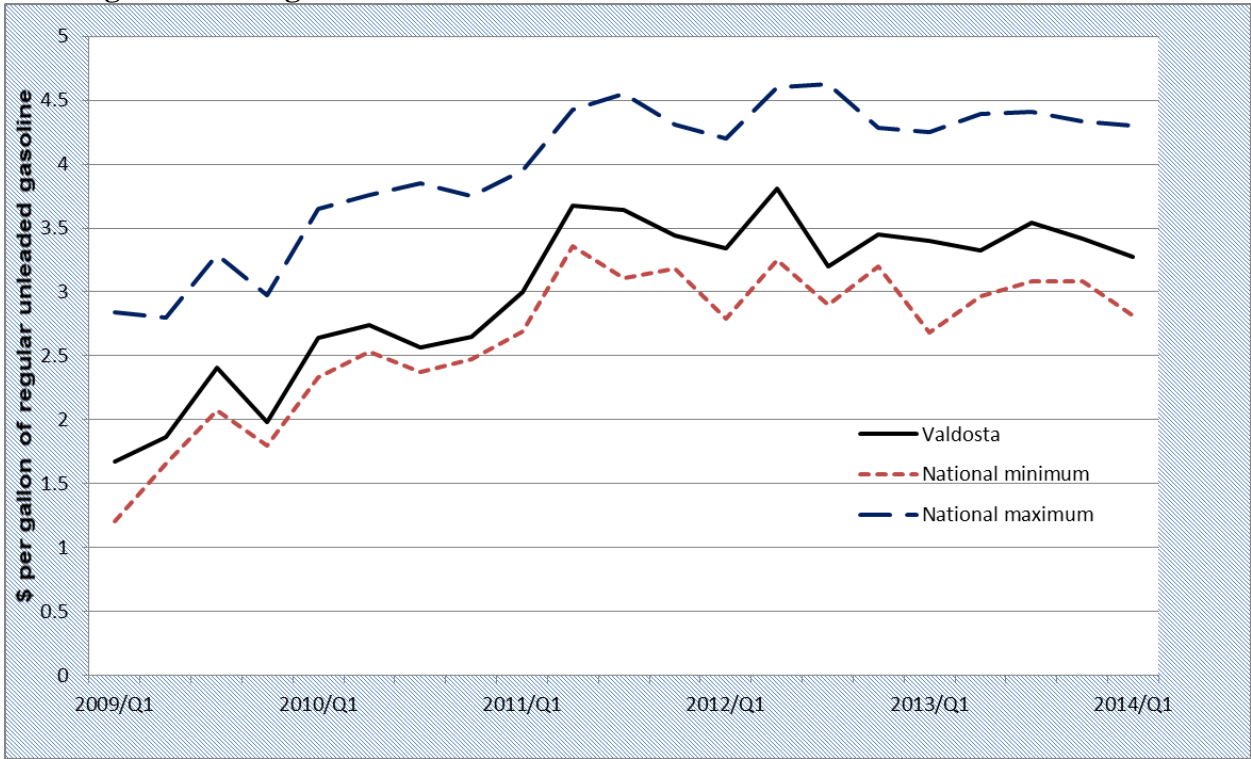
The Price of Gasoline: Average National versus Average Valdosta over 2009-2014

Gas prices are obviously a concern for many people. Figure 1 shows the recent movement in the quarterly average price for a gallon of regular unleaded gasoline for Valdosta (the solid black line), comparing it to the national minimum and maximum prices. The wide variation of gasoline prices is also apparent from the graph. After a

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sharp drop due to the recession, current gas prices are, again, approaching the recent peak reached during the 2008 hurricane season. Valdosta gas prices consistently stay within the minimum-maximum range, quite a bit closer to the minimum average price than the maximum average.

Figure1: Average Gas Prices - “National versus Valdosta over 2009-2014”



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 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 first quarter of 2014, 288 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.

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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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